

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Hotels in Indonesia play a vital role in the era of globalization as a way to support the operations of all sectors of the country's growth. In order to keep up with the times, hotel facilities must be able to provide consumers with comfortable, adequate, and quick services (Hartono et al., 2021). Hotels must ensure that their employees are qualified and competent enough to deliver those services, as the performance of each employee has a significant impact on a company's success.

In order to boost the productivity of employee, human resources must obtain a deeper study and give specific attention. According to Sukarta and Dewi (2020), successful businesses not only offer responsibilities to employees but also pay attention to what they require so that they may work comfortably. Employees who have had their needs satisfied will naturally provide more than the company expects, resulting in high employee productivity.

Linking work compensation, motivation, and discipline is one of the most effective strategies to boost employee productivity. Work compensation is defined as any payments or gifts made to employees in return for the services provided to the company (Saman, 2020). Compensation for employees must be appropriate and fair since it can boost employees' abilities to raise work performances as it allows them to feel satisfied with their work. How people choose to spend their time, how much effort they put into a task, how they think and feel about the activity, and how

long they stick with it are all influenced by motivation, which is a complex aspect of human psychology and behaviour (Filgona et al., 2020). Employees can be motivated by the company's support, whether it is a financial or non-financial support. Companies that lack motivation for their employees are more likely to fail in meeting their goals. Surajiyo et al. (2020) stated that employees who are under some type of discipline tend to act and carry out their duties in accordance with the set standards or rules. Employee work discipline is a sort of training that tries to develop and shape employees' knowledge, attitudes, and behaviour to help them perform more productively.

Employee productivity can be described as a ratio of goods and services produced to time required. It can also be defined as a measurement of the value produced by one employee during a specific period of time (Basumallick, 2020). If an employee can execute a task or goal successfully, effectively, and efficiently, he is said to have strong workability. Employee's work satisfaction results from their ability to carry out their work. Therefore, the company needs to pay attention to its employees' capabilities by utilizing their potential, such as providing training and education that will help to increase the employees' knowledge, abilities, and skills in performing their work and promoting work performance.

Emerald Garden International Hotel is a four-star hotel, located in the heart of Medan city. Its proximity to business and commercial centers makes it an obvious choice for both business and leisure travelers. Emerald Garden International Hotel has a total of 137 rooms. Elegant decorations may be seen in the spacious rooms. Air conditioning, satellite television, a private bathroom, and a

minibar are provided in each room. Some rooms are also provided with safe-deposit box. The number of employees that are currently working at Emerald Garden International Hotel is 112 people, positioned in several different departments in the hotel. A great number of human resources can help a company run smoothly if they are utilized effectively and efficiently to support the company's long-term growth. Employee productivity will increase if a company can use its human resources properly, and it will be able to gain significant benefits.

Table 1.1 Negative Guests' Review of Emerald Garden International Hotel, Medan

Time of Visit	Review
November 2009	I was relocated to this '4*hotel' when the hotel that I originally booked suffered an electrical breakdown. The service staff knew little English and were impatient with their replies. Rooms were old and there was a smell (and a worse smell on the beds and pillows). Breakfast was awful. Food did not look fresh or appetizing, except for the local fruits. Guests smoked freely within the air-conditioned premises.
February 2013	Small cockroaches in the room crawling, on the table, etc. The staff was not too helpful nothing interesting around the location.
September 2014	I've stayed at this hotel over the years due to its ideal location whenever I'm in town, but I guess this will be my last. Staff service standards were awful, and they are simply on the right track to becoming another below-average hotel in Medan... Parking space is very limited, and they' do make you park at the nearby field which is muddy when it rains while they reserve the available ones for God knows who... Security is almost non-existent when you have suspicious people loitering near the rooms.... Avoid this hotel – there are always better ones in Medan if you're willing to pay a bit more...
December 2020	Bad hotel, bad facility, bad Service, bad everything !!! In summary, it's much closer to a 2- or 3-star hotel and for the rates they charge, there are many superior options to be found.
February 2021	The facilities and cleanliness are not bad, it's just that the employees are not friendly at all, the friendly ones are only the female cashier officers and male pool officers. The rest is hard to smile at, especially the female pool guard.

Source: Prepared by the writer (Google Review, Agoda, Tripadvisor, 2022)

The table above shows some negative guest reviews from Google Review, Agoda, and Tripadvisor, who have stayed and experienced the services of Emerald Garden International Hotel. There are more of them, but most of them are saying the same thing, which is mainly about dirty room and facilities. Based on guests' reviews on the internet, the writer has concluded that some employees do not work

productively and deliver good services to customers. Many have stated that the room and facilities are not in a good condition, some furniture and appliances in the room are dirty and seemed un-sanitized, and pests and insects can be found in some part of the room. This condition shows that their employees could not complete the task, lack of work spirit, and did not utilize their resources effectively. Several guests have also stated that most of the employees are not friendly, leading to poor work productivity. In the hotel industry, online reviews are one of the most crucial aspects (Sadaghashvili and Correia, 2019). Negative customer reviews can seriously harm a brand's reputation and reduce its dependability. Online bookings from hotels and restaurants that have few or numerous negative reviews are less common, which reduces revenue.

Another piece of evidence that shows the employee of Emerald Garden International Hotel, Medan has low employee productivity is the writer's observation. During the visit to Emerald Garden International Hotel, Medan, the writer observed and found several issues regarding the productivity of their employees, such as dirty glasses along the hallway that is located in the lobby area and central AC seems unmaintained. This shows employee did not try to get their work done properly. During the interview with the Human Resources Manager of Emerald Garden International Hotel, Medan, it was also stated that even if the violations of their employee decreases as time passes by, there are still a few employees who violate the rules in the hotel.

Employee should have skills and professionalism at work, especially in the hospitality sector. In the hospitality sector, professionalism is often visible in an

employee's interactions with his/her co-workers, clients, and visitors, as well as in his/her overall attitude and presence (Jones, 2018). This means that in order to be professional, employees should be able to control their emotions, even if they are dealing with some issues, they should still treat and serve their guests wholeheartedly, not being rude and giving awful experiences and services to the customers. Employees should also have a mindset to keep on improving their work and put more effort into working. Giving the best quality of work is also an essential thing for employees, they should make sure that their work and services provided will satisfy their guests.

There may be a variety of factors that contribute to low levels of employee productivity. Work compensation is one aspect that affects employee productivity at the organization. The term "compensation" includes more than just wages and salaries. While compensation includes both financial and non-financial services, wages or salaries emphasize financial incentives. All income received by employees in terms of cash, direct or indirect goods in exchange for the services performed for the business is referred to as compensation. One of the elements to fulfill a need is motivation, which is something that people need. Employees might receive encouragement from their employer in the form of money and non-financial rewards as a part of motivation. When a company does not motivate its employees, it may struggle to accomplish its goals. However, if a company motivates its employees more, it will succeed. Discipline is the capacity to restrain oneself from acting inappropriately. Workplace discipline combines respect, loyalty, obedience to written and unwritten rules, and the capacity to give and receive punishment.

In Emerald Garden International Hotel, Medan, employees will receive three types of work compensation for their work, which are direct financial compensation, indirect financial compensation, and non-financial compensation. The direct financial compensation given out to the employees are their salaries, and service fee, indirect financial compensation are health, employment insurance, and pension fund, and non-financial compensation are monthly free training for their employee. However, if employees wish to attend other training that is not organized by Emerald Garden International Hotel, they need to pay the cost themselves. This is a problem for the employees. Some employees wish to learn more skills and improve their abilities through more training that is not organized only by the company, considering that the training provided by the company were only conducted once a month with random topics that will not always correspond to what the employee wishes to learn. However, since additional training that is not organized by the company will not be funded, they will have more consideration when they wish to join them.

To be motivated, employee must receive achievements, recognition, challenges, responsibility, involvement, and opportunity. Emerald Garden International Hotel, Medan challenges their employee to achieve a certain target every month and will give out recognition in terms of bonus or cash if they achieve that target. The employees have high responsibilities according to each of their position, for example, the sales and marketing department is responsible for achieving the targeted sales and managing the hotel's budget, revenue, and resources. Every employee has the opportunity to grow through that training and

also through work experiences. However in making decision, employees cannot have direct involvement, decisions can only be taken by the Head of Department. This is a problem as it will demotivate their employees. Employees will feel like they did not have the freedom to make decision, or take part in the decision-making process, or even worse, some will think that what they did for the company is not enough for them to receive that freedom.

In order to determine discipline, attendance, obedience, timeliness, and behaviour of the employee can be observed.

Table 1.2 Employee Lateness Report at Emerald Garden International Hotel, Medan January-June 2022

Month	Number of Late Employees	Total Minutes
January	6	272
February	11	599
March	6	395
April	9	585
May	8	461
June	8	370

Source: Prepared by the writer (Emerald Garden International Hotel, Medan, 2022)

The table above shows the number of late employees from January to June 2022. The employees of Emerald Garden International Hotel, Medan are considered late when they exceed 20 minutes of their working time. It can be seen that from January to June 2022, the number of late employees is still around that number, meaning that there are no significant changes or improvements. This shows that their employees lack discipline, especially in terms of timeliness.

Based on the discussion above, the writer is interested to find out whether it is true that there is a relation between work compensation, motivation, discipline, and employee productivity. Therefore, the writer has decided to conduct a research with the title **“The Effect of Work Compensation, Motivation, and Discipline on Employee Productivity at Emerald Garden International Hotel, Medan”**.

1.2 Problem Limitation

Because the results of the research will be less accurate if it is not constrained, the writer decided to conduct the research by establishing several limitations, such as:

- a. The data of this research is gathered from Emerald Garden International Hotel located in Jalan Kol. Yos Sudarso No.1, Silalás, Medan, North Sumatera, Indonesia.
- b. Due to time and expense constraints, the respondents were solely drawn from the representatives of all departments in Emerald Garden International Hotel in Medan, North Sumatera, Indonesia.
- c. This research focuses on four (4) variables, which are: Work Compensation, Motivation, and Discipline as the Independent Variable (X) and Employee Productivity as the Dependent Variable (Y).
- d. According to Dessler (2000), as cited in Efendi et al. (2020), the indicators of work compensation (X_1) are direct financial compensation, indirect financial compensation, and non-financial compensation. According to Sastrohadiwiryo and Syuhada (2019), the indicators of motivation (X_2) are achievement, recognition, challenge, responsibility, involvement, and opportunity. According to Hani (2002), as cited in Maryani et al. (2020), the indicators of discipline (X_3) are attendance, obedience, timeliness, and behaviour. According to Sutrisno (2014), as cited in Muayyad (2017), the indicators of employee productivity (Y) are ability, improve achieved results, work spirit, self-development, quality, and efficiency.

1.3 Problem Formulation

Based on the observation made by the writer during preliminary research in the company, the following questions have been formulated by the writer to be answered in this study:

- a. Does work compensation have a partial effect on employee productivity at Emerald Garden International Hotel, Medan?
- b. Does motivation have a partial effect on employee productivity at Emerald Garden International Hotel, Medan?
- c. Does discipline have a partial effect on employee productivity at Emerald Garden International Hotel, Medan?
- d. Do work compensation, motivation, and discipline have a simultaneous effect on employee productivity at Emerald Garden International Hotel, Medan?

1.4 The objective of the Research

Here are some objectives of the research that the writer has made to solve the problem that has been found, which are:

- a. To analyze whether work compensation has a partial effect on employee productivity at Emerald Garden International Hotel, Medan.
- b. To discover whether motivation has a partial effect on employee productivity at Emerald Garden International Hotel, Medan.
- c. To evaluate whether discipline has a partial effect on employee productivity at Emerald Garden International Hotel, Medan.

- d. To investigate whether work compensation, motivation, and discipline have a simultaneous effect on employee productivity at Emerald Garden International Hotel, Medan.

1.5 The benefit of the Research

According to the objective and problems found during the research, the writer has concluded that there will be two types of benefit resulted, which are:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to determine whether or not work compensation, motivation, and discipline have an impact on employee productivity in a company. Furthermore, the purpose of this study is to learn and update more about theories regarding work compensation, motivation, discipline, employee productivity, and the relationship between those variables.

1.5.2 Practical Benefit

The practical benefit of this research are as follows:

- a. For the writer, the research help expands knowledge and insights, compare the theories to be tested in real-world settings, and also broadens the writer's perspective, and adds the understanding of work compensation, motivation, discipline, and employee productivity.
- b. For Emerald Garden International Hotel, the research is likely to be utilized as a guide in determining how to work compensation, motivation, and discipline effect staff productivity in order to overcome the issues faced.

- c. For other researchers, the research can serve as a base and reference for other academic works related to the topic of work compensation, motivation, discipline, and employee productivity.

