

CHAPTER I

INTRODUCTION

1.1 Background of Study

The success of a company's performance is largely driven by the quality of its resources, with human resources being among the most crucial. Human resources refer to the individuals who bring skills, talents, and creativity to the organization, contributing to its overall success. It is essential for a company to have human resources that are prepared and capable of collaborating to advance and fulfill the organization's established vision, mission, and goals. These resources can be trained, developed, and retained to secure the organization's future and can even serve as a critical factor in ensuring the company's long-term sustainability.

No matter how sophisticated the equipment and devices in the organization are, if they are not supported by human resources to control and operate them with their skills, then the equipment will not function as intended. For that reason, the company is expected to make the best use of its human resources. The management of human resources is intended so that a company is expected to unify the perceptions or viewpoints of employees in order to achieve the company's goals together.

Hotel Khas Parapat is one of the 12 hotels managed by PT. Hotel Indonesia Natour (PT.HIN), a state-owned enterprise (SOE) that focuses on the hospitality industry, particularly in hotel accommodation services located in the mountains

Located in Medan, Inna Parapat resort offers guests complimentary Wi-Fi and free parking. Each room is equipped with satellite TV and a private bathroom for a comfortable stay. Hotel Khas Parapat features three restaurants, serving both local and international dishes. Guests can unwind on the white sandy shores of the lake and enjoy various activities like swimming and sailing. Additionally, a range of restaurants and entertainment spots are conveniently located near Hotel Khas Parapat.

The diverse tourism industry, especially within Parapat's service sector, encourages companies to continually enhance service quality by delivering a satisfying experience to customers through employees who demonstrate strong loyalty to the organization. Loyal employees play a critical role in ensuring high-quality service. Loyalty fundamentally embodies faithfulness, dedication, and trust towards an individual or institution, and includes a sense of affection and responsibility that motivates one to provide excellent service and uphold professional conduct. Employees loyal to their company are willing collaborators, prepared to make sacrifices and fully commit themselves to the organization. This dedication consistently supports and enhances employees' roles within the company.

Employees with a high level of loyalty will be valued by the company for its survival and in determining the future progress or decline of the company. Employees with high loyalty always have enthusiasm and a strong sense of responsibility in carrying out their tasks and always thinking about advancing the organization as much as possible, on the contrary, employees who lack loyalty tend to be less responsible and do not perform their jobs well or remain faithful to the

organization (Gomes and Sutanto, 2017). For loyalty to the job to be reflected in the attitudes of employees, they must dedicate their abilities and skills, carry out their tasks and responsibilities, be disciplined, and act honestly in their work. (Poerwopoespito, 2014).

The loyalty of the employee at Hotel Khas Parapat can be considered low because employees do not adhere to company regulations, fail to complete tasks on time, are not honest in reporting their work results, and there is a lack of communication between employees and their superiors. This is due to employees feeling dissatisfied with the career development opportunities available in the company for those who have worked for more than two years, the uneven distribution of compensation, and the organizational climate that is uncomfortable because employees compete for career advancement, leading some employees to be dishonest with their colleagues.

Training plays a crucial role in advancing a company, as the investment in training is just as important as investments in equipment and capital. Training is a very important component in enhancing a company's competitiveness. There are five benchmarks used as dimensions to measure job training, namely: training content, training methods, the attitude and skills of the instructors, duration of the training, and training facilities. The strength from within a person to perform a task or achieve a goal reflects the extent of the workforce training provided by the company to its employees. Training is the process of enhancing employees' knowledge and skills. (Kaswan, 2013). If training positively effects a person's job satisfaction, it will have a beneficial impact on employee loyalty to the company.

Table 1.1**Types and Numbers of Participants in Training at The Parapat Khas Hotel**

Types of Employee Training	Number of Participants	Training Method	Training Requirements
Motivation Training	18	Class	Employees currently working at Hotel Khas Parapat.
			Employees directly selected by the HR Manager.
Hotel Study	10	Outbound	Employees currently working at Hotel Khas Parapat.
			Willing to undergo training and participate in the provided training without complaint.
Employee Productivity	9	Class	Employees currently working at Hotel Khas Parapat.
			Employees directly selected by the HR Manager.

Source: Hotel Khas Parapat

From the table 1.1 , it can be seen that the number of employees who participated in the training does not match the number of employees working at Hotel Khas Parapat, resulting in many employees not receiving training and therefore not being able to perform their jobs well. This is due to insufficient funds to include all employees. The phenomenon that arises in the training variables the emergence of indications of problems with the training instructor indicators. Participants felt that the training was led by a trainer who was less capable of engaging them actively in discussing the training material and lacked appeal as an instructor. At this point, the instructors come from the internal side. During the

training process, there were some employees who were less engaged by the company. As a result, when employees were given materials and training, some responded quickly while others were less responsive, which could affect their performance. This led to a lack of understanding of the material provided during the training, causing employees to carry out their tasks not in accordance with the established standards.

The quality of work life aims to create company conditions that can support employee development for learning. The quality of work life is where employees can meet their essential needs by working within an organization or company, and the ability to do so depends on fair and supportive treatment of employees. The opportunity for each employee to fully utilize their abilities. The opportunity for self-actualization, that is, to become the person they feel capable of becoming. The loyalty that employees have towards a company tends to be affected by the quality of work life. Employee loyalty and quality of work life have a relationship with one another.

The quality of work life includes the fairness of a leader, opportunities for collaboration, chances for personal development, and receiving fair compensation. In line with this, according to the work-life quality program, it contributes to employee work motivation, work performance, employee loyalty, commitment to the organization, lower turnover rates, reduced employee absenteeism, and decreased conflicts between management and employees. The effect of quality on loyalty has also been demonstrated by the research findings of Sivapalan et al. (2017), which concluded that an improvement in the quality of work life would

have a positive impact on increasing loyalty. However, this contrasts with the findings of Chandra et al. (2018), which state that the quality of work life does not have a direct effect on loyalty.

Compensation plays a vital role in a company's growth, encompassing all rewards that employees receive in exchange for their contributions to the organization. It can be categorized into financial and non-financial compensation. Financial compensation includes wages or salaries, bonuses, allowances, and benefits, while non-financial compensation covers areas like training, development, and the work environment.

Providing appropriate compensation based on employee performance acknowledges their contributions as part of the organization. Compensation is a key factor in cultivating employee loyalty within the company, as it represents the tangible and intangible rewards for their work (Kurniawan et al., 2013). Research by Aityan and Gupta (2011) further supports this, demonstrating that compensation positively impacts employee loyalty. When employees feel undervalued or disloyal, their performance may decline, and the company may face challenges in retaining them or fostering their commitment.

Based on interviews conducted with employees of The Parapat Khas Hotel, it was found that not all employees have the same opportunities for career advancement. This is due to the fact that the education level of some employees does not meet the requirements for promotion, which is a high school diploma, while only those with a bachelor's degree can take the exam for a higher position.

And the compensation received by employees is still considered low. With the low salaries received by employees, they struggle to meet their needs, often having to look for additional work, and some even resort to borrowing because their children's education costs are not in line with the salaries they earn. Employees feel that the salary increases that occur every year are not significant. Compensation is considered inadequate, resulting in employees feeling dissatisfied with what they have received, which does not match the work they have done, and employee loyalty towards the company deteriorates.

Here is the recap of employee attendance from 2022 to 2024.

TABEL 1.2
RECAPITULATION OF EMPLOYEE ATTENDANCE AT HOTEL KHAS
PARAPAT FOR 2022-2024

Criteria Absent	2022	2023	2024
Sick	32	27	12
Permission	11	16	7
Leave	13	18	9
Alpha	9	19	5
Number Of Days absent	65	80	33
Number of working days	350	350	350
Number of employees	118	118	118

Source: Hotel Khas Parapat

Based on table 1.2, it is known that the employee absenteeism rate at Hotel Khas Parapat in 2022 was 65 days, while in 2023 it increased to 80 days and in 2024 the numbers of absenteeism rate are 33 days, because the year of 2024 is still ongoing. This indicates that as employee absenteeism increases, employee

performance declines, suggesting that employee loyalty to the company is not really optimal. The company provides its employees with 5 days off per year, because the work at Hotel Khas Parapat has more idle time and is only busy when guests are present. Therefore, the hotel gives its employees an average of 5 days off per year. From the preliminary survey conducted, there are several issues have been identified among employees working at Hotel Khas Parapat Hotel. From the information indicates that employee performance is still low, as some employees have not been executing their assigned tasks effectively. Additionally, some employees feel that the workload assigned to them is too heavy, leading to a lack of enthusiasm in their work. This is because leaders are constantly focused on pursuing the targets of a very dense work program, which leads to a lack of attention to maintaining good relationships with their subordinates, thereby affecting the level of employee loyalty in their work.

The work training for employees also needs to be improved, as employees rarely receive training due to the lack of a scheduled training program from the company, with the last training session being a long time ago. It is still common that even senior employees do not show improved positive work behavior in terms of speed and accuracy in their tasks after the training.

Based on the background that has been described, the author is interested in conducting research with the title "**The Effect of Job Training, Quality of Work Life, Compensation on Employee Loyalty at the Parapat Khas Hotel**".

1.2 Problem Limitation

In order for this research to be more precise, there are some limitations as follow:

1. This research discusses the impact of job training on employee loyalty at Hotel Khas Parapat with the following indicators are professional instructor, Participants, The training materials, The training methods, training objectives (Dessler, 2016).
2. This research discusses the impact of quality of work life on employee loyalty at Hotel Khas Parapat with the following indicators are equitable compensation, Workplace Safety, Problem solving, communication, wellness (Bekti, 2018)
3. This research discusses the impact of compensation on employee loyalty at Hotel Khas Parapat with the following indicators are The salary, Company facilities, health insurance, Allowance, bonus and incentive (Badriyah, 2015).
4. The samples that are going to be analyzed are limited to certain criteria; both male and female, 18 to 60 years old, living in Medan, Have been working at a Hotel Khas Parapat for a minimum of 3 months (passed the probationary period at Parapat Khas Hotel) until now.

1.3 Problem Formulation

Refer to the information provided on the background of study, here will be formulated some problems precisely to be researched. In order to see whether employee loyalty at Hotel Khas Parapat is significantly effect by the job training,

quality of work life and compensation. Here are the problems formulated:

1. Does job training have partially effect on employee loyalty at Hotel Khas Parapat?
2. Does the quality of work life have partially effect on employee loyalty at Hotel Khas Parapat?
3. Does compensation have partially effect on employee loyalty at Hotel Khas Parapat?
4. Do job training, quality of work life, and compensation have simultaneous effect on employee loyalty at Hotel Khas Parapat?

1.4 Objective of Research

The purpose of this research is to:

1. To understand and analyze the partial effect of job training on employee loyalty at Hotel Khas Parapat.
2. To understand and analyze the partial effect of Quality of Work Life on employee loyalty at Hotel Khas Parapat.
3. To understand and analyze the partial effect of compensation on employee loyalty at Hotel Khas Parapat.
4. To understand and analyze the simultaneous effect of job training, quality of work life, compensation on employee loyalty at Hotel Khas Parapat.

1.5 Benefit of Research

The researcher really hope that this report could provide advantages for any stakeholders under this specific topic not only theoretically but also practically, as

follows:

1.5.1 Theoretical Benefit

To enhance the insights and knowledge of researchers while studying in the field of management, particularly related to issues of job training, quality of work life, compensation as well as their impact on employee loyalty.

1.5.2 Practical Benefit

This report wishes to provide practical benefits including:

1. For readers and upcoming researchers In terms of theoretical benefit, this report is expected to provide appropriate information and investigation regarding the effect of factors consist of job training, quality of work life and compensation towards employee loyalty. Furthermore, researcher hopes that this report could be used as reference for not only general research but also academic research in the future.
2. For the policy makers or management team of The Parapat Khas Hotel, as a material for evaluation and to enhance the knowledge of employees in carrying out their duties in the company to increase their work loyalty.