THE ROLE OF EMPLOYEE PERFORMANCE IN THE TOURISM HOSPITALITY INDUSTRY IN INDONESIA

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ABSTRACT

The purpose of this study was to find out the direct effect of merit pay on job satisfaction, job rotation on job satisfaction, merit pay on performance, job rotation on performance, job satisfaction on performance, and merit pay on performance through job satisfaction empirically. This study used 100 samples (workers) in Tourism Hospitality Industry. Data were analyzed using “path analysis” with SPSS 25.0. Based on the results, merit pay had a direct and significant effect on job satisfaction, job rotation had a direct and significant effect on job satisfaction, merit pay had a direct and significant effect on performance, job rotation had a direct and significant effect on performance, job satisfaction had a direct and significant effect on performance, merit pay had a direct effect on performance. Job rotation had an indirect effect on performance with job satisfaction.

Keywords: Merit Pay, Job Rotation, Job Satisfaction, Workers Performance.

INTRODUCTION

Sustainable work means achieving living and working conditions that support people in engaging and remaining in work throughout an extended working life. Work must be transformed to eliminate the factors that discourage or hinder workers from staying in or entering the workforce. But also individual circumstances have to be taken into account. Availability for work differs and is likely to change over the life course. The challenge is to match the needs and abilities of the individual with the quality of jobs on offer. To improve the performance, merit pay is carried out. Merit pay is a form of reward in which individuals receive an increase in wages in exchange for workers performance which is assessed based on the workers performance appraisal. In general, merit pay is a payment system related to reward and workers performance. Someone who has good performance will get a higher reward and vice versa. This means the better the performance, the higher the reward. The purpose of merit pay is to improve workers performance so that it can motivate workers to improve their performance. To find out workers performance, a good appraisal from management is needed. If the appraisal is bad, then the implementation of merit pay is also ineffective. The success of merit pay depends on the performance appraisal (Gius, 2013). Leigh (2013) stated that so far, performance appraisal cannot be accepted because workers, staff, and principals are bound by many systems, processes, and people. However, the performance appraisal only focuses on the individual, not as an organization. Performance appraisal considers the systems in the organization to be consistent and predictable. Performance appraisal requires an objective, consistent, trustworthy, and fair
process. However, the performance appraisal is seen by the workers as something sudden and based on favoritism. Job rotation is the lateral movement of workers to different jobs in the same organization without changes in hierarchy or salary. Job rotation is often seen as a key instrument for management development where there is a change in job content and skills required (Nyberg et al., 2016). However, lateral transfers also occur because bad performance workers are reallocated to different jobs to improve quality by giving them new assignments in the organization. In many organizations, job transfers are for job rotation; lateral movement; internal labor market; career; the job rotation bonus can encourage workers (make workers more flexible). In addition, employers learn about individual strengths through rotation (Eriksson & Ortega, 2006). Job rotation is a simple concept that the unemployed must be trained in the skills required for specific jobs in certain organizations. Then, they join the organization for an agreed period of time and take over the work. The hired person can then spend time on training and upgrading skills. Workers, as one of the human resource assets in schools, must do a job rotation. Job rotation will have a positive impact on workers because it can avoid feeling bored with the work being carried out. Implementation of the job rotation must also consider workers who feel secure in the position of the job because they will protest against job rotation. The workers as a human resource in the world of education is the driving force in the implementation of education in schools. The workers is very vital because it has various roles as stated by Connell (2010). The workers has seven roles, namely (1) educator, (2) model, (3) mentor, (4) learner, (5) communicator to the local community, (6) administrative worker, and (7) loyalty to the institution. Job rotation is part of the HR planning and development strategy. Therefore, job rotation is very important to improve skills. According to Rivai & Sagala (2009), rotation can have an important influence on workers, because rotation can reduce workers boredom at work, then rotation can also increase experience, knowledge, and skills. In another perspective, rotation is the initial stage to obtain job satisfaction in the future. Job satisfaction is always a major concern of leaders because job satisfaction is closely related to the success of an individual, organization, or community in achieving goals. Basically, job satisfaction can encourage workers to work hard and achieve goals. This will increase work productivity so that it affects the achievement of institutional goals. When individuals have job satisfaction, they will make positive choices to do something because job satisfaction can satisfy their desires. With job satisfaction, workers will be encouraged to do their best in carrying out work, so that performance will increase. In general, performance appraisal can be divided into input, process, output, and outcome. Based on these stages, the performance appraisal is carried out with an approach based on the data generated by the information system, both previous data and projection data. According to Hyndman & Anderson (1998), performance includes input, process (work behavior), output and outcome (added value and impact). These variables are inseparable and related. Sumarni (2017) stated that school is an educational institution that has a long-term strategic plan to face global challenges professionally and has added value. Workers must be able to carry out tasks as well as possible, be efficient and perform according to established work standards and be independent (Hamid, 2018). Based on the observation on workers in Tourism Hospitality Industry, the merit pay, job rotation, and job satisfaction was low so that it must be further improved so that maximum workers performance is achieved. One of the reasons for the need for merit pay, job rotation, and workers job satisfaction is to improve performance because have less significant or outstanding learning achievement. The results of this study are expected to determine the effect of merit pay, job rotation, and job satisfaction of workers in Tourism Hospitality Industry so that employee performance achievement can increase.
LITERATURE REVIEW

Merit Pay

Merit pay means services, benefits, and performance (Leigh, 2013). Thus, merit pay is a form of reward in which individuals receive an increase in wages in exchange for employee performance which is assessed based on the employee performance appraisal. In general, merit pay is a payment system related to reward and employee performance (Eberts et al., 2002). Someone who has good performance will get a higher reward and vice versa. This means the better the performance, the higher the reward. According to Simamora (2012), merit pay is a reward for good performance employee as well as an incentive for the continuation of good performance. Zainal (2015) stated that merit pay is a rational payroll system oriented to income equity according to performance. Merit pay is expected to maintain work productivity and maintain healthy competition. According to Nyberg et al. (2016), merit pay is a reward related to employee performance. According to Kreitner & Kinicki (2014), merit pay is an incentive in the form of money related to results or achievements. Merit pay is the application of wages after achievement (Rivai & Sagala, 2009). Alawneh et al. (2013) stated that merit pay is a different payroll method based on work value. According to Leigh (2013), merit pay is the payment of an increase in wages after job evaluation. In this study, merit pay is a reward associated with work productivity. The higher the performance and productivity, the higher the reward. The main goal of every organization in designing a reward system is to increase productivity and retain competent employees. According to Simamora (2012), indicators that affect the application of merit pay are as follows: 1. High-performance standards, 2. Performance appraisals are accurate and have a focus on results-oriented and job-specific criteria, 3. Leaders and performance appraisal mechanisms, 4. Increasing rewards according to performance, 5. Use of extensive merit pay, 6. Employee trust in management, 7. Leaders must agree on the job and criteria used, 8. Appropriate payment administrative systems, 9. Implementation of information and resource systems human.

Job Rotation

According to Robbins & Judge (2013),

“Job rotation is a periodic change of employees from task to task to reduce boredom and increase motivation through diversifying activities”.

Casad (2012) stated that job rotation is a personal transfer without causing a change in salary or rank or class to increase knowledge and experience and to avoid burnout. According to Eberts et al. (2002) job rotation is the movement of someone from job to job that can increase the ability and value to the organization. Job rotation is a shift of duties and responsibilities as an organizational effort to reduce boredom and fatigue caused by specialized work. From some of the definitions above, it can be concluded that job rotation is the horizontal movement of employees from one job to another without causing changes in salary or rank to increase the knowledge, experience, insight, expertise of employees, and to overcome burnout. According to Brunold & Durst (2012), job rotation indicator is the experience; it can be used as a benchmark for job rotation because employee experience will affect employee performance. If the employee has no experience, then the employee will be doubted when given a new job. The lower the knowledge, the more the organization looks for ways to solve it, one of which is through job
To cover a vacancy, the organization has the right to rotate its employees. If an employee has a bad performance, then the employee will be doubtful about doing the job so that the employee will be placed in the right position. If the employee does not have a good responsibility, then the employee will be in doubt in the new position.

**Job Satisfaction**

Job satisfaction is an attitude of happy and loving the job (Hasibuan, 2012). According to Kreitner & Kinicki (2014), job satisfaction is a general attitude towards a job that shows the difference between the number of awards received and the amount believed to be received. Westonlie et al. (2018) stated that job satisfaction is an attitude towards work related to work situations, cooperation, rewards, and other things related to physical and psychological factors. Meanwhile Handoko (2011) stated that job satisfaction is a pleasant or unpleasant emotional state for employee in seeing their work. According to Wibowo (2014), job satisfaction reflects the attitude, not behavior. Job satisfaction is a major dependent variable for two reasons, namely: (1) it shows a relationship with performance factors, and (2) is the preference value held by many organizational behavior researchers. According to Sofiyan (2018), there are five indicators in determining job satisfaction namely payment, job, promotion opportunities, superiors, co-workers.

**Performance**

Performance is an activity and perfecting it according to the responsibility of the results as expected. Performance shows the work and the results achieved from the job. Performance shows the results of something performed and how it works (Ratnasari, 2017). Mangkuprawira (2009) stated that performance is an activity and perfecting it according to the responsibility of the results as expected. Nawawi (2003) stated that performance is a measure of the level of ability and participation in producing goods and services. Lund (2003) stated that many factors influence employee performance, namely: (1) material mastery, (2) management of learning programs, (3) class management, (4) use of media and resources, (5) micro-teaching. According to Wekke (2013), performance appraisal is carried out as a basis for compensating employee according to performance. The appraisal is also provided as a basis for job rotation and training for employee. Appraisal serves to determine the success of an organization. Rani & Mayasari (2016), stated that employee performance shows the quality and quantity of work achieved by employee in carrying out tasks according to their responsibilities. Ratnasari (2017) stated that performance is real behavior according to the role in the organization. Ratnasari (2017) stated that performance is a certain work achievement which in the end can be directly reflected in the output produced both by quantity and quality. Simamora (2012) stated that the output produced as stated above can be physical or non-physical.

**Framework**

Based on the above theory, framework on merit pay, job rotation, job satisfaction, and performance can be seen in Figure 1.
This study was carried out in all schools from elementary school to senior high school di Tourism Hospitality Industry. This study used 133 tourism workers in Tourism Hospitality Industry as population. By using the Slovin formula with 5% error, there were 99 samples and rounded to 100 samples. This study used cluster random sampling.

Path Analysis

Path analysis is the development of multiple linear regression. Path analysis can find direct effects and indirect effects in the relationship between variables through intervening variables (Ghozali, 2006). This analysis was used to find out the direct effect indirect effect of merit pay, job rotation, and job satisfaction on employee performance in Tourism Hospitality Industry.

The equations are as follows:

$$X_3 = P_{31}X_1 + P_{32}X_2 + e_1$$

$$X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 + e_2$$

Description:

X1 is merit pay; X2 is job rotation; X3 is job satisfaction; X4 is performance

P is the path coefficient value of each exogenous and endogenous variable e is residual

Hypothesis Testing

To find out the direct effect and indirect effect antar variabel maka path coefficient was used, while to find out the significance, the significance value was compared to 0.05. The significance value can be interpreted as follows:

- If Sig. <0.05 then Ho is rejected and has significant effect.
- If Sig. >0.05 then Ho is accepted and has no significant effect.

Based on the direct effect, the indirect effect can be calculated between exogenous and endogenous variables through intervening variables as follows:
1) The effect of merit pay (X1) on performance (X4) through job satisfaction (X3) can be seen from the multiplication of X1 regression coefficient and X3 regression coefficient. The direct effect of merit pay (X1) on X4 can be seen from the regression coefficient of X1 on X4 (P41), while the indirect effect of X1 on X4 through X3 can be seen from the multiplication of the regression coefficient of X1 on X3 and the regression coefficient of X3 on X4 namely (P31X1 x P43X3). The total effect of X1 on X4: it can be seen from direct effect value plus (+) indirect affect value. It can be concluded that:

a. If the coefficient value of indirect effect > direct effect then X3 is the intervening variable with an indirect effect.
b. If the coefficient value of indirect effect < direct effect then X3 is not the intervening variable with a direct effect.

2) The effect of job rotation (X2) on performance (X4) through job satisfaction (X3) can be seen from the multiplication of X2 regression coefficient and X3 regression coefficient. The direct effect of job rotation (X2) on X4 can be seen from the regression coefficient of X2 on X4 (P42), while the indirect effect of X2 on X4 through X3 can be seen from the multiplication of the regression coefficient of X2 on X3 and the regression coefficient of X3 on X4 namely (P32X2 x P43X3). The total effect of X2 on X4: it can be seen from direct effect value plus (+) indirect affect value. It can be concluded that:

a. If the coefficient value of indirect effect > direct effect then X3 is the intervening variable with an indirect effect.
b. If the coefficient value of indirect effect < direct effect then X3 is not the intervening variable with a direct effect.

Furthermore, to find out the significance of the indirect effect, error1 (e1) and error2 (e2) should be calculated by using the Adjusted-R Square value for structural equation 1 and structural equation 2.

RESULTS

Validity Test and Reliability Test

All variables (merit pay, job rotation, job satisfaction, and performance) had a positive correlation and exceeded the minimum validity requirement (0.30) which means all variables were valid, while the Cronbach's Alpha value was above 0.60, so all variables were reliable.

Normality Test

Based on normality test, Asymp Sig. (2-tailed) was above than its p-value, 0.05, so it can be concluded that data were normally distributed.

Linearity Test

- The relationship between merit pay (X1) and job satisfaction (X3) was linear, because linearity value was significant (sig 0.000 < 0.05) and deviation from linearity value was not significant (sig 0.765 > 0.05).
- The relationship between job rotation (X2) and job satisfaction (X3) was linear, because linearity value was significant (sig 0.000 < 0.05) and deviation from linearity value was not significant (sig 0.722 > 0.05).
- The relationship between merit pay (X1) and performance (X4) was linear, because linearity value was significant (sig 0.000 < 0.05) and deviation from linearity value was not significant (sig 0.523 > 0.05).
• The relationship between job rotation (X2) and performance (X4) was linear, because linearity value was significant (sig 0.000 < 0.05) and deviation from linearity value was not significant (sig 0.223 > 0.05).
• The relationship between job satisfaction (X3) and performance (X4) was linear, because linearity value was significant (sig 0.000 < 0.05) and deviation from linearity value was not significant (sig 0.213 > 0.05).

**Multicollinearity Test**

Multicollinearity was used to test for the strong correlation between independent variables. To draw conclusions, variance inflation factor <5 was used as a benchmark. The VIF value of merit pay (X1) from Equation 1 was 1.430<5 and the VIF value of job rotation (X2) was 1.430<5, so there was no multicollinearity.

The VIF value of merit pay (X1) from Equation 2 was 1.312<5, the VIF value of job rotation (X2) was 1.362<5, and the VIF value of job satisfaction (X3) was 1.440<5, so there was no multicollinearity.

**Heteroscedasticity Test**

This study used Glejser Test to find out the heteroscedasticity if sig>0.05.

The sig value of merit pay (X1) from Equation 1 was 0.258>0.05 and the sig value of job rotation (X2) was 0.126>0.05, so there was no heteroscedasticity.

The sig value of merit pay (X1) from Equation 2 was 0.213>0.05, the sig value of job rotation (X2) was 0.765>0.05, the sig value of job satisfaction (X3) was 0.287>0.05, so there was no heteroscedasticity.

**Hypothesis Testing**

Based on Adjusted-R Square= 0.368, to find out the path coefficient and its residual (e1), the following calculation was used: e1 = 0.795

Based on Adjusted-R Square = 0.862, to find out the path coefficient and its residual (e2), the following calculation was used: e2 = 0.371

The results of path coefficient calculation can be seen in Figure 2.

![Figure 2 - Path Analysis](image-url)
DISCUSSION

The Effect of Merit Pay on Job Satisfaction

Based on the path analysis of merit pay (X1) on job satisfaction (X3), the path coefficient was 0.421 with the Sig. was 0.001<0.05, so it can be concluded that the path coefficient was significant, where X1 (merit pay) had a significant effect on X3 (job satisfaction). Based on the first hypothesis, there was a direct and significant effect of merit pay on job satisfaction, so it can be concluded that if the merit pay in the organization is implemented properly, it can increase job satisfaction.

The Effect of Job Rotation on Job Satisfaction

Based on the path analysis of job rotation (X2) on job satisfaction (X3), the path coefficient was 0.642 with the Sig. was 0.000<0.05, so it can be concluded that the path coefficient was significant, where X2 (job rotation) had a significant effect on X3 (job satisfaction). Based on the second hypothesis, there was a direct and significant effect of job rotation on job satisfaction, so it can be concluded that if the job rotation in the organization is implemented properly, it can increase job satisfaction.

The Effect of Merit Pay on Performance

Based on the path analysis of merit pay (X1) on performance (X4), the path coefficient was 0.156 with the Sig. was 0.000<0.05, so it can be concluded that the path coefficient was significant, where X1 (merit pay) had a significant effect on X4 (performance). Based on the third hypothesis, there was a direct and significant effect of merit pay on performance, so it can be concluded that if the merit pay in the organization is implemented properly, it can increase employee performance.

The Effect of Job Rotation on Performance

Based on the path analysis of job rotation (X2) on performance (X4), the path coefficient was 0.421 with the Sig. was 0.656>0.05, so it can be concluded that the path coefficient was insignificant where X2 (job rotation) had no significant effect on X4 (performance). Based on the fourth hypothesis, there was no direct and significant effect of job rotation on performance, so it can be concluded that if the job rotation in the organization is implemented properly, it still cannot increase employee performance, so it needs other variables to significantly increase the performance.

The Effect of Job Satisfaction on Performance

Based on the path analysis of job satisfaction (X3) on performance (X4), the path coefficient was 0.543 with the Sig. was 0.000<0.05, so it can be concluded that the path coefficient was significant, where X3 (job satisfaction) had a significant effect on X4 (performance). Based on the fifth hypothesis, there was a direct and significant effect of job satisfaction on performance, so it can be concluded that if the employee have job satisfaction, it can increase employee performance.
The Effect of Merit Pay on Performance through Job Satisfaction

The effect of merit pay (X1) on performance (X4) through job satisfaction (X3) was obtained from the multiplication of X1 regression coefficient and X4 regression coefficient. The direct effect of merit pay (X1) on performance (X4) can be seen from the regression coefficient of X1 on X4 (P41) which was 0.156, while the indirect effect of X1 on X4 through X3 can be seen from the multiplication of the regression coefficient of X1 on X3 and the regression coefficient of X3 on X4 which was (P31X1 x P43X3) = (0.421 x 0.543) = 0.227.

The total effect of X1 on X4 can be seen from direct effect value plus (+) indirect affect value which was 0.156 + 0.227 = 0.384. The result was 0.384>0.156 which means the indirect effect < direct effect. So, there was indirect effect of X1 on X4 through X3, and X3 is the intervening variable. The sixth hypothesis showed that there was a direct effect of merit pay on performance through job satisfaction. It can be concluded that the implementation of merit pay and job satisfaction will improve employee performance, so in this case, merit pay and job satisfaction are directly related to performance.

The Effect of Job Rotation on Performance through Job Satisfaction

The effect of job rotation (X2) on performance (X4) through job satisfaction (X3), was obtained from the multiplication of X2 regression coefficient and X4 regression coefficient. The direct effect of job rotation (X2) on performance (X4) can be seen from the regression coefficient of X2 on X4 (P42) which was 0.421, while the indirect effect of X2 on X4 through X3 can be seen from the multiplication of the regression coefficient of X2 on X3 and the regression coefficient of X3 on X4 which was (P32X2 x P43X3) = (0.642 x 0.421) = 0.270.

The total effect of X2 on X4 can be seen from direct effect value plus (+) indirect affect value which was 0.543 + 0.270 = 0.810. The result was 0.810>0.543, which means the indirect effect > direct effect, so, there was indirect effect of X2 on X4 through X3, and X3 is the intervening variable.

The seventh hypothesis showed that there was a direct effect of job rotation on performance through job satisfaction. It can be concluded that the implementation of job rotation and job satisfaction will improve employee performance, so in this case, job rotation and job satisfaction are directly related to performance.

CONCLUSION

Based on the results, it can be concluded that:

1. Based on the results, there was a direct and significant effect of merit pay on job satisfaction with a path coefficient of 0.421. Because the first hypothesis is accepted which shows that there is a direct and significant effect of merit pay on job satisfaction, it can be concluded that if the merit pay in the organization is implemented properly, it can increase job satisfaction.
2. Based on the results, there was a direct and significant effect of job rotation on job satisfaction with a path coefficient of 0.642. Because the second hypothesis is accepted which shows that there is a direct and significant effect of job rotation on job satisfaction, it can be concluded that if the job rotation in the organization is implemented properly, it can increase job satisfaction.
3. Based on the results, there was a direct and significant effect of merit pay on performance with a path coefficient of 0.156. Because the third hypothesis is accepted which shows that there is a direct and significant effect of merit pay on performance, it can be concluded that if the merit pay in the organization is implemented properly, it can increase employee performance.
4. Based on the results, there was a direct and an insignificant effect of job rotation terhadap performance with a path coefficient of 0.642. Because the fourth hypothesis is accepted which shows that there is a direct and insignificant effect of job rotation on performance, it can be concluded that if the job rotation in the organization is implemented properly, it still cannot increase employee performance, so it needs other variables to significantly increase the performance.

5. Based on the results, there was a direct and significant effect of job satisfaction on performance with a path coefficient of 0.543. Because the fourth hypothesis is accepted which shows that there is a direct and significant effect of job satisfaction on performance, it can be concluded that if the employee have job satisfaction, it can increase employee performance.

6. Based on the results, there was no indirect effect of merit pay on performance through job satisfaction with a path coefficient of 0.034. The sixth hypothesis showed that there was indirect effect of merit pay on performance without job satisfaction. It can be concluded that the implementation of merit pay will improve employee performance, so in this case, merit pay is directly related to performance.

7. Based on the results, there was a direct effect of job rotation on performance through job satisfaction with a path coefficient of 0.810. The seventh hypothesis showed that there was direct effect of job rotation on performance with job satisfaction. It can be concluded that the implementation of job rotation and job satisfaction will improve employee performance, so in this case, job rotation and job satisfaction are directly related to performance.

REFERENCES


