

The Influence of Incentive Policies and Work Motivation on Employee Loyalty at the Arista Hotel Palembang

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ABSTRACT

This study aims to determine the effect of incentive policies and work motivation on employee loyalty at The Arista Hotel Palembang. In this study, respondents' data collection filled out a questionnaire with a Likert scale. The population in this study were employees of The Arista Hotel in the Southern Sumatra Region totaling 84 non-permanent employees. Incentive policy (X1) in the test results on employee loyalty (Y) obtained a t count value of 0.15 smaller than the t table value of 1.989 and a significance value of -0.874 greater than the alpha value of 5% or 0.05, so the conclusion is that the effect of incentive policy (X1) has no significant effect on employee loyalty (Y). Motivation (X2) in the test results on employee performance (Y) it is known that the t value of 6.795 is greater than the t table value of 1.989 and the significance value of 0.000 is less than the alpha value of 5% or 0.05 so the conclusion is that work motivation (X2) has a significant effect on employee loyalty (Y). While the F test shows that all models tested on the variables have a significant effect on the dependent variable with a value at sig less than 0.05, so all independent factors affect the dependent variable. As well as simultaneously, that 62.4% of employee loyalty indicators are influenced by incentives and work motivation only, while 37.6% is influenced by factors not taken into account in this study.

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1. INTRODUCTION

Current industrial development is increasingly rapid and has an impact on companies, namely increasingly fierce business competition. Conditions like this require companies to have more competitive advantages, innovation, fast response and responsiveness in order to compete with similar companies and all of this can be obtained from human resources (Utami & Dwiatmadja, 2020).

Human assets (HR) are one of the resources that determine the adequacy and efficiency of the organization. The victory of all types of organizations basically depends on the talents and capacities of the representatives who compose them. Assets owned by the company such as capital, strategies and machines cannot provide ideal results if they are not supported by human assets that have ideal execution (Yusra & Anugrah, 2022).

Another opinion says that one of the components that affect the progress of an organization is human assets (Sinaga, 2020). The organization's profitable resources are workers so that the organization must supervise them appropriately in order to make an ideal commitment. So what must be considered by the office is the devotion of workers because workers who work feel entertained, full of obligations, and simple to create all the potential they have, workers can automatically maximize their work.

Loyalty is basically devotion, commitment and trust given or inclined to an individual or institution, where there is a sense of love of responsibility that must be carried out to provide the best benefits and behavior. Therefore it can be said that representatives who are steadfast to the company are workers who have a desire to cooperate, who show a desire to submit themselves, readiness to control themselves and the ability to highlight their own interface (Yusra & Anugrah, 2022).

The state of mind of the worker as part of the company, the most important of which is loyalty. This state of mind is reflected, among other things, in the creation of a beautiful and stable climate in the workplace, maintaining the company's image and readiness to work for longer periods of time. Expanded efficiency is the dream of every company. The level of efficiency will be high if the devotion of representatives of some labor agents is high and bad habits on the contrary are the whims of efficiency. The company will whine if the devotion of the workers of some labor agents misses.

The Arista Hotel Palembang is a company that provides access to services, the best quality hotel with international standards equivalent to 5 stars in Palembang City. The Arista Hotel Palembang has a good infrastructure, so that it can make consumers enjoy the place. And supported by human resources who in their daily lives carry out tasks in accordance with the jobdesk and position in the company's organizational structure.

Incentives are one of the rewards given by the company to employees as a form of appreciation for their achievements (Sinaga, 2020). (Pratiwi et al., 2020) suggest that there are two kinds of incentives, namely Positive Incentives in the form of giving material or non-material gifts to employees whose work performance is above standard performance and Negative Incentives giving threats or punishment to employees whose work performance is below standard performance. In this case The Arista Hotel Palembang applies incentive policies both positive incentives and negative incentives. Providing incentives in the form of material to all contract employees totaling 88 employees, this incentive is given on the 15th of each month. This incentive is obtained from a service charge on every guest who stays or consumes in the restaurant will be charged a service charge of 10%, from all service charges obtained per month will be distributed to each contract staff in accordance with the contract assessment of each employee.

The Arista Hotel Palembang does not only apply positive incentives to contract employees. But also applies negative incentives given if the employee concerned violates the predetermined rules and gets a Warning Letter (SP). The application of this negative incentive is in the form of deducting incentive pay according to the level of offense committed. Employees who receive Warning Letter 1 (SP 1) will have 25% of their incentive salary deducted. While employees who get Warning Letter 2 (SP 2) will be cut 50% of incentive salary and employees who get Warning Letter 2 (SP 2) will be cut 50% of incentive salary. The Arista Hotel Palembang applies a special incentive policy for Daily Workers who commit violations are not given a Warning Letter (SP) but immediately get terminated in accordance with company rules.

Incentives as a stimulus to motivate employees to improve their work as much as possible, so incentives function as the main motivation for an employee and encourage the enthusiasm and excitement of employee work so that it can indirectly strengthen loyalty to the company (Shalikhah, 2018). Incentives are a factor that is taken into account to create employee loyalty. So that the higher the incentive, the more employees show loyalty to the company. This is in line with research conducted by (Ma'rif et al., 2021) which states that incentive policies affect employee loyalty.

Motivation is a process that begins with a need in humans that creates a void in a person (Sukidi & Wajdi, 2016). Motivation is a process by which needs encourage a series of activities

that lead to the achievement of certain goals. Goals that if successfully achieved will satisfy or fulfill these needs.

Incentives and motivation are one of the factors that can increase employee loyalty. This theory is supported by research (Wirawan et al., 2019) where the results showed that there was an effect of incentive policies and work motivation on employee loyalty. Research (Yusra & Anugrah, 2022), which shows that incentive policies have a positive and significant effect on employee loyalty and work motivation has a positive and significant effect on employee loyalty.

Based on the phenomena described above, the authors are interested in conducting research with the title "The Effect of Incentive Policies and Work Motivation on Employee Loyalty at The Arista Hotel Palembang".

2. RESEARCH METHOD

This research uses quantitative methods. The time required for this research is approximately 4 months (May-August). In this case the research tries to take a research location, where this location is located on Jl. Kapt. A. Rivai, South Sumatra, Ilir Barat, Palembang, Indonesia, 30129. The data source used in this research is primary data. Data collection techniques in this study using questionnaires, documentation and interviews. The population in this study were employees of The Arista Hotel South Sumatra Region totaling 84 non-permanent employees. This study uses No -probability sampling is defined as a sampling technique that does not guarantee the same chance of being selected for each item in the sample or individual in the population (Sugiyono, 2019). population is used as a sample, the total sampling in this study was 84 employees (Daily Worker) The Arista Hotel Southern Sumatra Region. The data analysis technique used by researchers in managing data is quantitative data.

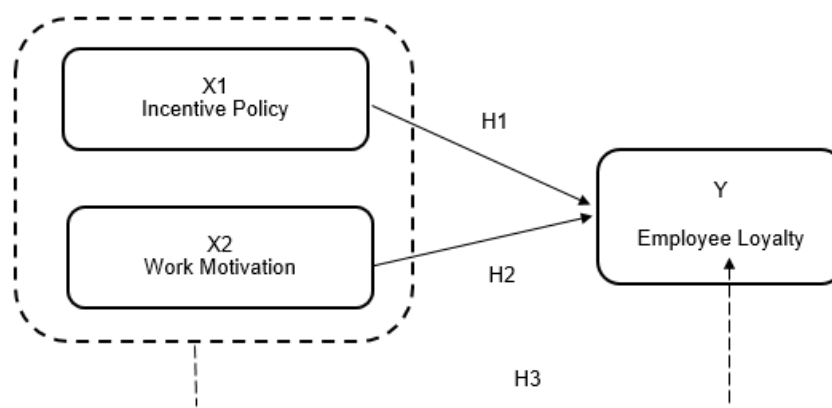


Figure 1. Framework

Research Hypothesis

The hypotheses in this study are as follows:

- H1 : There is an effect of incentive policies on the loyalty of non-permanent employees of The Arista Hotel Palembang.
- H2 : There is an effect of work motivation on the loyalty of non-permanent employees of The Arista Hotel Palembang
- H3 : There is an influence of incentive policies and work motivation on the loyalty of non-permanent employees of The Arista Hotel Palembang.

3. RESULT AND DISCUSSION

Validity

The result of validity establishes whether the instrument in question actually measures the desired quantity. Comparison of r count and r table establishes reliability this research (Ghozali, 2018). The validation test was carried out on each individual variable. The results of the research validity assessment can be seen in table 1 as follows:

Table 1. Validity Test Results

Variable	Indicator	r count (Sig.)	r table	Description	
Effect of Incentives	X1.01	0.325	0.214	Valid	
	X1.02	0.306	0.214	Valid	
	X1.03	0.554	0.214	Valid	
	X1.04	0.645	0.214	Valid	
	X1.05	0.586	0.214	Valid	
	X1.06	0.860	0.214	Valid	
	X1.07	0.792	0.214	Valid	
	X1.08	0.568	0.214	Valid	
	X1.09	0.830	0.214	Valid	
	X1.10	0.656	0.214	Valid	
	X2.01	0.490	0.214	Valid	
	X2.02	0.437	0.214	Valid	
	X2.03	0.519	0.214	Valid	
	X2.04	0.490	0.214	Valid	
	X2.05	0.453	0.214	Valid	
	X2.06	0.501	0.214	Valid	
Work Motivation	X2.07	0.400	0.214	Valid	
	X2.08	0.424	0.214	Valid	
	X2.09	0.442	0.214	Valid	
	X2.10	0.466	0.214	Valid	
	X2.11	0.477	0.214	Valid	
	X2.12	0.446	0.214	Valid	
	X2.13	0.416	0.214	Valid	
	X2.14	0.412	0.214	Valid	
	Employee Loyalty	X2.15	0.456	0.214	Valid
		X2.16	0.511	0.214	Valid
Y.01		0.641	0.214	Valid	
Y.02		0.555	0.214	Valid	
Y.03		0.590	0.214	Valid	
Y.04		0.562	0.214	Valid	
Y.05		0.806	0.214	Valid	
Y.06		0.665	0.214	Valid	
Y.07	0.706	0.214	Valid		
Y.08	0.611	0.214	Valid		

Source: Data Processing Results, 2023

Evaluation of the validity of the research variables concluded that the validity test was valid because their estimated r values were more than 0.214, as verified by looking at the r table. Therefore, the conclusions given by all 34 indicators used in this analysis are reliable.

Reliability

In this study, the Cronbach's Alpha reliability test was also carried out which was used to see the reliability of the research. The following are the results of the research reliability analysis in table 2 as follows

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Description
Effect of Incentives	.835	Reliable
Work Motivation	.736	Reliable
Employee Loyalty	.771	Reliable

Source: Data Processing Results, 2023

Based on the results of reliability testing, it was found that all variables were reliable, where the compensation and employee performance variables were included in the Cronbach's Alpha High Reliability category at more than 0.600. Which means that the research can be continued.

Classical Assumptions

This test aims to ensure that there are no indications of deviations from classical data assumptions. Normal distribution, no multicollinearity or heteroscedasticity, and the effect must be linear as a condition of classical assumptions .

Normality

The purpose of this check is to ensure that a normal distribution has been achieved for both the independent and dependent variables in the regression model. In regression, the residual values should follow a normal distribution for best fit. The Kolmogorov-Smirnov test was used to check for normality in this investigation. Specifically, we performed the Kolmogorov- Smirnov test on the results:

1. 1.If the significance level is >0.05, then the data is distributed.
2. 2.If the significance level is <0.05, the data is not distributed.

The significance value of this test is obtained from the results of the SPSS application normality test. The following are the findings of the research normality test:

Table 3. Normality Test Results
TestsiofiNormality

	Kolmogorov-Smirnov ^a			Shapiro-Wilki		
	Statistic	Df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.202	84	.076	.899	84	.202

a. Lilliefors Significance Correction

Source: data processing results, 2023

The sig value of 0.200 in the normality test table shows that the residual value in the regression test has fulfilled the normality aspect because it is greater than 0.05.

Multicollinearity

By using the multicollinearity test, it can ensure that the independent variables in the multiple linear regression model are not correlated with each other. In this study, researchers tested the relationship between the Variance Inflation Factor (VIF) and the tolerance value, taking into account the following multicollinearity requirements:

1. At a VIF lower than 10, and a tolerance value greater than 0.10, the value in the regression model does not include multicollinearity in the independent variables.
2. In regression, it is considered that there is multicollinearity between independent variables if the tolerance value is lower than 0.10 and the VIF value is greater than 10.

The following are the results of multicollinearity testing in this study

Table 4. Multicollinearity Test Results

Variabel	Tolerance	VIF
X ₁	.879	1.138
X ₂	.879	1.138

Source: Data Processing Results, 2023

If the VIF or tolerance value for the independent variable is more than 0.01, therefore, multicollinearity occurs between the independent variables.

Heteroscedasticity

According to Hantono (2020), certain differences of the residual observations from one

observation to the next may be due to the absence of research or may not occur. If there is no difference in the residual variance between two observations, it is referred to as homoscedasticity; however, if there is a difference, it is called heteroscedasticity. The figure below displays the scatterplot graph for the heteroscedasticity test.

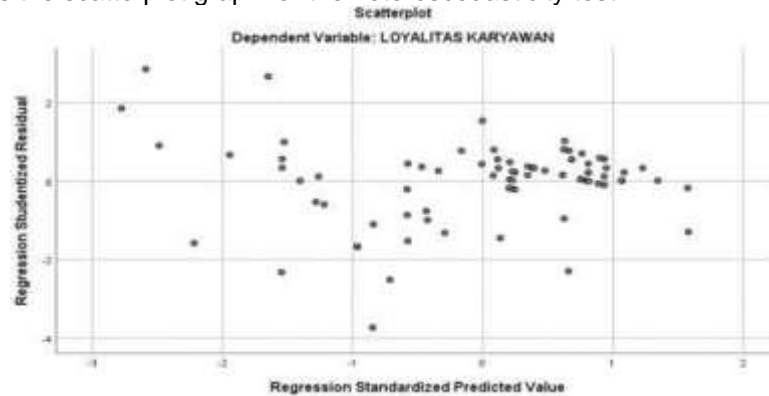


Figure 2. Scatterplot Graph For The Heteroscedasticity Test.

From the scatterplot graph that the points are randomly distributed both above and below 0 (zero) on the Y axis. Then it can be concluded that there are no symptoms of heteroscedasticity in the regression model used.

Hypothesis Test

T test

he t test seeks to determine in part whether the independent factors, the influence of incentives (X1) and work motivation (X2), have an effect on the dependent variable employee loyalty (Y).

Table 5. Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.208	5.274		.039	.969
X1	-.018	.112	.015	.159	.874
X2	.498	.073	.629	6.795	.000

a. Dependent Variable: Y
Source: Data Processing Results, 2023

Based on table 5, it is found that:

Incentive policy (X1) in the test results on employee loyalty (Y) obtained a tcount value of 0.15 smaller than the t table value of 1.989 and a significance value of -0.874 greater than the alpha value of 5% or 0.05, so the conclusion is that the effect of incentive policy (X1) has no significant effect on employee loyalty (Y). Motivation (X2) in the test results on employee performance (Y) it is known that the t value of 6.795 is greater than the t table value of 1.989 and the significance value of 0.000 is less than the alpha value of 5% or 0.05 so the conclusion is that work motivation (X2) has a significant effect on employee loyalty (Y).Based on the coefficient values in table 4.10, the regression equation can be formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

The conclusions from the regression can be drawn as follows:

The effect of incentives with the value of the coefficient on employee loyalty is -0.18 which means that a decrease in the effect of incentives is projected to result in an increase in employee performance of -0.18. Work motivation with the value of the coefficient on employee

loyalty is 0.498 which means that if compensation grows by 1 unit it is projected.

F test

The F test is used to determine whether each independent variable in the model has a meaningful influence on the dependent variable. Assuming sig value <0.05, all independent factors have a joint effect on the dependent variable.

Table 6. Test Result f ANOVA^a

Model		Sum of Squares	dfi	Mean Square	F	Sig.
1	Regression	1094.991	2	547.496	25.848	.000 ^b
	Residual	1715.711	81	21.182		
	Total	2810.702	83			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: Data Processing Results, 2023

The F test model shows that all models tested on variables have a significant effect on the dependent variable with a value at sig less than 0.05, so all independent factors affect the dependent variable.

Coefficient of Determination (R2)

The dependent variable has an influence on the results of the R Square value test. The results of the R-squared value are as follows.

Table 7. Determination Coefficient Test Results Model Summary^b

Model	R	R Square ^e	Adjusted R Square	Std. Error of the Estimate
1	.624 ^a	.390	.375	4.60235

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Source: Data Processing Results, 2023

Table 7 shows that 62.4% of employee loyalty indicators are influenced by incentives and work motivation only, while 37.6% is influenced by factors not taken into account in this study.

The Effect of Incentives on Employee Loyalty

The results showed that the calculated t value was -0.159 which is smaller than the t value. Table of 1.989 with a significance value of -0.874 which is higher than the alpha value of 5% or 0.05. Both indicate that the incentive policy has no major effect on employee loyalty at The Arista Hotel. Consequently, it can be said that it is accepted based on the findings of this study. The results also show the effect of incentives with a value of the coefficient on employee loyalty of -0.18 which means that a decrease in the effect of incentives is projected to result in an increase in employee loyalty of -0.18.

Incentives are indeed a factor that is taken into account to create employee loyalty. So that incentives encourage employees to show loyalty to the company. But this study shows that incentive policies do not have a big effect on employee loyalty. This is different from research conducted by (Yusra & Anugrah, 2022) which shows that incentive policies have a positive and significant effect on employee loyalty. This research is also different from research conducted by (Ma'ruf et al., 2021) which shows that incentives partially have a positive and significant effect on employee loyalty.

Work Motivation to Employee Loyalty

The results showed that motivation has a significant effect on employee loyalty at The Arista Hotel. This is evidenced by the calculated t value is higher than the t table and the significance value of 0.0000 is lower than the alpha value of 5% or 0.05. Where the t value of 6.795 is greater than the t table value of 1.989. So the findings of this study are approved because it shows work motivation has an influence on employee loyalty. In addition, simple linear regression shows work motivation on employee loyalty is 0.498 which means that if an increase in the influence of motivation is projected, it will result in an increase in employee loyalty of 0.498.

With high work loyalty, it is expected that the competitiveness of the organization will be better and profits will also increase. The hypothesis of this study is that motivation has an effect on loyalty, this means that the desire to live happily, the desire to have something, the desire to get awards, good work environment conditions will provide a spirit of work that affects the level of employee loyalty to the company.

The findings in this study are in line with research conducted by Winarto (2020) which shows that both intrinsic and extrinsic work motivation has a significant effect on employee loyalty. The findings in this study are also in line with (Yuliana, 2022) which shows that to increase employee loyalty it is necessary to have appropriate motivation, work.

Research by (Marwanto & Hasyim, 2023) also shows that motivation has a significant positive effect on employee loyalty. In contrast to (Utami & Dwiadmadja, 2020) research which shows that work motivation has no partial effect tested on work loyalty.

The Effect of Incentives and Work Motivation on Employee Loyalty

Based on the results that have been presented, it can be seen that work incentives and motivation have a significant influence on employee loyalty at The Arista Hotel. Evidenced by the results of the F test which shows a value at a significance of 0.000 less than the probability of 0.05, then all independent factors affect the dependent variable. It can be interpreted that employees have good work motivation and have maximum loyalty, so it can have a positive impact on the Arista Hotel Palembang. Multiple determination analysis also shows that shows that 62.4% of employee loyalty indicators are influenced by incentives and work motivation only, while 37.6% is influenced by factors that are not taken into account in this study.

Incentive policies that are in accordance with the workload of employees provided by the company will result in employees who are motivated to work and enthusiastic in completing the assigned tasks, otherwise if the provision of incentives is not in accordance with the workload of employees provided by the company and the system for providing incentives to employees is not transparent then employees will tend to feel bored and not enthusiastic in working so that it will affect the loyalty of these employees. Apart from incentive policies, motivation is also an important factor in increasing employee loyalty. Good employee motivation in an agency or company is caused by several factors, namely work facilities, work environment conditions, good incentive policies, adequate compensation, and good supervision.

This research is in line with (Wirawan et al., 2019) research's which shows that simultaneously there is a significant influence between incentive policies and work motivation on employee loyalty. This research is also in line with the research of (Sinaga, 2020) which shows that incentive policies and motivation together have a positive effect on job loyalty.

4. CONCLUSION

Based on the results of the research analysis, the authors can draw the following conclusions: Incentives (X1) have no significant effect on employee loyalty (Y) at The Arista Hotel Palembang. This means that increasing incentives does not always encourage increased employee loyalty at The Arista Hotel Palembang. Work motivation (X2) has a significant effect on employee loyalty (Y) at The Arista Hotel Palembang. This means that the increase in employee loyalty at The Arista Hotel Palembang is dominated by an increase in employee motivation. Incentives (X1) and work motivation (X2) together have a significant effect on employee loyalty (Y) at The Arista Hotel Palembang. This means that if incentives and work motivation are getting better, then together they will encourage an increase in employee loyalty at The Arista Hotel Palembang.

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