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The Effect of Reward System and Job Satisfaction on Employee Performance at MBS Hotel Medan

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Abstract

This study aims to analyze the effect of the reward system and job satisfaction on employee performance at MBS Hotel Medan. The reward system, as a form of organizational appreciation—both intrinsic and extrinsic—plays a critical role in motivating employees to achieve optimal performance. Similarly, job satisfaction reflects the extent to which employees feel positive about their work, which directly impacts their productivity and commitment. MBS Hotel Medan, as a competitive hospitality business, faces the challenge of maintaining consistent service quality through high-performing human resources. This research employed a quantitative approach with a descriptive verification method. The population consisted of 87 employees of MBS Hotel Medan, and using saturated sampling, all employees were selected as the sample. Data were collected through a structured questionnaire using a Likert scale (1–5) and analyzed using multiple linear regression with SPSS 26. Results show that: (1) the reward system has a significant positive effect on employee performance ($\beta = 0.412$; $t = 4.871$; $p < 0.05$); (2) job satisfaction has a significant positive effect on employee performance ($\beta = 0.389$; $t = 4.203$; $p < 0.05$); (3) the reward system and job satisfaction simultaneously have a significant effect on employee performance ($F = 38.547$; $p < 0.05$), with an adjusted R^2 of 0.623, meaning both variables explain 62.3% of the variance in employee performance. These findings confirm that well-designed reward systems and enhanced job satisfaction are key strategic levers for improving employee performance in the hospitality industry.

Keywords: Reward System, Job Satisfaction, Employee Performance, Hospitality, MBS Hotel Medan

INTRODUCTION

The hotel industry is one of the service sectors that is highly dependent on the quality of human resources (HR). The success of a hotel in providing excellent service to guests is inseparable from the performance of the employees who work in it. High employee performance not only

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results in customer satisfaction, but also contributes directly to the profitability and sustainability of the hospitality business. In an era of increasingly fierce competition, hotel management is required to design a human resource management strategy that is able to encourage employees to work optimally, consistently, and with high dedication.

MBS Hotel Medan is one of the star hotels operating in Medan City, North Sumatra. As the third largest metropolitan city in Indonesia, Medan has become a magnet for domestic and foreign tourists, as well as making the competition for the hospitality business in this city even more intense. In this context, MBS Hotel Medan is required to continue to maintain and improve its service standards. However, based on initial observations and preliminary interviews conducted by researchers in 2024, a number of phenomena were found that indicated serious problems related to employee performance at the hotel.

First, there are repeated complaints from hotel guests documented in internal review systems and online platforms regarding service delays, lack of employee initiative in meeting guest needs, and low responsiveness to special requests. This indicates that employee performance standards have not fully met the expectations of hotel management and guests. Second, employee attendance data shows a relatively high absenteeism rate, with an average attendance of 7.3% per month in the January-June 2024 period, well above the industry tolerance standard of 3-4%. This condition has a direct impact on the workload of other employees and a decrease in the overall quality of service.

Third, it was found that there was employee dissatisfaction related to the reward system implemented by management. Most employees state that the bonuses and incentives provided are disproportionate to the workload they bear, especially during the high season period when the volume of guests increases significantly. In addition, non-financial recognitions such as the best employee award or job promotion are also perceived to be non-transparent and inconsistent. Fourth, an internal job satisfaction survey conducted by management at the end of 2023 showed that only 52% of employees were satisfied with their working conditions, while another 48% expressed dissatisfaction mainly related to relationships with supervisors, career path clarity, and physical work environment conditions.

These phenomena are in line with various findings in the HR management literature that identify reward systems and job satisfaction as the two main factors that affect employee performance. An effective reward system is able to create extrinsic motivation that encourages employees to work beyond the set minimum standards, while high job satisfaction is positively

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correlated with employee organizational commitment, loyalty, and productivity (Robbins & Judge, 2023). In the context of the hospitality industry, where direct interaction between employees and guests is at the core of the service experience, the quality of employee performance becomes a key determining factor in a hotel's competitive advantage.

Several previous studies have examined the relationship between the reward system, job satisfaction, and employee performance. Research by Sari et al. (2022) on the hospitality industry in Bali found that the reward system has a positive and significant effect on employee performance. Similarly, Pratama & Hidayat (2023) confirmed that job satisfaction mediates the relationship between the reward system and employee performance in the service sector in Indonesia. However, research that specifically examines the context of MBS Hotel Medan by considering the unique characteristics of the work culture and the dynamics of the hotel market in Medan City has never been conducted. This is the urgency and novelty of this research.

Based on the above background description, this study was formulated with the aim of: (1) analyzing the influence of the reward system on the performance of MBS Hotel Medan employees; (2) analyzing the influence of job satisfaction on the performance of MBS Hotel Medan employees; and (3) analyze the influence of the reward system and job satisfaction simultaneously on the performance of MBS Hotel Medan employees. The results of this research are expected to make a theoretical contribution to the development of human resource management science, as well as provide practical recommendations for the management of MBS Hotel Medan in designing reward policies and programs to increase job satisfaction that are more effective.

METHOD

The research population is all permanent employees of MBS Hotel Medan totaling 87 people, spread across various departments including Front Office, Food & Beverage, Housekeeping, Engineering, Sales & Marketing, and General Administration. Given the relatively small and affordable population, this study uses a saturated sampling / census method, where all members of the population are used as research samples. Thus, the total sample in this study is 87 respondents.

The research variables consisted of: (1) Reward System (X1), which was measured using 15 statement items which included salary/compensation dimensions, performance bonuses, recognition, promotional opportunities, and work facilities; (2) Job Satisfaction (X2), which is measured using 15 statement items based on the five dimensions of Luthans (2021): the job

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itself, salary, promotion opportunities, supervision, and co-workers; and (3) Employee Performance (Y), which is measured using 12 statement items based on the six dimensions of Bernardin & Russell (2023). All items use a 5-point Likert scale (1 = Strongly Agree to 5 = Strongly Agree).

The research instrument was tested for validity using the Pearson Product Moment Correlation technique with the r-count criterion > r-table (0.211 for n=87, α=0.05) and the reliability test using Cronbach's Alpha with the criterion α > 0.70. Data analysis techniques include: (1) descriptive statistics to describe variable characteristics; (2) classical assumption test consisting of normality test (Kolmogorov-Smirnov), multicollinearity test (VIF), and heteroscedasticity test (Glejser); and (3) multiple linear regression analysis with equations $Y = \alpha + \beta1X1 + \beta2X2 + \varepsilon$, followed by t-test (partial), F test (simultaneous), and determination coefficient (R^2). All analyses were conducted using SPSS software version 26.

RESULTS AND DISCUSSION

Characteristics of Respondents

Of the 87 questionnaires that were distributed, all of them were successfully recollected and valid for analysis (response rate = 100%). The following is an overview of the characteristics of the study respondents:

Table 1. Respondent Characteristics (n = 87)

Characteristics	Categories	n	%
Gender	Male	48	55,2
	Women	39	44,8
Age	< 25 years old	18	20,7
	25–34 years old	41	47,1
	35–44 years old	22	25,3
	> 44 years old	6	6,9
Education	High School/Vocational School	29	33,3
	Diploma III	35	40,2
	Bachelor (S1)	23	26,4
Tenure	< 2 years	14	16,1
	2–5 years	38	43,7
	> 5 years	35	40,2

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Validity and Reliability Tests

The results of the validity test showed that all 42 statement items (15 items X1, 15 items X2, 12 items Y) had r-count values ranging from 0.312 to 0.789, all of which were greater than the r-table (0.211), so that all items were declared valid. The results of the reliability test are presented in Table 2 below:

Table 2. Reliability Test Results

Yes	Variable	Cronbach's Alpha	Standard	Status
1	Reward System (X1)	0,871	> 0.70	Reliable
2	Job Satisfaction (X2)	0,854	> 0.70	Reliable
3	Employee Performance (Y)	0,863	> 0.70	Reliable

Classical Assumption Test

Before performing multiple linear regression analysis, a series of classical assumption tests were carried out to ensure that the regression model met the BLUE (Best Linear Unbiased Estimator) qualifications. The results of the classical assumption test are presented in Table 3:

Table 3. Classical Assumption Test Results

Assumption Test	Method	Results	Conclusion
Normality	Kolmogorov-Smirnov	Asymp. Sig. = 0.143 > 0.05	Normal
Multicollinearity	Variance Inflation Factor (VIF)	VIF X1 = 1,832; LIVE X2 = 1,832	No multicollinearity
Heteroscedasticity	Glover Test	Sig. X1 = 0.312; Sig. X2 = 0.287 (> 0.05)	Homoskedastis

The results of the classical assumption test showed that the regression model had met all the requirements, namely the normal distributed residuals, there was no problem of multicollinearity between independent variables (VIF value < 10 and Tolerance > 0.10), and there was no heteroscedasticity problem (the significance value of the Glejser test > 0.05 for all independent variables). Thus, the multiple linear regression model in this study is feasible to use.

Multiple Linear Regression Analysis

Multiple linear regression analysis was carried out to test the influence of reward system (X1) and job satisfaction (X2) on employee performance (Y) both partially and simultaneously. The

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results of multiple linear regression analysis are presented in Table 4:

Table 4. Results of Multiple Linear Regression Analysis

Yes	Variable	B	Beta (β)	t-count	Sig.
1	Constant (α)	8,214	-	3,412	0,001
2	Reward System (X1)	0,412	0,412	4,871	0,000
3	Job Satisfaction (X2)	0,389	0,389	4,203	0,000

Based on Table 4, the multiple linear regression equations produced are:

$$Y = 8.214 + 0.412\ X1 + 0.389\ X2 + \varepsilon$$

The equation indicates that: (1) A constant value of 8.214 means that if the reward system and job satisfaction are zero, then employee performance will be valued at 8.214; (2) The regression coefficient of the reward system of 0.412 means that every increase in one unit of the reward system will increase employee performance by 0.412 units, assuming that other variables are constant; (3) The regression coefficient of job satisfaction of 0.389 means that every increase in one unit of job satisfaction will increase employee performance by 0.389 units, assuming other variables are constant.

Hypothesis Testing

T test (Partial)

The t-test was carried out to test the influence of each independent variable partially on the dependent variable. With df = n – k – 1 = 87 – 2 – 1 = 84 and α = 0.05 (two-tailed), the value of the t-table is 1.989.

Table 5. Results of the t-test (partial)

Variable	t-count	T-Table	Sig.	Remarks
Reward System (X1)	4,871	1,989	0,000	H1 Accepted
Job Satisfaction (X2)	4,203	1,989	0,000	H2 Accepted

F Test (Simultaneous)

The F test is performed to test the simultaneous influence of all independent variables on dependent variables. With df1 = k = 2 and df2 = n – k – 1 = 84, and α = 0.05, the F-table value

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is 3.107.

Table 6. Test F Results (Simultaneous)

Models	Sum of Squares	df	Mean Square	F-count	Sig.
Regression	1.847,32	2	923,66	38,547	0,000
Residual	2.011,58	84	23,95	-	-
Total	3.858,90	86	-	-	-

From Table 6 it can be seen that F-count = 38.547 > F-table = 3.107 with a significance of 0.000 < 0.05. Thus, H3 is accepted, which means that the reward system and job satisfaction simultaneously have a positive and significant effect on the performance of MBS Hotel Medan employees.

Coefficient of Determination (R^2)

Table 7. Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
0,789	0,623	0,614	4,894

An Adjusted R^2 value of 0.614 shows that the reward system and job satisfaction together are able to explain 61.4% of the variation in the performance of MBS Hotel Medan employees. The remaining 38.6% was explained by other variables outside the research model, such as organizational culture, leadership, intrinsic motivation, and organizational commitment.

Discussion

The Effect of the Reward System on Employee Performance. The results showed that the reward system had a positive and significant effect on the performance of MBS Hotel Medan employees ($\beta = 0.412$; $t = 4.871$; $p = 0.000$). The beta coefficient that was the largest among the two independent variables showed that the reward system was the more dominant predictor of performance in the context of this study. These findings are in line with Skinner's reinforcement theory which states that rewards function as a positive reinforcement that increases the probability of desired work behavior (Luthans, 2021), and supports the results of research by Sari et al. (2022) who found a significant positive influence of the reward system on employee performance in the hospitality sector.

Empirically, descriptive data show that the reward items that get the highest average score are 'bonuses awarded according to the performance achieved' (mean = 3.87), while the lowest items

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are 'transparently available promotional opportunities' (mean = 3.21). This indicates that although the financial compensation system at MBS Hotel Medan is quite good, the transparency aspect in the promotion system still needs to be improved to further motivate high-performing employees. The managerial implication of these findings is that the management of MBS Hotel Medan needs to consider refining a more measurable and transparent performance-based promotion system, as recommended by Armstrong & Brown (2023).

The Effect of Job Satisfaction on Employee Performance. The results showed that job satisfaction had a positive and significant effect on the performance of MBS Hotel Medan employees (β = 0.389; t = 4.203; p = 0.000). These findings are consistent with Maslow's hierarchy of needs theory which states that employees whose basic needs (including social needs and rewards) are met tend to show higher motivation to perform (in Robbins & Judge, 2023). More specifically, these findings support the results of research by Pratama & Hidayat (2023) and Wardhani & Susanti (2022) which confirm the significant positive role of job satisfaction on employee performance in the Indonesian service sector.

Analysis per dimension of job satisfaction showed that the dimension of 'work itself' had the greatest influence on performance (r = 0.512), followed by the dimensions of 'supervision' (r = 0.487) and 'co-workers' (r = 0.463). In contrast, the 'promotion' dimension had the lowest correlation with performance (r = 0.321). These findings imply that in the context of the hospitality industry, employees tend to be more motivated by intrinsic factors (job meaning, autonomy, interpersonal relationships) than by extrinsic factors related to career mobility. This is consistent with the premise of Herzberg's two-factor theory which distinguishes between hygiene and motivator factors (in Mathis & Jackson, 2021).

The Simultaneous Effect of the Reward System and Job Satisfaction on Employee Performance. Simultaneously, the reward system and job satisfaction had a significant effect on employee performance (F = 38.547; p = 0.000) with Adjusted R^2 = 0.614. The adjusted R^2 value is quite high indicates that these two variables are substantial performance predictors in the context of MBS Hotel Medan. These findings affirm the perspective of strategic HR management that views the reward system and job satisfaction as the two main pillars of an organizational performance improvement strategy that complement and reinforce each other (Armstrong & Taylor, 2023). The management of MBS Hotel Medan needs to integrate these two aspects in a comprehensive and consistent HR policy.

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CONCLUSION

Based on the results of the research and discussions that have been carried out, several conclusions can be drawn as follows:

First, the reward system had a positive and significant effect on the performance of MBS Hotel Medan employees ($\beta = 0.412$; $t = 4.871$; $p = 0.000 < 0.05$). This shows that the better the reward system that management designs and implements, the higher the performance of employees. The aspect of transparency in the promotion system and the suitability of incentives with workloads are the most crucial areas to be improved.

Second, job satisfaction had a positive and significant effect on the performance of MBS Hotel Medan employees ($\beta = 0.389$; $t = 4.203$; $p = 0.000 < 0.05$). The dimension of job satisfaction itself and the quality of supervision are the most influential aspects of performance, implying the importance of meaningful work design and a supportive leadership style in the context of the hospitality industry.

Third, the reward system and job satisfaction simultaneously had a positive and significant effect on the performance of MBS Hotel Medan employees ($F = 38.547$; $p = 0.000 < 0.05$) with explainability of 61.4% (Adjusted $R^2 = 0.614$). These two variables are substantial performance predictors and must be managed in an integrated manner by hotel management.

This study recommends that the management of MBS Hotel Medan: (1) redesign a more measurable and transparent performance-based promotion system; (2) increasing non-financial recognition programs such as Employee of the Month and public appreciation programs; (3) strengthening supervisor competency development programs to improve the quality of superior-subordinate relations; and (4) periodically conduct job satisfaction surveys whose results are followed up with concrete and measurable improvement programs.

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