Exploring Hotel Employee Wellbeing: Positive Impacts Of Career Development And Work Compensation

Abstract

Hospitality is a rapidly growing sector in various countries around the world. In this industry, hotel employees play a very important role in providing quality service to guests. However, the hospitality industry is often faced with challenges in retaining employees, mainly due to job satisfaction issues. Employees who are dissatisfied with their jobs tend to leave the company and seek employment elsewhere. To overcome this problem, it is important to understand the factors that influence the hotel employee’s wellbeing. The purpose of this study was to examine the influence of employee career development and work compensation on hotel employee wellbeing. The study used a quantitative with a causal associative approach. The data was obtained by distributing questionnaires to the 4 star hotel employees at Batam City, so that as many as 40 respondents. The data analysis technique used the Partial Least Square Structural Equation Modeling. Most of the respondents are aged from 26 to 30 years, with 67.5% of the respondents. The study’s findings indicate that career development is not particularly significant in relation to hotel employee wellbeing. However, this has a direct impact on raising motivation, work ethic, and organizational commitment, which in turn raises employee morale. Meanwhile, compensation for work has a significant positive impact on hotel staff members’ ethical standards. These findings suggest that Hotels may achieve a greater level of operational excellence and keep up their competitiveness in the hospitality sector by focusing on the well-being of employees.

Keywords: Employee wellbeing, Career development, Work compensation.
INTRODUCTION

The development of the hotel industries in Indonesia is growing, almost all cities are built by hotels (Attila, 2016; Novicadisa & Sjamsuddin, 2016; Suardana, Suni, & Ridwan, 2020). Starting from a one-star hotel to five-star hotel. Hotels can grow anywhere, both in large and small cities. The hotel industry plays an important and crucial role in development in Indonesia. In this case, it plays an important role in the development of human resources who work in hotels. This research is very important because we can see how important employee wellbeing is in hotels. Employee wellbeing is a crucial thing that will have a big impact on overall employee performance and also hotel profitability. Nowadays, employee wellbeing has become one of the main issues because of its impact on the hospitality industry. Employee well-being refers to the policies and practices that hotels use to retain valuable employees and achieve hotel targets quickly. Hiring competent people for the job at hand is a must for employers. However, employee wellbeing is important in order not to make frequent hires. It measures an organization's ability to keep its employees prosperous and engaged while preventing them from leaving for other jobs. Every company should prioritize employee well-being as this can have a huge impact on the productivity, success and profitability of the business. According to Hasibuan (2001: 182) Employee wellbeing is a complementary service (material and non-material) provided based on policy, the aim is to maintain and improve the physical and mental condition of employees so that their work productivity increases. The word well-being means a situation where employees feel their needs can be met with the results of their work and get other benefits from the hotel so that employees decide to work and stay at the hotel today.

In general, career development is a process that helps individuals to achieve their career goals through the development of relevant skills and work experience. There are many goals for career advancement, including: Assure employees of their career orientation within the organization, Improve the company's appeal to eligible candidates for employment, assist management in putting together a variety of human resource development initiatives that are consistent with the company's development strategy, Facilitate personnel administration, particularly when it comes to staff promotions or transfers, and coordinating employee requirements and career objectives with opportunities the organization has now and in the future. This process can also help organizations to meet their needs in terms of a qualified and skilled workforce. According to Linda Gottfredson (2002) career development is "a series of step-by-step changes involving exploration, decision-making and personal action to achieve desired career goals." While Sinambela (2019) said, career development is an effort made by the organization in planning the careers of its employees, which is referred to as career management, including planning, implementing and supervising careers.

Work compensation is a form of reward given by the organization to employees in return for the work performed. Any sort of financial incentive, including salary, various allowances, commissions, bonuses, achievement rewards, stock options, and company profit sharing, can be considered direct compensation for work. Then there is indirect compensation, which might take the form of cash provided to employees by third parties. For instance, when businesses enroll their workers in social and health insurance programs. In order for employees to take advantage of the program's benefits, the firm is the one who pays the premium for their insurance, such as health insurance, employment insurance, or life insurance. And it can also be in the form of internet access, health club membership, shopping vouchers, or official cars, and others. And then non-financial compensation refers to payment that comes in the form of positive values that employees can appreciate. such as the chance to take advantage of company-sponsored training opportunities, a strong and encouraging work team, knowledgeable and professional supervisors, a relaxing work atmosphere, flexible work hours, additional time off, and acknowledgement of employee accomplishments. Work compensation is one of the important factors in maintaining employee motivation and satisfaction, as well as ensuring the organization has a qualified workforce. According to George T. Milkovich and
Jerry M. Newman (2017): "Work compensation is what employees receive in return for work performed, and includes salary, bonuses, allowances, benefits, and non-financial rewards such as recognition, development opportunities, and job security."

This study was written in response to a phenomenon or issue in the hospitality industry. In a hotel work environment, employees find that their job demands did not match the compensation they received, and slow career development can trigger employees to get a sense of not being well-being while working at the hotel. Lack of professional development opportunities and low wages may also contribute to these problems. The previous study has mainly focused on employee wellbeing scale (Rahmi, Tuti & Agustiani, Hendriati & Harding, Diana & Fitriana, Efi. 2021), mental wellbeing (Sutarto, A.P., Wardaningsih, S. and Putri, W.H. 2021), a significant role of career development in improving employee performance (Suparjo, S. and Sunarsh, E.S. 2019), In addition the impact of compensation policies on employee motivation and performance in the workplace (Suryanto, S. and Ferry Cahaya, Y. 2023) has also been studied. However there is a lack of study that focused on how the employee wellbeing are affected by another variable especially in hotel industry, this study intends to validate that employee wellbeing can retain employees with their company for a longer period of time if they provide two important elements that can affect employee wellbeing which are good career development and work compensation. The company's likelihood of employee wellbeing will increase if these criteria are prioritized. This is because employees who feel wellbeing are more likely to continue working with the company. The study also aims to provide recommendations for hoteliers to develop effective strategies to improve employee wellbeing and create a healthy and productive working environment.

METHODS

This study uses quantitative methodology with a causal associative approach. The population of this study were Employees of Travelodge Hotel Batam. This study aimed at the influence of career development and work compensation toward employee wellbeing. The sample amounted to 40 respondents from 8 existing departments. The sample was selected using a stratified random sampling method, with the criteria of employees who have been working for 3 years above at this current hotel. The questionnaire format consisted of two main sections, the first section contained general questions regarding the characteristics of the respondents and the second section contained questions on the subject matter of the study. Data collection was carried out by first requesting the respondents' willingness to participate in this study, then delivering the research questionnaire device to be filled in by the respondents. Descriptions of respondents from the results of the study that has been done as follows: The number of male respondents was 15 (37.5%), and female respondents were 25 (62.5%), with an age range of below 25 years (15%), 26 - 30 years (67.5%), 31 - 35 years (15%), 36 - 40 years (2.5%), more than 40 years (0%). Respondents came from the Front Office department employees 11 (27.5%), Food and Beverage Service 8 (20%), Housekeeping 7 (17.5%), Sales and Marketing 5 (12.5%), Food and Beverage Product 3 (7.5%), Finance and Accounting 3 (7.5%). Engineering 2 (5%), IT 1(2.5%). The data analysis technique used in this study uses Smartpls 3 using structural equation modeling. The author also pays attention to ethical aspects of research, such as ensuring the confidentiality of respondents' identities and providing clear information about the purpose of the research. All data obtained in this study were systematically processed and analyzed to ensure data accuracy and validity. The results of data analysis obtained in this study are expected to provide knowledge in the Hospitality sector regarding the magnitude of the impact of career development and work compensation on employee wellbeing.
RESULT AND DISCUSSION

Result

Internal consistency and indicator reliability, alongside convergent and discriminant validity, were utilized to evaluate the displaying measurement model (Sarstedt et al., 2014). This was performed using the Cronbach Alpha value, Average Variance Extracted (AVE), and Composite Reliability (CR). The reflecting measurement model’s findings, including the outer loading, indicator reliability, composite reliability, AVE scores, and Cronbach Alpha value, are displayed in Figure 1 and Table 1.

Figure 1. Measurement Model

Figure 1 shows a summary of the study’s measuring model. When the outside loading was more than 0.70, the values in the measurement model were acceptable. This section applies the measurement approach to investigate the impact of career development and work compensation towards employee wellbeing.

Table 1. Reflective Measurement Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
<th>Outer Loadings</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Development</td>
<td>CD1</td>
<td>0.886</td>
<td>0.960</td>
<td>0.965</td>
<td>0.716</td>
</tr>
<tr>
<td></td>
<td>CD2</td>
<td>0.851</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CD3</td>
<td>0.843</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 1 shows that Career Development, work compensation, and employee wellbeing have Cronbach's Alpha values of 0.960, 0.939, and 0.887, respectively. The composite reliability value of career development is 0.965, work compensation is 0.914, and employee wellbeing is 0.948. This shows that the internal consistency reliability is acceptable because the Cronbach's Alpha and composite reliability values are above 0.70. Furthermore, all items are acceptable (outer loadings range from 0.742 to 0.890) to their respective factors, which proves the reliability of their indicators. The measurement model that collected the data respondents had adequate convergent validity based on the AVE values. These include career development with 0.716, work compensation of 0.639, and employee well-being of 0.645, above the minimum required value of 0.50.

Table 2. HTMT assessment

<table>
<thead>
<tr>
<th>Career Development</th>
<th>work compensation</th>
<th>employee wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>work compensation</td>
<td>0.893</td>
<td>0.955</td>
</tr>
<tr>
<td>employee wellbeing</td>
<td>0.857</td>
<td></td>
</tr>
</tbody>
</table>

Next, the Heterotrait-Monotrait Ratio of Correlations (HTMT) analysis is used to assess the model discriminant validity. From the HTMT result (first-order model) in Table 2, the values indicated no discriminant validity problem (HTMT<0.90 criterions; Gold et al., 2001). This implied that the HTMT criterion did not detect collinearity issues among the latent constructs. Overall, the measurement model supports the discriminant validity between the constructs.
Table 3. Path coefficient, observed T-statistics and significance levels.

<table>
<thead>
<tr>
<th>Path Analysis</th>
<th>Path Coefficient $\beta$</th>
<th>T-statistics</th>
<th>P-values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Career Development -&gt; Employee Wellbeing</td>
<td>0.176</td>
<td>0.997</td>
<td>0.319</td>
<td>Reject</td>
</tr>
<tr>
<td>H2 Work Compensation -&gt; Employee Wellbeing</td>
<td>0.728**</td>
<td>4.428</td>
<td>0.000</td>
<td>Accept</td>
</tr>
</tbody>
</table>

Notes: **p<0.01

The second evaluation in the PLS-SEM analysis is the structural modeling or path analysis in response to all the proposed hypotheses. Table 3 reports the structural model resulting from path coefficients, T-statistic and significance levels of some of the proposed hypotheses. The path coefficients are acceptable when their significance is at least 95% confidence level. Based on the path analysis output (Table 3), one hypothesis is accepted. Work Compensation ($\beta = 0.728**$; $t = 4.428$) positively affected Employee Wellbeing in the hotel industry. Meanwhile, another hypothesis (Career Development) is rejected. The impact of career development on the employee wellbeing ($\beta = 0.176$; $t = 0.997$) was insignificant. The path coefficients are acceptable when their significance is at least 95% confidence level.

Table 4. The Effect size, $R^2$, $Q^2$ statistics

<table>
<thead>
<tr>
<th>$f^2$</th>
<th>Employee Wellbeing</th>
<th>Effect size</th>
<th>$R^2$</th>
<th>$Q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Development</td>
<td>0.038</td>
<td>Weak</td>
<td>0.768</td>
<td>0.462</td>
</tr>
<tr>
<td>Work Compensation</td>
<td>0.647</td>
<td>Substantial</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: $f^2$ values of 0.02 = weak; 0.15 = moderate; and 0.35 = substantial

The results (in Table 4) showed a substantial amount of variance ($R^2 = 0.768$) in the Employee Wellbeing that can be explained by proposed first-order model predictors (Career Development and Work Compensation).

Next, this study reports the effect size, coefficient of determinants and predictive relevance (Table 4). Based on the result, there is a substantial effect for the significant paths Work Compensation. Meanwhile, there is a weak effect on Career Development paths toward Employee Wellbeing. This study obtains a $Q^2$ value of 0.462 for Employee Wellbeing, indicative of a medium predictive model. In this sense, Career Development and Work Compensation proposed in this study are predictors of Employee Wellbeing in the hotel industry.

Discussions

This study contributes to determining the well-being of hotel employees, with 2 objects of observation, career development and work compensation. Hypothesis H1 proposes a relationship between career development and employee well-being. This proposition is based on the belief that career development affects employee well-being. The results of this study show a lack of positive influence from career development ($\beta = 0.176$, $t = 0.997$, and $P=0.319$). These results make the research hypothesis rejected or invalid by showing the lack of influence from career development as supporting the well-being of hotel employees. These results, in general, indicate that career development has little role in the well-being of hotel employees. This contradicts the research The mediating effect of quality of work life on the relationship
between career development and psychological well-being (Zulkarnain, Amin, 2013) which states that career development is one of the factors of employee well-being, especially psychologically, which supports the company's success in achieving its goals.

Hypothesis H2 proposes a relationship between work compensation and employee well-being. The results of this study show a significant relationship between the predictor and criterion variables with the results ($\beta = 0.728$, $t = 4.428$, and $p = 0.000$) which symbolizes that work compensation has a strong influence on employee wellbeing. In other words, this means that employees feel prosperous with their work compensation so far. This can make employees feel that their life needs can be met properly and employees can still fulfill their secondary and even tertiary needs. The results of this study are in line with (Kilgour, E. et al., 2014) which states that work compensation affects employee wellbeing, especially in injured employee recovery, which ensures that employees will get recovery for their injuries during work.

CONCLUSIONS AND SUGGESTIONS

Conclusion

According to this study, enhancing employee wellbeing in the hotel business is mostly dependent on work compensation. By contrast, career development is reduced to a supporting role when one considers study findings that indicate a negligible impact on improving employee wellbeing in the hotel sector. In the hotel sector, it is shown that the work environment has a substantial impact on employee wellbeing. Employee Wellbeing is predicted by factors including Work Compensation and Career Development in particular.

Developing nations experience this phenomenon. This might be a result of the current challenges facing employee wellbeing in the hotel business. Given this stance, hotel management in Indonesia must enhance the working environment to give the employees more prospects for quick development in their careers. Employee commitment to a career in the long run will increase and motivation will be prevented from weakening. This strategy will boost employees' loyalty to the hotels, which will enhance their wellness within the hospitality sector.

Suggestions

Despite theoretical and practical advances, future researchers should address the shortcomings of the current study. In order to obtain an accurate result, the study’s sample was limited to hotel sector personnel with extensive research coverage. Future research should look into other factors that may affect employee wellbeing and reduce turnover in the hospitality sector. Future studies should look into how work compensation and career development might improve employee wellbeing in the hotel business.

REFERENCES


