

# **Job Satisfaction as Mediator: The Role of Leadership Style and Organizational Culture on Employee Performance in Budget-Hotel**

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## **Abstract**

Budget hotels around the world have developed rapidly in the last few decades. Good hotel services and provision are urgently needed by Indonesia because Indonesia's growing tourism industry requires a maximum level of service. Currently the trend in tourism which is very common in the world is to travel on a low-budget, backpacker, or staycation. The consumer behavior of the tourism industry has changed the tourism business. Employee performance is very important for any organization, because organizational success depends on the creativity, innovation, satisfaction and commitment shown by its employees. Employee performance is more significant in this industry because employees have direct contact with customers as well as hotel industry employees who provide services to their customers. The decline in performance is an important issue in research on the hotel industry in Indonesia, because tourism is the leading sector and has experienced the largest increase. In some Asian countries such as Indonesia, tourism is a key sector in increasing the income of the population. Improved services in hotel research should be carried out, especially for budget hotels which have limited services. This study uses a sample of 176 employees consisting of two budget hotels, namely Fave Hotel and RedDoorz using non-probability sampling with a structural equation model approach with SmartPLS 3 software. The results of this study explain that in budget hotels in Indonesia organizational culture and job satisfaction become an important factor in improving employee performance at budget hotels. Leadership style does not have a significant influence on employee performance, but leadership style requires job satisfaction in improving the performance of budget hotel employees. Job satisfaction is also an important factor in budget hotels because several factors that affect employee performance have a significant effect when mediated by job satisfaction.

*Keywords: Job Satisfaction, Leadership Style, Organizational Culture, Employee Performance..*

## **1. Introduction**

The hotel industry is one of the mainstay sectors of the government at this time that wants to focus on building tourism in Indonesia which provides a sizable state revenue of \$ 17.6 billion (Kementrian Pariwisata dan Ekonomi Kreatif, 2019). Today hospitality is one of the fastest growing sectors in the world in the economy. The tourism industry has a role for a country's economy because it generates foreign exchange, absorbs labor, and adds income to tourist areas (Badan Pusat Statistik, 2018).

The tourism industry can introduce Indonesia to the international community because Indonesia's natural wealth, cultural uniqueness, and natural beauty will attract foreign tourists to visit Indonesia. The increase in the tourism industry must be accompanied by good services and facilities that are owned by Indonesia. In research conducted by the Trip Advisor Index on several major hotels in the world, Indonesia has the best and most profitable business prospects in the world in 2012 for the hotel business (Adiyanto & Subakti, 2018). Good hotel services and provision are needed by Indonesia because Indonesia's growing tourism industry requires a maximum level of service to keep attracting foreign tourists visiting Indonesia.

Good service must be adjusted to the availability of hotels, hotel rooms and other accommodations as well as skilled workforce in the tourism industry services. Many developing countries cannot maximize the tourism industry in their country, so the availability of minimal facilities will reduce the desire of visitors to travel to that country. The increase in a number of non-hotel inns in the last two years was recorded at approximately 28,000 businesses and total rooms reaching 700,000. In this data, especially in the star hotel class, it is still dominated by 3 star hotels, which is 39% of the total star hotels in Indonesia. (Badan Pusat Statistik, 2018). In several star hotels, especially 1-3 stars, they try to adjust room rates according to the capabilities of the local community so that we can observe the growth of 3 star hotels, especially quite high. This is dominated by hotels that are classified as budget hotels that are very popular in Indonesia (Onggusti et al., 2015).

According to Gilbert and Lockwood (1990: 21), a budget hotel is "a hotel or lodging with limited services that offers the benefits of the best value for a price with modern standards and offers quality like a full service hotel but at a rate 25-30% cheaper than the rate. market average. "Based on this definition we can classify 1-3 star hotels (which offer low prices) and non-hotel accommodation such as Reddorz, OYO and Airy as part of budget hotels."

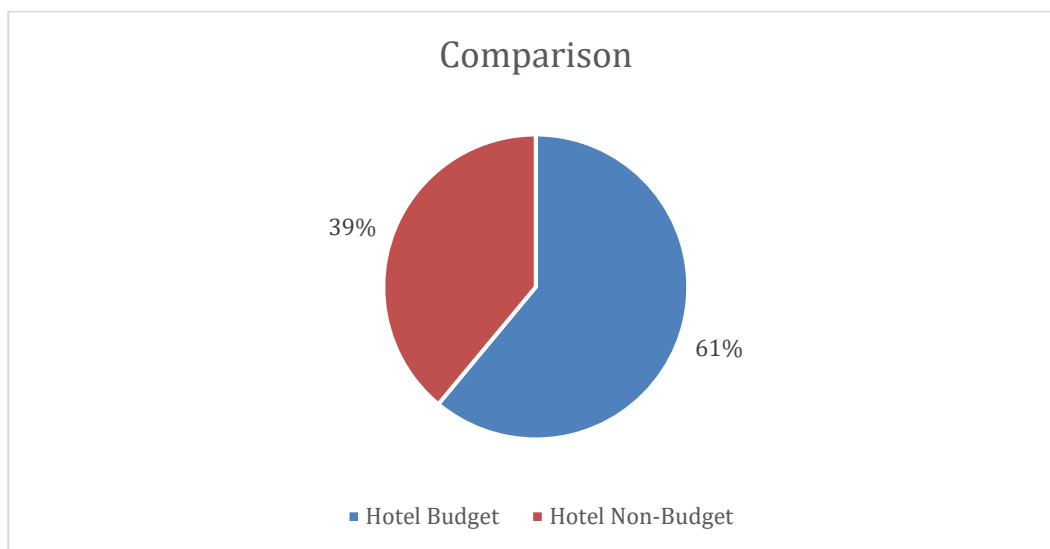
Budget hotels around the world have developed rapidly in the last few decades (Ren et al., 2016). The budget hotel sector around the world has a shorter history of development than the full service hotel sector. According to Gilbert dan Lockwood (1990) Budget hotels in the United States started with the opening of Motels which only offered rooms for \$ 6 per night. These developments have been linked to changes in consumer attitudes, lifestyles, and values such as an increase in the number of domestic travelers, economic growth and advancement of the hotel industry, and other factors (Ruetz & Marvel, 2011).

Li (2008) explained that a budget hotel is a hotel that has limited services, low fees, basic accommodation services (eg, guest room + breakfast), and room rates usually do not exceed 350 RMB. Although this definition was drawn up in 2008, the price range for cheap hotels in China has not changed significantly. It is similar to the situation in Indonesia if according to the exchange of RMB and Rupiah it is around Rp. 700,000 so that hotels that are below this value are included in budget hotels.

In the data above, we can see that 48% of jasmine hotels and accommodation services such as regular lodging, which are classified as other accommodations, are 52% (Badan Pusat Statistik, 2018). Budget hotels consisting of ordinary hotels and star hotels are favored by consumers today. In this segment, budget hotels have always experienced a significant increase. One of the driving forces is the growth of the tourism industry which is increasing every year. Based on the 2019 SEA e-Conomy Report, the increase in budget hotels in ASEAN has even increased 9 times in 2019 in the past 4 years (*Hotel Budget Di Indonesia Jadi Primadona Baru*, n.d.).

Based on searches through several online travel booking sites, there are 1,848 properties located in Jakarta, 1,128 properties that are categorized as budget hotels and only 354 of them are 1 star hotels with 18, 2 star hotels with 205, and 3 star hotels with total 131. Jasmine hotels and other

accommodation as many as 774. Based on the data above, it provides information that the hotel industry is currently dominated by budget hotels in Jakarta.



**Figure 1. Comparison**

*Source: Booking.com (2020)*

Hotels not only compete with regard to low prices, but the presence of budget hotels provides special services in convenience to consumers from the check-in to check-out process, as well as excellent service that is not inferior to other star hotels that are not budget hotels, so this hotel is increasingly in demand by consumers. Currently, the trend in tourism, which is very common in the world, is traveling on a low-budget, backpacker, or staycation, consumer behavior from the tourism industry has changed the tourism business no longer a business that is only busy during holidays but is not limited to time at this time (*Hotel Budget Di Indonesia Jadi Primadona Baru*, n.d.).

In 2018, according to a report, 400 thousand people worked in hotels and lodging accommodations. Based on the number of workers, more than 50% is absorbed by star hotels throughout Indonesia, the rest work in other accommodation businesses, because star hotels are dominated by 3 star hotels based on the data above which are included in the budget hotel category (Badan Pusat Statistik, 2018).

The low level of education is a challenge for hotels, especially leaders, to provide quality services with existing human resources. This is felt to be quite difficult, especially in budget hotels because all the limitations of budget hotels have very minimal ability to recruit professionals, while they are required to provide excellent service to compete competitively with other budget hotels due to the increase in new budget hotels every year (*Hotel Budget Di Indonesia Jadi Primadona Baru*, n.d.). Budget hotels basically have a very limited financial capacity to provide compensation and other facilities for each employee, therefore the job satisfaction provided by the company to employees is still categorized as minimal (Adiyanto & Subakti, 2018).

The hospitality industry is facing a series of formidable challenges today. Some of these are relatively new, such as increased digital commerce, increased mobile and social media influence, and a general decline in brand loyalty. At this time of globalization challenges such as growing market opportunities, pressing shareholders for short term results, continued lack of guest trust, and lack of talent for employees. Facing these challenges requires CEOs of hotel companies to think more dynamically to be more actively involved in subordinate work.

Noonan (2016) explores what it takes to run a hotel business effectively, from prioritizing guests to understanding the realities of being the CEO of a hotel company. Hotel leaders often spend a large part of their career working in one or more areas of the business, enabling them to cultivate an open mind and commitment to continuing learning. In the hospitality industry, organizations succeed or fail depending on their ability to provide guests with a high-quality experience.

Employee performance is more important in this industry because employees interact directly with guests and secondly it is hotel industry employees who satisfy their guests. So it is very important for the leadership concerned to know the factors that affect employee performance. Managing a higher performance in a hotel is very dependent on the individual or employees in the company. How to handle employees and make them look their best is an important factor because employees are the treasure, strength and backbone of organizational success (Ghebreorgis, 2018).

Experts say culture is the personality of the company, it defines the environment in which employees work. Corporate culture includes a set of shared beliefs and values, especially the work environment, company mission, ethics, expectations and goals. The core values of the organizational culture actually define a hotel (Chuney, 2019). Of course, employees tend to enjoy work and become more productive when their needs and values are consistent with those of the workplace. A positive company culture fosters collaboration, teamwork and loyalty. Employees need to live the organizational culture, day after day. Those who fit into their company culture do their best work and serve customers with excellence.

According to Kohll (2018) published in Forbes magazine that staff turnover is a challenge in the hotel industry. Happy employees are on average 31 percent more productive, an attractive organizational culture in hospitality engages their employees and can reduce their turnover rate and increase performance by up to 54 percent, because culture can drive how employees work with customers and how employees spend time creating new services or even building a new hotel. Pawirosumarto et al. (2017) said that employee performance is a measure of the success of an organization in maximizing its resources, especially in service provider organizations such as hotels.

Leadership style is an important element in determining the level of employee performance based on several previous studies conducted by Utama (2017) who said that the integration between management and hotel employees has a big effect on the performance of employees at a hotel. The influence of leadership style in the company is believed to be the key to organizational success. Organizational culture has an important role in determining employee performance, this was found by previous research conducted by Pawirosumarto et al. (2017) which says that a culture of high discipline and excellent service makes every hotel need to have a culture within the company to form the habit of each employee in improving service.

Job satisfaction is an important variable in several studies as an important factor of employee performance (Davies et al., 2018). This is different from previous research conducted by Pawirosumarto et al. (2017) Job satisfaction failed to become a mediating variable to have a positive impact on employee performance in the hotel industry. Therefore, it is important to understand the role of job satisfaction for employees, what the predictors are, how it can translate into higher or lower quality of work, and even whether it is related to increased productivity and firm profitability. Employee satisfaction and dissatisfaction can benefit managers by clarifying the role job satisfaction plays and showing how human resources can be managed, taking into account a healthy balance between employees, managers, and the results of hotel operations themselves. Studies conducted by da Borralha et al. (2016) also suggests that a higher level of job satisfaction can have a direct impact on improving hotel employee performance. The implications of this study for hoteliers and directors relate to the creation of adequate working conditions to increase job satisfaction and provide employees with a greater feeling of subjective well-being.

In some other cases job satisfaction can reduce employee performance at hotel companies, because high work discipline and inappropriate compensation have decreased employee morale, so it can be said that job satisfaction can be a mediation to improve employee performance as has been done before. in research Pawirosumarto et al. (2017). According to Pattullo (2005), most of the small locally owned hotels pay fairly low wages. However, satisfactory pay may not be the only factor contributing to high job satisfaction and performance. According to Carter (1997), wage dissatisfaction depends on the use of workers' education and knowledge, the workers' living costs, development and training opportunities and the value of the work performed. For example, 76 percent of hotel employees felt that in terms of their education and performance, their wages were unfair (Carter, 1997).

Research conducted by Pawirosumarto et al. (2017) There was a significant decline at Parador Hotels and Resorts, which is a local hotel group with its head office located in Tangerang, Banten Province, Indonesia. This hotel group has hotel units spread across various regions in Indonesia, namely, Atria Hotel Gading Serpong, Atria Residences Gading Serpong, Hotel Fame Gading Serpong, Hotel Ara Gading Serpong (all in Tangerang City), Atria Hotel Magelang in Magelang and Atria Regencies. Malang Hotel in Malang City.

This research is supported by research conducted by Adiyanto dan Subakti (2018) that budget hotels since 2016 have decreased in performance in almost every department, for example Hotel Sahid Jaya Lippo Cikarang which has experienced growth until 2015 after 2016 the hotel performance has always decreased almost evenly in each department.

This is also felt by one of the big jasmine hotel groups, namely RedDoorz, which laid off many of its employees in 2020, but RedDoorz rejects the growing issue that the company has a problem with cash flow so that employees are fired, but the dismissal is due to the KPI of these employees in below average or underperform (Tri, 2020).

The three examples above, from star hotels like Sahid Jaya to large groups of jasmine hotels such as Airy and RedDorz, face the same phenomenon, namely a decline in performance, as experienced by Hotel Sahid Jaya which has experienced a decline in performance since 2016 and the RedDoorz group which says a lot employees who experience a decline in performance based on underperforming KPIs. An informant from one of RedDoorz's managers, Puji explained, there is a reason for the decision to terminate the job is the impact of the results of periodic reviews of the company's performance appraisal not because the company has financial problems. This provides information that the decline in employee performance in the hotel industry is a discussion that needs further research on the most significant influencing factors that can affect performance in the hotel industry. Another problem with employee performance is that there are reviews from consumers.

In a preliminary interview conducted by the researcher with one of the senior housekeepers at one of the Fave Hotel branches. Hotel efficiency is one of the strategic keys of Fave Hotel. According to him, the hotel performs a combination of permanent employees and contract employees for 3-6 months when occupancy rates are high. They have minimal work experience, namely only 1 year of experience or have no experience. On weekdays, the staff, especially room cleaners, clean 15-25 rooms while at high occupancy it can be more.

In the last few years, Fave has often received complaints from customers, especially regarding cleaning issues, receptionist service, complaints regarding the time it takes for checkin and checkout, room service services and others. There has been an increasing surge in complaints. This was confirmed to several customers who filled in criticism and suggestions to the hotel. Customers need almost 30 minutes at check out and at check-in waiting for the room to be prepared and making observations after lodging.

According to staff at one of the branches at Fave Hotel, they said that the direction from the leadership, especially senior managers and operational managers, was felt to be inadequate, especially in providing provisions for contract workers who had no experience. The current description of leadership style after we provide choices and explain with several leadership styles such as authoritarian, transformational, transactional, according to hotel staff, their leaders are more authoritarian who give tasks without direction. Many leaders in the hotel apply authoritarian leadership style. For example, this has happened to some staff and contract workers who do not understand how the work and work culture at Fave Hotel is unfamiliar. Leaders only meet increasing service occupancy rates, but ignore teamwork between staff and contract workers who have gaps in performance and knowledge in hotel services. Complaints are often submitted to hotel leaders but there is no change, whereas when criticism and complaints at the hotel are directed at staff and other employees.

Regarding the organizational culture when customers ask about facilities and tourist attractions around the hotel, the ability of staff, especially contract workers, is still very minimal regarding these services, employee knowledge is felt to be lacking because they do not also get direction on this, especially contract workers. The decline in performance according to the informants was also due to the low compensation for staff and the benefits that staff received, such as insurance and others.

Small and medium sized companies dominate the tourism and hospitality industry around the world. In fact, ninety percent of hotel businesses worldwide are small companies. The fact that small hotels lack the capability and resources to allow human resource development for their company (Hertel, 2013). Kusluvan (2003) argues that this has several implications: first, competing with larger hotels in customer service and having talented staff can be hampered. Second, training for existing staff may be very limited and there is a lack of training in enhancing employee job roles. Third, a lack of financial resources, business skills and a professional approach to employee performance hinders overall business success.

The decline in performance is an important issue in research on the hotel industry in Indonesia, because tourism is the leading sector and has experienced the largest increase. In some Asian countries such as Indonesia, tourism is a key sector in increasing the income of the population. Improved services in hotel research should be carried out, especially for budget hotels which have limited services. The limitations of budget hotels in obtaining human resources and minimal employee knowledge make the services at budget hotels below average. Research conducted by Ruetz and Marvel (2011) in Europe and Asia it is explained that employee satisfaction is an important variable in improving the performance of hotel employees, especially in budget hotels, but the results of this study are different from research conducted by Pawirosumarto et al. (2017) in Indonesia, which found that employee satisfaction does not have a significant effect on the performance of hotel employees, even employee satisfaction cannot be a mediation in the effect on employee performance, on the contrary, leadership style is the strongest variable in its influence on employee performance.

Based on the above gap analysis, we try to fill the research gap, especially on the employee satisfaction variable as a mediating variable between the influence of leadership style and organizational culture on employee performance in budget hotels in Indonesia. The novelty in this research is to complement previous research as research conducted by Ruetz dan Marvel (2011) focus on conducting research on budget hotels but the scope is too broad, namely Europe and Asia, while the research conducted by Pawirosumarto et al. (2017) not focused on budget hotels in Indonesia, because there are several hotels in the research group that are not budget hotels and the two studies have different results, so this study can clarify the important factors affecting the performance of budget hotel employees in Jakarta.

## **2. Methodology**

In this study, using quantitative research methods, where the data collected are numbers that will be analyzed using statistics (Saunders et al., 2009). This quantitative method uses deductive thinking logic, from general to specific, from two-step flow of communication which is generally applied to the performance of budget hotel employees as the object of research. As a quantitative research, this research is also independent, where there is a distance between the researcher and the object under study.

This research is basic research, which is pure research or basic research that has scientific research objectives to improve scientific theories and increase understanding or prediction of business or other phenomena. This type of research is quantitative research using the SmartPLS analysis tool as a statistical tool to find information about the influence between variables in this study.

Techniques in data collection in this study were carried out on employees and managers of budget hotels. This study used purposive sampling so that the study was non-probabilty sampling, meaning that in this study the criteria of the samples were determined to clarify the object of the sample in this study. These criteria are intended so that the results of this study are measurable and clear when entering the analysis stage to be used as data analysis. The sample criteria in this study are as follows:

1. Active employees and managers at budget hotels
2. Have 2 years working experience in the hotel industry
3. Permanent employees at budget hotels
4. Have a minimum educational background of High School

Based on the above criteria, the population in this study was 312 employees. Due to limitations in collecting the entire population, related to the current pandemic conditions, this study uses a sample according to the formula described by Slovin et al. (1993). The use of the Slovin formula in this research is because the researcher does not know for sure the number of populations in each object to be studied (Total number of employees / employees of Fave Hotel and Reddorz). for this research. The advantage of using the Slovin formula is to allow researchers to take samples from the population with the desired level of accuracy. The Slovin formula also gives researchers an idea of how large the sample size will be to ensure a fairly reasonable level of accuracy.

Formula by Slovin et al. (1993) this is the minimum size recommended for this research survey

$$\begin{aligned}n &= N / (1 + (N \times e^2)) \\n &= 312 / (1 + (312 \times 0.05.2)) \\n &= 312 / 1,78 \\n &= 175,280899 \\n &= 176\end{aligned}$$

Based on the above calculations, the number of samples in this study was determined at 176 employees / wati.

SmartPLS is commonly used in complex models and uses many variables, the reason for choosing SmartPLS is because this software belongs to the non-parametric variance based group so that data analysis does not require the obligation to be normally distributed and can be used with minimal data, namely under 100 samples, although in this study using 176 samples for the data analysis process. SmartPLS in the analysis uses the bootstrapping method or random multiplication, so that the assumption of normality is not mandatory for the use of SmartPLS. Ultimately, SmartPLS does not require a minimum sample size due to the bootstrapping process. Research that has a small sample can still use SmartPLS is often used as predictive analysis and theoretical confirmation in several studies.

There are 4 variables using quite a lot of dimensions and indicators that are classified as large for each variable is one of the reasons we use SmartPLS in this study. One of the advantages of

SmartPLS is that it is able to perform analysis on models that have high complexity and use multiple indicators as measurements. This study is also a cross-section, namely there are 2 hotel companies whose employees are sampled so that SmartPLS can perform an analysis for data that has these characteristics, this is because PLS does randomly with a minimum sample size.

The SmartPLS used in this study aims to predict the relationship between constructs, because SmartPLS is different from other SEMs such as CBSEM which is a parametric group that can confirm theory, but SmartPLS can only predict so that this is not a shortage of SmartPLS in processing variant-based data. however, SmartPLS serves as a complement to research using SEM for research that cannot use CBSEM because it has to fulfill the assumption of data normality which is quite difficult to do in human resource research with a minimal number of samples. The reasons for using PLS-SEM in this study are as follows:

- The purpose of this study is to predict employee performance constructs or identify the main predictor constructs
- This research is an exploration or extension of the existing structural theory
- The structural model is quite complex (many constructs and many indicators)
- The sample size is low

### **3. Result and Discussion**

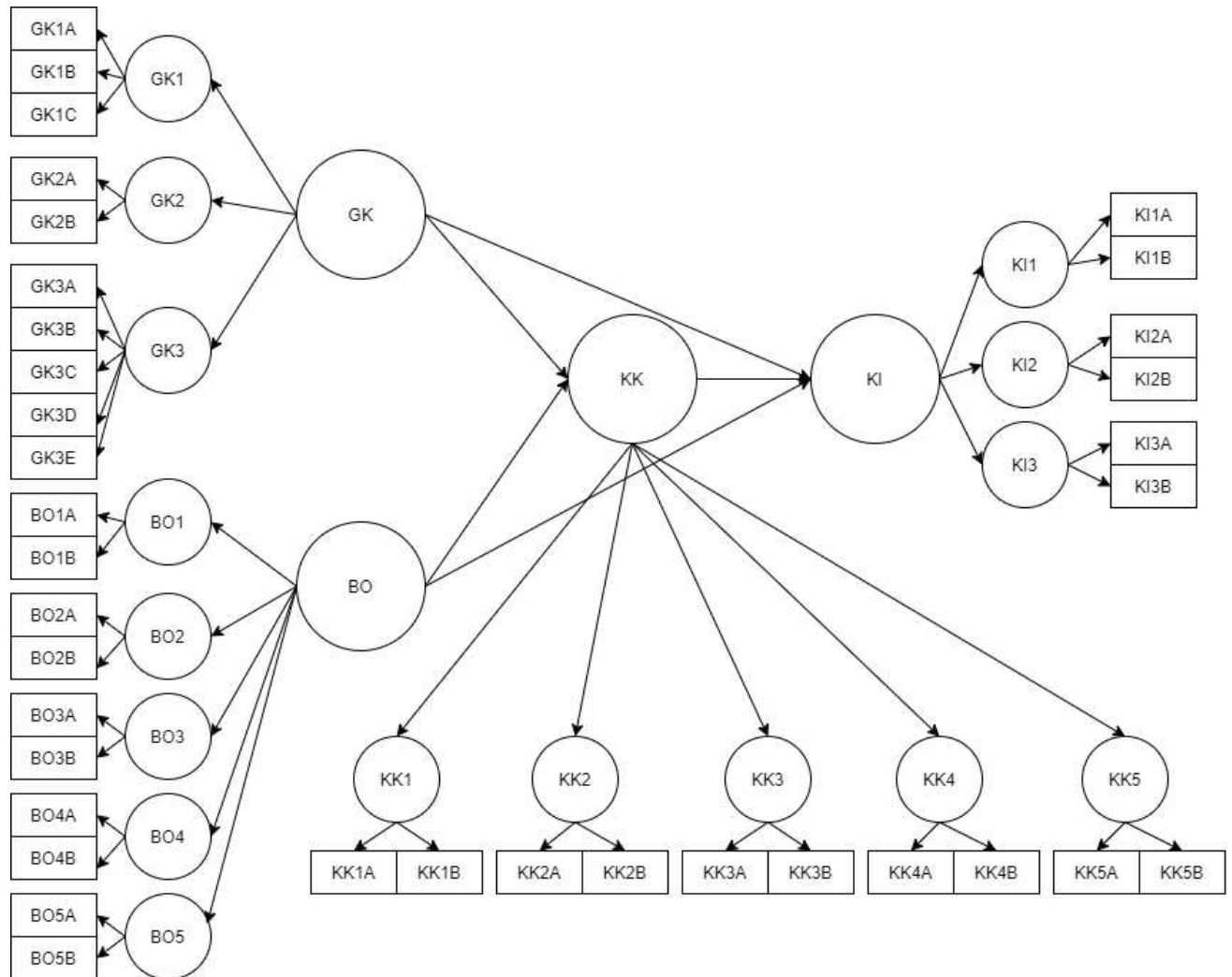
Respondent data in this study used google form and offline form, so that they could measure accurately the assessment of each variable in this study. Although the respondent's data collection technique is anonymous, the respondent's background is needed to complete the data. Respondent identity is needed to determine the demographics and background of the respondents as information material for this study. The questions before the respondent's question in this research questionnaire are as follows:

**Table 1. Profile**

<b>Identity</b>	<b>Percentage</b>
Gender	
• Man	37%
• Woman	63%
Status	
• Permanent	41%
• Contract	59%
Occupation	
• Staff	83%
• Manajer	17%
Length of Work	
• <2 Year	33%
• 2-7 Year	48%
• >7 Year	19%
Education	
• High School	44%
• Diploma	29%
• Bachelor	25%
• Master	2%



Data analysis in this study used confirmatory factor analysis. Based on the research variables and research indicators, the authors draw a path diagram for the purposes of data analysis using Smart PLS 3 software. In the Structural Equation Model, building a causal relationship path diagram that has been formed is a must in this analysis. Path diagrams make it easier for researchers to see causality relationships to be tested and used for path analysis in estimating the strength of causal relationships. In the research model trying to determine the causal effect of each variable on employee performance, this model is illustrated in the figure below:



**Figure 2. SEM**

*Source: SmartPLS 3*

The evaluation of the structural model of goodness of fit is measured using predictive value-relevance ( $Q^2$ ). Predictive value-relevance ( $Q^2$ ) calculated using the following formula:

$$Q^2 = 1 - (1 - R^2_1) (1 - R^2_2) \dots n$$

The GoF (Goodness of Fit) index is very important to assess the overall validity of a complex PLS-based model. This describes the geometric mean of the mean of the constructs at the mean R2 for all endogenous constructs. Overall, the importance of this technique has been demonstrated in many studies. R2 value in statistic is the proportion of variance in the dependent variable that can be predicted from the independent variable.

These are statistics used in the context of statistical models whose main purpose is prediction of future results or testing of hypotheses, based on other relevant information. It provides a measure of how well the observed results are replicated by the model, based on the proportion of the variation in the total results explained by the model.

**Table 2. Predictive-Relevance ( $Q^2$ )**

Variable	R Square Value
Job Satisfaction	0,765
Employee Performance	0,844
Predictive-Relevance ( $Q^2$ )	0,963

*Source: SmartPLS 3*

The results of the coefficient of determination in the table above, R2 for the job satisfaction variable is 0.765, which means that this value indicates that variations in job satisfaction can be explained by leadership style and organizational culture by 76.5% while the remaining 23.5% is influenced by other variables. which was not contained in the research model.

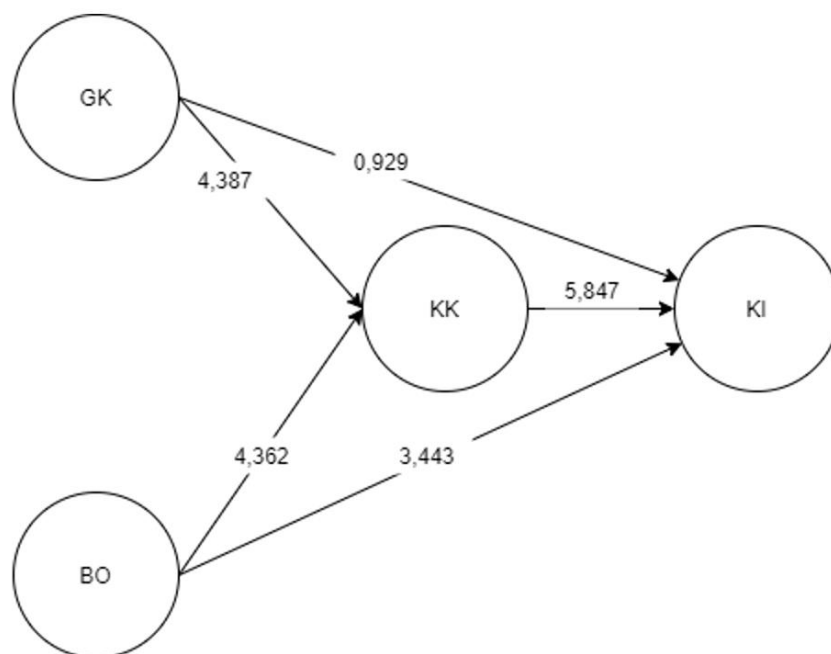
The R2 result for employee performance variables is 0.844, which means that employee performance is explained by 84.4% of leadership style, organizational culture, and job satisfaction variables while the remaining 15.6% is influenced by other variables not contained in the research model. The inner model evaluation both shows that it is quite good in explaining the variables of job satisfaction and employee performance.

PLS path modeling is widely adopted for predicting large and complex models with small sample sizes as it eliminates the uncertainty of improper solutions. Although it is suitable for complex models, however, to build accuracy in modeling, this software is able to investigate the implications of strength analysis, predictive relevance, and GoF indexes. Predictive relevance ( $Q^2$ ) is very important to assess the predictive validity of complex models. The predictive relevance value for the structural model in this study is 0.963 or 96.3%, meaning that the model is able to explain the phenomenon of employee performance by 96.3%, while the remaining 3.7% is explained by other variables that are not contained. in this research model.

At this stage is to measure the amount of influence to test the hypothesis, the value of the coefficient of influence between constructs is used to determine the effect directly or indirectly. According to Joe F Hair et al., (2011) The procedure of creating a predetermined large number of bootstrap samples (eg 5,000) by drawing cases randomly with replacement from the original sample. Each bootstrap sample must have the same number of cases as the original sample. The PLS algorithm estimates the SEM results from each bootstrap sample (for example, 5,000 PLS-SEM estimates). The

repeated bootstrap parameter estimates are then used to construct the empirical sampling distribution for each model parameter, and the standard deviation of the empirical sampling distribution is used as a proxy for the empirical standard error rate for that parameter. The obtained path model coefficients form a bootstrap distribution, which can be viewed as an estimate of the sampling distribution. The PLS-SEM results of all bootstrap samples provide standard errors for each path model coefficient. With this information, the t-test in the study can be conducted to measure the significance of the path model relationship.

One way to understand this choice is to consider the existing sample to be the best representation of budget hotel employees from the underlying population. This thesis may not have the entire population to sample from others, but the data of this thesis have special population representation. Completely random resampling of this population representation means that it is used as a sample by replacement, resampling by resampling is done because that is the right thing to do, given the model behind the bootstrap is to use a non-parametric maximum likelihood to estimate the cumulative distribution function, then take a sample of independent observations from the estimated cumulative distribution function. The image below will explain path analysis for hypothesis testing as follows:



**Figure 3. Bootstrapping**

*Source: SmartPLS 3*

The results of the bootstrapping above to test the hypothesis, all indicator items in all constructs have a statistical value greater than 1.96, the conclusion is that all indicator items above are able to measure existing constructs. Meanwhile, to test the effect between variables, the statistical value of the Smart PLS analysis results was compared with the table value. The following is a table that provides the results of the relationships between constructs.

**Table 3. Hypothesis**

Hypothesis	Variable	<i>t Statistics</i>	<i>P Values</i>	Information
H <sub>1</sub>	Leadership Style -> Employee Performance	0,929	0,354	Rejected
H <sub>2</sub>	Organizational Culture -> Employee Performance	3,443	0,001	Accepted
H <sub>3</sub>	Job Satisfaction -> Employee Performance	5,847	0,000	Accepted
H <sub>4</sub>	Leadership Style -> Job Satisfaction	4,387	0,000	Accepted
H <sub>5</sub>	Organizational Culture -> Job Satisfaction	4,362	0,000	Accepted
H <sub>6</sub>	Leadership Style -> Job Satisfaction -> Employee Performance	4,087	0,000	Accepted
H <sub>7</sub>	Organizational Culture -> Job Satisfaction -> Employee Performance	2,944	0,003	Accepted

*Source: SmartPLS 3*

The above results show that the leadership style has a positive influence on employee performance with a coefficient value of 0.929 but it is not significant because it has a p-value of 0.354 > 0.05. So it can be said that H<sub>0</sub> is accepted and H<sub>1</sub> is rejected. In the table above, it is known that organizational culture has a positive influence on employee performance with a coefficient value of 3.443 and has a significant effect because it has a p-value of 0.001 < 0.05. So it can be said that H<sub>0</sub> is rejected and H<sub>2</sub> is accepted. In the table above, it is known that job satisfaction has a positive effect on employee performance with a coefficient value of 5.847 and has a significant effect because it has a p-value of 0.000 < 0.05. So it can be said that H<sub>0</sub> is rejected and H<sub>3</sub> is accepted. In the table above, it is known that leadership style has a positive influence on job satisfaction with a coefficient value of 4.387 and has a significant effect because it has a p-value of 0.000 < 0.05. So it can be said that H<sub>0</sub> is rejected and H<sub>4</sub> is accepted. In the table above, it is known that organizational culture has a positive influence on job satisfaction with a coefficient value of 4.362 and has a significant effect because it has a p-value of 0.000 < 0.05. So it can be said that H<sub>0</sub> is rejected and H<sub>5</sub> is accepted. In the table above, it is known that leadership style through job satisfaction has a positive effect on employee performance indirectly with a coefficient value of 4.087 and has a significant effect because it has a p-value of 0.000 < 0.05. So it can be said that H<sub>0</sub> is rejected and H<sub>6</sub> is accepted, in this case job satisfaction has succeeded in being a mediation because the direct influence of leadership style does not have a significant effect on employee performance. In the table above, it is known that

organizational culture through job satisfaction has a positive effect on employee performance indirectly with a coefficient value of 2.944 and has a significant effect because it has a p-value of  $0.003 < 0.05$ . So it can be said that  $H_0$  is rejected and  $H_7$  is accepted, in this result even though job satisfaction as a mediation has a significant value, the direct influence of organizational culture on employee performance is greater so that the mediation of job satisfaction is lower, although significant.

## **Discussion**

This study has managerial implications, namely managers must realize the importance of aspects of leadership style, organizational culture, and job satisfaction that have been studied in this study in their effect on the performance of budget hotel employees. Leaders in the hospitality industry can increase employee job satisfaction by providing different motivators for employees in the workplace and therefore managers must also pay more attention to job aspects related to job satisfaction. Leaders must improve aspects of work that support the highest level of job satisfaction such as co-workers, benefits, work environment, supervision, salary, and rewards. In addition, they have to improve other aspects of the job that lead to the lowest level of job satisfaction such as promotion, communication and the nature of the job. In addition, managers must acquire some knowledge of leadership styles that will help them differentiate between different leadership styles, and then a suitable leadership style can be adopted by them.

Strong organizational culture increases consistency behavior; efficiency and effectiveness in order to be achieved. The point being made here is that a strong culture can act as a substitute for formal approaches and strategic mechanisms. A formal approach uses rules, regulations, goals, mission statements and strategic plans to regulate employee behavior. Such formalization creates predictability, order and consistency. The results of this study suggest that a strong culture, as exemplified by budget hotels, can achieve the same goals without the need for overly rigid strategies as practiced by Fave Hotel and RedDoorz. Formal strategy and culture as strategic tools can be seen as two distinct paths to a common goal. The stronger the organizational culture, the less management needs to apply formal rules and intervene to guide employee behavior. The guidelines will be internalized to employees when they accept the organizational culture. As emphasized by the discussion above, culture conveys a sense of identity for organizational members, facilitates hotel employee commitment to something greater than the individual's self-interest and provides a social adhesive that helps unify the organization and thus acts as a control mechanism shaping employee attitudes and behavior. . Budget hotels are expected to develop an organizational culture in their hotels.

If human resources are considered important and nurtured through organizational culture, the benefit for the organization is that employees will allow them to adapt and respond to changes in the internal and external environment, while enjoying the benefits of employees' commitment to performance and organizational culture strategy. The issues discussed have relevance to hotel management, especially budget hotels in all tourism destinations. The role of organizational culture in the strategic management of hospitality organizations has been a relatively neglected field of study. As illustrated by the discussion above, however, organizational culture can and does influence strategy formulation, strategy implementation and performance. This research has taken some initial steps in putting organizational culture on the hospitality research agenda but much more needs to be done in this area. In particular, the relationship between organizational culture, job satisfaction and performance needs to be explored both at a conceptual level and also with respect to different types of

hotel companies in different locations. The managerial implication is also important that hotel organizations throughout Indonesia must develop a sustainable competitive advantage over competitors if they are to survive the rigors of the market.

In the budget hotel phenomenon, it is more appropriate if the hotel management uses the extra benefits provided to non-financial employees due to the financial limitations of budget hotels so that the hotel can use non-financial benefits such as lunch at work, rewards in the form of hotel vouchers or others. Budget hotels in Indonesia need to pay attention to important factors such as organizational culture and employee satisfaction in improving their employee performance. Employee performance is important in the hotel industry that relies on service. authoritarian leadership styles have proven ineffective in budget hotels in Indonesia. Job satisfaction is an important factor so that budget hotels in Indonesia are expected to increase job satisfaction both financially and non-financially for their employees.

Based on our results, a number of practical and managerial implications can be derived. First, to increase the responsiveness of hotels to their customers' needs, hotel managers need to have good leadership competencies by enhancing their skills and knowledge in self-management, strategic positioning, implementation, critical thinking, communication, and interpersonal relationships. Second, to improve the performance of hotel employees towards the needs of their customers, hotel managers also need to instill an organizational culture that is conducive to listening to their staff, providing appreciation and recognition for their performance and concern for their welfare. Finally, with their ability to improve hotel employee performance through each of the variables in this study, managers can expect their hotel revenue to increase.

#### **4. Conclusion**

This study finds a lack of relevant literature on the budget hotel industry, especially in Indonesia. Almost all relevant research is taken from China and the US. Budget hotels are becoming an important part of the hotel industry today because they are proven to be in demand by consumers and tourists in Indonesia. The results of this study found that in budget hotels in Indonesia, organizational culture and job satisfaction are important factors in improving employee performance at budget hotels. Leadership style does not have a significant influence on employee performance, but leadership style requires job satisfaction in improving the performance of budget hotel employees. Job satisfaction is also an important factor in budget hotels because several factors that affect employee performance have a significant effect when mediated by job satisfaction.

In budget hotels that have limited operational funds, budget hotel employees place great importance on job satisfaction as a major factor in improving employee performance. It can be seen that job satisfaction has the highest coefficient value in its effect on the performance of budget hotel employees. Job satisfaction factor is an important factor in improving employee performance in the hotel industry, especially budget hotels. Satisfied employees are highly motivated to provide good service to customers. Job satisfaction is a strong contributor to today's individual performance commitment. The findings in this study also suggest that higher levels of employee satisfaction lead to higher levels of all types of positive behavior in organizations. Employees who show satisfaction in their daily work performance are more likely to provide "service with a smile," which results in more satisfied guests. In return, this will have a significant impact on the hotel business and guest retention.

Employees who make direct contact with guests have the unique opportunity to gather all the information about guest satisfaction or dissatisfaction. These employees are the most credible source of information on guest satisfaction and with this level of knowledge they represent the most respectful source of new ideas for the organization. This study shows that employee friendliness is the result of employee satisfaction, especially in relation to the wages that the company gives them.

Guest expectations are another issue of hotel organizations and management, which emphasize the importance of guest-employee relationships. Guest expectations increase along with the number of guest visits. This means that with every arrival of the next guest, efforts to fulfill guests' expectations are increasing. Especially because guests already know what kind of atmosphere they will see or feel. The employee's performance to understand guests is the only factor that cannot be predicted from the guest's point of view.

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