

Analysis Of The Influence Of Compensation And Working Environment On Loyalty In American Fast Food Restaurants Employees

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Abstract:

Determining and analyzing how pay and work environment affect employee loyalty is the goal of this study. In this investigation, a saturation sampling strategy was employed. There were one hundred employees in the sample for this study. This study employed both primary and secondary data collection methods. Armature or questionnaire procedures were utilized to collect primary data for this study. Documentation and literature reviews are the data sources for this study. This study employed a quantitative descriptive analytical approach that involved doing tests for data quality, classical assumptions, and hypotheses. Various findings can be derived from the research conducted, including the following: characteristics related to the work environment have a partial impact on employee loyalty. The relationship between employee loyalty and salary is not entirely linear. Compensation and aspects of the work environment have a simultaneous impact on employee loyalty.

Keywords: work environment, compensation, employee loyalty, employees.

Introduction

The government, through the Ministry of Industry, encourages companies or industrial players to build economic growth by increasing quality products in the industrial sector. The culinary industry is one of the businesses that is developing in Indonesia and is a large contributor to GDP, or gross domestic product. In 2018, it is anticipated that the food and beverage sector will continue to be one of the key industries bolstering manufacturing and the expansion of the national economy (Dessler, 2017). This increase is assisted by the government, which makes it easier for the food industry to obtain raw materials by facilitating access to imported raw materials. Of course, this is very beneficial for the food industry to develop its business and can open up employment opportunities for the community. This government push has increased competition in the food industry. The impact is very good, making many food industry players more creative and innovative in creating food products. Fast food company business competition is a food business that is currently competing increasingly fiercely. Many fast-food companies are expanding their business by increasing their outlets in foreign areas. Of course, this will absorb a lot of human resources as new employees (Edward & Kaban, 2020).

To be able to compete in national and even international markets, companies need to determine the right strategy to be more competitive. Companies need to create innovation in creating a product so that it is attractive for consumers to buy. However, apart from the company's products, there are other important things that cannot be ignored in determining competitive success in the market. One of them has to do with the services the business offers to customers. Employees or human resources are linked with service, and HR is one of a company's most vital instruments. Currently, the millennial generation is the majority of human resources professionals who fill lower positions in organizations or companies (Gouzali, 2021). Or currently, the millennial generation is still a hot issue, which is a challenge for HR management to solve the problems of the millennial generation. One of the problems that occurs in the millennial generation is regarding work loyalty. Mistakes in determining compensation can cause a company to suffer losses because of the large human resource costs for production and sales activities. Another situation is that less attractive compensation causes some human resources to leave the organization, causing increased labor turnover. Meanwhile, on the contrary, appropriate compensation will increase employee performance, productivity, job satisfaction, and motivation (Edward & Purba, 2020).

One of the fast-food restaurant companies that has been established since 2004. The company emphasizes employees' high performance by providing good service to customers. Based on interviews conducted by researchers with store managers, they stated that to generate large profits for the company, it must be balanced with high performance from employees, and high employee morale and loyalty are needed to achieve this performance. However, there are still many obstacles to achieving this; according to him, these obstacles include the turnover rate, which still often occurs every year, and employee discipline (Nitisemito, 2020). The turnover that has occurred at the company since 2017 is above 20%. The turnover rate occurs every year. Based on data collected from interviews there were four employees who left or resigned. Meanwhile, the number of new employees who enter or are recruited is always directly proportional to the number of employees who resign in order to replace the positions left by previous employees. A high level of employee turnover will disrupt work activities because, in a company, each employee occupies a position and does their own job. A vacancy in a position will slow down the progress of work implementation (Tannady et al., 2023).

Apart from that, one of the problems that often occurs is regarding employee discipline. Indiscipline that occurs usually is late arrival to work and reports that are not as they should be. Of course, this cannot be considered a bad thing because it can harm the company in pursuing targets. Cases of late work and permits are the most dominant. This kind of delay has the potential to interfere with the business's ability to serve customers. The employee from the previous shift is typically briefly detained to fill the vacancy in the next shift if an employee arrives late. Naturally, this means that the former employee will have to put in more time at work than usual (Parulian & Tannady, 2023). Reduced or low work productivity, higher absenteeism rates, high employee mobility or turnover, the rise of anxiety, frequent requests from employees, and strikes are all signs of waning employee loyalty to the company or to each other. Thus, it is evident that these issues point to a beginning loss of employee loyalty.

Literature Review

The most crucial component of every business or organization is its human resources. An organization's or business's existence is determined by its people resources. Human resources are important because they are not just the people who work in an organization; they are also the key players in making an organization or business successful. This indicates that human resources are now considered capital with considerably more benefits than just performing job duties, rather to being an asset that executes labor as directed by the boss. Because they will always develop and have an increasing value, human resources are now capital that organizations or businesses must maintain (Rivai, 2019). So what organizations or companies need now is to help HR produce high performance and retain employees and their performance. Good service to consumers cannot be separated from the role of employees. Employees who have high performance are the hope of every company, because this will help the company gain profits and achieve company goals. To achieve company goals, consumer loyalty is needed as a source of profit, but to gain consumer loyalty, employee loyalty is needed so that they can serve consumers well and help the company's activities run smoothly (Handayani et al., 2023).

Workplace loyalty is one of the issues facing the millennial generation. One strategy for attracting and keeping personnel in a business or organization is loyalty. An employee's positive attitude toward his employer is referred to as employee loyalty. Employee loyalty does not only mean the length of time an employee has worked for a company or organization, but also how the employee contributes as much as possible and does the job happily. Employee loyalty also means the employee's willingness to obey all regulations implemented by the organization. High or low levels of employee loyalty will have an impact on the company or organization (Sedarmayanti, 2021). High levels of loyalty will increase employee enthusiasm for work and mobilize their energy and thoughts for the work they do. Of course, this will have a good impact on the company because employees will be more productive. Meanwhile, if the level of employee loyalty is low, employees will do work with a low level of enthusiasm. So that the resulting performance is below standard and the level of indiscipline can increase. High employee loyalty cannot simply be given to the company if the company's conditions and treatment of employees do not support it. If a company experiences a situation where employee loyalty is low or has decreased, it is natural for the company to conduct an evaluation regarding the factors that might be the cause. Many factors contribute to an employee's loyalty, such as their pay, benefits, effective communication, company-provided motivation, a comfortable work environment, career development opportunities, access to training and education, work participation, the application of work health and safety, and the relationships between supervisors and subordinates (Haekal & Tannady, 2023).

Everything surrounding employees that may have an impact on how well they complete their responsibilities is referred to as the work environment. Naturally, it is believed that with enough infrastructure and facilities, workers would have a comfortable place to work, which will increase employee satisfaction. Employees who work in a secure and comfortable workplace will feel at ease and at ease at work. Unhealthy working environments can make workers more prone to illness, stress, and difficulties focusing, as well as lower their productivity. Compensation is one of the elements that influences work loyalty in addition to the workplace (Sugiyono, 2013). One of the main factors influencing people's decision to work for one company over another is compensation. Because the competencies of their human resources determine the quality of work results, various organizations compete to obtain quality resources. Employees' hard work needs to be rewarded with pay commensurate with the energy and thought they have put in. Mistakes in determining compensation can cause a company to suffer losses because of the large human resource costs for production and sales activities. Another situation is that less attractive compensation causes some human resources to leave the organization, causing increased labor turnover. Meanwhile, on the contrary, appropriate compensation will increase employee performance, productivity, job satisfaction, and motivation (Rivai, 2019).

Methodology

A population is a broader category of items or subjects with specific attributes and traits that are chosen by researchers to be investigated and from which inferences are made. The sample is a portion of the population's size and makeup. In this investigation, a saturated sampling strategy was employed. There were one hundred employees

in the sample for this study. This study employed both primary and secondary data collection methods. Armature or questionnaire techniques were used to collect primary data for this study. Giving respondents a list of questions or statements to answer is how a questionnaire collects data. The scale that is often used in preparing questionnaires is the ordinal scale. Primary data that has undergone additional processing and been supplied by a third party or the original data collector is referred to as secondary data. This primary data is used by researchers for additional processing. Documentation and literature reviews provide the data sources for this study. This study employed a quantitative-descriptive analytical approach. One must perform data quality tests, traditional assumption tests, and hypothesis tests to ascertain the relationship between independent and dependent variables.

Case studies

The distribution of the questionnaire yielded results that indicate most employees agree with the variables related to the work environment. Seven of the nine statement points have the highest percentage, as can be seen. However, there are two points that have a high level of disagreement, namely point 3 regarding noise and point 5 regarding security. A high percentage in statement point 1 of 58% stated that good lighting makes employees comfortable at work. Or in statement point 4, with a percentage of 50%, it states that employees feel that the layout of the equipment in the work space makes it easier for employees to work. The majority of employees agree with the compensation variable. At statement points 3, 4, and 6, the percentage level reaches above 50%. This means that employees have a high level of satisfaction with the compensation they receive. All statement points have the highest percentage level of agreement; even 7 out of 8 statements have a total above 50%. This means that employees agree with the employee loyalty variable. The first statement point reaches 60%, which means that employees comply with the rules that apply in the company. The employee loyalty regression coefficient value is 13.4. The work environment variable has a regression coefficient of 0.15. Employee loyalty will therefore rise if the work environment improves by one. The compensation variable has a regression coefficient of 0.5. Employee loyalty will therefore rise with a one-percent pay increase.

Based on the research findings, the adjusted R² value of 0.3 or 30% indicates that the employee loyalty variable can be explained by the work environment and compensation variable, which accounts for 30% of the variation. The remaining 72% are due to other factors that were not looked at in this study. Given that the significance level for the work environment is 0.05, H_a is approved. The t-count for the work environment is 2.1 aside from that. Thus, it can be said that employee loyalty is somewhat influenced by the workplace. Given that the compensation's significance level is 0.001, H_a is approved. The compensation's t-count is 3.7 aside from that. Thus, it can be said that employee loyalty is somewhat influenced by compensation. The research findings indicate that the concurrent impact of remuneration and work environment on employee loyalty has an F-count of 9.1. Based on the available data, it can be concluded that the H_a hypothesis is valid, indicating that work environment and pay have a simultaneous impact on employee loyalty. Maintenance involves improving communication between employees or with superiors, as well as paying attention to awareness and safety in the work environment, increasing loyalty, and reducing turnover. Good equipment, facilities, the work environment, and the working atmosphere will produce good performance and make employees comfortable at work. When workers feel that their jobs are providing for their basic needs and that they are part of the company, that will foster a sense of work loyalty. Compensation that is fair and appropriate and externally consistent is competitive; employee stability will be more guaranteed because turnover will be relatively small.

According to the analysis of the data by researchers, two factors the work environment and compensation have an impact on employee loyalty. So it's a good idea for companies to pay attention to this; employee loyalty will provide benefits for the company. It is necessary to consider how to make an environment at work that is welcoming and comfortable for employees so that they feel cared for. Of course, this attention will have a positive impact on employees, and of course, this impact will increase employee morale and loyalty. So that employee will mobilize all their abilities to produce high performance, of course, this will increase the profits generated by the company. Apart from that, what is much more important is paying attention to compensation. In this research, compensation is the variable that has the highest influence on employee loyalty. Fair and satisfying compensation will encourage

employees to work calmly for the company and make them eager to stay without comparing their pay to that of other companies. Of course, it will have a negative impact if employees choose to resign and look for a new place to work that provides satisfaction with compensation. Apart from that, unsatisfactory compensation can also reduce employee performance.

Conclusion

From the research conducted, several conclusions can be drawn, as follows: Variables in the workplace can influence employee loyalty to some extent. The relationship between employee loyalty and compensation is not entirely linear. Compensation and aspects of the work environment have a simultaneous impact on employee loyalty. According to the study's findings, 72% of the other factors affect employee loyalty. Thus, the advice that researchers wish to impart is to search for new variables, develop existing ones, or search for variables with more specific information. Larger sample sizes will likely be possible for researchers in the future. According to the analysis of the data by researchers, two factors the work environment and compensation have an impact on employee loyalty. So it's a good idea for companies to pay attention to this; employee loyalty will provide benefits for the company. It is necessary to consider how to make an environment at work that is welcoming and comfortable for employees so that they feel cared for. Of course, this attention will have a positive impact on employees, and of course, this impact will increase employee morale and loyalty. So that employee will mobilize all their abilities to produce high performance, of course, this will increase the profits generated by the company.

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