THE EFFECT OF WORK STRESS AND FINANCIAL REWARD TOWARDS SALES & MARKETING WORK PERFORMANCE IN THE HOTEL INDUSTRY

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ABSTRACT

The purpose of this research is to focus on examining the effect of work stress and financial rewards towards work performance in the hotel industry in Indonesia. This research employs quantitative research with hypothesis testing. 100 employees in the sales & marketing division in the 5-star hotel industry were used as samples in this study. A questionnaire was used as the research instrument in this study. Structural Equation Modelling (SEM based on covariance) was used to analyse data. The study's findings show that, during the pandemic, financial reward factor has no effect on work performance in the hotel industry's sales and marketing department. However, work stress is a factor that has an impact on job performance.

Keywords: work stress, financial reward, work performance, hotel industry

INTRODUCTION

The current outbreak of the Corona virus (Covid-19) pandemic throughout the world (January & Yeti, 2020), has also had an impact in Indonesia and has been ongoing since March 2020. The phenomenon that occurs is the impact of the Covid-19 pandemic in all sectors, including health, economic, and business sectors. Regulations related to restrictions on community activities have impacted business movements; Statistics Indonesia's (BPS) August 2020 report stated that Indonesia's economic development in the second quarter of 2020 was negative 5.32 percent (Rizal, 2020).

The tourism and hotel industry are sectors that have been significantly impacted. The author attempts to make observations by conducting a pilot study and survey of 10 senior marketing people in the 4- and 5-star hotel industry. The results show that 9 out of 10 people admit to feeling quite stressed during the pandemic and are unmotivated to pursue sales targets. Human resources are one of the most important aspects of the business (Dominguez, 2011).

Likewise in the hotel industry, where the sales and marketing division is the revenue centre for a company and employee performance is a factor that must be considered and managed properly, especially in the hotel industry (Pragwani et al., 2018). Various efforts to improve employee performance remain an intriguing and researched topic.

Previous research has stated that work stress affects burnout and work performance (Leung et al., 2011; Perez-Floriano & Gonzalez, 2019). Other studies have found that one of the efforts to motivate employees in achieving high work performance is by providing them with incentives or financial rewards (Yap, Liliana & Michael, 2009; Solihin, Richard & Musa, 2010; Bustamam, Sze, & Fakhrul, 2014; Schlechter, Nicola & Mark, 2015). The research gap is what to do about the pandemic situation in the hotel industry, and whether employees in the marketing and sales division are still motivated to pursue financial rewards,

which affects work performance, or whether work stress from the current situation lowers their performance. The purpose of this research is to focus on examining the effect of work stress and financial rewards on work performance in the hotel industry in Indonesia.

THEORY AND HYPOTHESIS DEVELOPMENT

This study takes the theory of behavior, where behavior is an individual's reaction to encouragement and the environment. Individual responses and reactions can be supportive or against the stimulus or encouragement. If the urge is shared continuously, then the individual will slowly or quickly adapt to the urge (Skinner, 1983; Goodhue, & Thompson, 1995).

Work Stress

Stress in the workforce is an issue that continues to be researched; there are various factors that influence or are influenced by work stress (Manoppo, 2020; Sharma & Srivastava, 2020). In addition, previous research has found that work stress is associated with increased work performance (Leung et al., 2011; Perez-Floriano & Gonzalez, 2019). However, is work stress a main factor in affecting the work performance of employees in the sales & marketing division in the Indonesian hotel industry which is a revenue centre, especially in a pandemic situation?

H1: Work stress influences negatively towards work performance

Financial reward

Various studies have examined the influence of financial reward factors on various factors, especially research on marketing & rewards in the hotel industry (En Yap et al., 2009; Tanford et al., 2016). Previous research has also found that financial rewards have an influence on work performance of employees in the company (Yap, Liliana & Michael, 2009; Solihin, Richard & Musa, 2010; Bustamam, Sze, & Fakhrul, 2014; Schlechter, Nicola & Mark, 2015). However, is it true that, during the pandemic, financial reward is one of the determining factors for organizational success in improving work performance, especially in the hotel industry in Indonesia?

H2: Financial reward affects positively towards work performance

RESEARCH METHOD

The type of research used in this research is quantitative research with hypothesis testing. 100 employees in the sales & marketing division in the 5-star hotel industry were used as a sample for this study. A questionnaire with a Likert scale was used as the research instrument in this study. The questionnaire was developed from previous research related to work stress, financial rewards, and work performance variables (Li et al., 2019; Bustaman et al., 2014; Koopmans et al., 2012), using the Google Forms digital system to complete the questionnaire. The sampling took place during the pandemic, which lasted from January to March of 2021.

Structural Equation Modeling (SEM-based covariance) was used to investigate the relationship between exogenous (independent) and endogenous (dependent) variables. SEM is a multivariate technique in which links were distributed to 156 respondents; questionnaires were returned, processed, and 100 percent of them were defect-free. Questionnaires combine factor analysis and regression, allowing researchers to measure latent variables and variables simultaneously (using both measurement theory and structural theory approaches) (Hair et al., 2014).

DATA ANALYSIS RESULTS AND DISCUSSION

Descriptive analysis of response data can be used to enrich the discussion. By describing the data, it will be clear how the condition of the variable under study is. Descriptive analysis can be done using a measure of central symptoms and a measure of variability, according to Cooper & Schindler (2014:401). Mean, median, and mode are measures of central symptoms, while score range and standard deviation are measures of variability. The average value and standard deviation were used to describe each variable's condition in this study. The average value and standard deviation of the respondent's answer scores can be used to get a sense of how work stress, financial rewards, work performance, and leadership decisions of sales and marketing in the hotel industry are.

Table 1. Descriptive Statistics

Variable	Mean	Std. Dev.	Max.	Min.	> Mean	< Mean
WS	3,88	0,42	4,75	2,75	66	90
FR	3,69	0,81	4,89	1,89	86	70
WP	4,02	0,38	5	3	55	101

Work stress (WS) was measured using 8 indicators, and an average score of 3.88 was obtained based on the results of respondents' responses, which is closer to a score of 4 on a scale of 1 – 5 or can be assumed to be high. As a result, it is reasonable to conclude that work stress is high in the majority of sales and marketing positions in the hotel industry. The number of respondents with a score below the average outnumbers those with a score above the average by a large margin.

Financial reward (FR) is measured using 9 indicators, and an average score of 3.69 was obtained based on the results of respondents' responses, which is closer to a score of 4 on a scale of 1 – 5 or can be assumed to be adequate. As a result, the majority of sales and marketing professionals in the hotel industry believe that the financial rewards they receive are adequate. The number of respondents with a score higher than the average outnumbers those with a score lower than the average.

Work performance (WP) was measured using 10 indicators, and an average score of 4.02 was obtained based on the results of respondents' responses, which is closer to a score of 4 on a scale of 1 – 5. This means that, despite the covid-19 pandemic, most sales and marketing in the hotel industry are still performing well. The number of respondents with a score below the average outnumbers those with a score above the average by a large margin.

Structural Equation Modeling

In accordance with the research objectives, namely to examine the effect of work stress and financial rewards on work performance and their impact on optimal leadership decisions, the data is then processed using structural equation modelling. There are two types of models created in structural equation modelling: measurement models and structural models. The measurement model explains the proportion of variance of each manifest variable (indicator) that can be explained through latent variables, while the structural model explains the relationship between latent variables and latent variables.

Goodness of Fit Model

Goodness of fit test is carried out to find out whether the model obtained is appropriate in describing the relationship between the variables being studied so that it can be categorized into a good model (Hair et. al, 2014:576). The model fit test in structural equation modelling can be seen based on several model fit test criteria, as shown in the table below.

Table 2. Goodness of Fit Test Results

Goodness of Measurement	Estimated Result Value	Description

Goodness of Measurement	Estimated Result Value	Description
Chi-Square	496,4 (p-value 0,000)	Not Fit
Chi-Square /df	1,55	Fit
RMSEA	0,059	Fit
SRMR	0,060	Fit
GFI	0,809	Not Fit
NFI	0,942	Fit
TLI	0,977	Fit
CFI	0,979	Fit
RFI	0,937	Fit
IFI	0,979	Fit

The results of the model fit test using Chi-square obtained a value of 496.4 with a p-value close to zero. According to Hair et al, (2014; 577) it is undesirable to have a small p-value (less than 0.05) in structural equation modelling. Returning to the previous results above, the p-value is less than 0.05, indicating that the Chi-square test results are significant. As a result of the Chi-square test results, the model obtained does not meet the criteria of a good model in general. The Root Mean Square Error of Approximation is another measure that still has a relationship with the Chi-square test.

What constitutes a good RMSEA value is still debatable, but Hair et al. (2014; 579) claims that a model can be accepted if the RMSEA value is less than 0.08. The RMSEA value of 0.059 is still less than 0.08 in the table above, indicating that the model already meets the criteria for a good model when referring to the RMSEA value. The GFI (Goodness of Fit Index) value of 0.809, on the other hand, indicates that the model obtained does not meet the criteria of a good model, according to Hair et al. (2014; 578) a GFI value greater than 0.90 indicating a good model. The results of the model fit test show that the model obtained meets the goodness of fit criteria for the size of RMSEA (0.059 0.08), as well as the sizes of NFI, TLI, CFI, RFI, and IFI (> 0.90), implying that the model estimation results are acceptable.

Measurement Model Evaluation

The measurement model is a model that ties the latent and manifest variables together. Through the measurement model, it will be known which indicator is more dominant in reflecting the latent variable. According to Hair et al, (2014;115) factor loadings in the range of ±.30 to ±.40 are considered to meet the minimum level for interpretation of structure There are three latent variables in this study, with a total of 27 manifest variables. The latent variable of work stress consists of 8 manifest variables, the latent variable of financial reward consists of 9 manifest variables, and the latent variable of work performance consists of 10 manifest variables.

The model was found to be acceptable by the goodness of fit test, indicating that it could be used to test the proposed research hypothesis. A full path diagram model of the effect of work stress (WS) and financial reward (FR) on work performance (WP) is obtained using the robust maximum likelihood estimation method, as shown in Figure 2 below:

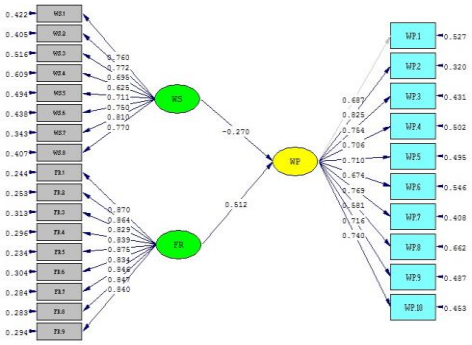

Figure 2. Full Model Standardization Coefficient

In the latent work stress (WS) variable, the WS7 indicator (difficulty finding time and staying in good physical condition) is the strongest in reflecting the latent work stress variable, as shown by the factor weights in Figure 2. The WS4 indicator, on the other hand, is the least effective at reflecting the latent variable of work stress (staff reductions make me stressed). Furthermore, the indicator FR5 (satisfied with the specified salary increase) is the strongest at reflecting the latent variable financial reward (FR). The FR3 indicator, on the other hand, is the least effective at reflecting the latent variable of financial reward (satisfied with my recent salary increase).

In the latent work performance (WP) variable, the WP2 indicator (the quantity of work I produce has improved in the last three months) is the strongest in reflecting the latent work performance variable. On the other hand, the WP8 indicator (focusing on positive aspects rather than negative aspects) is the weakest in reflecting the latent variables of work performance. Furthermore, to find out whether the indicators used to measure the latent variables have a high degree of conformity, construct reliability and average variance extracted calculations are carried out. The construct reliability and average variance extracted for each latent variable are shown in the table below.

Table 3. *Construct Reliability* (CR) and *Average Variance Extracted* (AVE) for each Latent Variable

Indicator	Latent Variable		
	WS	FR	WP
1	0,760	0,870	0,687
2	0,772	0,864	0,825
3	0,695	0,829	0,754
4	0,625	0,839	0,706
5	0,711	0,875	0,710
6	0,750	0,834	0,674
7	0,810	0,846	0,769
8	0,770	0,847	0,581
9	-	0,840	0,716
10	-	-	0,740
CR	**0,905**	**0,959**	**0,914**
AVE	**0,546**	**0,722**	**0,517**

Hair et al. (2014; 605) define satisfactory construct reliability as greater than 0.70 and average variance extracted (AVE) greater than 0.50. The average variance extracted value for the latent work stress variable is 0.546, implying that the latent work stress variable can reflect 54.6 percent of the information in each indicator. The construct reliability of the latent work stress variable (0.905) is still higher than the 0.70 recommended value. Furthermore, the average variance extracted value for the latent financial reward variable is 0.722, implying that 72.2 percent of the informants are on average. The construct reliability of the latent work stress variable is still higher (0.905) than the recommended value of 0.70. Furthermore, the average variance extracted value for the latent financial reward variable is 0.722, indicating that the latent financial reward variable can reflect 72.2 percent of the information contained in each indicator on average. The construct reliability of the latent financial reward variable is then 0.959, which is still higher than the recommended value of 0.70.

The average variance extracted value for the latent work performance variable is 0.517, indicating that the latent work performance variable can reflect on average 51.7 percent of the information contained in each indicator. The construct reliability of the latent work performance variable is then 0.914, which is still higher than the recommended value of 0.70.

Structural Model Evaluation

After each latent variable's measurement model is described, a structural model will be described to examine the effect of the independent latent variable (exogenous latent variable) on the dependent latent variable (endogenous latent variable). The path coefficients of each independent variable on work performance are as follows, based

on the results of data processing using Lisrel 8.70 software.

Table 4. Path Coefficient of Exogenous Latent Variables to Endogenous Latent Variables

Path	Coefficient	$t_{statistic}$	p-value	R^2
WS = > WP	-0,270	-3,682	0,000	0,392
FR = > WP	0,512	6,780	0,000	

Source: SEM Output attachment

The value of R2 shows that work stress and financial reward have a combined effect of 39.2 percent on work performance in the hotel industry's sales and marketing.

Effect of Work Stress on Work Performance

The tstatistic value of the work stress variable on work performance (-3.682) is smaller than tcritical negative (-1.64), and the probability value (0.000) is less than 0.05, as shown in table 4. Because tstatistic is less than tcritical negative, it was decided to reject H_0 and accept Ha with a 5% error rate. The results of this study show that work stress has a significant negative impact on job performance. This means that in the hotel industry, the higher the work stress, the lower the work performance in sales and marketing.

The Effect of Financial Rewards on Work Performance

The tstatistic value of the financial reward variable on work performance (6.780) is greater than critical (1.64) and the probability value (0.000) is less than 0.05, according to the data in table 4. Because tstatistic is greater than tcritical, it was decided to reject Ho and accept Ha at a 5% error rate. The findings of this study show that financial incentives have a significant positive impact on job performance. This means that providing better financial incentives will improve sales and marketing performance in the hotel industry.

CONCLUSION

The study's findings show that during the pandemic, in the hotel industry's sales and marketing, financial incentives have no impact on job performance. However, because work stress is a factor that affects employee work performance, hotel management should pay attention to the stress factor of employees, particularly in sales and marketing, because it has an impact on employee performance. To encourage better performance, hotel management is expected to be able to implement policies and work to alleviate the stress experienced by employees in the sales and marketing department.

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