

MAINTAINING HOSPITALITY LOYALTY: LEADERSHIP ROLES AND COMPENSATION WITH WORK MOTIVATION AS MODERATORS

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Abstract

This study aims to examine the influence of leadership style and compensation on employee loyalty with work motivation as a moderation variable. This study was conducted on hotel employees in Surakarta with a quantitative method with a total of 125 respondents. Data was collected by questionnaire method and the data analysis used was multiple regression analysis. These results show that leadership style affects employee loyalty, compensation affects employee loyalty, work motivation affects employee loyalty, work motivation strengthens the influence of leadership style on employee loyalty, and work motivation strengthens the effect of compensation on employee loyalty

Keywords: Employee Loyalty, Leadership Style, Compensation, and Work Motivation

A. INTRODUCTION

In an era of increasingly competitive business competition, organizations are required to be able to retain qualified employees in order to maintain operational stability and achieve competitive advantage. Employee loyalty is one of the key factors that determine the success of an organization or company in the long run. Various research and managerial practices show that loyalty is influenced not only by the internal factors of the individual, but also the leadership style and compensation system applied. Effective leadership style able to create positive working relationships, increase trust, as well as encourage employee engagement. At the same time, fair and competitive compensation is a tangible form of organizational appreciation for employee contributions, thus strengthening a sense of belonging to the company. However, the influence of leadership style and compensation on employee loyalty is not always direct. Work motivation as an internal psychological factor often plays a role as a

variable that moderates the relationship. A high level of motivation can amplify the positive impact of leadership and compensation, while low motivation has the potential to weaken its influence. Therefore, understanding how work motivation moderates these relationships is important to formulate a more effective human resource management strategy. This study aims to analyze the influence of leadership style and compensation on employee loyalty by considering the role of work motivation as a moderation variable.

Asmawi & Abdullah (2017) define loyalty as a person's commitment to all the success of the company and the fact that they will work for the company. Based on employee loyalty, employees can help the company achieve its goals, on the other hand it can also assist leaders in completing their work. Loyalty is the reciprocity given to the workplace by employees.

Zaharuddin (2021:50) said that leadership style is the behavior or way that leaders choose and use in influencing the thoughts, attitudes, and behaviors of their subordinate members. Hasibuan (2017:170) said that leadership style is a leader's way of influencing subordinates that aims to encourage high employee job motivation, job satisfaction, and productivity in order to achieve company goals.

According to Enny (2019:37), compensation can be defined as a form of lead services provided to employees as a form of appreciation for their contributions and work to the organization. The compensation can be in the form of direct or indirect financial, and the award can also be indirect.

Leadership Style

Leadership style is the way a person directs, influences, encourages, and controls others or subordinates to do something voluntarily and self-aware (Hasnawati *et al*, 2021).

Compensation

Compensation is a number of packages given to workers by an organization in exchange for their work. The provision of compensation that employees can receive will have a positive impact on the company and vice versa. Poor compensation management can have a negative effect on the organization. The previous description shows that compensation is a reward given by the company in exchange for the sacrifice of employees' energy and mind to meet the company's goals according to Wibowo (2016).

Employee Loyalty

Work Motivation

According to Sunyoto (2018), motivation talks about how to encourage a person's work spirit, so that they want to work by providing their abilities and expertise optimally to achieve organizational goals.

HYPOTHESIS DEVELOPMENT

The Influence of Leadership Style on Employee Loyalty

Leadership styles that provide clear direction, pay attention to employee needs, and appreciate their achievements tend to build higher loyalty from employees to the company (Oktaviani, 2024). This is in line with the research of Gusnella *et al* (2024), who say that leadership style affects employee loyalty. Based on this, the first hypothesis in this study is:

H1: Leadership Style affects employee loyalty.

The Effect of Compensation on Employee Loyalty

Compensation has a significant and positive direct influence on employee loyalty. Because in addition to the salary factor, it is also necessary to pay attention to incentive indicators because it has the highest loading factor, meaning that proper appreciation with dedication can make worker loyalty increase in the agency and can make workers motivated Compensation Arifa and Kustini (2022) Compensation. Mohammad and Siti (2023) explained that compensation does not have a relevant impact on employee loyalty. Whether or not compensation for employees is high or not, does not affect employee loyalty too much. This happens because there may be many other aspects that have a greater impact on loyalty, including leadership style, work environment, and motivation.

H2: Compensation has a positive effect on employee loyalty

The Effect of Motivation on Employee Loyalty

Strong work motivation encourages employees to be more committed, responsible, and loyal to the company, thereby strengthening their loyalty Widnyasari *et al.* (2023). This is in line with Yasmine *et al.* (2024) research, which says that work motivation affects employee loyalty. Based on this, the third hypothesis in this study is:

H3: Work motivation affects employee loyalty.

The Influence of Leadership Style on Employee Loyalty Moderated by Work Motivation

Lavinia (2018), menjelaskan bahwa motivasi adalah faktor kunci dalam hubungan antara kompensasi dan loyalitas dimana keterkaitan kompensasi dan Employee loyalty is influenced by work motivation variables. This is in line with Amalia's (2024) research, which shows that work motivation acts as an intermediary between leadership style and employee loyalty. Based on this, the fourth hypothesis in this study is:

H4: Work Motivation strengthens the influence of leadership style on employee loyalty

The Effect of Compensation on Employee Loyalty Moderated by Work Motivation

Work motivation has an important role in increasing employee loyalty. Legona et al. (2024), explained that work motivation not only affects employee loyalty directly but can mediate the influence of leadership style on employee loyalty. This is in line with Mulia Sari's (2023) research, which said that work motivation acts as an intermediary between compensation and employee loyalty. Based on this, the fifth hypothesis in this study is:

H5: Work Motivation strengthens the influence of compensation on employee loyalty

Based on the theoretical foundation of the relationship between dependent variables (Employee Loyalty) and independent variables (including Leadership Style and Compensation) and moderation variables (Work Motivation), the following conceptual framework can be developed:

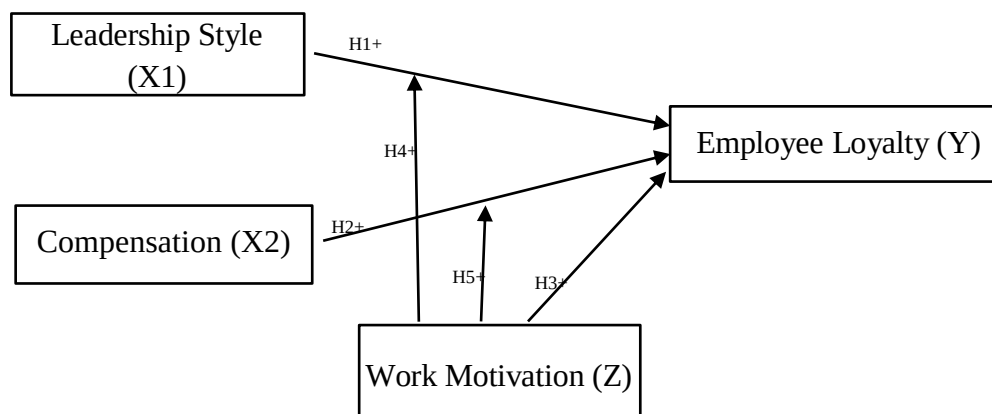


Figure II. 1 Frame of Mind

B. METHOD [Times New Roman 12, Bold]

Population and Sample

The research population is as a grouping area that includes objects or subjects that have properties and characteristics determined by the researcher to be analyzed and also used as a basis to draw conclusions. The population in this study is hotel employees in Surakarta. This study applies a non-probability sampling design with the purposive sampling method, which is a sample selection technique based on certain criteria in the population (Hartono, 2013). The reason for using this purposive sampling is because all employees meet the criteria for workers who have worked for at least 6 months. It is hoped that the workers already know a lot about the productivity of hotel employees in Surakarta and can answer the questionnaire well.

DATA COLLECTION TECHNIQUES

Types of quantitative research using survey methods. The research objects include independent variables, dependent variables, and moderating variables, while the subjects are employees of Hotel Sahid. The number of samples is 115 employees. Sampling using probability sampling techniques. Primary data used from the results of filling out respondent questionnaires. The data collection techniques used are questionnaires (questionnaires) with a likert scale; The research variables consist of leadership style, and compensation, work motivation, and employee loyalty. Instrument testing techniques with validity tests and reliability tests. Data analysis techniques with multiple linear regression tests and determination coefficient tests (Adjusted R²). Hypothesis test with partial significance test (T test), simultaneous significance test (F test), and Moderated Regression Analysis.

C. RESULTS AND DISCUSSIONS

Data Analysis Techniques

Tabel 1. Validity test

Variabel	R Value Calculate	R Value Calculate	Remarks
X1.1	0,711	0,183	Valid
X1.2	0,767	0,183	Valid
X1.3	0,773	0,183	Valid
X1.4	0,732	0,183	Valid
X2.1	0,772	0,183	Valid
X2.2	0,771	0,183	Valid
X2.3	0,881	0,183	Valid
X2.4	0,757	0,183	Valid
Y1.1	0,760	0,183	Valid
Y1.2	0,725	0,183	Valid
Y1.3	0,794	0,183	Valid

Y1.4	0,716	0,183	Valid
Y1.5	0,720	0,183	Valid
Z1.1	0,736	0,183	Valid
Z1.2	0,782	0,183	Valid
Z1.3	0,782	0,183	Valid
Z1.3	0,711	0,183	Valid
Z1.5	0,720	0,183	Valid

Based on the results of the validity test of the table above, all statement items on the variables of leadership style (X1), compensation (X2), employee loyalty (Y), and work motivation (Z) were declared valid. This can be seen from the calculated r value of each item which is all larger than the table r of 0.183.

Tabel 2. Reliability Test

Variabel	<i>Crombach' Alpha</i>	Remarks
Leadership Style (X1)	0,729	Reliabel
Compensation (X2)	0,804	Reliabel
Customer Loyalty (Y)	0,793	Reliabel
Work Motivation (Z)	0,797	Reliabel

Multiple Regression Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.945	1.371		.689	.492
	TOTAL.X1	.529	.115	.377	4.581	.000
	TOTAL.X2	.305	.091	.280	3.337	.001
	TOTAL.Z1	.285	.107	.260	2.667	.009

a. Dependent Variable: TOTAL.Y

Source : Primary Data Processing Results, 2026

The interpretation of the regression equation is as follows:

A constant value of 0.945 indicates that if the variables of leadership style (X1), compensation (X2), and work motivation (Z) are considered unchanged, then employee loyalty remains at 0.945.

The regression coefficient of 0.529 shows that leadership style has a positive influence on employee loyalty. This means that the better the leadership style is applied, the more employee loyalty will increase.

A regression coefficient of 0.305 indicates that compensation has a positive effect on employee loyalty. This means that an increase in compensation will be followed by an increase in employee loyalty.

The regression coefficient of 0.285 shows that work motivation also has a positive influence on employee loyalty. This means that the higher the employee's work motivation, the more loyalty they tend to increase.

The table above can be concluded that, A constant value of 0.492 indicates that when the variables of leadership style, compensation, and work motivation are considered constant, then employee loyalty is at that value. The regression coefficient of the variable of leadership style of 4.581 with a significance value of 0.000 indicates that leadership style has a positive effect dan signifikan on employee loyalty. The compensation variable has a coefficient of 3.337 with a significance of 0.001, which means that compensation also has a positive and significant effect on employee loyalty. Meanwhile, work motivation has a coefficient of 2.667 with a significance value of 0.009, which shows that work motivation also has a positive and significant effect on employee loyalty. Thus, the three independent variables in this model are proven to have a real contribution in increasing employee loyalty.

**Simultaneous Test (F Test)
ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	795.010	3	265.003	80.715	.000 ^b
	Residual	364.433	111	3.283		
	Total	1159.443	114			

a. Dependent Variable: TOTAL.Y

b. Predictors: (Constant), TOTAL.Z1, TOTAL.X1, TOTAL.X2

Source : Primary Data Processing Results, 2026

The results of the F test showed that the F value was calculated as 80.715 with a significant 0.000. Because the significance value is less than 0.05, it can be concluded that the variables of leadership style, compensation, and work motivation together have a significant effect on employee loyalty. This means that the regression model used in this study is feasible to explain the relationship between the variables studied.

**Coefficient Determination Test
Model Summary**

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	.828 ^a	.686	.677	1.812

a. Predictors: (Constant), TOTAL.Z1, TOTAL.X1, TOTAL.X2
Source : Primary Data Processing Results, 2026

Based on the results of the determination coefficient test in the table above, an Adjusted R Square value of 0.677 was obtained. This shows that 67.7% of the variation in employee loyalty can be explained by the variables of leadership style, compensation, and work motivation. Meanwhile, the remaining 32.3% is influenced by other factors outside the research model that were not studied in this study.

Test hypotheses with moderation

Linear regression with moderation is used to find out whether moderation variables (work motivation) can strengthen or weaken the relationship between independent variables (leadership style and compensation) and dependent variables (employee loyalty). This is done by adding interaction variables (X1Z and X2Z) to the regression model. If the interaction coefficient is significant, then the moderation variable is proven to be influential (Imam Ghozali, 2016). The following are the results of the multiple linear regression test with moderation:

Test hypotheses with moderation

		Coefficients ^a				
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-3.297	7.306		-.451	.653
	TOTAL.X1	1.439	.457	1.026	3.150	.002
	TOTAL.X2	-.406	.523	-.374	-.776	.439
	TOTAL.Z1	.547	.388	.500	1.412	.161
	X1Z	-.049	.024	-1.368	-2.055	.042
	X2Z	.037	.026	1.157	1.424	.157

H1: The Influence of Leadership Style on Employee Loyalty

The results of the test of the leadership style variable on employee loyalty showed a t-value of 4.581 with a significance level of $0.000 < 0.05$. This shows that leadership style has a positive and significant effect on employee loyalty. These findings indicate that the better the leadership style applied, the more employee loyalty will also increase. Leaders who are able to provide clear direction, support, and establish good communication will encourage employees to be more committed to the organization. These results are in line with the research of Yosha Anggita Shandy and Uju Suji'ah (2025), Rahayu Putri Nst et al. (2025), and Adam Wildan (2023) who stated that leadership style has a positive and significant effect on employee loyalty

H2: The Effect of Compensation on Employee Loyalty

The results of the variable testing of compensation for employee loyalty showed a t-value of 3.337 with a significance level of $0.001 < 0.05$. This shows that compensation has a positive and significant effect on employee loyalty. These findings suggest that providing appropriate compensation can increase employee satisfaction and attachment to the company. Employees who feel valued through decent rewards tend to have higher loyalty. These results are in line with the research of Arifa Febriana and Kustini (2022), Putri Nur Alam et al. (2020), and Firlian Fikri Egyansyah et al. (2022) who stated that compensation has a positive and significant effect on employee loyalty.

H3: The Effect of Work Motivation on Employee Loyalty

The results of testing the work motivation variable on employee loyalty showed a t-value of 2.667 with a significance level of $0.009 < 0.05$. This shows that work motivation has a positive and significant effect on employee loyalty. This finding indicates that the better employee motivation is implemented, the more employee loyalty will also increase. Leaders who are able to provide motivation, support, and establish good communication will encourage employees to be more committed to the organization. This result is in line with the research of Shandy and Suji'ah (2025).

H4: Work Motivation Moderates the Influence of Leadership Style on Employee Loyalty

The results of the test of the interaction variable of leadership style and work motivation (X1Z) on employee loyalty showed a t-value of (-2.005) with a significance level of $0.042 < 0.05$. This shows that work motivation is able to moderate the influence of leadership style on employee loyalty. This finding is in line with the research of Yosha Anggita Shandy and Uju Suji'ah (2025) who stated that work motivation can moderate the influence of leadership style on employee loyalty.

H5: Work Motivation Moderates the Effect of Compensation on Employee Loyalty

The results of testing the variables of compensation and work motivation interaction (X2Z) on employee loyalty showed a t-value of 1.424 with a significance level of $0.157 > 0.05$. This shows that work motivation has not been able to influence compensation for employee loyalty. These findings indicate that high and low work motivation does not significantly affect the way employees value compensation, so motivation is not able to strengthen loyalty to the

company. Thus, work motivation does not function as a moderation variable that strengthens the relationship between compensation and loyalty in this context. This result provides new findings because it is different from the research of Shandy and Suji'ah (2025) which states that work motivation cannot strengthen the relationship

D. CONCLUSIONS [Times New Roman 12, Bold]

By looking at the results of the research, it can be concluded as follows: (1) Leadership style affects employee loyalty; (2) Compensation affects employee loyalty; (3) Work motivation affects employee loyalty; (4) Leadership style affects employee loyalty which is strengthened by work motivation; (5) Compensation affects employee loyalty which is strengthened by work motivation.

E. SUGGESTIONS

Suggestions for future researchers

There are limitations in the distribution of questionnaires. It is hoped that further research can distribute questionnaires directly to respondents or can be by adding open-ended questions so that respondents can write their responses in writing.

Advice for companies

Given the significant influence of leadership style on employee loyalty, companies are expected to continue to evaluate and improve physical facilities and work atmosphere. Companies should prioritize the arrangement of comfortable workspaces, the provision of adequate support facilities, and the creation of a harmonious communication climate between colleagues. This is important to do so that employees feel comfortable and appreciated, which will ultimately increase their loyalty to the company.

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