

## THE EFFECT OF NON-FINANCIAL REWARD AND PUNISHMENT ON JOB LOYALTY THROUGH JOB SATISFACTION

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### ABSTRACT

***The effect of non-financial reward and punishment on job loyalty through job satisfaction.*** The objectives of this research is to study the effect of non-financial reward, punishment, and job satisfaction on job loyalty, this research was conducted at Atta Mesari Resort and Spa. The data collection technique used in this research was questionnaire, the questionnaire used in this research had been tested and is considered valid and reliable. in order to measure the effect of non-financial reward, punishment, and job satisfaction and the effect on job loyalty this research used the multiple regression analysis technique with the help of SPSS 22 statistic program. The regression formula found in this research was  $Y=0.941 +0.221x_1 +0.305x_2 +0.522x_3$ . The analysis result Showed that non-financial reward and punishment did not gave a significant effect on job loyalty through job satisfaction this indicates that non-financial reward and punishment can affect job loyalty positively but not significantly, directly non-financial reward and punishment gave a positive and significant effect on job loyalty by 48.1% and non-financial reward and punishment affect job satisfaction by 46% all of this indicates that the better the non-financial reward and punishment strategy implied in an organization the higher employee's job satisfaction and loyalty will be.

**Keywords:** non-financial reward, punishment, job satisfaction, job loyalty

### INTRODUCTION

Human resource is one of the important assets of a company, because human resources are dynamic and constantly needed in every process of production of goods and services, moreover Human resources plays a very important role as a major element of a company

Compared to other elements such as capital and technology, because the man himself operates the company. According to Edward L. Gubman (1996) in the Journal of Business Strategy in B.Swathi (2014), the primary mission of human resources is to acquire, build, and maintain talents that fit the work within a particular business and become a resource that contributes a lot in the business.

The SHRM Foundation in 2013 which concluded that the toughest challenge for companies around the world in the next 5 to 10 years is the control of human resources, compared to other challenges such as innovation, government regulation, technology, and environment. According to Global Strategic Rewards 2007/2008 conducted by Watson Wyatt who found that one of the main concern in human resource management is the turnover of employees. .

According to Work-Life Challenges Across Generations global study by Ernest & Young 2014/2015, some of the key factors that cause high achieving employees to migrate easily are largely due to low wage, a work environment that does not encourage teamwork, lack of opportunities to advance, too much workload, a boss that doesn't allows you flexibility, and boredom of the company. Although low wage is one of the factors that cause high achieving employees to quit, but most of the other factors are non-financial matters.

Keeping a good and loyal employee is not an easy task especially if the competition to get good employee is fierce, and one of the high competing industry and business in Bali is the hospitality and tourism business, according to the Bali central bureau of statistic there are 4,880 hotels in Bali in 2016 and still growing, with this large number of hotels, companies compete to acquire good employees. And on the other hand there are 2.434.450 people either working, or are still looking for a perfect job for them to make a living (Bali central bureau of statistic 2017). According to the Balinese labor offices 60% of the total workforce in 2016 goes to the hospitality and tourism sector.

Therefore from the description stated above and the phenomenon that occurred in the world of work lately the writer wanted to do research on company strategies in managing human resources through the most basic strategy which is reward and punishment given in a company and its effect on employee job satisfaction where job satisfaction itself gives an effect towards employee loyalty to the company.

## **LITERATURE REVIEW**

### **Reward**

Rewards are objects, events, situations or activities that attain positive motivational properties from internal brain processes. Wolfram Schultz (2007).

According to Armstrong (2009) "reward management is defined as the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organization, departmental and team goals is recognized and rewarded".

Nawawi (2005) stated that "rewards are efforts made in order to stimulate the feeling of acceptance in a working environment which includes the aspects of compensation and the aspect of relationship between one employee and another"

"It is in the recognition of the importance of reward as motivational technique that most organizations invest heavily in them (reward) in order to gain control of the behavior of their employees", Shields (2007).

Markova and Ford (2011) mentioned that "the real success of the companies originate from the employees' willingness to use their creativity, abilities and know-how in favor of the company and it is the organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place".

### **Types of rewards**

1. Financial rewards (Extrinsic rewards financial rewards consists of direct financial compensation which is a form of cash payments received directly in the form of salary/wages, economic benefits, bonuses and commissions.

2. Non-Financial reward (Intrinsic rewards):

Non-financial compensation is a person's satisfaction from the job itself or from the psychological environment.

A Research conducted by Jensen (2007) stated that, it is the intangible (intrinsic) rewards which determine why an employee would choose one company over another when tangible (extrinsic) rewards are given the same. This is a way how companies can really stand out of the crowd by the use of the attractive rewards.

### **Indicators of reward**

in this research the writer choses the non-financial rewards to be the object of study and the indicators that are considered suitable with the company consist of, the job itself, supervision, coworkers by Saigian (2015) and training and development by Suryo (2007)

1. The job itself: The characteristic of the job itself, the interesting task, the opportunity to learn and the opportunity to be responsible shows a tendency for employees to be happy about their job.

2. Supervision: The cooperative situation shown by the supervisor will have an influence on job satisfaction.
3. Coworkers: Coworkers, naturally co-worker conditions will greatly affect employee morale.
4. Training and development: provided by the company to develop employee careers.

### **Punishment**

According to Mangkunegara (2013: 130) Punishment is a penalty threat aimed at improving employee performance of offenders, maintaining rules and giving lessons to violators.

According to Ivancevich, Konopaske and Mattesonin Gania (2006:226), Punishment is defined as the act of presenting unpleasant or undesirable consequences as a result of a particular behavior".

Punishment is a consequence of negative behavior, the purpose of giving punishment is diverse, one of which is the objective theory of punishment proposed by M. Ngalim Purwanto MP (2007) as follows:

1. The Theory of Retaliation

The punishment is held in retaliation for the negligence and offense a person has committed (the employee).

2. Theory of Improvement

Punishment is given to eradicate crime, to fix the offender so as not to make a mistake again.

3. Theory of Protection

Punishment is held to protect the people from unlawful acts. With this punishment, society can be protected from the crimes committed by the offenders

4. Theory of Indemnification

Penalties are held to compensate for losses suffered as a result of such crimes or offenses against the company rule.

5. The Fearing Theory

Punishment is held to cause fear to the offender due to his violating actions so always afraid to do the deed and want to leave it.

**a. Indicators of punishment** The indicators used to assess punishment according Purwanto (2006):

1. Preventive Punishment, a punishment intended to prevent any violation before the offense is committed.
2. Repressive punishment, a punishment is done after violation is committed

### **Job Satisfaction**

Jusuf (2010), states that Loyalty is a behavior that is created in the effect of the willingness to be loyal and to worship the job, team, leaders and the company itself.

According to Hasibuan (2016), loyalty is reflected by the willingness of employees to maintain and defend the organization inside and outside the work from any bad influence or bad intention from irresponsible people.

Tommy (2010) Loyalty can be said as a person's loyalty to a thing not just one physical loyalty, but more on non-physical allegiance thoughts and concerns Loyalty of employees in an organization is absolutely necessary for the success of the organization itself.

#### **a. Job Satisfaction Indicator**

Hasibuan (2016), states that Job satisfaction is an emotional attitude that is fun and loves her job. This attitude is reflected by the morale of work, discipline, and work performance. Based on the above definition, the indicator of job satisfaction is:

1. Enjoying the job: The one who is well aware of the direction he leads, why he has traveled that way, and how he has to get to his goal. He loves his job because he can do it well.
2. Love for the job: Giving the best to devote all the attention with all the heart possessed with all the effort for one goal of the best outcome for his work.
3. Morale of work: Inner agreement that arises from within a person or a group of people to achieve certain goals in accordance with the quality standards.
4. Discipline: Conditions are created and formed through the process of a series of behaviors that show the values of obedience, obedience, loyalty, order and order.
5. Work achievement: The work achieved by a person in carrying out the tasks assigned to him based on his skill and sincerity and time.

### **Job Loyalty**

In a working environment job loyalty is one of the factor that can keep a company or organization running, a loyal employee are those who feels that the company are a part of themselves and they can feel the rise and fall of the company and react to it to keep the company in a good state.

Jusuf (2010), states that Loyalty is a behavior that is created in the effect of the willingness to be loyal and to worship the job, team, leaders and the company itself.

According to Hasibuan (2016), loyalty is reflected by the willingness of employees to maintain and defend the organization inside and outside the work from any bad influence or bad intention from irresponsible people.

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#### **a. Indicators of job loyalty**

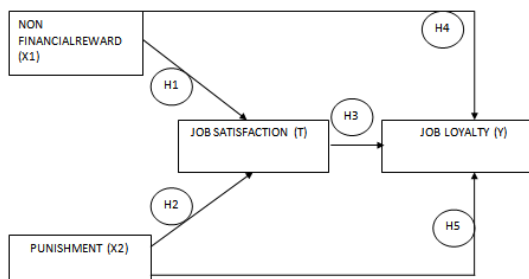
The aspects of work loyalty in the individual are presented by Siswanto (2005), which emphasizes on the work performed by employees, among others. :

1. Obeying the rules. Every policy applied within the organization to smooth and manage the course of the execution of duties by the organization's management is properly adhered to and implemented. This situation will cause discipline that benefits both internal and external organizations.
2. Responsibility to the company / organization. The characteristics of the job and the performance of its duties have consequences that employees charge. The employee's ability to perform the task as well as possible and awareness of any risks of performing his duties will provide an understanding of courage and responsible awareness of the risks to what has been done.
3. Willingness to work together. Working with people in a group will enable the organization to achieve goals that individuals cannot reach individually.
4. The sense of belonging, the sense of belonging to employees of the organization will make employees have the attitude to participate in maintaining and responsible to the organization so that eventually will lead to loyalty for the achievement of organizational goals.
5. Interpersonal relationships, employees who have high employee loyalty they will have a flexible attitude toward the relationship between the personal. These personal relationships include: social relationships among employees, relationships harmonious relationship between employer and employee, work situation and suggestion from co-worker.
6. Preferences to work, the organization must be able to face the fact that its employees every day come to cooperate as a whole person in terms of doing work that will be done

with pleasure as an indicator can be seen from: employee excellence in work, the employee never demand what he receives outside basic salary.

### Research framework

The picture below shows the frame of thought made in research model on the influence of reward and punishment towards job loyalty with job satisfaction as an intervening variable.



### Hypothesis

1. H1: there is a significant influence of non-financial rewards on job satisfaction
2. H2: there is a significant influence of punishments on job satisfaction
3. H3: there is a significant influence of job satisfaction on job loyalty
4. H4: there is a significant influence of non-financial reward on job loyalty
5. H5: there is a significant influence of punishments on job loyalty
6. H6: there is a significance influence of non-financial reward on job loyalty with job satisfaction as an intervening variable
7. H7: there is a significance influence on punishment on job loyalty with job satisfaction as an intervening variable

### Operational Definition

Based on the definition stated above, the variables identified defined as follows

#### Independent Variable (X)

Non-Financial Reward(X1),

Indicators: The job itself, Supervision, Coworkers, Training and development.

Punishment(X2),

Indicators: Preventive Punishment, repressive punishment

#### Intervening Variable (T)

Job Satisfaction (T)

Indicator: Enjoy the job, Love for the job, Morale of work, Discipline, Work achievement,

#### Dependent Variable (Y)

Job Loyalty(Y)

Indicator: Obeying the rule, responsibility to the company / organization, willingness to work together, sense of belonging, Interpersonal relationships.

## METHOD

This research is conducted at Atta Mesari Resort and Spa, Suweta road, Ubud, Gianyar, Bali.

The research population in this research is all of the employees and the sampling method used in this research is proportionate random sampling in which all members have the same opportunity to be used as a sample or respondent, in accordance with the proportion, and this research also used total sampling whereas according to Sugiyono (2010) the reason to use total sampling is because the population is less than 100 so the whole population is

used as research samples. And according to Roscoe (1975) in Uma Sekaran (2006) in multivariate studies (including multiple regression analysis), the sample size should be 10x greater than the number of variables in the study, which in this research the total sample is 44.

This research type is quantitative research whereas according to According to Sugiyono (2010) quantitative research method is a research method based on the nature of positivism, used to examine the population or a specific sample that has the purpose of testing the hypothesis that has been defined and generalized.

The measurement tool in this research is a questionnaire, the data obtained in the form of answers from employees to the questions posed.

This research also used primary and secondary data whereas primary data is a data that refers to information obtained from the first hand by researchers relating to the variable of interest for the specific purpose of the study. Primary data sources are individual respondents, focus groups, the Internet can also be the primary data source if the questionnaire is distributed via the internet, Uma Sekaran (2011), and secondary data is the data that refers to information collected from existing sources. Secondary data sources are company records or documentation, government publications, industry analysis by media, websites, internet and so on, Uma Sekaran (2011).

## **RESEARCH FINDINGS AND DISCUSSION**

### **Respondent characteristic**

This research respondents are the employees at Atta Mesari Resort and Spa whereas the characteristic of respondent are as follows

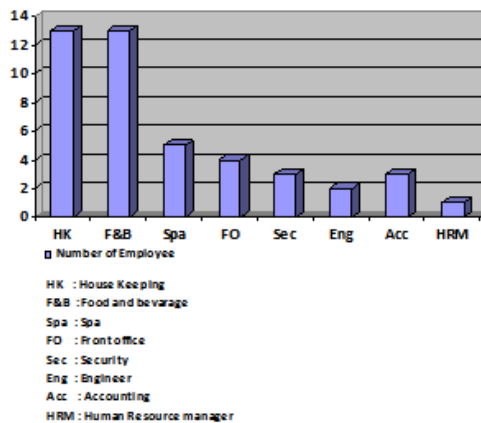
#### **Number of Employees and Length of Work**

no	Characteristic (length of work)	Number of employees
1	2 years 3 month	5
2	1 years 10 month	3
3	1 years 8 month	4
4	1 years 6 month	2
5	1 years 4 month	2
6	1 years 2 month	2
7	1 years	5
8	Under 1 year	21
Total		44

Atta Mesari Resort and Spa was founded in 2015 and yet 21 out of the total 44 employees have worked for more than 1 year and especially 5 people who worked more than 2 year. This Characteristic is important to be assed because in order to research on employee's loyalty towards a company the employees should at least know the company well.

Aside from the length of work of the employees there are some department and the numbers of employees, who work in those departments at Atta Mesari Resort and Spa as follows,

### Atta Mesari Departments and Number of Employees



From the chart above it is concluded that most of the employees work in the House Keeping and Food and Beverage department .

### Validity test result

Validity and reliability testing of the instruments of a questionnaire is very important to obtain a valid and reliable research result. If the value of significance (sig) correlation results less than 0.05 (5%) then declared valid and vice versa then declared invalid (Sani and Maharani, 2013). And if r count is above 0.30 it can be concluded that the instrument is valid .

### Validity test result

Variable	Item	R Count	Sig	Conclusion
Non-Financial Reward	X1.1	0.587	0.000	VALID
	X1.2	0.783	0.000	VALID
	X1.3	0.505	0.000	VALID
	X1.4	0.663	0.000	VALID
	X1.5	0.645	0.000	VALID
	X1.6	0.838	0.000	VALID
	X1.7	0.583	0.000	VALID
	X1.8	0.631	0.000	VALID
Punishment	X2.1	0.864	0.000	VALID
	X2.2	0.717	0.000	VALID
	X2.3	0.725	0.000	VALID
	X2.4	0.812	0.000	VALID
	X2.5	0.771	0.000	VALID
Job Satisfaction	X2.6	0.736	0.000	VALID
	X1.1	0.592	0.000	VALID
	X1.2	0.606	0.000	VALID
	X1.3	0.544	0.000	VALID
	X1.4	0.693	0.000	VALID
	X1.5	0.693	0.000	VALID
	X1.6	0.669	0.000	VALID
	X1.7	0.578	0.000	VALID
Job Loyalty	X1.8	0.722	0.000	VALID
	X1.1	0.707	0.000	VALID
	X1.2	0.706	0.000	VALID
	X1.3	0.647	0.000	VALID
	X1.4	0.504	0.000	VALID
	X1.5	0.640	0.000	VALID
	X1.6	0.780	0.000	VALID
	X1.7	0.719	0.000	VALID
X1.8	0.735	0.000	VALID	

### Reliability test

Reliability shows the sense that something can be trusted to be used as a means of data collection because the instrument is good. According to Sani and Mashuri (2010), if the variables examined have cronbach's alpha ( $\alpha$ ) > 60% (0.60) then the variable is said to be reliable.

### Reliability test result

Nb	Variable	cronbach's alpha	Conclusion
1	Non-Financial Reward	0.763	Reliable
2	Punishment	0.793	Reliable
3	Job Satisfaction	0.756	Reliable
4	Job Loyalty	0.767	Reliable

### Normality test

Normality test aims to determine whether each variable was normally distributed or not. A regression model was said to have normal data or close to normal if Asymp coefficient sig (2-tailed) larger than  $\alpha = 0.05$ .

### Normality test result

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		44
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.96811020
Most Extreme Differences	Absolute	.100
	Positive	.064
	Negative	-.100
Test Statistic		.100
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

From the test conducted it can be concluded that each variable is normally distributed.

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

### Multicollinearity Test Result

Multicollinearity test was done by way of see the Variance Initiation Factor (VIF).

### Multicollinearity Test Result

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	10.525	4.128		2.550	.015		
	Non-Financial Reward	.359	.125	.390	2.878	.006	.710	1.408
	Punishment	.428	.150	.386	2.848	.007	.710	1.408

a. Dependent Variable: Job Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.941	4.596		.205	.838		
	Non-Financial Reward	.221	.141	.206	1.565	.125	.591	1.692
	Punishment	.305	.170	.236	1.793	.080	.593	1.687
	Job Satisfaction	.522	.161	.448	3.239	.002	.536	1.866

a. Dependent Variable: Job Loyalty

It can be concluded that this research was free from multicollinear problem because the VIF value was less than 10, and tolerance was more than 0.1.

### Heteroscedasticity Test Result

This test was conducted to test whether in the regression model whether if there was a variance inequality of the residual one observation to another observation. If sig value > 0, 05 means then there is no heteroscedasticity problem and the regression model passes the heteroscedasticity test. A good regression model is homocedasticity and not heteroscedasticity



## Heteroscedasticity Test Result

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.837	2.353		-.780	.440
	Non-Financial Reward	.044	.071	.113	.624	.536
	Punishment	.068	.086	.143	.790	.434

a. Dependent Variable: RES2

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.694	3.159		.853	.399
	Non-Financial Reward	.056	.097	.118	.580	.565
	Punishment	-.102	.117	-.177	-.871	.389
	Job Satisfaction	-.017	.111	-.032	-.151	.881

a. Dependent Variable: RES2

it shows that there was no heteroscedasticity problem because the sig value is below 0.05

## Path Analysis

Path analysis was used to analyze the pattern of relationships among variables. This model was used to determine the direct and indirect effect of a set of independent variables (exogenous) on endogenous variable. In this research the variables consist of Non-Financial Reward (X1) and Punishment (X2) as an independent variable, Job Satisfaction (T) as an intervening variable and Job Loyalty (Y) as a dependent variable.

### a. Multiple Regression Result

In this research, the data analysis technique was multiple linear regressions.

### First Regression Path Analysis Result

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.525	4.128		2.550	.015
	Non-Financial Reward	.359	.125	.390	2.878	.006
	Punishment	.428	.150	.386	2.848	.007

a. Dependent Variable: Job Satisfaction

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 <sup>a</sup>	.464	.438	2.016

a. Predictors: (Constant), Punishment, Non-Financial Reward

1. According to the table presented stated by the unstandardized coefficient beta above, the regression model equation are as follows  

$$Y = a + \beta_1x_1 + \beta_2x_2$$

$$Y = 10.525 + 0.359x_1 + 0.428x_2$$
2. It can be seen from the modal summary table that the R square was 0.464 which means that non-financial reward and punishment influence job satisfaction directly by 46% and the other 54% was influenced by other factors that are not mentioned in this research.

## Second Regression Model Path Analysis Result

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.436	4.728		1.361	.181
	Non-Financial Reward	.408	.143	.381	2.858	.007
	Punishment	.528	.172	.409	3.067	.004

a. Dependent Variable: Job Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.694 <sup>a</sup>	.481	.456	2.308

a. Predictors: (Constant), Punishment, Non-Financial Reward

- According to the table presented stated by the unstandardized coefficient beta above, the regression model equation are as follows  

$$Y = a + \beta_1x_1 + \beta_2x_2$$

$$Y = 6.436 + 0.408x_1 + 0.528x_2$$
- According to the R square in the model summary table non financial reward and punishments gives 48.1% impact on job loyalty directly

## Third Regression Model Path Analysis Result

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.941	4.586		.205	.838
	Non-Financial Reward	.221	.141	.206	1.565	.125
	Punishment	.305	.170	.236	1.793	.080
	Job Satisfaction	.522	.161	.448	3.239	.002

a. Dependent Variable: Job Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767 <sup>a</sup>	.589	.558	2.080

a. Predictors: (Constant), Job Satisfaction, Punishment, Non-Financial Reward

- According to the table presented stated by the unstandardized coefficient beta above, the regression model equation are as follows  

$$Y = a + \beta_1x_1 + \beta_2x_2 + \beta_3x_3$$

$$Y = 0.941 + 0.221x_1 + 0.305x_2 + 0.522x_3$$
- According to the Model Summary table non-financial reward, punishment, and job loyalty impact job satisfaction by 59% and the other 41 percent were impacted by other factors that are not mentioned in this research.

### b. T-Test Result

test was used to prove whether or not the influence of independent variables on individual dependent variables with 95% confidence level and error rate of 5%. The criteria are when  $t_{count} > t_{table}$  and if Sig Value is under 0.05 than there is an influence of the dependent variable towards the dependent variable.

## First Regression Model T-Test Result

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	10.525	4.128		2.550	.015
Non-Financial Reward	.359	.125	.390	2.878	.006
Punishment	.428	.150	.386	2.848	.007

a. Dependent Variable: Job Satisfaction

$$\begin{aligned} T \text{ Table} &= t(a/2 : n-k-1) \\ &= t(0.05/2 : n-k-1) \\ &= t(0.025 : 44-2-1) \\ &= t(0.025 : 41) \end{aligned}$$

according to the t table distribution chart the t table is 2.020

non-financial reward and punishment gave a significant impact towards job satisfaction partially, this concludes that the first and second hypothesis (H1,H2) was correct, and this findings was also supported by a journal from Ali Erbaşı & Tugay Arat with the title “The effect of financial and non-financial incentives on job satisfaction: An Examination on Food Chain Premises in Turkey”(2012) which resulted that non-financial reward have a positive and significant influence on Job Satisfaction, and Mangkunegara (2013) states that Punishment is a penalty threat aimed at improving employee performance, maintaining rules and giving lessons to violators. And the factors that affect Job satisfaction according to sutrisno (2013) who stated that peace in work and attitude towards the job itself could affect job satisfaction, therefore if a punishment method in a company is used to improve the company’s wellbeing than it can be a positive impact towards employee’s job satisfaction.

## Second Regression Model T-Test Result

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.436	4.728		1.361	.181
Non-Financial Reward	.408	.143	.381	2.858	.007
Punishment	.528	.172	.409	3.067	.004

a. Dependent Variable: Job Loyalty

$$\begin{aligned} T \text{ Table} &= t(a/2 : n-k-1) \\ &= t(0.05/2 : n-k-1) \\ &= t(0.025 : 44-2-1) \\ &= t(0.025 : 41) \end{aligned}$$

so according to the t table distribution chart the t table is 2.020

2<sup>nd</sup> Regression model T-Test Result indicates that non-financial reward and punishment gave a significant this concludes that the fourth and fifth hypothesis (H4,H5) was correct, also this result supports Markova and Ford (2011) theory which stated that reward can effect employees willingness to use their creativity abilities and know how in favor of the company and also this result is also supported by a research conducted by Mrs. Shweta Rajput, Mr. Mayank Singhal, Mr. Shivkant Tiwari. Titled “Job Satisfaction and Job Loyalty: A Study of Academians” (2016) in which the result of this research was the factors that was affecting job loyalty positively was the felling of belongings, and job involvement. In which this factors happened to be the indicators of non-financial reward in this research as well. And repressive punishment whereas the preventive punishment can be in a form of comprehensive rules in an organization, employees understanding of companies rules, and others, and the repressive punishment is all of the punishment that are given after a violence is conducted by employees and therefore this positive and significant result on the effect of punishment on Job loyalty is supported by a theory from siswanto (2005) who stated that loyalty is the willingness and ability of employees to obey and implement the rules with responsibility and awareness, this responsibility and awareness should be reflected by employees daily behavior and their work.

### Third Regression Model T-Test Analysis Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.941	4.586		.205	.838
	Non-Financial Reward	.221	.141	.206	1.565	.125
	Punishment	.305	.170	.236	1.793	.080
	Job Satisfaction	.522	.161	.448	3.239	.002

a. Dependent Variable: Job Loyalty

$$\begin{aligned} T \text{ Table} &= t(a/2 : n-k-1) \\ &= t(0.05/2 : n-k-1) \\ &= t(0.025 : 44-3-1) \\ &= t(0.025 : 40) \end{aligned}$$

so according to the t table distribution chart the t table is 2.021

3<sup>rd</sup> Regression model T-Test Result indicates that non-financial reward and punishment gave a non-significant impact towards job loyalty partially, this concludes that the research result was different from the sixth and seventh hypothesis (H6, H7). According to the R<sup>2</sup> Value of the effect of non-financial reward and punishment on job satisfaction, indicated that job satisfaction was only affected 46% by non-financial reward and punishment, and the other 54% was affected by other factors such as financial reward, Workload, Atmosphere and work environment, leadership attitude, and the nature of the work.

A research by Ali Erbaşı & Tugay Arat with the title "The effect of financial and non-financial incentives on job satisfaction: An Examination on Food Chain Premises in Turkey" (2012) indicates that financial reward gave 38% effect on job satisfaction whereas the non-financial reward affect job satisfaction by 29.4%. Therefore this may be the cause that non-financial reward and punishment didn't have significance on affecting job loyalty through job satisfaction.

This result also gave an indication that Job satisfaction do have an influence on job loyalty partially, this concludes that the third hypothesis (H3) was correct, this result indicates that there was a significance influence of job satisfaction on job loyalty. This research result is also supported by Mrs. Shweta Rajput, Mr. Mayank Singhal, Mr. Shivkant Tiwari. Titled "Job Satisfaction and Job Loyalty: A Study of Academicians" (2016) which stated that Job satisfaction gave a positive effect on job loyalty. Therefore according to the research discussion, employee's satisfaction should be considered seriously in order to make a company run smoothly and are able to achieve their goals.

#### c. F-Test Result

Statistical F test basically shows whether if all independent variables included in the model have a simultaneous influence on the dependent variable. By comparing Fcount> Ftable then there is influence between independent variable and dependent and vice versa. As for significance, If sig value < 0,05, or F count> F table then there is a simultaneous on the independent variable towards the dependent variable.

The Ftable formula as follows:

K = Number of variables X

n = Number of samples

$$\begin{aligned} F_{table} &= F(k : n-k) \\ &= F(3 : 44-3) \\ &= F(3:41), \end{aligned}$$

F table value according to the F table chart is 2.84

## F-Test Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	248.063	3	82.688	19.108	.000 <sup>b</sup>
	Residual	173.096	40	4.327		
	Total	421.159	43			

a. Dependent Variable: Job Loyalty

b. Predictors: (Constant), Job Satisfaction, Punishment, Non-Financial Reward

According to the Anova Table the influence of non-financial reward, punishment, and job satisfaction can influence job loyalty simultaneously this was indicated by the sig value which is  $0.000 < 0.05$  and the f count was higher than the f table which is  $19.108 > 2.84$

### d. R square Value (Determination Coefficient)

This test was conducted to find the correlation between non-financial reward (X1) punishment (X2) Job satisfaction (T) towards job loyalty (Y) which is presented by the table below

### Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767 <sup>a</sup>	.589	.558	2.080

a. Predictors: (Constant), Job Satisfaction, Punishment, Non-Financial Reward

According to the model summary table presented above non-financial reward, punishment and job satisfaction influenced job loyalty by 59% and the other 41% were influenced by other factors that are not mentioned in this research. According to Sarwono (2006) the bases to interpret correlation coefficient were as follows:

### Sarwono correlation coefficient Interpretation

0	No correlation
>0 – 0,25	Low correlation
>0,25 – 0,5	Acceptable correlation
>0,5 – 0,75	Strong correlation
>0,75 – 0,99	Really strong correlation
1	perfect correlation

So the correlation of non-financial reward, punishment, and job satisfaction is considered as a strong correlation with 59% influence.

## CONCLUSION

Based on the research result stated above there are some research conclusions as follows:

1. Non-financial reward gave a direct positive significant effect on job loyalty. This indicates that the higher and better non-financial reward is applied the higher employee's job loyalty will be.
2. Punishment gave a direct positive significant effect on job loyalty. The punishment mentioned in this research are punishments that develops employees to do better at their job and the better the punishment applied accordingly, the higher the employee's job loyalty will be.
3. Non-financial reward gave a direct positive significant effect on job Satisfaction . This indicates that the higher and better non-financial reward is applied the higher employee's satisfaction will be given.
4. Punishment gave a direct positive significant effect on job Satisfaction. The punishment mentioned in this research are punishments that develops employees to do better at their job and the better the punishment applied accordingly, the higher the employee's job satisfaction will be.

5. Non-financial Reward did not give a significant effect on job loyalty through job satisfaction at, this indicates that job satisfaction did not mediate the influence of non-financial reward on job loyalty
6. Punishment did not give a significant effect on job loyalty through job satisfaction. this indicates that job satisfaction did not mediate the influence of punishment on job loyalty
7. There is a positive and significant effect of job satisfaction on job loyalty. This indicates that the more employees are satisfied the higher their job loyalty will be.

### **Suggestions**

Based on the research results conducted which shows that non-financial reward and punishment do have a positive and significant impact on job satisfaction and loyalty therefore there are some suggestions according to this research:

Suggestion for Atta Mesari Resort and Spa Managers:

- a. It takes a good human resource management to satisfy and stimulate loyalty on employees and make an organization successful.
- b. Employees should be given regular training and development in order to develop professionalism and sense of belonging towards the company.
- c. Managers should be helpful with the employees and provide them with proper guidance for their work.
- d. Having a good interpersonal relationship between employees and managers will help employees to be satisfied and loyal towards their job.
- e. Company policies should be comprehensive and applied by all members of the company in order to create a smooth and effective management system.
- f. Compliments should be given to the employees whenever they do a good work, and guidance whenever they fail to do their work as expected.
- g. Employees should be given authority and responsibility at their level so that they can also put their aspects and be responsible towards their job.

Suggestion for next researcher, to add more research respondent and to do a research based on employees division, add more variables such as financial reward, job security, career growth, work place environment and other variables in the human resource management field.

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