# Employee loyalty during slowdown of Covid-19: Do satisfaction and trust matter?

I Nengah Aristana, I Wayan Edi Arsawan and Ni Wayan Rustiarini

#### Abstract

**Purpose** – This research aims to test employee loyalty in the hotel industry, particularly during the Covid-19 pandemic. This study examines the relationship between leader support in building job satisfaction, trust and employee loyalty. Also, this research aims to test and explain the role of satisfaction and trust as mediator variables.

**Design/methodology/approach** – This research used a quantitative design by distributing questionnaires to 206 employees of the 97 hotels in Bali, Indonesia, particularly during pandemic Covid-19. The research data were then analyzed by using WarpPLS software.

**Findings** – The results revealed that leader support did not have a significant effect on loyalty. Satisfaction and trust act as double mediators in leaders' support and loyalty relationships.

**Research limitations/implications** – Employees need leaders' support to remain loyal to their organization in a slowdown situation due to the Covid-19 pandemic and its various challenges.

**Originality/value** – Research on the effects of the Covid-19 pandemic on various sectors has been comprehensive. However, the research that invests in employee loyalty in the hospitality industry is still rare. This study analyzes the loyalty of hotel employees, particularly when the tourism sector is experiencing a slowdown. This study also examines the role of trust and satisfaction as mediating relationships between leaders' support and loyalty, which have not been widely analyzed in previous studies.

**Keywords** Employee satisfaction, Leader support, Trust and employee loyalty **Paper type** Research paper

# 1. Introduction

The hotel business supports the tourism industry and the country's economy. However, the Covid-19 pandemic had a tremendous effect on the tourism sector (John, 2020; Škare *et al.*, 2021). This condition proves that the tourism sector is fragile (Kaushal and Srivastava, 2021). It requires an appropriate response to ensure resilience and sustainability (Sobaih *et al.*, 2021). During a pandemic, efforts to maintain the hotel industry's resilience keep employee loyalty (Ding and Jiang, 2021) and determine the correct leadership pattern (Pillai *et al.*, 2021). Therefore, the hotel industry still supports a country's economy (Yao *et al.*, 2019).

Along with developing the tourism business, the various empirical literature has examined various aspects that improve human resources competence to provide services that refer to international standards (Hewagama *et al.*, 2019). Nevertheless, the literature that discusses the hotel business problems has not been carried out systematically and deeply. As a result, several problems emerged, such as the role of leadership and human resource management (Tsang and Hsu, 2011; Yao *et al.*, 2019), innovative work behavior (Arsawan *et al.*, 2018), disaster management framework (Hao *et al.*, 2020), as well as consumer behavior (Chen and Wang, 2019). Employees are internal consumers that feel the internal conditions of the company. Therefore, they are willing to be loyal to their organization

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(Book *et al.*, 2019). This fact needs to investigate that employee loyalty reduce human resource turnover after the Covid-19 pandemic, particularly in the hospitality industry.

Based on this phenomenon, this study closes four research gaps. First, the hotel business is promising and has swift business growth (Bocken, 2017). The rapid growth of this business results in significant job opportunities for each employee. The employee is possible to move from one hotel to another. However, since the Covid-19 pandemic, the hotel industry has been hit hard and hit hardest (Davahli et al., 2020). The pandemic forces companies to cut employee income, work part-time jobs and temporarily turn off employees. As a result, many employees have tried other job alternatives to generate income. This condition makes the hotel industry experience the potential to lose potential employees. The pandemic is also a test of employee loyalty to the hotel where they work, particularly in city tourism. Moreover, the pandemic reduces the activities of urban communities to hold business mobility between cities, and it has a substantial impact on the growth of city tourism. Besides, globalization has created a creative industry that supports the tourism sector (Postma et al., 2017). As a result, tourism has become a popular agenda in urban policy and encourages the development of the hospitality industry in urban areas. It cannot be denied that city tourism experience an enormous pandemic impact than tourism in rural areas. This study tests the relationship between employee loyalty in the hotel industry, considering that this industry is experiencing a slowdown due to the Covid-19 pandemic. This crisis requires various thoughts on how to pay attention to sustainable labor (John, 2020). Therefore, this study explores the level of employee trust and employee satisfaction with their loyalty to return to work in the post-pandemic hotel sector.

Second, the Covid-19 pandemic has caused the hotel industry to collapse. This situation presents extraordinary challenges for business leaders in decision-making (Dirani *et al.*, 2020). Employees are the most valuable assets in the hotel industry to achieve optimal performance (Kurian, 2018; Muduli, 2015). Losing potential employees is interpreted as a loss of knowledge (Ramlall, 2004). Leaders must provide emotional and interpresonal support, positive reinforcement, and intensive communication, particularly during the pandemic (Dirani *et al.*, 2020). Also, the research examines leaders' role in providing protection is still rare (Book *et al.*, 2019; Flores-Zamora and García-Madariaga, 2017). There is no research linking leaders' role with trust and employee satisfaction in measuring employee loyalty (Yue *et al.*, 2019; Zeffane and Melhem, 2017). Thus, this study examines the role of leader support in creating employee satisfaction, employee trust and employee loyalty.

Third, there are different views regarding the concept of employee loyalty. Employee loyalty has not been considered a crucial phenomenon (Farrukh *et al.*, 2019). This assumption causes employee loyalty to be seen as a simple model (Gaber and Fahim, 2018). On the other hand, marketing science reveals that loyalty includes aspects of individual expectations, attitudes and behavior (Fernandes *et al.*, 2020). Therefore, companies need to pay attention to employee attitudes and expectations to increase their loyalty. This research is a benchmark for further research that discusses the determinants of employee loyalty in the hotel industry.

This study explores the leader support role in building trust to increase employee satisfaction and loyalty in a single model. Specifically, this study investigates the role of employee satisfaction and employee trust as mediating the effects of leader support and employee loyalty (expectations, attitudes and behavior). Given that satisfaction is a strong predictor of increasing employee loyalty (Chang *et al.*, 2010). Also, trust is needed to positively influence openness to change (Yue *et al.*, 2019). It is hoped that the role of employee satisfaction and trust can increase leadership support for loyalty.

Theoretically, this study elaborates on the social exchange theory (Blau, 1964)that employees will survive if they get something from the organization (Blau, 1964). Practically,

this research provides an effective solution for the tourism industry to reengage current inactive employees. This condition will build employee loyalty because employees feel appreciated and part of the company. The other essential benefit is overcoming problems related to employee turnover before the Covid-19 Pandemic and addressing the various problems caused by the Covid-19 Pandemic.

The next section of this paper presents the literature review, including the formulation of research hypotheses. The third section describes the research methodology and discussion. The last section contains conclusions and suggestions for future research.

# 2. Literature review and hypotheses development

## 2.1 Social exchange theory

Social exchange theory is a voluntary action motivated by a match between expectations and what they get (Blau, 1964). Social exchange theory has a central premise that exchanging social processes and material resources is the primary form of human exchange. This theory supports that individuals can develop their behavior based on future expectations and become loyal to their organization (Rosenberg and Turner, 2017). Social exchange is a special consideration in confident leaders that provide needed support, consult on important decisions, provide more autonomy and remove unnecessary bureaucratic obstacles will influence the behavior of subordinates (Kim and Beehr, 2018). Hsieh and Wang (2015) also explain that trust is the most strongly influencing interpersonal attitudes and behavior. Trust is fundamental in cooperative relationships, and trust is the emotional glue that binds followers and leaders (Bennis and Nanus, 1985; Blau, 1964). Trust leads to positive results such as increased employee satisfaction (Dirks and Ferrin, 2002).

# 2.2 Leader support

The conventional theory is a conceptual basis where leader behavior is related to perceptions and support that influence employee behavior (Amabile *et al.*, 2004). The conventional theory shows the leader's positive behavior can be a model in providing services, planning and setting goals (Amabile *et al.*, 2004). The leader's support can also influence subordinates through skill development, project handling and increasing intrinsic motivation (Smith-Jentsch *et al.*, 2001). In the last few decades, leadership support has played an essential role in improving organizational performance (Para-González *et al.*, 2018). The form of leadership support is to carry out the organization's maintenance, such as organizing resources effectively, explaining the factors that become expectations and work standards, compiling information and solving problems (Cheung and Wong, 2011). Leaders' support should lead to efforts to build employee trust and loyalty through an interpersonal relationship approach. Leaders that support their subordinates through ethical behavior can encourage employees to make positive social exchanges (Wang *et al.*, 2017).

## 2.3 Employee satisfaction

Employee satisfaction is an essential factor in determining employee behavior (Chen and Wang, 2019). Satisfaction shown is highly dependent on organizational behavior (Chandra *et al.*, 2019), such as employee commitment (Lok and Crawford, 1999; Rustiarini *et al.*, 2021). Attitudes and cognition indicate employee satisfaction toward their work environment. Employee satisfaction is defined as an emotional state that arises from employees' assessments (Al-Sada *et al.*, 2017; Chang *et al.*, 2010), related to employee feelings about work (Hassan *et al.*, 2013). Employee satisfaction is a consequence of events and an indicator of personal and organizational well-being. Employee satisfaction

levels are always associated with their attitudes towards work, compensation and employers (Ko and Choi, 2019). This condition will determine whether to move to another workplace (Liu *et al.*, 2020) or reduce the desire to change jobs (Tuten and Neidermeyer, 2004). Employee satisfaction is also determined by their ability to adjust to organizational culture. This attitude emphasizes employee satisfaction with a profession that involves cognitive and emotional. The most crucial thing in employee satisfaction is awareness, and it can be a strong predictor of employee turnover (Wolter *et al.*, 2019).

# 2.4 Employee trust

Trust is defined as a psychological condition that is vulnerable to other parties' actions based on the expectations of positive behavior and others' intentions (Asencio, 2016; Melewar *et al.*, 2016; Men *et al.*, 2020). The trust concept is associated with each individual's attribution to their behavior's intentions and motives (Zeffane and Melhem, 2017). Furthermore, trust is stated as an essential aspect in building long-term relationships. Yue *et al.* (2019) define employee trust as a level of trust based on integrity, linkage, and competence so that they are willing to open up to other parties. Sharkie (2009) states that a trust is a co-collaborative approach shown by employees in their organization. Trust is an essential factor in increasing the efficiency and quality of cooperation between employees (Hsieh and Wang, 2015; Nurkholis *et al.*, 2020). Employee trust has been demonstrated through trust in management, trust in supervisors and co-workers' trust. Trust in management arises from organizations' perceptions of success and positive results (Ababneh, 2020). Trust in a supervisor is a perception of trust in the supervisor. Its effect is based on supervisor characteristics, such as integrity, accountability, transparency, openness, predictability and consistency (Xiong *et al.*, 2016).

# 2.5 Employee loyalty

Loyalty is described as a situation of professional relationships and hierarchy shown through employees and their superiors (Ineson *et al.*, 2013). Employee loyalty is defined as the intention and dedication to always be with the organization and develop its business. An employee's voluntary commitment and participation to the organization assume that he is an inseparable part of the organization (Bhat and Darzi, 2018). Thus, loyalty is more action-oriented because it relates to employee behavior. This behavior includes the extent to which employees are committed and responsible for the work performed (Rustiarini *et al.*, 2019). Involvement and relationships between employees also support employees' desire to be more loyal to the organization (Book *et al.*, 2019). Therefore, employee loyalty is the first step to improve company capabilities (Martos-Partal and Labeaga, 2019).

# 2.6 Hypotheses development

2.6.1 Leader support, employee satisfaction, employee trust and employee loyalty. This type of leadership is proven to increase employee satisfaction. Egitti and Kasap (2020) stated that employee job satisfaction is primarily determined by exchanging ideas between leaders and subordinates. Liu *et al.* (2020) also prove that instructional and distribution leadership has been shown to increase employee job satisfaction, both directly and indirectly. Also, transformational leadership is seen as a sound strategy for creating job satisfaction in the work environment (Boamah *et al.*, 2018; Mufti *et al.*, 2020).

Leadership not only affects employee satisfaction but also increases employee trust (Kelloway *et al.*, 2012). Supervisors' consistency in exercising control, either through words or actions, is related to employee trust (Wang and Hsieh, 2013). As stated by the previous result (Xiong *et al.*, 2016), authentic leadership increases supervisors' and employees' trust.

The effects of leadership and employee loyalty have been widely studied in various scientific contexts, such as socio-cultural, political and managerial. Based on a managerial context, employee loyalty is seen as employee loyalty to the organization (Book *et al.*, 2019). Leadership has a positive effect on increasing employee loyalty (Wang *et al.*, 2017). Wu and Wang (2012) stated that leadership with charisma shows a contribution to increasing employee loyalty. When a leader expresses an opinion related to satisfaction, that opinion also determines employee loyalty (Flores-Zamora and García-Madariaga, 2017). For example, members of political parties' loyalty are highly dependent on how committed the leaders are to their ideology (Asmussen and Ramey (2018). Therefore, manager behavior positively impacts loyal employee behavior (Ineson *et al.*, 2013). Thus, the formulated hypotheses are as follows:

- H1. Leader support has a positive effect on employee satisfaction.
- H2. Leader support has a positive effect on employee trust.
- H3. Leader support has a positive effect on employee loyalty.

## 2.7 Employee satisfaction, employee trust and employee loyalty

Studies on satisfaction are primarily associated with consumer behavior (Matzler and Renzl, 2006). However, employee satisfaction and loyalty have been verified as essential variables for maintaining continuity, life and organizational success (Chang *et al.*, 2010; Keshavarz and Jamshidi, 2018). Satisfaction and loyalty provide leverage to increase performance. Employee satisfaction is also a predictor of loyalty (Chao and Cheng, 2019; Hung *et al.*, 2019). Increased employee satisfaction will increase employee loyalty (Boonlertvanich, 2019; Jun *et al.*, 2006). However, employee satisfaction is highly dependent on the compensation given, which impacts employee loyalty (Hassan *et al.*, 2013).

Employee trust has a vital role in increasing employee satisfaction and performance (Ababneh, 2020). Although trust and satisfaction cannot increase the direct relationship between managers and performance, trust positively impacts satisfaction (Roberts and David, 2020). Previous empirical evidence revealed a substantial relationship between employee trust and satisfaction (Ko and Choi, 2019; Meng and Berger, 2019). Like the effect of trust on satisfaction, employee trust also positively affects increasing employee loyalty to the organization (Melián-Alzola and Martín-Santana, 2020). Researchers reveal that brand trust increases brand loyalty (Kalhor *et al.*, 2019). The result indicates that trust can increase customer loyalty (Paparoidamis *et al.*, 2019). This phenomenon emphasizes that the development of the concept of internal marketing must involve employees as consumers. Therefore, employee trust increases loyalty behavior (Boonlertvanich, 2019; Hung *et al.*, 2019). Thus, the formulated hypotheses are as follows:

- H4. Employee satisfaction has a positive effect on employee loyalty.
- H5. Employee trust has a positive effect on employee satisfaction.
- H6. Employee trust has a positive effect on employee loyalty.

#### 2.8 Role of employee trust and employee satisfaction as a mediator

Employee satisfaction is a strong bond and responsibility felt by employees towards their organization. Loyalty also shows employee loyalty and pride that they have become part of the organization (Avey *et al.*, 2012). Employee loyalty is created when there is a collaboration between leadership support, employee satisfaction and employee trust. A leader's support can increase employee commitment and emotional bond with the organization (Schaubroeck *et al.*, 2012). Meanwhile, employee satisfaction and employee trust are interactive phenomena in employee-leadership relationships (Chang *et al.*, 2010; Erawan, 2020). Leadership support creates positive working relationships to motivate

employees to take the best actions for the organization. A leader's support is shown from the leadership's efforts to appreciate the employees in ethical, fair and loyal ways (Sapta *et al.*, 2021; Tseng and Wu, 2017). When employees feel the integrity and benevolence of the leader, they have a positive perception of and trust in the leader (Hu *et al.*, 2019). Leadership support makes employees feel valued and respected to create employee trust and satisfaction (Ding and Jiang, 2021). In the hospitality industry, manager behavior significantly influences employee loyalty through leadership engagement (Book *et al.*, 2019; Ineson *et al.*, 2013). The leaders who prioritize and serve employees' needs positively affect employee loyalty, which is mediated by employee satisfaction. Thus, the formulated hypotheses are as follows:

- *H7.* Employee satisfaction as a mediator for the effect of leader support on employee loyalty.
- H8. Employee trust as a mediator for the effect of leader support on employee loyalty.

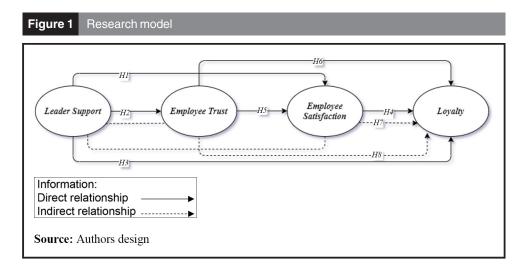
Figure 1 presenting the relationship between leader support, employee satisfaction, employee trust and loyalty in the hospitality industry.

# 3. Material and methods

# 3.1 Sampling method

This study's population was hotel employees spread across nine districts/cities in Bali, Indonesia. This study uses a questionnaire as a data collection tool. The questionnaire was distributed to hotel employees who have at least one year of work experience and are currently being discharged due to the Covid-19 pandemic. The researchers did not specifically classify the respondents, given the situation during the pandemic. However, in general, the targets for filling out the questionnaire were employees who are dismissed. The authors use these employees as research respondents to determine the dedication and integrity of employees towards the company. Also, to obtain information regarding the desire of hotel industry employees to return to work in this sector. Considering that the Covid-19 pandemic conditions lasted for a long time, people who work in the tourism sector look for alternative jobs in other sectors.

The questionnaire was created using google form and distributed using snowball sampling. Researchers use this method because they have difficulty identifying employees who are not actively working in the hotel sector. The sampling technique using snowball sampling is an efficient survey strategy used in populations challenging to reach and have diverse



characteristics (Goyder *et al.*, 1992; Perez *et al.*, 2013). This method refers to a recruitment technique. Each respondent was asked to recommend their friends or colleagues to participate in this study.

This study used a questionnaire with a Likert scale of 1–5, namely, 1 = strongly disagree until 5 = strongly agree. This study uses five answer choices to make it easier for respondents to distinguish each scale point. A Likert scale range more significant than five is seen as making it difficult for respondents to choose an answer. Also, odd answer choices (five) accommodate respondents' needs to give neutral answers. The number of hotel employees who filled out the questionnaire was 211 people who worked at 97 hotels in Bali. There is five respondent not filled out questionnaires. Therefore, the appropriate questionnaire to use was 206 questionnaires.

# 3.2 Measurement

This study uses the variables leader support, employee satisfaction, employee trust and loyalty. First, this study transforms ordinal data into interval data using the method of successive intervals. This method aims to make a sequence of values into successive intervals. The frequency distribution of each response will be accumulated as a cumulative proportion of the total score (Edwards and Thurstone, 1952). Next, the researcher calculated the mean value for the respondent's answers. The mean value is the process of finding the value by adding up the data divided by the sum of the data divided by the number of one per each data (Walpole, 1982). Based on the mean value, we categorize and classify the respondent's response-answer tendencies. Next, we identified a minimum score of 1, a maximum score of 5 and the width of the scale was 0.8. This range similar to previous studies from Sintaasih *et al.* (2019). The value of the width of the scale is obtained by deducting the maximum value minus the minimum value, then divided by five Likert scale ranges used in the questionnaire. The interpretation of the score for respondents' perceptions of the research questions is presented in Table 1 and Table 2.

Data collection using a questionnaire was carried out in two stages. The first stage, namely collecting data from 30 respondents to test the instrument through validity and reliability testing. The research instrument is declared valid if it has a product-moment correlation coefficient (r) higher than 0.3 (r> 0.3). Also, the instrument meets the criteria of reliability if it has a Cronbach's alpha value greater than 0.6 (CA> 0.6) (Hair *et al.*, 2016). In the second stage, researchers distributed questionnaires according to the needs or target samples. Furthermore, the data were analyzed using WarpPLS.

# 4. Research result

# 4.1 Respondent demographic information

Based on the data collected, the respondents' demographic information presenting in Table 3.

Table 1	Score interpretation	
	Score interpretation	
Leader su 1.00–1.80 1.81–2.61 2.62–3.42 3.43–4.23 4.24–5.00	1   2   3	Very Low Low Moderate High Very High
Source: A	Authors calculation	

No.	Variable/Indicators	Mean	Remark
Leader support		4.33	Very High
1	Granting autonomy	4.13	High
2	Opportunity to participate	4.40	Very High
3	Opportunities for growth	4.49	Very High
4	Respect employee ideas	4.37	Very High
5	Help employees	4.38	Very High
6	Provide information	4.41	Very High
7	Provide support to employees	4.16	High
Employe	e satisfaction	4.23	High
1	Feel appropriate to the job	4.34	Very High
2	The company is as expected	4.09	High
3	Have the satisfaction of working at the company	4.29	Very High
4	The company provides an experience	4.64	Very High
5	The company is better than others	3.94	High
6	The company gives everything	4.13	High
7	Impressed with the company	4.20	High
Employe	e trust	4.52	Very High
1	Give the best ability	4.62	Very High
2	Provide time	4.50	Very High
3	Follow the rules	4.62	Very High
4	Work with integrity	4.58	Very High
5	Count on the company	4.07	High
6	Work with responsibility	4.75	Very High
Employe	e lovalty	4.40	Very High
1	Emphasize the positive aspects	4.50	Very High
2	Defending the workplace	4.28	Very High
3	Never complained	3.87	High
4	Represent the company	4.58	Very High
5	Promote the company	4.66	Very High
6	Become part of the company	4.69	Very High
7	Loyal to the company	4.31	Very High
8	The company is a priority	4.32	Very High

Source: Authors calculation

Table 3 Respondent demographic information					
Employees detail (n = 206)	Frequency	(%)			
Gender Male Female Education Graduate Post Graduate	108 98 42 164	52.4 47.6 20.4 79.6			
Experience (in years) 1–10 11–20 21–30 and above Source: Authors calculation	182 13 11	88.4 6.3 5.3			

# 4.2 Outer and inner model measurement

The testing phase of testing was carried out to determine the results of the validity and reliability tests. The criteria for testing the validity and reliability of the model are convergent validity (Table 4), Discriminant Validity (Table 5), as well as composite reliability, and Cronbach's alpha (Table 6). The results of the validity and reliability tests for the variable

Variable	Indicator	Outer Loading (OL)
Leader Support (LS)	LS 1	0.833
	LS 2	0.910
	LS 3	0.922
	LS 4	0.917
	LS 5	0.895
	LS 6	0.885
	LS 7	0.816
Employee Satisfaction (ES)	ES 1	0.783
	ES 2	0.892
	ES 3	0.848
	ES 4	0.773
	ES 5	0.671
	ES 6	0.874
	ES 7	0.883
Employee Trust (ET)	ET 1	0.861
	ET 2	0.842
	ET 3	0.840
	ET 4	0.870
	ET 5	0.689
	ET 6	0.820
Employee Loyalty (EL)	EL 1	0.719
	EL 2	0.694
	EL 3	0.538
	EL 4	0.715
	EL 5	0.699
	EL 6	0.768
	EL 7	0.761
	EL 8	0.759

Source: Authors calculation

Table 5       AVE Values and correlation among variables						
Variable	AVE	LS	ES	ET	EL	
Leader support Employee satisfaction Employee trust Employee Loyalty	0.780 0.674 0.677 0.504	0.883 0.673 0.608 0.512	0.821 0.690 0.756	0.823 0.767	0.710	
Source: Authors calculation						

Table 6       Composite reliability, Cronbach's alpha, Q-Square and VIF's							
Variables	Composite reliability (CR)	Cronbach's alpha (CA)	Q <sup>2</sup> Coefficient	VIFs			
Leader support	0.961	0.953	_	2.023			
Employee satisfaction	0.935	0.918	0.585	3.167			
Employee trust	0.926	0.903	0.382	2.886			
Employee loyalty	0.889	0.857	0.695	3.270			
Source: Authors calculation							

leader support (X), employee satisfaction (Y1), employee trust (Y2) and employee loyalty (Y3) are presented in Tables 4, 5 and 6.

Based on Table 4, all statement items have an outer loading value greater than 0.6 (outer loading> 0.60). It can conclude that all statement items have met the requirements of convergent validity. The validity test is continued by evaluating discriminant validity by looking at the correlation value between variables compared to the average extracted root (AVE). The AVE value also shows that this study's variables meet the convergent criteria (cut off> 0.50).

Table 5 shows that the AVE value of all constructs is more significant than 0.50 (> 0.50), which indicates that this research model has met the discriminant criteria. This finding confirms the results of the validity of convergent validity. The test is done by checking the AVE root's value (diagonal), which has a higher value than the correlation between latent variables. Therefore, the model fulfills the specified discriminant validity. Furthermore, the reliability test was carried out by looking at the composite reliability and Cronbach's alpha, presented in Table 6.

Table 6 explains that all research constructs have met the criteria for composite reliability with a minimum value of 0.7 (CR> 0.7) and a Cronbach's alpha value greater than 0.6 (CA> 0.6). The variance inflation factors' value is smaller than 3.3 (VIFs <3.3), indicating that the model is free from multicollinearity. Also, the Q2 coefficient value of the dependent variable is 0.695, indicating that this research model has a significant goodness of fit value (Hair *et al.*, 2016). Testing the validity and reliability of the constructs shows that all variables used in the model are valid and reliable.

# 4.3 Hypotheses testing

The following hypothesis testing was carried out using SEM-PLS analysis. Hypothesis testing confirms the path coefficient and *p*-value, shown in Figure 2 and Table 7.

Based on Figure 2 and Table 7, this study obtains the information that leader support significantly affects employee satisfaction with the value of path coefficients of 0.406 and *p*-value <0.001 (*H1* supported). The results prove that the support of leaders increases the level of employee satisfaction. The results of *H2* testing also show that the support leader

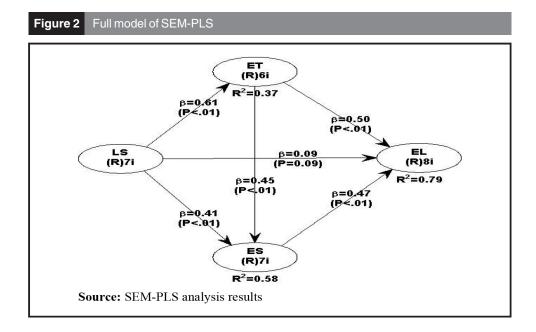


Table 7       Path coefficient of direct effect				
Influence between variables	Path coefficients	P-value	SE	Information
Leader support $\rightarrow$ Employee satisfaction Leader support $\rightarrow$ Employee trust Leader support $\rightarrow$ Employee loyalty Employee satisfaction $\rightarrow$ Employee loyalty Employee trust $\rightarrow$ Employee satisfaction Employee trust $\rightarrow$ Employee loyalty	0.406 0.612 0.091 0.472 0.447 0.499	<0.001 <0.001 0.093 <0.001 <0.001 <0.001	0.061 0.062 0.061 0.064 0.064 0.061	H1 supported H2 supported H3 rejected H4 supported H5 supported H6 supported
Source: Authors calculation				

has a significant effect on employee trust with path coefficients of 0.612 and p-value <0.001 (*H2* supported). However, the results of testing *H3* indicate that leader support has no significant effect on employee loyalty with a path coefficients value of 0.091 and *p*-value 0.093 (*H3* not supported).

Other results found that employee satisfaction significantly affected employee loyalty with a path coefficient value of 0.472 and *p*-value <0.001 (*H4* supported). Likewise, the results of the *H5* test revealed that employee trust significantly increases employee satisfaction. The path coefficients indicate these results value 0.447 and *p*-value <0.001 (*H5* supported). Statistical analysis for *H6* reveals that employee trust significantly increased employee loyalty, as indicated by the path coefficients value of 0.499 and <0.001 (*H6* supported). This study also conducted statistical tests on the role of employee satisfaction and employee trust, which are presented in Table 8.

Based on the results in Table 8, the mediation test conducted using the Sobel Test. The result shows that the employee satisfaction variable is proven to mediate leader support on employee satisfaction. The results of this test are indicated by the Sobel test statistic value of 4.9411 > 1.96. Thus, these statistical results support *H7*. Likewise, the results of other mediation tests also show that employee trust is proven to mediate the effect of leader support on employee loyalty with a statistical Sobel Test value of 6.2985 > 1.96. Therefore, these results support *H8*.

# 5. Discussion

*H1* result proves that the support of leaders increases employee satisfaction. Employee satisfaction is an essential factor in determining employee behavior (Chen and Wang, 2019). Satisfaction shown is highly dependent on organizational behavior (Chandra *et al.*, 2019), such as employee commitment (Lok and Crawford, 1999; Rustiarini *et al.*, 2021). Employee satisfaction is defined as an emotional state that arises from employees' assessments (Al-Sada *et al.*, 2017; Chang *et al.*, 2010). This condition will determine whether to move to another workplace (Liu *et al.*, 2020) or reduce the desire to change jobs (Tuten and Neidermeyer, 2004). One of the factors that determine employee satisfaction is leadership support. A capable leader always provides direction to the organization and its followers to achieve the expected goals. Leadership support will motivate subordinates to

Table 8       Results of the mediatio	n test		
Leader Support $\rightarrow$ Employee Satisfaction $\rightarrow$ Employee Loyalty	$0,406.0,472/\sqrt{(0,472^2.0,061^2) + (0,406^2.0,064^2)} = 4,9411$	1,96	H7 supported
Leader support $\rightarrow$ Employee loyalty trust $\rightarrow$ Employee loyalty	$0,612.0,499/\sqrt{(0,499^2.0,062^2) + (0,612^2.0,064^2)} = 6,2985$	1,96	H8 supported
Source: Authors calculation			

complete tasks well to foster employee job satisfaction (Kiarie *et al.*, 2017). Previous studies revealed that employees feel more satisfied in performing their job functions when they get support from superiors, such as a positive work environment, high morale and supporting resources to complete the assigned tasks (Xu *et al.*, 2017). Employee job satisfaction is primarily determined by exchanging ideas between leaders and subordinates (Eşitti and Kasap, 2020). Liu *et al.* (2020) prove that instructional and distribution leadership has been shown to increase employee job satisfaction, both directly and indirectly. Also, transformational leadership is seen as a sound strategy for creating job satisfaction in the work environment (Boamah *et al.*, 2018; Mufti *et al.*, 2020). These results confirm previous research (Boamah *et al.*, 2018; Eşitti and Kasap, 2020; Liu *et al.*, 2020; Mufti *et al.*, 2020).

H2 also shows that the support leader has a significant effect on employee trust. Trust is defined as a psychological condition that is vulnerable to other parties' actions based on the expectations of positive behavior and others' intentions (Asencio, 2016; Melewar et al., 2016; Men et al., 2020). The concept of trust is associated with each individual's attribution to the intentions and motives underlying their behavior (Zeffane and Melhem, 2017). Furthermore, trust is stated as an essential aspect in building long-term relationships. Employee trust has been demonstrated through trust in management, trust in supervisors and co-workers' trust. Trust in a supervisor is a perception of trust in the supervisor. Its effect is based on supervisor characteristics, such as integrity, accountability, transparency, openness, predictability and consistency (Xiong et al., 2016). Supervisors' consistency in exercising control, either through words or actions, is related to employee trust (Wang and Hsieh, 2013). Leaders create a virtual environment to provide fair treatment and respect for subordinates. Besides, subordinates tend to believe in leaders that are consistent and keep promises. Previous research revealed that leadership support fosters subordinates' confidence and increases their confidence in completing the assigned tasks (Mo and Shi, 2017). In the hospitality industry, the form of support from leaders is shown in the development programs, regulations and systems that apply to hotels. Thus, employees tend to feel satisfied and trust the organization. The results support previous studies' results (Kelloway et al., 2012; Wang and Hsieh, 2013; Xiong et al., 2016).

Contrary to the two previous results, H3 state that leader support has no significant effect on employee loyalty. The study results contradict the study results by Wang, Lu and Liu (2017) that employee loyalty refers to behavior to engage in organizational interests. Theoretically, the increase in employee loyalty is primarily determined by a leader's support (Asmussen and Ramey, 2018; Book et al., 2019; Flores-Zamora and García-Madariaga, 2017; Ineson et al., 2013). However, the findings show that leader support cannot increase the effect of employee loyalty. This result may be due to various factors. First, leaders are not ready for a pandemic that has suddenly occurred and for a long time. Pandemic is a test for business leaders to fight to save organizations and jobs. Leaders' unpreparedness in overcoming pandemic situations has prevented leaders from minimizing the negative impact of the pandemic on organizations and employees. As a result, leaders make decisions that are seen as detrimental to employees, such as layoffs. Second, there is a possibility that the leader does not have crisis management competence, especially related to human resource management (Dirani et al., 2020). In a pandemic situation, leaders should provide emotional and interpersonal support, psychological empowerment, positive reinforcement and maintain employee interactions (Dirani et al., 2020). Leaders also need to communicate the general condition of the hospitality business, including the company's current position, so that employees can understand the company's decisions and adapt to the pandemic situation. Intensive communication is an integral part of crisis management which aims to maintain employee trust in the company. Unpreparedness and lack of management competence, of course, have negative consequences for employees. Employees feel that the leadership is not trying to keep them as intangible assets of the company. This condition allows employees to find other job alternatives outside the hotel industry. As a result, leader support is unable to increase employee loyalty. The uncertainty of a pandemic situation affects employees in providing perceptions of leader support resulting in differences in the findings of previous studies. The failure to reveal the phenomenon makes testing the loyalty model amid a pandemic very difficult because many situations need to be considered and studied further.

H4 found that employee satisfaction significantly affected employee loyalty. Employee loyalty is defined as the intention and dedication to always be with the organization and develop its business. It can be said as an employee's voluntary commitment and participation to the organization and assumes that he is an inseparable part of the organization. Loyalty is more action-oriented because it relates to employee behavior. Employee satisfaction is a predictor of loyalty (Chao and Cheng, 2019; Hung et al., 2019). Several empirical findings suggest that employees that have fewer complaints will be more productive in their activities. They are willing to extend the employment contract with their supervisor and company and have a lower probability of leaving the organization (Farrukh et al., 2019). Therefore, job satisfaction is a way to attract and retain the best people in the organization (Kiarie et al., 2017). This behavior includes the extent to which employees are committed and responsible for the work performed. Involvement and relationships between employees also support employees' desire to be more loyal to the organization (Book et al., 2019). Therefore, employee satisfaction will increase employee loyalty (Boonlertvanich, 2019; Jun et al., 2006). The results support previous findings (Boonlertvanich, 2019; Chang et al., 2010; Hassan et al., 2013; Hung et al., 2019).

Statistical analysis for H5 reveals that employee trust significantly increases employee satisfaction. Employee satisfaction is defined as an emotional state that arises from employees' assessments (Al-Sada et al., 2017; Chang et al., 2010), related to employee feelings about work (Hassan et al., 2013). Employee satisfaction levels are associated with work, compensation and employers (Ko and Choi, 2019). However, employee satisfaction is determined mainly by employees' trust in the leadership and organization. The leadership's ability to manage human resources well is believed to contribute to employee satisfaction (Bahadur et al., 2020). The Braun et al. (2013) research proves that employees' trust in leaders and organizations increases employee perceptions of job satisfaction. Before being involved in a work engagement, employee cognition will form a perception of the organization. When employees judge that the organization compensates and meets employees' psychological needs, cognitive trust contributes to employee satisfaction (Yao et al., 2019). Thus, employee trust has a vital role in increasing employee satisfaction (Ababneh, 2020). The study results confirm the findings (Boonlertvanich, 2019; Hung et al., 2019; Kalhor et al., 2020; Melián-Alzola and Martín-Santana, 2020) trust affect employee satisfaction.

The results of the *H6* test revealed that employee trust significantly increased employee loyalty. Employee loyalty is influenced by not only employee satisfaction but also employee trust. Like the effect of trust on satisfaction, employee trust also positively affects increasing employee loyalty to the organization (Melián-Alzola and Martín-Santana, 2020). Employee trust fosters individual moral norms to direct loyal employees to the organization. Employee trust is the foundation of a long-term relationship between employees and the organization. Employees' trust in the leadership and organization produces positive affection that encourages employees to commit to staying loyal to their current job (Kayeser Fatima and Abdur Razzaque, 2014). Researchers reveal that brand trust increases brand loyalty (Kalhor *et al.*, 2020). The result indicates that trust can increase customer loyalty (Paparoidamis *et al.*, 2019). This phenomenon also emphasizes that the development of the concept of internal marketing must involve employees as consumers. Therefore, employee trust can increase loyalty behavior (Boonlertvanich, 2019; Hung *et al.*, 2019). The results support previous empirical evidence that employee trust affects employee loyalty (Ababneh, 2020; Song *et al.*, 2019).

*H7* is formulated that employee satisfaction is a mediator for leader support on employee loyalty. The Sobel Test's mediation test shows that employee satisfaction acts as a mediating variable (fully mediation) of the relationship between leader support and employee loyalty (Chang *et al.*, 2010; Matzler and Renzl, 2006). This result indicates that employee satisfaction is a critical factor in increasing employee loyalty. Employee satisfaction is a strong bond and responsibility felt by employees towards their organization. Loyalty also shows employee loyalty and pride that they have become part of the organization (Avey *et al.*, 2012). Employee satisfaction is an interactive phenomenon in the relationship between employees and leaders (Erawan, 2020). The support of a leader increase employee commitment and emotional bond (Schaubroeck *et al.*, 2012). In the hospitality industry, manager behavior significantly influences employee loyalty through leadership engagement (Book *et al.*, 2019; Ineson *et al.*, 2013). Leaders who prioritize and serve employees' needs positively affect employee loyalty, which is mediated by employee satisfaction. Thus, employee satisfaction mediates the leadership support and employee loyalty relationship.

*H8* that employee trust acts as a mediator for leader support on employee loyalty. The statistical result shows that employee trust has been shown to play a role as complete mediation in increasing the effect of leader support on employee loyalty (Ababneh, 2020; Ko and Choi, 2019; Roberts and David, 2020). Leadership support creates positive working relationships to motivate employees to take the best actions for the organization. A leader's support is shown from the leadership's efforts to respect employees ethically, fairly and loyally (Tseng and Wu, 2017). When employees feel the integrity and benevolence of the leader, they have a positive perception of and trust in the leader (Hu *et al.*, 2019). Leadership support makes employees feel valued and respected, thus engender employee trust. These results indicate that leader support does not directly increase employee loyalty. However, this study proved that employee trust could increase leader support on employee loyalty.

## 6. Conclusion, implication and limitation

## 6.1 Conclusion

One of the efforts that organizations can make in dealing with the slowdown due to the Covid-19 pandemic is to increase innovation and sustainability (Arsawan *et al.*, 2021); preparing a sustainability strategy (Cavaleri and Shabana, 2018), increasing the role of leadership (Meng and Berger, 2019). This effort was made to increase employee trust (Xiong *et al.*, 2016) and job satisfaction (Meng and Berger, 2019), and they become more creative and have high performance (Hsieh and Wang, 2015). A leader plays a role in maintaining the organizational environment to remain stable and conducive (Cheung and Wong, 2011) and increase innovative work behavior (Arsawan *et al.*, 2020). Through this support, employees are expected to have employee satisfaction to become more enthusiastic at work. Also, the support of a leader can keep employees' trust in the organization and increase satisfaction and maintain their loyalty (Sharkie, 2009). Thus, leadership support can help organizational culture and climate (Jain *et al.*, 2015; Nguyen *et al.*, 2019).

## 6.2 Implication

*6.2.1 Theoretical implications.* This study aims to examine and explain the role of leader support on employee satisfaction, trust and loyalty. There are several contributions to the literature. First, leader support does not directly impact employee loyalty. Leader support only affects when mediated by employee satisfaction and employee trust. Meanwhile, employee satisfaction and employee trust can directly increase employee loyalty. This fact provides a theoretical lens from a different social exchange theory perspective (Blau, 1964).

These results indicate that employees have their perspectives on the organization. The finding means that employee loyalty is not determined by manager support because they think that social exchange can justify employee behavior regarding the desire to change jobs.

Second, the analysis results for indirect effects show that employee satisfaction and employee trust are proven to mediate the effects of leader support on employee loyalty. Specifically, employee satisfaction acts as a fully mediating variable in the relationship between leader support and employee loyalty. These results interpret to build loyalty, and leaders must make employees feel satisfied with the work they do in the organization (Chang *et al.*, 2010; Matzler and Renzl, 2006). Third, employee trust has also been shown to play a role as a full mediator of the relationship between leader support and employee loyalty. This condition reflects that leaders play an essential role in increasing employee confidence in the organization's sustainability. Thus, employee trust creates employee loyalty (Ababneh, 2020; Ko and Choi, 2019; Roberts and David, 2020).

*6.2.2 Managerial implications.* This study provides four managerial implications. First, in conditions of uncertainty and crisis, the leaders' role is vital in dealing with change and directing the organization towards the recovery process (Giousmpasoglou *et al.*, 2021). Therefore, leaders must have knowledge and competencies related to crisis management, particularly in human resource management. The Covid-19 pandemic that lasted for a long time reduced employee loyalty. This condition potentially caused the hotel industry will to lose their potential employees. Leaders need to provide assistance, consultation and communicate effectively to employees in adapting to pandemic conditions (Dirani *et al.*, 2020). Thus, leadership support can increase employees' organizational commitment, such as emotional feelings, identification and regard for the organization as part of their lives.

Second, the results imply a view that the employee turnover rate is correlated with employee loyalty. As a result, employees feel that employee loyalty is not influenced by leadership support. Before pandemic situations, this condition does not significantly affect the performance of the hotel industry. However, employees will feel it differently when they are in an unexpected situation, such as the Covid-19 pandemic. During a pandemic, where most employees are dismissed or experience layoffs, employees certainly desire to return to work in the hospitality industry. This situation becomes a momentum for top dreamers to show their support to employees. One effort that can do is to call them back to work. This condition is aimed at actualizing leadership support for employees and fostering employee loyalty to the organization. Thus, this study contributes to organizational leaders being more skilled in managing human resources, such as maintaining employee loyalty.

Third, for tourism business managers in city tourism, the city is no longer just a point of departure or transit for a trip but becomes a location for attractions or the destination of a person's journey (Postma *et al.*, 2017). However, the pandemic has reduced the activities of urban communities to hold business mobility between cities, thus having a substantial impact on tourism growth in urban areas. Bell *et al.* (2009) finding that urban areas are more vulnerable to public health crises than rural areas. As a result, the COVID-19 pandemic drastically hit the tourism industry in urban destinations.

Fourth, it is undeniable that the Covid-19 pandemic has had a devastating impact on urban tourism (Barbhuiya and Chatterjee, 2020; Gössling *et al.*, 2020; Karim *et al.*, 2020), particularly in cities in Bali, Bangkok, Osaka and Phuket. These four tourism areas have had the most negative tourism performance since the pandemic (Anguera-Torrell *et al.*, 2021). This condition is because tourism in this country is very dependent on international tourists. This pandemic has pushed hotel employees to look for alternative jobs outside the hotel sector. Therefore, the support of leaders that have been provided through policies needs to be communicated through inter-personal approaches to increase employee loyalty. Also, an excellent human resource management policy can reduce the turnover rate of employees that has been happening in the hotel industry.

Fifth, the Covid-19 pandemic requires an appropriate response from the government in making policies and strategic plans (Sharma *et al.*, 2021). The recovery process runs well for resilient cities (McCartney *et al.*, 2021). In this context, the government and hotel managers can build synergies to recover urban tourism to build sustainable tourism and improve the economy.

# 6.3 Research limitations

This study has limitations. First, the testing of this research model is related to the Covid-19 pandemic. In this case, this study's results are likely to have different results than when tourism conditions before the pandemic. Thus, further research can test the conceptual framework during the transition or recovery period. Second, the role of managers in this study is to increase employee trust and satisfaction to make employees loyal to the organization. The research model can be developed by adding variables resulting from employee loyalty behavior, such as employee performance, innovative behavior, or organizational performance. Also, researchers can consider the use of moderating variables such as organizational culture, communication and psychological contracts. Third, considering that this research uses a self-assessment report approach carried out by employees when working from home, changes in the work environment and economic problems may affect respondents' psychological condition when filling out the questionnaire. Fourth, specifically in this paper, the criteria for respondents and objects have not been precisely determined. Generally, the research respondents are hotel industry employees that are laid off. However, researchers cannot control whether the pandemic situation will affect their answers to the questions presented on the questionnaire. Therefore, that there may be biased results that have not been explained in this study. This condition is one of the limitations of this study. Future research suggests comparing employee behavior during a pandemic and after a pandemic to obtain comprehensive research results.

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