

# THE EFFECT OF TRAINING AND COMPENSATION MANAGEMENT ON EMPLOYEE'S PERFORMANCE

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Abstract; Influence of Management Training and compensation for employee work performance at PT Gajah Tuggal Indonesia, namely to determine the effect of training and compensation on employee work at PT Gajah Tuggal Indonesia, and to find compensation together for employee work at PT Gajah Tuggal Indonesia. The sample type that will be used is random sampling, the number of samples is 85 respondents, the type of data used consists of primary and secondary data, with data collection tools, literature studies and field research with observations, interviews, questionnaires, statistical analysis using statistical software programs for Social Sciences (SPSS) Release 17.0, the results of the normality test based on the One-Sample Kolmogorov - Smirnov Test table show a value of p> 0.05, then the Training data variable (X1), compensation (X2), and work performance can be said to be normal, The homogeneity test results show F-test <Ftable (1,170 <3,95) and  $\rho$ > 0,05 (0,102> 0,05), it can be said that the variable data is Training (X1), compensation (X2), and work performance (Y) is homogeneous.

Keywords: The Effect, Training & Compensation, Employee's Performance Management

#### I. Introduction

#### A. Background

Efforts in the aim of the company's ignition, problems faced by management not only in raw materials, work tools, production machinery, money and the work environment, but also concerning employees (human resources) who manage these production factors. But keep in mind that human resources themselves as factors of production, like other production factors, are inputs that are processed through stages and results.

The importance of the Training program has finally become a necessity and the need for companies that want to improve their capabilities, knowledge and experience at all levels of the organization. Companies must be able to identify organizational needs, individuals, models, and types of development training as well as levels / departments to be trained so that they can be adjusted to the goals to be achieved so as to open up opportunities for skills, knowledge and experience to better work in the future.

Effective training programs can improve organizational performance, skills, attitudes / morals and potential (Gomes, 2003). To see the effectiveness of education and training programs, companies need to assess changes in attitudes and skills. An assessment of changes in employee attitudes and skills is needed, or an increase in work performance. In addition, the implementation of education and training is expected to support the career of employees that can be achieved during their tenure. The implementation of education and training must have various benefits for the development of long-term careers that help to receive greater duties and responsibilities in the future.

Problems that arise in training conducted by companies are often not in accordance with the needs of the organization, tasks and individuals so that it does not support employee performance and career performance while the costs incurred are quite large. Research conducted by Gomes (2003) Training conducted often does not solve the problems faced by the company due to the selection of the wrong mode. This is because the company does not have a program and development. The results of Tan and Derek's research on 138 large companies in Hong Kong, only 37% of companies have programs and development.

Training is any effort to improve the performance of a particular job that is being its responsibility, or a job that has to do with its work, According to Rusell in Gomes, 2003: h. 197. Training a process to change systematic employee behavior within a framework of goals to improve organizational goals (Ivacevich in Ismanto 2004: p. 44). Training for Employees is a process of teaching certain knowledge and skills and attitudes so that employees are more skilled and able to carry out their responsibilities better, according to standards (Mangkuprawira, 2004: p. 135).

An employee's work performance is also influenced by the compensation he receives, the basic motivation of most people being employees in a particular organization is earning a living. It means that if one person uses knowledge, skills, energy and some of his time to work for an organization, on the other hand he expects to receive certain rewards according to the formula (Siagian, 2006: p. 252). Compensation includes direct cash payments, indirect payments, in the form of employee benefits, and incentives to motivate employees to work hard to achieve higher productivity goals, according to opinion (Wayne in Mangkuprawira, 2004: p. 196).

Employee work performance is a periodic assessment of the value of an Employee individual for his organization, carried out by his supervisor or someone who is in a position to observe / assess his work performance (Belows in Ruky, 2006: p. 12).

## II. Formulation & Limitation Of Problems

#### **B.** Limitation of Problems

Based on identification of problems, the problem can be limited to:

- 1. Effects of Training on Employee performance at PT Gajah Tuggal Indonesia.
- 2. Effect of compensation on employee performance at PT Gajah Tuggal Indonesia.
- 3. The effect of training and compensation together on employee work performance at PT Gajah Tuggal Indonesia.

C. Problem Formulation

Based on the limitation of the problem, the writer can formulate the problem as follows:

- 1. Is there a significant influence between the Training on Employee performance at PT Gajah Tuggal Indonesia?
- 2. Is there a significant influence between compensation for employee performance at PT Gajah Tuggal Indonesia?
- 3. Is there a significant influence between training and compensation together on the work performance of employees at PT Gajah Tuggal Indonesia?

#### **III. Purpose Of Research**

#### **D.** Purpose of Research



Before the implementation of a Training program is made, it must first know the purpose of the training program. According to William B. Werther and Keith (1993: p. 309) states that the objectives to be achieved from training are:Improves the job knowledge and skill at all level of organization,

- 1. Improves the morale of the work force,
- 2. Aids in developing leadership skill, motivation, loyality, better attitudes and other aspects that successful worker and manager usually display,
- 3. Aids in increasing productivity and/ or quality of work,
- 4. Help employees adjust to change,
- 5. Help the individual in making better decision and effective problem solving

# **IV.** Discussion

## E. Variables and measurements

Variables are objects of research or something that is the focus of research (Arikunto, 2002: p. 96). Because the variable is the object of research, according to Nazir Moh, (2003: p. 149). variable is a concept that has various value.

- 1. Definition of Variables
  - a. Independent variable/Independent variable; The independent variable according to Sugiyono (2005: p. 3) is: Variables that are the cause of the emergence or change of the dependent variable (dependent variable). So the independent variable is the variable that affects. there are 2 (two) independent variables, namely: Training (X1) and compensation (X2).
  - b. Dependent variable. Non-independent variables according to Sugiyono (2005: p. 3) are: Variables that are affected or which are due, because of the existence of independent variables. There is 1 (one) dependent variable, namely: Job performance (Y).
- 2. Measurement of Variables

In this study the questionnaire list was arranged based on the attitude scale of the Likert Model, namely the attitude scale that contained attude statements. the selected questions are based on the quality of the content and statistical analysis of the ability of the question in revealing the group's attitude. The subjects responded with five categories of agreement, namely (Saifuddin Azwar, 2005: p. 97-98):

- a. Answer A (strongly agree) score = 5
- b. Answer B (agree) score = 4
- c. Answer C (doubtful) score score = 3



- d. Answer D (disagree) score = 2
- e. Answer E (strongly disagree) score = 1

To find out the effect between training and compensation for work performance is done with a Likert scale developing a measurement procedure with a scale, which represents a bipolar continuum. At the left end (with a low number) describes a negative answer, while the right end (with a large number) describes a positive answer.

Alternative answers	Favorable	Unfavorable
SS	5	1
S	4	2
R	3	3
TS	2	4
STS	1	5

Table 4.1. The Scale of the Answer Rating Given by the Subject

Source: Sutrisno Hadi, (1991: p. 145)

Favorable item group consists of statements that are supportive or supportive of the attitude object, while unfavorable items consist of statements that are negative or do not support the object of attitude.

In this study, respondents' responses to training, compensation, and employee performance were classified into five categories: strongly disagree, disagree, doubt, agree, and strongly agree. Where the boundaries of each assessment category are determined by multiplying all data frequencies by their weight values, while the scale ranges are determined by the formula: (Umar, 1998: h.117)R<sub>s</sub> =  $\frac{N(m-1)}{m}$ 

Where :

N = Number of respondents

Process steps:

- a. Determine the lowest and highest score by multiplying the number of samples with the lowest and highest weight, obtained the lowest scale range 1 x 85 = 85, and the highest scale range 5 x 85 = 425.
- b. Range of each criterion

Scale range,  $R_s = \frac{N(m-1)}{m}$ 

$$R_s = \frac{85(5-1)}{5} = 68$$



- c. Skala penilaian tiap kriteria:
  - 1) Total score 85 153 = Very low
  - 2) Total score 153 221 = Low
  - 3) Total score 221 289 = Medium
  - 4) Total score 289 357 = High
  - 5) Total score 345 425 = Very high

#### d. Testing Analysis Requirements

Before ordering the hypothesis, the prerequisites for analyzing the research data that will be in the TEST first, such as TEST normality, and TEST homogeneity are first carried out. The prerequisites are described as follows:

#### 1. Normality TEST

This TEST is done using the Kolmogorov - Smirnov Goodness of Fit Test technique. This technique is used because the data to be tested is in the interval level ((Engineering Statistics Handbook) and Garson (2003)). In addition, this technique is more stringent than X because this technique treats individual observations separately so that unlike X, there is no need to lose information because of making categorization (Siegel, 1956: p. 51). A data is said to be normal if the value of p> 0.05 (Field, 2000: p. 46). Normality TEST Results, Source: SPSS Output 17.0, 2018

Based on the One-Sample Kolmogorov-Smirnov Test table, it can be explained that the value of p = 0.357 for the Training variable (X1) means the value of p > 0.05, then the value of p = 0.473 for the compensation variable (X2) means the value of p > 0.05, and the value of p = 0.118 for the variable work performance (Y) means the value of p > 0.05, this indicates that the variable data is Training (X1), compensation (X2), and work performance (Y) can be said to be normal. For more details, it can be described by the normality Search TEST diagram, as follows:

#### Normal P-P Plot of Regression Standardized Residual



Source: SPSS 17.0, 2018 Output (Figure 1. Normality TEST Scatter Diagram)

Description: Visible distribution of data from variables clustered around the TEST line that leads to the upper right, and no data is spread far from the distribution of data. Thus, the data is said to be normal.

# 2. Homogeneity TEST

Levene's approach will usually be directly presented by SPSS when we conduct independent F-tests for samples. From the F-test values obtained from the F-test compared to Ftable. Hypothesis:

Ho: the data is Homogeneous

Ha: No Homogeneous data

From the output it looks:

Sig value. <5% so Ho is rejected, meaning that all values are not homogeneous. Sig value. >5% so Ho is rejected, meaning the value is all homogeneous.

Description: Visible distribution of data from variables clustered around the TEST line that leads to the upper right, and no data is spread far from the distribution of data. Thus, the data is said to be normal.

Homogeneity TEST Results (Source: SPSS Output 17.0, 2018), TEST homogeneity with the following results: Based on the calculation results show F-test = 1.170 with  $\rho$  = 0.102 and Ftable (n-2). (1) df: (85-2) (2-1). 0.05 = 83. 0.05 = 3.95, this means F-test <Ftable (1,170 <3,95) and  $\rho$ > 0,05 (0,102> 0,05), it can be said that the variable data is Training (X1), compensation (X2), and work performance (Y) is homogeneous.

# 3. Testing the Hypothesis

Next is a discussion of the hypothesis in this study, the author describes the influence between the independent variables and the dependent variable. TEST First Hypothesis

The formulation of the first hypothesis is: Ha1: There is a significant (real) influence between education and training on work performance, to find out the hypothesis above, a simple regression TEST is carried out between the education and training variables as independent variables on work performance variables as

Table 4.4 Results of Simple Regression Between Training on Work Achievement



				Standardized		
		Unstandardize	d Coefficients	Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	6,026	2,715		2,220	0,029
	X1	0,248	0,052	0,334	4,777	0,000

Dependent Variable: Y (Source: SPSS Output 17.0, 2018)

The regression equation in the table above is as follows:  $\hat{Y} = a + b_1X_1 + e$   $\hat{Y} = 6,026 + 0,248 X_1 + e$ 

Based on the results of processing SPSS 17.0 obtained a constant of 6.026 states that the work performance variable is considered constant, then the regression coefficient of education and training variables is equal to 0.248. Then for the regression coefficient of education and training variables of 0.248 states that if education and training increase by one unit then work performance will increase by 0.486 This can be explained in Figure 5.6 below.

Figure 2. Graph of Simple Regression Equations for Training on Job Performance



Source: Processed Data, 2018

In table 4.42 above, it shows that tcount is 4.777 and t table, i.e. (n-k).  $\alpha =$  (85 - 2). 0.05 = 1,992, so that tcount> t table (4,777> 1,992) and a significance value of 0,000 less than 0.05 (0,000 <0,05), it can be concluded that there is a significant (real) influence between training on employee performance. Thus accepting Ha1 statement and rejecting Ho1, it can be explained in the following distribution curve image;





Figure 3. Acceptance and Rejection Distribution Curve Ho1

Compensation test for work performance, to find out the hypothesis above, then do a simple regression TEST between compensation variables as independent variables (independent) to work performance variables as dependent variables. Regression testing results are as follows:

Table 4.5 Results of Simple Regression Between Compensation Against Work Performance

				Standardized		
		Unstandardize	d Coefficients	Coefficients		
	Model	В	Std. Error	Beta	t	Sig.
1	(Constant)	6,026	2,715		2,220	0,029
	X2	0,660	0,075	0,619	8,854	0,000

Dependent Variable: Y, Source: SPSS 17.0, 2018

The regression equation in the table above is as follows:  $\hat{Y} = a + b2X2 + e$  $\hat{Y} = 6.026 + 0.660 X2 + e$ 

Based on the results of processing SPSS 17.0 obtained a constant of 6.026 states that the work performance variable is considered constant, then the regression coefficient of variable compensation is 0.660. Then for the regression coefficient value of compensation variable of 0.660 states that if compensation rises by one unit then work performance will increase by 0.660. This can be explained in the image below. In the picture of a Simple Compression Regression Equation Chart Against Work Performance



Gambar 4. Grafik Sumber: Data Diolah, 2018

In table 4.43 above shows that tcount is 8.854 and ttabel, i.e. (n-k).  $\alpha = (85 - 2)$ . 0.05 = 1.992 so that tcount> t table (8.854> 1.992) or with a significance value of 0.000 smaller than 0.05 (0.000 <0.05), it can be concluded that there is a significant (real) effect between compensation for employee performance. Thus accepting Ha2 statement and rejecting Ho2, can be explained in the following distribution curve image;





# **TEST** Third Hypothesis

The formulation of the third hypothesis is: Ha3: There is a significant (real) influence between training and compensation together on work performance. To find out the hypothesis above, a multiple regression analysis is conducted between the Training variable and compensation as the independent variable (independent) on the work performance variable as the dependent variable. The results of the regression test are as follows:



Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,865 <sup>a</sup>	0,749	0,743	0.58867

Tabel 4.6Model Summary

Source: SPSS Output 17.0, 2018

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

In table 4.44 shows the value of Coefficient Colleration (R) which means that training and compensation have a relationship together with work performance of 0.865 means that it has a very strong relationship. The value of R lies in the internal location of the coefficient of 0.800 - 1,000. (Sugiyono, 2005: p. 216).

The model RSquare value is 0.749, meaning that the Training and compensation variables can explain the work performance variable linearly at 74.9%. Or there are 25.1% which cannot be explained linearly by Training and compensation variables, so Training and compensation are very good variables to explain work performance. The Results of Multiple Regression Between Joint Training and Compensation Against Work Achievement

Table 4.7 Dependent Variable: Y

U		Unstar	ndardized	Standardized		
	Coefficients		Coefficients			
Model		В	Std. Error	Beta	t	Sig.
1	(Consta nt)	6,026	2,715		2,220	0,029
	X1	0,248	0,052	0,334	4,777	0,000
	X2	0,660	0,075	0,619	8,854	0,000

Source: SPSS Output 17.0, 2018

The regression equation in table 4.45 is as follows:  $\hat{Y} = a + b_1X_1 + b_2X_2 + e$  $\hat{Y} = 6,026 + 0,248X_1 + 0,660 X_2 + e$ 



Based on table 4.45, it can be explained that the constant of 6.026 states that if it is not influenced by training and compensation variables, the resulting work performance variable is 6.026.

		Sum of				
Model		Squares	df	Mean Square	F	Sig.
1	Regression	84,690	2	42,345	122,195	0,000 <sup>a</sup>
	Residual	28,416	82	0,347		
	Total	113,106	84			
a. <i>Predi</i>	ctors: (Constan	nt), X2, X1			Į	

Tab		1	0	1	
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# Source: SPSS Output 17.0, 2018

The Anova TEST results show that the F count value is 122,195 with a significance level of 0,000. This value is then compared to the Ftable value calculated in the numerator free degree (df numerator) of 2 and the denominator's free degree (df denominator) of 82 at 0.05 whose value is 3.41. it seems very clear that the value of Fcount> Ftable (122.195> 3.41), so it can be concluded that the resulting model is good and work performance can be explained together by Training and compensation, thus the third hypothesis is proven that there is a significant (real ) between training and compensation together on employee work performance by accepting Ha3 and rejecting Ho3.





TEST normality results based on the One-Sample Kolmogorov-Smirnov Test table can be explained that the value of p = 0.357 for the Training variable (X1) means the value of p > 0.05, then the value p = 0.473 for the compensation variable (X2) means the value p > 0.05, and the value p = 0.118 for work performance variable (Y) means p value> 0.05, This indicates that the variable training data (X1), compensation (X2), and work performance (Y) can be said to be normal.

The TEST homogeneity results obtained by F-test = 1,170 with  $\rho = 0,102$  and Ftable (n-2). (1) df: (85-2) (2-1). 0.05 = 83. 0.05 = 3.95, this means F-test <Ftable (1,170 <3,95) and  $\rho$ > 0,05 (0,102> 0,05), it can be said that the variable data is Training (X1), compensation (X2), and work performance (Y) is homogeneous. The calculation of simple regression analysis on the variables of education and training on work performance produces a regression direction (b1) of 0.248 and a constant (a) of 6.026. Thus the form of the relationship between the two variables can be described by the regression equation  $\hat{Y} = 6.026 + 0.248 X1$ . Furthermore, the positive value of 0.248 contained in the regression coefficient of education and training variables illustrates that the direction of the relationship between education and training variables with work performance variables is in the same direction;

where the increase in one unit of education and training variables will cause an increase in work performance of 0.248. Test the significant correlation coefficient by comparing tcount to ttable at a significant level. It is known that the tcount> ttable (4,777> 1,992) or with a significance value of 0,000 less than 0,05 (0,000 <0,05), indicates that there is a significant (real) effect between education and training on employee performance at PT Gajah Tuggal Indonesia. The calculation of a simple regression analysis of the compensation variable on work performance results in a regression direction (b2) of 0.660 and a constant (a) of 6.026. Thus the form of the relationship between the two variables can be illustrated by the regression equation  $\hat{Y} = 6.026 + 0.660 X2$ .

Furthermore, the positive value of 0.660 contained in the regression coefficient of the compensation variable illustrates that the direction of the variable compensation relationship with the work performance variable is in the same direction; where the increase in one unit of compensation variable will cause an increase in the variable work performance of 0.660. Test the significant correlation coefficient by comparing tcount to ttable at a significant level. It is known that the tcount> ttable (8.854> 1.992) or with a significant (real) effect between compensation for employee work performance at PT Gajah Tuggal Indonesia. Calculation of multiple regression analysis on work performance variables on training and compensation produces an equation  $\hat{Y} = 6.026 + 0.248 X1 + 0.660 X2$ , this can be explained that the constant of 6.026 states that if it is not influenced by training and compensation variables, the work performance variable is 6.026.

The Anova TEST results show that the F count value is 122,195 with a significance level of 0,000. This value is then compared to the Ftable value calculated in the numerator free degree (df numerator) of 2 and the denominator's free degree (df denominator) of 82 at 0.05 whose value is 3.41. it seems very clear that the value of Fcount> Ftable (122.195> 3.41) or with a significance of 0.000



<0.05, so it can be concluded that the resulting model is good and the work performance variable can be explained together by the Training and compensation variables, with thus the third hypothesis proves that there is a significant (real) influence between training and compensation together on employee work performance at PT Gajah Tuggal Indonesia.

The value of Coefficient Colleration (R), which means that training and compensation have a relationship together with work performance of 0.865 means that it has a very strong relationship. The value of R lies in the internal location of the coefficient of 0.800 - 1,000. (Sugiyono, 2005: p. 216). The model RSquare value is 0.749, meaning that the Training and compensation variables can explain the work performance variable linearly at 74.9%. Or there are 25.1% which cannot be explained linearly by Training and compensation variables, so Training and compensation are very good variables to explain work performance.

The variable that has the dominant influence on work performance is the compensation variable (X2). This is because the regression coefficient (b2) = 0.660 and the tcount of 8.854 are greater than the education and training variables (X1) with the regression coefficient (b1) = 0.248 and tcount of 4.777.

# V. Conclusion

- 1. There is a significant (real) influence between Training on employee performance, this can be explained from the results of the regression equation  $\hat{Y} = 6.026 + 0.248 \text{ X1}$  and with the significance of tcount> t table (4.777> 1.992) or 0.000 < 0.05.
- 2. There is a significant (real) influence between Training on employee work performance, this can be explained from the results of the regression equation  $\hat{Y} = 6.026 + 0.660 \text{ X2}$  and with the significance of tcount> t table (8.854> 1.992) or 0,000 < 0.05.
- 3. There is a significant (real) influence between Training and compensation together on employee work performance, this can be explained from the results of the regression equation  $\hat{Y} = 6.026 + 0.248 \text{ X1} + 0.660 \text{ X2}$  and with significance Fcount> Ftable (122.195> 3.41) or 0,000 <0,05.

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