

## The Effect of Compensation and Training on Employee Performance

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### ABSTRACT

This study aims to determine the effect of compensation and training on employee performance at PT Medan Mitra Auto either partially or simultaneously. The research method used in this research is the quantitative descriptive method. The population in this research is all employees of PT Medan Mitra Auto which amounted to 57 people, sampling technique in this research used a saturated sample technique. Data analysis technique uses classical assumption test, and multiple linear regression analysis, while hypothesis testing uses partial test and simultaneous test. The results showed that partial compensation and training affect the performance of employees. Simultaneously compensation and job stress affect the employee's performance. The amount of coefficient of determination of 0.637 this ability of variable compensation and training on employee performance variable equal to 63,7%. While the rest of 36.3% influenced other independent variables that are not examined in this study such as work conflicts, work stress, organizational commitment, motivation, work environment, and others.

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### 1. Introduction

One aspect that can support the success of employees in achieving optimal performance is the ability to perform. With adequate performance capabilities, employees are expected to be able to overcome work constraints so that the work tasks assigned by the company to employees can be completed better. Intensive training programs need to be implemented by the company in order to have human resources who have effective, efficient and optimal performance. With training activities, employees have the opportunity to absorb new knowledge and values, so that with this new knowledge employees can improve their performance in carrying out the tasks assigned by the company.

In improving employee performance, other factors besides training are compensation satisfaction. According to Handoko (2000) compensation satisfaction can affect employee behavior to work more enthusiastically and spur high performance. However, often the compensation provided by the company often does not meet employee expectations because the performance burden may be greater than the compensation received by the employee. With these conditions, it can have an impact on decreasing performance motivation so that the performance results are not satisfactory.

PT Medan Mitra Auto is a company engaged in the distribution of car tires and car service and repair services. Employees of PT Medan Mitra Auto are one of the important assets owned by the company to achieve the company's vision and mission. From the results of interviews conducted by researchers based on sample data in the field, some information was obtained that the decline in employee performance at PT Medan Mitra Auto was caused by the length of time in completing work.

Based on the results of interviews with employees of PT Medan Mitra Auto, it is known that there are compensation problems in the company, namely the provision of uneven compensation so that there are employees who complain because they get salaries and salary increases that are not in accordance with

employee work loyalty in the company, the addition of work assignments to employees does not accompanied by additional compensation, the company promises incentives if employees succeed in selling products exceeding the set targets, the realization of the incentives given is only 1/3 of the set, sometimes even not given. Another compensation problem is that the company promises to provide transportation allowances and health benefits as long as employees carry out their activities, in reality there is no provision of transportation allowances and health benefits.

## 2. Research Method

The method used in this research is descriptive quantitative method. Sources of data in this study are primary data and secondary data. The population in this study were all 57 employees at PT Medan Mitra Auto - Medan with saturated sampling technique. The data analysis technique used multiple linear regression analysis, t test, F test and determinant test after the classical assumption test had previously been carried out which consisted of normality test, multicollinearity test and heteroscedasticity test

## 3. Results and Discussions

Multiple linear regression analysis was used to determine how much influence the independent variables, namely the compensation variable (X1) and training (X2), had on the dependent variable, namely employee performance (Y).

**Table 1.** Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	6,177	1,354	
Kompensasi	,492	,124	,490
Pelatihan	,299	,102	,362

Based on Table 3 above, the multiple linear regression equations in this study are:

$$Y = 6,177 + 0,492X_1 + 0,299X_2$$

From the above equation can be interpreted as follows:

- The constant value is 6.177, which means that if there is no independent variable consisting of compensation and training variables, the employee's performance has a value of 6.177.
- The compensation variable has a positive effect on employee performance with a regression coefficient of 0.492, which means that if the compensation variable (X1) increases by 1 unit, then the employee's performance will increase by 0.492 units with the assumption that the training variable is in a constant condition.
- The training variable (X2) has a positive influence on employee performance, with a regression coefficient of 0.299, which means that if the training variable (X2) increases by 1 unit, then employee performance will increase by 0.299 units with the assumption that the compensation variable is constant.

### 3.1 Partial Test (t Test)

The partial test (t test) is directed at testing the hypothesis of the effect of each independent variable (X1) on the dependent variable (Y). The results of partial calculations with the help of the SPSS program are summarized in Table 4 below:

**Tabel 2.** t-test

Model	t	Sig.
1 (Constant)	4,562	,000
Kompensasi	3,972	,000
Pelatihan	2,935	,005

Based on the table above, it can be explained:

- Compensation

From the calculation of the partial compensation test, the value of  $t_{count} (3.972) > t_{table} (2.00)$  with a significance level of  $(0.000) < (0.05)$ . Because the significance value is less than 0.05, it can be concluded that compensation has a positive and significant effect on employee performance. So that the proposed hypothesis that compensation affects employee performance is accepted.

b. Training

From the calculation of the partial test of training, the value of  $t_{count} (2,935) > t_{table} (2.00)$  with a significance level of  $(0.000) < (0.05)$ . Because the significance value is smaller than 0.05, it can be concluded that training has a positive and significant effect on employee performance. So that the hypothesis proposed that training affects employee performance is accepted.

Based on the partial calculation results, it can be seen that the compensation variable has more influence on employee performance than the training variable, it is known from the results of the partial test that the compensation variable is greater than the training variable.

### 3.2 F-Test

The test results simultaneously can be seen in Table 5 as follows:

**Tabel 3. F-test**

Model	F	Sig.
1 Regression	47,352	.000 <sup>b</sup>
Residual		
Total		

Based on the results of the simultaneous test calculation shows the statistical value of  $F_{count} (47.352) > F_{table} (3.17)$ , which means that the variable compensation (X1) and training (X2) has a positive and significant effect on employee performance. Thus, it can be concluded that the hypothesis is accepted.

### 3.3 Discussion

a. The Effect of Compensation on Employee Performance

The results of the partial test prove that compensation has an effect on employee performance. Partial test results obtained  $t_{count} 3.972 > t_{table} 2.00$  with a significant level of  $0.000 < 0.05$  so that it is partially proven that compensation I has an effect on employee performance at PT Medan Mitra Auto.

Compensation is one of the variables that affect employee performance, so organizations must implement a compensation system by considering the interests of the organization and the interests of employees. By accommodating the interests of these employees, it will lead to satisfaction for them which in turn will improve employee performance.

Compensation is called an award and can be defined as any form of award given to employees in return for their contributions. In accordance with the opinion of Siagian (2006:253) which suggests that good compensation is a reward system that is able to ensure the satisfaction of organizational members which in turn allows organizations to obtain, maintain and employ people with various positive attitudes and behaviors to work productively for the benefit of the organization.

Based on the respondents' answers, it was found that there were problems regarding compensation, which is known from the respondents' answers stating that the salary I receive from this company has not been able to meet the necessities of life for one month, the incentives I receive from this company are not comparable to the overtime work, the benefits provided by this company, not as expected. This means, if the company wants to improve employee performance, the important thing to do is the salary received from this company in order to be able to meet the necessities of life for one month, the incentives received from this company are proportional to overtime work, the benefits provided by this company, according to expectations. Meanwhile, the thing that must be maintained is for the smooth running of work activities, this company has provided work facilities.

b. The Effect of Training on Employee Performance

Partial test results prove that training has an effect on employee performance. The results of the partial test obtained that the  $t_{count}$  value of the training variable (X2) is 2,935 and  $t_{table}$  is 2.00 so that  $t_{count} > t_{table}$

(2,935 > 2.00), or the sig value for the training variable (X2) (0.000) is smaller than alpha (0.05) so that partially proven training (X2) has a positive effect on the performance of employees at PT Medan Mitra Auto.

Training is a teaching and learning process using certain techniques and methods. Conceptually, it can be said that training is intended to improve the skills and work abilities of a person or group of people. Training is a process of employee self-development so that they can work more skillfully and increase employee knowledge and skills. With the training carried out by the company, employees can know how to work properly and correctly in accordance with the operational standards set by the company, so that in the future the company can achieve the targets to be achieved. The implementation of training must of course be carried out consistently by the company, in its implementation it must also be adjusted to the needs of the type of work of each employee and also supported by the ability of employees to take part in a series of training processes carried out. The problem that often occurs is new employees where most of them do not have the skills that match the criteria and are not yet skilled in working in companies or organizations, so in this case the company must more often conduct special training for these new employees. The implementation of this training is of course not only carried out for new employees but also for old employees, the aim is to further improve their skills and skills at work so that later the old employees can become trainers for new employees in the company. With the training program, the company can measure employee performance from time to time, in this way the company can evaluate what should be emphasized more in training and the company. Performance is the result of a person's work in carrying out the duties and responsibilities assigned to him. Employee performance appraisal is carried out by the relevant managers within the company.

Respondents' responses regarding the training variable, found problems, namely the training method was not in accordance with the ability level of the trainees and the participants who attended the training were people who did not meet the requirements set by the company. Based on respondents' answers, the company is advised to use more training methods tailored to the ability level of the trainees and the participants who attend the training are people who meet the requirements set by the company. While the things that need to be maintained are that the company sets the goals to be achieved in the implementation of the training, the trainers / trainers used already have adequate qualifications and the company has determined the training materials according to the company's needs.

c. The Effect of Compensation and Training on Employee Performance

Simultaneous test results prove that compensation and training have an effect on employee performance. Simultaneous test results obtained Fcount 47.352 and Ftable with a value of 3.15 so that it is proven that simultaneously compensation and training have a positive and significant effect on employee performance at PT Medan Mitra Auto.

Compensation is all forms of compensation given by the company to its employees for the sacrifices of the employees concerned. The employee sacrifices can be in the form of work, services, performance, costs or the effort spent to achieve certain goals that have been set by the company. The existence of compensation in accordance with employee expectations can affect employee performance.

Training is a series of activities that provide opportunities to acquire and improve work-related skills. Training is a planned effort that is held to achieve mastery of skills, knowledge and abilities as an effort to improve performance. Based on the results of hypothesis testing and supporting theories, it is concluded that employee performance will increase if the company has leaders who are able to regulate and influence employees and have skilled employees in achieving the goals that have been set.

Based on respondents' answers, it was found that there were problems regarding compensation, training and employee performance variables. This is known from the answers of respondents with scores below the average value. At the company it is recommended that employee performance increase to be able to complete tasks with a minimal error rate and less able to complete tasks beyond the targets set by the company. While the things that need to be maintained are being able to work in accordance with the targets set by the company and being able to complete tasks in accordance with the time set.

#### 4. Conclusion

Based on the results of research and discussion that have been described in the previous chapter, it can be concluded:

- a. Compensation partially has a positive and significant effect on employee performance at PT Medan Mitra Auto.
- b. Partial training has a positive and significant effect on employee performance at PT Medan Mitra Auto.
- c. Compensation and training simultaneously have a positive and significant effect on employee performance at PT Medan Mitra Auto.

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