

COMPENSATION AND TRAINING ON EMPLOYEE PERFORMANCE: EVIDENCE FROM PT. SCHNEIDER ELECTRIC MANUFACTURING BATAM

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ABSTRACT. High performance benefits employees, especially for their welfare. This study has a clear focus and objective in objectively examining how compensation and training affect employee performance. This research is a permanent employee of PT. Schneider Electric Manufacturing Batam part of management, totaling 78 people. The entire population is sampled using a census sampling technique. This research uses multiple linear regression analysis and the time used in this study requires as much as 9 months. This study has the result that compensation and training partially and simultaneously have a significant effect on employee performance. This research contributes to managerial in formulating needs and literature for researchers to explore the importance of the depth of theoretical and empirical aspects.

KEYWORDS: Compensation; Training; Employee Performance

1. Introduction

All activities carried out to improve a company or organization's business are a form of performance (Papilaya, Tuakora and Rijal, 2019; Rivaldo and Nabella, 2023). The role of employees is very important to the success or failure of a company (Aleem and Bowra, 2020). The company, in this case, always monitors the performance of each of its employees to ensure that they have carried out their duties and obligations as expected. This performance appraisal is very important to determine whether the company will continue to work with employees if the performance is good (Kalyanamitra, Saengchai and Jermstiparsert, 2020; Hutabarat, Ferine and Aspan, 2022; Tumi, Hasan and Khalid, 2022).

High performance will be very beneficial for both employers and employees, especially for their welfare (Sumayya, Tariq and Butt, 2022; Zaeni, Arfah and Semmaila, 2022). Based on the observations that have been made that the performance of employees of PT. Schneider Electric Manufacturing Batam is still not optimal. Factors that encourage better performance include compensation received by employees, then job training to broaden employee insights (Norawati, Arman and Zakaria, 2022; Sumayya, Tariq and Butt, 2022).

Good compensation will also create better performance (Ahmad et al., 2019; Papilaya, Tuakora and Rijal, 2019; Slavić and Berber, 2019; Zaeni, Arfah and Semmaila, 2022). Compensation is a cost to the company. The company expects that the compensation given will get greater performance rewards. So, employee performance must be greater than the compensation paid by the company, so that the company gets profits and the continuity of the company is guaranteed (Tumi, Hasan and Khalid, 2022). Provision of employee compensation at PT. Schneider Electric Manufacturing Batam is fairly uneven and fair. Research (Chi, 2022; Hutabarat, Ferine and Aspan, 2022) found that compensation can affect employee performance, while research (Rojkinnor et al., 2022; Sumayya, Tariq and Butt, 2022) found that compensation does not affect performance.

Training is a vehicle for building human resources towards the era of globalization which is full of challenges (Kalyanamitra, Saengchai and Jermstiparsert, 2020). Job training greatly affects employee performance. Job training can improve skills and achievement (Rivaldo and Nabella, 2023). With training, employees will be able to work more effectively and efficiently, especially to deal with changes that occur such as changes in technology, changes in work methods, which also demand changes in

attitude, behavior, skills and knowledge (Kalyanamitra, Saengchai and Jermisittiparsert, 2020). There are still many employees who have not attended competency-based training at PT. Schneider Electric Manufacturing Batam. Research (Slavić and Berber, 2019; Rivaldo and Nabella, 2023) found that training can affect employee performance, while research (Zaki et al., 2019; Aleem and Bowra, 2020) found that training does not affect performance. Based on the gaps and facts that become phenomena, this study has a clear focus and purpose in objectively examining compensation and training affecting employee performance. So that in the end it provides findings in theoretical and practical aspects, as well as development and solutions for future researchers to update knowledge.

1. Literature Review

1.1 Compensation

Providing compensation is one of the implementation of personnel functions related to all types of individual remuneration in exchange for carrying out organizational tasks (Ahmad et al., 2019). Basically an employee works because he wants to earn money to meet his needs (Tumi, Hasan and Khalid, 2022). For this reason, an employee begins to appreciate hard work and increasingly shows loyalty to the company. Compensation is what an employee receives in return for the work he or she provides. Compensation is a cost to the company. The company expects that the compensation provided will get greater performance rewards from employees (Rojikinnor et al., 2022). So, the value of employee performance must be greater than the compensation paid by the company, so that the company gets profits and the continuity of the company is guaranteed.

H1: Compensation affects employee performance.

1.2 Training

Training is an effort to increase the ability of employees to carry out the tasks that have been given so that employees are more skilled and able to carry out the responsibilities outlined by the organization (Mubarak and Darmawan, 2019; Rivaldo and Nabella, 2023). Training is intended to improve the mastery of various skills and techniques of specific, detailed and routine work implementation. Training prepares employees for current jobs. Training is carried out to improve the knowledge, skills and behavior of individuals, groups and organizations (Slavić and Berber, 2019; Nguyen, 2020). Therefore training activities must be designed in such a way as to provide benefits in accordance with the objectives of the implementer, namely increasing employee performance.

H2: Training affects employee performance.

1.3 Performance

An employee is said to have good performance if the employee is able to produce work results that equal or exceed the standards or criteria that have been set together in the organization (Touma, 2022). Conversely, employees are said to have no performance if the work results are less than the standards or criteria that have been set together. Successful and effective organizations are organizations with individuals who have good performance in them (Meyer, González and Lopez-Lomelí, 2022; Sumayya, Tariq and Butt, 2022). performance is as a record produced in a particular job function or activity over a certain period of time (Atra et al., 2022).

Optimal and stable performance is not a coincidence. Of course, it has gone through the stages with good performance management, and maximum effort to achieve it (Kalyanamitra, Saengchai and Jermisittiparsert, 2020; Hutabarat, Ferine and Aspan, 2022). Without going through good performance management, it is possible that the results you are proud of are actually fake, so that success is a coincidence that is not based on strong conditions (Papilaya, Tuakora and Rijal, 2019; Zaki et al., 2019). Likewise, ideally the compensation provided by the company and received by employees, and training according to needs can provide impetus for improving employee performance.

H3: Compensation and training simultaneously affect employee performance.

2. Research Method

This research is descriptive and verification in nature, which aims to provide an overview of the variables studied through hypothesis testing based on data obtained in the field and wants to test the truth of a hypothesis that is carried out through data collection (Ahmad et al., 2019; Hutabarat, Ferine and Aspan, 2022; Rivaldo and Nabella, 2023). The method used in this study is a survey method with the main data collection instrument using a questionnaire with a Likert scale (1-5) and the main approach framework is a quantitative method.

The population used in this study are permanent employees of PT. Schneider Electric Manufacturing Batam part of management, totaling 78 people. The entire population is eligible to be sampled using a census sampling technique. This research uses multiple linear regression analysis and the time used in this study requires as much as 9 months. After going through a series of feasibility on validity, reliability and classical assumptions, then the proof in answering the hypotheses proposed in this study required the t test, F test and determination test with a statistical test tool, namely SPSS version 25.

3. Result And Discussion

This study is through testing validity, reliability, normality and hypothesis. All variables in the validity and reliability test are qualified. This is due to the value of r calculated greater than the table r and cronbach alpha value above 0.7. Furthermore, normality testing is carried out whose data is distributed normally, no occurrence of symptoms of heteroskedasticity and multicollinearity.

Table 1. T Test

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	10.574	1.428		9.372	.000
1 Compensation	.220	.116	.513	8.753	.000
Training	.362	.262	.214	5.376	.001

a. Dependent Variable: Performance

The t-count value for the compensation variable is 8,753 > 1,662 t-tables and sig values of 0,000 < 0.05. So H0 was rejected and H1 accepted, thus partially the compensation variables had a significant effect on the performance of PT. Schneider Electric Manufacturing Batam. The t-count value for the training variable is 5,376 > 1,662 t-tables and the sig value of 0.002 < 0.05. So H0 was rejected and H2 accepted, thus partially training variables had a significant effect on the performance of PT. Schneider Electric Manufacturing Batam. Hypothesis testing is done by comparing F-calculated values with F-tables at a significance level of 0.05%.

Table 2. F Test

Model	ANOVA ^a			F	Sig.
	Sum of Squares	df	Mean Square		
1 Regression	3383.383	2	3722.347	68.767	.000 ^b
Residual	152.348	75	1.518		
Total	335.294	77			

a. Dependent Variable: Performance
b. Predictors: (Constant), Training, Compensation

Hypothesis testing is done by comparing F-calculated values with F-tables at a significance level of 0.05%. F-count 68,767 > 2.48 F-table and significance values of 0.000 < 0.05, so the decision taken is H0 rejected and H3 accepted. The acceptance of this hypothesis can be concluded that compensation dan training simultaneously have a significant effect on the performance of PT. Schneider Electric Manufacturing Batam.

Table 3. Determinant Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 ^a	.850	.830	1.23627

a. Predictors: (Constant), Training, Compensation
b. Dependent Variable: Performance

The R number is 0.885, meaning that the correlation between the variables of compensation dan pelatihan to work performance is 88.5%. The determination value (R^2) obtained is 0.850, this means that the percentage of contribution of compensation dan training variables in the regression model is 85% and the relationships that occur are very strong, while the remaining 15% is explained by other variables that were not studied or not included in the study. Based on the results of the above analysis, it can be concluded that compensation dan training together are able to make a large or very strong contribution to the performance of PT. Schneider Electric Manufacturing Batam.

The results of this study obtained a t-count value for compensation variables of 8,753 greater than t-table 1,662 and significance value of 0.000 smaller than 0.05. Based on the results obtained, H0 was rejected and H1 was accepted for compensation variables, thus partially the compensation variables had a positive and significant effect on the performance of PT. Schneider Electric Manufacturing Batam. This result was obtained because employees felt that the salary given by the company was as expected, then the application of incentive wages that the company had was as expected. Compensation is in the form of incentives provided by the company based on the employee's length of service in the company, so that this makes employee performance better. This study supports research results (Nguyen, 2020; Rivaldo and Nabella, 2023).

The results of this study obtained a t-count value for the training variable of 5,376 greater than the t-table 1,662 and a significance value of 0.001 smaller than 0.05. Based on the results obtained, H0 was rejected and H2 was accepted for training variables, thus partially training variables had a positive and significant effect on the performance of PT. Schneider Electric Manufacturing Batam. This result was obtained because the company provides learning opportunities to meet the changing needs of the workplace. Training and development are encouraged and valued in the workplace, so this can make employee performance increase along with the regular provision of training by the company. This study supports research results (Ahmad et al., 2019; Papilaya, Tuakora and Rijal, 2019).

The results of this study found that the F-count value of 68,767 is greater than f-table 2.48 and the significance level of 0.000 is smaller than 0.05. Based on the results obtained, H0 was rejected and H3 was accepted, thus the compensation variables dan training variables, simultaneously positively affected the performance of PT. Schneider Electric Manufacturing Batam. In this study, with the existence of balanced compensation based on specifications and workload, while maintaining the continuity of training and the courage to carry out training transformations for employees, it can accelerate the quality and quality of work so that employee performance gains are higher than before. (Aleem and Bowra, 2020; Kalyanamitra, Saengchai and Jermisittiparsert, 2020; Rivaldo and Nabella, 2023).

4. Conclusion

Based on the results obtained, this study found that compensation can significantly affect the growth of employee performance. It was found that training for employees has a significant effect on increasing employee performance. This research objectively and constructively contributes to managerial in formulating the needs and literature for researchers to explore the importance of the depth of theoretical and empirical aspects. The limitations of the research are clearly visible in being able to examine more variables in one research period and the delay in obtaining respondents' answers. Future research is recommended to add critical leadership as a new factor to see how far employee performance grows with compensation, training and critical leadership.

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