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The implication of strategy improving employees training, compensation, motivation and organisational commitment as predictors of work performance in private commercial banks Indonesia

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Abstract: The purpose of this study was to examine effects of an integrated model of strategy improving employee's training, compensation, motivation and organisational commitment to performance. This study used a causal design. The main data used in this study were primary data collected through the distribution of questionnaires to the respondents of private commercial banks in Indonesia. The sampling was done using purposive sampling method to determine the sample based on the consideration of researcher. The result of the research shows that strategy improving employees training, compensation, motivation and organisational commitment positively affect the performance.

Keywords: training; compensation; motivation; organisational commitment and performance; Indonesia.

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Biographical notes: Musriha Musriha finished her doctoral degree from Airlangga University and has been teaching in Management Department, Bhayangkara University for the past 30 years.

1 Introduction

For organisation in environment condition which is in fast changing mainly in technology so it must pay attention to human resource because it is influence to the development and the existence of the organisation, mainly in increasing the quality it more difficult in tighter competition, if it does not, pay attention to the training staff, it does not pay attention to the training staff, it will be more difficult in facing the possibility to the new case in front of us, such as the continece life of organisation which shows the organisation more transparent whether in or out of it (De Meyer and Garg, 2005). To overcome the low quality of human resource problem so there will need consciousness

from the leaders to give more attention to human resource role to get succeed in long-term. Through training program in effort to increase human resource quality can be achieved. In the training character building shall give pay attention also in physical, spiritual, moral and skills as well (Gamal, 2011). For senior employee or those to prepare in facing demand whether today on in the future time which is more difficult and uncertainty.

Every organisation regardless of its form will always do everything possible to achieve the goals of the organisation as efficiently as possible. Efficient and effective an organisation is dependent on both the poor management of members of the organisation itself. To realise the success of these institutions, the employees need to be given training in accordance with the continuous development of technology and knowledge (Ling and Nasurdin, 2010).

For organisations in receiving employee emphasis on those who are already experienced training course given much less, than the organisation that receives an inexperienced employee, this course will provide training for more. To improve the performance of the employee, and if the training undertaken received less attention from the leadership of the employee's performance will decrease, so that the expected objectives will be achieved.

Entering the ASEAN free trade area (AFTA) in 2020 is expected to workers in Indonesia have to equip themselves with adequate skills, if you do not want to be left by foreign workers, as a competitor who freely into Indonesia. One factor that contributed to the organisation in order to remain competitive is to pay attention to human resource issues because it is the responsibility of the principal who manages the organisation; it is associated with a very important role in the operation of the organisation (Fontana, 2011). Due to the rapid developments in technology, demanding higher capacity and skills of human resources.

For organisations with environmental conditions change quickly, especially in the technology field, then inevitably have to pay attention to human resources as an important asset influential for the development and existence of the organisation, especially in improving the quality increasingly difficult to enter the increasingly fierce competition, if not pay attention staff training issues, and even more difficult to face the possibility that ready to confront new problems, such as the survival of the organisation more transparent both from outside and from within.

To overcome the problem of low quality of human resources, in particular the need for awareness of the leaders to give attention to the role of human resources in order to achieve success in the long-term. Through the training program efforts to improve the quality of human resources can be achieved. This training can be in larger term area such as physical, spiritual and moral as well as intellectual and skill. For employees who are seniors or who have worked some time going through the training are expected to remain prepared to face the demands both for the present or the future that would be more difficult and full of uncertainty (Aryanto et al., 2015). It also can be used as a preparation to face movement, rotation, or a promotion where the circumstances would not be the same. As for the new workers who can be used as a tool to help know the terrain and mastering equipment along with the development of new technologies in order to avoid retardation.

Basically training is an ongoing process and not an instant process. The emergence of new conditions such as changes in attitudes, behaviour, skills and knowledge of employees. This will encourage the leaders of the organisation to continue to consider

and develop training programs continuously. Compensation is said to be important for employees because of the compensations is a reflection or a measure of value to their work. Instead the size of compensation can affect the work motivation, work performance, and employee satisfaction (Jimenez-Jimenez and Sanz-Valle, 2005). If given proper compensation, then the employees will gain job satisfaction and motivated to achieve organisational goals. But the compensation given no or inadequate, then the work performance, motivation and job satisfaction of employees may be decreased. Human needs must be met by the organisation when the organisation is to succeed in achieving organisational goals and objectives program. The fact is that when one is experiencing motivation or encouragement that person means being in a stage of disequilibrium. But conversely, if what is the impetus that has been obtained and are in hand and get satisfaction from her, she was in a stage of equilibrium is a concept group syntality (Zainun, 1989)

The many studies have found a correlation between organisational commitment and these types of leadership behaviour. The result of a study by Konovsky (cited in Brown, 2003) shows that supervisors who are helpful and willing to give emotional support affect employee's commitment to the organisation. Chaster and Beaudin (1996) reported that correlation oriented leadership has a greater effect than task oriented leadership does in predicting organisational commitment. The findings of studies on the correlation between the performances do not explicitly answer the question concerning the performance measure of role organisational commitment, except for Podsakoff et al. (1990). Organisational commitment as an antecedent of performance and other employee's outcomes, but no research has used organisational commitment to predict the impact on performance, except for Ross and Gray (2006).

The main objectives of the research is to investigate the influence of improving employees training, compensation, motivation, and organisational commitment that indirectly or directly affect the firm performance. The context of this research was employees of Bank Central Asia (BCA) in Surabaya Indonesia, which has been given the characteristic associated with the performance parameters.

2 Literature review

This section will discuss the definition of training, compensation, motivation and organisational commitment, which used as the parameter in this research.

2.1 Training

The development of an education and training system called the training integrated in connection with efforts to develop human resources in general and manpower development in particular is indeed a necessity and needs of an increasingly important these days, especially for a Civil Service which is always required to meet the demands of society, Training for Civil Servants is indeed a need for to improve their competence (knowledge, skills and attitudes) is through the most appropriate training.

In the opinion of Martoyo (1998) training (training) is intended to improve the mastery of various skills and techniques specific work practices in a relatively short time. Generally an attempt to create training employees to do the jobs at those times faced.

According to Ranupandojo and Husnan (1994) training (training) is an “activity to improve one’s work in relation to economic activity.”

According to Notoatmodjo and Soekidjo (1994), training (training) is a training intended for employees or employees in connection with the upgrading of jobs (job) employees today. Training provided by the long-term and regular very useful and helpful at all for employees to acquire new knowledge and skills for future job tasks, and can increase work productivity, revenues could further improve wages and careers, (Cheng and Ho, 2001). For the training to use the long-term it is necessary for employees to help and relieve her job as claimed by Guest (1997) states that human capital for human resources could give the impression that through education and training is a long-term investment from the current time, money and pay for in the future for one employee if, after education and training. Although the training it requires huge cost but the training expenses will be taken back to the form of the Hajj, welfare, facilities or career received after training.

2.2 *Compensation*

In an organisation of compensation is a very complex issue, but it is important for the employees and the organisation. To that end, the granting of compensation to employees must have a rational basis to not ignore the emotional element and humanity.

According to Bridge in Lopez (1982) is traditionally the work is starting point for designing and implementing the system of compensation. Employees are given a series of tasks clear where they will then explain it in a certain time. Under these conditions, the first step in allocating payroll is to determine the value of each position within the organisation. Is the value determined by the measurement of internal equity or through a market price, the end result is the same. According to Lawler in Lopez (1982) based on a given task, each individual is placed into payroll and payroll rankings are determined by salary range in the ranking.

Much of the literature that describes the notion of compensation. Milkovich and Newman’s (in Werther and Davis, 1996) reveal that the compensation as all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship. Definition explains that compensation is all forms of financial returns, services and benefits received by employees as part of the employment relationship.

According to Handoko (2000), the compensation is everything that has been received by employees as remuneration for their work. In addition, compensation is also all forms of financial returns, tangible services and benefits earned by employees as part of an employment relationship (Simamora, 1995). Compensation of employees is generally designed to do three things, namely: to attract skilled employees into the organisation, motivating them to achieve superior performance, and to create a long-term of office. Meanwhile, according to Martoyo (1998), compensation is setting the overall provision of remuneration for employers, either directly in the form of money (financial) or indirect and non-financial into the concept of remuneration (remuneration) as a whole. Remuneration on modern enterprises today incorporates a considerable percentage of allowances to employees (fringe benefits). Indirect awards and other financial services spring.

2.3 *Motivation*

- a According to Robbins et al. (2003, p.208), motivation is a process that produces an intensity, direction, and individual perseverance in the pursuit of a goal.
- b Luthans (2006, p.270) states that motivation is a process that begins with physiological or psychological deficiency that drives the behaviour or encouragement intended for achievement of goal or incentives.
- c Rusbult et al. in Gupta and Douglas Jr. (1991) state that a motivation is giving an impetus to the individual to direct his behaviour; it will cause an individual to work and encourage him to work better. In the end there is interest to improve his performance.

2.4 *Maslow's motivation theory*

Basically human needs are arranged in a hierarchy as follows:

- a Physiological needs: the need to eat, drink, sex, housing and clothing.
- b Safety and security needs (need for job security and a sense of security): namely the need for a sense of peace, freedom from fear, getting a job, and the existence of regulations that provide guidance and direction to act.
- c Social needs, namely the need for a sense of being recognised and accepted by society members and the environment; the needs for love and to be loved; the needs for affiliation, ownership and other social needs.
- d Esteem needs (need for recognition), namely, the need for self-recognition, power, recognition of status and prestige.
- e Self-actualisation needs (the need for self-realisation), namely, the need to satisfy yourself by using the maximum capability, skills and potentials.

Werther and Davis (1996, p.399) says: "Motivation is a person's drive to take an action because that person wants to do so. If people are pushed, they are merely reacting to pressure. They are motivated; they make the positive choice to do something because they see this act as meaningful to them. Their actions, for example, may satisfy some of their needs."

Meeting the needs as well as an attempt to eliminate or reduce feelings of despair as well as efforts to increase employee motivation. Campbell and Cochrane (1999, p.87) says that the motivation associated with:

- 1 Direction behaviour.
- 2 The strength of the response (i.e., business) after the employee chooses, to follow certain precautions.
- 3 Endurance behaviour or how long the person was continuously behave in a certain way.

2.5 Organisational commitment

The several studies of theoretical organisational science believe that the impact of correlation leadership is possible due to social identification, which enables the followers to let go of their personal interests for greater good of the group (Bass, 1990; Bass and Avolio, 1997). The essence of relationship-oriented leadership is dedication of the leader in encouraging the growth of organisational members and improving the commitment of organisational members by elevating their objectives. On the other hand, a task oriented leader would endeavour to achieve organisational objectives without trying to elevate the motives of the followers or human resources of the organisational (Burn, 1978). Kelly (1992) that organisational commitment can be used to predict professional activities and job behaviour. So, the general opinion of organisational commitment will reflect the impact of the psychological conditions. Kelly (1992) stated that there are three kinds of organisational commitment:

- 1 Affective commitment is that emotional attachment felt by the employee, the feeling of identification with the organisation.
- 2 Continuance commitment is the evaluation by the employee concerning whether the cost leaving the organisation is greater than the cost of staying.
- 3 Normative commitment is the sense of responsibility felt by an employee toward her or his organisation.

2.6 Job performance

The performance is the result of work accomplished by a worker to perform work in a given period. Scotter (2000) says that task performance and contextual performance rating has consistently shown that employees who stay with the organisation have higher performance rating than those who leave the organisation, meaning that there is a negative correlation between the performance and the intention to leave the organisation. Employees having higher contextual performance felt more satisfied with their jobs and more committed to their organisation. Porter et al. and Wexley in Kim (1986) say that the performance will tend to increase when all the employees have commitment on work behaviour. The management should continually strive to encourage employees to behave well in order to improve their performance. Kopelman and Thompson (1986) elucidate that the predictions of work motivation and job performance affects the interdependent five conditions

- 1 time
- 2 initial level of criteria
- 3 level of rewards
- 4 task-specific abilities
- 5 organisational control system response.

According to Gomes (2001, p.72) there are several indicators of job performance assessment, including:

- 1 Quantity of work, namely the quantity of work done within a predetermined period of time.
- 2 Quality of work, namely the quality of work achieved under condition of suitability and readiness.
- 3 Creativeness, the authenticity of the ideas raised and actions to resolve issues that arise.
- 4 Cooperation, namely a willingness to cooperate with others (fellow members of the organisation).
- 5 Dependability, namely awareness and trustworthy in terms of attendance and task completion.
- 6 Initiative, namely the spirit to carry out new tasks and expand the responsibilities.
- 7 Personal quality related to personality, leadership, hospitality, and personal integrity.

3 Research methods

3.1 Population and sample

Population is the total number of members of the research subjects who have similar characteristics. The population in this study are employees of the BCA in Surabaya. In a study population is too much or large, and researchers may not learn all that there is in the population, for example, because of time, effort and cost, then the researchers can use a sample drawn from that population. Because of the limitations of time, effort and cost, then the samples to be taken in a certain amount. In determining the number of samples actually no strict rules how the number of samples to be taken from the population available. There is no limit for sure is a sample large or small. The quality of a study is not solely determined by the sturdy foundations of theory, research design, and the quality of execution and processing. Because the study is part of the population, the data collection method using a sampling technique that is representative of that will be examined, this is done because it will generalise the results of the study (Solimun, 2002). Purposive sample is a sample carefully selected so that relevant to the study design. Researchers will try to make in the sample are representative of all layers of the population according to the research objectives. The selected sample is an individual who in the opinion of researchers to support research, (Solimun, 2002). In the questionnaire, the researchers used a technique random sample (random sample) means that every member of the population has an equal opportunity to be included in the sample.

3.2 Data analysis

The technique of data analysis used in this research is multiple linear regression. To ensure the precision and accuracy of the calculation results of regression analysis, the used tool SPSS 20. The multiple linear regression equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$$

Description:

Y = employee performance

a = constant

$b_{1,2,3}$ = coefficient of regression

X_1 = training

X_2 = compensation

X_3 = motivation

X_4 = organisational commitment.

4 Result and discussion

4.1 SEM analysis result

The theoretical model on the conceptual framework of the study, said to be fit if supported by empirical data. The test results of the complete model fit can be seen in the results of SEM analysis. SEM analysis results in the form of the path diagram in Figure 1 are presented as follows.

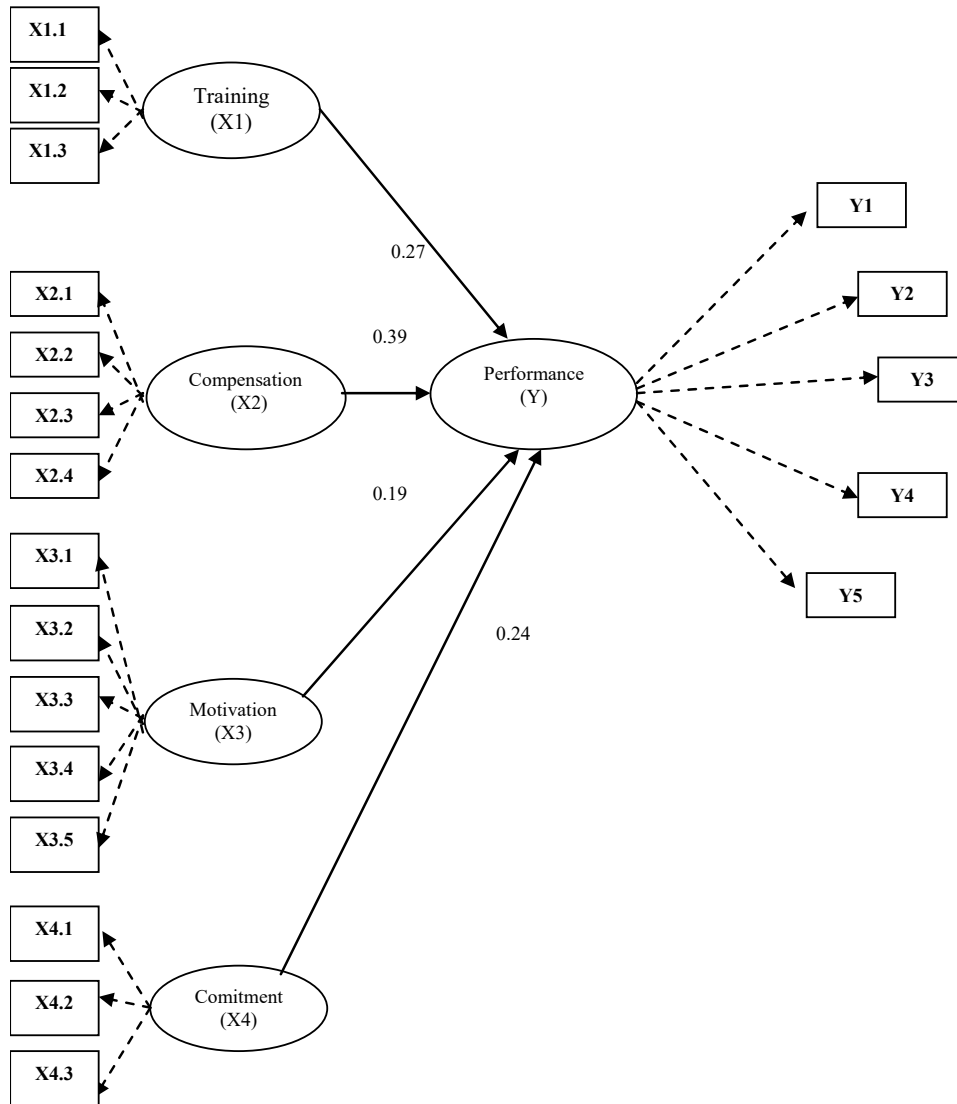
Table 1 Results of testing hypotheses

<i>Independent variable</i>	<i>Dependent variable</i>	<i>Standardised path coefficient</i>	<i>p-value</i>	<i>Result</i>
Training (X1)	Performance (Y)	0.267	0.002	Significant
Compensation (X2)	Performance (Y)	0.389	0.013	Significant
Motivation (X3)	Performance (Y)	0.178	0.021	Significant
Organisational commitment (X4)	Performance (Y)	0.235	0.019	Significant

Referring to Figure 1 and Table 1, the obtained results of hypothesis testing as follows.

- 1 Training significant effect on employee performance. SEM analysis generates path coefficient of 0.267 with $p = 0.002$, significant meaning. Lanes marked positive coefficient indicates that the better the training is done, the performance is increased.
- 2 Compensation significant effect on employee performance. SEM analysis generates path coefficient of 0.389 with $p = 0.013$, significant meaning. This indicates that the better the compensation granted to employees, the performance is increased.
- 3 Motivation significant effect on employee performance. SEM analysis generates path coefficient of 0.178 with $p = 0.021$, significant meaning. Lanes marked positive coefficient indicates that higher employee motivation, the performance is increased.
- 4 Organisation commitment significant effect on employee performance. SEM analysis generates path coefficient of 0.235 with $p = 0.019$, significant meaning. Lanes marked positive coefficient indicates that the higher the commitment of the organisation, increasing its performance.

Figure 1 Line diagram analysis results SEM



4.2 Hypothesis test

4.2.1 First hypothesis test

Training (X₁), compensation (X₂), motivation (X₃) and organisational commitment (X₄), have an influence in unison against Performance (Y) which is indicated by the coefficient of determination (R squared) of 0.912, or 91.2% that this means the contribution of training (X₁), compensation (X₂), and motivation (X₃), and organisational commitment (X₄), on the performance (Y) is equal to 91.2% and the remaining 8.8% is influenced by

other variables not accounted for in this study. Based on calculations SPSS presented a model summary in Table 2.

Table 2 Model summary

Model	Change statistics									
	R	R square	Adjusted R square	Std. Error of the estimate	R square change	F. change	Df1	df2	Sig. F change	Durbin-Watson
1	.955a	.912	.913	.1492	.912	103.187	3	30	.000	1.983

Notes: Predictors: (constant), compensation, training, motivation, organisational commitment.
Dependent variable: performance.

If uncontrolled variables are taken into account in this study, the effect is shown by the adjusted R squared of 0.903atau amounted to 90.3%. The relationship between training (X_1), compensation (X_2) and motivation (X_3), and organisational commitment (X_4), the performance (Y) is shown with multiple R of 0.955, or by 95.5%, which means the closeness of the relationship is very strong as it approaches one.

4.2.2 Second hypothesis test

Based on calculations SPSS regression analysis results are presented in Table 3.

Table 3 Regression analysis result coefficients

Model	Unstandardised coefficients		Standardised coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero order	Partial	Part
(Constant)	.349	.216		1.156	.250			
Training	.391	.110	.207	3.446	.247	.822	.332	.152
Compensation	.554	.055	.649	6.700	.000	.885	.564	.295
Motivation	.209	.097	.112	1.165	.001	.711	.118	.051
Organisational commitment	.418	.089	.718	5.258	.002	.567	.469	.168

From Table 3 can be made multiple linear regression equation as follows:

$$Y = 0.349 + 0.391X_1 + 0.554X_2 + 0.209X_3 + 0.418X_4$$

Constants (a) for 0.349 show that every training (X_1), Compensation (X_2), and motivation (X_3) and organisational commitment (X_4), dispensed or equal to zero then the performance of 0.349.

4.2.2.1 Effect of training on performance

Training has a significant effect on performance; it can be known and the value of the variable probability of 0.000 or below 0.05. X_1 regression coefficient of 0.391 is that any

increase in training (X_1) equal to 1 it will be followed by an increase of 0.391 performances.

4.2.2.2 Compensation effect on performance

Compensation has a significant influence on performance, it can be known from the value probabilities variables, namely the 0.000 or below 0.05. X_2 regression coefficient of 0.554 is that any increase in compensation (X_2) equal to 1 it will be followed by the increase in performance of 0.554.

4.2.2.3 Motivational influence on performance

Motivation has a significant effect on performance, it can be known from the value of the variable probability of 0.001 or below 0.209 is that each increase motivation (X_3) of 1 it will be followed by the increase in performance by 0.209.

4.2.2.4 The influence of organisational commitment to performance

Organisational commitment has a significant effect on performance; it can be known from the value of the variable probability of 0.001 or below 0.209 is that each increase organisational commitment (X_4), equal to 1 it will be followed by the increase in performance by 0.418.

4.2.3 Third hypothesis test (dominant influence test)

Variable compensation has dominant influence on employee performance it can be seen from the beta coefficient of 0.554 is greater than the other variables. Thus the variable compensation has dominant influence on the performance of accepted truth.

4.3 Relationships between variables

4.3.1 Effect of training on employee performance ($X_1 \rightarrow Y$)

Based on the results of hypothesis testing to one (1) which states that the training variables significantly influence performance variables proved to be correct or acceptable. The path coefficients is positive, meaning theoretically influence the relationship of training to performance is unidirectional. This indicates that the training has close links with its performance, means the better the training is done, and then the employee's performance will increase. Furthermore, it makes the employee can perform the job well, which in turn is able to maintain the accuracy and neatness of their work, so that the results are in accordance with the expected goals of the company. Can be explained also, when formed perseverance and discipline on employees, then they will have a strong tendency to improve its performance, because these factors will foster a context of strong confidence. The results are consistent with the opinion Guest (1997) that human capital for human resources could give the impression that through education and training is a long-term investment of the flow of time, money and pay for in the future for one employee if, after education and training. Although the training it requires huge cost but the training expenses will be taken back to the form of the Hajj, welfare, facilities or career received after training.

4.3.2 *Compensation effect on employee performance ($X_2 \rightarrow Y$)*

Based on the results of hypothesis testing to two (2) the amount of variable compensation coefficient lines (X_1) to variable employee performance (Y) = 0.389 with probability ($P = 0.013$). Means that the hypothesis to two (2), which states that the variable compensation significantly influence performance variables proved to be correct or acceptable. The path coefficients is positive, meaning theoretically influence the relationship of compensation to performance is unidirectional. This indicates that the compensation has a close relationship with the employee's performance. Compensation is generally intended for the benefit of the organisation, employees, and government/society. Organisational interests can be accommodated when the performance of employees is at a high level. One way to improve the performance of employees is to provide compensation comparable to what is already provided by employees. These results indicate that the compensation had a direct relationship (positive) and a significant influence on employee performance.

The results are consistent with the opinion of Werther and Davis (1996) in Wibowo (2012, p.348) that defines what is acceptable compensation as workers in exchange for his contribution to the organisation. Inside there is a compensation incentive system linking compensation to performance. Compensation awarded to employees based on performance and not on seniority or number of hours worked.

The results also support the research Atmodjo (2011) and Fransiska (2010). Atmodjo research results showed no influence on employee performance compensation Division of Marketing and Business Development at PT X, while research Fransiska (2010) concluded that there is a positive and powerful influence between variable compensation to employee performance DJKN secretariat.

4.3.3 *Effect of motivation on employee performance ($X_3 \rightarrow Y$)*

Based on the results of hypothesis testing to three (3) the magnitude of the path coefficient motivation variable (X_3) is equal to 0.178 with probability ($P = 0.021$) showed a positive association with the employee's performance or the direction it shows the relationship variables motivation on employee performance is a significant effect.

Results of this study concluded that the motivation has a direct relationship (positive) and a significant influence on employee performance. This is in line with the opinion of Sedarmayanti (2013, p.223) that motivation is the emergence of behaviours that lead to a particular destination with a full commitment to achieve the intended purpose. Thus, it can be said behaviour that leads to a specific purpose related to the achievement of organisational goals that can lead to increased employee performance.

The results also support the research Fransiska (2010). The research result Fransiska (2010) concluded that there is a strong and positive influence between work motivations on employee performance DJKN secretariat.

4.3.4 *Influence of organisational commitment on employee performance ($X_4 \rightarrow Y$)*

Based on the results of hypothesis testing to four (4) the coefficient of organisational commitment variable lane (X_4) to variable employee performance (Y) = 0.235 with probability ($P = 0.019$). Means the hypothesis that organisational commitment variables

significantly influence performance variables proved to be correct or acceptable. The path coefficients is positive, meaning theoretically influence the relationship of the organisation's commitment to performance is unidirectional. This shows that the employee can be said to have used the ability to work optimally because the organisation has a strong commitment to its employees. This indicates that the commitment the organisation has a close relationship with the employee's performance, meaning that the higher the commitment of the organisation, the employee's performance will increase. The good performance is reflected in the attitude of the employees live independently, commitment, competence and responsibility. They tend to have a desire to improve their performance, react and interact with others in a fun way. Furthermore, it makes the employee can perform the job well. Can be explained also, when formed organisational commitment, then they will have a strong tendency toward performance. Opinions from Porter et al. and Wexley in Kim (1986) also supports the findings of this study, they say that the employee's performance will tend to increase when organisational commitment formed.

5 Conclusions

Based on the results of the first hypothesis can be seen that the hypothesis that training (X_1), compensation (X_2), motivation (X_3) and organisational commitment (X_4), simultaneously have a significant influence on the performance received truth this is evidenced by the significance test or test F simultaneously influence of independent variables on the dependent variable is significant because the value of 0000 Sig P less than 0.05. Results of the second hypothesis can be seen that the hypothesis that training (X_1), compensation (X_2), motivation (X_3) and organisational commitment (X_4), partially influence significantly to the performance because it has a P value Sig below 0.05 Based on hypothesis testing in partial it is known that the third hypothesis proposed that compensation has a dominant influence on employee performance can be accepted as true because the effect is greater when compared with the effect of other variables is equal to 0.554.

6 Suggestion

Based on this research, it is known that training (X_1), compensation (X_2) motivation (X_3) and organisational commitment (X_4) simultaneously have a significant influence on the performance can be the basis for the management to take decisions in the future. Training (X_1), compensation (X_2) motivation (X_3) and organisational commitment (X_4), partially have a significant effect on the performance leaders felt the need to pay attention to the above variables considering these variables significantly influence performance. Compensation (X_2) is a variable which is the dominant influence on the performance of employees; leaders should maintain these variables so that the performance will be increased.

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