Effect of Training and Compensation of Employee Performance Mediated by Job Satisfaction

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\textbf{Abstract}

The purpose of this study was to determine the impact of training and compensation on employee performance through employee job satisfaction by using 125 respondents as a basis for research analysis. The results showed that training and compensation had a significant positive effect on employee performance and job satisfaction is known to mediate the relationship of training on employee performance and compensation on employee performance at Belmond hotel partially. The findings in this study provide the implication that to improve employee performance in order to achieve the company's expected targets, the things that need to be considered in terms of job satisfaction with performance is the way employees can see opportunities and rewards, the nature of the job itself, supervision or supervisor, benefits, operational conditions of employees, and coworkers as a positive incentive to work. Improvements in knowledge and skills relevant to the work in each department as well as experience in the training also need to be considered. Increasing compensation for salaries, benefits and incentives can increase their understanding of satisfaction with work results achieved by an employee.

\textbf{Keywords:}
compensation; employee; job satisfaction; performance; training;

\textbf{1 Introduction}

Lately, performance has become a concept that is often used by people in various discussions and discussions, especially in the framework of encouraging company success. In achieving the success of the Belmond hotel company many steps have been taken to review the performance of their employees, especially in terms of increasing the value of LQA. The decline in the value of LQA that occurs every year leaves the company faced with high competition challenges for the advancement of information technology, as well as the demands of increasingly critical service users. In fact, performance will always be an actual issue in a company because whatever the company's performance is a key question on the effectiveness or success of the company (Na-Nan, 2017; Saputra et al., 2019).

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Lack of attention to employee work training is a big problem for the company because it will hinder the improvement of employee performance. The importance of training is not solely for the employees concerned, but also for the benefits of the company, with the increase in the ability or skills of employees, employees can easily face the challenges of assessment from the LQA audit team. To produce good and quality employee quality, it requires ongoing training and ongoing and systematic training that will contribute to the company as well as self-improvement in employee performance (Adegbite et al., 2014; Putri et al., 2019).

In addition to training, rewards for services that have been done by employees to the company are also very important to be reviewed as compensation received by employees and a general view of compensation for employees is very important. Okwudili (2016), states that compensation is fundamental for them because according to employees the amount or amount of compensation can represent the value of performance among employees. Employees will tend to compare compensation and sacrifice given to the company. If the compensation system in the form of salary or wages to employees is not appropriate, the company can bear the risk of losing employees. In other words, companies need to spend more on recruiting, selecting, training and developing replacement employees. Even at the best conditions when employees do not resign they will reduce their performance (Ruth Mayhew, 2013).

The reward given by the company must, of course, satisfy the employees and in accordance with the results of their performance. The level of satisfaction of the employees that they get a reward in return from the company is one of the determinants of an increase in employee performance (Khalil et al., 2017). Satisfaction is actually a subjective condition which is the result of a conclusion based on a comparison of what employees receive from their work compared to what was expected, desired, and thought of as appropriate or entitled to it. While each employee subjectively determines how the job is satisfying (Schmidt, 2017). Therefore the company must take steps so that what is expected of the company and employees can go hand in hand.

**Literature Review and Hypothesis Development**

Sila (2014), asserts that training has a large influence on performance in terms of developing a positive attitude at work, increasing efficiency, and effectiveness in providing services to tourists. Not only service companies, manufacturing companies such as paint companies in Nigeria (Emeti, 2015), invest substantially in training so training in this research has a very positive and significant effect on performance. Verma & Goyal (2015), also examine the impact of training on employee performance on small and medium-sized companies in Malaysia and the results of the study indicate that there is a significant relationship between effective training and employee performance. Based on the empirical evidence the hypothesis can be formulated as follows:

**H1**: Training has a positive and significant effect on employee performance.

Osibanjo et al., (2014), examined the effect of compensation on employee performance at the private University of Ogun State, Southwest Nigeria. The results showed there was a strong relationship between compensation and employee performance. Another researcher conducted by Christopher & Bulah (2016), about the relationship between compensation and employee performance at Mayfair Insurance Company Limited in Kenya, also showed that there was a significant positive relationship between compensation and employee performance. Compensation, as measured in terms of direct and indirect compensation, will improve employee performance. These findings as a whole reveal a considerable influence of compensation & rewards on employee performance (Okwudili & Edeh, 2017). Similarly, the extrinsic and intrinsic rewards used by Bank X management have a significant impact on employee performance such as cash prizes and promotions (Tshwarelo & Alan, 2018). Based on the empirical evidence the hypothesis can be formulated as follows:

**H2**: Compensation has a positive and significant effect on employee performance.

Raza et al., (2017), in his research aimed at identifying the effect of training on job satisfaction of plastic company employees in the Hayatabad industrial area, Peshawar district. This study found that training has a significant positive impact on employee satisfaction. Demiral (2017), training is recognized as one of the most important functions of the human resource management department in an organization that can increase employee satisfaction. Govand & Inji (2015), another study conducted at the Erbil private bank to find out the impact of training on satisfaction. The findings in this study indicate that training is significantly correlated with job satisfaction. Based on the empirical evidence the hypothesis can be formulated as follows:

**H3**: Training has a positive and significant effect on employee job satisfaction.
Josephine et al., (2017), in their research stated that the main reason for keeping satisfied employees is to benefit from their dedication, loyalty, and commitment and one of the ways managers maintain good employees is to provide attractive and adequate compensation in accordance with their needs, preferences, and performance so that in this study the researchers concluded that there was a positive and significant relationship between compensation for employee performance. Jamilu et al., (2015), stated that another very significant contribution to the relationship between compensation and employee job satisfaction is salary which is also an indicator of compensation. Based on the empirical evidence the hypothesis can be formulated as follows:

**H4: Compensation has a positive and significant effect on employee job satisfaction.**

Practical and theoretical implications for academics in Asad et al., (2019), research, provide deeper insights for managers and human resources experts to understand employee performance that can help in designing more effective human resource practices in building job satisfaction the employee. Compensation will not only satisfy employees with their work but will also increase the level of work performance of their employees so that this study shows a positive and significant relationship between job satisfaction and employee performance. Based on the empirical evidence the hypothesis can be formulated as follows:

**H5: Employee job satisfaction has a positive and significant effect on employee job satisfaction.**

Alawiyat (2010), studies the effect of training practices as a means of improving performance through employee job satisfaction in Saudi Arabia. It was concluded that the organization must support training to achieve high employee satisfaction so that employee performance will improve. Training practice refers to techniques used by managers to reduce mistakes and increase knowledge and productivity. Abou (2011), in his research, concluded that training is used to make employees' skills polished so that they can work more effectively and efficiently in an organization that helps them in their job satisfaction that can improve employee performance so that the organization and employees will both benefit. Based on the empirical evidence the hypothesis can be formulated as follows:

**H6: Training has a positive and significant effect on employee performance mediated by employee job satisfaction.**

Baledi & Al Saed (2017), stated that employees in the Jordanian newspaper received financial and non-financial compensation which was considered as a major influence on the level of employee satisfaction that could improve their performance. Financial compensation is ranked first and non-financial ranks second. It can be concluded that compensation has a positive and significant relationship to performance through employee job satisfaction. This result is also strengthened by other studies conducted by Jamilu et al., (2015), which states that compensation such as bonuses and benefits provided to employees will result in high satisfaction for employees that leads to increased performance. Based on the empirical evidence the hypothesis can be formulated as follows:

**H7: Compensation has a positive and significant effect on employee performance mediated by employee job satisfaction.**

2 Materials and Methods

This research was conducted at the Belmond hotel by taking data or employee performance results based on existing LQA audit scores. Researchers conduct research at the Belmond hotel on the basis of a decrease in the value of LQA that occurs every year and this indicates that employee performance is still low and affects the assessment of the value of LQA. In addition, the hotel which has been established since 1981 is an interesting thing to study and there is easy access to obtain data.

The population used in this study were all Belmond hotel employees, totaling 181 permanent employees. To calculate the number of samples from a particular population, the Slovin formula is used. Based on the above calculation, the sample taken was 125 employees. The method of determining the sample using the proportional random sampling method. Proportional random sampling is a sampling technique that provides equal opportunities for each member of the population to be sampled.

Table 1
Population and Sample Distribution

<table>
<thead>
<tr>
<th>No</th>
<th>Departement</th>
<th>Population</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Front Office</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Food &amp; Beverage Service</td>
<td>35</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>Food &amp; Beverage Product</td>
<td>30</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>SPA</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Housekeeping</td>
<td>35</td>
<td>24</td>
</tr>
<tr>
<td>6</td>
<td>Admin &amp; General</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>7</td>
<td>Finance</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>181</td>
<td>125</td>
</tr>
</tbody>
</table>

Primary Data, 2019

To test hypotheses and produce a viable model, this research uses Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach, which is operated with the help of SmartPLS version 3.0 software. Partial Least Square is a Structural Equation Modeling (SEM) equation model based on components or variants. It is known that there are two types of SEM, namely covariance-based SEM (CB-SEM) and variance-based PLS (SEM-PLS).

3 Results and Discussions

3.1 Evaluate structural models or inner models

An evaluation of the structural model is carried out to ensure that the structural model that is built is robust and accurate. Testing can be done by calculating the value of R square (R²) and predictive relevance (Q²).

Table 2

<table>
<thead>
<tr>
<th>Variable</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction(M)</td>
<td>0.547</td>
</tr>
<tr>
<td>Performance (Y)</td>
<td>0.654</td>
</tr>
</tbody>
</table>

Primary Data, 2019

In figure 1 it can be seen that the R square value of the performance variable is 0.654. This value can explain that the 65.4% change in the performance variable is quite strongly influenced by the compensation, training and job satisfaction variables, while 34.6% of the change is influenced by variables outside the model than in the job satisfaction variable, 54.7% is influenced by training and compensation variables while 45.3% are influenced by variables outside the model.

Based on the acquisition of the value of R², it can be calculated against the predicted relevance value (Q²), with interpretation if Q² is greater than 0, then the model can be said to be good and able to explain the phenomenon of performance variables equal to the Q² value. Predictive relevance values can be calculated as follows:

\[ Q² = 1 - (1 - R²)(1 - R²) \]
\[ = 1 - (1 - 0.654)(1 - 0.547) \]
\[ = 1 - (0.346)(0.453) \]
\[ = 1 - (0.156) \]
\[ = 0.844 \]

The results of this calculation indicate that the Q² value is greater than 0 (0.844), so the model can be said to be good and has a relevant predictive value of 84.4%. This value interprets that 84.4% of changes or variations in performance variables can be explained by the variables used in the study, while the remaining 15.6% is explained by other variables outside the model.
Hypothesis test

The significance of the estimated parameters can be used to see the relationship between variables in the study. To test the hypothesis, this is done by looking at the values in the path coefficients presented in Table 3 below.

### Table 3

<table>
<thead>
<tr>
<th>Variable</th>
<th>Path Coefficients</th>
<th>T-Statistics</th>
<th>P Values</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training -&gt; Performance</td>
<td>0.264</td>
<td>2.398</td>
<td>0.017</td>
<td>H1 accepted</td>
</tr>
<tr>
<td>Compensation -&gt; Performance</td>
<td>0.227</td>
<td>2.405</td>
<td>0.017</td>
<td>H2 accepted</td>
</tr>
<tr>
<td>Training -&gt; Satisfaction</td>
<td>0.410</td>
<td>3.826</td>
<td>0.000</td>
<td>H3 accepted</td>
</tr>
<tr>
<td>Compensation -&gt; Satisfaction</td>
<td>0.385</td>
<td>3.817</td>
<td>0.000</td>
<td>H4 accepted</td>
</tr>
<tr>
<td>Satisfaction -&gt; Performance</td>
<td>0.410</td>
<td>3.363</td>
<td>0.001</td>
<td>H5 accepted</td>
</tr>
</tbody>
</table>

Primary Data, 2019

Hypothesis testing is evaluated by looking at the t-statistic value, as well as the p-value. At the condition of t-statistic greater than t-table (1.96), and p-value below 0.05, the research hypothesis can be accepted. In Table 2, it is known that the effect of training (X1) on performance (Y) has a correlation coefficient of 0.264; with a t-statistic of 2.264 and a p-value of 0.017. This means that there is a positive and significant effect between training (X1) and performance (Y), so hypothesis 1 is accepted. The effect of compensation (X2) on performance (Y) has a correlation coefficient of 0.227; with a t-statistic value of 4.405 and a p-value of 0.017. This means that there is a positive and significant effect between compensation (X2) and performance (Y), so hypothesis 2 is accepted. The effect of training (X1) on satisfaction (M) has a correlation coefficient of 0.410; with a t-statistic value of 3.826 and a p-value of 0.000. This means that there is a positive and significant effect between training (X1) and satisfaction (M), so hypothesis 3 is accepted. The effect of compensation (X2) on satisfaction (M) has a correlation coefficient of 0.385; with a t-statistic value of 3.817 and a p-value of 0.000. This means that there is a positive and significant relationship between compensation (X2) and job satisfaction (M), so hypothesis 4 is accepted. The effect of satisfaction (M) on performance (Y) has a correlation coefficient of 0.410; with a t-statistic value of 3.363 and a p-value of 0.001. This means that there is a positive and significant relationship between satisfaction (M) and performance (Y), so hypothesis 5 is accepted.

3.2 Testing for direct effects beyond mediation

Before testing the effect of mediation, testing the direct effect outside of mediation is carried out. Mediation testing using the *Hair et al.,* (2013), is testing the direct effect of training on employee performance and compensation for performance when mediation variables have not been incorporated into the model.

The test results show the coefficient value of the direct effect of training on employee performance before mediating variables of job satisfaction entered into the model amounted to 0.433 with t-statistics of 3.729 and p-values of 0.000. This shows that training has a significant effect on employee performance. Then, the test results of the coefficient value of the direct effect of compensation on employee performance before mediating variables of job satisfaction are entered into the model amounted to 0.384 with a t-statistic of 3.522 and p-value of 0.001. This shows that compensation has a significant effect on employee performance so that further steps can be taken.

3.3 The mediating role of job satisfaction on the effect of training on performance

The addition of job satisfaction as a mediating variable gives a different effect on the effect of training on performance. Testing of job satisfaction as a mediating variable is done by calculating the value of the Variance Accounted For (VAF).
Table 4
Direct Effect, Indirect Effect, Total Effect and VAF of Training to Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct Effect</th>
<th></th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>T-Statistics</td>
<td></td>
</tr>
<tr>
<td>Training -&gt; Performance</td>
<td>0.264</td>
<td>2.398</td>
<td>0.017</td>
</tr>
<tr>
<td>Compensation -&gt; Performance</td>
<td>0.410</td>
<td>3.826</td>
<td>0.000</td>
</tr>
<tr>
<td>Training -&gt; Satisfaction</td>
<td>0.410</td>
<td>3.363</td>
<td>0.001</td>
</tr>
<tr>
<td>Training -&gt; Performance</td>
<td>0.168</td>
<td>2.527</td>
<td>0.012</td>
</tr>
<tr>
<td>Compensation -&gt; Performance</td>
<td>0.432</td>
<td>4.266</td>
<td>0.000</td>
</tr>
<tr>
<td>Training -&gt; Satisfaction</td>
<td>0.410</td>
<td>3.826</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction -&gt; Performance</td>
<td>0.410</td>
<td>3.363</td>
<td>0.001</td>
</tr>
</tbody>
</table>

VAF (Training -> Performance -> Indirect / Total Effect) 0.389

Primary Data, 2019

Based on the data presented in table 3, training has a direct influence on performance by 0.264 and training has a direct effect on the satisfaction of 0.410, then satisfaction has a direct influence on performance of 0.410. The indirect effect of training on performance is 0.168. The total effect of training on performance is 0.432; the total effect between training and satisfaction is 0.410, and the effect of total satisfaction on performance of 0.410. Job satisfaction has a mediating role in the influence of training on employee performance. Training can affect employee performance directly or indirectly through employee job satisfaction. So, it can be concluded that the hypothesis stating job satisfaction acts as a mediator of the relationship between training and employee performance, is proven.

3.4 The mediating role of job satisfaction on the effect of compensation on performance

The addition of job satisfaction as a mediating variable gives a different effect on the effect of compensation on performance. Testing of job satisfaction as a mediating variable is done by calculating the value of the Variance Accounted For (VAF).

Table 5
Direct Effect, Indirect Effect, Total Effect and VAF of Compensation to Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct Effect</th>
<th></th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>T-Statistics</td>
<td></td>
</tr>
<tr>
<td>Compensation -&gt; Performance</td>
<td>0.227</td>
<td>2.405</td>
<td>0.017</td>
</tr>
<tr>
<td>Compensation -&gt; Satisfaction</td>
<td>0.385</td>
<td>3.817</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction -&gt; Performance</td>
<td>0.410</td>
<td>3.363</td>
<td>0.001</td>
</tr>
<tr>
<td>Compensation -&gt; Performance</td>
<td>0.158</td>
<td>2.480</td>
<td>0.013</td>
</tr>
<tr>
<td>Compensation -&gt; Satisfaction</td>
<td>0.385</td>
<td>3.859</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction -&gt; Performance</td>
<td>0.385</td>
<td>3.817</td>
<td>0.000</td>
</tr>
<tr>
<td>Compensation -&gt; Performance</td>
<td>0.410</td>
<td>3.363</td>
<td>0.001</td>
</tr>
</tbody>
</table>

VAF (Compensation to Performance -> Indirect / Total Effect) 0.411

Primary Data, 2019

Based on the data presented in table 5, compensation has a direct effect on performance by 0.227 and compensation has a direct effect on the satisfaction of 0.385. Satisfaction has a direct effect on performance of 0.410 and an indirect effect of compensation on performance of 0.158. Furthermore, the total effect of compensation on performance is 0.385; the effect of total compensation on satisfaction is 0.385, and the effect of total satisfaction on performance of 0.410. Job satisfaction as a mediating variable between compensation and performance has a VAF value of 0.411.
Based on this value, job satisfaction has a mediating role in the influence of compensation on employee performance. Compensation can affect employee performance directly or indirectly through employee job satisfaction. So, it can be concluded that the hypothesis stating job satisfaction acts as a mediator of the relationship between compensation and employee performance, is proven.

4 Conclusion

The findings in this study indicate that there is a positive and significant effect of training on performance, compensation on performance, training on job satisfaction, compensation on job satisfaction, job satisfaction on performance, and contribution to job satisfaction to mediate the relationship between training on performance and compensation on performance. The reliability shown in the instruments used in this study can be used as a basis for further research and can be used as an empirical consideration for further research development in various industries such as manufacturing, public service organizations, and the education industry relating to these variables in particular and relationships in general organizational life.

The results of this study indicate that there is a positive and significant effect of training on performance, compensation on performance, training on job satisfaction, compensation on job satisfaction, job satisfaction on performance, and job satisfaction have a role to mediate the relationship between training on performance and compensation against the performance. To improve employee performance in order to achieve LQA values above the company's expected targets, things that need to be considered and further improved can be seen from the dimensions of job satisfaction, namely the way employees can see opportunities and rewards, the nature of the job itself, supervision or supervisors, benefits, operational conditions of employees, and coworkers as a positive incentive to work. Another implication is related to training in its effect on performance, namely the increase in knowledge and skills in accordance with the work in each fiber department experience of the training. Increasing compensation for salaries, benefits and incentives can increase their understanding of satisfaction with work results achieved by an employee.

Research Limitations

There are some limitations in the process of implementing and completing this research and can be used as a reference for further research to be better. These limitations include:

a) The scope of the study was conducted only at one hotel, namely Belmond Jimbaran Puri Bali hotel, where there are many other hotels in Bali so that further research is expected to broaden the scope of research so that it can be used to evaluate a broader and more comprehensive picture and varying sampling. related to the role of training, compensation and job satisfaction in improving employee performance.

b) This research depends on the results of the questionnaire so that respondents have the potential to give answers that are considered in accordance with certain values that can be accepted in their social environment so that it can distort the average value for each variable.

c) This study only measures performance variables using three dimensions, namely quality of work, the quantity of work and time off work.

This research was conducted with a cross-sectional time design, with the dynamics of change in each period it is important to conduct ongoing research in the future.

Conflict of interest statement

The author(s) declared that they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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