THE EFFECT OF TRAINNING AND COMPENSATION TO THE WORK MOTIVATION OF EMPLOYEE IN SMALL AND MEDIUM OF INDUSTRY

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ABSTRACT

The aim of this research is to study the causal relationship between training, and compensation with work motivation. Survey was conducted in this with 125 sample of employees selected randomly. Data has been analyzed by regression analysis. The findings of this research concludedd that: (1) there is a positive and significant direct effect of training is affected directly by work motivation of employee in small and medium of industry in ministry of industry, and (2) there is a positive and significant direct effect compensation is affected directly by work motivation of employee in small and medium of industry in Ministry of Industry.

Keywords : training, compensation, and work motivation

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The background of this research is Today the level of competition in business is getting higher. Indonesia's economic growth as well as perceived by many, not least the micro small and medium enterprises (SMEs), alias revenue turnover of small businesses could drop to 40%. It required the planning of Human Resources, this was reinforced by Law No. 3 of 2014 on Industry, who said that the development and empowerment of SMEs can be done by improving the competence of human resources.

Human resource planning is the process through which an organization ensures that the resources are needed both in terms of quantity and quality (competence required in accordance with jobs) available at the required time. Or IKM feel no need to do this as long as human resource planning so that sometimes employees who often do not have the competence or quality. Yet the number of employees of the company just a little. If the small number of employees that have a good competence, hence its ability to replace a number of specific employees.

Competence of employees in addition to visits of ability is also seen from the will and motivation to work. Employee motivation will increase if his needs are met. One employee needs according to Maslow (2008) is a financial needs such as compensation and training. Through the fulfillment of financial and development needs of employees with the training needs of the organization to human resources both in terms of quantity and quality can be adjusted to those required by the job and organization.

Based on some opinions in this research was to reveal whether the training and compensation, to the work motivation SMEs the Ministry of Industry.

Research purposes

The purpose of this study is:

1. To determine the effect of training on work motivation work motivation of employee in small and medium of industry in ministry of industry
2. To determine the effect of compensation on work motivation work motivation of employee in small and medium of industry in ministry of industry

Urgency Research

Empowerment of small and medium enterprises (SMEs) are very strategic in moving the national economy, given its business activities cover almost all fields of business so that the contribution of SMEs to be very big for the increase in national income, employment, and income generation for low income groups. In the economic crisis that occurred in our country since some time ago, where many large-scale effort that has stagnated even stop the activity, the sector of Small and Medium Industries (SMI) proved to be more resilient in the face of the crisis. (Industry, 2013).

Some of the constraints faced by small industry in developing a business is a matter of motivation to work. It is generally caused because SMEs are still weak in managing its human resources as well as training and compensation strategies. The problems in the management of human resources as well as the entrepreneurs of SMEs themselves is also a major problem in enhancing employees' work motivation.

One problem faced by SMEs is very complicated and diverse. One problem solving is to increase the role of human resources in the activities of SMEs. The premise put forward in this management should be owned by SMEs, the level of success and motivation will increase.

What is presented above shows required an in-depth research and studies on the role of human resource management such as employee training and compensation, to increase work motivation SMEs.

THEORETICAL FRAMEWORK

1. INDUSTRY

Industry According to Law No. 5 of 2005 on industry, is the industry is an economic activity that processes raw materials, semi-finished goods, and / or finished goods into goods with a higher value to the user, including designing activities and industrial engineering. Industrial Micro, Small and Medium Enterprises is an industrial company consists of industrial micro, small and medium industrial industries, namely:

a. Company Industry Micro / Household is industrial activity with assets of up to Rp. 50 million (excluding land and buildings).
b. Small Industrial Company is a company conducting business in the industrial sector with an investment value of Rp. 500 million excluding the value of land and buildings.
c. Medium Industrial Company is a company conducting business in the industrial sector with an investment of more than Rp 500 million to Rp. 10 billion, not including land and buildings.

Under Law No. 3 of 2014 on Industry, Small and medium industries are set based on the amount of labor and investment value. Of small businesses have a workforce of 1-19 people, the value of an investment of up to Rp 500 million, and medium industries is a workforce of 20-99 people, great investment value of Rp 500 j up to 10 billion, while large industry with a workforce of more than 100 people and great investment value of 10 billion.

Sentra SME is a group of companies which are similar within a given region based on products produced, the type of raw materials used or workmanship of the same.

Based on the data above shows that the role of SMEs look quite significant with an increase in GDP of SMEs by 4.51% from 2010-2014. In addition SMEs can also cope with unemployment with employment are always increasing for 5 years at 5.51%.

IKM GDP contribution of industry to GDP in 2014 was relatively large in the amount of 34.56%, of which 843.8 trillion GDP of the industry comes from SMEs amounted to 222.5 trillion GDP. While the SME export data from the year 2012 till 2015 increased by 35%.

2. WORK MOTIVATION

Motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need and typified as an individual phenomenon and motivation is Described usually, as intentional. (Robbins and Coulter, 2003: 424). While Luthans (2005: 184) explain that motivation is an inner state that energizes, activates, or move, and that direct channels or behavior toward goals. George and Jones (2005: 175) said that work motivation is the psychological force that determines the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence. In the human work is influenced by the presence of a good boost from itself or from outside so that their needs are met. The employees are highly motivated and supported by the skills and knowledge to carry out the work can perform their jobs well.

Motivation is a process that starts with a psychological or psychological deficiency or need that activates a behavior or a drive that is Aimed at a goal incentive, in a systems sense, motivation consists of Reviews These three interacting and interdependent elements: 1) needs, 2) drives, and incentives. Robbins (2007: 214) stated motivation as a process which contributes to the intensity, direction, and duration of ongoing individual efforts towards achieving the goal. According Qulquitt, Lepine and Wesson (2009: 177) motivation is the asset of energetic forces that originates both within and outside of the employee, initiates work-related effort, and determines its direction, intensity, and persistence.

According to Gomes (2003: 180) the motivation of an employee's work usually is complicated, because it involves the motivational factors of individual and organizational factors. Factors ranging from individual are the needs (needs), goals (goals), attitudes

(attitudes), and capabilities (abilitis). While belonging to the factors derived from the organization include the payment or salary (pay), job security (job security), fellow workers (co-workers), supervision (supervision), praise (praise), and the work itself (job itself).

Basically, people want to do something because of the presence of a good boost from itself or from outside to meet their needs. The role of employees who have motivated and supported skills and knowledge in carrying out the work is urgently needed. This is supported by the opinion of Stephen and Timothy A. Judge (2007: 239) Motivation as the processes that account for an individual's intensity, direction, and persistence of effort toward Attaining a goal. means that one of the factors determining the level of success of the company is employee motivation. According to Robbins and Coulter (2007: 214) stated motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need. motivation as a process which contributes to the intensity, direction, and duration of ongoing individual efforts towards achieving the goal. According Newstrom (2007: 100) says that motivation is the set of internal and external forces that cause an employee to choose a course of action and engage in Certain behavior.

Lussier (2008: 175) describes the motivation is the internal process leading to behavior to satisfy needs. Meanwhile, according to Gomes (2003: 180) the motivation of an employee's work usually is complicated, because it involves the motivational factors of individual and organizational factors. Factors ranging from individual are the needs (needs), goals (goals), attitudes (attitudes), and capabilities (abilitis). While belonging to the factors derived from the organization include the payment or salary (pay), job security (job security), fellow workers (co-workers), supervision (supervision), praise (praise), and the work itself (job itself).

According to Gibson (2008) theory of motivation consists of, first content theories or theories that focus on the satisfaction of the factors in the person who strengthens, megarahkan, support and stop the behavior. The second is the process theory or theories that describe and analyze the process of how the behavior was corroborated, directed, supported, and stopped. Both categories have important implications for managers to motivate employees. Some of the theory can be explained as follows: 1. Theory of Justice (Equity Theory), and 2. Reinforcement Theory (Reinforcement Theory), and 3. Goals (Goal Setting),

3. TRAINING

Training is a planned effort to Facilitate the learning of job related knowledge, skills, and behavior by the employee. This means that training is a planned effort to facilitate learning about the work related with the knowledge, skills and behavior of employees, (Noe, Hollenbeck, Gerhart and Wright, 2003: 251). While Gomes (2003: 197) states that the training is any attempt to fix perfomansi worker to a particular job that was his responsibility, or the work that has to do with his job.

Same with the opinion of Noe, other experts Robbins, Stephen P (2001: 282), stated that the training means formal training that is planned in advanced and has structured format, this indicates that the training is meant here is the formal training that is planned and have the format structured training.

Bernardin and Russell (1998: 172), training is defined as any attempt to improve employee performance on a job currently held or one related to it. This usually means change in specific knowledges, skills, attitudes, or behaviors. To effective, training should involve; a learning experience, be a planned organizational activity, and be designed in response to identified needs. So training is an introduction effort to develop the performance of the workforce on the job of assuming or also something related to work.

Gomez Mejia, Balkin and Cardy (2001: 259), training is usually conducted when employees have a skill deficit or when an organization changes a system and employees need to learn new skills. Means that training is usually carried out when the workers have less expertise or when an organization to change a system and the need to learn new skills.

DeCenzo and Robin (1999: 227), training is a learning experience in that it seeks a are relatively permanent change in a individual that will improve the ability to perform on the job, training is a learning experience in the search for a permanent change in relative to an individual which will improve the ability to do the job. Dan Carrell and Kuzmits (1982: 282) defines training as a systematic process where employees mempelari knowledge (knowledge), skills (skills), ability (ability) or behavior towards personal and organizational goals

4. COMPENSATION

Compensation is one important function in HRM, this is in accordance with the opinion of Luthans (1992; 147) which says: 'Incentive, at the end of the motivation cycle is the incentive defined as anything that will alleviate a need and reduce a drive, Thus Spake Attaining an incentive will tend range to restore physiological and psychological balance and Compensation contains a broader sense than wages or salary. Wages or salaries more emphasis on remuneration that are financial, while compensation includes fringe benefits both financial and non-financial. Compensation is the provision of remuneration, either directly in the form of money (financial) or indirect form of awards (non-financial).

Compensation is divided into two, among others, direct compensation and indirect compensation. Direct compensation consists of salaries, transport expenses, holiday allowances, overtime and other direct benefits. While indirect compensation consists of a promotion, insurance, allowances and mutation. (Cascio, 1993: 225)

According to Flippo in his book Principles of Personal Management, compensation is the price for the services received or provided by others for the benefit of any person or legal entity. While Dessler (2008) claimed compensation is any form of payment or benefits granted to employees and arising from the employment of the employee.

Compensation has two aspects. First, direct financial payments in the form of wages, salaries, incentives, commissions, and bonuses; and secondly, the payment is not directly in the form of financial benefits, such as insurance and holiday money paid by the company. Meanwhile, According to Robbins (2008), is a skills-based compensation in accordance with the theory of ERG (Existence, Relatedness and Growth theory) of Alderfer, because this payment system to encourage employees to learn, improve their skills and maintain their skills.

According Sedarmayanti (2011: 239) compensation is something that is accepted by employees as remuneration of their labor. Medium according to Husein Umar (2007: 16) states that compensation is everything received by the employee in the form of salaries, wages, incentives, bonuses, premiums, medical, insurance, and other similar company that is paid directly.

On the other side is a counter compensation achievements against the use of force or the services rendered by the labor force (Wibowo, 2007: 461). While Dessler (2007: 46) says that the compensation is all forms of payments or gifts given to employees and arise from the work. And according to Mondy, et al (2005), states that the overall compensation is a reward given to employees as a reward for their work. Meanwhile, according to Ivancevich (2006) compensation is to help companies achieve the success of the company's strategy and ensure the creation of justice, retain employees, obtain quality employees, as well as control costs and meet regulations.

Some understanding of the above, it can be concluded that the compensation is one way to motivate employees to achieve job satisfaction by way of giving something back to employees as a reward or remuneration generated employee, for the company's interests.

5. PREVIOUS RESEARCH

Study of the few empirical studies of topics relevant to this research include: Khan Research, MI, 2012*There is positive relationship between the employee's performance and training and motivation. The study shows that training and motivation has positive impact on performance of employees. This study concludes that organization having good training plans for employees can enhance the performance of employees. All the organization that wants to enhance their employee performance should focus on training as it also motivate employees to achieve higher performance levels.*

Research Wexley, K and Latham, G (2002: 82), which suggests that the training undertaken to employees, such as technical training lead to creativity and employee motivation will increase. research Foote, K (2001: 25), who argued that his massive compensation could lead to increased employee motivation.

METHOD

The method used in this research is survey method with quantitative research approach. This type of survey research focuses on disclosure of causal relationships between variables. The dependent variable in this research is employee motivation and two independent variables, namely, training and employee compensation. The analysis technique used to examine the causal relationship is multiple regression analysis. The data used to solicit work motivation, training and compensation by giving a questionnaire that has been prepared based on the indicators of each variable to SMEs.

The population in this study were all SMEs TPL (Labor Square) assisted the Ministry of Industry employees, totaling 250 people. Samples were taken 125 people by using simple random sampling technique. Test the validity of the instrument to measure employee motivation, recruitment and compensation using a statistical *product moment*. Calculation of reliability by using test *Croncbach Alpha*.

Analysis of the data used in this research is descriptive and inferential analysis. Descriptive analysis presents the data characteristics of each variable in the form of presentation of the data, the size of the central and dissemination of data. Inferential analysis using multiple regression analysis, tools used for analysis using the program application package specifically designed for the benefit of statistical program Exceland SPSS 17. SPSS 17 selected for automatically raises the beta value, ie standardized regression coefficient that is none other than the path coefficient.

RESEARCH RESULT

Data analysis

1. Descriptive Analysis

Descriptive analysis was conducted to see the general picture of respondents' answers on the questionnaire statement items proposed in the research.

a. Description of Variable Training

Of each item statement training. The highest average value for the alternative answers contained in the statement number seven with an average of 4,23, and the average value was lowest for the statement item number eight with an average of 3,58. Indicators relating to training, respondents wanted the training given to SMEs is in the form of technical achievement of organizational goals of companies and respondents were less satisfied because the training is not done routinely.

b. Description of Variable Compensation

Of each item of compensation statement. The highest average value for the alternative answers contained in the statement number one with an average of 4,51, and the average value was lowest for the statement item number four with an average of 3,36. In connection with the compensation indicator, respondents feel motivated to work in the attainment of organizational goals with the compensation given and the respondents felt less attention in the provision of THR that is equal to the amount of salary per month.

c. Descriptions of Variable Work Motivation

Of each item statement of work motivation. The highest average value for the alternative answers statements contained in number four with an average of 4,57, and the average value was lowest for the statement item number twenty with an average of 3,03. In connection with indicators of motivation to work, respondents in their work of freedom and opportunity asked to leader if there is a problem in doing work in the achievement of organizational goals and the respondents feel less happy if the work should be brought home if it can not be resolved in the office.

2. Validity and Test Reliability

R table value can be seen in table r statistic to test the validity and reliability calculations performed by seeing the value of *CroncbachAlpha*. *CroncbachAlpha*value of all the variables is greater than 0,60, it can be concluded the research instrument is valid and reliable.

3. Classical Assumption Test

a. Normality Test

Test for normality in this research by looking at the graph of *P-P plot of Regression Standarized Residual*. Based test for normality using a *P-P Plot,* visible data is spread around the diagonal line along the graph. It shows that the research data had normal distribution patterns and can be analyzed by linear regression models.

b. MulticollinearityTest

This method is done by looking at the value of *Variance Inflation Factor (VIF)* and*Tolerance* in the regression model. The regression model free of multicollinearity if VIF smaller than 10 and *tolerance*greater than 0,1.

Tolerance value obtained from the two variables is 0,575 and VIF value is 1.740. Tolerance value and VIF of all the independent variables meet the criteria which the tolerance value greater than 0,1 and VIF smaller than 10, it can be concluded not happen multicollinearity between independent variables.

c. Heteroskedasticity Test

Heteroskedasticitytest was conducted using *the scatterplot*method is to see the distribution of dot patterns on a *scatterplot* regression. Heteroskedasticity not occur if the dots spread with no clear pattern above and below zero. In this research, the dots form a pattern that is not obvious and spread above and below the number 0 on the Y axis, it can be concluded that there is no heteroskedasticity in regression models.

4. Hypothesis Test

a. The FirstHypothesis (H1)

The first hypothesis is to see how the variable effect of training on employee motivation variable. From the table below it is known that the t value 0,404 <t table 3,450 with significance 0,001 < 0,05 it can be concluded that organizational culture has a influence positive but not significant on employee performance. So, H0 is rejected and H1 is accepted.

The regression equation: Y = 100.246 + 1.042 X1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	100.246	12.058		8.314	.000
	Training	1.042	.302	.404	3.450	.001

b. The SecondHypothesis (H2)

The second hypothesis is to see how the effect of variable compensation to variable employee motivation. From the table below it is known that the t value 0,412> t table 3,533 with significance 0,001 <0,05 it can be concluded that compensation significantly influence employee motivation. So, H0 is rejected and H1 is accepted.

The regression equation: Y = 90.259 + 1.264 X2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	90.259	14.563		6.198	.000
	Compensation	1.264	.358	.412	3.533	.001

a. Dependent Variable: Work Motivation

Discussion

1. Influence of Training onEmployee Motivationthe Ministry of Industry

Based on the regression results, it turns out training positive influence on employee motivation SMEs. This shows that if employees are provided with training, especially technical training, the motivation of employees to the organization will increase. This finding agrees with the results of research Wexley, K and Latham, G (2002: 82), which suggests that the training undertaken to employees, such as technical training lead to creativity and employee motivation will increase.

2. **Influence of Compensation on Employee Motivationthe Ministry of Industry**

Based on the regression results, it turns out compensation positive influenceon employeemotivationSMEs. This shows that if the compensation of employees is worthy, it will increase employee motivation. This finding agrees with the results of research Foote, K (2001: 25), who argued that his massive compensation could lead to increased employee motivation.

CONCLUSIONS

This study was conducted to determine the effect of training and compensation on working motivation on employee of Small and Medium Enterprises under Ministry of Industry. The study was conducted by distributing questionnaires to 125 respondents. Following the conclusion of the study:

1. There is a significant effect of trainning to the work motivation, meaning if enhanced training will motivate the employee
2. There is a significant effect of compesation to the for work motivation , means that if the compensation increases will lead to increased employee motivation

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