

**EFFECT OF TRAINING, COMPENSATION, AND CAREER
DEVELOPMENT ON PERFORMANCE WITH WORK SATISFACTION
AS MEDIATION VARIABLE: (STUDY ON NURSES OF LOCAL
GOVERNMENT HOSPITAL IN SLEMAN)**

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Abstract

This research is aimed to examine effect of training, compensation, and career development on performance with work satisfaction as mediation variable in Local Government Hospital of Sleman. This research is conducted in Local Government Hospital of Sleman with 73 nurses as respondent. Analysis method uses path analysis with two regression models as well as Sobel analysis. Based on data analysis; the better training, compensation, career development, and work satisfaction, the higher performance will be. Other than that, the better training, compensation, and career development, the better work satisfaction will be. Moreover, work satisfaction successfully mediates the effect of training, compensation, and career development on performance. For Local Government Hospital of Sleman, it is important to improve employees' training, compensation, and career development; so they can achieves satisfaction and performance more.

Keywords: Training, Compensation, Career Development, Performance, Work Satisfaction

INTRODUCTION

One of organizations which needs employee' support is hospital. In Indonesia, hospital service quality is less than enough. Some complaints come from a different perception of service between patients in low class and VIP rooms. It is not only about the infrastructure, but also about service from human resources. The patients face time delays and discrepancy of doctor's schedules (Govindraju et.al, 2012).

As to the patients' preferences, criteria of hospital service quality can be change. Therefore, it is important for hospital to keep listens what is patients want so that hospital cannot be wrong to evaluate their preferences. Based on Karassavidou *et al.* (2009), human factor is important for the patients. Chilgren (2008) finds that services quality which expected by the patients includes services' speed, act and behavior of doctors and other employees, as well as information clarity. In order to fulfill expectation of patients, human competence, especially for direct nursing, is important.

Core problem of healthcare sector in Yogyakarta is the lack of quality and quantity of human resources, especially in medic and paramedic area (Data dan Informasi Kesehatan, 2017). The following comparisons of doctors and nurses as per 100.000 people of Yogyakarta are:

Table 1. Comparison of doctors and nurses as per 100.000 people of Yogyakarta in 2016

Location	Nurses	Doctors
Yogyakarta City	331.71	79.96
Sleman Regency	154.09	30.58
Kulon Progo Regency	84.91	22.80
Bantul Regency	60.73	16.26
Gunung Kidul Regency	57.04	13.98
Total of Yogyakarta Province	122.74	28.24

Source: Data dan Informasi Kesehatan, 2017

Human resources quality problems, especially for nurses, lead every hospital to increase the quality. In effort of performance increasing, a nurse needs to do correction and improvement of healthcare service quality. As a result, a nurse has to be professional who hold intellectuality, good technicality and personality, working standard practice, as well as ethic and morality. Some ways to increase nurses' performance such as by giving well training, compensation, and career development. Previous studies find that training, compensation, and career development have positive effect on performance (U ysal, 2014; Petros, 2014; Sahoo and Sahoo, 2012; Mahesar et.al, 2014), and mission accomplishment (Lim et.al, 2017).

Training is one of human resources development interventions that usually used as pillar and step in employees empowerment program. Ab o zed *et al.* (2009) state that the program is held to increase employees' capability as a tool to achieve organizational goals. Effective training should be supported strongly by the supervisors as positive role to their subordinates (Zenger *et al.*, 2000). Without good training, employees cannot gain any information and potential to the maximum level (Elnaga and Imran, 2013). Employees with good training are more likely to keep their works longer.

Hospital has also to give attentions to compensation factor as motivation for nurses to work. It is an obligation for organization to be fulfilled on time, based on fair evaluation of working result. Compensation allows employees to gets all include as a reward for their work. Every organization has different compensation mechanism system. It is adjusted by organizational vision, mission, and goals. Compensation awarding is one of considerations in job hunting. Proper compensation awarding which fit to employees' expectation and organization capability creates healthy relation and cooperation between employees and organization for both parties' performances. Moreover, it leads employees' spirits to generate better work time after time, as of give positive effect on performance. Compensation satisfaction is main factor of satisfaction work. Other than that, compensation satisfaction has important role to lead employees' work

behavior. As Simamora (1997) suggest that compensation has effect on satisfaction and performance. It is as feedback for employees' behavior adjustment (Firmandari, 2014).

Career development is also important to determine performance and satisfaction. Career path' system development based on competences and knowledge allows nurses to separate between job and career. Career refers to implementation of employees' competences and knowledge in their job to achieve next higher path and work position followed by proper remuneration as their level path and position, and it is engaged in supervisor and subordinate relationship. Pronounced career development also allows employees to get money. Career is expected to drives every nurse to increase his/her performance (Wahju et.al, 2016).

Dele et.al, (2016) find human resources integration, delegation, recruitments, competence and career planning system have effect on organizational climate. Sani (2012) finds that compensation, selection system, human resources strategy alignment, and line management development have effect on organizational performance.

One of problems of human resources management is work satisfaction problem. Work satisfaction refers to positive attitude related to employees' healthy adjustment on work condition and situation. Employees will give their sincere services depends on what they feel on their work and their relationship with co-workers and supervisors. Work satisfaction also help hospital to maximizes long-term profitability by some ways, such as satisfied employees are more likely to provide higher quality and productivity work, as well as stay longer in the organization and as a result, create satisfied customers (Kuswadi,2014).

Osibanjo *et.al* (2012) find that training and development as well as work condition have effect on work satisfaction. Hamid and Azhar (2014) find that work training, compensation, safety, and career chance have positive effect on work satisfaction. Ach our and Sarra (2017) give evidence that work analysis, selection and recruitment, compensation, training and development, employees' participation, and decision making style improve work satisfaction. Ijigu (2015) proves that work analysis, selection and recruitment, compensation, training and development improve work satisfaction as well.

Relationship between training, compensation, career development, work satisfaction, and performance of hospital nurses is needed. Peltier and Dahl (2009) state that employees in service industry, include hospital service, has effect on customer satisfaction. Other than improvement of human resources management role, improvement of work satisfaction and performance is also important determinant factor to increases patients' satisfaction. Robbins and Judge (2014) states that satisfied employees enable to increase customer satisfaction and loyalty. Satisfied employees are also give effect on their performances. Desler (2013) suggests that satisfied employees are more likely to have better achievement compared to unsatisfied ones. Research of related to training, compensation, career development, work satisfaction, and performance on service industry, especially government hospital in Sleman, is still little to be studied and discussed. Based on it, this research examines effect of training, compensation, and career development on performance with work satisfaction as mediation variable in Local Government Hospital of Sleman.

LITERATURE REVIEW

Training

Training is an activity to give better capability related to economics activity. Training helps employees to understand practice knowledge and its application in order to improve capability, competence, and attitude towards organizational performance improvement. There are three steps of training, which are training program planning, development, and evaluation (Bernardin and Russell, 2013).

Compensation

According to Desler (2013), employees' compensation refers to any form of payment and reward given to employees as the result of their work. Effective compensation system is important part of human resources management to take and keep best employees. Besides, it has effect on strategic performance. Compensation divided into two things, which are financial and non-financial compensation (Mondy, 2010).

Career Development

Nurses' career development includes career planning and application program. Career development as part of personal management is important part of healthcare organization. Generally, in hospital, career path remain limited, moreover, it is hard to move from one hospital to another. It is because of unavailability of many work position level and general program of employees' movement scheme. Nurses' career development can be used for nurses' placement and better opportunity to enter proper level that fit in their capability and potential. It increases nurses' work quality in order to handle and choose their career so they can keep improve performances and satisfaction (Marquis and Huston, 2014).

Performance

Robbins and Judge (2014) explain performance as efficiency and effectiveness as well as innovation level of goals' achievement by management and its divisions. Good performance comes from if expected goals can be achieved well. Performance also described as interaction between capability, motivation, and opportunity. Employees' performance assessment can be measured by their working result both qualitatively and quantitatively, which is by seeing their achievement and contribution.

Work Satisfaction

Work satisfaction refers to individual general attitude towards his/her work. Individual with high work satisfaction shows positive attitude to the work, while the unsatisfied one shows negative attitude.

Training and Performance

Relationship between training and performance can be explained by theory of Management Thought. Management Thought suggest that human resources need proper training in order to avoid worst case of work competence and responsibility, so the work can be done in more effective and efficient ways based on organizational rules. In healthcare institution, employees will sit in new level position down without education and competence support. It will be

accomplished with training that provides development and improvement. Desler (2013), Elnaga and Imran (2013), Jagero *et al.* (2012), Sultana *et al.* (2012), Diab and Musa (2015), and Ameen and Hanif (2013) find that training has positive effect on performance..

Compensation and Performance

Relationship between compensation and performance can be explained by Two Factor Theory. Naturally, people always want to fulfill all their needs, include material and non-material needs. For organizations who have the resource, they think on how employees' needs fulfillment can be achieved. The best way is to give worth and fair compensation as a reward to the employees. Afterward, by giving it, organizations get the best performance that employees can give as a feedback. Hameed *et al* (2014), and Qureshi and Sajjad (2015) show that compensation increases performance.

Career Development and Performance

Relationship between career development and performance can be explained by theory of Management Thought. Management Thought suggest that human resources need proper career development in order to avoid worst case of work competence and responsibility, so the work can be done in more effective and efficient ways based on organizational rules. In healthcare institution, employees will sit in new level position down without any competence supporting. It will be accomplished with career development. Caroline and Susan (2014), and Hameed and Waheed (2011) find that employees' development increases performance.

Training and Work Satisfaction

Underlying theory that explains the relationship between training and work satisfaction is Work Characteristic Approach Theory by Hulin (1991). Based on it, satisfaction is determined by work nature or organizational characteristics. Work satisfaction is questioned in this form: "what kind of work will employees do for organization?" and "what will organization give for employees?" Training contributes to answer those questions in framework of performance assessment. Osibanjo *et.al* (2012), Hamid and Azhar (2014), Achour and Sarra (2017), and Ijigu (2015) find that training has effect on work performance.

Compensation and Work Satisfaction

Relationship between compensation and satisfaction can be explained by Two Factor Theory. Dissatisfaction source come from work condition, salary, supervisor, co-worker, administrative policy, and safety. Improvement of these conditions reduces, or even eliminates, dissatisfaction, although it will not increase satisfaction as well because it is not satisfaction source. Interestingly, the theory separate work satisfaction and dissatisfaction, finally, it emerges controversial. Osibanjo *et.al* (2012), Hamid and Azhar (2014), Achour and Sarra (2017) and Ijigu (2015) find that compensation has effect on work satisfaction.

Career Development and Work Satisfaction

Relationship between career development and satisfaction can be explained also by Two Factor Theory. One of conditions that drives employees' attitude to their work is satisfaction source;

such as responsibility, achievement, reward, promotion, and work itself. It improves satisfaction, even though the absence of these factors is not always allows dissatisfaction. Osibanjo et.al (2012), Hamid and Azhar (2014), Achour and Sarra (2017) and Ijigu (2015) find that career development has effect on work satisfaction.

Work Satisfaction and Performance

Relationship between satisfaction and performance can be explained by Theory of Value. It explains that work satisfaction is achieved on a level where working result is delivered as expected. Key of satisfaction for employees is the gap of work aspect between what they want and what they have. The bigger the gap, the lower satisfaction will be. Engko (2014), and Rosita and Yuniati (2016) find that work satisfaction has positive effect on employees' performance.

Training, Compensation, and Career Development on Performance with Work Satisfaction as Mediation Variable

Development of the theories, in one hand, shows that training, compensation, and career development have effect on work satisfaction and performance. In other hand, work satisfaction has effect on performance. As result, this research acknowledges work satisfaction mediate the effect of training, compensation, and career development on performance.

Hypotheses

Based on development theories and previous studies, this research consists of 10 hypotheses. The list and framework of them can be seen as followed:

H1: training has effect on performance.

H2: compensation has effect on performance.

H3: career development has effect on performance

H4: training has effect on work satisfaction.

H5: compensation has effect on work satisfaction.

H6: career development has effect on work satisfaction.

H7: work satisfaction has effect on performance.

H8: training has effect on performance mediated by work satisfaction.

H9: compensation has effect on performance mediated by work satisfaction.

H10: career development has effect on performance mediated by work satisfaction.

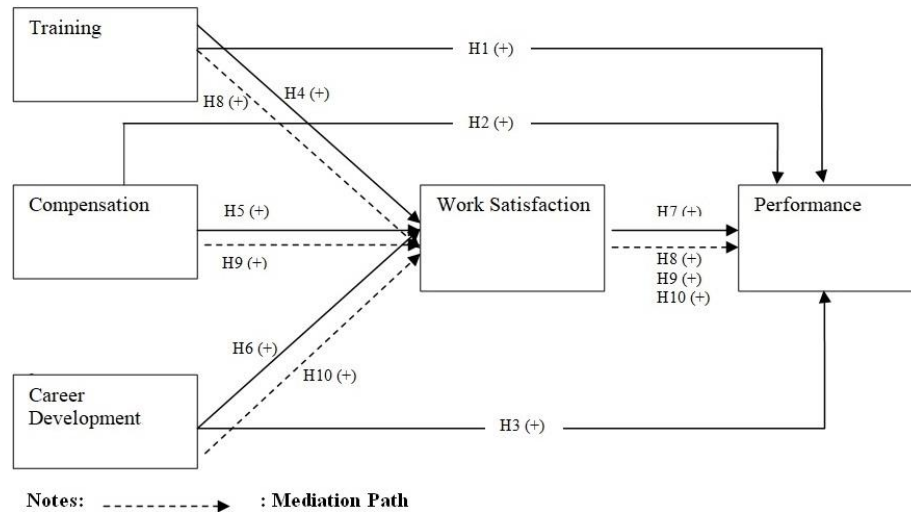


Figure 1. Research Framework

METHOD

Research Location

This research is conducted in Local Government Hospital of Sleman. Respondents are 73 nurses in Local Government Hospital of Sleman.

Variables

In this research, independent variables are training (X1), compensation (X2), and career development (X3). Mediation variable is work satisfaction (Z). Dependent variable is performance (Y). All variables are measured by questionnaires.

Data Collection

Research instrument is questionnaires of 4 likert scale, consists of question items as variables' indicators. Respondents have to answer the questions with choose one of four available answers (strongly agree, agree, disagree, strongly disagree). Indicators of training and compensation use questionnaires by Sani (2012) and Delle et.al, (2016). Indicators of career development use questionnaires by Sani (2012). Indicators of work satisfaction use "Minnesota Satisfaction Questionnaires" by Weiss, Dawis, England and Loquats. Indicators of performance use questionnaires by Bernard in and Russel (2013).

Path Analysis

Path analysis is used to examine effect of independent variable on dependent variable both directly and indirectly (Sunyoto,2012). In this research, path analysis consists of two regression models, which are:

$$Z = P_1X_1+P_2X_2+P_3X_3+C_1 \quad (1)$$

$$Y = P_4.X_1+P_5.X_2+P_6X_3+P_7.Z+C_2 \quad (2)$$

Where, X1 is training, X2 is compensation, X3 is career development, Z is work satisfaction, Y is performance, P1 until P7 are regression coefficients. Mediation effect will be performed by Sobel Test.

ANALYSIS AND DISCUSSION

Validity and Reliability

Table 2. Validity Test

Variable	Indicator	Sig. of Pearsons' Correlations	Cronbach's Alpha
Training (X1)	X1.1	0.000	0.864
	X1.2	0.000	
	X1.3	0.000	
Compensation (X2)	X2.1	0.000	0.917
	X2.2	0.000	
	X2.3	0.000	
Career Development (X3)	X3.1	0.000	0.843
	X3.2	0.000	
	X3.3	0.000	
Work Satisfaction (Z)	Z1.1	0.000	0.965
	Z1.2	0.000	
	Z1.3	0.000	
	Z1.4	0.000	
	Z1.5	0.000	
	Z1.6	0.000	
	Z1.7	0.000	
	Z1.8	0.000	
	Z1.9	0.000	

	Z1.10	0.000	
	Z1.11	0.000	
	Z1.12	0.000	
	Z1.13	0.000	
Performance (Y)	Y1.1	0.004	0.966
	Y1.2	0.000	
	Y1.3	0.000	
	Y1.4	0.000	
	Y1.5	0.000	
	Y1.6	0.000	
	Y1.7	0.000	
	Y1.8	0.000	
	Y1.9	0.000	
	Y1.10	0.000	
	Y1.11	0.000	
	Y1.12	0.000	
	Y1.13	0.000	
	Y1.14	0.000	
	Y1.15	0.000	

Source: Proceed primary data (2018)

Based on table 2, all indicators have significance value of person correlation below 0.05, while all variables have cronbach's alpha value above 0.6. It shows that questionnaires are valid and reliable.

Classical Assumption

Table 3. Classical Assumption Tests

Test	Result		Notes
	Model 1	Model 2	
Normality	Sig. of Kolmogorov-Smirnov > 0.05	Sig. of Kolmogorov-Smirnov > 0.05	Data is normally distributed
Multicollinearity	VIF is below 10, Tolerance is above 0.1	VIF is below 10, Tolerance is above 0.1	Free of multicollinearity problem

Source: Proceed primary data (2018)

Based on table 3 significance value of Kolmogorov-Smirnov for model 1 and model to is above 0.05. It indicates that models have data that normally distributed. VIF value for model 1 and model 2 is above 10, and tolerance value for model 1 and model 2 is below 0.1. It indicates that models are free of multicollinearity problem. Result of heteroscedasticity will be provided by scatterplots in figure 2 and figure 3.

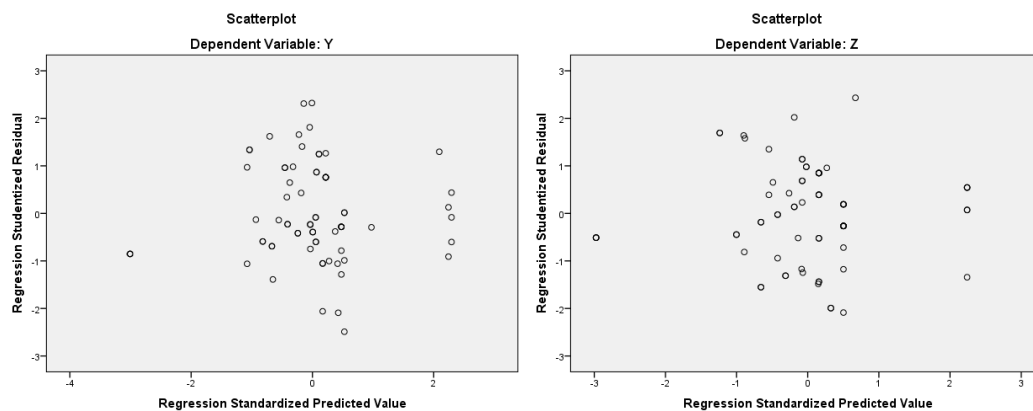


Figure 2. Heteroscedasticity for Model 1 and Model 2

Source: Proceed primary data (2018)

Based on figure 2 and figure 3, residual data captured as set of points randomly spread and do not shaped as specific pattern. It indicates that models are free of heteroscedasticity.

Hypotheses Test

Table 4. Hypotheses Test

Independent Variable	t-statistics		
	Model 1	Model 2	Sobel Test
Training (X1)	3,154*	2,413**	2,406**
Compensation (X2)	5,121*	2,615**	3,007*
Career Development (X3)	2,730*	2,729*	2,203**
Work Satisfaction (Z)		3,713*	
Dependent Variable	Work Satisfaction (Z)	Performance (Y)	Performance (Y)
R Square	0,914	0,944	
F-statistics	243,154*	285,509*	
*Significant in 0.01			
**Significant in 0.05			

Source: Proceed primary data (2018)

Based on table 4 in model 2; training (significant in 0.05), compensation (significant in 0.05), career development (significant in 0.01) have effect on performance. It indicates that H1, H2, and H3 are accepted. In model 1; training (significant in 0.01), compensation (significant in 0.01), career development (significant in 0.01) have effect on work satisfaction. It indicates that H4, H5, and H6 are accepted. Back to model 2; work satisfaction has effect on performance (significant in 0.01). It indicates that H7 is accepted. Based on sobel test; work satisfaction mediates the effect of training (significant in 0.05), compensation (significant in 0.01), career development (significant in 0.05) on performance. It indicates that H8, H9, and H10 are accepted.

CONCLUSION

Based on data analysis; the better training, compensation, career development, and work satisfaction, the higher performance will be. Other than that, the better training, compensation, and career development, the better work satisfaction will be. Moreover, work satisfaction successfully mediates the effect of training, compensation, and career development on performance. For Local Government Hospital of Sleman, it is important to improve employees' training, compensation, and career development; so they can achieves satisfaction and performance more.

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