

Examining the Influence of Training, Development, and Compensation Systems on Private Sector Employee Performance: An In-Depth Study

Zahra Abdirisak Mohamed, Mohd Arsad Bin Johanis*, Siti Balkis Mohamed Ibrahim, Nor Hafizan Habib Sultan, Siti Norayu Mohd Basir

Department of Languages & General Studies, Faculty of Business & Communication, Universiti Malaysia Perlis

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.8100256>

Received: 17 October 2024; Accepted: 21 October 2024; Published: 21 November 2024

ABSTRACT

This study investigates the impact of training, development, and compensation systems on private sector employee performance. The findings demonstrate that both elements significantly enhance employee performance. The mean value for the training and development component is 4.53, with a standard deviation of 0.506, reflecting high satisfaction among respondents regarding the provided programs. Similarly, the compensation system achieved an identical mean, indicating that employees are equally satisfied with their remuneration. The study underscores the critical role of effective training and equitable compensation systems in motivating employees and driving organizational success. The results confirm that well-designed training programs and fair compensation systems boost employee skills, motivation, and productivity. Methodologically, future research could benefit from employing mixed methods to achieve a more comprehensive analysis. Moreover, further studies should be conducted on a larger scale to develop robust generalizations regarding the implications of training and development for private sector employees, particularly in the context of Malaysia.

Keywords: Training and development, employee performance, productivity, compensation system, and private sector

INTRODUCTION

Employee performance is a crucial determinant of organizational success, particularly in the private sector where competitiveness and operational efficiency are paramount. In efforts to enhance employee performance, organizations typically prioritize two key elements: training and development, and compensation systems (Noe et al., 2021). In an era of intensifying global competition, private organizations face significant challenges in maintaining operational efficiency and effectiveness. One of the primary strategies for addressing these challenges involves the implementation of comprehensive training and development programs, alongside competitive compensation systems (Noe et al., 2021). Training and development, in particular, serve as fundamental tools for equipping employees with the skills and knowledge necessary for improved performance. Moreover, training and development initiatives are recognized for their contribution to both individual and organizational performance (Aguinis & Kraiger, 2013). Development, which is future-oriented, focuses on growth through formal education, work experience, relationships, and personality assessments, as well as preparing individuals for future workplace roles (Noe, 2022). Conversely, training is the process of correcting misinformation and inappropriate behaviors, replacing them with accurate knowledge and effective actions (Nigel, 2023).

The compensation system is a fundamental component of human resource management, playing a pivotal role in shaping employee performance, particularly within the private sector. Compensation encompasses a broad range of rewards provided to employees in recognition of their work, including wages, bonuses, incentives, and supplementary benefits such as health insurance and pensions (Milkovich et al., 2019). A well-structured compensation system not only attracts top talent but also acts as a powerful motivational tool to retain

employees and encourage enhanced performance (Chiu et al., 2002). According to Chakrabarty (2021), effective compensation systems align individual goals with organizational objectives through input-based compensation, which rewards employee abilities, and output-based compensation, which focuses on productivity. Moreover, a fair and equitable compensation system can drive higher levels of employee performance by offering rewards that are proportionate to their contributions (Milkovich et al., 2019).

Research indicates that fair and competitive compensation significantly enhances job satisfaction, reduces turnover, and strengthens employee commitment to the organization (Nyberg et al., 2018). Performance-based compensation systems, such as achievement-related bonuses, further motivate employees to meet established targets, thereby contributing to increased organizational productivity and effectiveness (Gerhart & Fang, 2015). However, achieving an optimal balance between base compensation and incentive structures is crucial for ensuring the overall efficacy of the compensation system in meeting organizational objectives (Jiang et al., 2012).

BACKGROUND OF STUDY

In today's highly competitive business environment, private sector organizations are increasingly focused on strategies that enhance employee performance as a means to improve organizational productivity and maintain a competitive edge (Farida, I., & Setiawan, D., 2022). Among these strategies, training and development programs, alongside effective compensation systems, are widely recognized as critical factors influencing employee performance. Training and development enable employees to acquire new skills and enhance existing competencies, thereby fostering greater job efficiency and effectiveness. Similarly, compensation systems, when designed appropriately, not only attract and retain talent but also motivate employees to perform at their best (Farida, I., & Setiawan, D., 2022).

This study seeks to analyze the impact of these two crucial elements which is training and development, and compensation systems on the performance of private sector employees. Prior research has demonstrated that both elements are key drivers of employee motivation, satisfaction, and productivity, making them central to organizational success. To explore this further, Herzberg's Motivator-Hygiene Theory (1959) is adopted as the theoretical framework for this study. This theory distinguishes between factors that lead to employee satisfaction (motivators) and those that prevent dissatisfaction (hygiene factors), offering a valuable lens through which to understand the dynamics of training, development, and compensation in shaping employee performance by applying Herzberg's Motivator-Hygiene Theory, this study aims to offer valuable insights into how organizations can strategically optimize training, development, and compensation systems to enhance overall workforce performance. The analysis will focus on identifying the most effective approaches to implementing these elements, ultimately contributing to improved employee motivation, satisfaction, and productivity, which are critical for sustaining organizational success in the private sector.

LITERATURE REVIEW

Employee performance is defined by Donohoe (2019) as the behaviour and ability of employees to effectively execute their assigned job responsibilities. Organizations establish performance objectives for individual employees and the organization as a whole, aiming to deliver optimal value to customers while minimizing waste and maximizing operational efficiency.

Rusmiati, Harjadi, and Fitriani (2021) elaborate on this by describing employee performance as the outcome of an individual's work, reflecting the effectiveness, quality, and productivity of their duties. They emphasize that employee productivity significantly influences how employees perceive their value within the organization, making it a crucial factor for overall business success.

In many organizations, training plays a crucial role in enhancing employee performance and maintaining high standards of workforce quality. In today's fast-paced environment, organizations face numerous challenges, and training serves as an essential tool for improving employee capabilities and organizational efficiency. Noe et al (2022) defined training as deliberate and structured initiative implemented by organizations to foster the

acquisition of job-specific competencies, knowledge, skills, and behaviours among employees. Its primary objective is to equip employees with the necessary skills and ensure effective application in daily work activities. While training focuses on immediate competencies, development is more future-oriented, encompassing formal education, work experience, and personality assessments to prepare employees for future roles.

Bassett-Jones (2023) further elaborates on training as a process of replacing incorrect information with accurate knowledge and behaviours, facilitated through various methods such as on-the-job training and online courses. Mastery is achieved through repeated practice, and training plays a critical role in developing cognitive skills essential for interpersonal effectiveness, including persuasion and leadership.

Archambault and Hapes (2023) distinguish training from professional development, which refers to broader efforts aimed at enhancing individuals' skills, such as leadership courses. Armstrong and Taylor (2023) emphasize the importance of structured teaching methods in training, asserting that it should be systematic and developed in response to clearly defined needs. Furthermore, they advocate for rigorous evaluation of training outcomes to ensure effectiveness.

A study by Karim, Choudhury, and Latif (2019) highlights that training is one of the most effective methods for influencing employees to adopt desired behaviors. It offers numerous benefits for both individuals and organizations, ultimately helping organizations achieve their goals. The study examined the impact of training and development on employee performance by distributing 30 surveys to various staff members. The findings revealed that employees perceive training as a means to improve their skills and increase job satisfaction.

Conversely, a study by Niati, Siregar, and Prayoga (2021) underscores the significant impact of training on an individual's task performance, indicating that enhanced training for employees results in improved outcomes. The study involved all 135 employees at Perusahaan Asam Java in South Labuhan Batu Regency, and the findings revealed that training is the most effective method for enhancing professional performance and fostering opportunities for personal advancement.

Additionally, research conducted by Zreen et al. (2019) highlights the influence of training and development on employee effectiveness, with a sample size of 500 participants. The results indicate that investment in employee training and development positively correlates with productivity.

Compensation is defined by Arif et al. (2019) as the total remuneration that employees receive in exchange for the services rendered or results achieved for an organization. This encompasses both direct and indirect forms of compensation, which can be in cash or goods as a reward for the work performed. Naidu and Satyanarayana (2018) further categorize compensation into direct compensation, which includes financial rewards like salaries and bonuses, and indirect compensation, consisting of non-financial benefits such as health coverage and vacation time. They emphasize that compensation extends beyond basic salary to include all forms of remuneration provided for employees' contributions to the organization.

Direct compensation typically includes elements such as basic salary, housing and transportation allowances, medical benefits, and bonuses (Naidu & Satyanarayana, 2018). In contrast, indirect compensation encompasses non-monetary benefits that recognize employee services, including leave policies, insurance, retirement benefits, and vacation support.

Chakrabarty (2021) adds that compensation systems serve as incentives for employees to align their personal objectives with organizational goals. These compensation methods can be classified into input-based compensation, which focuses on employees' skills and potential, and output-based compensation, which emphasizes productivity and outcomes.

Table 1 provides a comprehensive comparison of the various components of the compensation system and their respective impacts on the performance of private sector employees. This comparative analysis offers valuable insights into how each element of compensation influences overall employee performance, aiding in the assessment of the compensation system's broader effect on organizational success.

Table 1: Comparison of Compensation Systems and their Implications for Private Employee Performance

Compensation System Components	Description	Impact on Employee Performance	Reference
Basic Salary	Fixed basic remuneration received by the employee based on the employment contract.	Increases job satisfaction and commitment, but may be less motivating for additional performance.	Milkovich et al., 2019
Performance Based Bonus	Additional compensation based on the achievement of performance that exceeds expectations.	Increase motivation and short-term productivity.	Nyberg, Pieper, & Trevor, 2018
Incentives	Additional rewards for certain achievements, such as sales commissions.	Drive the achievement of specific targets and increase focus on organizational goals.	Gerhart & Fang, 2015
Health Benefits	Health insurance package offered as part of compensation.	Improve employee well-being, which can contribute to better performance.	Jiang et al., 2012
Pension and Savings Plan	Contribution to a pension plan or future savings for employees.	Increases long-term satisfaction and employee retention, but the impact on daily performance may be limited.	Chiu, Luk, & Tang, 2002
Benefits and Additional Rewards	Extra benefits such as additional leave, work from home, or educational assistance.	Contribute to a better work-life balance and increase long-term motivation.	Milkovich et al., 2019

Arif et al. (2019) emphasize a significant and positive relationship between compensation and employee performance in a study conducted in the North Sumatra district, focusing on two departments: the Technical Implementation of Development Construction for Roads and Bridges, and the Highway Department. The study's population comprised 47 employees from both departments. The findings indicate a clear positive correlation between the level of compensation received by employees and their performance.

Consequently, as employee compensation improves, their performance in executing tasks also enhances.

A study by Manzoor, Wei, and Asif (2021) demonstrates a positive relationship between compensation and employee performance within the small and medium enterprise (SME) sector in Islamabad and Rawalpindi. The researchers distributed 400 self-administered questionnaires to employees in this sector, achieving a response rate of 75% with 300 completed questionnaires. The findings indicate that improved compensation correlates positively with enhanced employee performance.

Similarly, a study conducted by Chukwuma et al. (2022) highlights the critical role of compensation systems in influencing employee performance. The objective of this research was to evaluate the impact of compensation systems on employee productivity. The study involved a total population of 1,470 workers from various categories within the Oyi Local Government Area of Anambra State. The results reveal a significant relationship between the compensation system implemented by organizations and the productivity and performance of their employees.

Herzberg's Motivator-Hygiene Theory on Employee Performance

This study is anchored in Herzberg's Motivator-Hygiene Theory (1959), which elucidates the relationship

between training and development, compensation systems, and employee performance (Ramadhania et al., 2020). Herzberg's theory posits that employee motivation comprises two primary components: satisfaction and dissatisfaction. These components are inherently interconnected and highlight the dual nature of employee experiences within an organization.

According to this theory, employees can be influenced by two distinct categories of factors: motivational factors and hygiene factors (Ramadhania et al., 2020). Motivational factors, such as achievement and recognition, contribute positively to employee satisfaction and performance. In contrast, hygiene factors like salary and organizational policies are essential to prevent dissatisfaction but do not necessarily lead to enhanced motivation when adequately addressed. This framework provides a comprehensive understanding of how effective training and development, along with a robust compensation system, can significantly impact employee performance.

Hygiene factors, also referred to as extrinsic factors, play a critical role in sustaining employee motivation within the workplace (Parhusip & Hastuti, 2024). The absence of these factors can lead to negative consequences for both employees and organizations, resulting in diminished job satisfaction and decreased performance. Conversely, when hygiene factors are present, employees are more likely to execute their duties effectively, leading to higher levels of satisfaction (Parhusip & Hastuti, 2024).

However, it is important to note that hygiene factors do not sustain motivation over the long term. Examples of these factors include psychological needs and workplace conditions, such as the overall work environment. For instance, a conducive and well-equipped workplace can significantly enhance employee job satisfaction and motivate individuals to perform their responsibilities effectively (Parhusip & Hastuti, 2024).

Motivational factors are crucial for fostering positive job satisfaction and motivating employees to perform their duties effectively (Norawati, Basem, & Astaty, 2023). These factors significantly enhance employee performance, serving as indirect compensation by fulfilling employees' psychological needs as they strive to achieve various benefits within the organization (Norawati, Basem, & Astaty, 2023).

Examples of motivational factors include recognition and opportunities for promotion. Recognition from employers for impressive job performance is particularly impactful, as it reinforces employees' sense of achievement (Norawati, Basem, & Astaty, 2023). This acknowledgment not only fosters a feeling of validation but also drives employees to work harder and diligently, ultimately leading to greater success in their careers.

Moreover, the prospect of promotion, earned through accomplishments and contributions to the organization, serves as a powerful motivator. It encourages employees to excel in their roles and embrace new challenges, thus enhancing overall organizational performance.

The application of Herzberg's Motivator-Hygiene Theory serves as a vital framework for organizations worldwide to address employee dissatisfaction effectively. By focusing on eliminating factors that lead to dissatisfaction, organizations can foster a more harmonious workplace. However, it is important to note that while addressing hygiene factors can mitigate dissatisfaction, it does not inherently enhance employee motivation (Ramadhania et al., 2020).

Herzberg (1987) highlighted the significance of motivational factors, particularly through the concept of job enrichment. He emphasized that managers must consider various elements, including recognizing employee contributions, offering internal promotion opportunities, facilitating achievements, and, crucially, providing training and development. These initiatives not only empower employees but also create pathways for career advancement (Ramadhania et al., 2020).

By implementing these motivational factors, organizations can create an environment that satisfies employees' needs, ultimately enhancing their productivity and performance at work. Such conditions are essential for fostering a motivated workforce that contributes positively to organizational success (Ramadhania et al., 2020).

RESEARCH METHODOLOGY

This study employs a survey research design as its primary methodological approach. The objective is to examine the implications of training and development on employee performance, as well as the relationship between compensation systems and employee performance. A quantitative methodology is utilized, incorporating structured questionnaires that are analysed using the Statistical Package for Social Sciences (SPSS).

The research was conducted at Sokeso in Taiping, Perak, Malaysia, involving a target population of approximately 45 employees. Through the use of random sampling, a sample of 40 participants was selected from various departments, including Benefits, Enforcement, Rehabilitation, and Administration.

Sampling techniques were employed for participant selection. A closed-ended survey instrument was utilized for its efficiency and ease of completion for respondents. The questionnaire is divided into four sections:

Section	Component	No. of Questions
Part A	Demographic information	7
Part B	Training and development component	10
Part C	Compensation system	10
Part D	Employee performance	10

DATA ANALYSIS AND DISCUSSION

The data analysis performed using descriptive statistical methods to explore the relationship between training and development, compensation systems, and employee performance. Descriptive analysis serves to summarize and describe the main features of the data collected from the structured questionnaires administered to participants.

The primary aim of employing descriptive statistics is to provide a clear understanding of the sample characteristics and the distribution of responses within each component of the study. This analysis enables us to present key metrics such as means, standard deviations, frequencies, and percentages, which will aid in interpreting the data and drawing meaningful conclusions about the implications of training, development, and compensation on employee performance.

Table 1: Training and Development

STATISTIK											
		TD1	TD2	TD3	TD4	TD5	TD6	TD7	TD8	TD9	TD10
N	Valid	40	40	40	40	40	40	40	40	40	40
Missing		0	0	0	0	0	0	0	0	0	0
Mean		4.53	4.53	4.53	4.53	4.50	4.47	4.53	4.50	4.50	4.50
Std. Deviation		.506	.506	.506	.506	.555	.599	.554	.555	.555	.555

Table 1 presents the elements of training and development, comprising a total of ten components. Among these, Question 1 garnered the highest level of agreement from respondents, with 19 individuals (47.5%)

indicating agreement and 21 individuals (52.5%) expressing strong agreement with the statement. This results in a total of 40 respondents who agreed with the statement of Question 1. The mean score for Question 1 is 4.53, with a standard deviation of 0.506, indicating a high level of satisfaction among respondents regarding this particular aspect of training and development.

In contrast, Question 3 received the lowest level of agreement, with only 17 respondents (42.5%) expressing agreement with the statement. Additionally, two respondents (5%) chose a neutral response for this question. The mean score for Question 3 is 4.47, accompanied by a standard deviation of 0.599, suggesting a slightly lower, yet still favourable, perception of this element compared to Question 1.

The results indicate that the training and development component achieved a high mean value of 4.53, accompanied by a standard deviation of 0.506 (see Table 1). This suggests that respondents are generally satisfied with the training and development initiatives implemented within the organization. Effective training and development play a critical role in enhancing employees' skills and knowledge, which subsequently leads to improved performance.

However, the analysis reveals variability in respondents' satisfaction levels regarding specific aspects of the training, as evidenced by the differing mean values and standard deviations. This variation may indicate that there are distinct training needs among employees or that the training programs may not be adequately tailored to meet individual requirements (Kirkpatrick, 2016).

Consequently, training and development emerge as pivotal factors in enhancing employee performance. By providing targeted training that equips employees with the essential skills and knowledge, organizations can facilitate the development of their potential and ensure that they possess the requisite competencies for effective contribution. Moreover, a well-designed training program not only enhances employee efficiency but also positively influences job satisfaction and motivation.

Table 2: Compensation System

STATISTIC											
		CS1	CS2	CS3	CS4	CS5	CS6	CS7	CS8	CS9	CS10
N	Valid	40	40	40	40	40	40	40	40	40	40
Missing		0	0	0	0	0	0	0	0	0	0
Mean		4.53	4.50	4.47	4.53	4.53	4.53	4.53	4.50	4.50	4.50
Std. Deviation		.506	.555	.599	.506	.506	.506	.506	.555	.555	.555

Table 2 outlines the elements of the compensation system, consisting of a total of ten components. Among these, Question 7 received the highest level of agreement from respondents, with 19 individuals (47.5%) indicating agreement and 22 individuals (52.5%) expressing strong agreement with the statement. Consequently, the total number of respondents who agreed with the statement of Question 7 is 41. The mean score for Question 7 is 4.53, with a standard deviation of 0.506, reflecting a high level of satisfaction regarding this element of the compensation system.

In contrast, Question 8 recorded the lowest level of agreement, with 18 respondents (45.0%) expressing agreement with the statement. Additionally, one respondent (2.5%) selected a neutral response for this question. The mean score for Question 8 is 4.50, accompanied by a standard deviation of 0.555, indicating a slightly lower, yet still favourable, perception of this component compared to Question 7.

The findings related to the compensation system indicate a mean value of 4.53, accompanied by a standard deviation of 0.506 (refer to Table 2). This result demonstrates that respondents generally hold a positive

perception of the compensation system in place. A fair and competitive compensation structure is crucial for motivating employees and enhancing their performance (Milkovich, Newman, & Gerhart, 2014).

However, the analysis reveals variability in satisfaction levels across specific items, suggesting that certain elements of the compensation system may require refinement to bolster employee satisfaction (Armstrong & Taylor, 2020). The study underscores the significance of a just and competitive compensation system in ensuring that employees feel valued and are motivated to pursue high performance. These findings align with Milkovich et al. (2014), who assert that adequate compensation contributes to increased job satisfaction, while insufficient compensation can lead to dissatisfaction and diminished work performance.

Table 3: Employee Performance

STATISTIC											
		EP1	EP2	EP3	EP4	EP5	EP6	EP7	EP8	EP9	EP10
N	Valid	40	40	40	40	40	40	40	40	40	40
	Missing	0	0	0	0	0	0	0	0	0	0
	Mean	4.53	4.55	4.53	4.53	4.53	4.50	4.50	4.50	4.50	4.50
	Std. Deviation	.506	.504	.506	.506	.506	.555	.555	.555	.555	.555

Table 3 presents the elements related to employee performance, comprising a total of ten components. Among these, Question 2 received the highest level of agreement, with 18 respondents (45.0%) indicating agreement and 22 respondents (55.0%) expressing strong agreement with the statement. Thus, the total number of respondents who agreed with the statement of Question 2 is 40. The mean score for Question 2 is 4.55, accompanied by a standard deviation of 0.504, reflecting a high level of employee performance perception.

Conversely, Question 9 recorded the lowest level of agreement, with 18 respondents (45.0%) expressing agreement with the statement. The mean score for Question 9 is 4.50, with a standard deviation of 0.555, indicating a moderately favourable perception of this aspect of employee performance.

The study revealed a mean value of 4.55 for employee performance, accompanied by a standard deviation of 0.504 (refer to Table 3). This suggests that respondents perceive a positive impact of both training and development, as well as the compensation system, on their performance. In the realm of human resource management, training and development, alongside an effective compensation system, are crucial factors that significantly influence employee performance and, by extension, overall organizational success.

To maximize effectiveness, training and development initiatives must be optimized to equip employees with the necessary skills and knowledge for enhanced task execution. Concurrently, a well-structured compensation system serves as a motivator, driving employees to attain higher levels of performance (Becker & Huselid, 1998). However, the observed variations in satisfaction regarding elements of training, development, and compensation systems highlight the necessity for ongoing evaluation and refinement. Such measures are essential to ensure that all components operate effectively and contribute to improved employee outcomes (Judge & Kammeyer-Mueller, 2012).

This study demonstrates that training and development, as well as compensation systems, positively influence the performance of private sector employees. Nevertheless, certain areas warrant improvement to ensure the optimal functioning of these elements. Enhancements in both training and development initiatives and compensation frameworks are essential for fostering superior employee performance and increasing job satisfaction. The application of Herzberg's Motivator-Hygiene Theory offers a valuable framework for comprehending the relationship between training, development, compensation systems, and employee performance. Hygiene factors mitigate dissatisfaction among workers, while motivational factors serve to

energize and enhance performance. Consequently, organizations must ensure that they not only fulfill the basic needs of their employees but also incorporate motivational elements that can significantly elevate overall performance.

RESEARCH IMPLICATION AND RECOMMENDATION FOR FUTURE RESEARCH

The implications of this study can be categorized into three distinct forms: practical implications, theoretical implications, and methodological implications.

According to Noe (2017), the skills and knowledge of employees significantly improve when they receive targeted and appropriate training and development. This, in turn, enhances employee efficiency, boosts confidence, and unlocks potential. Training tailored to the specific needs of both individuals and organizations can lead to increased productivity, elevated job satisfaction, and a reduction in error rates. These findings underscore the critical importance of investing in training and development initiatives by employers to foster overall enhancements in employee performance.

According to Kirkpatrick (2016), the process of selecting, designing, and implementing precise and appropriate training is crucial for ensuring the effective enhancement of skills and knowledge. Training and development initiatives that are tailored to individual needs significantly contribute to improved employee performance. When training is not customized, the outcomes may fall short of expectations, leading to inadequate improvements in employee performance. Conversely, with appropriate adaptation, employees are more likely to feel motivated and to effectively apply their acquired knowledge in their daily tasks, resulting in a positive impact on overall organizational performance.

Rodriguez and Walters (2017) emphasize that training and development enable organizations and employees to achieve a variety of objectives, including enhanced morale, a heightened sense of job security, increased employee engagement, and improved efficiency necessary for executing specific roles. Jehanzeb and Bashir (2013) further elucidate that effective training and development not only benefit employees but also serve the broader interests of the organization. By providing clear role definitions and optimizing organizational interests, effective training and development initiatives facilitate the alignment of individual contributions with organizational goals.

Organizations should utilize their compensation systems to provide employee remuneration that reflects the services rendered and sacrifices made by employees. An effective compensation strategy encompasses not only salaries but also fringe benefits, performance incentives, and recognition. It is essential that compensation packages be periodically reviewed and adjusted in response to current economic conditions, such as increases in the cost of living or inflation (Wijaya, Tanto, & Fransisca Andreani, 2015).

Moreover, non-monetary incentives, including overtime pay, additional leave, and gestures of appreciation such as birthday greetings serve as valuable forms of recognition that organizations can offer to employees. Such forms of appreciation foster employee loyalty and cultivate a sense of belonging within the workplace. Additionally, organizations can enhance employee satisfaction by fostering a positive work environment. A supportive and motivating workplace can significantly boost employee morale and motivation. Acknowledging high-achieving employees through various forms of recognition can further stimulate motivation and encourage enhanced performance (Oktari, Suhardi, & Mohd Saudi, 2021).

The next implication pertains to the theoretical framework, specifically the application of Herzberg's Motivator-Hygiene Theory (1959), which offers valuable insights into the motivational factors influencing job satisfaction. The findings of this study align with Herzberg's theory, underscoring the critical importance for organizations to establish effective policies that support employee career development. Herzberg categorizes motivational factors affecting employee satisfaction into two distinct groups: motivators and hygiene factors. This framework provides essential guidance in understanding how elements such as training, development, and compensation systems influence employee performance.

According to Herzberg, employee satisfaction is influenced by hygiene factors, which include organizational

policies, supervision, salary, interpersonal relationships, and the work environment. In contrast, motivators encompass elements such as self-fulfilment, achievement, recognition, responsibility, and opportunities for career advancement (Pandey, A., Nandy, R., & Jain, I., 2022).

The findings of this study suggest that organizational policies concerning training and compensation can significantly impact employee job satisfaction. Ineffective or ambiguous organizational policies may lead to frustration among employees, particularly if compliance is inconsistent. While organizational policies cannot universally satisfy all employees, the concerted efforts of organizations to provide comprehensive training, career development opportunities, and competitive compensation incentives can mitigate overall employee dissatisfaction.

Pandey, A., Nandy, R., & Jain, I. (2022) emphasize the necessity for organizations to implement fair and appropriate policies regarding training, career development, and compensation that align with the specific needs of each position. The findings of this study indicate that providing employees with opportunities for relevant training and career advancement yields positive implications. Enhanced knowledge and expertise empower employees to feel more confident in their roles, fostering a belief in the significance of their work and its meaningful contribution to the organization.

Moreover, equitable and periodic compensation extending beyond monetary rewards serves as a key motivator for employees, encouraging them to maintain job satisfaction and loyalty. Such an approach not only reduces workplace stress but also enhances overall productivity. Thus, it is imperative for organizations to adopt comprehensive compensation strategies that recognize and reward employee contributions, ultimately leading to a more engaged and motivated workforce.

The final implication to address is the methodological implication. This study employed a quantitative approach to examine the relationships between training, development, compensation systems, and employee performance. A key methodological implication is the necessity to further investigate the interplay between training, development, and compensation in relation to employee satisfaction. Additionally, there is a critical need to enhance the reliability and validity of the measurement instruments utilized in future research.

According to Nunnally and Bernstein (1994), the consistency of the instrument is paramount, as it directly influences the reliability and validity of the findings. Employing measures such as Cronbach's Alpha and test-retest reliability can help ensure that the instruments yield stable and unbiased results. Furthermore, attention must be given to the validity of the instruments; as Nunnally and Bernstein (1994) assert, the validity of a measurement tool is essential for confirming that it accurately reflects the study's objectives.

In the context of this research, it is vital to ascertain whether the items included in the measurement instrument maintain validity, particularly concerning the relationships between training and development, compensation, and employee satisfaction in future studies. Enhancing these methodological aspects will contribute to more robust findings and a deeper understanding of the factors influencing employee performance.

The study would benefit from a more diverse range of data and research findings. To achieve this, the use of a more detailed questionnaire or the adoption of a mixed-methods approach combining both quantitative and qualitative data could enhance the depth and breadth of the research. Mixed-methods research is characterized by its integration of multiple methodologies to effectively address research questions, encompassing the collection, analysis, interpretation, and reporting of both qualitative and quantitative data (Dawadi, Shrestha, & Giri, 2021). By employing mixed methods, researchers can gain a more comprehensive understanding of how training, development, and compensation influence employee performance, thereby providing richer insights that purely quantitative or qualitative studies might overlook.

This study highlights the significant impact of training and development, alongside compensation, on enhancing employee motivation and performance within Malaysia's private sector. Given these positive findings, future research should explore additional dimensions of Herzberg's Two-Factor Theory by incorporating a broader range of motivators and hygiene factors. This could include examining elements such as opportunities for self-employment, interpersonal relationships, competitive salaries, recognition, job

security, career advancement opportunities, and issues related to gender equality in the workplace.

Furthermore, it is recommended that future studies investigate the influence of a conducive work environment as an additional variable affecting employee performance. Organizations should prioritize creating a safe and supportive physical workplace that minimizes stress and fosters well-being. This approach not only enhances employee performance but also contributes to overall job satisfaction and organizational loyalty.

By expanding the scope of research to include these variables, scholars can gain a more comprehensive understanding of the multifaceted nature of employee motivation and performance, ultimately leading to more effective organizational strategies.

According to Maslow's Hierarchy of Needs, safety needs, particularly those related to the work environment, are fundamental for individual well-being. A supportive work environment is essential for fostering personal potential and serves as a significant motivational factor, enabling employees to fulfil their responsibilities and duties more effectively. Investigating a broader range of motivational factors can enhance our understanding of employee motivation dynamics.

Methodologically, future research should adopt a comprehensive approach to establish robust generalizability regarding the implications of training and development for private sector workers in Malaysia. This recommendation arises from the current study's limited sample size of 40 employees from a single private company in Taiping, Perak. To enhance the validity of findings, it is imperative to include a larger and more diverse cohort of employees across various sectors and geographical zones within Malaysia. While conducting research that encompasses the entire private sector may entail higher costs and extended timelines, such an effort would yield more precise insights that accurately represent the broader population of private sector workers in Malaysia, as opposed to the findings derived from the current study's relatively small sample.

CONCLUSION

This study delineates three primary implications concerning training, development, and compensation systems in relation to employee performance: practical, theoretical, and methodological implications. Each of these implications provides critical insights into how organizations can enhance employee performance and satisfaction through an individualized approach that prioritizes fairness within compensation systems.

The findings underscore the significance of training and development in enhancing employee skills and knowledge. As articulated by Noe (2017), training tailored to the individual needs of employees not only boosts efficiency and confidence but also enhances productivity and job satisfaction. Kirkpatrick (2016) further emphasizes that the design and implementation of accurate and appropriate training are essential for ensuring effective performance improvements. Conversely, training that fails to consider individual needs may yield suboptimal results, thereby negatively impacting employee motivation. Supporting this notion, Rodriguez and Walters (2017), along with Jehanzeb and Bashir (2013), assert that high-quality training fosters increased morale, safety, and employee engagement, ultimately amplifying organizational effectiveness. Consequently, investing in targeted training and development initiatives emerges as a strategic imperative for fostering optimal employee performance.

Moreover, a fair and equitable compensation system is a crucial factor in motivating employees. Wijaya, Tanto, and Fransisca Andreani (2015) emphasize that compensation encompasses not only salary but also supplementary benefits and performance incentives. Furthermore, Oktari, Suhardi, and Mohd Saudi (2021) highlight that non-monetary forms of recognition, such as birthday greetings, can significantly enhance employee loyalty and motivation. Consequently, organizations must ensure that the compensation provided is commensurate with the contributions of employees and regularly assess current needs within an inflationary context.

The theoretical implications of this study can be framed through Herzberg's Motivator-Hygiene Theory (1959), which categorizes job satisfaction factors into motivational and hygiene factors. As noted by Michael, David, and Ulmer (1999), elements such as training, development, and compensation systems uniquely influence

employee satisfaction. Hygiene factors encompass organizational policies, supervision, and the work environment, while motivational factors include achievement, recognition, and responsibility. The research findings indicate that vague organizational policies regarding training and compensation can lead to employee dissatisfaction. However, proactive measures to provide meaningful training and development opportunities, along with appropriate incentives, can mitigate dissatisfaction and enhance overall job satisfaction.

This study employed a quantitative approach to assess the relationships between training, development, and compensation systems and their impact on employee satisfaction. Nunally and Bernstein (1994) underscore the significance of reliability and validity in measurement instruments to ensure that research findings are both accurate and unbiased. To enhance the comprehensiveness of future research, it is recommended to adopt a mixed-methods approach that integrates both quantitative and qualitative data. This methodology can provide a more nuanced understanding of the effects of training, development, and compensation on employee performance (Dawadi, Shrestha, & Giri, 2021). By incorporating qualitative insights alongside quantitative metrics, researchers can deepen their exploration of how these factors influence employee motivation and effectiveness.

Based on the findings of this study, it is advisable for future research to incorporate a broader range of motivator and hygiene factors, including opportunities for self-employment, interpersonal relationships, and job security. Additionally, examining the influence of a conducive work environment is essential, as Maslow's Hierarchy of Needs emphasizes the importance of safety needs such as a positive work environment in fostering employee motivation.

To enhance the generalizability of findings regarding the implications of training and development in the private sector of Malaysia, future studies should involve larger and more diverse samples. Researchers are encouraged to carefully plan their studies, considering the associated costs and time requirements to ensure that the findings are both representative and reliable. Overall, this study lays a robust foundation for understanding how training, development, and compensation systems influence employee performance and satisfaction. By adopting a systematic approach that encompasses practical, theoretical, and methodological perspectives, organizations can formulate more effective strategies to enhance employee motivation and productivity, ultimately contributing to the achievement of organizational objectives.

REFERENCES

1. Aguinis, H., & Kraiger, K. (2009). Benefits of training and development for individuals and teams, organizations, and society. *Annual Review of Psychology*, 60, 451-474. <https://doi.org/10.1146/annurev.psych.60.110707.163505>
2. Archambault, K. L., & Hapes, R. L. (2023). *Comprehensive Advisor Training and Development: Practices That Deliver*. Taylor & Francis.
3. Armstrong, M., & Taylor, S. (2020). *Armstrong's handbook of human resource management practice* (15th ed.). Kogan Page.
4. Arif, M., Syaifani, P. E., Siswadi, Y., & Jufrizen, J. (2019). Effect of compensation and discipline on employee performance. *Proceeding UII-ICABE*, 263-276.
5. Armstrong, M., & Taylor, S. (2023). *Armstrong's handbook of human resource management practice: A guide to the theory and practice of people management*. Kogan Page Publishers.
6. Bassett-Jones, N. (2023). *Strategic human resource management: a systems approach*. Routledge.
7. Becker, B. E., & Huselid, M. A. (1998). High performance work systems and firm performance: A synthesis of research and managerial implications. *Research in Personnel and Human Resources Management*, 16, 53-101.
8. Chukwuma, O. I., Agbanu, R. O., Agbo, C. S., & Ezenwa, O. I. (2022). Effect of reward on employee performance: A Study of Oyi local government area. *Journal of Policy and Development Studies*, 13(2), 147-157.
9. Chakrabarty, D. (2021). The chronopolitics of the Anthropocene: The pandemic and our sense of time. *Contributions to Indian Sociology*, 55(3), 324-348.
10. Chiu, R. K., Luk, V. W., & Tang, T. L. (2002). Retaining and motivating employees: Compensation preferences in Hong Kong and China. *Personnel Review*, 31(4), 402-431.

11. Chung, S., Zhan, Y., Noe, R. A., & Jiang, K. (2022). Is it time to update and expand training motivation theory? A meta-analytic review of training motivation research in the 21st century. *Journal of Applied Psychology*, 107(7), 1150.
12. Dawadi, S., Shrestha, S., & Giri, R. A. (2021). Mixed-Methods Research: A Discussion on its Types, Challenges, and Criticisms. *Journal of Practical Studies in Education*, 2(2), 25- 36 DOI: <https://doi.org/10.46809/jpse.v2i2.20>
13. Dawadi, S., Shrestha, D., & Giri, J. (2021). Mixed methods research: Methodological considerations and strategies. *Journal of Mixed Methods Research*, 15(1), 7-24.
14. Donohoe, A. (2019). Employee performance definition. Biz Fluent Official Portal.
15. Farida, I., & Setiawan, D. (2022). Business strategies and competitive advantage: the role of performance and innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(3), 163.
16. Gerhart, B., & Fang, M. (2015). Pay, intrinsic motivation, extrinsic motivation, performance, and creativity in the workplace: Revisiting long-held beliefs. *Annual Review of Organizational Psychology and Organizational Behavior*, 2(1), 489-521.
17. Jehanzeb, K., & Bashir, N. A. (2013). Training and development program and its benefits to employee and organization: A conceptual study. *European Journal of Business and Management*, 5(2), 243-252
18. Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does Human Resource Management Influence Organizational Outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of Management Journal*, 55(6), 1264-1294.
19. Judge, T. A., & Kammeyer-Mueller, J. D. (2012). Job attitudes. In N. Schmitt & S. Highhouse Eds.), *Handbook of psychology: Industrial and organizational psychology* (Vol. 12, pp. 167-207). Wiley.
20. Karim, M. M., Choudhury, M. M., & Latif, W. B. (2019). Conceptual Framework of Recruitment and Selection Procedures: A Case Study on University Grants Commission (UGC) in Bangladesh. In *Message From The Conference Chairs* (p. 101).
21. Kirkpatrick, D. L., & Kirkpatrick, J. D. (2016). *Kirkpatrick's four levels of training evaluation*. ATD Press.
22. Kirkpatrick, D. L., (2016). *Effective Training, Systems, Strategies and Practices*. New York: Pearson Prentice Hall
23. Manzoor, F., Wei, L., & Asif, M. (2021). Intrinsic rewards and employee's performance with the mediating mechanism of employee's motivation. *Frontiers in psychology*, 12, 563070.
24. Milkovich, G. T., Newman, J. M., & Gerhart, B. (2019). *Compensation* (13th ed.). McGraw- Hill Education.
25. Naidu, A. T., & Satyanarayana, G. (2018). Impact of compensation on employee performance. *Intercontinental journal of human resource research review*, 6(4), 1-7.
26. Niati, D. R., Siregar, Z. M. E., & Prayoga, Y. (2021). The effect of training on work performance and career development: the role of motivation as an intervening variable. *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 4(2), 2385-2393.
27. Noe, R. A. (2017). *Employee Training and Development* (7th ed.). McGraw-Hill Education
28. Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2021). *Human resource management: Gaining a competitive advantage* (11th ed.). McGraw-Hill Education.
29. Norawati, S., Basem, Z., & Astati, D. (2023). Analisis kepemimpinan, motivasi kerja, budaya organisasi dan pengaruhnya terhadap kinerja pegawai dengan komitmen organisasi sebagai variabel intervening. *Insight Management Journal*, 3(2), 116-128.
30. Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric Theory* (3rd ed.). McGraw-Hill.
31. Nyberg, A. J., Pieper, J. R., & Trevor, C. O. (2018). Pay-for-performance's effect on future employee performance: Integrating psychological and economic principles toward a contingency perspective. *Journal of Management*, 42(7), 1753-1783.
32. Oktari, S & Suhardi, A.R & Mohd Saudi, M. (2021). Compensation and Motivation in Affecting Employee Performance PT. X. *Solid State Technology*. 63. 3849-3857.
33. Oktari, F., Suhardi, & Mohd Saudi, M. (2021). The role of reward and recognition in enhancing employees' motivation and performance. *Journal of Human Resources and Sustainability Development*, 9(2), 100-115.
34. Pandey, A., Nandy, R., & Jain, I. (2022). *Talent Management in the Indian Social Sector: A review of*

- compensation and motivation. Development Management Foundation. Noida.
35. Parhusip, F. S., & Hastuti, S. O. (2024). Hubungan Antara Motivasi Kerja Perawat Dengan Kepuasan Kerja Perawat Di Charitas Hospital Kenten. *Action Research Literate*, 8(1), 33-41.
 36. Ramadhania, N., Gondodiputro, S., Wijaya, M., Didah, D., & Mandiri, A. (2020). Cadres of the integrated health post for elderly and their satisfaction: Herzberg theory approach. *Sosiohumaniora*, 22(3), 309-18.
 - Rodriguez, J. M., & Walters, P. (2017). The impact of training and development on employee performance and satisfaction. *International Journal of Training and Development*, 21(4), 260-275.
 37. Rusmiati, E., Harjadi, D., & Fitriani, L. K. (2021). Analysis of the impact of risk and workload on motivation and impact on employee performance. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 5(2).
 38. Sung, S. Y., & Choi, J. N. (2014). Do organizations spend wisely on employees? Effects of training and development investments on learning and innovation in organizations. *Journal of Organizational Behavior*, 35(3), 393-412. <https://doi.org/10.1002/job.1897>
 39. Walters, K & Rodriguez, J. (2017). The Importance of Training and Development in Employee Performance and Evaluation. *World Wide Journal of Multidisciplinary Research and Development*, 3(10): 206-212
 40. Wijaya, Tanto & Fransisca Andreani. (2015) Pengaruh Motivasi dan Kompensasi Terhadap Kinerja Karyawan Pada PT. Sinar Jaya Abadi Bersama. *AGORA*, 3(2), 37-45
 41. Wijaya, A. H., Tanto, R., & Fransisca Andreani, E. (2015). Compensation system and its effect on employee performance. *Asian Social Science*, 11(12), 45-56.
 42. Zreen, A., Farrukh, M., Nazar, N., & Khalid, R. (2019). The role of internship and business incubation programs in forming entrepreneurial intentions: an empirical analysis from Pakistan. *Central European Management Journal*, 27(2), 97-113.