

# TRAINING, PROFESSIONAL COMPETENCE AND EMPLOYEE PERFORMANCE: TESTING A PROPOSED MODEL

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## ABSTRACT

*Organizations face increasingly fierce competition due to globalization, changes in technology, politics, and economics. The purpose of this study is to examine the effect of training on professional competence and employee performance. 143 respondents who worked at building construction companies in Central Java - Indonesia are determined as samples. The results of the study using SmartPLS 3 reveal that training has a significant effect on professional competence and employee performance. Besides, professional competence also significantly affects employee performance.*

*Keywords: Training, professional competence, employee performance*

## I. INTRODUCTION

Organizations face increasingly fierce competition due to globalization, changes in technology, politics, and economics [1]. To adapt to this situation, organizations need to train employees to be able to adjust to improve their performance [2]. Training is an organized effort from employees to get effective performance [3, 4]. Employees should be fully involved in training programs to build strong relationships between employees and organizations [5, 6]. This is considered very crucial because empirical facts show that employee training can encourage organizational growth [7-11].

The study of the relationship between training and employee performance has received much attention over the past few decades [12-14], although there is still much debate over contradictory findings [15]. In general, the literature shows that training improves organizational performance by creating employees to have extensive knowledge and skills [7, 16-19]. Training also has a positive influence on individual performance and team performance [20, 21]. Arthur Jr, Bennett Jr [22] conducted a meta-analysis study by comparing the relationship between employee performance through training and without training. They concluded that employees who received training continuously had a significant effect on employee performance in the organization.

Some findings above are controversy with the findings of Aragón, Jiménez [15]; Rowell, Binkley [23] who found that training activities do not affect employee performance. This indicates that the application of training should be more

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oriented on learning to be able to exert influence on organizational learning, which in turn, leads to higher performance. In other words, training is the main program to improve organizational learning capabilities at the individual, group and organizational levels, which affect employees and organizational performance.

Extensive and continuous training is believed to be the main key, which aims (1) to maintain employee learning abilities, both in terms of their competency for learning as well as their motivation and attitudes to learn [24, 25]; (2) to share visions by facilitating communication, transfer and dissemination of individual knowledge between employees within the organization [26]; and (3) to create and shape a culture of learning [27].

Existing literature also presents clear evidence of the effect of training on employee performance [28-35]. Diedrich [36] noted that training relevant to developing employee skills and abilities can improve employee performance. Training can provide benefits not only to employee performance but also to other outcomes, both at the individual, team and organizational levels [20, 37].

To sum up, the present study examines the three following hypothesis:

H1: Training has a significant effect on professional competence

H2: Training has a significant effect on employee performance

H3: Professional competence has a significant effect on employee performance

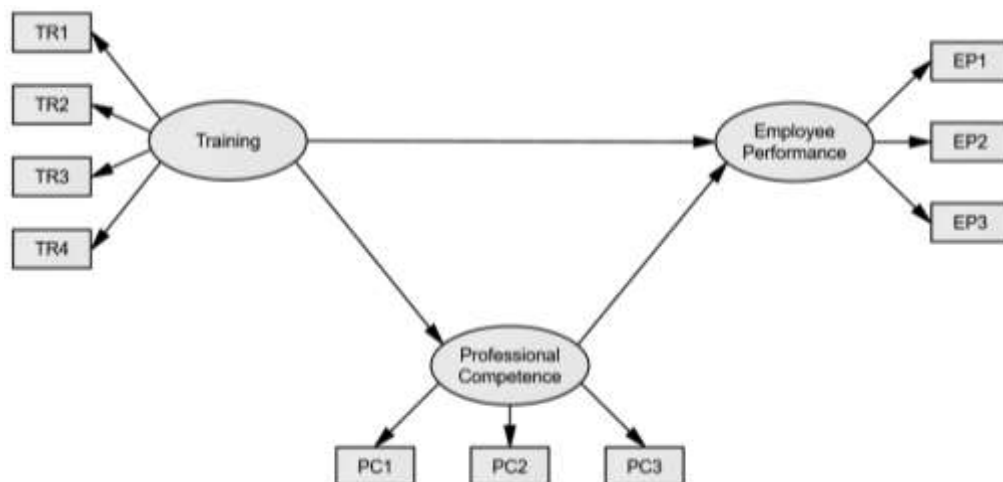


Figure 1. Research Model Framework

## II. EXPERIMENTAL, MATERIALS AND METHODS

This study uses explanatory research that emphasizes the relationship between research variables by testing hypotheses. The sample of this study is 143 employees who work at building construction companies in Central Java - Indonesia. The sample selection is determined randomly. The data collection technique is to use a questionnaire.

Training is measured using 4 indicators which adapted from Rivai [38]. Professional competence is measured using 3 indicators which adapted from Palan [39]. Employee performance is measured using 3 indicators which adapted from Robbins [40].

For analyzing the data to test hypotheses proposed, this study applies structural equation modeling (SEM) based on SmartPLS 3 software.

### III. RESULTS AND DISCUSSION

#### 3.1 VALIDITY TEST

Based on the test results using SmartPLS 3, all indicators on training, professional competence, and employee performance have a loading factor above 0.5. This means that all indicators in this study are said to be valid so that they can be used in research.

**Table 1. Outer Loadings**

	Trainin g	Professional Competence	Employee Performance
TR 1	0.628		
TR 2	0.706		
TR 3	0.862		
TR 4	0.779		
PC 1		0.746	
PC 2		0.949	
PC 3		0.873	
EP 1			0.789
EP 2			0.792
EP 3			0.676

Table 1 shows that the correlation of training constructs, professional competencies, and employee performance with each indicator is higher than 0.5. This indicates that the construct in the estimated model meets the discriminant validity criteria.

### 3.2 RELIABILITY TEST

The reliability test is done by looking at the composite reliability value of the indicator block that measures the construct. The results of composite reliability will show a satisfactory value if above 0.7.

**Table 2. Composite Reliability**

	Composite Reliability
Employee Performance	0.803
Professional Competence	0.867
Training	0.897

Table 2 shows that the composite reliability value for all constructs is above 0.7. This shows that all constructs in the estimated model meet reliable criteria.

**Table 3. R-square**

	R Square
Training	
Professional Competence	0.43
Employee Performance	0.85

Table 3 shows the R-square value of the construct of professional competence of 0.43. This means that training can explain professional competence by 43% and the rest (57%) is influenced by other factors not examined in this study. R-square value is also found in the construct of employee performance that is equal to 0.85. This means that training and professional competence can explain the variance in employee performance by 85% and the rest (15%) is influenced by other factors.

### 3.3 HYPOTHESES TESTING

**Table 4. Hypotheses Testing**

Hypothesis	$\beta$	S.E.	T-value	P
Training $\rightarrow$ Professional Competence	0.268	0.06	4.106	**

		8		*
Training → Employee Performance	0.282	0.06 7	4.314	** *
Professional Competence → Employee Performance	0.235	0.04 8	4.319	** *

The results of H1 indicate that the relationship between training and professional competence is a significant positive effect because the t-statistic value is greater than t-table (t-statistic 4.106 > t-table 1.66) at a significance level of 5%. Thus, H1 is accepted. It is the same with the relationships of training and employee performance (t-statistic 4.314 > t-table 1.66) and professional competence and employee performance (t-statistic 4.319 > t-table 1.66). Thus, H2 and H3 are accepted.

Employee training attributes to programs that intend to present new information, knowledge, skills and abilities desired by employees, to gain opportunities for professional advancement [41]. Training is recognized as the exclusive way to establish an organization's intellectual property by devising employee competencies [42]. A few organizations spend a lot of money in training to develop the competencies and skills of employees and expect to earn a supportive return on the investment made.

Greater organizations, by completing long-term planning, and providing in advancing unique skills of their employees, facilitate organizations to survive with the unpredictable circumstances experienced in the present and forthcoming, and aid to operate fast-changing business situations. Since employees are apprehensive of the organization's concern in extending training programs, they will put their best intentions into gaining the organization's goals, and perform high competence and capability in their work. Furthermore, without training, employees will not acquire a strong compassionate of their qualified duties and responsibilities.

One way to promote and expand the attribute of employees is by furnishing them with advantageous training and development programs. This is because the knowledge, skills and ability (KSA) of proficient employees justify to be a determining factor for gaining competitive advantage. To establish employee KSA effectively to work well in the field, the implementation of training programs is seen as very essential in encouraging employee performance. Hafeez and Akbar [43] proclaim that the more employees receive training, the more effective the level of performance they display in the organization.

Previous study considers that training as an influential activity for effective employees in organizations [4, 10, 27]. The fundamental basis of training highlights providing meaningful input to employees based on relevant theories and taking into account organizational effectiveness and efficiency features, and sustainable development. Likewise, Singh and Mohanty [44] acknowledged that investment in employee training can produce considerable achievements that benefit the organization.

Professional competence must cover high-level skills i.e., critical thinking, long-term learning and sustainable resources. Ko and Hsiao [45] implied that professional competence consists of explicit and implicit peripherals, which combine personal characteristics, quantification, adequate knowledge, and communication skills. Encompassed by the comprehensive professional expertise desired to reach success, professional competence is identified as the most imperative

factor at work. Therefore, it is very essential for employees to prominent master the requirements of professional competence to boost performance and advance their careers.

Employees who are multi-skilled, due to various kinds of competencies possessed, will often be displaced and conveyed from one task to another confide in the client's demand and organizational needs. De Jong and Den Hartog [46] argue that employees can develop performance through their ability to set up ideas and exploit them as energetic architecture blocks to initiate contemporary and superior products, services and work processes. Professional technical competence has been proven to be able to encourage improvement in employee learning, innovation, and creativity [47]. The results of this study are also strengthened by previous study [48-50] that professional competence affects employee performance.

#### **IV. CONCLUSION**

This study generally concludes that employee performance can be improved through training and professional competence. There are several things to be noted related to the limitations of this study. First, this study only focuses on employees who work in building construction companies in Central Java - Indonesia. Because of the great distances, it is not possible to conduct a study in all districts of Central Java. Second, all construct variables used in this study are only measured based on responses from the same respondents. The measurement practices like this have the potential to cause bias. Therefore, future studies need to adopt experimental and longitudinal designs to reinforce the findings. Future studies also need to add other variables that can improve employee performance, such as performance-based pay [51], passion for work [52, 53], and career satisfaction [54, 55].

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