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| ***INFLUENCE OF TRAINING, COMPETENCE AND MOTIVATION ON EMPLOYEE PERFORMANCE, MODERATED BY INTERNAL COMMUNICATIONS*** |
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ABSTRACT

*In 2012, performance of PDAM in East Java was reported at the lowest rank of all provinces in the Java region*(compared to five other provinces; West Java, Central Java,Banten, Yogyakarta and Jakarta)*. This condition raises the question of what factors influence the PDAM’s in East Java in low-performance.*

*This study examines the factors affecting the performance of the employees of PDAMs in East Java. In this study,employee’s training, employee’s individual competence and employee’s need for achievement motivation serve as the predictor variables on the performance of PDAM employees by entering PDAM’s internal communication as a moderator variable.* There are 9 hypotheses as follows: (1) training directly affects the performance;(2) competencedirectly affects the performance;(3) motivation directly affects the performance;(4)internal communication moderates the significance effect of training on performance;(5) internal communication moderates the significance effect of competence on performance;(6) internal communication moderates the significance effect of motivation on performance;(7) training affects the competence;(8) training affects the motivation; and (9) motivation affects the competence.

*This applied explanatory research used the hypothetical-deductive method and structural equation model (SEM) supported by LISREL analysis.* This study was conducted by taking the employee population with a sample of 197 employees that distributed in 12 PDAM in East Java. *The sampling technique used is random sampling*. Data was gathered using questionnaires completed by respondents for the variables of training, competence, achievement motivation, and internal communication, using semantic differential with range scale of 1 to 7; for the performance data collected from company officials in charge of the performance appraisal.

*The results of this study indicate that* all hypotheses confirmed except hypothesis 3 because motivation not significant directly influence performance. It also led to the hypothesis 6 "the significance of internal communication moderates the effect of motivation on performance" not tested.

***Keywords****: Employee’s Performance, Training, Individual Competence, Need for Achievement Motivation, and Internal Communication*.