

The Influence of Career Paths and Incentives on Employee Performance at The Gunung Putri District Office, Bogor Regency

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ABSTRACT

Human resources, especially in the government sector, are vital for realizing good governance. To realize good governance, it is essential to incentives attention to employee performance. This research aims to analyze employee performance regarding incentives and career paths. The method used in this research is a quantitative method with a PLS-SEM-based causality approach, which is analyzed using the SmartPLS software tool. The sample used in this research was 35 employees. The results of this research answer entirely the proposed hypothesis, where it is partially tested that incentives and career paths can influence employee performance. Career paths also have a positive and significant impact on incentives. Likewise, incentives can mediate between career paths and employee performance positively and significantly.

Keywords: Incentives; Career Paths; Employee Performance

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INTRODUCTION

Human resources are vital in any organization, and their importance is evident in the government sector (Viray, 2018). Government agencies are responsible for providing essential services to citizens, making policy decisions, and implementing programs that impact society's overall well-being. Effective human resource management in government is essential for several reasons. One of the main reasons why effective human resource management is so crucial in government is to ensure the availability of a competent and skilled workforce. Government agencies have diverse responsibilities, from health services and education to law enforcement and infrastructure development. Therefore, they need employees with a variety of skills and knowledge. Human resource management is essential in recruiting, training, and retaining quality individuals who can contribute effectively to fulfilling these responsibilities. Establishing a performance evaluation system is essential to ensure that employees meet the required standards and continue developing their skills.

Producing optimal employee performance is essential for organizations seeking productivity, efficiency and success. One of the critical factors in achieving optimal employee performance is ensuring clear and effective communication. This involves conveying information to employees and actively listening to their feedback and concerns. Employees feel valued and empowered by cultivating an open communication environment, leading to improved performance and morale. Another critical aspect is providing regular feedback and recognition. Employees thrive when they receive constructive criticism and praise for their efforts. This helps them understand their strengths and areas for improvement, ultimately contributing to their professional growth and performance. Efforts that organizations can make to improve employee performance are by providing incentives.

Incentives motivate employees and improve their organizational performance (Jegatheeswari & Anandi, 2023). According to recent research, material incentives, such as financial rewards, correlate positively with higher employee performance and results. This is supported by research examining the effect of financial incentives on employee performance in an organization. The study found that financial incentives based on employee performance significantly affect productivity and performance. In addition, it was found that employees with higher abilities were more likely to take advantage of ex-ante (anticipated) and ex-post (received after the event) incentives.

In comparison, employees with lower abilities could not benefit from both incentives. Other studies highlight the importance of motivation-enhancing HR practices, including incentive schemes, in influencing employee productivity and performance (Coccia, 2019; Dutta et al., 2021; Grabner & Martin, 2021; Y. L. A. Lee et al., 2020; Manzoor et al. , 2021). Creating a sense of cohesion among employees is essential in building an ambidextrous organization. Overall, recent research emphasizes the positive impact of incentives on employee performance. Providing incentives to employees through material rewards, such as financial incentives, has been shown to correlate positively with improved performance and results. However, incentives are not the only thing that can improve employee performance. What the organization must incentives attention to is that it must provide certainty regarding the employee's career path.

Employee commitment, productivity and retention have become crucial human resource management challenges in today's business environment. These challenges are driven by concerns about employee loyalty, corporate restructuring efforts, and intense competition for top talent (Rodríguez-Sánchez et al., 2020). Organizations must focus on developing clear career paths for their employees to overcome these challenges and improve employee

performance. Research shows that career paths play an essential role in improving employee performance. A study of the demographic profile of past employees leaving a sizeable automotive company found that organizations can be successful if they adapt organizational behaviour and human resource department systems to the realities of the contemporary work environment.

One way to improve employee performance is to create a clear career path that allows employees to grow and advance within the organization (Ali et al., 2019; Mahmood et al., 2021). This can be achieved through regular performance evaluations, identifying areas for improvement, and providing necessary training and development opportunities. Additionally, offering career guidance and counselling programs can better support employees in navigating their career paths at the company. By investing in employee career development, organizations can create a more dedicated and motivated workforce, improving performance and retention. Implementing a mentoring program can benefit employees, as it provides guidance and support from more experienced colleagues. This helps in skill development and creates a sense of belonging and support in the organization. Additionally, offering career counselling can give employees a clearer understanding of their career advancement options.

Additionally, organizations should align their performance evaluation processes with defined career paths. This involves setting clear expectations, providing constructive feedback, and recognizing and rewarding employees who demonstrate exceptional performance.

LITERATURE REVIEW

Incentives

Incentives are essential in human behaviour, including economic decision-making, organizational management, and public policy (Jegatheeswari & Anandi, 2023). They are rewards or benefits offered to individuals to encourage specific actions or behaviours. These rewards can be tangible or intangible, including financial compensation, recognition, promotions, or even simple praise and appreciation. In addition to their impact on individuals, incentives also significantly influence organizational performance and results. Understanding the meaning and theory of incentives is critical to understanding how incentives shape human behaviour and decision-making processes in various contexts.

Career Paths

In a dynamic and ever-evolving world of work, individuals are faced with the task of navigating their career paths. Career path refers to the series of jobs and positions a person pursues throughout his or her professional life. These paths are not predetermined or left to chance but require action and wise decision-making. One theory that attempts to explain career paths is career construction theory. Career construction theory, put forward by Mark Savickas, emphasizes the active role of individuals in building their career paths (Savickas, 2013). According to this theory, individuals are not only passive recipients of external factors that shape their careers but are also actively involved in designing and implementing their career choices. This highlights the importance of self-awareness, adaptability, and continuous learning in shaping one's career trajectory.

Additionally, considering the impact of technological advances, globalization, and changes in the economic landscape, the traditional concept of a linear career path has evolved. Today, individuals often navigate diverse experiences, acquiring various skills and competencies across multiple domains. This non-linear approach to career development reflects the need for

agility and resilience in responding to the complexity of the modern work environment. As individuals continue to explore and determine their career paths, it becomes essential to consider their professional aspirations, personal values, and life priorities. The convergence of personal and professional fulfilment is integral to comprehensively understanding and navigating a career path. Understanding this interconnectedness can lead to a more meaningful and fulfilling professional journey.

Employee Performance

Employee performance refers to the achievement and effectiveness an employee demonstrates in carrying out his job duties and responsibilities. This is often measured based on predetermined criteria, such as work standards, targets, objectives, or mutually agreed criteria (Hendri, 2019; Saeed et al., 2019). Employee performance Definitions and theories can vary depending on the perspective and context. According to research papers on employee performance and rewards, several important factors should be considered when determining top performance and providing rewards. These factors may include job performance, goal achievement, competency, behaviour, and overall contribution to organizational success.

Employee performance is a crucial aspect of organizational success and is influenced by various factors. One of the leading theories that discusses employee performance is Goal Setting Theory, which emphasizes the importance of setting specific and challenging goals to increase employee motivation and performance (Griffin et al., 2020; Locke & Latham, 2019). Additionally, Social Exchange Theory proposes that employees who receive rewards or recognition for their performance are more likely to reciprocate with increased effort and commitment to the organization (Chen et al., 2020; Cook & Hahn, 2021; McLeod et al., 2021; Roberts & David, 2020). Another theory that is influential in understanding employee performance is Expectancy Theory, which focuses on how employees' beliefs about their abilities and their expected performance results influence their motivation and effort (H.-W. Lee, 2019; Mitchell, 2021). This theory states that individuals are more likely to exert high levels of effort when they believe their actions will bring desired results and when they feel capable of achieving the desired performance.

In addition to theoretical perspectives, organizations must recognize the importance of providing continuous feedback, support, and development opportunities to improve employee performance. Organizations can drive continuous improvement and improve employee performance by implementing effective performance management processes and fostering a supportive work environment.

METHODE

This research is classified as quantitative research based on causality. Data from the relevant employment sector was collected through a survey sent to 35 employees. In this investigation, the sample was 35 employees. The data collection technique was carried out by distributing questionnaires directly from the researcher. Answers to questionnaire statements are rated on a 1 to 5 point scale, where 1 represents “strongly disagree”, and 5 represents “strongly agree”. The SmartPLS statistical program was chosen as the main instrument for data analysis in this research because of its ability to handle complex structural equation modelling. This decision was based on recognition of the ease of use and flexibility of SmartPLS, which is particularly beneficial in exploratory research settings. SmartPLS stands out for its ability to handle datasets with non-normal distributions and process smaller sample sizes. This analytical tool is considered suitable for detailed analysis of interactions and changes within the theoretical

framework of this research. The analysis tested the outer and inner models and bootstrapping testing to determine the influence between variables (Hair et al., 2017; Legate et al., 2023).

HASIL DAN PEMBAHASAN

In structural equation modelling (SEM), measurement model analysis is a critical phase that evaluates the accuracy and validity of measurement tools, where the limit is 0.708 (Hair et al., 2019). This research assesses the measurement model using various techniques, such as reliability analysis. Cronbach Alpha (CA) and Composite reliability (CR) were used to assess instrument dependability. According to Hair et al. (2017), it is essential to look at the CA and CR values to assess the reliability of measurements. CA and CR limits of 0.50 and 0.70, respectively, are considered strong reliability indicators. By focusing on factor loadings and average variance extracted (AVE), this study seeks to evaluate the convergent validity of the measurement tool. According to accepted norms, factor loadings above 0.5 and average variance extracted (AVE) values above 0.5 indicate strong convergent validity (Hair et al., 2019).

Table 1. Validity and Reliability Test

Variable	Item	Loadings	CA	CR	AVE
Employee Performance (EP)			0,711	0,853	0,592
	EP1	0,863			
	EP2	0,763			
	EP3	0,795			
	EP4	0,873			
Incentives (IN)			0,777	0,890	0,644
	IN1	0,907			
	IN2	0,772			
	IN3	0,792			
	IN4	0,796			
	IN5	0,864			
Career Paths (CP)			0,824	0,840	0,628
	CP1	0,736			
	CP2	0,834			
	CP3	0,780			
	CP4	0,715			

In this research, a popular empirical technique is to explore the relationship between the variables studied using PLS-SEM. As hypothesized, these findings support all predicted structural linkages and demonstrate interrelationships among variables. Bootstrapping testing with a subsample of 5000 was carried out to determine the magnitude of the influence of the variables being tested. Hair et al. (2017) guide this bootstrapping test, where if the T-value is above 1.96, the effect can be significant; likewise, if the P-value has a value of less than 0.05, it is said to be significant.

Tabel 2. Hypotesis Test

Hypotesis	Beta	STD	t-values	p-values	Remark
CP→EP	0,382	0,101	2,925	0,001	Supported
CP→IN	0,290	0,120	4,271	0,000	Supported
IN→EP	0,541	0,042	6,842	0,000	Supported
CP→IN→EP	0,333	0,109	2,110	0,023	Supported

Note(s): CP (Career Paths), IN (Incentives), EP (Employee Performance)

The findings presented in Table 2 offer a comprehensive analysis of the direct and indirect hypotheses investigated in this study, revealing the relationships between the variables studied. The data in Table 2, including beta coefficients, t-values, and p-values, provide valuable insight into the strength and importance of these relationships. The results show strong support for all hypotheses, indicating the existence of significant and positive correlations between variables, as outlined in the table.

Employee performance is influenced positively and significantly by career level and incentives. Beta value and t value represent the strength and significance of this relationship, while p value indicates its statistical significance. With a Beta value of 0.382, a t-value of 2.925, and a p-value of 0.001, the results show that career paths significantly and positively influence employee performance. Likewise, the Beta value of 0.290, t value of 4.271, and p value of 0.000 indicate a significant positive relationship between career paths and incentives. Specifically, the Beta value of 0.541, t-value of 6.842, and p-value of 0.000 indicate that incentives significantly and positively impact employee performance. Remarkably, this research reveals that incentives positively and significantly mediate the relationship between career paths and employee performance, as shown by the Beta value of 0.333, t-value of 2.110, and p-value of 0.023. This provides the conclusion that all the hypotheses proposed are entirely supported.

Organizations can significantly improve employee performance by prioritizing establishing clear career paths and providing the support and resources necessary for employees to progress along those paths. This, in turn, contributes to a more robust, more resilient workforce better positioned to meet the challenges of the modern business landscape. Research shows that implementing an effective performance management system, providing ongoing feedback, setting clear goals, and utilizing behaviour-based measures can improve employee performance. Employee performance and career growth are closely linked, and organizations must recognize this relationship. One effective strategy to encourage employee development and improve performance is to provide continuous learning and skills development opportunities. This may include offering access to online courses, workshops and seminars relevant to their career path. By investing in its employees' continuous learning and development, organizations can ensure that they have the skills and knowledge necessary to excel in their roles and contribute to the company's success.

In addition to skills development, organizations should foster a positive and inclusive work environment. This can be achieved by encouraging diversity and inclusion initiatives, encouraging open communication, and providing a space for employees to voice their ideas and concerns. A supportive and inclusive workplace culture can significantly impact employee satisfaction, motivation, and performance.

Additionally, as organizations grow, they must adapt career paths and development programs to align with changing industry and workforce needs. This may involve periodically reviewing and updating the career progression framework and evaluating the relevance of current training and development initiatives. By staying current with industry trends and employee input, organizations can adapt their career development efforts to meet the needs of an evolving workforce.

Although incentives have been proven to impact employee performance positively, it is essential to understand how to implement incentive programs in organizations effectively. Research shows that incentive system design is critical to ensuring success and improving performance. One crucial factor to consider is the alignment of incentives with organizational goals. When designing an incentive program, ensuring that the incentive goals and objectives are directly related to the organization's overall goals is essential. This alignment can help create purpose and direction among employees, resulting in a more focused workforce. In addition, transparency and fairness of incentive programs are vital aspects that must be considered. Employees must clearly understand how they can earn incentives and the criteria used to measure their performance. Additionally, ensuring that incentive programs are considered fair to all employees is essential to avoid potential demotivation and conflict.

In addition to designing and implementing effective incentive programs, organizations need to measure the impact of these programs on employee performance. Research has shown that evaluating the effectiveness of incentives can provide valuable insights and help organizations make informed decisions regarding their incentive strategies. One standard method for measuring the effectiveness of incentive programs is through performance metrics. By tracking key performance indicators before and after implementing an incentive program, organizations can assess whether there has been a significant improvement in employee performance. This can include productivity, quality of work, and achievement of specific goals.

Another essential aspect that needs to be considered is employee feedback and input regarding incentive programs. Employee surveys and feedback mechanisms can provide valuable information about the effectiveness of incentive programs and any areas for improvement. By actively seeking and listening to employee feedback, organizations can make necessary adjustments to their incentive programs to better suit the needs and motivations of their workforce. Additionally, conducting comparative analysis with industry benchmarks and best practices can help organizations measure the effectiveness of their incentive programs. This can provide valuable insight into how their program performs compared to other organizations and identify areas for improvement.

CONCLUSION

Establishing a clear career path and providing ongoing support and resources for employee development is integral to cultivating a high-performing workforce. Organizations can empower employees to thrive and contribute effectively to organizational success through continuous learning, a positive work environment, and customized career development programs. While incentives can potentially improve employee performance, the design and implementation of incentive programs play a critical role in their success. By considering factors such as goal alignment, transparency, fairness, and timing, organizations can create effective incentive programs that encourage performance among employees. Measuring the effectiveness of incentive programs is critical for organizations to ensure they achieve the desired impact on employee performance. Organizations can continually evaluate and improve

their incentive programs to drive performance through performance metrics, employee feedback, and comparative analysis.

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