ANALYSIS OF CAREER DEVELOPMENT AND COMPENSATION ON EMPLOYEE PERFORMANCE WITH WORK ENGAGEMENT AS AN INTERVENING VARIABLE IN THE OFFICE MEDAN BELAWAN DISTRICT

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Abstract

This study aims to analyze the influence of career development and compensation on employee performance with work engagement as an intervening variable at the Medan Belawan District Office. This study uses a quantitative approach with a survey method by distributing 51 questionnaires to employees as respondents. Purposive sampling technique is used to determine the sample so that the data obtained is relevant to the research objectives. Data were analyzed using path analysis techniques to measure the direct and indirect effects between variables. The results of the study indicate that career development has a positive and significant effect on employee work engagement and performance. Compensation has a positive but insignificant effect on employee performance but has a positive and significant effect on work engagement. Work engagement also has a positive and significant effect on employee performance. Thus, work engagement acts as an intervening variable that mediates the influence of career development and compensation on employee performance. The results of this study are expected to be input for management in improving employee performance through targeted career development planning, providing fair compensation, and increasing employee work engagement.

Keywords: *Career Development, Compensation, Work Engagement, Employee Performance.*

INTRODUCTION

In the era of globalization and the dynamics of the ever-evolving work environment, public sector organizations, including the District Office, are required to improve employee performance in order to realize excellent public services. Two important factors that are of concern in human resource management are career development and compensation, because both greatly influence employee performance both directly and indirectly through work engagement. Career development is a planned process to improve employee skills and prospects in their work, thus having an impact on increasing productivity and loyalty. According to Wibowo (2020), "career development is an organizational effort to help employees plan their career paths so that there is synergy between personal goals and organizational goals." This is in line with the findings of Astuti & Wardhani (2021) which state that career development has a positive effect on employee motivation and work enthusiasm.

Meanwhile, compensation is a form of appreciation given by the organization for employee contributions. Simamora (2021) stated that "competitive and fair compensation can create job satisfaction and increase employee productivity." Research by Fitriyani et al. (2022) also shows that compensation has a positive correlation with employee engagement and performance, both directly and indirectly. Work engagement itself is a positive psychological condition characterized by enthusiasm, dedication, and absorption in work. Saks (2021) states that "employee engagement is an important mediator in the relationship between HR management practices and employee performance." Research by Novitasari & Widyastuti (2023) found that career development and compensation can increase employee engagement which has an impact on improving performance. Employee performance in the public sector greatly determines the quality of service to the community. Optimal performance can only be achieved if employees have good career planning, adequate compensation, and feel emotionally attached to their work. However, in several public service offices including Medan Belawan District, problems related to limited career development

and less than optimal compensation are still often found, which has an impact on low employee motivation and work engagement. Thus, it is important to conduct this study to analyze how career development and compensation affect employee performance, both directly and indirectly through work engagement as an intervening variable, so that it can provide strategic recommendations in human resource management at the Medan Belawan District Office.

LITERATURE REVIEW
Theoretical Framework
1) Employee Performance
    a) Understanding Employee Performance
       Employee performance is the work results achieved by an employee in carrying out his/her duties in accordance with the responsibilities given, and in accordance with the standards set by the organization (Wibowo, 2016).
    b) Employee Performance Indicators
       Wibowo (2016) performance includes the following indicators:
        1) Quantity of work
           The amount of work produced.
        2) Quality of work
           The quality of work results is according to standards.
        3) Punctuality
           Completion of tasks according to deadlines.
        4) Work effectiveness
           Achieving goals with optimal use of resources.
        5) Independence
           Ability to complete tasks without relying on others.
        6) Work commitment
           Loyalty and responsibility towards work.
2) Work Engagement
    a) Understanding Work Engagement
       Work engagement is a positive psychological state characterized by enthusiasm, emotional involvement, and full attention to work. Employees who are emotionally and cognitively engaged with their work will demonstrate high energy, commitment, and focus (Bakker & Albrecht, 2018).
    b) Work Engagement Indicators
       Bakker & Albrecht (2018) developed and strengthened three main indicators of the UWES model, namely:
        1) Vigor (Spirit)
            • High energy at work
            • The desire to try hard
            • Ability to survive when facing challenges
        2) Dedication
            • A sense of meaning and pride in work
            • Strong emotional commitment and involvement
        3) Absorption
            • Full concentration on the task
            • Feeling lost and having trouble detaching from work.
    3) Compensation
        a) Definition of Compensation
           Simamora (2020) compensation is all forms of rewards received by employees as compensation for their contributions to the organization.
   b) Compensation Indicators
            1) Direct Compensation:
                • Basic salary
                • Overtime Pay
                • Bonuses and Incentives
                • Achievement or Performance Allowance
            2) Indirect Compensation (Additional Facilities):

- Health Insurance
- Old Age Security or Pension
- Paid Leave
- Work Facilities (e.g. official vehicles, lunch, etc.)

4) Career Development
    a) Understanding Career Development
       Career development is a process carried out by organizations to improve the abilities, competencies, and potential of employees in achieving personal career goals and organizational goals. Career development includes various programs such as training, career planning, promotion, job rotation, and coaching (Mondy, 2021).
    b) Career Development Indicatorsaccording to Mondy (2021)
      1) Competency Development
         Through training and assignments.
      2) Career Mobility
         Promotion or rotation
      3) Consistency of Individual Career Plans with Organizational Goals.

Conceptual Framework
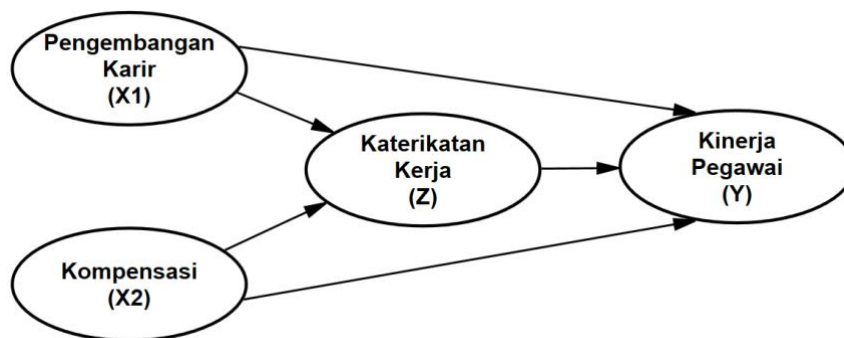
Figure 1. Conceptual Framework of Research

Research Hypothesis

H1: Career development has a positive and significant effect on employee performance in the Office.Sub-district HeadBelawan Field.

H2: Career development has a positive and significant effect on work engagement in the office.Sub-district HeadBelawan Field.

H3: Compensation has a positive and significant effect on employee performance at the Medan Belawan District Office.

H4: Compensation has a positive and significant effect on work engagement at the Medan Belawan District Office.

H5: Work engagement has a positive and significant effect on employee performance at the Medan Belawan District Office.

H6: Career development has a positive and significant effect on employee performance through work engagement at the Medan Belawan District Office.

H7: Compensation has a positive and significant effect on employee performance through work engagement at the Medan Belawan District Office.

RESEARCH METHODS

Types of research

    The type of research used by the researcher is quantitative research. This type of quantitative research is conducted to create a study that aims to adjust a study and to analyze the Analysis of Career Development and Compensation on Employee Performance with Work Engagement as an Intervening Variable at the Medan Belawan District Office.

Research Location and Research Time

The research location was conducted at the Medan Belawan Sub-district Office, located at Jl. Cimanuk No. 3 Belawan. The research period was carried out for 3 months, starting from April to June 2025.

Population and Sample

Sugiyono (2022) population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The population and sample in this study were all permanent employees at the Medan Belawan District Office. The number of employees at the Medan Belawan District Office is 51 employees and all of them are ASN.

Research Data Sources

The data sources used in this study are primary data.

RESULTS AND DISCUSSION

Outer Model Analysis

Outer Model Analysis musePLS Algorithm, produce:

1) Validity Test

Table 1. ValuesOuter Loadings

	Work Engagement	Employee Performance	Compensation	Career Development
X1.1				0.791
X1.2				0.857
X1.3				0.856
X2.2			0.802	
X2.3			0.750	
X2.4			0.830	
Y.1		0.895		
Y.3		0.816		
Y.4		0.734		
Y.5		0.741		
Y.6		0.839		
Z.1	0.886			
Z.2	0.870			

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, it shows the results of testing the outer model through the loading factor value /outer loadings, all indicators in each variable have a loading value ≥ 0.70. This shows that each indicator is able to represent the construct being measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the convergent validity criteria and can be used in further analysis. For more details, the above values can also be seen in the following figure.
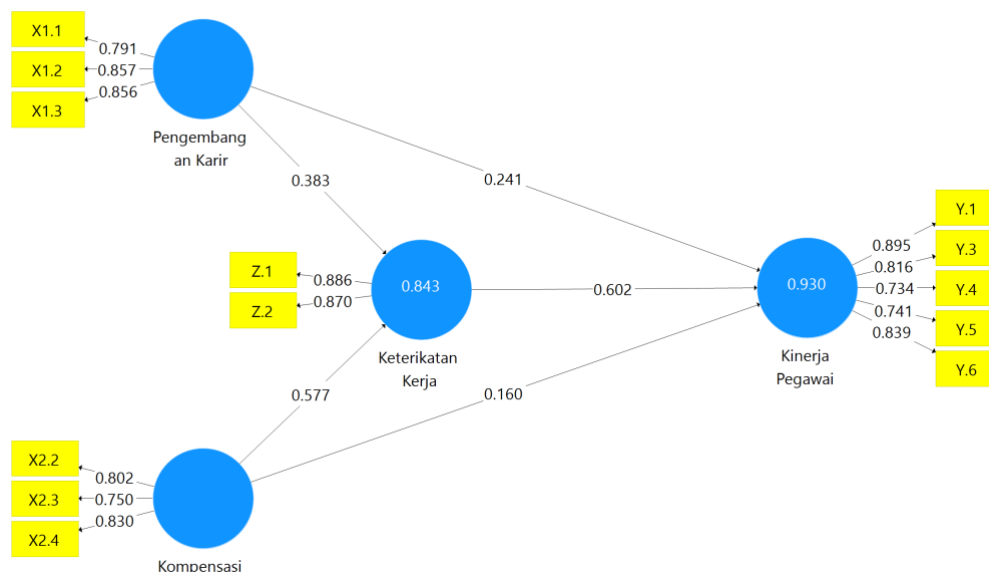
Figure 1. Outer Loudings

In this study there is an equation and the equation consists of two substructures for substructure 1:

$Z = \beta_1 X_1 + \beta_2 X_2 + e_1$

$Z = 0.383X_1 + 0.577Z + e_1$

For substructure 2:

$Y = \beta_2 X_1 + \beta_3 X_2 + \beta_3 Z + e_2$

$Y = 0.241 X_1 + 0.160X_2 + 0.602Z + e_2$

2) Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Work Engagement	0.703	0.705	0.871	0.771
Employee Performance	0.865	0.867	0.903	0.652
Compensation	0.707	0.710	0.837	0.631
Career Development	0.782	0.783	0.873	0.697

Source: Smart PLS Output, 2025

From Table 2 above, the results of the reliability test show that the Cronbach's Alpha and Composite Reliability values for all constructs have values above 0.70. This shows that all indicators have high internal consistency and can be relied on to measure their respective constructs. So that the research instrument is declared reliable and suitable for use in testing the structural model.

Structural Model Testing (Inner Model)

Inner model or structural model testing is conducted to see the relationship between constructs, significance values and R-square of the research model. The structural model is evaluated using R-square for the dependent construct.

1) **Coefficient of Determination (R2)**

In assessing the model with PLS, it starts by looking at the R-square for each dependent latent variable. The table below is the result of Rsquare estimation using SmartPLS.

Table 3. R Square Results

	R Square	R Square Adjusted
Work Engagement	0.843	0.838

Employee Performance	0.930	0.927

Source: Smart PLS, 2025

In table 3 there is an R square value on both dependent variables for the work engagement variable there is an R square value of 0.843 meaning that the influence of career development and compensation is 0.895 or 89.5% the rest is on other variables outside the model. The R square value of employee performance is 0.930 meaning that career development, compensation and work engagement are 0.930 or 93% the rest is on other variables outside the model.

2) Hypothesis Testing
a) Direct Influence Between Variables
The direct influence between variables can be seen in the path coefficients value. The results of data processing show the direct influence value can be seen in the following table.

Table 4. Path Coefficients (Direct Effect)

	Original Sample	T Statistics	P Values	Conclusion
Career Development -> Employee Performance	0.241	2,442	0.015	Accepted
Career Development -> Job Engagement	0.383	4,155	0,000	Accepted
Compensation -> Employee Performance	0.160	1,513	0.131	Rejected
Compensation -> Job Engagement	0.577	6,504	0,000	Accepted
Job Engagement -> Employee Performance	0.602	5,105	0,000	Accepted

Source: Smart PLS Output, 2025

In the results of Table 4 there are direct influence values which will be explained as follows:
1. Career development has a positive and significant effect on employee performance with a t-statistic value of2.442 above 1.96 and a significance of 0.015 below 0.05 means that career development has a positive and significant effect on employee performance because the significance value is below 0.05. The results of this study are in accordance with the results of previous studies, namely that career development has a positive and significant effect on employee performance (Arismunandar & Khair, 2020).
2. Career development has a positive and significant effect on work engagement with a t-statistic value of4.155 above 1.96 and a significance of 0.000 below 0.05 means that career development has a positive and significant effect on work engagement because the significance value is below 0.05. This study is in accordance with research which states that career development has a positive and significant effect on work engagement (Susanto, 2023).
3. Compensation has a positive but not significant effect on employee performance with a t-statistic value of1.513 below 1.96 and a significance of 0.131 above 0.05 means that compensation has a positive but insignificant effect on employee performance because the significance value is above 0.05. The results of this study are in contrast to previous studies, namely that compensation has a positive and significant effect on employee performance at the Binjai City Cooperative Service (Mirdan, 2021).
4. Compensation has a positive and significant effect on work engagement with a t-statistic value of6,504 above 1.96 and a significance of 0.000 below 0.05 means that compensation has a positive and significant

effect on work engagement because the significance value is below 0.05. The results of this study are also in accordance with research conducted by Kharismawan & Hayati (2022) which states that compensation has a positive and significant effect on work engagement.

5. Work engagement has a positive and significant effect on employee performance with a t-statistic value of5.105 above 1.96 and a significance of 0.000 below 0.05 means that work engagement has a positive and significant effect on employee performance because the significance value is below 0.05. The results of this study are in accordance with the results of previous studies, namely
employees with a t-statistic value of4,094above 1.96 and significance
of 0.000 below 0.05 means that work motivation has a positive and significant effect on employee performance because the significance value is below 0.05. ResearchFebriani(2023) also stated thatWork engagement has a positive and significant effect on employee performance.

b) Indirect Influence Between Variables
The indirect influence between variables can be seen in the specific indirect effects value. The results of data processing show the indirect effect value can be seen in Table 5 below.

Table 5. Specific Indirect Effects (Indirect Effects)

	Original Sample	T Statistics	P Values	Conclusion
Career Development -> Job Engagement -> Employee Performance	0.231	3,423	0.001	Accepted
Compensation -> Job Engagement -> Employee Performance	0.347	4,033	0,000	Accepted

Source: Smart PLS, 2025

In table 5 there is an indirect influence between variables which will be explained as follows:
1. Career development has a positive and significant effect on employee performance through work engagement with a t-statistic value of3.423 and a significance value of 0.001 means that work engagement acts as an intervening variable between career development and employee performance.
2. Compensation has a positive and significant effect on employee performance through work engagement with a t-statistic value of4.033 and a significance value of 0.000 means that work engagement acts as an intervening variable between compensation and employee performance.

CONCLUSION
1. Career development has a positive and significant effect on employee performance at the Medan Belawan District Office.
2. Career development has a positive and significant effect on work commitment at the Medan Belawan District Office.
3. Compensation has a positive and significant effect on employee performance at the Medan Belawan District Office.
4. Compensation has a positive and significant effect on work engagement at the Medan Belawan District Office
5. Work engagement has a positive and significant effect on employee performance at the Medan Belawan District Office.
6. Career development has a positive and significant effect on employee performance through work engagement at the Medan Belawan District Office.
7. Compensation has a positive and significant effect on employee performance through work engagement at the Medan Belawan District Office.

SUGGESTION
1. In the career development variable, it turns out that the indicator with the lowest value is the statement "I was given the opportunity to take part in training to improve my competence". Agencies need to optimize the effectiveness of training programs by ensuring the suitability between competency needs and training materials, and conducting post-training evaluations to ensure that training results are applied in the workplace.

2. Compensation with the statement "I receive incentives or bonuses for good performance.". Agencies need to improve transparency and consistency in providing incentives, and integrate them with an objective and measurable performance appraisal system, in order to create fairness and sustainable work motivation.
3. For work engagement with the statement "I feel proud and have high dedication to my work". Agencies need to maintain and strengthen employees' sense of pride and dedication by creating a positive, appreciative work culture and providing space for employee self-actualization.
4. Employee performance with the statement "I always finish my work on time". Agencies need to appreciate and support employees who are disciplined with time, and make time management practices a work culture of the organization through training, effective monitoring systems, and proportional division of tasks.

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