



The Impact of Career Path and Compensation On Employee Engagement at PT. INKA Multi Solusi

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Abstract. This study aims to ascertain and examine the ways in which career path and employee salaries affect job engagement at PT. INKA Multi Solusi. This study was carried out by examining the connection between the elements of career path, compensation, and work engagement. This study used quantitative methods by applying data collection techniques and statistical analysis tools to evaluate predetermined hypotheses. The study was conducted at PT INKA Multi Solusi, Madiun Regency, with a research population consisting of 35 participants, who are organic employees from the Directorate of Finance, HR, General Affairs, and Risk Management. Saturated sampling was the method employed, whereas the sample consisted of the entire population. Questionnaires and literature reviews were used to gather data. Validity and reliability tests occurred using Cronbach's Alpha and Pearson's correlation test. The results showed that the variables career path (X1), compensation (X2), and work engagement (Y) met the validity and reliability criteria. The hypothesis was tested using multiple regression analysis, and the findings showed compensation and career path have a substantial impact on job engagement. Simultaneous testing (F-test) showed that these two variables together significantly impact employees' engagement at work. According to the coefficient of determination (R²), career path and compensation may account for 54.9% of the variation in work engagement. Career path has a greater influence compared to compensation in increasing employee engagement at PT INKA Multi Solusi.

Keywords: Career Path, Compensation, Work Engagement

1. Introduction

Developing techniques to improve employee engagement is one of the many tactics that businesses can use in today's cutthroat workplace to thrive in the quickly shifting global dynamics. One of the main elements impacting organizational performance through higher productivity is employee engagement. Engagement affects the organization's overall production in addition to improving individual performance. There are findings that support this, which discovered that worker

that are engaged are more energetic, are more dedicated, and are more focused on their work. They argue that high engagement makes employees more proactive and creative in completing their tasks, thus improving productivity [1]. Therefore, organizations are required to continuously develop strategies to create a work environment that optimally fosters employee engagement.

Focusing on employee engagement has become essential, but achieving this requires stimulating the key factors often considered to play a significant role in enhancing employee engagement, including career paths and compensation. These two factors are seen as having a major role in increasing employee engagement within an organization or company.

A career path is a clear development plan offered by an organization to employees as a guide to achieving higher positions along with increasing competence and work experience. One of the main factors influencing employee motivation is career growth. A carefully thought-out career path can motivate staff members to perform better and stay with the organization. Moreover, a structured career path can provide certainty and expectations, which positively impact job satisfaction and engagement [2].

Meanwhile, compensation is among the fundamental factors that directly affects employees' well-being. Fair and competitive compensation is often seen as a reward for the contributions and performance employees provide to the company. In addition to base salary, benefits and other incentives such as performance bonuses or achievement-based rewards also have a major part in enhancing engagement and employee motivation. In a theory, state that providing compensation that aligns with the achievement of work goals can increase employee engagement, especially if the compensation reflects their efforts and performance [3]. Employees who feel appreciated through fair compensation are more likely to be loyal and engaged in achieving the organization's goals. Employees that are appreciated financially are more inclined to be committed to their work and emotionally immersed in it.

However, even though career paths and compensation are two important factors, many organizations still do not fully understand the strategic impact of these two elements on increasing employee engagement. Some studies show that when career paths and compensation are not well managed, employees tend to experience a decline in motivation, engagement, and even hinder the company's productivity.

In light of this, this study aims to investigate in detail how career paths and compensation affect raising employee work engagement at PT. INKA Multi Solusi, Madiun Regency. The findings from this research will help the company make improvements and enhancements in areas that need more attention concerning the research variables.

2. Literature Review

2.1 Career Path

Career path is the process through which an employee progresses through various stages in their job or profession, encompassing promotions, increased responsibilities, and skill development. A clear career path is a critical element in human resource management and can influence employee engagement at work.

One definition of a career path is the series of positions an individual holds during their working life, encompassing the various roles played by individuals within their organization or profession. This definition emphasizes that career progression is dynamic and involves more than just promotions [4].

A well-defined and organized career path, on the other hand, can improve employee engagement. Employees will be more likely to stick with their jobs if they think there are chances for them to grow and improve within the company. This also creates a sense of satisfaction as employees have a clear direction in their career journey [5].

Citing the views of two experts on career paths demonstrates the importance of a clear career trajectory in boosting employee engagement. This is reinforced by a statement that career planning is a key aspect of career path management, involving the mapping of strategic steps employees must take to achieve their career goals [6]. With clear planning, organizations can help employees design strategic steps for promotion or competency development needed to achieve their goals, fostering cognitive and emotional connection to the company, and thus enhancing productivity.

The career path is a dynamic process where an employee progresses through various stages in their work, involving promotions, increased responsibilities, and skill development. A clear career path is essential in human resource management, as it helps to increase employee engagement. When employees see opportunities for growth inside the organization, they'll be more inclined to remain engaged and happy in their positions. Career planning, which involves mapping strategic steps to achieve career goals, plays a key role in career path management. With clear planning, employees can develop competencies and attain promotions, which in turn strengthens their emotional and cognitive connection to the organization, driving productivity.

2.2 Compensation

Compensation can be defined as the total reward received by employees in exchange for the work they do, which includes base salary, benefits, bonuses, and non-financial rewards. Experts define compensation as the total of all forms of pay or rewards given to employees, either in the form of direct or indirect

salary, in return for the work they perform. Compensation is a crucial factor in attracting, retaining, and motivating employees [7].

Fair and competitive compensation affects employees' perceptions of organizational justice and support. This directly impacts work engagement, where employees will be more inclined to be engaged and dedicated to their work if they feel appreciated [8].

Compensation does not always have to be financial. Recognition, praise, and career development opportunities are forms of non-financial compensation that can enhance engagement and motivation. In their self-determination theory, they state that non-financial compensation plays a vital role in fulfilling employees' psychological needs, which ultimately increases work engagement [9].

Compensation represents the total reward employees receive in return for their work, encompassing base salary, benefits, bonuses, as well as non-financial rewards such as recognition and career development opportunities. Paying employees fairly and competitively is crucial for luring, keeping, and inspiring them, and it influences their perception of organizational justice and support. Employees who feel valued through appropriate compensation will be more inclined to be committed and engaged in their jobs. In addition to financial compensation, non-financial rewards also help meet employees' psychological needs, which ultimately enhances engagement and work motivation.

2.3 Work Engagement

Work engagement is considered a key factor that influences productivity in the workplace. Many experts argue that engaged employees have higher motivation, better focus, and a stronger drive to achieve organizational goals. A condition of vitality, commitment, and engagement that is good, meaningful, and motivating is known as work engagement. Work engagement is an effective condition in which employees commit to their work with high enthusiasm and a desire to contribute more to the organization [10].

One of the pioneers in developing the idea of work engagement, explains that it occurs when employees bring their physical, cognitive, and emotional aspects fully into their work. Engagement happens when psychological conditions allow employees to feel safe, meaningful, and energized [11].

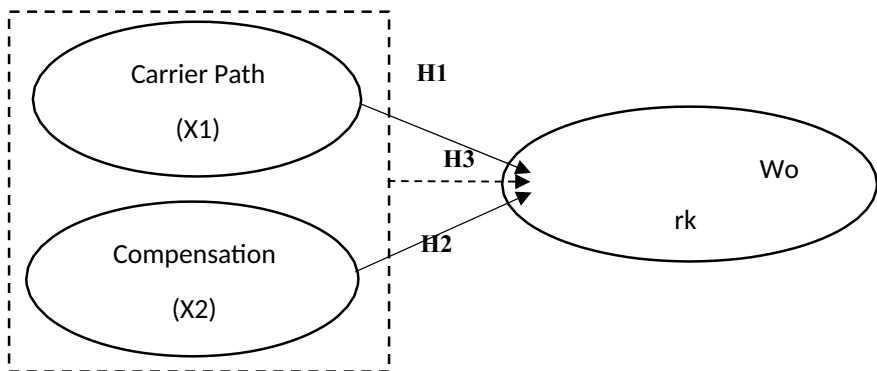
According to research, productivity and other significant business results are positively correlated with work engagement. After analyzing data from a number of business units, they discovered that units with higher levels of employee engagement were more productive than those with lower levels [12].

According to a report, compared to businesses with low employee involvement, those with high levels of engagement saw a 21% gain in productivity. Engaged employees tend to be more involved in decision-making, more creative, and more responsible for achieving business goals [13].

Work engagement is crucial for productivity as it enhances employees' focus, enthusiasm, and commitment to their jobs. Engaged employees not only work harder and more effectively but also contribute to a more positive work environment, which in turn increases overall organizational productivity. Experts like Schaufeli, Kahn, Harter, and Gallup all agree that one important factor influencing an organization's effectiveness and productivity is employee engagement.

2.4 Conceptual Framework

A research model is created by the author discusses how career path and remuneration factors affect job engagement variables in order to provide an experimental conceptual framework that explains the relationship between one idea and other concepts as intended in Figure 1:



Keterangan

→ = Partial

-----> = Simultan

Figure 1: Conceptual framework

The conceptual framework mentioned above serves as the foundation for the following review questions:

H1: The career path has a positive impact on employee engagement at work.

H2: The compensation has a positive impact on employee engagement at work

H3: Career path and compensation have an influence on job engagement at the simultaneous.

3. Methods of Research

In this study, Methods of quantitative research were applied. In quantitative research, predefined hypotheses, data gathering methods, and statistical analysis tools for data processing were evaluated using particular demographics and samples. Information on the subject of the study was necessary for this investigation. The study was conducted at PT INKA Multi Solusi, Madiun Regency, Jl. Raya Surabaya - Madiun Km.161, to collect data. The research population consisted of 35 participants from the Finance, HR, General Affairs, and Risk Management Directorate unit, all of whom are organic employees, including 1 unit head, 3 division heads, 8 department heads, and 23 staff members. A saturated sample was the sampling strategy employed in this investigation a saturated sample, Is a sampling technique where each individual in the population is considered a sample [14].

Data for the study was gathered using a variety of techniques, including the following:

1. Literature review, with a focus on obtaining theoretical knowledge through reading books and other library resources that are pertinent to the subject and problems raised.
2. Questionnaire, a questionnaire is a tool for gathering data that asks respondents to answer a series of questions or make a statement of their opinions.

3.1 Test of Validity

A validity test was used to assess the questionnaire's reliability. If a questionnaire accurately describes the problem being measured, it is considered authentic. The study's validity test assessed the link between the question responses using Pearson's Correlation. If the Pearson correlation value is more than 0.05, the data is deemed genuine [15].

3.2 Test of Reliability

The consistency or stability of the respondents' answers over time is a measure of the questionnaire's reliability. A single measurement is one that is followed by a correlation study between questions and answers or a comparison with data from other inquiries. Reliability criteria were assessed using the Cronbach's Alpha test. A variable is considered reliable if its Cronbach's Alpha value is greater than 0.70.

3.3 Test of Research Hypothesis

Multiple regression modeling is performed to evaluate the hypothesis. The multiple regression model aims to estimate the size of the dependent variable using data from the independent variables whose magnitude is known beforehand.

Test of Statistical (T)

The t-test's objective is to ascertain the degree that the variables that are independent may explain the variance in the variable that is dependent. We can ascertain whether there are significant differences between each independent variable and the dependent one by examining significance values and confidence levels. If the significance criterion is greater than 0.05, this study will be published.

Test of Statistical (F)

1. H_a is accepted and H_0 is rejected if the significance value is less than 0.05.
2. H_0 is accepted and H_a is rejected if the significance value is greater than 0.05.

Determination Coefficient (R²)

The capacity of a model to further elucidate the variance of the dependent variable is frequently assessed using the coefficient in determination (R²). The range of the determined coefficient is 0 to 1. A low score denotes a lack of trust in the independent variables' capacity to adequately account for changes in the dependent variable. Independent variables are excluded from the model due to basic flaws in the coefficient of determination. Regardless of whether the independent factors have a meaningful impact, the dependent factor will always rise as more components are added.

4. Result

4.1 Validity Test

Pearson correlation is used to test a model's validity; a question item is deemed legitimate when its significance value is 0.05 or lower. The table of validity test results is shown below.

Table 1. Test of Validity

Variable	R Count	R Table	Validation
Career Path			
X1	0.632	0,325	Valid
X1	0.781	0,325	Valid
X1	0.854	0,325	Valid
X1	0.807	0,325	Valid
X1	0.770	0,325	Valid
X1	0.635	0,325	Valid
X1	0.854	0,325	Valid
X1	0.796	0,325	Valid
Compensation			

X2	0.747	0,325	Valid
X2	0.828	0,325	Valid
X2	0.744	0,325	Valid
X2	0.672	0,325	Valid
X2	0.697	0,325	Valid
X2	0.841	0,325	Valid
X2	0.763	0,325	Valid
X2	0.709	0,325	Valid
Work Engagement			
Y	0.768	0,325	Valid
Y	0.879	0,325	Valid
Y	0.864	0,325	Valid
Y	0.692	0,325	Valid
Y	0.876	0,325	Valid
Y	0.570	0,325	Valid

Source: Excel, 2024

From the validity test findings of the study questionnaire presented in the table above, it is evident that the variables Career Path (X1), Compensation (X2), and Work Engagement (Y) meet the validity test requirements. This is demonstrated by the fact that the value of each question in the questionnaire meets the criteria, with R calculated

> R table, thus the research variables are considered valid.

4.2 Reliability Test

The following are the reliability test results for the variables Career Path (X1), Compensation (X2), and Work Engagement (Y), those are shown as follows inside table 2.

Table 2. Reliability Test

NO	Variable	Reliability	Note
1.	Career Path (X1)	0.912	Reliabel
2.	Compensation (X2)	0.886	Reliabel
3.	Work Engagement (Y)	0.897	Reliabel

Source: Excel, 2024

Table 2 demonstrates that the variables of compensation, career path, and work engagement have Cronbach's alpha values greater than 0,6. This suggests that the research's questionnaire items are trustworthy. As a result, every question item can yield consistent data, and if the questions are posed again, the responses will probably be somewhat similar.

4.3 Research Hypothesis

Test Test of Statistical (T)

Examining the independent components apart from the dependent variable is the aim of the partial test. If the t-value is greater than the t-table value, the independent variable is assumed to have a partial influence on the dependent variable. We can also observe an impact when the significance column (Sig) value is less than α : 0.05. The test findings are as follows.

Table 3. Statistical Test (T)

Non-standard Coefficients			Standardized Coefficient	t	Sig.
Model	B	Std. Error	Beta		
1	(Constant)	5.229		2.705	.011
	Career Path	.523	.697	5.584	.000
	Compensation	.367	.459	2.970	.006

a. Dependent Variable: Work Engagement

Source: SPSS, 2024

The partial impacts of career path (X1) and compensation (X2) on work engagement (Y) may be ascertained using the t-test statistics.

Test of Statistical (F)

The simultaneous test is used to determine if the independent factors have a cumulative effect on the dependent variable using the F-test. This test has a significance level of 5% ($\alpha = 0.05$). The hypothesis can be accepted if the significance of the F-value is less than 0.05. The test findings are as follows:

Table 4. Statistical Test (F)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	166.397	2	83.198	19.494	.000b
Residual	136.575	32	4.268		
Total	302.971	34			

a. Dependent Variable: Y_WORK ENGAGEMENT

b. Predictors: (Constant), X2_COMPENSATION, X1_CARRIER PATH

Source: SPSS, 2024

As can be seen in the above table, the estimated F-value is 19.494 with a significance level of 0.000, which is lower than the significance threshold α of 0.05 ($0.000 < \alpha 0.05$). The F-table value of 3.29 is lower than this figure. The choice is to decline

H0, as the calculated F-value is greater than the F-table value. Therefore, it is concluded that career advancement and compensation together have a simultaneous and significant effect on employee work engagement at PT. INKA Multi Solusi.

Determination Coefficient (R2)

The degree to which the independent variables simultaneously affect the dependent variable is gauged by the coefficient of determination (R²). The quality of the suggested research model increases with the R2 value. For further details, see the table below.

Table 5. Coefficient of Determination (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741 ^a	.549	.521	2.066

a. Predictors: (Constant), Compensation, Career Path

b. Dependent Variable: Y_Work Engagement

Source: SPSS, 2024

The table above shows an R² value of 0.549 or 54.9%, indicating that the influence of compensation and workload is significant. Based on this analysis, it is important to use this as a benchmark in describing the relationship between the variables examined in this study, as will be elaborated in the following discussion section.

5. Discussion

5.1 The Impact of Career Path On Work Engagement

According to the study's findings, PT. INKA Multi Solusi's career path influences employee engagement at work. Career Path has a probability value of 0.000, a t-value of 5.584, and a coefficient of 0.523. This means that for every extra unit in Career Path, the Work Engagement value will increase by 0.523 units, assuming all other variables remain constant. The extremely low p-value ($p < 0.001$) suggests that Career Path has a positive and highly significant impact on Work Engagement.

5.2 The Impact of Compensation On Work Engagement

Compensation has an impact on raising work engagement at PT. INKA Multi Solusi, according to the study's findings. Compensation has a probability value of 0.006, a t-value of 2.970, and a coefficient of 0.367. This indicates that, provided all other factors stay the same, the Work Engagement value will rise by 0.367 units for every unit increase in Compensation. The p-value, which is also

less than 0.01, indicates that the influence of Compensation on Work Engagement is positive and statistically significant.

5.3 The Impact of Career Path and Compensation On Work Engagement

With a high The F value (19.494) and a very low probability value (0.000), the concurrent test results show that the regression model, which consists of two independent variables (Career Path and Compensation), significantly impacts the dependent variable (Work Engagement). This implies that at least one of the two independent factors can account for the difference in work involvement. In other words, compensation and career path factors play an important role in increasing employee work engagement. Although compensation influences work engagement, its impact is smaller compared to career paths. This suggests that non-material factors, such as career development, may motivate employees more than just financial rewards.

6. Conclusion

According to the study's findings, PT. INKA Multi Solusi employees' work engagement is significantly impacted by their career path and pay. The career path was shown to have a greater impact compared to compensation. This indicates that developing a strong career path is more effective in enhancing employee engagement than simply providing financial compensation. Simultaneous tests also show that these two variables together contribute significantly to work engagement. However, non-material factors such as career development are proven to motivate employees more than financial rewards alone.

PT. INKA Multi Solusi needs to strengthen its employee career development programs, including training, clear promotion paths, and personal development opportunities, in order to sustainably increase employee engagement. Although compensation has a smaller impact, the organization should still provide competitive and fair compensation as one of the key motivators. In addition, the company should emphasize non-material factors such as recognition, appreciation, and work-life balance to enhance employee engagement and satisfaction. Continuous evaluation of career paths and compensation policies, as well as gathering feedback from employees, is essential to ensure that these policies remain relevant and effective in boosting work engagement.

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