



The Influence of Incentive Systems on Public Servant Performance: A Review of the International Literature

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Abstract. The performance of public servants is an important issue in realizing effective, accountable, and responsive governance. One of the instruments that is often used to improve performance is the incentive system, both in the form of financial compensation and non-financial awards. However, the effectiveness of incentives in the public sector is still up for debate. International studies show that pay-for-performance can drive short-term productivity but is often unsustainable and potentially distorts behavior. In contrast, non-financial incentives such as recognition, career development, and work flexibility have been shown to more consistently increase employee intrinsic motivation and loyalty. This study uses a systematic literature review approach to various international studies, including from Pakistan, the United Arab Emirates, Saudi Arabia, and the United States. The results of the synthesis show the need for a combination of financial and non-financial incentives that are aligned with the value of public services, evaluation transparency, and ethical leadership. Policy implications emphasize the importance of adaptive and sustainable incentive design, while future research agendas need to explore developing country contexts, longitudinal studies, and integration with the sustainability (ESG) agenda.

Keywords: Incentives, Employee Performance, Public Sector, Motivation, Performance Management

1 Introduction

The issue of the effectiveness of public bureaucracy is increasingly in the global spotlight. The community demands faster, more transparent, and accountable public services. In the midst of these pressures, the performance of public servants is the key to realizing good governance. One of the important factors that is believed to be able to improve the performance of the apparatus is the implementation of an incentive system. Incentives, both in financial and non-financial form, are seen as instruments to encourage motivation, increase productivity, and ensure the achievement of organizational goals.

However, the effectiveness of incentives in the public sector is often debated. Some studies confirm that financial incentives are able to spur performance, especially on routine tasks with clear targets [1]. However, other studies have shown that financial incentives do not always result in long-term performance improvements, and can even

weaken the intrinsic motivation of public servants who are essentially driven by the value of community service [2]. This debate hints at the need for a more in-depth and contextual examination of how incentive systems work in the public sector with all their complexities.

In the international literature, Vroom's expectancy theory is widely used to explain the relationship between incentives and performance. This theory asserts that a person will be motivated if he believes that his efforts will result in the desired performance, and that performance will in turn result in a reward that is of value to him. In public bureaucracy, this linear relationship does not always run smoothly, because performance is often difficult to measure objectively and the rewards are not always immediately felt by employees [3]

On the other hand, the Public Service Motivation (PSM) framework emphasizes that public servants work not only for financial rewards, but also because of moral values, altruism, and the desire to serve the community [4]. This perspective explains why nonfinancial incentives such as moral rewards, career development opportunities, and opportunities to contribute to society are often more effective in strengthening sustainable performance in the public sector.

International empirical research shows a variation in results. A study in Pakistan found that demographic characteristics and motivation are important factors in determining how effective incentives are in improving the performance of public servants

[1] Meanwhile, research in Malaysia highlights the importance of fair and transparent performance appraisal practices as part of an incentive system that strengthens employee engagement [5]. From Europe, the implementation of the International Public Sector Accounting Standards (IPSAS) confirms that incentives based on transparency and accountability contribute to public trust in government institutions [6].

Furthermore, the development of sustainability and green governance issues has also driven a paradigm shift in incentives. Recent studies confirm that environmental, social, and governance (ESG) performance-based compensation is becoming a global trend, not only in the private sector but also relevant to public bureaucracies. Research [7] It even shows that green hiring and environmentally friendly compensation can improve the social, economic, and environmental performance of public service organizations. This confirms that incentives in the public sector are now not only related to productivity, but also directed towards sustainable development goals.

However, there are a number of challenges. First, financial incentives are often hit by state budget limitations and rigid bureaucratic regulations. Second, non-financial incentives, while promising, are still difficult to implement consistently because they depend on the managerial capacity of public leaders. Third, there is still a gap in research, particularly in developing countries, on how incentives can be adapted to the context of organizational culture and local values [21, 17].

The urgency of this research is getting stronger as public expectations of government services increase. In the midst of digitalization, globalization, and sustainability demands, public servants are required to be adaptive, professional, and results-oriented [14]. The right incentive system can be a catalyst to realize this, while strengthening the legitimacy of the bureaucracy in the eyes of the public.

Thus, a study entitled "The Influence of Incentive Systems on Public Servant Performance: A Review of the International Literature" is important to be conducted. First, this study will compile and analyze international findings on the effectiveness of incentives in the public sector. Second, this study seeks to identify existing research patterns, trends, and gaps. Third, this research aims to provide a synthesis of relevant policies, especially in the context of developing countries, so that incentive systems can be designed in a more adaptive and sustainable manner.

Ultimately, the contribution of this research is not only academic, but also practical. From the academic side, this research will enrich the treasure of theories about work motivation in the public sector, by combining the perspectives of expectancy theory and public service motivation. From a practical perspective, the results of the research are expected to be a reference for policymakers to design an incentive system that is not only effective in the short term, but also able to maintain the intrinsic motivation of public servants in the long term. Based on this background, this article aims to:

- Review the international literature on the influence of incentive systems on the performance of public servants.
- Identify research patterns, trends, and gaps.
- Synthesize policy implications and future research agendas.

2 Literature Review

2.1 Grand Theory

To understand the influence of the incentive system on the performance of public servants, there are two major theoretical frameworks that are often used, namely Expectancy Theory and Public Service Motivation (PSM). The Theory of Expectation developed by Vroom explains that a person will be motivated to work if he believes that the effort made will produce performance (expectancy), that performance will bring rewards (instrumentality), and that rewards are valuable to him (valence). In the context of the public sector, this theory helps explain why financial or non-financial incentives can affect performance. Employees will try harder when they feel there is a clear relationship between hard work and the rewards they receive [24, 22].

Meanwhile, PSM introduced by [25] emphasizes more on the intrinsic motivation of public servants. This theory asserts that many employees are driven by moral values, a desire to make a social contribution, and a calling-heart to serve society. Therefore, non-financial incentives such as recognition, work autonomy, or contribution opportunities are often more effective in driving long-term performance [26, 27].

These two theories are often the grand basis of research on incentives in the public sector. The Theory of Hope provides a framework for how incentives affect motivation in general, while PSM emphasizes that in public bureaucracy, value factors and community services have greater weight than just material incentives.

2.2 Related Derivative Theories

From this grand theory, a number of derivative theories were born that are more specific to explain the dynamics of incentives in the public sector.

Intrinsic and Extrinsic Motivation Theory. Deci and Ryan [32] through *Self-Determination Theory* distinguish motivation into intrinsic (motivation from within) and extrinsic (motivation from outside, including incentives). In the public literature, this theory is important because it shows that financial incentives can strengthen extrinsic motivation, but if they are excessive, they have the potential to weaken intrinsic motivation. The study of [27] supports this by showing that leadership recognition is more able to maintain prosocial motivation than financial bonuses.

Contingency Theory. Rainey [28] and Weibel, Rost, and Osterloh [29] emphasize that the effectiveness of incentives is highly context-dependent. Contingency theory explains that there is no one-size-fits-all incentive system. Organizational culture, state regulations, and managerial capacity determine whether PFPs or non-financial incentives will be successful. This is why PFPs in some developed countries are effective, but fail in bureaucracies with rigid regulations.

Transformational Leadership Theory. Hameduddin and Engbers [17] show that transformational leadership is able to strengthen PSM and make incentives more effective. This theory explains that leaders who are able to provide vision, inspiration, and ethical example will increase employee motivation, so that incentives—both financial and non-financial—are more meaningful.

Theory of Public Governance and Accountability. Hasnain, Manning, and Pierskalla [21] emphasized the importance of a transparent evaluation system for effective incentives. This can be understood through governance theory, which states that the success of incentive policies is closely related to public accountability. Without a clear evaluation system, incentives can actually cause behavioral distortions.

ESG and Sustainability Theory. Cohen's [20] study of ESG-based executive compensation in the private sector paves the way for a new derivative theory that links incentives to sustainability. While the focus is still largely on the private sector, this approach is relevant for the public sector, particularly in designing incentives that promote ethics, social justice, and environmental sustainability

2.3 Performance Management

Performance management is a strategic and systematic process used by organizations to ensure that activities, resources, and employees contribute optimally to the achievement of organizational goals. According to Performance management is not just an

annual evaluation, but an ongoing approach that includes planning, monitoring, developing, and assessing individual and team performance [8]. The goal is to increase organizational effectiveness through improving employee performance and aligning personal goals with the vision of the institution.

In the context of the public sector, performance management is an important instrument to encourage accountability and transparency. This system helps government agencies assess the extent to which programs or policies are running according to targets, as well as provide an objective basis for providing incentives, promotions, and career development of employees. However, the implementation of performance management in the public sector often faces challenges, such as difficulties in measuring non-financial work outcomes, rigid bureaucracy, and a less adaptive organizational culture [9].

The success of performance management relies heavily on the presence of clear performance indicators (Key Performance Indicators), effective communication between leaders and employees, and continuous feedback. In addition, this system must be supported by fair and transparent leadership so that employees are motivated to contribute optimally [10]. Thus, performance management is not only a supervisory tool, but also a means of empowering and improving the quality of human resources in a sustainable manner

Employee performance. Employee performance is a measure of the extent to which an employee carries out his duties and responsibilities in accordance with the standards that have been set by the organization. This performance reflects the real contribution of individuals to the achievement of organizational goals, both in terms of productivity, work quality, discipline, and initiative. Performance is not only determined by technical ability, but also by motivation, work environment, and performance management systems applied [8]. In the context of the public sector, employee performance is a key factor in the success of public service delivery. High-performing employees tend to exhibit proactive, efficient, and results-oriented behavior. Factors that affect performance include incentives, leadership, organizational culture, and job satisfaction levels. Research shows that there is a positive relationship between employee motivation and performance, especially when they feel valued and have an important role in achieving institutional goals [11].

Additionally, an effective performance management system helps organizations identify employee strengths and weaknesses, provide constructive feedback, and create a work environment that supports continuous performance improvement. Thus, employee performance is not only the end result, but also a continuous process in managing the potential of human resources to be in line with the vision and mission of the organization.

Incentive. Incentives are one of the important instruments in human resource management that function to encourage improvement in individual and organizational performance. In general, incentives can be divided into two types, namely financial (monetary) and non-financial (non-monetary) incentives. Financial incentives include

bonuses, performance allowances, or additional compensation given for the achievement of certain targets. Meanwhile, non-financial incentives can be in the form of awards, recognition, training opportunities, job promotions, or job flexibility. In the context of public organizations, incentives have their own challenges due to budget constraints and strict bureaucratic regulations. However, research shows that well-designed incentives can increase employee motivation and improve public service performance [12].

Incentives also serve as a mechanism to align individual interests with organizational goals. When employees feel that their efforts are being rewarded fairly and proportionately, they tend to show greater loyalty and commitment to the organization. Therefore, incentive policies need to pay attention to the balance between external rewards and intrinsic motivation so as not to cause negative effects such as dependence on rewards or reduced dedication to work [13].

3 Methodology

This study uses the Systematic Literature Review (SLR) approach to examine various international studies that discuss the influence of incentive systems on the performance of public servants. The selection of this method is based on the research objectives, which are not only to summarize the results of previous studies, but also to identify research patterns, trends, and gaps in order to provide more comprehensive policy recommendations.

3.1 Research Design

SLRs were chosen because they provide a systematic, transparent, and replicable framework. SLR allows researchers to map existing knowledge, avoid selection bias, and identify new research spaces. In this context, the SLR method is relevant for gathering cross-border empirical evidence regarding the effectiveness of incentives in improving the performance of public sector employees.

3.2 Literature Search Strategy

Article searches are conducted on internationally reputable academic databases, namely Scopus, Web of Science, ProQuest, and ScienceDirect, plus Google Scholar to track down relevant grey literature. The keywords used include: "*public sector performance*", "*employee performance AND incentives*", "*pay-for-performance in public administration*", "*non-financial incentives public employees*", and "*motivation AND public service*".

The range of publications chosen is 2010–2025 in order to be able to capture the latest dynamics in bureaucratic reform. From the initial search results, more than 50 articles were obtained. After going through the process of filtering titles, abstracts, and full content, finally 15 main articles were selected that matched the research criteria.

3.3 Inclusion and Exclusion Criteria

Articles included in the analysis must meet several criteria:

- Published in reputable international journals (Scopus or WoS indexed).
- Focus on the context of the public sector, not purely private or non-profit organizations.
- Examine the relationship between the incentive system and employee performance, both empirically and conceptually.
- Written in English to facilitate cross-country comparative analysis.

Meanwhile, articles that only discuss incentives in the private sector, non-peer-reviewed conference proceedings, or duplicate articles were not included in the analysis.

3.4 Data Selection and Analysis Process

The article selection process follows the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) flow. The initial stage involves identifying the article, followed by a screening of relevance based on the title and abstract, and then a full-body check. Out of a total of 215 initial articles, 25 are left that are eligible for indepth analysis.

Table 1. Results of Literature Screening Based on PRISMA Flow

PRISMA Stage	Description	Number of Articles
Identification	Records identified through database searching	215
Identification	Duplicate records removed	40
Screening	Records screened (title and abstract)	175
Screening	Records excluded due to irrelevance	150
Eligibility	Full-text articles assessed	25
Eligibility	Full-text articles excluded	10
Inclusion	Studies included in the final review	15

The data from the selected articles were then analyzed using thematic analysis. With this technique, researchers identified major recurring themes, such as:

- Financial incentives (*pay-for-performance*, bonuses, allowances).
- Non-financial incentives (recognition, career opportunities, work flexibility).
- Contextual factors (organizational culture, regulations, leadership capacity).
- Short-term vs long-term impact.

3.5 Method Limitations

The SLR method used still has limitations. First, restricting only English-language articles could leave some local research uncovered. Second, because of the focus on reputable journals, there is a possibility that the policy literature is practically overlooked. Third, this study did not use quantitative meta-analysis because the performance indicators between studies were very diverse.

However, this approach still provides the main strengths: transparency in the selection, breadth of international reference coverage, and depth of analysis of finding patterns. In this way, the research is able to provide a comprehensive picture of how incentive systems affect the performance of public servants in various countries.

4 Results

4.1 PRISMA flow diagram of study identification and selection

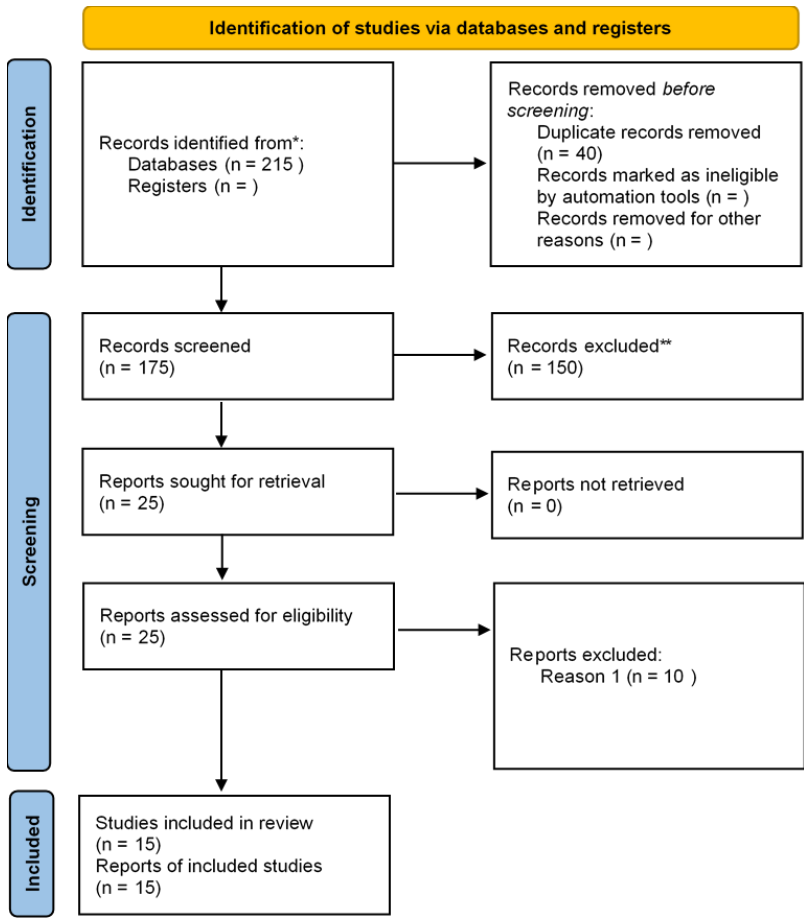


Fig. 1. PRISMA 2020 flow diagram

Figure 1 presents the PRISMA 2020 flow diagram outlining the identification, screening, eligibility assessment, and final inclusion of studies in this systematic literature

review. The diagram indicates that 215 records were initially retrieved from the selected databases, after which 40 duplicates were removed. The remaining 175 records were screened by title and abstract, resulting in the exclusion of 150 records due to irrelevance. Subsequently, 25 full-text articles were assessed for eligibility, of which 10 were excluded, leaving 15 studies for inclusion in the final synthesis.

4.2 Review of the International Literature on the Influence of Incentive Systems on Public Servant Performance

The issue of the effectiveness of the incentive system in improving the performance of public servants has long been in the spotlight in the international literature. In the context of modern bureaucracy, incentives are often considered one of the key instruments to encourage productivity, accountability, and work motivation. However, diverse research shows that the effectiveness of incentives in the public sector cannot be understood in a single way; It is influenced by the type of incentives used, the cultural and regulatory context, and the dynamics of employee motivation.

Financial Incentives: Between Quick Impulses and Behavioral Distortions. Many countries have adopted pay-for-performance (PFP) as a mechanism to increase the productivity of public servants. The [22] reports that the implementation of PFPs in developed countries can encourage short-term productivity increases, especially in routine work with clearly measurable indicators. Similar results were also found by Enigma (2021), where financial incentives have been shown to increase administrative output.

However, the effectiveness of financial incentives is often inconsistent. Kitsios and Kamariotou [15] emphasized that the implementation of PFP in the public bureaucracy tends to be problematic due to the difficulty of determining objective performance indicators. In fact, some studies warn of potential behavioral distortions, such as manipulation of performance reports or excessive focus on quantitative targets. Kalogiannidis et al [16] added that PFP is only effective if it is accompanied by a transparent and accountable evaluation system. Without this mechanism, financial incentives can actually weaken the intrinsic commitment of employees.

Non-Financial Incentives: Closer to the Value of Public Services. In contrast to financial incentives, the international literature emphasizes that non-financial incentives are more consistent in driving the long-term performance of public servants. [6], in a study of government employees in Europe, found that organizational support, career development opportunities, and public recognition have a significant positive influence on job satisfaction and employee loyalty.

Experimental studies by [17] in Italy also reinforced these findings. He showed that prosocial motivation strengthened through leadership recognition has a greater impact on performance than money bonuses. The same thing is emphasized by the [23], that work flexibility, inclusive work environment, and non-monetary rewards are more sustainable than pure financial incentives.

Within the framework of Public Service Motivation (PSM), Kitsios Kamariotou [15] Explains that public servants are basically motivated by the value of service to the community. Therefore, non-financial incentives that emphasize social recognition, work autonomy and contribution opportunities are more in line with the characteristics of the public sector.

The Role of Cultural Context, Regulation, and Leadership. The effectiveness of the incentive system cannot be separated from contextual factors. [17] emphasizing that organizations with hierarchical cultures tend to have a harder time implementing the PFP system than more flexible organizations. [29] also found that bureaucracies with strict regulations often limit the space for innovation in providing incentives.

In addition, managerial capacity is an important determining factor. The success of the implementation of incentives is greatly influenced by the skills of leaders in communicating organizational goals and managing employee expectations. Research [17] It even highlights that transformational and ethical leadership styles can strengthen the effectiveness of incentives by fostering public service motivation.

Developing Countries Perspective: Learning from Pakistan, UAE, and Saudi Arabia. The international literature is still dominated by the context of developed countries, but research in developing countries provides an important perspective. [21] in a study in Pakistan found that strengthening mission motivation through vision communication was able to increase the performance of public health workers by up to 14.17%. This shows that intrinsic motivation reinforced by leadership can be more powerful than just a financial bonus.

In the United Arab Emirates, research by [18] found that motivation plays a mediator in the relationship between incentives and performance of public servants. In other words, incentives are only effective if they are able to increase the intrinsic motivation of employees. A similar study in Saudi Arabia by [19] at Bisha University emphasized the importance of a combination of financial and non-financial incentives. Recognition of achievements, career development opportunities, and a supportive work environment have been shown to have more influence on employee retention and satisfaction than financial compensation alone.

New Trend: Integration of Incentives with the Sustainability Agenda. In addition to financial and non-financial aspects, the latest literature also shows a new trend in incentive design, namely its relationship with the sustainability and ESG (Environmental, Social, and Governance) agendas. [20] noted that in the private sector, executive compensation is now heavily linked to ESG achievement. While the focus is different, this trend can be an inspiration for the public sector, particularly in designing incentives that are not only output-oriented, but also on sustainability, ethics, and accountability.

Literature Synthesis. When viewed thoroughly, the international literature yields several key conclusions:

- Financial incentives are effective in driving short-term performance, but they are prone to creating dysfunctional behaviors if not supported by a transparent evaluation system.
- Non-financial incentives are more consistent in building long-term motivation, job satisfaction, and loyalty of public employees.
- Organizational, regulatory, and leadership contexts greatly influence the effectiveness of incentives. Without strong managerial support, even the best incentive schemes can fail.
- Developing countries provide an important lesson that incentives based on mission motivation and public service values are more relevant than simply adopting a developed country-style PFP model.
- The trend of ESG integration opens up new opportunities to design public sector incentives that are more in line with global sustainability demands.

4.3 Identifying Research Patterns, Trends, and Gaps

When it comes to incentive systems in the public bureaucracy, we can't avoid the fact that this discourse has long been a topic of debate among researchers around the world. Some believe that incentives are the key to boosting employee productivity, while others believe that incentives often cause side effects. From the international literature, we can see recurring patterns, global trends that continue to move, as well as research gaps that still need to be bridged.

Patterns Recorded in the Literature. The first pattern that is clearly visible is the contrast between financial and non-financial incentives. Many governments are trying to implement *pay-for-performance (PFP)* in the hope of increasing productivity. The [22], for example, shows that in a number of developed countries, this scheme has succeeded in increasing short-term output. [24] in South Korea also found a similar thing, although the effect declined when performance measures were not easily measured objectively.

However, other literature confirms that non-financial incentives are often more relevant. [26] show that organizational support, career opportunities, and public recognition have a significant impact on employee job satisfaction in the public sector. [27], through an experiment in Italy, even found that leadership recognition is much more motivating than just a monetary bonus. The [23] reinforces this view by highlighting the importance of work flexibility and non-monetary rewards in building sustainable performance.

The second pattern is the influence of context on the effectiveness of incentives. [28] explains that bureaucracies with hierarchical cultures often have difficulty running the PFP system, while more flexible organizations tend to be more adaptive. [29] added that overly strict regulations can hinder creativity in designing incentive schemes. The leadership factor is no less important: [30] emphasized that the manager's ability to

explain organizational goals greatly determines the success or not of the incentive system.

Global Trends in Incentive Studies. If we look at the development of research, there are three major trends that can be captured. Literature is still dominated by the context of developed countries. Polzer, Grossi, and Reichard [6] show how European countries are busy adopting international accounting standards (IPSAS) which also impacts performance management. However, such studies are rare in developing countries, even though their bureaucratic challenges are no less complex.

There is still debate about the effectiveness of financial versus non-financial incentives. Although there is a lot of evidence emphasizing the importance of nonfinancial aspects, governments are often more comfortable with PFP schemes because they are considered more measurable. Hasnain, Manning, and Pierskalla [21] even mentioned that PFP can be successful in developing countries, as long as the evaluation system is transparent. So, the research here still shows the catch: practical vs sustainable.

A new trend is beginning to emerge that links incentives with the sustainability agenda. Cohen [20], for example, documents practices in the private sector where executive compensation is now associated with ESG (Environmental, Social, Governance) achievements. While this research is not specific to the public sector, the direction is clear: future incentives will increasingly be demanded to be aligned with ethical and sustainability values.

In addition, there is an increasingly prominent trend, namely the emphasis on Public Service Motivation (PSM). Perry and Wise [25] have long said that public servants do not only work for money, but also because of a call to serve. Hameduddin and Engbers' [17] research adds that transformational and ethical leadership can strengthen PSM, which ultimately makes both financial and non-financial incentives more effective.

Research Gaps That Are Still Open. Although the literature is quite rich, there are still many unfilled holes such as:

- Lack of studies in developing countries. Most of the research comes from the OECD context. In fact, research in Pakistan [21] shows that mission motivation can be more influential than bonuses. In the United Arab Emirates, [18] found that motivation is an important mediator between incentives and performance. Meanwhile, research by [19] in Saudi Arabia shows the importance of a combination of financial and nonfinancial incentives in the context of higher education. All of this proves that the experience of developing countries is actually rich in lessons, but it is still rarely explored.
- Lack of cross-country meta-analysis. Many studies are only in the form of case studies. Without a comprehensive quantitative synthesis, it is difficult to ascertain whether the disparate results are due to cultural variations, differences in research design, or indeed other contextual factors.
- Lack of longitudinal research. Most studies only looked at short-term effects. Bellé [27] did show the strong impact of leadership recognition, but we don't yet know

whether that effect lasts for the next five or ten years. Without long-term research, incentive policy design risks only being reactive, not strategic.

- There are still few cross-disciplinary studies. So far, the issue of incentives tends to be studied from a management or economic perspective. In fact, organizational psychology, bureaucratic sociology, and public policy studies can provide a more complete perspective. Human motivation, especially in the context of public service, cannot be explained by bonus numbers alone.
- Fifth, the limited sectoral research. Many studies still talk about public bureaucracy in general, even though each sector has unique dynamics. For example, in the health sector in Pakistan, mission incentives have proven to be effective [21]. But does the same pattern apply in the education sector or general administration? This question has not been answered much.

Closing the gap, opening up new directions. From these patterns, trends, and gaps, we can see that the discourse on incentives in the public sector is still moving. The pattern is clear: financial incentives work quickly, non-financial incentives are more durable, and context determines their effectiveness. The trend is also starting to shift towards the integration of ethical values, sustainability, and PSM. However, the gaps are not a few, ranging from the lack of research in developing countries, the absence of cross-border meta-analysis, to the lack of long-term studies.

5 Discussion

5.1 Synthesizing Policy Implications and Future Research Agendas

The discussion of incentives in the public sector is not just an academic debate, but also has real consequences for bureaucratic practices and government policy direction. The international literature gives us the impression that incentives, both financial and nonfinancial—cannot be separated from the context of the organization and work culture. Therefore, this section will try to synthesize the policy implications that can be drawn from research findings while opening up space for future research agendas.

Policy Implications

Combining Financial and Non-Financial Incentives. One of the most obvious implications is the need for an incentive strategy that combines financial and non-financial aspects. OECD [22] and Kim [24] do show that pay-for-performance schemes are able to boost short-term productivity. However, if you rely only on money, performance often does not last long and is even at risk of giving rise to manipulative behavior [31]. In contrast, research by [26] and [27] shows that non-financial incentives, such as leadership recognition, career development opportunities, and work flexibility, are more effective in building long-term loyalty and motivation.

Public policies that rely only on one type of incentive tend to be uneven. A combination of the two, with a balanced portion according to the context, will be more effective.

Strengthening the Role of Public Leadership. Perry, Engbers, and Jun [30] emphasized that the success of incentives is largely determined by managerial capacity. Public leaders who are able to explain vision, provide feedback, and manage employee expectations will make the incentive system more meaningful. [17] added that transformational and ethical leadership styles not only strengthen the effectiveness of incentives, but also foster Public Service Motivation (PSM).

This means that bureaucratic reform policies cannot stop at the technical design of incentives alone. The government needs to invest in strengthening the capacity of public leadership through training, mentoring, and a more selective recruitment system.

Aligning Incentives with Public Service Values. Perry and Wise [25] have long emphasized that public servants are often driven by a moral call to serve society. Therefore, incentives should not only be seen as money-based "means of exchange", but also as a means to strengthen the value of public services. The [23] suggests that incentives be designed with work satisfaction, life balance, and social recognition in mind.

In policy practice, this can be realized by providing service-based awards, such as awards for employees who contribute to public service innovation or who have succeeded in increasing public satisfaction.

Transparency and Accountability in the Evaluation System. One of the important findings of [21] is that PFP can be effective in developing countries, but the main requirement is that there is a transparent and accountable evaluation. Weibel, Rost, and Osterloh [29] warn that strict regulations sometimes actually kill the innovation space.

The implication of the policy is: governments must ensure that the incentive system is not stuck in a numbers game, but rather actually reflects real performance. This requires objective indicator design, independent audits, and public participation in evaluations.

Integrating the Sustainability Agenda (ESG). Cohen's [20] study shows how executive compensation in the private sector is now associated with ESG indicators. The public sector can take inspiration from this practice by designing incentives that not only target administrative output, but also encourage sustainability, ethics, and good governance. For example, public officials who have succeeded in reducing carbon emissions in their work units or improving access to public services for vulnerable groups may be given special incentives. Thus, the incentive system not only strengthens internal performance, but also contributes to the global agenda.

5.2 Future Research Agenda

In addition to policy implications, the international literature also opens up wider research opportunities. There are several research directions that can be on the agenda in the future.

Study in a Developing Country. As noted by [21] in Pakistan, or [18] in the United Arab Emirates, the context of developing countries shows different dynamics than developed countries. However, the number of such studies is still minimal. The future research agenda needs to explore more incentive practices in the bureaucracy of developing countries, including the factors that make it successful or fail.

Longitudinal Research. Many existing studies only measure short-term effects. In fact, [27] asserts that leadership recognition has a significant effect on motivation, but it is not clear whether the influence lasts in the long term. Therefore, longitudinal studies are needed that can track the impact of incentives for five to ten years.

Cross-Country Meta-Analysis. So far, the literature is still fragmented. Cross-country quantitative meta-analysis will be helpful to find out whether the different results are due to cultural context, research design, or other variables. That way, the academic world and policy practitioners can get a more solid picture.

Cross-Disciplinary Studies. The issue of incentives is often discussed from an economic or management perspective. In fact, the motivation of public employees is also influenced by psychological, social, and even political factors. The future research agenda should be more integrative, combining organizational psychology, bureaucratic sociology, and public policy approaches to understand it more fully.

Sectoral Research. The dynamics of incentives in the health, education, and public administration sectors can be very different. Research in Pakistan [21] shows that mission motivation is more influential in the health sector. However, does this pattern also apply in the education sector? There are still few studies that answer this question. Therefore, more in-depth sectoral research will make an important contribution.

6 Conclusion

This research confirms that the incentive system plays an important role in encouraging the performance of public servants. However, its effectiveness cannot be viewed singularly. Financial incentives can indeed be a quick driver of productivity, especially for routine jobs with clear targets. Even so, this type of incentive is often unable to maintain long-term motivation and has the potential to create behavior that is not in line with the organization's goals.

In contrast, non-financial incentives have proven to be more aligned with the value of public services. It can be in the form of recognition of contributions, opportunities to develop careers, work flexibility, and the provision of autonomy in decision-making. This kind of incentive is able to strengthen loyalty, increase engagement, and foster intrinsic motivation of employees. From the findings, it is clear that the best strategy is not to choose one, but to combine financial and non-financial incentives within a policy

framework that is transparent, fair, and adaptive to the organizational context. For the future, the success of incentives will also depend heavily on ethical leadership, an accountable evaluation system, and an orientation to sustainability values.

This research offers novelty in three main aspects. First, this study not only reviews financial incentives such as pay-for-performance, but also emphasizes the importance of non-financial incentives such as recognition, work flexibility, and career development opportunities. This approach provides a more complete picture of how public servants' motivation is formed, both from material factors and the value of public services. This research links the issue of incentives to the latest global developments, namely the integration of the sustainability agenda (sustainability and ESG). This perspective is still rarely found in the public sector literature, even though its relevance is increasing in line with the demands of sustainability-oriented governance. The study also focuses on cross-country analysis, including the often overlooked context of developing countries. Thus, this research not only represents bureaucratic practices in developed countries, but also enriches understanding of the challenges and opportunities of incentives in a more diverse bureaucracy.

Although it contributes, this research has a number of limitations. First, the coverage of the literature analyzed was limited to English-language articles and internationally reputable journals, so the potential for relevant local literature was not covered. The variation of performance indicators in each study made this study unable to perform a quantitative meta-analysis. As a result, the findings obtained are more qualitative through thematic synthesis. Most of the articles analyzed are cross-sectional studies, so the long-term impact of incentives on the motivation and performance of public employees has not been fully depicted. Although this study reviews cross-border contexts, the amount of literature from developing countries is still relatively limited. This makes generalization of findings to all cultural contexts and bureaucratic systems still to be done with caution

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