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The Effect of Incentives and Career Development on Employee Engagement with Work Motivation as a Mediating Variable

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ABSTRACT

Objectives: This study aims to analyze "The Effect of Incentives and Career Development on Employee Engagement with Work Motivation as a Mediation Variable at PT Catur Sentosa Adiprima".

Methodology: The research design used by the author in this study uses quantitative research at PT Catur Sentosa Adiprima Jakarta Branch. The sampling technique used in this study is random sampling technique. The analysis tool used is Partial Least Square (PLS) as a Covariance based SEM from 130 of total population of 193 permanent employee.

Findings: From the results of the hypothesis test, it can be seen that incentives have no effect on employee engagement. The outcomes of this research align with the findings of the study

Conclusion: The results of the study show that Incentives have a positive and significant effect on Employee Engagement in CSAD Jakarta employees. Career Development has a positive and significant effect on Employee Engagement in CSAD Jakarta employees. Incentives have a positive and significant effect on Work Motivation in CSAD Jakarta employees. Career Development has a positive and significant effect on Work Motivation in CSAD Jakarta employees. Work Motivation has a positive and significant effect on Employee Engagement in CSAD Jakarta employees. Incentives have a positive and significant effect on Employee Engagement in CSAD Jakarta employees through Work Motivation in CSAD Jakarta employees and Career Development has a positive and significant effect on Employee Engagement in CSAD Jakarta employees through Work Motivation in CSAD Jakarta employees.

Keywords: Incentives, Career Development, Employee Engagement, Work Motivation

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INTRODUCTION

Employee interest and engagement, or Employee Engagement, is a key factor in the success of an organization. Employees who are emotionally and cognitively engaged have a tendency to show superior performance, demonstrate high commitment, and voluntarily contribute to the company's progress. People who have organizational commitments consider themselves attached and involved with the organization. Companies can foster employee satisfaction and encourage them to continue to work better by providing incentives, both financial and non-financial. On the other hand, a good career development program can give employees the opportunity to grow their skills and reach higher career paths, which has an impact on their level of engagement at work.

In January 2024, PT Catur Sentosa Adiprana Tbk decided to change its name to PT Catur Sentosa Adiprima for consumer goods products, especially P&G products, with a total of 20 branches spread across Greater Jakarta and South Sumatra. The phenomenon that occurs in this scientific work is the high level of turnover in the last few years. PT Catur Sentosa Adiprima (CSAD) is one of the well-known entities in Indonesia engaged in the distribution of consumer good. In recent years, CSAD Jakarta has faced challenges in maintaining employee engagement. Based on internal data, the employee turnover rate shows an increasing trend.

The researcher did a preliminary survey by distributing questionnaires to 30 workers of PT CSAD Jakarta to identify the primary factor influencing employee attachment inside the organization. The findings of the preliminary survey of scientific papers can be seen in the data below:

| Table 1. Thing That Influence From Employee Engagement | | | |
|---|------------------------|----------|--------------------------|
| No | Information | % | Number Of Respond |
| 1 | Incentive | 100% | 30 |
| 2 | Career Development | 100% | 30 |
| 3 | Work Motivation | 93% | 28 |
| 4 | Job Satisfaction | 90% | 27 |
| 5 | Leadership Style | 87% | 26 |
| 6 | Organizational Culture | 87% | 26 |

According to the data presented in Table 1 of the pre-survey results, every one of the 30 respondents (100%) indicated that incentives and career development play a significant role in influencing their engagement as employees. A total of 28 individuals (93%) indicated that their work motivation influenced their attachment to PT Catur Sentosa Adiprima

LITERATURE REVIEW

Incentive

Incentives are financial and non-financial benefits provided to employees to enhance motivation and improve performance (Armstrong, 2016). (Dessler, 2014) indicates that compensation encompasses all types of remuneration or rewards provided to employees as a result of their labor

Dimension and Incentive Indicator

The dimensions and indicators of incentives according to (Ayu, D. K & J.H. Sinaulan, 2018) are as follows Financial, Non Financial, Performance and Competence.

Career Development

As stated by (Pratama & Rahyuda, 2020), career development encompasses a sequence of initiatives undertaken by firms to aid individuals in recognizing and cultivating their skills and potential to attain their career aspirations. As per (Busro, 2018), the subsequent factors signify career development : Career Clarity, Self-Development and Work Quality Improvement

Employee Engagement

Employee engagement is a psychological condition when individuals perceive themselves as connected, motivated, and dedicated to exerting their utmost efforts to attain company objectives (Gupta & Sharma, 2022).

The following are job satisfaction indicators: Attachment Dimension (Vigor), Dedication and Absorption Dimension

Work Motivation

Work motivation is characterized as an internal or external drive within an individual, encompassing psychological, physiological, and environmental processes aimed at fulfilling a profound desire and resolve, leveraging one's strengths and skills to attain satisfaction aligned with personal aspirations (Ali Iqbal et al., 2021).

Three of (McClelland, 1988) needs are:

1. Need of achievement (noach)
2. The need for affiliation (need of affiliation)
3. Need of power (nopow)

Hyphotesist

This study presents the following hypotheses:

H1: Incentives exert a favorable and considerable influence on Employee Engagement.

H2: Career Development exerts a positive and substantial influence on Employee Engagement.

H3: Incentives exert a positive and substantial influence on Employee Work Motivation.

H4: Career Development exerts a favorable and substantial influence on Employee Work Motivation.

H5: Work motivation exerts a favorable and considerable influence on employee engagement.

H6: Work Motivation May Serve as a Mediator in the Relationship Between Incentives and Employee Engagement

H7: Work motivation may mediate the relationship between career development and employee engagement.

RESEARCH METHOD

Operations Variable

Research Category

In this study, the author will use the descriptive and causal research categories.

Free Variable (X) :

In this study, the independent variable is the attribute that is determined or studied for the impact factor X:

- a. Insentif (X1)
(Sutrisno, 2019) reveals that incentives are a means of motivation that can be given as a reward for a person's achievements, in order to create a condition that is able to awaken and encourage someone to work productively.
- b. Career Development (X2)
According to (Eggy Farizqy & Badawi Saluy, 2024) career development is a series of activities carried out by an organization to facilitate employees in planning, managing, and achieving their career goals

Variable Bound (Y) :

Dependent variables are those that emerge from functional interactions or as a consequence of the influence exerted by independent variables. The dependent variables are as follows:

- a. Employee Engagement (Y)
(Ali Iqbal et al., 2021) explains that employee engagement is a condition in which employees consider connected, motivated, and committed to giving their best efforts in achieving organizational goals.
- b. Motivasi Kerja (Z)
(Ali Iqbal et al., 2021) defines motivation as "the drive to a series of processes of human behavior that aims to achieve goals."

Population and Sample

This scientific work employed a census approach for sampling. In other terms, every scientific paper from the questionnaire is utilized. In this sample of scientific papers, there are 130 employees.

Object of research

The author conducts scientific work as an employee of PT Catur Sentosa Adiprima in West Jakarta. The author selected this site to investigate the impact of incentives, career development, employee engagement, and job motivation.

Field Research

This scientific paper uses questionnaires to collect data.

Analysis Methods

This scientific work uses the Structural Equation Modeling (SEM) Model to analyze the data. The Smart-Partial Least Square (Smart-PLS) program is used to process the data.

RESULTS AND DISCUSSION

Results of the data quality assessment: Analysis of the model's outer measurement. The convergence testing for the validity of the measurement model utilizing reflexive indicators is conducted by analyzing the correlation between the item or component score and the construct score computed by PLS. An individual indication is deemed valid if the correlation value exceeds 0.70. (Ghozali, 2019)

Table 2. Results of Discriminant Validity Test (Cross loadings)

| Variable | Indicator | Outer Loading | Remarks |
|--------------------------|-----------|---------------|---------|
| Insentive (X1) | X1.1 | 0.867 | Valid |
| | X1.2 | 0.848 | Valid |
| | X1.3 | 0.744 | Valid |
| | X1.4 | 0.809 | Valid |
| | X1.5 | 0.749 | Valid |
| | X1.6 | 0.758 | Valid |
| Career Development (X2) | X2.1 | 0.743 | Valid |
| | X2.2 | 0.809 | Valid |
| | X2.3 | 0.798 | Valid |
| | X2.4 | 0.853 | Valid |
| | X2.5 | 0.794 | Valid |
| | X2.6 | 0.796 | Valid |
| | X2.7 | 0.843 | Valid |
| | X2.8 | 0.860 | Valid |
| | X2.9 | 0.812 | Valid |
| | X2.10 | 0.847 | Valid |
| Employee Engagement (Y1) | Y1.1 | 0.800 | Valid |
| | Y1.3 | 0.753 | Valid |
| | Y1.4 | 0.795 | Valid |
| | Y1.5 | 0.785 | Valid |
| | Y1.6 | 0.779 | Valid |
| Motivation (Z1) | Z1.1 | 0.718 | Valid |
| | Z1.2 | 0.710 | Valid |
| | Z1.3 | 0.778 | Valid |
| | Z1.4 | 0.749 | Valid |
| | Z1.5 | 0.774 | Valid |

Source: SmartPLS 3.0 results and processing

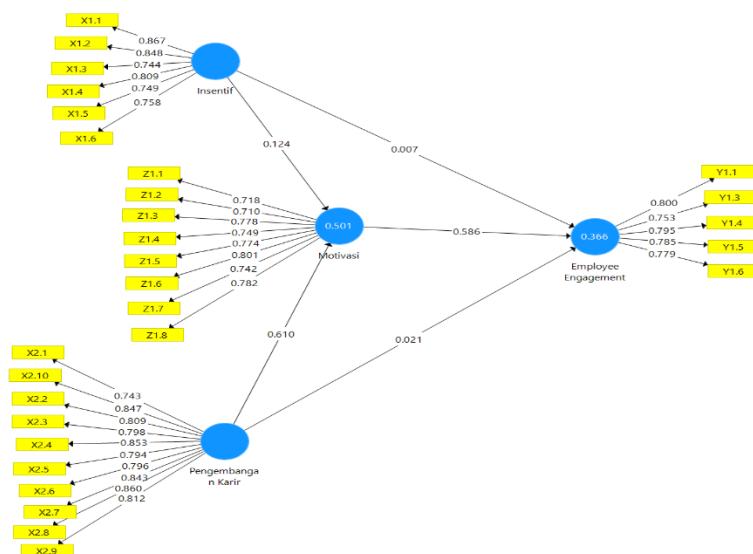


Figure 2. PLS Algorithm Results using SmartPLS 3.0

The results of the convergent validity test in Figure 2 and Table 2, it can be seen that all indicators have met the convergent validity because they have a loading factor value above 0.70.

Discriminant Validity Test Results

Table 3. Results of Discriminant Validity Test (Cross loadings)

| | Incentive | Career Development | Employee Engagement | Motivation |
|-------|------------------|-------------------------------|--------------------------------|-------------------|
| X1.1 | 0.867 | 0.516 | 0.315 | 0.494 |
| X1.2 | 0.848 | 0.575 | 0.323 | 0.498 |
| X1.3 | 0.744 | 0.498 | 0.277 | 0.349 |
| X1.4 | 0.809 | 0.563 | 0.238 | 0.444 |
| X1.5 | 0.749 | 0.723 | 0.312 | 0.488 |
| X1.6 | 0.758 | 0.678 | 0.257 | 0.473 |
| X2.1 | 0.640 | 0.743 | 0.284 | 0.504 |
| X2.2 | 0.638 | 0.809 | 0.313 | 0.505 |
| X2.3 | 0.690 | 0.798 | 0.398 | 0.639 |
| X2.4 | 0.599 | 0.853 | 0.315 | 0.546 |
| X2.5 | 0.602 | 0.794 | 0.319 | 0.487 |
| X2.6 | 0.627 | 0.796 | 0.268 | 0.541 |
| X2.7 | 0.607 | 0.843 | 0.385 | 0.598 |
| X2.8 | 0.557 | 0.860 | 0.363 | 0.589 |
| X2.9 | 0.554 | 0.812 | 0.381 | 0.602 |
| X2.10 | 0.589 | 0.847 | 0.485 | 0.669 |
| Y1.1 | 0.329 | 0.293 | 0.800 | 0.431 |
| Y1.3 | 0.196 | 0.316 | 0.753 | 0.430 |
| Y1.4 | 0.199 | 0.241 | 0.795 | 0.459 |
| Y1.5 | 0.314 | 0.488 | 0.785 | 0.583 |
| Y1.6 | 0.374 | 0.330 | 0.779 | 0.424 |
| Z1.1 | 0.486 | 0.500 | 0.451 | 0.718 |
| Z1.2 | 0.562 | 0.613 | 0.302 | 0.710 |
| Z1.3 | 0.448 | 0.548 | 0.525 | 0.778 |
| Z1.4 | 0.463 | 0.544 | 0.415 | 0.749 |
| Z1.5 | 0.451 | 0.567 | 0.539 | 0.774 |
| Z1.6 | 0.333 | 0.455 | 0.545 | 0.801 |
| Z1.7 | 0.372 | 0.455 | 0.405 | 0.742 |
| Z1.8 | 0.386 | 0.557 | 0.536 | 0.782 |

Source : SmartPLS 3.0 results and processing

Table 3 indicates that the association between incentive components and their indicators surpasses that of other constructs. The link between career growth and its markers is greater than the correlation of other constructs. The link between employee engagement and the indicator is greater than that of other constructs. The link between incentive construct indicators and their respective indicators is greater than the correlation among other constructs.

Table 4. Results of *Discriminant Validity Test (Fornell Lacker Criterium)*

| | Employee Engagement | Incentive | Motivation | Career Development |
|---------------------|---------------------|-----------|------------|--------------------|
| Employee Engagement | 0.783 | | | |
| Incentive | 0.362 | 0.797 | | |
| Motivation | 0.604 | 0.579 | 0.757 | |
| Career Development | 0.438 | 0.745 | 0.703 | 0.816 |

Source: SmartPLS 3.0 results and processing

According to the data from Tables 3 and 4, it can be stated that the constructs in the model satisfy the requirement of discriminant validity due to an increase in the correlation among constructs.

Table 5. Result of *Discriminant Validity (Heterotrait Monotrait Ratio (HTMT))*

| | Employee Engagement | Incentive | Motivation | Career Development |
|---------------------|---------------------|-----------|------------|--------------------|
| Employee Engagement | | | | |
| Incentive | 0.415 | | | |
| Motivation | 0.678 | 0.645 | | |
| Career Development | 0.468 | 0.816 | 0.754 | |

Source: SmartPLS 3.0 results and processing

According to Table 5, the results of the Heterotrait-Monotrait Ratio (HTMT) test indicate that the constructs in this scientific work model are well measured and different from each other where the HTMT value is <0.90, so it can be said that the constructs in the model meet the criteria of discriminant validity.

Composite Reliability and Cronbach's Alpha Test Results

Table 6. Composite Reliability and Cronbach's Alpha Test Results

| Variable | Cronbach's Alpha | Composite Reliability | Information |
|---------------------|------------------|-----------------------|-------------|
| Incentive | 0.885 | 0.913 | Reliable |
| Career Development | 0.944 | 0.952 | Reliable |
| Employee Engagement | 0.843 | 0.888 | Reliable |
| Motivation | 0.894 | 0.915 | Reliable |

Source: SmartPLS 3.0 results and processing

Table 6 demonstrates that all latent variables possess a composite reliability and Cronbach's alpha of no less than 0.70, signifying that all latent variables are deemed reliable.

Structural Model Testing or Hypothesis Testing (Inner Model)

Inner model testing refers to the creation of a model grounded in theory and concepts. This is accomplished by examining the correlation between exogenous and endogenous factors outlined in the conceptual framework. The procedures undertaken to evaluate the structural

model (inner model) are as follows: Examining the R-squared value, which serves as the goodness-of-fit test for the model.

Table 7. R-Values of Endogenous Variables

| Endogenous Variables | R-Square | R-Square Adjusted |
|----------------------|----------|-------------------|
| Employee Engagement | 0.366 | 0.351 |
| Work Motivation | 0.501 | 0.493 |

Source: SmartPLS 3.0 results and processing

Results of Hypothesis Testing (Estimation of Path Coefficients)

In the structural model, the projected value of the path relationship must be substantial. The bootstrapping method enables the determination of the significant value of this hypothesis by examining the parameter coefficient and the T-statistical significance value reported by the bootstrapping algorithm. The T-table value at alpha 0.05 (5%) is 1.645, which is then compared to the T-table, or the T-statistical significance value.

Table 8. Results of Hypothesis Testing

| | Original Sample | Standard Deviation | T-Statistics | P-Value | Information |
|--|-----------------|--------------------|--------------|---------|-----------------------|
| Direct | | | | | |
| Incentives -> Employee Engagement | 0.108 | 0.118 | 0.919 | 0.179 | Positive-Insignticant |
| Incentives -> Work Motivation | 0.228 | 0.082 | 2.785 | 0.003 | Positive-Signticant |
| Work Motivation -> Employee Engagement | 0.560 | 0.099 | 5.655 | 0.000 | Positive-Signticant |
| Career Development -> Employee Engagement | -0.015 | 0.131 | 0.114 | 0.454 | Positive-Insignticant |
| Career Development -> Work Motivation | 0.554 | 0.076 | 7.320 | 0.000 | Positive-Signticant |
| Indirect | | | | | |
| Incentives>Work Motivation>Employee Engagement | 0.128 | 0.056 | 2.277 | 0.012 | Positive-Signticant |
| Career Development>Work Motivation>Employee Engagement | 0.310 | 0.069 | 4.494 | 0.000 | Positive-Signticant |

Source: SmartPLS 3.0 results and processing

Discussion

The effect of incentives on employee engagement

From the results of the hypothesis test, it can be seen that incentives have no effect on employee engagement. The outcomes of this research align with the findings of the study by (Amanda Savitri et al., 2023) indicating that incentives are both influential and inconsequential.

The Effect of Career Development on *Employee Engagement*

The results of the analysis show that Career Development has no positive and insignificant effect on Employee Engagement. This is in line with scientific findings (Abele & Spurk, 2009) that career development does not have a significant influence on employee performance.

The Effect of Work Motivation on *Employee Engagement*

From the results of hypothesis testing, it can be seen that work motivation has an influence on employee engagement. According to (Busro, 2018), (Ali Iqbal et al., 2021) work motivation is the driving force in a person to carry out certain activities to achieve goals.

The Effect of Incentives on Work Motivation

The results of the analysis showed that incentives had a positive and significant effect on work motivation. This finding is in line with research conducted by (Utarindasari & Silitonga, 2021) that incentives significantly affect work motivation.

The Effect of Career Development on Work Motivation

The analytical results indicate that Career Development positively and significantly influences Work Motivation. This aligns with the research conducted by (Putri & Frianto, 2019), which indicates that career development positively and significantly influences job motivation.

The Effect of Incentives on Employee Engagement through Work Motivation

The analysis results indicate that work motivation positively and significantly influences employee engagement via incentives. This is in line with research conducted by (Rahmana & Soliha, 2022), which found that work motivation mediates compensation and employee engagement significantly.

The Effect of Career Development on *Employee Engagement* through Work Motivation

The analytical results indicate that Career Development positively and significantly influences Employee Engagement through Work Motivation. This is in accordance with the scientific work conducted by (Rahman et al., 2023) that there can be a positive and significant influence of career development on employee performance through work motivation.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the scientific work carried out at PT Catur Sentosa Adiprima, the following conclusions can be drawn:

1. At PT Catur Sentosa Adiprima, incentives have impact on Employee Engagement but are not significant.
2. At PT Catur Sentosa Adiprima, incentives career development has no impact and is not significant to employee engagement.
3. At PT Catur Sentosa Adiprima, work motivation significantly influences employee engagement.
4. At PT Catur Sentosa Adiprima, incentives significantly influence work motivation.

5. At PT Catur Sentosa Adiprima, career development exerts a substantial and notable influence on work motivation.
6. At PT Catur Sentosa Adiprima, Work Motivation can fully mediate the relationship between Incentives and Employee Engagement.
7. At PT Catur Sentosa Adiprima, Work Motivation can fully moderate the relationship between Career Development and Employee Engagement.

Suggestion

Based on the results of research, discussions, and findings, as well as recommendations the authors provide, namely:

For Companies :

1. PT CSAD can give recognition for employee achievements openly and sincerely. This can foster a sense of appreciation and motivate employees to continue to excel.
2. Clear career development can foster employee motivation to work better. PT CSAD can provide a clear career map and self-development opportunities for employees.
3. Work motivation for employees can continue to be improved by giving enough autonomy to employees in completing their tasks. This will make employees consider more responsible and have initiative.
4. To grow *employee engagement* effectively, PT CSAD needs to implement a holistic approach with a focus on developing employees' intrinsic motivation, in addition to providing incentives and career development opportunities.

For further researchers:

Suggestions for future researchers, because I as the author consider that there are still many shortcomings and limitations in completing this thesis such as a limited sample population, and this scientific paper only measures a few variables that affect employee engagement, so there may be other variables that are not measured but have a significant influence. Researchers must then be able to redevelop variables and indicators that have not been used in this scientific work such as leadership, organizational climate or other variables such as employee personality as mediating variables that can strengthen or weaken between independent variables (incentives, career development) and dependent variables (employee engagement).

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