
The Effect of Career Development, Non-Financial Compensation, and Work Family Conflict On Employee Performance

Anik Herminingsih, Lusi Feronika Nainggolan

Economics and Business Faculty, Universitas Mercu Buana Jakarta

Email: anik_herminingsih@mercubuana.ac.id

ABSTRACT

This study examines the impact of career development, non-monetary benefits, and work-family conflict on employee performance at PT. Telkom Assurance Unit Central Jakarta Access. The participants in this research were employees working at PT. Telkom Akses Jakarta Pusat. The subjects of this study consist of all employees at PT. Telkom Akses Central Jakarta Assurance division, which has 178 staff members. The participants involved in this research included 108 individuals. A random sampling method was employed for this research. The data analysis utilized statistical analysis through SEM-PLS. The findings suggest that career development positively and significantly impacts employee performance. Non-monetary benefits also have a positive and significant effect on employee performance, while work-family conflict negatively affects employee performance.

KEYWORDS

Career Development, Non-Financial Compensation, Work Family Conflict, Employee Performance



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International

INTRODUCTION

Employees are a crucial part of a business organization and are the key to establishing its competitiveness. One of the factors that drives organizations to pay close attention to their employees is the nature of the company in today's business environment. With the ongoing shift towards a service-based economy, it is vital for companies operating in the service sector to maintain the motivation and productivity of their employees. Even in manufacturing and traditional sectors, the need to remain competitive means companies must implement strategies to effectively utilize their resources. This change in the business landscape reflects a paradigm shift in how businesses and companies view their employees—not merely as a resource but as integral stakeholders, prompting an *employee-first* approach.

Employee performance is a critical factor in determining an organization's success, as it reflects the ability of employees to perform specific tasks and achieve set goals. According to Sinambela (2012), employee performance refers to the skills and capabilities demonstrated by employees in performing their tasks. Wibowo (2014) emphasized that performance is both a process and a result, wherein the process leads to work results that are measurable. Sedarmayanti (2011) described performance as the outcomes of an individual's work, which must be measurable against predefined standards. Overall, performance is determined by various factors, including individual ability and motivation, as well as organizational factors such as human resource management policies (Mangkunegara, 2015).

Career development plays a crucial role in enhancing employee performance. According to Mangkunegara (2015), career development helps individuals plan their future within an organization, contributing to both personal and organizational growth. Marwansyah (2012) noted that career development includes providing employees with skills, education, experience, and behavioral modifications to enable them to work more effectively. Several studies have highlighted the positive impact of career development on employee performance. For instance, Islamiati et al. (2020) found that career development and work motivation positively influence employee performance, while Afridhamita and Efendi (2020) emphasized the significant effect of career development on employee performance and engagement. Katharina and Dewi (2020) also found that career development positively affects both job satisfaction and employee performance.

Non-financial compensation is another important factor affecting employee performance, as it creates a positive work environment and enhances employee satisfaction. Mulyapradana (2016) suggested that non-financial compensation fosters employee peace and satisfaction, which in turn boosts productivity and innovation. Handoko (2012) defined non-financial compensation as rewards that go beyond monetary value, such as the satisfaction employees derive from meaningful work and a supportive work environment. Research by Nuraeni et al. (2023) confirmed that both financial and non-financial compensation significantly impact employee performance, while studies by Andreani et al. (2020), Lilyana et al. (2021), and Ariskha et al. (2020) also demonstrated the positive and significant effects of non-financial compensation on employee performance.

Work-family conflict occurs when the demands of work interfere with family responsibilities, leading to negative effects on employee performance. Netemeyer and Boles (1996) defined work-family conflict as a situation where work-related tensions hinder the ability to fulfill family responsibilities. Howard (as cited in Susanti, 2017) highlighted that this conflict arises when the pressures from work and family roles clash, with one role demanding more attention than the other. Previous research has shown mixed results regarding the impact of work-family conflict on employee performance. Adani and Dudija (2020) and Safitri and Saputra (2023) found that work-family conflict negatively affects employee performance. Similarly, Adirinekso and Zeppelin (2022) reported that both work interference with family and family interference with work negatively impact employee performance. However, Permatasari and Ratnawati (2024) found that work-family conflict has a negative but insignificant effect on employee performance.

PT. Telkom Akses Jakarta Pusat is one of Telkom's subsidiaries engaged in the construction and management of network infrastructure. PT. Telkom Akses is part of Telkom's commitment to continuously develop broadband networks, ensuring unlimited access to information and communication for all Indonesians. The presence of PT. Telkom Akses is expected to promote the expansion of broadband access networks across Indonesia. In addition to broadband access network installation, PT. Telkom Akses also provides services such as Network Terminal Equipment (NTE), and Broadband Access Network Operation and Maintenance (O&M) Services. Running a successful business is the primary goal of the company, where it is essential for the organization to achieve the set targets. The performance of employees at PT. Telkom Akses greatly influences the satisfaction of all customers—both institutional clients and end customers—along with stakeholder satisfaction, all through the commitment of every level of Telkom Akses in implementing the *Quality Management System*. Achieving optimal employee performance is influenced by the policies related to human resources within the organization. To achieve this, understanding the factors related to performance is crucial, which is why a pre-survey was conducted, with results outlined in Table 1.

Table 1. Pre-Survey Results

Number	Statemen	Yes	No
1	I feel satisfied with the opportunity to get a promotion in the company where I work.	9	12
2	My boss always encourages his subordinates to perform well.	15	6
3	I get recognition or praise when I can complete a job well.	8	13
4	I never thought about leaving the company I currently work for.	18	3
5	I often feel conflict between work and home	15	6
6	The organization I work for treats its employees fairly.	12	9

Source : Presurvey (2023)

Based on Table 1, it can be observed that the respondents' answers indicate problems of dissatisfaction with opportunities for promotion within the company, a desire for recognition or praise when they perform well, and frequent feelings of conflict between work and family responsibilities. Several previous studies have shown that career development has a positive effect on employee performance, as well as non-financial compensation, which also positively influences employee performance. However, many prior studies have indicated that the conflict between work and family experienced by individuals has a negative and significant effect on employee performance.

Based on the above description, to improve employee performance, it is essential to explore the objectives of this study, which are: 1) To investigate and analyze whether career development affects employee performance, 2) To investigate and analyze whether non-financial compensation impacts employee performance, and 3) To investigate and analyze whether work-family conflict affects employee performance.

Based on the description in the review of theories and previous researches, career development and non-financial compensation have positive and significant effect on employee performance. Meanwhile, work-family conflict has a negative effect on employee performance. Based on this, a framework and hypothesis are prepared as presented in Figure 1. There are 4 variables in this study, 3 independent variables and one dependent variable. The research hypothesis are:

H1: Career development has a positive and significant effect on employee performance.

H2: Non-financial compensation has a positive and significant effect on employee performance.

H3: Work-family conflict has a negative and significant effect on employee performance.

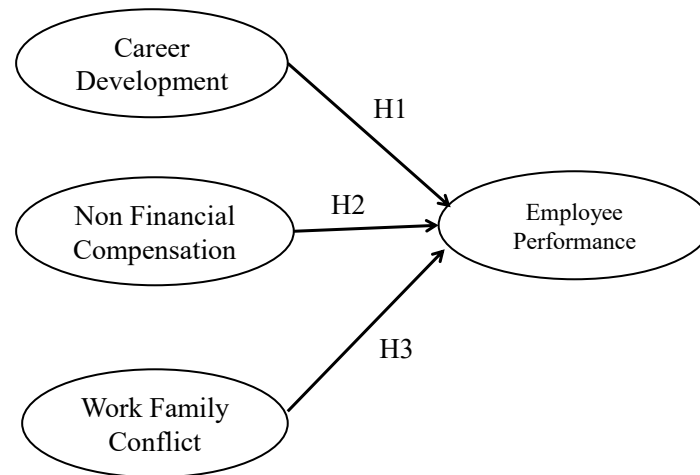


Figure 1. Research Framework and Hypothesis

RESEARCH METHOD

This research was conducted at PT. Telkom Akses Central Jakarta, utilizing a quantitative causality approach. A total of 108 samples were randomly selected from a population of 148 employees. The research data were collected using a questionnaire with closed-ended statements, and measurement was based on a Likert scale ranging from 1 to 5.

The data analysis was performed using SEM Partial Least Squares (PLS) version 3.2.8. The first stage of analysis involved the outer model, often referred to as the measurement model, which defines how each indicator block relates to its latent variables. The next stage focused on the inner model test, which is the development of a model based on concepts and theories to analyze the relationship between exogenous and endogenous variables as outlined in the conceptual framework. The structural model was tested by examining the R-square and Q-square values.

The following step involved evaluating the estimated values for the path relationships in the structural model to test the research hypotheses. The significance of these relationships was determined using the bootstrapping procedure. The significance criteria for hypothesis testing were based on the T-statistic value in the bootstrapping algorithm, where a T-statistic value greater than 1.96 and a P-value less than 0.05 were considered statistically significant.

RESULTS AND DISCUSSION

Evaluation of Measurement Model (Outer Model)

Based on Table 2, all dependent and independent variables have factor loading values above 0.70, which indicates that the measurement of the variables used is valid and can be used for further analysis.

Table 2. Loading Factor Values

Variable	Indicator	Loading Factor	Conclusion
Career Development (X1)	CD1	0.902	Valid
	CD2	0.954	Valid
	CD3	0.869	Valid
	CD4	0.950	Valid
	CD5	0.934	Valid
	CD6	0.951	Valid

Variable	Indicator	Loading Factor	Conclusion
Non Financial Compensation (X2)	CD7	0.883	Valid
	NFC1	0.993	Valid
	NFC2	0.991	Valid
	NFC3	0.993	Valid
	NFC4	0.994	Valid
	NFC5	0.993	Valid
	NFC6	0.995	Valid
Work Family Conflict (X3)	WFC1	0.778	Valid
	WFC2	0.896	Valid
	WFC3	0.803	Valid
	WFC4	0.896	Valid
	WFC5	0.780	Valid
	WFC6	0.873	Valid
	WFC7	0.827	Valid
Employee Performance (Y)	EP1	0.852	Valid
	EP2	0.819	Valid
	EP3	0.843	Valid
	EP4	0.740	Valid
	EP5	0.902	Valid
	EP6	0.784	Valid
	EP7	0.839	Valid

Source : Research Data Processed (2023)

The next assessment to test the validity of the research variable indicators is with discriminant validity. Discriminant validity according to Ghazali & Latan (2015) is by looking at the value of the cross loading. The cross loading value of each construct is tested to ensure that the correlation of the construct with the measurement item is greater than the other constructs. Based on Table 3, the cross loading value of each variable has a higher value compared to the other variables, so it is concluded that the discriminant validity requirements have been met.

Table 3. Cross Loading Values

Indicator	Career Development (X1)	Non Financial Compensation (X2)	Work Family Conflict (X3)	Employee Performance (Y)
CD1	0.902	0.288	0.469	0.541
CD2	0.954	0.232	0.517	0.549
CD3	0.869	0.196	0.462	0.552
CD4	0.950	0.234	0.556	0.576
CD5	0.934	0.293	0.541	0.555
CD6	0.951	0.225	0.516	0.548
CD7	0.883	0.216	0.445	0.564
NFC1	0.260	0.993	0.108	0.425
NFC2	0.268	0.991	0.140	0.455
NFC3	0.265	0.993	0.134	0.423
NFC4	0.282	0.994	0.167	0.480
NFC5	0.272	0.993	0.155	0.442
NFC6	0.257	0.995	0.159	0.441
WFC1	0.465	0.135	0.778	0.560
WFC2	0.475	0.175	0.896	0.521

WFC3	0.359	0.026	0.803	0.487
WFC4	0.473	0.165	0.896	0.488
WFC5	0.438	0.157	0.780	0.515
WFC6	0.525	0.140	0.873	0.494
WFC7	0.405	0.047	0.827	0.506
EP1	0.516	0.527	0.458	0.852
EP2	0.459	0.487	0.513	0.819
EP3	0.489	0.374	0.536	0.843
EP4	0.394	0.419	0.391	0.740
EP5	0.576	0.430	0.493	0.902
EP6	0.361	0.444	0.498	0.784
EP7	0.499	0.447	0.517	0.839

Source : Research Data Processed (2023)

In addition to evaluating the cross loadings value, researchers also consider the Average Variance Extracted (AVE) value. A measurement is said to be valid if it has an AVE value greater than 0.5. Based on Table 4, the AVE test results show a value greater than 0.5 for all indicators used to measure the variables in this study so that it is said to be valid and acceptable.

Table 4. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)	Conclusion
Career Development (X1)	0.853	Valid
Non Financial Compensation (X2)	0.986	Valid
Work Family Conflict (X3)	0.699	Valid
Employee Performance (Y)	0.689	Valid

Source: Research Data Processed (2023)

Fornell Larcker Criterion is a method of assessing discriminant validity by comparing the square root value of the Average Variance Extracted (AVE) of each construct with the correlation between other constructs in the model. Based on Table 5, the square root value of AVE for each construct is greater than the correlation value between constructs with other constructs in the model. Thus, the model is said to have a good discriminant validity value.

Table 5. Fornell-Larcker Criterion

	Career Development (X1)	Non Financial Compensation (X2)	Work Family Conflict (X3)	Employee Performance (Y)
Career Development (X1)	0.923			
Non Financial Compensation (X2)	0.269	0.993		
Work Family Conflict (X3)	0.542	0.145	0.836	
Employee Performance (Y)	0.602	0.448	0.603	0.830

Source : Research Data Processed (2023)

Reliability testing is carried out using Cronbach's alpha and construct reliability criteria. According to Ghazali & Latan (2015), good Cronbach's alpha and construct reliability values are above 0.7. Based on Table 6, the Cronbach's alpha and construct reliability values have

values above 0.7, meaning that the measurement of career development variables, non-financial compensation, work-family conflict, and employee performance have good level of reliability.

Table 6. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Conclusion
Career Development (X1)	0.978	0.981	Reliable
Non Financial Compensation (X2)	0.997	0.998	Reliable
Work Family Conflict (X3)	0.945	0.954	Reliable
Employee Performance (Y)	0.967	0.971	Reliable

Source : Research Data Processed (2023)

Evaluasi Model Struktural (Inner Model)

Evaluation of the structural model using the R^2 and Q^2 criterias. R^2 values of 0.75, 0.50, and 0.25 indicate that the model is strong, moderate and weak. Based on the calculation results, the R^2 value for career development variables, non-financial components and work-family conflict on employee performance is 56.0%. This shows that the distribution of employee performance variables can be explained by career development variables, non-financial compensation and work-family conflict by 56.0% and is in the moderate category.

The Q^2 value or predictive relevance measures how well the model produces observed values and parameter estimates. A Q^2 value greater than 0 indicates that the model has predictive significance, while if the Q^2 value <0 indicates that the model does not have predictive significance (Ghozali, 2014). The calculation results show a predictive relevance (Q^2) value of 0.369, this shows that the predictive relevance test has a relevant predictive value.

Hypothesis Testing

Estimated values for path relationships in the structural model and significance values can be obtained by bootstrapping procedures. Viewing the significance of the hypothesis by looking at the value of the T-statistic parameter coefficient which must be more than 1.96. Hypothesis testing in this study was also carried out by looking at the P-Values. The research hypothesis can be declared accepted if the P-Values are less than 0.05.

Table 7. Hypothesis Testing Results

Variable Relationship	Original Sample	T Statistics	P Values	Conclusion
Career Development --> Employee Performance	0,306	2,085	0.038	Positive Significant
Non Financial Compensation--> Employee Performance	0,309	3,948	0.003	Positive Significant
Work Family Conflik--> Employee Performance	0,392	2,837	0.005	Positive Significant

Source : Research Data Processed (2023)

H1 : Career development had positif and significant effect on employee performance.

The results of the hypothesis test show the original sample value of 0.306 which is greater than zero, meaning that career development has a positive influence. The T-Statistic value of

2.085 is more than 1.96 and the P Value of 0.038 is less than 0.05. Thus, hypothesis 1 is accepted, that career development has a positive and significant influence on employee performance.

H2 : Non financial compensation had positive and significant effect on employee performance.

The test results show that the original sample value of 0.309 is greater than zero, meaning that non-financial compensation has a positive effect on employee performance. The T-Statistic value of 3.948 is more than 1.96 and the P Value of 0.003 is less than 0.05. Thus, hypothesis 2 is accepted, that non-financial compensation has a positive and significant effect on employee performance.

H3 : Work family conflict had negative and significant effect on employee performance.

The test results show the original sample value of 0.392 which is greater than zero, meaning that work family conflict has a positive influence on employee performance. The T-Statistic value of 2.837 is more than 1.96 while the P Value of 0.005 is less than 0.05. Thus, hypothesis 3 is rejected, and that work family conflict has a positive and significant effect on employee performance.

DISCUSSION

The Influence of Career Development on Employee Performance

The results of the hypothesis test show that career development has a positive and significant effect on employee performance, it means that the better the employee's perception of career development, the better the employee's performance. The results of this study support previous studies, including Islamiati et al. (2020) indicated that career development and work motivation had a positive and significant effect on employee performance. The same results were obtained by Afridhamita and Efendi (2020) showing that career development, employee engagement, interpersonal communication, and work involvement partially had a positive and significant effect on employee performance. Katharina and Dewi's (2020) study stated that career development has a positive and significant effect on job satisfaction, career development has a positive and significant effect on employee performance.

The Influence of Non-Financial Compensation on Employee Performance

The results of the hypothesis test show that non financial compensation has a positive and significant effect on employee performance. This means that the better the non-financial compensation, the better the employee performance. These results support previous studies showing that non-financial compensation affects employee performance. The results of the study by Nuraeni et al. (2023) show that financial compensation and non-financial compensation have a positive and significant effect on employee performance. Andreani et al. (2020), non-financial compensation partially has a significant positive effect on employee performance. Lilyana et al. (2021) stated that non-financial compensation has a positive and significant effect on employee performance. Ariskha et al. (2020) stated that non-financial compensation has a positive and significant effect on employee performance.

The influence of work family conflict on employee performance.

Hypothesis testing shows that work-family conflict has a positive and significant effect on employee performance, meaning that the higher the work-family conflict, the better the employee performance. This result is inconsistent with previous studies by Adani and Dudija (2020), Safitri and Saputra (2023) and Adirinekso and Zeppelin (2022) indicating that the influence of work interference family and family interference work negatively affects employee performance. This result is also inconsistent with Permatasari and Ratnawati (2024)

who found that work-family conflict has a negative but insignificant effect on employee performance.

This is likely due to Lestari et al. (2021) who stated that there is a positive effect of work-family conflict on work stress among hotel front office workers. The same result as Habibie et al. (2020) stated that work-family conflict gives a positive and significant effect on work stress. Safrizal et al. (2020) also stated that through the influence of work stress, work-family conflict can affect the performance of female employees. Meanwhile, the influence of work stress that is not too high actually has a positive effect on employee performance. As conveyed by Mahaputra and Ardana (2020) who found that work stress has a positive and significant effect on employee performance. The same results from Supriyanto and Nadiyah (2022) showed that work stress has a positive and significant effect on employee performance.

CONCLUSION

This study concludes that suboptimal employee performance can be addressed by improving career development and non-financial compensation, as both factors have a positive and significant effect on performance. Interestingly, work-family conflict was found to have a positive and significant impact on employee performance, likely due to the relatively low level of conflict experienced by employees, which may enhance their performance. Future research could explore the nuanced effects of work-family conflict on employee performance, especially in different organizational contexts. Additionally, improvements in career development should focus on the CD6 indicator, which emphasizes including employees in seminars to enhance their skills, as it showed the highest loading factor. Similarly, non-financial compensation improvements should prioritize NFC6, which involves providing adequate worship facilities for employees, as it had the highest loading factor value.

REFERENCES

- Adani, T. N., & Dudija, N. (2020). The effect of work family conflict and work load on employee performance (case study on paramedic workers of Qim Batang Hospital). *e-Proceeding of Management*, 7(2), 2526-2533.
- Adirinekso, G. P., & Zeppelin, Z. (2022). Work-family conflict affect employee performance during the Covid-19 in Jakarta. *Business and Entrepreneurial Review*, 22(2), 155-168.
- Afridhamita, C., & Efendi, S. (2020). Pengaruh pengembangan karir, keterikatan karyawan, komunikasi interpersonal, dan keterlibatan kerja terhadap kinerja karyawan PT. Indo Darma Transport. *Jurnal Manajemen Oikonomia*, 16(1), 13-28.
- Andreani, J. L. R., Sulistiyani, E., & Azizah. (2020). Kompensasi finansial dan non finansial serta pengaruhnya terhadap kinerja karyawan. *ORBITH*, 16(1), 16-26.
- Ariskha, A., Siregar, M. Y., & Safitri, I. L. K. (2020). Pengaruh kompensasi finansial dan kompensasi non terhadap kinerja karyawan PT. Jaya Beton Indonesia Cabang Medan. *Jurnal Ilmiah Manajemen dan Bisnis*, 1(2), 1-8.
- Ghozali, I. (2014). *Structural equation modeling: Metode alternatif dengan partial least squares (PLS)*. Badan Penerbit Universitas Diponegoro.
- Ghozali, I., & Latan, H. (2015). *Partial least squares: Konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0* (2nd ed.). Badan Penerbit Universitas Diponegoro.
- Habibie, M. R., Absah, Y., & Gultom, P. (2020). The effect of work overload and work family conflict towards work stress with family social support as moderating variables in employees at PT. Bank Negara Indonesia Tbk., Branch of Universitas Sumatera Utara. *International Journal of Research and Review*, 7(5), 253-270.
- Handoko, T. H. (2012). *Manajemen personalia dan sumber daya manusia*. BPFE.

- Islamiati, A., Razak, I., & Susanto, P. H. (2020). Pengaruh pengembangan karir dan motivasi kerja terhadap kinerja karyawan PT. Wisc Indonesia. *Jurnal Manajemen Bisnis Krisnadwipayana*, 8(2), 1-9.
- Katharina, L. P. P., & Dewi, A. A. S. K. (2020). The effect of career development on employee performance through work satisfaction as a variable of mediation. *International Journal of Business, Economics and Law*, 22(1), 1-7.
- Lestari, E. D., Suhendar, S., Sugiarto, C., Rizkalla, N., & Purnamaningsih, P. (2021). Analisis pengaruh work-family conflict, family-work conflict terhadap stres kerja dan dampaknya terhadap kepuasan hidup pekerja front office hotel di Indonesia. *Jurnal Riset Manajemen Sains Indonesia (JRMSI)*, 12(2), 256-277.
- Lilyana, B., De Yusa, V., & Yutami, I. (2021). Pengaruh lingkungan kerja fisik dan kompensasi non finansial terhadap kinerja karyawan bagian produksi pada PT. Rudant Maju Selaras. *Jurnal Manajemen Mandiri Saburai*, 5(3), 163-170.
- Mahaputra, I. G. Y. A., & Ardana, I. K. (2020). Stres kerja berpengaruh terhadap kinerja pegawai dengan motivasi sebagai mediasi di Dinas Pariwisata Klungkung. *E-Jurnal Manajemen*, 9(4), 1318-1337.
- Mangkunegara, A. A. (2015). *Manajemen sumber daya manusia perusahaan*. Remaja Rosdakarya.
- Marwansyah. (2012). *Manajemen sumber daya manusia* (2nd ed.). Alfabeta.
- Mulyapradana, A., & Hatta, M. (2016). Pengaruh pemberian kompensasi terhadap kinerja karyawan Hotel Dafam Kota Pekalongan. *Widya Cipta: Jurnal Sekretari dan Manajemen*, 4(1). <https://doi.org/10.31294/widyacipta.v4i1>
- Netemeyer, R. G., & Boles, J. S. (1996). Development and validation of work-family conflict and family-work conflict scales. *Journal of Applied Psychology*, 81(4), 400-410.
- Nuraeni, A., Simangunsong, B., Assopi, A. M. M., & Nuraulia, S. (2023). The effect of financial and non-financial compensation on performance employees of PT. Glostar Indonesia. *ICEMAC 2022, AEBMR*, 252, 516-527.
- Permatasari, D. H., & Ratnawati, I. (2024). The influence of work-family conflict on employee performance with work-life balance as an intervening variable. *e-Jurnal Apresiasi Ekonomi*, 12(2), 240-246.
- Safitri, R., & Saputra, E. (2023). The impact of work family conflict and burnout on employee performance: Mediation of organizational commitment. *DIMENSI*, 12(3), 786-794.
- Safrizal, H. B. A., Eliyana, A., & Febriyanti, K. L. (2020). The effect of double role conflict (work family conflict) on female worker's performance with work stress as the intervening variable. *A Multifaceted Review Journal in the Field of Pharmacy*, 11(10), 418-428.
- Sedarmayanti. (2011). *Manajemen sumber daya manusia, reformasi birokrasi manajemen pegawai negeri sipil*. Rafika Aditama.
- Sinambela, L. P. (2012). *Kinerja pegawai teori pengukuran dan implikasi*. Graha Ilmu.
- Supriyanto, A., & Nadiyah. (2022). Pengaruh stres kerja terhadap kinerja pegawai di Balai Perlindungan Tanaman Pangan dan Hortikultura. *Riset dan E-Jurnal Manajemen Informatika Komputer*, 6(3), 610-619.
- Susanti, I. (2017). *Work-family conflict and its impact on employee performance* [Unpublished doctoral dissertation]. Universitas Indonesia.
- Wibowo. (2014). *Manajemen kinerja* (4th ed.). PT. Raja Grafindo Persada.