Human Capital Investment and Employee Performance: Evidence from DKI Jakarta Government Museums

Investasi Human Capital dan Kinerja Pegawai: Bukti Empiris dari Museum Pemerintah DKI Jakarta

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Abstract - This study examines the effects of compensation and career development on employee performance in government museums in DKI Jakarta. A quantitative explanatory research design was employed using primary data collected through a five-point likert-scale questionnaire. The population consisted of 109 employees working in four government museums in the Kota Tua area of DKI Jakarta, from which 97 employees were selected using simple random sampling. Data were analyzed using structural equation modeling–partial least squares (SEM-PLS) with smart-PLS 3.0. The study integrates human capital theory and goal-setting theory to explain how financial and non-financial human resource practices influence employee performance in the public museum sector. The results show that compensation has a positive and significant effect on employee performance, whereas career development has no significant effect. The model explains 35.6% of the variance in employee performance. The novelty of this study lies in integrating human capital theory and goal-setting theory to examine compensation and career development as forms of human capital investment in the underexplored context of government museums. The study contributes to the literature on human capital investment and employee performance in public-sector organizations and provides practical implications for strengthening performance-oriented compensation and improving career development programs.

Keywords: Career Development, Compensation, Employee Performance, Government Museums, Human Capital Theory, SEM-PLS.

Abstrak *- Penelitian ini bertujuan untuk menganalisis pengaruh kompensasi dan pengembangan karier terhadap kinerja pegawai pada museum pemerintah di DKI Jakarta. Penelitian menggunakan pendekatan kuantitatif eksplanatori dengan data primer yang dikumpulkan melalui kuesioner berskala likert lima poin. Populasi penelitian terdiri dari 109 pegawai yang bekerja pada empat museum pemerintah di kawasan Kota Tua, DKI Jakarta, dengan 97 pegawai dipilih menggunakan teknik simple random sampling. Data dianalisis menggunakan structural equation modeling-partial least squares (SEM-PLS) dengan bantuan smart-PLS 3.0. Penelitian ini mengintegrasikan human capital theory dan goal-setting theory untuk menjelaskan bagaimana praktik sumber daya manusia finansial dan nonfinansial memengaruhi kinerja pegawai pada sektor museum pemerintah. Hasil penelitian menunjukkan bahwa kompensasi berpengaruh positif dan signifikan terhadap kinerja pegawai, sedangkan pengembangan karier tidak berpengaruh signifikan. Model penelitian menjelaskan 35,6% variasi kinerja pegawai. Kebaruan penelitian terletak pada integrasi human capital theory dan goal-setting theory dalam mengkaji kompensasi dan pengembangan karier sebagai bentuk investasi modal manusia pada konteks museum pemerintah yang masih relatif kurang diteliti. Penelitian ini berkontribusi pada pengembangan literatur investasi modal manusia dan kinerja pegawai sektor publik serta memberikan implikasi praktis bagi penguatan kompensasi berbasis kinerja dan perbaikan program pengembangan karier.*

Kata Kunci*: Human Capital Theory, Investasi Sumber Daya Manusia, Kinerja Pegawai, Kompensasi, Museum Pemerintah, Pengembangan Karier, SEM-PLS.*

INTRODUCTION

Human resources play a critical role in determining organizational effectiveness, service quality, and sustainability. This role is particularly important in public museums, which are not only responsible for preserving historical and cultural heritage but also serve educational, research, and tourism functions. The effectiveness of these functions depends substantially on the quality and performance of museum employees. Therefore, human resource management is an important organizational issue in ensuring that museums can deliver sustainable and high-quality public services.

Government museums in Indonesia, including those managed by the Provincial Government of DKI Jakarta, continue to face challenges in human resource management. Previous studies have identified limited budgets, inadequate professionalization of museum management, and unclear career structures as challenges affecting the development of museum personnel (Rivai, 2019). Efforts to improve employee capabilities through training have also encountered organizational challenges. For example, employees who received training were sometimes transferred to other work units after completing the program, reducing the potential organizational benefits of the investment made in their development (Kompas.com, 2018). In addition, the limited availability of curatorial positions for managing cultural heritage remains a concern in government museums. These conditions indicate that investment in human resources does not automatically translate into improved organizational performance when it is not supported by appropriate compensation, career opportunities, and organizational alignment.

From the perspective of human capital theory, employees should be viewed not merely as organizational costs but as strategic assets whose knowledge, skills, and capabilities can be developed through investment. Schultz (1961) argues that investment in education, training, experience, and other forms of human capital can increase individual productivity and generate returns for organizations. Becker (1964) similarly emphasizes that investment in human capital contributes to productive capacity. More recent research has also demonstrated the relevance of human capital to organizational performance. Amrullah et al. (2023) found that capacity, knowledge, and skills as dimensions of human capital have a positive and significant relationship with organizational performance. A systematic review by Giamos and Stroehle (2024) further indicates that human capital is generally positively associated with organizational performance, although the strength of this relationship depends on organizational and contextual factors.

Within this perspective, compensation represents an important form of human resource investment. Compensation includes financial and non-financial rewards provided in return for employees' contributions to the organization. Fair and adequate compensation can function not only as a form of remuneration but also as an incentive that encourages employees to improve their performance. Empirical studies have consistently reported a positive relationship between compensation and employee performance. Adiyanti and Nugraha (2023) found that financial and non-financial compensation significantly affects employee performance. Similar findings were reported by Anggraini et al. (2022), Saputro and Darda (2020), and Nugroho, M. N., & Paradifa, R. (2020), who demonstrated the importance of compensation and related human resource practices in improving employee performance. Previous research in public-sector organizations has also demonstrated the relevance of compensation to employee performance. Kurniastuti (2018) reported a positive and significant effect of compensation on employee performance. These findings provide empirical support for the role of compensation as an important organizational mechanism for improving employee performance. However, most previous studies have examined conventional public or private organizations, leaving government museums as a relatively underexplored context.

Career development represents another important form of human capital investment. Structured career development enables employees to improve their competencies, experience, and readiness for future responsibilities. Career planning, training, promotion, job mobility, and opportunities for professional development can strengthen employee motivation and encourage greater contributions to organizational goals. Previous studies by Komara and Rhamadhania (2023), Sari and Rahyuda (2022), and Seku and Andriyani (2023) found that career development has a positive relationship with employee performance. Rahayu et al. (2022) also demonstrated that career development contributes to employee performance when combined with competencies and work motivation. Previous research in government-owned organizations has also highlighted the importance of organizational rewards for employee performance. Zami (2022) found that reward, together with trust in supervisors and work enthusiasm, contributed to employee performance among employees of government-owned banks in South Jakarta. However, research examining compensation and career development simultaneously in government museums remains limited. This difference in organizational context provides an opportunity to extend previous findings to government museum organizations.

In addition to human capital theory, this study applies goal-setting theory to explain the mechanism through which organizational practices may influence employee performance. Locke's goal-setting theory emphasizes that clear, challenging, and meaningful goals, supported by commitment and feedback, can direct employee effort toward improved performance. Compensation and career development can therefore function as organizational mechanisms that reinforce employees' commitment to achieving work objectives. However, when career development is not clearly connected to performance objectives, competency requirements, or meaningful career opportunities, its contribution to employee performance may be limited.

Despite the growing literature on compensation, career development, and employee performance, empirical research examining these relationships in government museums remains limited. Previous studies have predominantly examined human resource management in conventional business organizations or focused on museum management, collections, institutional governance, and public service quality. Consequently, there remains limited empirical evidence regarding whether compensation and career development as forms of human capital investment contribute to employee performance within the specific institutional context of government museums. This gap is particularly relevant because government museums have distinctive characteristics, including relatively rigid employment structures, limited functional career paths, and budgetary constraints.

This study addresses this gap by examining the effects of compensation and career development on employee performance in government museums in DKI Jakarta. The novelty of this study lies in integrating human capital theory and goal-setting theory to examine financial and non-financial human resource investments within an underexplored public museum context. The study contributes theoretically by extending the discussion of human capital investment and employee performance to public-sector museum organizations and by demonstrating that different forms of human resource investment may produce different performance outcomes. Practically, the findings are expected to provide evidence for government museum managers in designing more effective compensation and career development policies that are aligned with employee competencies and organizational performance objectives.

Based on the identified research gap, this study aims to analyze the effects of compensation and career development on employee performance in government museums in DKI Jakarta. Specifically, the study examines whether compensation and career development have positive and significant effects on employee performance.

Despite the growing literature on compensation, career development, and employee performance, empirical research examining these relationships in government museums remains limited. Previous studies have predominantly focused on conventional business organizations or on museum management, collections, institutional governance, and public service quality. Consequently, it remains unclear whether compensation and career development as forms of human capital investment contribute to employee performance within the specific institutional context of government museums, particularly those managed by the DKI Jakarta Provincial Government. This study therefore addresses the following research problems: whether compensation affects employee performance and whether career development affects employee performance in government museums in DKI Jakarta. Accordingly, this study aims to examine the effects of compensation and career development on employee performance. The study contributes theoretically by extending human capital theory and goal-setting theory to the context of public museum organizations and by demonstrating that different forms of human resource investment may produce different performance outcomes. Its practical contribution is to provide empirical evidence for government museum managers in developing compensation and career development policies aligned with employee competencies and organizational performance objectives. The novelty of this study lies in integrating human capital theory and goal-setting theory to examine financial and non-financial human resource investments in the relatively underexplored context of government museums, while highlighting the different effects of compensation and career development on employee performance.

LITERATURE REVIEW

Human Capital Theory

Human capital theory explains that individuals possess knowledge, skills, competencies, and experience that constitute valuable forms of capital for organizations. Schultz (1961) conceptualized human capital as the productive capabilities embodied in individuals that can be enhanced through investment in education, training, experience, and other forms of development. Becker (1964) further emphasized that investment in human capital can increase individual productivity and generate economic returns for both individuals and organizations. From this perspective, employees are not merely organizational resources or costs but strategic assets whose capabilities can contribute to organizational performance.

In organizational settings, human capital investment can take both financial and non-financial forms. Compensation represents a financial mechanism through which organizations reward employee contributions and provide incentives for improved performance, while career development represents a non-financial investment aimed at strengthening employee competencies, experience, and future career opportunities. The effectiveness of these investments, however, may depend on whether employees perceive them as valuable and relevant to their work and organizational objectives.

Previous empirical evidence supports the relationship between human capital and organizational performance. Amrullah et al. (2023) found that capacity, knowledge, and skills as dimensions of human capital have a positive and significant effect on organizational performance. Similarly, Giamos and Stroehle (2024), through a systematic review, reported that human capital is generally associated with improved organizational performance, although the strength of the relationship varies across organizational and contextual conditions.

In the context of government museums, human capital theory provides a relevant foundation for understanding employee performance because museum employees require knowledge, technical skills, cultural understanding, and organizational competencies to perform their responsibilities effectively. Therefore, investment through appropriate compensation and career development can be viewed as organizational efforts to enhance the productive value of human capital.

Goal-Setting Theory

Goal-setting theory, introduced by Locke (1968), explains that specific and challenging goals can motivate individuals to exert greater effort and improve their performance. The theory emphasizes that the effectiveness of goals is influenced by goal clarity, employee commitment, appropriate levels of challenge, and feedback. When employees understand what they are expected to achieve and receive feedback regarding their performance, they are more likely to direct their effort toward achieving organizational objectives.

In organizational contexts, compensation and career development can support the goal-setting process by strengthening employees' motivation and commitment to organizational objectives. Compensation can function as an external incentive that reinforces desired performance, particularly when rewards are perceived as fair and related to employees' contributions. Career development can also support goal achievement by providing employees with opportunities to develop competencies and assume greater responsibilities. However, these mechanisms are more likely to influence performance when employees can clearly perceive the relationship between their development, work objectives, and expected outcomes.

The relevance of goal-setting theory to this study lies in its explanation of how organizational practices can influence employee behavior and performance. Compensation may strengthen employees' efforts toward achieving work targets, while career development may provide direction for improving competencies and preparing employees for future responsibilities. Thus, the theory complements human capital theory by explaining the motivational mechanism through which organizational investments in employees may translate into performance outcomes.

Employee Performance

Employee performance refers to the work behavior and outcomes demonstrated by employees in carrying out their responsibilities within an organization. Mangkunegara (2000) explains that performance is related to an individual's motivation and ability to complete assigned tasks. Adequate ability and willingness are not sufficient to produce effective performance without a clear understanding of what should be accomplished and how the work should be performed. Thus, employee performance reflects the extent to which employees are able to carry out their responsibilities in accordance with organizational expectations.

Performance is multidimensional and may involve various behaviors that contribute to or hinder the achievement of organizational objectives. Aguinis (2020) explains that performance has an evaluative and multidimensional nature because work behavior can be assessed positively, neutrally, or negatively and may consist of different dimensions relevant to organizational objectives. In this study, employee performance is reflected through knowledge, skills, motivation, professionalism, responsibility, work quality, creativity, and teamwork.

Dharma (2020) emphasizes that performance measurement should focus on outcomes that are related to the employee's responsibilities, within the employee's control, objectively observable, and supported by available data. Aguinis (2019) further identifies declarative knowledge, procedural knowledge, and motivation as important factors associated with employee performance. These dimensions indicate that performance is not determined solely by employees' technical capabilities but also by their understanding of work requirements and willingness to exert effort.

In the context of government museums, employee performance is particularly important because employees are responsible for supporting preservation, education, research, and public service functions. Therefore, organizations need to ensure that employees possess adequate competencies and motivation to perform their responsibilities effectively.

Compensation

Compensation refers to the rewards received by employees in exchange for their contributions to an organization. Werther and Davis (2020) define compensation as what employees receive in return for their contributions to the organization. Compensation may consist of direct financial compensation, indirect financial benefits, and non-financial rewards. Simamora (2018) identifies several forms of compensation, including wages and salaries, incentives, benefits, and facilities.

Compensation serves not only as a form of remuneration but also as an organizational mechanism for encouraging desired employee behavior. Fair and adequate compensation can strengthen employees' perceptions that their contributions are valued by the organization. When compensation is perceived as appropriate in relation to workload and performance, employees may be more motivated to fulfill their responsibilities and achieve organizational objectives.

From the perspective of human capital theory, compensation can be viewed as a financial component of human capital investment because organizational expenditure on employees represents an effort to maintain and enhance the productive value of human resources. From the perspective of goal-setting theory, compensation may function as an external incentive that reinforces employee effort toward the achievement of work objectives.

Empirical studies support the relationship between compensation and employee performance. Adiyanti and Nugraha (2023) found that financial and non-financial compensation significantly affects employee performance. Recent evidence from JUMPA also supports the relationship between compensation and employee performance. Yuniarti and Mahanani (2024) found that compensation had a significant effect on the performance of millennial employees at PT Pegadaian Galeri 24. This finding reinforces the argument that compensation can function as an important organizational mechanism for improving employee performance. Similar findings were reported by Anggraini et al. (2022), Saputro and Darda (2020), and Nugroho, M. N., & Paradifa, R. (2020), who found positive relationships between compensation-related practices and employee performance. These findings suggest that an appropriate compensation system can encourage employees to improve their work performance.

Career Development

Career development refers to organizational efforts to assist employees in developing the competencies, experience, and capabilities required for their current and future roles. Dessler (2017) and Simamora (2018) explain that career development involves processes through which employees plan and manage their career paths, including the identification of competencies, opportunities for advancement, and development activities required to achieve career objectives.

Career development may involve education, training, job assignments, job rotation, promotion, coaching, mentoring, and other opportunities for professional growth. A structured career development system can help employees understand the competencies required for career advancement and provide direction for their professional development. Clear career opportunities may also strengthen employee commitment and motivation because employees can perceive a future within the organization.

From the perspective of human capital theory, career development represents a non-financial investment in human capital because training, experience, and professional development can increase employees' knowledge and capabilities. Goal-setting theory further suggests that career development may encourage performance when development opportunities are connected to clear goals, feedback, and performance expectations.

Previous studies generally indicate a positive relationship between career development and employee performance. Komara and Rhamadhania (2023), Sari and Rahyuda (2022), Seku and Andriyani (2023), and Rahayu et al. (2022) reported that career development contributes positively to employee performance. These findings indicate that employees who perceive greater opportunities for development and career advancement may be more motivated to improve their performance.

Relationship Between Compensation and Employee Performance

Compensation can influence employee performance by providing both economic rewards and motivational incentives for employees' contributions. When employees perceive compensation as fair and appropriate to their responsibilities, they may develop stronger motivation and commitment to their work. In contrast, inadequate or inequitable compensation may reduce employees' motivation to exert additional effort.

Human capital theory provides a theoretical basis for viewing compensation as an investment in employees. Compensation represents organizational resources allocated to maintain and reward the productive contribution of employees. Goal-setting theory complements this perspective by explaining that rewards can reinforce employees' efforts toward the achievement of specific work objectives. Thus, when compensation is aligned with employee contributions and organizational expectations, it can encourage employees to focus their efforts on achieving higher performance.

Previous empirical research supports this relationship. Adiyanti and Nugraha (2023) found that financial and non-financial compensation significantly affects employee performance. Anggraini et al. (2022), and Saputro and Darda (2020), similarly reported positive effects of compensation and related human resource practices on employee performance. Based on the theoretical arguments and empirical evidence, the following hypothesis is proposed.

H_1: Compensation has a positive and significant effect on employee performance in government museums in DKI Jakarta.

Relationship Between Career Development and Employee Performance

Career development can contribute to employee performance by improving employees' competencies, knowledge, experience, and readiness to assume greater responsibilities. Opportunities for training, promotion, job rotation, and career advancement can provide employees with incentives to improve their capabilities and contribute more effectively to organizational objectives.

Human capital theory suggests that investment in employee development increases the productive value of human capital. When employees acquire new knowledge and skills through career development activities, they are expected to become more capable of performing their responsibilities. Goal-setting theory further suggests that career development can support performance when employees understand the competencies and performance targets required for career advancement. Clear career pathways can therefore provide employees with direction and motivation to improve their performance.

Empirical studies have generally found a positive relationship between career development and employee performance. Komara and Rhamadhania (2023), Sari and Rahyuda (2022), Seku and Andriyani (2023), and Rahayu et al. (2022) reported that career development has a positive effect on employee performance. These findings indicate that structured development opportunities may encourage employees to improve their competencies and work outcomes.

Based on the theoretical arguments and previous empirical findings, the following hypothesis is proposed.

H_2: Career development has a positive and significant effect on employee performance in government museums in DKI Jakarta.

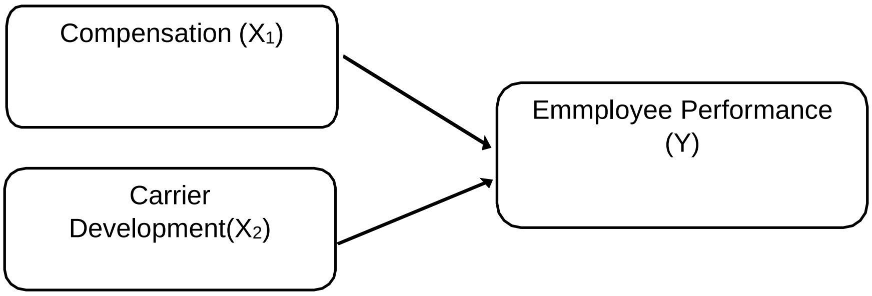

Figure 1. Research Framework

RESEARCH METHOD

Research Design and Sample

This study employed a quantitative explanatory research design to examine the relationships between compensation, career development, and employee performance. The quantitative approach was selected because the study aims to empirically test the proposed hypotheses using numerical data and statistical analysis.

The population consisted of 109 employees working in four government museums managed by the Provincial Government of DKI Jakarta in the Kota Tua area. The population included permanent employees, honorary employees, and volunteers. A simple random sampling technique was employed to provide each member of the population with an equal opportunity to be selected as a respondent (Kasmadi & Sunariah, 2013). Based on the Lemeshow (1997) sample size calculation, the minimum required sample was 35 respondents. However, to obtain more adequate statistical power and support the analysis using structural equation modeling–partial least squares (SEM-PLS), 97 respondents were included in the study.

Data Collection and Measurement

Primary data were collected using a structured questionnaire consisting of closed-ended questions measured on a five-point likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Supporting data were obtained through documentation concerning the organizational structure, number of employees, and characteristics of the museums.

The measurement items for each construct were adapted from established human resource management literature. Compensation was measured based on indicators referring to Rivai (2019), career development was measured based on indicators referring to Mondy (2019), and employee performance was measured based on indicators referring to Mangkunegara (2017). The operationalization of the variables is presented in table 1.

Data Analysis

The data were analyzed using structural equation modeling–partial least squares (SEM-PLS) with smart-PLS 3.0. SEM-PLS was selected because it is suitable for analyzing relationships among latent variables and can be applied to relatively small to medium-sized samples without requiring multivariate normality. The analysis consisted of two stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model).

The measurement model was evaluated through convergent validity, discriminant validity, and reliability. Convergent validity was assessed using outer loadings and average variance extracted (AVE), with outer loading values of at least 0.70 and AVE values of at least 0.50. Discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT). Construct reliability was evaluated using cronbach's alpha and composite reliability, with values of at least 0.70 considered acceptable.

The structural model was evaluated using the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and collinearity assessment using the variance inflation factor (VIF). Hypotheses were tested using bootstrapping, with a t-statistic greater than 1.96 and a p-value below 0.05 indicating statistical significance at the 5% significance level.

Variables and Operational Definitions

The study consists of two independent variables and one dependent variable. Compensation (X_1) represents the financial and non-financial rewards received by employees in return for their contributions. Career development (X_2) represents organizational efforts to improve employees' competencies and career opportunities through development activities. Employee performance (Y) represents the quality and effectiveness of employees' work in carrying out their responsibilities.

The indicators used to measure employee performance include knowledge, skills, motivation, professionalism, responsibility, work quality, creativity, and teamwork. Compensation is measured through direct financial compensation, indirect financial compensation, and non-financial compensation. Career development is measured through organizational policies, work achievement, educational background, training, work experience, and interpersonal relationships. All indicators were measured using a five-point likert scale.

Table 1. Operational Definition or Research Variables

Variable	Dimension	Indicator	Measurement Scale
Employee performance (Y)	Knowledge	Employee's knowledge in carrying out assigned tasks	Likert 1–5
	Skills	Employee's ability to use technology and office equipment	Likert 1–5
	Motivation	Employee's enthusiasm in performing assigned tasks	Likert 1–5
	Professionalism	Ability to distinguish personal matters from work responsibilities	Likert 1–5
	Responsibility	Responsibility for assigned duties	Likert 1–5
	Work quality	Timeliness and accuracy in completing tasks	Likert 1–5
	Creativity	Suggestions or ideas generated by employees	Likert 1–5
	Teamwork	Ability to maintain good relationships with colleagues in carrying out tasks	Likert 1–5
Compensation (X_1)	Direct financial compensation	Provision of salary, wages, incentives, or pension benefits	Likert 1–5
	Indirect financial compensation	Provision of health insurance or other employee benefits	Likert 1–5
	Non-financial compensation	Opportunities or rewards provided to employees, including promotion opportunities	Likert 1–5
Career development (X_2)	Organizational policy	Alignment of career development policies with applicable regulations	Likert 1–5
	Work achievement	Work results achieved by employees	Likert 1–5
	Educational background	Formal education attained by employees	Likert 1–5
	Training	Short-term education or training undertaken to develop specific skills	Likert 1–5
	Work experience	Adequacy of experience in performing assigned tasks or positions	Likert 1–5
	Interpersonal relationships	Ability to maintain good relationships with colleagues	Likert 1–5

Source: Adapted from Rivai (2019), Mondy (2019), and Mangkunegara (2017).

FINDINGS AND DISCUSSION

Findings

Respondent Characteristics

The analysis was conducted using data from 97 respondents who were employees of government museums in DKI Jakarta. The respondents consisted of 52.6% female employees, while 47.4% were male employees. Most respondents were aged 17-25 years (73%). In terms of educational background, the majority of respondents had completed senior high school or vocational high school (71.1%). In addition, 68% of respondents reported monthly expenditure in the range of IDR 0-5,000,000. These characteristics indicate that the respondents were predominantly young employees with secondary-level educational backgrounds.

Descriptive Analysis

The descriptive analysis indicates that employee performance was generally perceived positively. Most respondents selected the "agree" and "strongly agree" categories for indicators related to knowledge, skills, motivation, responsibility, work quality, creativity, and teamwork. These results indicate that employees generally perceived themselves as capable of performing their responsibilities, using technology, maintaining work priorities, and collaborating with colleagues.

The perception of compensation was also generally positive. Most respondents gave scores of 4 and 5 for indicators related to salary, incentives, benefits, and facilities. This indicates that employees generally perceived the compensation they received as appropriate to their workload and contribution. Such perceptions suggest that compensation may serve as an important organizational mechanism for supporting employee motivation and performance.

Career development was also perceived positively by respondents. The descriptive results indicate that 68% of respondents considered education relevant to career opportunities, 72% reported that training was provided by the organization, 59.8% considered job transfers relevant to career development, and 68% viewed promotion opportunities positively. These findings indicate that employees generally recognized the existence of career development practices within the organization.

Measurement Model Evaluation

The measurement model was evaluated through convergent validity, discriminant validity, and construct reliability. The results show that the retained indicators achieved outer loading values above 0.70. Indicators with loading values below the required threshold were eliminated to obtain more reliable and representative constructs.

The average variance extracted (AVE) values were 0.539 for employee performance, 0.726 for compensation, and 0.797 for career development. These values exceed the minimum threshold of 0.50, indicating adequate convergent validity. The reliability assessment also indicates that the constructs met the required reliability criteria, with composite reliability values above 0.70 and cronbach's alpha values exceeding the acceptable threshold. These results indicate that the measurement instruments adequately represent the constructs of compensation, career development, and employee performance and can therefore be used for structural model evaluation.

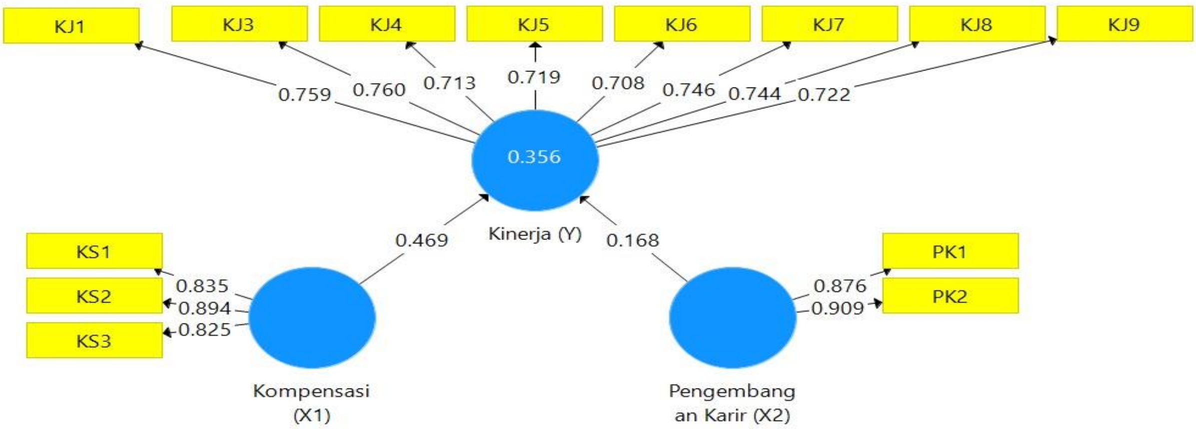

Figure 2. PLS-SEM Measurement Model

Structural Model Evaluation

The coefficient of determination (R^2) for employee performance was 0.356. This indicates that compensation and career development jointly explain 35.6% of the variance in employee performance. The remaining variation is attributable to factors outside the model.

The effect size analysis indicates that compensation has an f^2 value of 0.182, while career development has an f^2 value of 0.023. Thus, compensation has a substantially greater effect size than career development in explaining employee performance within the model.

Hypothesis Testing

The hypothesis testing results show that compensation has a positive and significant effect on employee performance. The relationship produced a t-statistic of 4.766, which is greater than 1.96, with a p-value of <0.001. Therefore, H_1 is supported. In contrast, career development does not have a significant effect on employee performance. The relationship produced a t-statistic of 1.561, which is below 1.96, with a p-value of 0.119, which is above 0.05. Therefore, H_2 is not supported. The results indicate that compensation is a more important predictor of employee performance than career development in the context of the government museums examined in this study.

Discussion

The Effect of Compensation on Employee Performance

The findings demonstrate that compensation has a positive and significant effect on employee performance. This result is consistent with the findings of Adiyanti and Nugraha (2023), Anggraini et al. (2022), Saputro and Darda (2020), which indicate that compensation and related human resource practices can improve employee performance. From the perspective of human capital theory, compensation can be understood as a form of organizational investment that recognizes and supports the productive contribution of employees. When employees perceive compensation as fair and appropriate, they may be more willing to maintain their effort and contribute to organizational objectives. The finding is also consistent with goal-setting theory because compensation can function as an external incentive that reinforces employee effort toward the achievement of work objectives.

The significant effect of compensation provides an important contribution to the novelty of this study. While previous research has generally examined the relationship between compensation and performance in conventional organizational settings, this study demonstrates that the relationship also exists in the specific context of government museums. This finding suggests that financial and non-financial rewards remain relevant performance mechanisms even in public cultural institutions where organizational objectives extend beyond financial outcomes.

The Effect of Career Development on Employee Performance

In contrast to the proposed hypothesis, career development does not have a significant effect on employee performance. This finding differs from previous studies by Komara and Rhamadhania (2023), Sari and Rahyuda (2022), Seku and Andriyani (2023), and Rahayu et al. (2022), which generally found a positive relationship between career development and employee performance. The insignificant relationship may reflect the specific characteristics of government museums. Although employees may have access to training, education, job transfers, and promotion opportunities, these opportunities may not necessarily translate into immediate improvements in work performance. Government museums may have relatively rigid organizational structures and limited career paths, particularly for specialized positions. Consequently, employees may perceive career development as having limited direct relevance to their current performance.

From the perspective of human capital theory, career development represents an investment that is expected to increase employee capabilities and productivity. However, the benefits of such investment may require a longer period to be realized. In a cross-sectional study, the immediate performance effect of career development may therefore be difficult to observe. Goal-setting theory provides an additional explanation. Career development is more likely to motivate employees when development opportunities are clearly connected to specific performance goals, competency targets, feedback, and career advancement. If employees do not perceive a clear connection between development activities and their work objectives, career development may have limited motivational effects on current performance.

This finding represents an important aspect of the study's novelty. Rather than assuming that all forms of human capital investment generate similar performance outcomes, the findings indicate that their effects may differ according to the type of investment and organizational context. In government museums, compensation appears to have a more immediate relationship with employee performance, whereas career development does not demonstrate a statistically significant effect.

Theoretical and Practical Implications

The findings contribute to human capital theory by demonstrating that human capital investments may produce different performance outcomes depending on their form and organizational context.

Compensation, as a more immediate financial and non-financial reward mechanism, demonstrated a significant relationship with employee performance, while career development did not. This finding extends the application of human capital theory to government museum organizations, a context that has received relatively limited empirical attention. The findings also extend the application of goal-setting theory by indicating that organizational rewards may have stronger motivational relevance when employees can directly associate them with their work contributions. Meanwhile, career development may require clearer performance objectives, competency targets, and feedback mechanisms before its potential contribution to employee performance can be realized.

From a practical perspective, government museum management should strengthen transparent and performance-oriented compensation mechanisms while ensuring that rewards are aligned with employee contributions. At the same time, career development programs should be redesigned to establish clearer links among training, competency development, career opportunities, performance targets, and organizational objectives. Such alignment may increase the likelihood that career development investments translate into measurable improvements in employee performance.

CONCLUSION

This study examined the effects of compensation and career development on employee performance in government museums in DKI Jakarta. The findings demonstrate that compensation has a positive and significant effect on employee performance, indicating that appropriate financial and non-financial rewards can support employee motivation and work performance. In contrast, career development does not have a significant effect on employee performance. Although career development is theoretically recognized as an important form of human capital investment, its effect may depend on the extent to which development opportunities are connected to employees' competencies, performance objectives, and career opportunities within the organization. The model explains 35.6% of the variance in employee performance, indicating that compensation and career development provide a meaningful contribution while other factors outside the model may also influence employee performance. Theoretically, this study contributes to the application of human capital theory and goal-setting theory in the context of government museums. The findings indicate that different forms of human capital investment may produce different performance outcomes. Practically, government museum management should strengthen transparent and performance-oriented compensation systems and improve career development programs by establishing clearer links between training, competency development, career opportunities, and organizational performance objectives. This study has several limitations. First, the research was conducted in government museums in DKI Jakarta, which limits the generalizability of the findings to other public organizations or private-sector institutions. Second, career development was measured using general indicators and did not distinguish specific forms of development, such as training, promotion, and job mobility. Third, the cross-sectional design limits the ability to establish long-term causal relationships between human resource investments and employee performance. Future research should expand the research setting, examine specific dimensions of career development, and consider additional variables such as job satisfaction, leadership, and organizational culture. Longitudinal research is also recommended to examine the longer-term effects of human capital investment on employee performance.

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