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How Career Growth Mediates the Relationship between Meritocracy and Employee Sustainable Performance?

Krisnina Putri Cahayani

Dr. Yustina Ertie Pravitasmara Dewi, S.E., M.M.

Entrepreneurship Research University

Background

- Increasingly competitive business environment.
- Short-term, results-oriented focus.
- Potential neglect of employee well-being.
- HR practices should extend beyond short-term outcomes.
- Sustainable employee performance is essential to maintaining productivity and work effectiveness.



Employee Sustainable Performance

Long-term commitment, consistent productivity, and continuous development in achieving organizational goals.



Meritocracy System

A system that evaluates individuals based on intellectual ability, achievements, contributions, and job competencies. HR practices: recruitment and selection, promotion, compensation



Career Growth

Employees' perceptions of opportunities for career advancement and professional development within an organization.



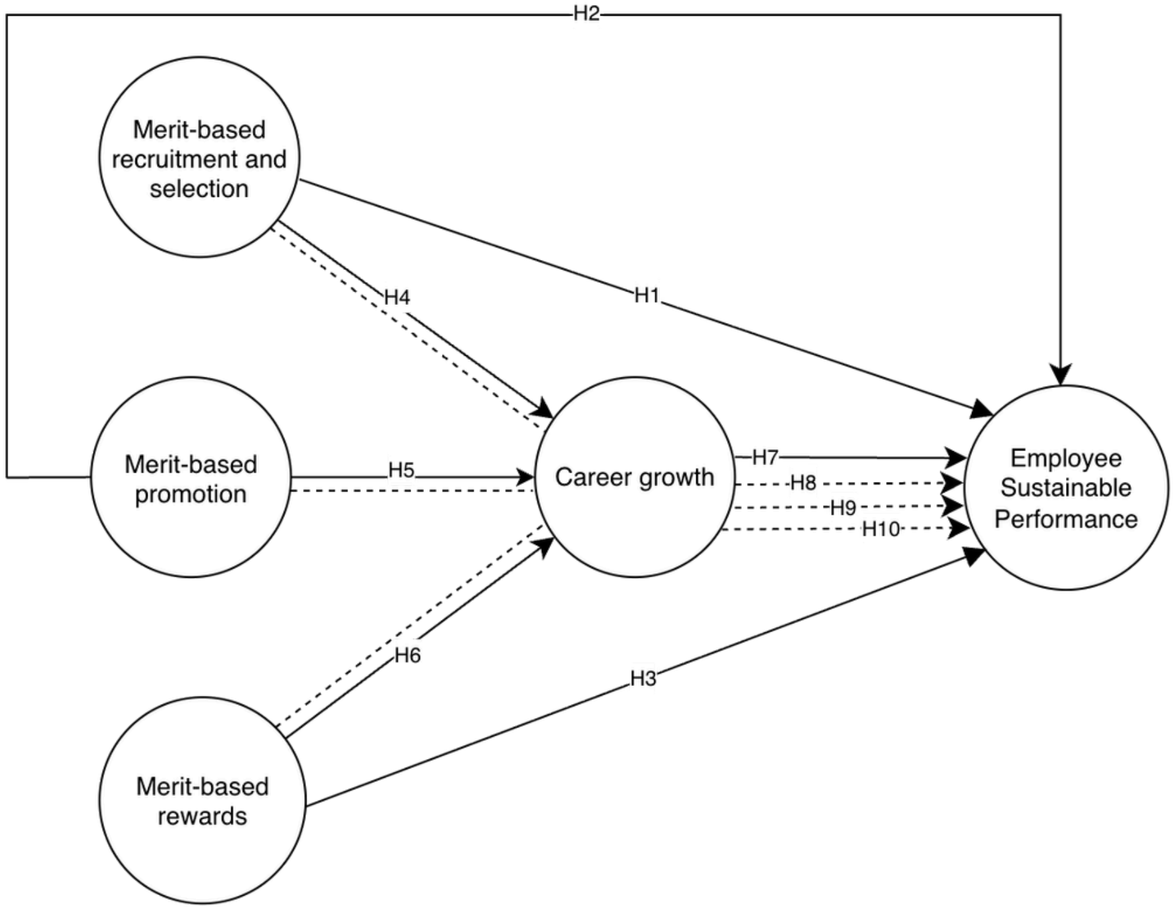
Social Exchange Theory

Organizational and employee relationships are based on the principle of reciprocity.

Fair and beneficial organizational treatment encourages employees to reciprocate through positive work attitudes and behaviors.

Research Gap	Research Problem	Research Objectives
• Previous studies have not fully addressed sustainable employee performance, particularly its emphasis on long-term consistency and contributions to organizations. • Research on meritocracy systems in the private sector remains limited. • Previous studies have tended to examine meritocracy practices separately, rather than as an integrated system.	• This study introduces career growth opportunity as a mediating variable. • Limited understanding remains regarding how career growth opportunity mediates the relationship between meritocracy systems and sustainable employee performance.	• To analyze the effects of merit-based HR practices on career growth opportunity and sustainable employee performance, both directly and indirectly through career growth opportunity as a mediating variable. • To provide empirical and practical contributions to understanding how meritocracy systems influence sustainable employee performance through career growth opportunity in manufacturing companies.

RESEARCH MODEL



H1: Merit-based recruitment and selection have a significant effect on sustainable employee performance.
H2: Merit-based promotion has a significant effect on sustainable employee performance.
H3: Merit-based rewards have a significant effect on sustainable employee performance.
H4: Merit-based recruitment and selection have a significant effect on career growth opportunity.
H5: Merit-based promotion has a significant effect on career growth opportunity.
H6: Merit-based rewards have a significant effect on career growth opportunity.
H7: Career growth opportunity has a significant effect on sustainable employee performance.
H8: Career growth opportunity mediates the relationship between merit-based recruitment and selection and sustainable employee performance.
H9: Career growth opportunity mediates the relationship between merit-based promotion and sustainable employee performance.
H10: Career growth opportunity mediates the relationship between merit-based rewards and sustainable employee performance.

METHOD

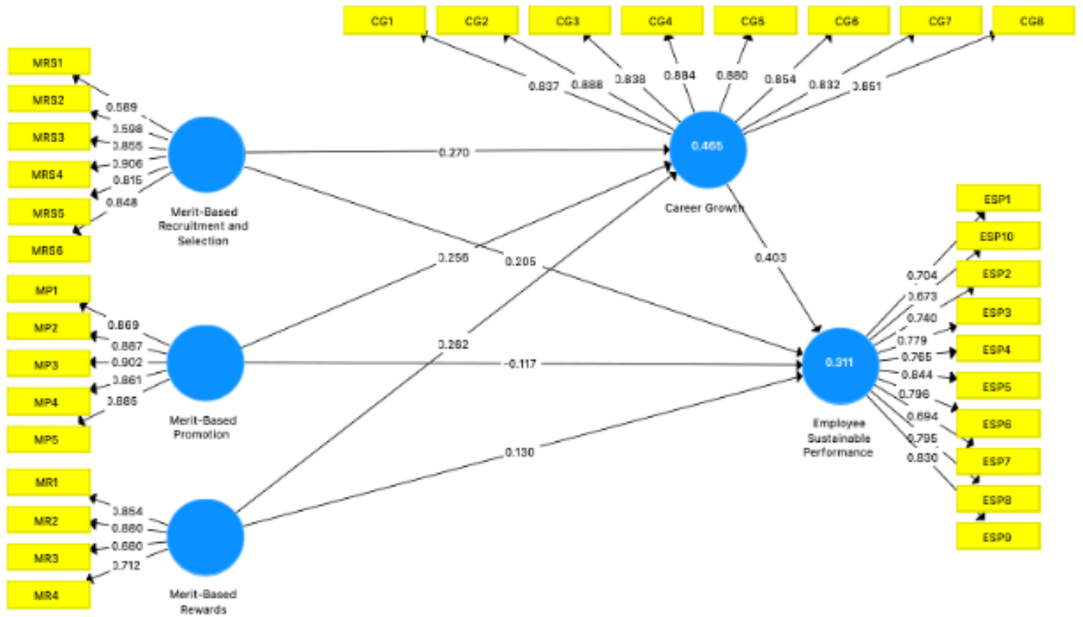
- This research used a quantitative method with an explanatory design
- The population comprised all unit chiefs and department managers at PT Indo Acidatama Tbk. Using total sampling, all members of the population were included, resulting in 110 respondents.
- Each construct was operationalized from established definitions: employee sustainable performance (Ji et al., 2021), merit-based recruitment and selection (Kassim & Han, 2025), merit-based promotion (Divina, 2024), merit-based rewards (Figueiredo et al., 2025), and career growth (Weng et al., 2010). The dimensions and number of items of each construct are shown in Table 1.
- Data were analyzed using PLS-SEM with SmartPLS 3

INNER MODEL ANALYSIS

Hypothesis		Path Coefficient	p-value	Decision
Merit-Based Recruitment and Selection → Employee Sustainable Performance	H1	0.205	0.078	Rejected
Merit-Based Promotion → Employee Sustainable Performance	H2	-0.117	0.381	Rejected
Merit-Based Rewards → Employee Sustainable Performance	H3	0.130	0.240	Rejected
Merit-Based Recruitment and Selection → Career Growth	H4	0.270	0.003	Supported
Merit-Based Promotion → Career Growth	H5	0.256	0.005	Supported
Merit-Based Rewards → Career Growth	H6	0.262	0.011	Supported
Career Growth → Employee Sustainable Performance	H7	0.403	0.000	Supported
Merit-Based Recruitment and Selection → Career Growth → Employee Sustainable Performance	H8	0.109	0.024	Supported
Merit-Based Promotion → Career Growth → Employee Sustainable Performance	H9	0.103	0.043	Supported
Merit-Based Rewards → Career Growth → Employee Sustainable Performance	H10	0.105	0.029	Supported

R^2 (Y) = 0.311
R^2 (M) = 0.465

Source: Processed Data (2026)



Meritocracy and Employee Sustainable Performance

- The three merit-based practices have no significant direct effect on employee sustainable performance.
- This is consistent with Chali and Gamtessa (2026), Kase et al. (2025), and Sugiyono et al. (2026), who found no direct link between meritocratic practices and performance.
- This company has long applied meritocratic principles, employees may also regard them as ordinary organizational norms rather than distinctive advantages, and recognize their worth only when they have concrete career opportunities.

Meritocracy and Career Growth



- All three practices significantly improve career growth ($p = 0.003$, 0.005, and 0.011).
- This results consistent with Miao et al. (2023) and Deserranno et al.(2025).
- These results fit the performance-driven culture of this company and its respondents, who are mostly in their productive years with moderate tenure and therefore emphasize self-development and progression.

Career Growth and Employee Sustainable Performance

- Career growth has a significant positive effect on employee sustainable performance ($p < 0.001$).
- This agrees with Sokolović et al. (2026) who identified career growth as a key factor in human resource sustainability, and is particularly relevant for a capital-intensive ethanol producer that depends on operational continuity and technical expertise.
- Employees who perceive clear advancement opportunities have future goals and tangible reasons to remain committed, to keep developing their skills, and to maintain work quality over time.

The Mediating Role of Career Growth

- Career growth significantly mediates the effect of all three practices on sustainable performance ($p = 0.024$, 0.043, and 0.029).
- Through the lens of Social Exchange Theory (Blau, 1967), merit-based practices are an organizational investment signaling fairness and recognition, yet these signals alone do not trigger long-term performance commitment.
- Reciprocity is not automatic but shaped by employees' cognitive and emotional evaluations (Cropanzano et al., 2017); career growth is the mechanism through which employees interpret meritocratic practices (Ahmad et al., 2023).

Conclusion

- This study shows that the relationship between meritocracy and employee sustainable performance operates through career growth. Merit-based recruitment and selection, promotion, and rewards do not directly lead to sustainable performance; rather, they shape perceptions of career development opportunities, which encourage employees to reciprocate with sustained effort, thereby supporting Social Exchange Theory.
- Practically, organizations should go beyond establishing fair merit-based systems and ensure that they create visible and attainable career paths, such as clear competency-based career pathways that link performance to future advancement.
- Limitations include the cross-sectional design and the exclusive focus on career growth as a mediator. Future research is encouraged to adopt longitudinal designs and examine additional mediating variables.

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