

Implementation of Career Development Strategies in Improving HR Performance: Case Study in the Indonesian Manufacturing Industry

Muhammad Carda P¹
Universitas Wira Bhakti

Hasyim²
Universitas Wira Bhakti

Correspondence : Muhammad Carda P (muhammadcarda99@gmail.com)

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Abstract

This study aims to analyze the effect of career development strategy implementation in improving the performance of human resources (HR) in the Indonesian manufacturing industry. This study uses a quantitative approach with Partial Least Square-Structural Equation Modeling (PLS-SEM) method and SmartPLS 3 application for data analysis. The research sample consisted of 100 respondents. The results showed that the research instrument had excellent internal consistency with a Cronbach's Alpha value of 1,000. The collinearity test indicates that all variables are free from multicollinearity problems with a Variance Inflation Factor (VIF) value of 1,000. R-square analysis showed that the independent variables in this study were able to explain 52.2% of the variation in HR performance, while 47.8% of the variation was explained by other factors not included in this study. However, the influence of career development strategies, job satisfaction, and employee competencies on HR performance was found to be insignificant. Organizational culture has a positive influence on career development strategies but is not significant in improving HR performance. In addition, low work motivation resulted in the influence of career development strategies on employee performance being insignificant. Further research is needed to identify other factors that affect HR performance in the manufacturing industry.

Keywords: Career Development Strategy, HR Performance, Manufacturing Industry

Introduction

Effective Human Resource Management (HR), especially focusing on employee career development, is very important for Indonesian manufacturing companies to improve their performance and competitiveness amidst technological advances and global competition [5]. The manufacturing industry is a vital economic sector in Indonesia, making a significant contribution to the country's GDP and employment (Martha Rangi Primanthi, 2023). Research emphasizes the importance of increasing technical efficiency along with technological advances to maximize sustainable output growth in the manufacturing sector (Habibur Rohman, 2023). In addition, the study highlights the strategic significance of the manufacturing industry in driving Indonesia's economic growth, with this sector being a major contributor to the

national economy (Muhammad Yasin, 2023). By investing in employee career development and addressing stress factors such as role clarity and workload, manufacturing companies can grow a skilled workforce, increase productivity, and maintain competitiveness in an evolving market landscape.

The manufacturing industry in Indonesia is an important driver of the national economy, contributing significantly to economic growth (Rahmat Nurcahyo, 2023). With increasing global competition, manufacturing companies are encouraged to continuously improve the performance of their Human Resources (HR). Research shows that HR competency has a significant impact on the performance of Small and Medium Enterprises (SMEs) in Indonesia, with financial aspects also playing an important role in SME performance (Sunarti, 2023). In addition, stress factors such as role clarity, role conflict, workload, career development, and responsibility to others can influence the risk level of job stress in manufacturing industry employees, highlighting the importance of managing HR effectively to reduce this stress and improve overall performance (Eduart Wolok, 2023). Therefore, investment in human resource development and management is very important for manufacturing companies in Indonesia to develop in the competitive global market and maintain economic growth.

Career development plays an important role in improving employee performance and increasing company competitiveness. Research findings show that career development initiatives significantly influence employee performance, with a study in Rwanda highlighting that such efforts can account for 42% of the variation in performance (N Maurya - 2022). In addition, career development has been proven to have a direct impact on employee competency, which in turn influences performance, emphasizing its importance in driving success (Budi Rahayu, 2022). In addition, research has shown that career development, along with motivation and promotion, significantly influences employee performance, underscoring its role in shaping organizational success and maintaining competitive advantage (Novita Wahyu Setyawati, 2022). By investing in personalized career development plans, mentorship programs, and

training sessions, companies can grow a skilled workforce, increase job satisfaction, and ultimately improve overall performance and competitiveness. However, the implementation of career development strategies often faces challenges. challenges that need to be identified and overcome.

Career development is important not only to increase employee competence and skills but also to increase motivation, job satisfaction and organizational commitment. Studies have consistently demonstrated the positive impact of career development on various aspects of employee performance and engagement. Research by Saputra and Suyono highlights that career development has a significant positive effect on organizational commitment (Darman Saputra, 2022), while Yusuf and Nuraeni emphasize its influence on job satisfaction and organizational commitment among faculty lecturers (Muhammad Yusuf, 2023). Furthermore, Dalimunthe et al. shows that career development positively influences work motivation, which in turn influences job performance (Nurlina Nurlina, 2023). In addition, Setiawan and Adji's research underlines the dominant influence of career development on employee performance, showing its important role in encouraging organizational success and employee welfare (Novita Wahyu Setyawati, 2022).

Greenhaus et al. (2010) emphasize that career development involves a series of activities designed to help individuals plan and manage their careers effectively. The right career development strategy in the manufacturing industry plays an important role in retaining talented employees, increasing productivity, and improving the quality of work. Research emphasizes the importance of talent planning, employee development, and compensation/rewards in positively impacting organizational performance (Anichebe Nnaemeka Augustine, 2022). Additionally, managerial competencies are highlighted as critical to driving sustainable business performance, emphasizing the need to align talent management practices with industry-specific competencies (L Nanhong, 2023).

Additionally, research emphasizes the importance of addressing components such as compensation, training, job satisfaction, and work environment to improve the quality of work life and retain a skilled workforce in the competitive manufacturing sector (Molly Awino, 2020). By focusing on career development, companies can empower employees, increase work effectiveness, and ultimately increase productivity in the manufacturing industry (Sheeba Rupavathi.D, 2020).

Previous research has shown that implementing career development strategies can have a positive impact on HR performance. For example, Noe (2008) found that effective career development programs can increase job satisfaction, organizational commitment, and employee performance. In addition, research by Ahmad and Schroeder (2003) shows that manufacturing companies that focus on employee training and development are able to improve product quality and operational efficiency. However, studies regarding the implementation of career development strategies in the Indonesian manufacturing industry are still limited.

To implement career development strategies in the Indonesian manufacturing industry, it is important to focus on factors that influence talent retention, such as competency development, compensation and benefits, work-life balance, and meaningful work for the millennial generation (Niken Anggraini, 2020). In addition, industry must consider the importance of government policy support, infrastructure development, access to capital and technology, and capacity development and training for Small and Medium Industries (IKM) and Micro, Small and Medium Enterprises (MSMEs) (Muhammad Yasin, 2023). In addition, analyzing the determinants of outsourcing implementation, including business efficiency, human resource development plans, wage levels, recruitment and training costs, skilled worker productivity, and government regulations, can also improve career development strategies in the Indonesian manufacturing sector (Siti Aisyah Tri Rahayu, 2017). By addressing these aspects, companies can design appropriate programs to retain talent and encourage career

growth in the manufacturing industry, contributing to economic development and job creation in Indonesia.

The successful implementation of a career development strategy is influenced by various factors. Training and development plays an important role in shaping employee motivation, attitude, commitment, engagement, coordination, performance, and retention, all of which are important for effective strategy implementation (Chinongwa Edward, 2022). In addition, elements such as emotional intelligence, communication skills, self-assessment, career value orientation, and motivation for success among students are very important in determining the success of career development programs (Elmira Sabirovna Pshembayeva, 2023). Furthermore, the systematic formation of professional competencies in young individuals is highlighted as a key approach to developing successful career strategies in the digital business environment (Mariia Kuzmina, 2020). Addressing the “five Ps” of poor career development, starting early, clear communication, employee partnership, facilitating internal mobility, and consistent action are critical foundations for a successful career development strategy, emphasizing the importance of avoiding employee disengagement and high turnover rates (Kevin Jacoyange, 2018).

Career development strategies have a significant impact on HR performance in the Indonesian manufacturing industry. Research studies have shown that career development positively influences employee performance, productivity, and job satisfaction (Usep Deden Suherman, 2023). In addition, the implementation of career development programs increases employee knowledge, skills and abilities, which leads to increased performance levels (Aspizain Caniago, 2022). In addition, career development, along with factors such as job satisfaction and employee engagement, play an important role in increasing job happiness and overall employee performance in manufacturing companies (Unggul Kustiawan, 2023). Findings show that investing in career development initiatives can lead to increased employee

engagement, organizational commitment, and ultimately, improved HR performance in the Indonesian manufacturing sector (Arga Teriyan, 2020).

Methods

This research uses a quantitative approach with a case study design. The data analysis techniques used include validity and reliability tests, linear regression analysis, and descriptive analysis to understand patterns and relationships between variables. This research uses a quantitative approach with a case study design. The case study was chosen because it allows in-depth and comprehensive research on the implementation of career development strategies in improving HR performance in the Indonesian manufacturing industry. The population in this research is all employees who work in manufacturing companies in Indonesia. The sample of research respondents will be taken using a purposive sampling technique, namely choose a manufacturing company that has an active career development program. From each selected company, a sample of employees and management involved in the career development program will be taken. 100 respondents consisting of employees and managers from various divisions in manufacturing companies.

Results and Discussion

Descriptive Analysis

Respondent Analysis Table

Variabel	Kategori	Frekuensi (n)	Persentase (%)
Age	< 1 year	10	10%
	1-3 year	25	25%
	4-6 year	30	30%
	≥ 6 year	35	35%
Gender	Man	60	60%
	Woman	40	40%

Career	Never Following	10	10%
Development	Attended 1x	20	20%
Program	Attended 2-3x	40	40%
	Attended >3x	30	30%
Satisfaction with	Very Dissatisfied	5	5%
Career	Not satisfied	15	15%
Development	Quite satisfied	35	35%
Programs	Satisfied	30	30%
	Very satisfied	15	15%
Influence on	No effect	10	10%
Performance	Low Influence	20	20%
	Medium Influence	40	40%
	High Influence	30	30%

Source : 2024 data processing results

Interpretation:

The majority of respondents in this study were men. This shows that there are more male than female workers in the manufacturing industry studied. The majority of respondents have worked more than 6 years in the manufacturing industry, indicating significant work experience. The number of respondents with 4-6 years of work experience is also quite high. Most respondents have participated in career development programs more than once. This shows that there are quite significant efforts in career development in the manufacturing industry studied. The level of satisfaction with career development programs varies, but the majority of respondents feel quite satisfied or satisfied with the program. This shows that career development programs are generally well received by respondents. Most respondents felt that career development programs had a moderate to high influence on their performance. This shows that career development programs are considered effective in improving HR performance in the manufacturing industry studied.

Discriminan Validity

The results of data processing using SmartPLS3 show that each variable in this research meets the requirements to be continued in this research variable, it is proven that the resulting value is 1,000 and is greater than the value below it.

Cronch's Alfa

The results of statistical data processing using the SmartPLS3 application resulted in a Cronbach's Alpha value of 1,000, indicating that the value was below 5,000, thus each variable in this study was declared reliable.

Lineary Test

The results of statistical tests to determine collinearity in the variables of this study resulted in a VIF value of 1,000, thus it can be stated that all variables in this study meet the requirements.

R Square

Based on the results of statistical data processing in the Rsquare test analysis, a value of 0.522 was obtained, thus stating that all independent variables in this study had a strong influence with a value of 52.2%, while 47.8% resulted from variables outside the study.

Path Coefficients

The results of statistical data processing using the SmartPLS 3 application showed that career development strategies influence performance but are not significant, as well as job satisfaction influences performance but are not significant. Meanwhile, competency influences employee performance, but in this research the influence is not significant, whereas if the influence of organizational culture on career development strategies has a positive but not significant influence on performance engagement, likewise, if the influence of employee competency is low then career development strategies do not significantly influence employee performance.

Likewise, work motivation. If work motivation is low then the influence of career development strategies is not significant.

Conclusion

All variables in this study were declared reliable, as evidenced by the Cronbach's Alpha value of 1,000, which is far above the minimum required limit, namely 0.700. This shows that the research instrument has very good internal consistency. The multi collinearity test shows that the Variance Inflation Factor (VIF) value is 1,000, which means that all variables in this study are free from multicollinearity problems and can be used in the research model. Based on R-square analysis, it is known that the independent variables in this study are able to explain 52.2% of the variation in HR performance. Meanwhile, 47.8% of the variation in HR performance is explained by other variables not included in this study. The influence of career development strategies on HR performance was found to be insignificant. Likewise, job satisfaction was also found to be insignificant in influencing HR performance, while employee competency did not show a significant influence on HR performance in this study. Meanwhile, organizational culture has a positive influence on career development strategies, but this influence is not significant on improving HR performance. Meanwhile, if work motivation is low, then career development strategies do not significantly influence employee performance.

The results of this research show that although career development strategies, job satisfaction and employee competence are important factors, their influence on HR performance in the manufacturing industry is not significant. This indicates the need for further evaluation and possible improvements in the implementation of career development strategies and increasing employee competence and job satisfaction. The influence of organizational culture and work motivation also needs further attention, because these factors influence the effectiveness of career development strategies.

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