



## Enhancing The SME's Employee Careers Development: The Role of Organizational Learning

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### **Abstract**

*The growth of an organization depends highly on its knowledge culture. Employees are organizational assets that need their career development. Career development can only be ensured if the organization has a learning culture. This study analyzes Employee Career Development through Organizational Learning Culture, Career Planning, and Career Management. This research was conducted on MSME employees with 259 respondents who gave answers collected from 60 MSMEs in the city of Banjarmasin. Data analysis using Structural Equation Modeling (SEM) with AMOS software. The study results found a direct positive relationship between variables with different degrees of intensity. The four hypotheses have been empirically proven, and there is a positive indirect relationship between the variables, proving the fifth hypothesis.*

**Keywords:** *Organizational Learning Culture, Career Development, SME's employees, knowledge behavior, SME's knowledge*

### **Abstrak**

Pertumbuhan suatu organisasi sangat tergantung pada budaya pengetahuannya. Karyawan merupakan aset organisasi yang membutuhkan pengembangan karir. Pengembangan karir hanya dapat dipastikan jika organisasi memiliki budaya belajar. Penelitian ini menganalisis Pengembangan Karir Karyawan melalui Budaya Pembelajaran Organisasi, Perencanaan Karir, dan Manajemen Karir. Penelitian ini dilakukan pada karyawan UMKM dengan 259 responden yang memberikan jawaban yang dikumpulkan dari 60 UMKM di kota Banjarmasin. Analisis data menggunakan Structural Equation Modeling (SEM) dengan software AMOS. Hasil penelitian menemukan hubungan positif langsung antara variabel dengan derajat intensitas yang berbeda. Keempat hipotesis tersebut telah terbukti secara empiris, dan terdapat hubungan tidak langsung yang positif antara variabel, membuktikan hipotesis kelima.

**Kata Kunci:** Budaya Pembelajaran Organisasi, Pengembangan Karir, Karyawan UKM, Perilaku Pengetahuan, Pengetahuan UKM

## **INTRODUCTION**

The survival of any organization in today's globalized world depends on its ability to know how to manage uncertainty through knowledge (Basuki et al., 2021). Moreover, in organizations, this knowledge lies with the employees. Other research results found the centrality of organizational learning culture in influencing employee behavior. An organization reflects its employees (Wang et al., 2013). Empowering human resources for creativity and innovation by planning employee careers using HRM policies and practices to develop their skills and competencies with the ultimate goal of providing various innovative products and services is gaining popularity. Most modern organizations are involved in various organizational change efforts that aim to improve performance (Basuki, 2020). Technological breakthroughs have demanded changes such as global competition, mergers, acquisitions, downsizing, customer demands, and many others. (Ababneh, 2013). Changes at the organizational level can increase the importance of managing employees in the workplace, particularly in planning and managing employee careers (Widyanti, 2019; Khuzaini & Zakky, 2020; Khuzaini et al., 2021).

Given the current global economic expansion and rapidly changing evolution of technology and innovation, organizations face a continuous need for employee learning and development (Rahman et al., 2016). This condition requires changing old habits and developing new behaviors and processes. Therefore, effective human resource management practices have been recognized empirically. Basuki's (2020) has found that HR practices positively affect employees and organizational performance. In line with that, Shahzad et al. (2008) believe that the number of studies examining the relationship between human resource performance and employee

behavior in developing countries is still relatively small. Based on the existing literature, this study tries to validate previous research through empirical evidence from MSME employees in Banjarmasin. While it can be argued that reforms are underway, they can only be effective and targeted if directed and guided by some research. In several studies, knowledge about organizations is essential, especially for industries in developed countries, but not much has been done for organizations in developing countries. Therefore, further research is needed to determine the effect of organizational learning culture on employee career development.

## **LITERATURE REVIEW**

Organizational learning is a process of sharing knowledge management from a group of people from different places to start talking to each other and conveying their ideas and ideas in an organization. Knowledge as the basis for creating intellectual capital must be built through a management approach that focuses on human development as human capital. Indonesia has many human resources but can still not build a competitive advantage globally. This condition creates a challenge for business entities in Indonesia (Basuki et al., 2021)

Learning better and faster is very important for organizations that want to stay relevant and grow (Rahman et al., 2016). According to researchers Hurley (2002), organizational learning culture helps organizations influence employee behavior. Joseph & Dai, 2009 argues that organizational culture with group cooperation, trust, open communication, employee involvement, constructive participation, and empowerment is conducive to organizational performance. Similarly, the literature supports that employees and

systems can mutually benefit from the career development process, strengthening its relevance as a human resource development function (Chetana et al., 2017). Therefore, it is expected that if the organization involves employees in career development activities, this will increase their commitment and satisfaction, which encourages increased performance stays in the organization. It achieves organizational goals efficiently (Ababneh, 2013).

Given the changing perspective on careers, organizations' role has been intensified in the sense that traditional organizations are required to change their behavior to a learning culture of the organization. Employee career planning and career management are two approaches that lead to employee career development. Moreover, an organization that facilitates the learning of its members and continuously transforms itself remains competitive in the business environment. In such organizations, the supportive role of supervisors is crucial as this substantially impacts career development (Wang et al., 2013).

#### *Organization Learning Culture*

Organizational learning has been in the business literature for over forty years (Wang & Huang, 2013). However, it gained popularity in the 1990s and has been widely defined and discussed in the existing literature (Ba Puji & Crossan, 2004; Crossan & Guatto, 1996; Senge, 2006). The concept base has developed in all three dimensions: conceptual, theoretical, and empirical (Lipshitz, Popper, & Friedman, 2002; Wang & Huang, 2013). Many factors may be behind this expansion, including technological advances, globalization's entry, and rapid growth. multinational companies (MNCs) in the 1990s (Chiva & Alegre, 2005; Dodgson, 1993; Wang & Huang, 2013).

#### *Career Planning*

The business has become global where change has become a permanent issue in business development. These changes include downsizing, restructuring, acquisitions and mergers, and technological advancements to cope with the fast-changing business world (Appelbaum, Ayre, & Shapiro, 2002; Baruch, 2004; Greenhaus, Callanan, & Godshalk, 2009). These ever-changing demands have increased the importance of people management, particularly career planning and management (Baruch, 2004), ensuring both organizations and individuals design appropriate plans and strategies to cope with the uncertainty surrounding this change. At the same time, the unprecedented pace and growth of knowledge, the tremendous increase in training and development programs, and the widespread increase in employment opportunities are some of the challenges that must be overcome. It is believed that investing in proper career management and career planning leads to career development (Adekola, 2011).

#### *Career Management*

A lifelong career planning process involves setting and selecting one's career goals and designing strategies to achieve them. This process helps employees by making them aware of their values, interests, strengths, and weaknesses, identifying opportunities, identifying career goals, and setting action plan to achieve those goals. So this process takes place either an employee alone or together with the organization's career system; prepare, implement and monitor career plans and strategies (Widyanti R., 2019). This process involves "career exploration, development of career goals, and use of career strategies to achieve career goals" (Widyanti et al., 2020). According to Rahman Haji et al. (2017), some employees

develop their careers within organizational boundaries. Their career development is influenced by the existing career management system, while others decide to develop their careers in several organizations. "Therefore, career management requires initiatives from both organizations and individuals in order to provide maximum benefits for both" (Widyanti et al., 2020).

### *Career Development*

Career development is an increasingly relevant field for both employees and employers. Career development as an HR management activity aims to improve and increase the effectiveness of the work carried out by workers so that they are increasingly able to make the best contribution in realizing the organization's business goals. Career development is related to organizational, individual, and work discipline. Individuals who plan and organizations that direct (Widyanti Rahmi, 2019)

Definitions of career development vary because of their focus: individual or organizational (McDonald & Hite, 2005). Furthermore, Chetana et al., 2017 stated that career development is the totality of sociological, psychological, educational, economic, physical, and coincidental factors that shape individual careers. Career development does not mean linear hierarchical progress that brings more responsibilities, additional financial rewards, etc.

Career development helps employees become resilient to change and more secure

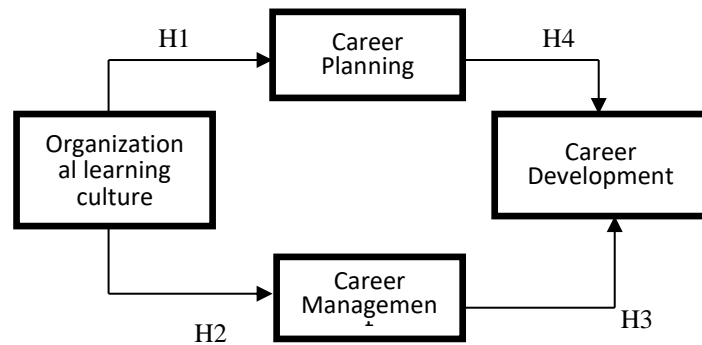
in themselves and their future as the organization adapts to changing market situations. It is about enhancing employability which expands the range of potential job roles open to individuals and expands the value of their stay with this employer' (Patrick & Kumar, 2011).

Valickas et al. (2015) argue that investing in proper career management and planning enables individual employees to reap the fruits of such investment in career development. Career planning and career development are closely related concepts and reflect organizational effectiveness.

### *Research Hypotheses*

Based on the explanation described in the previous section, this research proposes the following hypotheses. The current study will test the following hypotheses through empirical data collected through a self-administered survey questionnaire:

- H1:** Organizational learning culture positively influence employees' perceptions of career planning.
- H2:** Organizational learning culture positively influences employees' perceptions of career management.
- H3:** Career planning is positively correlated with employees' perceptions of career development.
- H4:** Career management is positively correlated with employees' perceptions of career development.
- H5:** Organizational learning culture positively influences career development through career management and planning.



**Figure 1.** Theoretical Research Framework Model

## Research Method

### *Research Type*

*This quantitative relational study was designed to investigate and prove the relationship between organizational learning culture and employee career development mediated by employee career planning and career management.*

### *Population and Sample*

The population of this research is employees at MSMEs in Banjarmasin City, totaling 1276 people (Jamkrida Banjarmasin City, 2020). The sample taken in this study consist of 518 sample of SME employees all around Banjarmasin City. The sample response rate is 50% of the total acquired data resulting in 259 completed forms. The sampling technique used stratified random sampling with 259 respondents as a sample with the criteria of having worked for at least two years for this research.

### *Instrument development*

The research scale uses a Likert scale with five scales to measure the construct of each variable. Research variables include organizational learning culture, career planning, career management, and career development. The demographic information data of MSME respondents includes age, gender, and education. The list of questionnaire is listed in the appendix.

### *Data Analysis*

Statistical testing using two sides and a p-value of less than 0.05 is considered significant (Sekaran U., 2016). For descriptive statistical analysis, such as mean, standard deviation, and correlation coefficient with SPSS software. Inferential statistical testing, SEM is used through the AMOS software. There are five fit indices, namely, CFI, GFI, CMIN/DF, RMR, and RMSEA, which are used to measure the suitability of the structural and measurement models (Hair et al., 2017). A response scale with five Likert scales ranging from (1) “strongly disagree” to (5) “strongly agree was used for all observed variables.

## Results and Discussion

### *Confirmatory Factor Analysis*

The organizational learning culture variable is measured by a single-factor model with 10 item indicators. The internal reliability (Cronbach's alpha) of the construct was 0.816. The measurement model for this construct was analyzed using measurement estimates. The initial assessment implies that the model does not meet the fit index of 0.5 due to the high correlation of BPO-3 and BPO-7 with other indicators. Therefore, this indicator is dropped to achieve a fit model. Finally, the construct is left with eight indicators.

**Career Planning Variable:** This construct was measured using an 11-item scale. Items used to utilize this variable and survey of career development needs. Cronbach's alpha for the construct is 0.785. The measurement model for this construct was analyzed using measurement estimates. The initial model does not match the fit index of 0.5 because of the high correlation of indicators of PK-2, PK-3, PK-4, and PK-8. Therefore, these indicators are derived from achieving model fit. Finally, the construct is left with seven indicators.

**Career Management Variable:** This variable is measured using a 6-item scale. Cronbach's alpha for the construct is 0.874. The initial model does not match the fit index of 0.5 because of the high correlation between MK-1 and MK-3. Therefore, these indicators were derived from achieving model fit. Finally, the construct uses four indicators.

**Career Development Variable:** The quality of career development is measured using a 5-item scale. Cronbach's alpha for the construct is 0.776. The initial model fits very well with a fit index of 0.5.

Therefore, these five indicators are retained for the structural model.

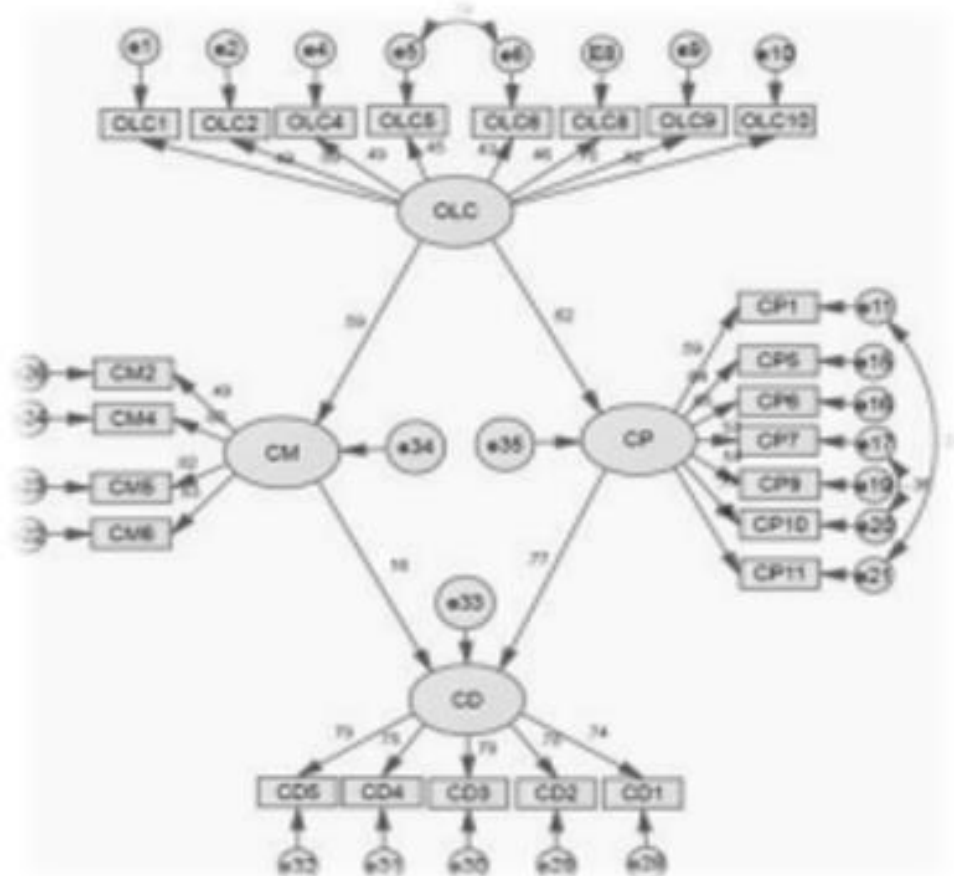
*Structural Model Assesment*

After analyzing the measurement model for the construct of each variable separately, the structural model is estimated. Confirmatory factor analysis was carried out on the model to see whether the different fit index values were within an acceptable level (Hair et al., 2017). These values indicate that the model is acceptable. The different values for this index are: the chi-square value of 631.202 with 185 degrees of freedom statistically significant at  $p= 0.000$ ; CFI = 0.901; RMSEA = 0.062; GFI = 0.884; standard RMR = 0.052; and CMIN/DF = 2,490. These results are evidence of sufficient reliability for model construction in confirmatory factor analysis. CFA path models for measurement and structural models have been provided in Fig. 1. and Fig. 2. . Similarly, the correlations and path coefficients for this model are presented in Table 1 and Table 2, respectively.

**Tabel 1.** Correllation Matrix (N=259)

<b>Variable</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Organizational Learning Behavior	--			
Career Planning	0,74	--		
Career Management	0.63	0,29	--	
Career Development	0,42	0,62	0,21	--

Sources: Primary Data, 2022



**Figure 2.** Structural Model  
 Sources: Primary Data, 2022

**Table 2.** Hypotheses testing

Variable	Coefficient	Sig.
OLC ---> CP	0,74	Significant
OLC ---> CM	0,63	Significant
CP ---> CD	0,42	Significant
CM ---> CD	0,21	Significant

Sources: Primary Data, 2022

- OLC = Organizational Learning Culture
- CP = Career Planning
- CM = Career Management
- CD = Career Development

*Discussion*

Based on the study results, it was found that the value of organizational learning culture can influence employee behavior.

This finding leads to developing new behaviors and processes that make employees more effective and efficient (Valickas, 2015). In this case, concern for

employee careers through HRM policies and practices is growing (Widyanti et al., 2020). The trend toward these values and concerns continues, and changes at the organizational level for employee career planning and management still occupy a central position in managing workforce behavior (Rahman Haji, et al., 2016).

The finding of the first hypothesis indicates a positive relationship between organizational learning and employee career planning (Baruch, 2004; Quagraine Linda et al., 2019). Through this relationship, the organization is seen as a facilitator in the practice of all career development initiatives. In the model estimation, the path coefficient value for this relationship is 0.74, which indicates a positive relationship. Therefore the first hypothesis can be accepted and proven. In the second hypothesis, career management is part of the organizational learning culture because it represents the organizational perspective in the career development process. Therefore it has a positive relationship (Rahman Haji et al., 2016). Through career management, individuals can prepare, implement, and monitor their career plans and strategies (Widyanti et al., 2020) to provide maximum benefits for themselves and the organization (Chetana, 2017; Quagraine Linda et al., 2019). In the model estimation, the path coefficient value for this relationship is 0.63, which indicates a positive relationship. Therefore the second hypothesis can be accepted.

The research finds a positive relationship between employee career planning and career development. Career planning and career management are the two main antecedents of career development (Ababneh, 2013; Quagraine Linda et al., 2019). Furthermore, Widyanti R., 2019, 2020 stated that the integration of career planning and

management activities culminates in career development. In the model estimation, the path coefficient value for the relationship between career planning and development is 0.62, which indicates a positive relationship. Therefore the third hypothesis can be accepted and supported by empirical data.

The relationship between career management and career development is positive (Adekola, 2011; Widyanti et al., 2020). The existence of career management provides the necessary support for developing knowledge, skills, and behaviors that are essential for individual success. In the current model estimate, the path coefficient value for the relationship between career management and development is 0.21, indicating a slight positive relationship. Therefore the fourth hypothesis can be accepted and supported by empirical data.

Finally, the two models were compared using the chi-square difference test to examine the mediation effect through a comparison process between models. The chi-square for the previous model is 621.010 with 185 degrees of freedom (RMSEA=.062; Standardized RMR=.052; GFI=.884; CFI=.901), while the chi-square value for the latter model is 665,187 with 185 degrees of freedom. (RMSEA=.069; Standardized RMR=.123; GFI=.812; CFI=.838). The chi-square difference between the two models is 55.078 with 2 degrees of freedom. This result means it has a significant change. Based on the significant difference between the two models, it can be concluded that the model that includes the mediating effect is better than the model that does not include the mediating effect. Based on this comparison, it can be concluded that career planning and career management can mediate the relationship between organizational learning and career development. Then the fifth hypothesis can be accepted



## **Conclusion and Suggestion**

### *Conclusion*

Organizational learning is essential for employees wherever they work if they can continue learning with time to make individuals more experienced at work. However, the concept of organizational learning culture is broader, not just learning. To foster and protect the development carried out on employees as human capital, organizations should pay careful attention and create a learning culture to develop and retain their employees. An organization's learning culture should provide diverse individual learning and development opportunities. A learning culture in the organization aims to ensure that individual and group competencies can develop to achieve high performance. The findings of this study have supported previous research and further proved a positive relationship between variables. This result proves that even though the small and medium-sized business sector does not yet have a design for organizational learning and employee career development, this need naturally goes hand in hand. Therefore, it needs serious attention from the management and business owners to compete with other businesses.

### *Suggestion*

This research contains several recommendations for future research based on several points. First, this research is limited to Banjarmasin as a central focal point. Thus the finding in other areas may vary. Thus, this research recommends that future studies accommodate the different locations of the research area. Second, the different type of industry (F&B, clothing, garment, etc) is not the focus of the study. The future study could focus on or also compare the different types of industry to overlook the career dynamics among the SME an employee/ Third, this research does

not include several control variables such as demographic profiles to understand the effect of different demographic profiles. Thus future research could include the demographic profile such as gender, age, years of working experience, and turnover frequencies among other SMEs.

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## Appendix 1. Research Instrument

### *Organizational Learning Culture Variable*

1. We learn from the principles of clear organizational goals.
2. Our learning is obtained by consensus / mutual agreement in the organization
3. We learn from the desire to achieve excellence for the organization.
4. Our learning is obtained by the compatibility between what is planned and what is achieved.
5. Our learning is obtained by good cooperation in advancing the organization.
6. Our learning is obtained from experience in the field of advancing the organization
7. We learn from the integrity of the organization's members
8. Our lessons are learned in solidarity with all members of the organization

### *Career Planning Variable*

1. The organization pays attention to the ability of its employees at work
2. The organization pays attention to the expertise of its employees at work
3. The organization evaluates the work results of employees that have been achieved
4. Organizations provide direction to employees about work
5. The organization places employees based on the results of the assessment
6. The organization provides training within the organization for employees who will occupy certain positions
7. The organization encourages employees to improve their careers

### *Career Management Variable*

1. The organization is fair in assigning positions to employees
2. Supervisors give direct attention to employees for their performance achievements
3. The organization provides information about promotion opportunities for employees
4. Employees are encouraged to improve their position
5. Employees have satisfaction with their careers
6. Employees understand the position and work given

### *Career Development Variable*

1. Organizations make plans for positions in the organization
2. Organizations provide training to improve employee skills
3. The organization provides incentives for outstanding employees
4. The boss takes an approach to motivate employees for self-development
5. Employees are allowed to improve their abilities