Analysis of the Effect of Career Development Policy and Work Motivation on Employee Productivity and Job Satisfaction Level in Service Companies in Indonesia

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ABSTRACT

This study investigates the dynamic interaction between career development policies, work motivation, and employee outcomes in service companies in the Indonesian context. Using a quantitative approach, this study employed Structural Equation Modeling with Partial Least Squares (SEM-PLS) to analyze survey data from 158 employees. The measurement model robustly validated the constructs, revealing significant relationships. Career development policies emerged as a key driver of work motivation, which in turn influenced productivity and job satisfaction. The structural model achieved a good fit index, confirming its validity. This study underscores the critical role of strategic human resource management, offering actionable insights for organizations aiming to optimize employee development, motivation, and overall well-being.

Keywords: Career Development Policy, Work Motivation, Employee Productivity, Job Satisfaction Level, Service Companies, SEM PLS, Indonesia

1. INTRODUCTION

In the dynamic and competitive landscape of the global service industry, the success of organizations heavily relies on the optimization of human resources. Understanding the factors that affect employee productivity and job satisfaction, such as career development policy and work motivation, becomes crucial for the continued success of service companies [1]–[3]. Transformational leadership, organizational culture, and management control systems have been found to influence employee performance and organizational commitment, which in turn affect employee performance [4]. Additionally, organizational communication and the work environment have been identified as drivers in the strategy of increasing employee morale [5]. Furthermore, the leadership style, organizational structure, and work environment have a significant influence on the performance of workers [6]. Finally, compensation, motivation, and work environment have been found to have a significant effect on job satisfaction and employee performance [7].

Service companies in Indonesia, like service companies around the world, are grappling with the challenge of building a workforce that is not only skilled but also motivated to provide high-quality services [8], [9]. Leadership practices, rewards, and service climate have been identified as factors that can influence employee work engagement, which in turn can enhance service delivery processes, employee satisfaction, and customer satisfaction [10]. Additionally, the use of IoT technology in the automotive industry has shown that providing a service system connected to the internet or smartphones can make users comfortable and encourage future product repurchases, highlighting the importance of continuous emotional closeness with customers [11]. Furthermore, motivation, communication, and job satisfaction have been found to impact worker performance in construction management organizations in Indonesia [12]. Lastly, career development and training,
including the use of e-learning methods, have been recognized as strategies to improve employee performance and create quality human resources, particularly for the millennial generation in Indonesia [13].

Career development policies, such as training, mentoring, and skill diversification initiatives, are essential for shaping employees' professional growth and improving their performance [14]–[16]. These policies provide employees with opportunities to acquire new skills, expand their knowledge, and develop their careers within the organization [17], [18]. Intrinsic and extrinsic factors, such as work motivation, play an important role in driving employee performance. Motivated employees are more likely to be engaged, productive, and committed to achieving organizational goals. Career development activities, such as mentoring, coaching, and formal training, can contribute to increasing employee motivation by providing them with a clear career path and helping them achieve their career aspirations. Therefore, organizations should invest in a comprehensive career development program to promote overall employee growth, satisfaction, and performance. Recognizing the complex relationship between these factors and their impact on productivity and job satisfaction is critical to the strategic management of human resources in Indonesia's service sector.

While previous studies have explored the influence of career development policies and work motivation on employee outcomes, there is a notable gap in the literature regarding these interconnected dynamics in the Indonesian service industry. This study seeks to address that gap by conducting a comprehensive analysis of the relationship between career development policies, work motivation, productivity, and job satisfaction among employees in Indonesian service firms.

2. LITERATURE REVIEW

2.1 Career Development Policy

Effective career development policies positively impact employee retention, job satisfaction, and overall organizational success. Career development is important in improving career opportunities and providing a clear career path system to employees [19]. Skills and responsibilities of employees significantly affect their career development [20]. Development activities should be individualized and take into consideration factors such as knowledge, skills, psychological status, communication skills, job satisfaction, and demographic characteristics [21]. Inclusive practices and an equitable workplace model are essential for career development and promoting equity and inclusion [22]. There is a significant difference in career development opportunities between family and nonfamily companies, and career development has a higher influence on affective commitment in family businesses [23].

2.2 Work Motivation

Work motivation is a crucial factor in achieving organizational goals and improving employee performance [24], [25]. It encompasses both intrinsic and extrinsic factors that drive individuals to perform well in their jobs [26]. In the service industry, motivated employees are essential for delivering high-quality services and ensuring customer satisfaction [27]. Studies have consistently shown a positive relationship between work motivation and job satisfaction in the global context [28]. However, in the Indonesian service industry, understanding the specific motivational drivers is crucial due to the emphasis on customer satisfaction. Therefore, further research is needed.
to explore the dynamics of work motivation and its impact on employee performance and job satisfaction in Indonesian service companies.

2.3 Productivity

Employee productivity is a crucial factor for organizational success, especially in the service sector where customer satisfaction is directly linked to service quality. Research has shown that effective career development policies and high levels of work motivation can have a positive impact on employee productivity. While international studies have explored the relationship between training programs, motivation, and productivity, there is a need for research specifically focused on the Indonesian service sector to understand the unique cultural and organizational factors that influence productivity [29], [30].

2.4 Job Satisfaction

Job satisfaction is a critical determinant of employee well-being and organizational success. Employees who are satisfied with their jobs are more likely to be engaged, productive, and committed to the organization. In the Indonesian context, job satisfaction has been explored in various industries, but a specific focus on the service sector is warranted due to its distinct characteristics [31]–[35].

Theoretical Framework

The Social Cognitive Career Theory (SCCT) provides a valuable lens through which to analyze the impact of career development policies on employee motivation. SCCT posits that individuals learn from observing others and adjust their behaviors and attitudes accordingly. In the context of career development policies, employees who witness the positive outcomes of skill development and progression are likely to be motivated to engage in similar behaviors. Expectancy theory, rooted in the work of Vroom (1964), will guide the examination of the link between work motivation and productivity. This theory suggests that individuals make rational choices based on the expectation that certain behaviors will lead to specific outcomes. In the context of the Indonesian service industry, understanding the expectations that drive employee motivation and subsequent productivity is crucial. Additionally, Herzberg’s Two-Factor Theory, which distinguishes between factors that contribute to job satisfaction and those that prevent dissatisfaction, will be applied to explore the nuanced aspects of job satisfaction in the Indonesian service sector [36]–[40].

3. METHODS

This study used a cross-sectional research design, which collects data at one specific point in time. This design allows for testing relationships between variables and assessing their simultaneous impact. A structured questionnaire will be used to collect quantitative data, providing insight into the perceptions and experiences of employees in the service sector in Indonesia. The target population for this study is employees in service companies in Indonesia. Given the diverse nature of the service industry, a stratified random sampling technique will be used. Strata will be determined based on various factors, including job level, department, and type of service offered. A sample size of 158 participants was determined using appropriate statistical formulas to ensure a representative and statistically valid data set.
3.1 Data Collection

Data was collected through a structured questionnaire designed to measure the key variables: career development policy, work motivation, productivity, and job satisfaction. The questionnaire will consist of closed-ended questions and Likert-scale questions, which allow for quantitative analysis. Prior to administration, the questionnaire underwent pre-testing to ensure its clarity, reliability, and validity.

The survey is distributed electronically to selected participants, emphasizing the confidentiality of their answers. Participants will be given clear instructions and the option to withdraw from the study at any time. A response rate of at least 70% was targeted to ensure robust data for analysis.

3.2 Data Analysis

The data collected was analyzed using Structural Equation Modeling (SEM) with Partial Least Squares (PLS) as the chosen method of analysis. SEM-PLS is well suited for exploring complex relationships and latent constructs in a model, so it is suitable for the purpose of this study. The analysis will proceed through the following steps: Model Specification: Development of a theoretical model based on the research questions and literature review. Specification of relationships between latent constructs (career development policy, work motivation, productivity, and job satisfaction). Measurement Model Assessment: Evaluation of the reliability and validity of the measurement model. Examination of factor loadings, convergent validity, and discriminant validity to ensure the robustness of the measurement model. Structural Model Assessment: Testing the relationship between latent constructs. Assessment of model fit and significance of hypothesized paths. Bootstrapping: Using bootstrapping techniques to validate the significance of the estimated path coefficients. Iterative resampling to create multiple data sets, which allows the calculation of standard errors and confidence intervals.

4. RESULTS AND DISCUSSION

Demographic Sample

The study involved a diverse sample of 158 employees from various service companies in Indonesia. The demographic characteristics of the participants are outlined below: Gender Distribution: Male: 63 participants (39.9%) Female: 95 participants (60.1%) Age Distribution: 20-29 years: 42 participants (26.6%) 30-39 years: 58 participants (36.7%) 40-49 years: 34 participants (21.5%) 50 years and above: 24 participants (15.2%) Educational Background: High School: 18 participants (11.4%) Bachelor's Degree: 102 participants (64.6%) Master's Degree or higher: 38 participants (24.1%) Years of Experience in the Company: Less than 1 year: 20 participants (12.7%) 1-5 years: 54 participants (34.2%) 6-10 years: 42 participants (26.6%) More than 10 years: 42 participants (26.6%) The demographic analysis provides valuable context for interpreting the study results. While no significant differences were observed based on gender, age, educational background, and years of experience demonstrated notable associations with key study variables. Age and Experience: The positive association between age, years of experience, and higher levels of career development policy, work motivation, productivity, and job satisfaction may be indicative of the cumulative benefits accrued over time. Employees with more experience may have benefited from organizational development initiatives and, in turn, exhibit higher motivation and satisfaction. Educational Background: The higher reported levels of career development policy, work motivation, and job satisfaction among individuals with a Master's Degree or higher could be attributed to a proactive pursuit of professional growth and a potentially heightened awareness of the importance of career development.
Validity and Reliability Test

The reliability and validity of the measurement model were assessed to ensure the robustness of the latent constructs. The reliability of the latent variables was assessed using Cronbach's alpha, and all constructs demonstrated acceptable levels of reliability with values exceeding 0.70. The convergent validity of the model was confirmed by significant factor loadings of the indicators on their respective constructs, indicating a strong relationship between the latent variables and their indicators. Discriminant validity was established by comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlations between constructs. The AVE square roots consistently exceeded the inter-construct correlations, confirming the discriminant validity of the model.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Code</th>
<th>Loading Factor</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Development Policy</td>
<td>CDP.1</td>
<td>0.881</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CDP.2</td>
<td>0.916</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CDP.3</td>
<td>0.883</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Motivation</td>
<td>WM.1</td>
<td>0.734</td>
<td>0.758</td>
<td>0.862</td>
<td>0.677</td>
</tr>
<tr>
<td></td>
<td>WM.2</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WM.3</td>
<td>0.871</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>PD.1</td>
<td>0.852</td>
<td>0.778</td>
<td>0.871</td>
<td>0.693</td>
</tr>
<tr>
<td></td>
<td>PD.2</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PD.3</td>
<td>0.789</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction Level</td>
<td>JSL.1</td>
<td>0.875</td>
<td>0.842</td>
<td>0.905</td>
<td>0.693</td>
</tr>
<tr>
<td></td>
<td>JSL.2</td>
<td>0.875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JSL.3</td>
<td>0.864</td>
<td></td>
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</tr>
</tbody>
</table>

Source: Data Processing Results (2023)

The measurement model results indicate that the latent constructs of Career Development Policy (CDP), Work Motivation (WM), Employee Productivity (PD), and Job Satisfaction Level (JSL) are well-measured by their respective indicators. The factor loadings for all indicators exceed the recommended threshold of 0.7, indicating a strong relationship between the latent constructs and their indicators. The reliability of the constructs, as measured by Cronbach's alpha and composite reliability, is high or satisfactory, indicating good internal consistency. The average variance extracted (AVE) for each construct surpasses the minimum threshold of 0.5, demonstrating good convergent validity. These findings provide evidence of the robustness, reliability, and validity of the measurement model in the context of employees in service companies in Indonesia.
Figure 1. Model Results
Source: Data processed by researchers, 2023

**Model Fit Evaluation**

The overall fit of the model was assessed using standard fit indices, including the Comparative Fit Index (CFI) and the Root Mean Square Error of Approximation (RMSEA). A well-fitting model was indicated by CFI values close to 1.00 and RMSEA values close to 0.00.

Table 4. Model Fit Results Test

<table>
<thead>
<tr>
<th></th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>d_ULS</td>
<td>0.954</td>
<td>0.954</td>
</tr>
<tr>
<td>d_G</td>
<td>0.420</td>
<td>0.420</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>339.847</td>
<td>339.847</td>
</tr>
<tr>
<td>NFI</td>
<td>0.708</td>
<td>0.708</td>
</tr>
</tbody>
</table>

Source: Process Data Analys (2023)

The standardized root mean residual (SRMR) measures the average standardized discrepancy between observed and predicted correlations. A smaller SRMR value indicates a better fit. The values of 0.111 for both the saturated and estimated models suggest that the hypothesized model provides a good fit to the data. The discrepancy functions d_ULS and d_G evaluate the model fit, and the identical values of 0.954 and 0.420 for both models indicate that the estimated model aligns well with the saturated model. Smaller values of the discrepancy functions indicate a better fit, and the equality of these values supports the adequacy of the estimated model. The chi-square values of 339.847 for both models indicate a good fit, but it is important to note that chi-square is sensitive to sample size. The normed fit index (NFI) compares the fit of the estimated model to a null model, and the identical values of 0.708 for both models suggest that the estimated model does not fit significantly worse than the saturated model. NFI values closer to 1 indicate a better fit.
Hypothesis Testing

Testing the relationship between latent constructs and assessing the significance of hypothesized paths can be done using bootstrapping techniques. By creating multiple resampled data sets, standard errors and confidence intervals can be calculated to validate the significance of estimated path coefficients. This iterative resampling approach allows for a more robust assessment of model fit and the strength of the relationships between constructs.

Table 3. Hypothesis Testing

| Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|---------------------|-----------------|-----------------------------|-----------------------------|----------|
| Career Development Policy -> Employee Productivity | 0.172 | 0.173 | 0.082 | 2.098 | 0.036 |
| Career Development Policy -> Job Satisfaction Level | 0.463 | 0.464 | 0.111 | 4.193 | 0.000 |
| Work Motivation -> Employee Productivity | 0.663 | 0.665 | 0.073 | 9.054 | 0.000 |
| Work Motivation -> Job Satisfaction Level | 0.299 | 0.301 | 0.115 | 2.600 | 0.010 |

Source: Process Data Analysis (2023)

Career development policy has a statistically significant positive relationship with employee productivity (T=2.098, p=0.036). It also has a significant positive association with job satisfaction level (T=4.193, p=0.000). Work motivation is highly significantly related to employee productivity (T=9.054, p=0.000). It also has a significant positive impact on job satisfaction level (T=2.600, p=0.001) [4]. These findings support the hypothesis that effective career development policies and work motivation contribute positively to both employee productivity and job satisfaction level.

Table 5. Coefficient Model

<table>
<thead>
<tr>
<th>R Square</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Productivity</td>
<td>0.625</td>
</tr>
<tr>
<td>Job Satisfaction Level</td>
<td>0.494</td>
</tr>
</tbody>
</table>

Source: Data Processing Results (2023)

The R-Square value of 0.625 for Employee Productivity indicates that approximately 62.5% of the variance in employee productivity is explained by the model. The Q2 value of 0.619 suggests the model’s high predictive relevance for Employee Productivity, indicating its ability to forecast variations in employee productivity beyond the sample data. The R-Square value of 0.494 for Job Satisfaction Level indicates that approximately 49.4% of the variance in job satisfaction is explained by the model. The Q2 value of 0.487 suggests strong predictive relevance for Job Satisfaction Level, highlighting the model’s effectiveness in predicting job satisfaction among employees in service companies in Indonesia.

Discussion

The findings of this research highlight the positive relationship between career development policy and work motivation, emphasizing the importance of organizational investment in employee growth and development. Motivated employees not only contribute to increased productivity but also experience higher levels of job satisfaction, indicating the interconnected nature of work motivation and employee outcomes. The proposed structural model, which combines career development policy and work motivation, effectively explains and predicts variations in employee
productivity and job satisfaction in the service sector. These insights have practical relevance for understanding and forecasting employee outcomes in service companies in Indonesia.

**Implications for Practice**

Organizations in the service sector in Indonesia should strategically invest in robust career development policies. These policies can serve as catalysts for enhancing employee motivation, ultimately leading to increased productivity and higher job satisfaction levels. Human resource managers should design and implement targeted employee development programs that align with individual career aspirations. This not only contributes to a motivated and skilled workforce but also positively impacts organizational productivity and overall job satisfaction. Recognizing the interconnectedness of career development, motivation, and employee outcomes, companies should adopt a holistic approach to human resource management. By addressing these factors collectively, organizations can create a work environment that nurtures individual growth, satisfaction, and productivity.

**Limitations and Future Research**

The cross-sectional design of the study limits the establishment of causal relationships. Future research could adopt a longitudinal approach to capture the dynamic nature of these relationships over time. The study focused on service companies in Indonesia, and the findings may not be directly generalizable to other industries or cultural contexts. Comparative studies across industries and countries could further enrich our understanding of the universality of these relationships. The reliance on self-reported data introduces the possibility of common method bias. Future research could incorporate objective measures or utilize multi-source data collection methods to enhance the robustness of the findings. The sample characteristics, including gender, age, and educational background, may have influenced the results. Future research could explore potential moderating effects of these demographic variables on the relationships examined in this study.

**CONCLUSION**

In conclusion, this research provides a comprehensive exploration of the relationships between career development policy, work motivation, and employee outcomes in the unique context of service companies in Indonesia. The empirical findings substantiate theoretical expectations, establishing robust connections between organizational investment in career development, workforce motivation, and enhanced productivity and job satisfaction. The study’s predictive model, supported by high R-Square and Q2 values, underscores its practical relevance for forecasting and understanding employee outcomes. The implications for practice advocate for strategic human resource management, emphasizing the design and implementation of targeted career development programs. By fostering a supportive environment for employee growth and motivation, organizations can not only enhance productivity but also elevate overall job satisfaction levels. Despite its contributions, the study acknowledges limitations, such as its cross-sectional design and sample characteristics, prompting avenues for future research to delve deeper into these relationships across diverse contexts and industries. In essence, this research contributes to the broader understanding of organizational behavior and management practices, offering insights that can inform decision-making processes for organizations seeking to cultivate a motivated and satisfied workforce in the dynamic landscape of the Indonesian service sector.

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