INVESTIGATING FACTORS AFFECTING EMPLOYEE CAREER DEVELOPMENT: THE EVIDENCE FROM FINANCIAL SERVICES COMPANY IN SOUTH SULAWESI INDONESIA

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ABSTRACT

The current study aims at analyzing the effect of individual characteristic and organizational climate toward career development of employees on financial services company in South Sulawesi Indonesia. Result of the research obtained from Structural Equation Modeling (SEM) analysis technique shows that, Individual characteristic has a positive and significant influence on career development where the greatest factor loading value for individual characteristic variable is self-image by always thinking superior to improve performance and self-development as well as working honestly, decisively, authoritatively and confidently, climate organization has positive and significant effect on career development where variable that contribute to the formation of organizational climate latent variable is responsibility, therefore to improve organizational climate, it is necessary to increase responsibility of employees.

Keyword: Organization Climate, Individual Characteristic, Career Development.

INTRODUCTION

Changes in organizational condition both internal and external encourage organization to respond quickly (responsive) and adapt (adaptive) to a competitively market environment. Organization must be more flexible to adjust to an increasingly competitive market environment. Organizational flexibility is determined by human resources which have high ability and skills (knowledge assets) which made organization has competitive advantages in order to win the competition. Therefore, change in organization will have an impact on every individual who belongs to the organization. Every individual who is part of an organization is required to fully develop and realize his competencies (van den Heuvel et al., 2013; Van Dam, 2013).

To achieve this idealism, companies must motivate their employees to work better. One of the impetus for someone working in an organization or company is opportunity to growth at work, opportunity to advance, more than the current position he has. Besides its beneficial for employees, motivation is also very useful for the organization. Good motivation will be able to encourage them to achieve business sustainability (Lorincová et al., 2019).

There are many important factors in the context of employee empowerment including individual characteristics that greatly affect the ability as well as competence of individuals, and organizational climate which greatly affects the arousal of enthusiasm for work due to conducive situations and support performance (Hidayat & Latief, 2018). The ability of individuals who
show their expertise in carrying out tasks becomes one of the factors considered by organization in developing one's career, as well as work environment conditions will ultimately determine work loyalty because of comfort and support of conducive situations so that someone feels engaged and have willingness to stay and have a career in organization (Pocnet et al., 2015).

**LITERATURE REVIEW**

**Individual Characteristic**

The most important resource in organization is human resource, people who give their energy, talent, creativity, and effort to the organization in order to maintain existency of an organization. The contribution of human resources in organization becomes a very vital thing because basically humans are the brain ware of their organizations who stir the organization in real. Contributions of human resources are in different levels. These differences occur because they have different and unique characteristics from one another. However various studies have proven that individual characteristic has a very important role for the organization and person particularly in their efforts to be exist and succeed which become reason for him to stay and has career in the organization (Tracey et al., 2001; Alkhelil, 2016; Pocnet et al., 2015).

According to Malthis & Jackson (2006), there are four general individual characteristics that influence how a person makes their career choices: those are:

1. Interest is heart inclination for something. Interest is a relative character settled in a person. It has great influence toward one's activities because interest will lead someone to do something he is interested in. Personality from John Holland (Tongkal, 2010).
2. Self-image. Research shows that our personality is a manifestation of the outside of our self-image. All activities and feelings are always faithful to the principle of that thing. It is a kind of pilot and automatic guidance system that controls and programs us whether we will succeed or fail to achieve certain goals. Self-image is greatly influenced by our own performance (Mangkuprawira, 2010)
3. Personality. It is a nature, characteristic, style or traits that are indeed specifically associated with someone. It can be said that personality originates from the input we receive from environment, for example, input of family in our childhood and also innate from birth.
4. Social background. Socioeconomic status, level of education, and occupation of one's parents is also a factor included in this category. Son of a doctor or a welder got their knowledge of the profession from parents and he may pursue or reject the job based on his perspective (Malthis & Jackson, 2006).

The characteristic which is owned by someone will be a powerful booster in carrying out an action. Thus, in the context of organization, individual characteristics will lead a person to achieve performance which ultimately will be very influential on his career development (Daryanto, 2014; Bhuiyan et al., 2017; Tracey et al., 2001).

**Organizational Climate**

An organization is inseparable from the influence of surrounding environment. Environment is source of input for the organization and also as recipient of output from the organization itself. From environment, organization obtains materials needed, both physical and non-physical. It also captures ideals, goals, needs and expectations from surroundings. Environment is a place to place output in form of goods or services produced by organization. Harmony of environment with work atmosphere is also one of the factors that cause job satisfaction which lead to commitment and becomes a reason for someone to remain stay in organization (Jyoti, 2013; Berberoglu, 2018).
Organizational climate is a condition of work environment that influences and supports activities of individuals in it. Good organizational climate will bring corporate to be able to facilely achieve the settled goals. It is caused by the organizational climate which can increase commitment of the members in achieving these goals (Berberoglu, 2018). A good organizational climate will also affect productivity (Patterson et al., 2004). Experts from west interpret organizational climate as a physical element whereby climate can be as attribution from organization rather than individual own perception. Organizational climate as a whole physical and social factors in organization will greatly affect performance of human resources in organization (Hidayat & Latief, 2018).

According to Pines model (in Kusnan, 2005), work climate of an organization can be measured through four dimensions as follows:

1. Psychological dimensions, which include variables such as workload, lack of autonomy, lack of self-fulfillment (self-fulfilment clerishif), and lack of innovation.
2. Structural Dimensions, covering variables such as physical, sound and level of harmony between work needs and physical structure.
3. Social Dimensions, which include aspects of interaction with clients (in terms of quantity and nature of the problem), colleagues (level of support and cooperation), and supervisors (support and rewards).
4. Bureaucratic Dimension, including the laws and regulations of role conflict and role ambiguity.

Then stated by Simamora (2001), that organizational climate is an internal environment or organizational psychology. Organizational climate influences Human Resource practices and policies accepted by members of the organization. It is known that each organization will have a different organizational climate. The diversity of jobs designed within organization, or the nature of individuals that exist will illustrate these differences. All organizations have strategy in managing human resources. An open organizational climate encourages employees to express their interests and dissatisfaction without fear of retaliation and attention. Such dissatisfaction can be handled in a positive and wise manner. A climate of openness, however, is only created if all members have a high level of confidence and believe in fairness of action.

Career Development

Career is a journey that a person goes through in his life. According to Handoko (2001) career is all work or position that is handled or held during one's work life. Thus a career shows development of individual employees in level or rank of position that can be achieved during work period in an organization. Career becomes very important for someone in context of their existence in the organization because career can affect performance and job satisfaction (Kakui & Gachunga, 2016; Napitupulu et al., 2017; Rahayu et al., 2019).

There are two approaches in understanding the meaning of career (Irianto, 2001). The first approach looks at career as ownership (a property) and occupation or organization whereby career can be seen as a path of mobility in a single organization. The second approach views career as individual property or quality and not an occupation or organization. After each individual accumulates certain set of positions and experiences, this approach recognizes career advancement one has achieved.

In general, factors affect one's career are: family, environment, education, suggestions regarding career sources, role of the employee itself. Based on various definitions above, it can be concluded that career is a series or sequence of work positions held during one's work life.

Career development is process of individual work skills enhancement achieved in order
to pursue the targeted career (Sagala & Rivai, 2009). However, career development of each member in organization is certainly not the same, because it is very dependent on various factors. The central point for pursuing career basically lies in three things, those are: (1) Intellectual ability (2) Leadership ability (3) Managerial ability.

These three things are always fostered by every employee or member of any organization particularly those who are potential in order to advance in their career.

Career development is formal approach undertaken by organization to ensure that people in it have suitable qualifications and abilities as well as experience when needed. Therefore, companies need to manage career and develop them well so that employee productivity is maintained and able to encourage them to always do the best and avoid work frustration that resulted in decrease of company performance. Career management and development will increase effectiveness and creativity of human resources in the effort to support corporate to achieve its goals.

Based on theoretical study above, this research can conceptually be illustrated in Figure 1 as follows:

![Research Conceptual Framework](image)

**FIGURE 1**

**RESEARCH CONCEPTUAL FRAMEWORK**

Based on research concept framework above, there are three hypotheses in this study as follows:

1. Individual characteristics affect significantly positive on employee career development
2. Organizational climate has a positive effect significantly on employee career development
3. Individual characteristics have a significantly positive correlation with organizational climate.

**METHODOLOGY**

**Research Methodology and Design**

**Samples**

Population of this research is 596 employees of a financial business group in South Sulawesi Province. This group of companies was chosen because it has branches in almost every
city in South Sulawesi Province Indonesia, they represent individual characteristics in each region which have different customs in order to get comprehensive results of the current study. Sampling technique used in this study was random sampling. Sample was taken through Issac and Michael table model at level of 10% so that samples chosen were 186 people. This amount of samples also considers the use of Structural Equation Modeling (SEM) with LISREL application program which requires minimum of 100 samples.

**Measurement**

Measurement in SEM model is called as estimation step which resulted in solution containing final values of estimated parameters. In this stage, it will be examined level of compatibility between data and model, validity and reliability of measurement model, and significance of coefficients of structural model.

According to Hair (in Solimun, 2000) evaluation of compatibility level of data with model is carried out through several stages, those are: overall model fit, measurement model fit and structural model fit.

To facilitate understanding and clarify what is meant by variables in this study, it is necessary to provide an operational definition. The operational definition contains indicators of variable which allows researcher to obtain relevant data of the variable. Variables used in this study are Individual Characteristics, Organizational Climate and Employee Career Development shown in Table 1.

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Observed Variable</th>
<th>Definition</th>
<th>Indicator</th>
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| Individual Characteristic | Interest (X₁) | Relatively settled traits in a person | Feel happy with the work that they do now  
X1.1. Feel happy with the current job they do  
X1.2. Always do a job by initiative  
X1.3. Able to do a job diligently  
X1.4. Able to do a job conscientiously  
X1.5. Posses a high level of discipline |
| | Self image (X₂) | View point of personality traits felt by individuals | X2.1. Confident in doing the work given  
X2.2. Always be honest, assertive and authoritative at work  
X2.3. Always enthusiastic in self development  
X2.4. Constantly committed on doing continuous learning |
| | Personality (X₃) | Feature, characteristics, styles or traits that are indeed typically associated with ourselves | X3.1. Constantly think realistically  
X3.2. Always demand on prestige  
X3.3. Always need training for personal development  
X3.4. Need for power |
| | Background (X₄) | Employee education level, employee socioeconomic status | X4.1. Gain big support from family  
X4.2. My education help me alot in working  
X4.3. My education becomes basis of promotion in a position  
X4.4. Work experience I have will increase my ability in doing a job |
| Organization climate | Responsibility (X₅) | The obligation of a person to carry out assigned function | X5.1. Suitability of task implementation with direction received |
| Identity (X₆) | Properly in accordance with direction received | X5.2. Big responsibility in doing job  
X5.3. Work Report to leader  
X5.4. Responsibility toward mistakes  
X5.5. Involvement in role and responsibility arrangement |
| Warmth (X₇) | Sense of belonging toward organization and welcomed in a group | X6.1. Feeling part of the organization  
X6.2. Vision and mission comprehension  
X6.3. Pride on the job  
X6.4. Feeling of belonging toward organization |
| Support (X₈) | Feelings of a friendly work atmosphere and more emphasis on hospitality or friendship in informal groups, as well as good relationship between colleagues | X7.1. Work atmosphere  
X7.2. Relationship harmony  
X7.3. Communication between employees  
X7.4. Friendship between employees |
| Conflict (X₉) | Matters related to support and relationships between co-workers | X8.1. Motivating each other  
X8.2. Voluntary assistance  
X8.3. Solution of the existed problems  
X8.4. Support toward others’ promotion |
| Intellectual Ability (Y₁) | The ability of employees to manage their intellectual knowledge | Y1.1. Possess sufficient knowledge and ability in doing every work  
Y1.2. Every employees was equiped with sufficient knowledge before doing the job  
Y1.3. Possess technical ability which support the job  
Y1.4. Possess skills needed by company  
Y1.5. Intellectual ability supports the implementation of the job |
| Managerial Ability (Y₂) | Employees ability in management | Y2.1. Possess conceptual expertise  
Y2.2. Possess personal expertise  
Y2.3. Managerial ability highly support the work implementation |
| Leadership Ability (Y₃) | Employees ability in leadership of company | Y3.1. Ability to work in a team  
Y3.2. Participative with subordinates  
Y3.3. Ability to delegate job well  
Y3.4. Able to motivate employees to perform well |

**RESULT AND DISCUSSION**

**Result**

Result of this study start with result of reliability test for each variable as shown in Table 2 as follows. From the reliability table below, it can be seen that all indicators in this study are reliable so that they become a feasible and reliable indicators to be stated as data in the next analysis stage.
The next stage is data analysis to determine the suitability of the research model. Result of data processing shows that suitability index of the model used in this study is in good criteria as shown in Table 3 below:

Table 3 shows that the seven criterias used fullfil suitability of model, so that there was no need for modification. It can be said that the model is acceptable which means there is a match between model and the data.

The final stage in analyzing data of this research is to find out result of structural model analysis which will provide information of whether the hypothesis developed in this research is
proven or vice versa. Based on the two models above, each path coefficient can be interpreted. A detailed path coefficient is presented in Table 4 as follows:

**DISCUSSION**

**Effect of Individual Characteristic on Career Development**

The calculation result presented in Table 4 shows that Individual Characteristic ($\xi_1$) has a positive and significant effect on Career Development ($Y$). This can be seen from the path coefficient which is positive at 0.47 with $t$ value of $2.155 > 1.96$. Thus research hypothesis which states that individual characteristics significantly influence career development is proven.

This is in line with the theory stated by Malthis & Jackson (2006), there are four general individual characteristics that influence how a person makes his career choices namely interests, self-image, personality and social background.

Career interest qualification was made based on theory of Vocational Personality from John Holland (Tongkal, 2010). This theory is the most approach used to create a profile of one's career. With this theory as well, Konsultankarir.com developed a psychometric test to determine one's interest orientation in career, TM Career Profile Inventory. According to this theory, there are six vocational personality types, of these six types, a person may have a unique career choice profile according to his interests and personality.

Result of this study also empirically support research from Subyantoro (2009) which concluded that individual characteristics, job characteristic and organizational characteristic have a direct and significant effect on the job satisfaction of management which is mediated through work motivation of management.

**Effect of Organizational Climate on Career Development**

Table 4 shows that organizational climate ($\xi_2$) has a positive and significant effect on career development ($Y$). This can be seen from the path coefficient which is positive at 0.62 with $t$ value $2.536 > 1.96$. Descriptive analysis results also showed that organizational climate was mostly perceived positively by respondents, mainly the variable of responsibility. These results also provide support for the second hypothesis in this study which states that organizational climate significantly influences career development. This is in line with opinion from Simamor (2001) who explains that organizational climate is the internal environment or organizational psychology. Organizational climate influences HR practices and policies accepted by members of the organization. As it is known that each organization has a different organizational climate. Diversity of jobs designed within, or nature of individuals that exist will illustrate these differences. All organizations naturally have strategy in managing human resources. An open organizational climate encourages employees to express their interests and dissatisfaction without fear of retaliation and attention. Such dissatisfaction can be handled in a positive and wise manner. A climate of openness, however, is only created if all members have a high level of confidence and believe in fairness of action. Organizational climate is important to be created because it is a person's perception of what is given by organization and it is used as a basis for determining behavior of future members. Climate is determined by how well members are directed, built and valued by organizations.

Empirically the result also supports research result from Muhammad Ilham (2004) which concluded that organizational climate which consists of dimensions of flexibility, responsibility,
standards, rewards, warmth, organizational identity and risk has a positive and significant influence on performance of employee.

The structural model in Figure 2 also shows that individual characteristics and organizational climate are positively and significantly correlated. This can be seen from the path coefficient that is positive at 0.19 with t value 2.010 > 1.96. Similarly, calculation result of total determination coefficient ($R^2$) as 0.72; which shows that individual characteristics and organizational climate simultaneously affect employee career development by 72.0% and the remaining 28.0% is influenced by other factors outside the model.

**Variable Correlation of Individual Characteristic and Organizational Climate**

A positive organizational climate makes employees feel happy, safe, comfortable, and meaningful during the time at the organization environment. When employees feel secure, comfort, and meaningful in their place of work, they will provide maximum and quality service. A negative organizational climate arises when individuals feel they are not getting good treatment and feel ignored by the company and their superiors. The work atmosphere and all dimensions in the work environment are considered unpleasant.

To find out the correlation between individual characteristic variables and organizational climate can be seen in the following Figure 2:

![Figure 2: Structural Model Correlation of Individual Characteristics and Organizational Climate](image)

**FIGURE 2**

**STRUCTURAL MODEL CORRELATION OF INDIVIDUAL CHARACTERISTICS AND ORGANIZATIONAL CLIMATE**

The structural model in Figure 2 above shows that individual characteristics and organizational climate are positively and significantly correlated. This can be seen from the path coefficient that is positive at 0.19 with t value 2.010 > 1.96. This is in line with theory put forward by Jewell & Siegall (1998) that organizational climate can influence employee attitudes and behavior. A positive organizational climate may direct individuals to have positive attitudes and behaviors.

**Management Implications**
This research has practical implications and new perspectives related to career development of employee. Through result of this study, management will get input that employee’s career development besides being influenced by internal factors that motivate them to achieve the expected career, it is also influenced by work environment perceived by employees. Environmental conditions will be one of reasons for someone to survive in the organization or vice versa. From these results, management needs to prepare a strategy in career development that is through individual capacity development and efforts to create a conducive environment in order to get better engaged with the company.

Theory Implication

Result of this study are also expected to contribute to the development of science particularly in the field of human resource management. Variety of dependent variables and limited dependent variables which only have two sides of viewpoint those are individual characteristics and organizational environment in the current study are expected to arouse researchers to conduct further research in order to analyze more deeply related to career development so that there will be another novelties in the next research.

CONCLUSION

1. Individual characteristic has a positive and significant effect on career development. The biggest factor loading value for individual characteristic variable is self-image by always thinking superior in improving performance and self-development as well as working honestly, decisively, authoritatively and confidently.
2. Organizational climate has a positive and significant effect on career development. The variables that contribute to the formation of latent variables of organizational climate are responsibilities, therefore to improve organizational climate, it is necessary to increase responsibility for employees.
3. Individual characteristics and organizational climate are positively and significantly correlated.

REFERENCES

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