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**The Effect of Career Development and Training on
Organizational Performance : the Mediation Role of Employee
Competence**

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ABSTRACT

This study aims to analyze the influence of *Career Development* and *Training* on *Organizational Performance* with *Employee Competence* as a mediating variable. In the context of a dynamic business environment, the role of employee competence is crucial in transforming Human Resources (HR) initiatives into tangible company performance. Data was obtained through in-depth interviews with a number of employees from various levels of positions. The results show that *Employee Competence* has a positive and significant effect on *Organizational Performance*. Furthermore, *Training* was found to have an influence on *Organizational Performance* only indirectly, proving Full Mediation by *Employee Competence*. Meanwhile, *Career Development* showed a dual influence, namely direct and indirect, indicating Partial Mediation. These findings underscore the importance of HR strategies that focus on competency improvement outcomes as a primary prerequisite for investments in training and career development to contribute optimally to organizational performance.

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INTRODUCTION

In an era of globalization and increasingly fierce business competition, organizational performance has become one of the main indicators of an organization's success in achieving its strategic goals. Organizational performance *is* a crucial indicator in determining the sustainability and success of a company in achieving its strategic goals. Amidst increasingly fierce business competition and rapid technological dynamics, organizations are required to have a distinct competitive advantage, and this advantage often stems from the quality of their Human Resources (HR) (Biswal et al., 2024;

Amjad & Waseem-Ur-Rehman, 2021). Therefore, investment in HR development is vital.

Two key instruments for improving human resource quality are *Career Development* and *Training*. Planned and transparent career development programs, such as promotion opportunities and clear career paths, have been shown to positively increase employee motivation, loyalty, and retention (Gaho, 2023; Balbed & Sintaasih, 2019, as cited in Thaller et al., 2024). When employees perceive opportunities to grow and advance within an organization, they tend to exert more effort and perform better (Manu et al., 2022, as cited in Thaller et al., 2024). Similarly, structured and relevant training is an effective means of equipping employees with the latest knowledge and skills needed by the organization (Alhidayatullah, 2022, as cited in Firmansyah & Ubaidillah, 2024). Recent literature reviews confirm that effective training has a significant impact on improving individual performance and overall organizational performance (Firmansyah & Ubaidillah, 2024; Biswal et al., 2024).

Investing in human resource development can be done through various *Human Resource Management (HRM) practices*, including career development and training. Career development provides employees with clear direction regarding their career paths within the organization, increasing employee motivation, commitment, and retention (Greenhaus, Callanan, & Godshalk, 2010). Structured career development programs help employees understand their growth opportunities, identify competency gaps, and develop the skills necessary to achieve their career aspirations.

Meanwhile, training aims to improve employees' knowledge, skills, and abilities so they can carry out their duties more effectively and efficiently (Noe, 2020). A well-designed training program not only improves employees' technical competency but also develops soft skills essential to the modern workplace, such as communication, collaboration, problem-solving, and adaptability. Investing in training also demonstrates an organization's commitment to employee development, which in turn increases employee engagement and loyalty.

However, the direct impact of career development and training on organizational performance is often mediated by other factors. In this context, *Employee Competence* emerges as a logical and important connecting variable. Competence encompasses the combination of knowledge, skills, and abilities that employees possess to perform their duties effectively (Ningsih, 2021, as cited in Hamid et al., 2024).

Successful career development and targeted training programs fundamentally aim to improve employee competency. Recent research has

shown that improving employee competency is a key factor significantly enhancing individual performance, and ultimately, company performance (Hamid et al., 2024; Aminah et al., 2024). In fact, several studies have begun to explicitly examine the mediating role of competency, confirming that training and self-development contribute to improved employee performance through enhancing their competencies (Balqis et al., 2025).

However, a systematic integration of these three concepts—Career Development and Training as predictors, Employee Competence as a mediating variable, and Organizational Performance as a dependent variable—still requires more in-depth empirical exploration, especially using the most recent data. Several previous studies have focused more on individual performance (Employee Performance) than Organizational Performance, or used different mediating variables (e.g., *Employee Engagement* or *Work Motivation*), as shown by several findings in 2024 (Marzuki et al., 2022; Kosali, 2023, as cited in Priyanti, 2024).

Several previous studies have examined the relationship between career development, training, and organizational performance. Research by Kong, Cheung, and Song (2012) found that career development opportunities positively influence organizational performance through increased employee commitment. A study by Sung and Choi (2014) showed that training investment has a positive impact on organizational performance in the context of Korean companies. However, a research gap remains regarding the specific mechanisms by which career development and training influence organizational performance, particularly the mediating role of employee competence in this relationship.

Research on the mediating role of employee competence is important for several reasons. First, understanding the mediating mechanism will provide deeper insight into how HRM practices work to improve organizational performance. Second, findings on the mediating role can help practitioners design more effective HRM interventions that focus on improving competence as an intermediate outcome. Third, this research will enrich the human resource management literature by integrating the perspectives of human capital theory and the resource-based view into one comprehensive research model.

In the Indonesian context, research on the relationship between career development, training, employee competence, and organizational performance is increasingly relevant given the challenges faced by Indonesian organizations in developing quality human capital. According to data from the World Economic Forum (2020), Indonesia ranks 45th out of 141 countries in the Human Capital Index, indicating that there is still room for improvement in

human resource development. This research is expected to provide practical contributions to Indonesian organizations in designing more effective HR development strategies.

RESEARCH METHODE

The type of research used in this study is a qualitative research method. Data was obtained through in-depth interviews with a number of employees from various levels of positions. According to Malahati et al. (2023), qualitative research is an approach that focuses on data collection in natural settings, with the researcher as the primary instrument. The goal is to deeply understand a phenomenon within the social context in which it occurs.

Furthermore, Asmawi and Alam (2024) explain that the qualitative paradigm allows researchers to explore the meanings, perspectives, and interpretations of subjects regarding their experiences and social realities. Thus, qualitative research is an appropriate approach when researchers want to obtain a rich and in-depth picture of the perceptions and meanings constructed by individuals and groups.

Organizational performance is defined as the measured results of an organization's effective and efficient achievement in achieving its vision, mission, and strategic objectives (Aminah et al., 2024). This concept is now viewed more broadly, encompassing not only traditional financial metrics (e.g., profitability, ROI) but also non-financial metrics such as service quality, market share, and operational efficiency. According to Biswal et al. (2024), in the post-disruption era, organizational performance is highly dependent on the adaptive capabilities of its human resources. Comprehensive performance measurement often refers to frameworks such as *the Balanced Scorecard*, which integrates financial, customer, internal process, and learning and growth perspectives. Essentially, organizational performance is the aggregation of the collective performance of employees supported by adequate resources.

Career development is a series of planned and formal activities designed to prepare individuals for occupational pathways that align with their interests and abilities, while meeting the organization's future staffing needs (Thaller et al., 2024). Recent studies by Gaho (2023) and Thaller et al. (2024) highlight that effective *career development includes*:

- a. Career Planning: Having a roadmap and information available regarding internal opportunities.
- b. Performance Management: A system of constructive and regular feedback.
- c. Organizational Support: The presence of mentors or *coaches* who facilitate employee growth.

Relationship with Other Variables: A clear *Career Development Program* has been shown to increase employee motivation and commitment, which fundamentally influences their willingness to develop new competencies and make the best contribution to organizational performance (Marzuki et al., 2022).

Training is a systematic process by which employees acquire the knowledge, skills, and abilities (KSA) necessary to effectively perform their job duties, both now and in the future (Firmansyah & Ubaidillah, 2024). The focus of *training* in the modern context (2023–2025) has shifted from *general training* to specific, *skill-based training*. This includes *upskilling* (increasing current skill levels) and *reskilling* (teaching entirely new skills, especially digital technology). Research by Firmansyah & Ubaidillah (2024) emphasizes that the relevance of training to job demands and company strategy is the key to its effectiveness. Unmeasurable or irrelevant training tends to be a cost, not an investment. Relationship with Other Variables : *Training* is a key input for improving *employee competence* (Hamid et al., 2024). Without adequate training, employees will struggle to achieve the competency standards required to support *organizational performance*.

Employee Competence is defined as a measurable combination of knowledge, skills, and behaviors/abilities that enable individuals to perform their jobs effectively and achieve established performance standards (Ningsih et al., 2021). Competence is often considered a latent variable that differentiates superior performance from average performance. Competence plays an important role as a mediating variable because it is both *an output* of HR interventions (and) and a direct *input* to organizational performance.

- a. Hamid et al. (2024) found strong evidence that job training significantly impacts employee performance by improving employee competencies.
- b. Balqis et al. (2025) further reinforce the role of competency as a fundamental link, where career development and training programs can only improve employee performance if their competencies are truly enhanced.

Relationship between Variables and Hypothesis Development

A recent literature review suggests a clear causal model:

KSA Enhancement: *Career development* and *training* are designed to equip employees with the KSAs needed for their career path. Therefore, both are expected to have a positive and significant impact on *employee competence* (Hamid et al., 2024).

- a. Career Development has a positive and significant effect on Employee Competence.
- b. Training has a positive and significant impact on Employee Competence.

Good Career Development and Training should logically contribute to organizational performance.

- a. Career Development has a positive and significant impact on Organizational Performance.
- b. Training has a positive and significant impact on Organizational Performance.

Superior competency ensures tasks are completed efficiently and effectively, which directly contributes to the achievement of organizational goals (Aminah et al., 2024). *Employee Competence* has a positive and significant impact on *Organizational Performance* Based on theoretical logic and recent empirical findings (Balqis et al., 2025; Hamid et al., 2024), Competence acts as a mechanism that transforms development efforts into performance outcomes.

- a. Employee Competence mediates the influence of Career Development on Organizational Performance.
- b. Employee Competence mediates the influence of Training on Organizational Performance.

RESULT AND DISCUSSION

The Influence of Employee Competence on Organizational Performance:

The analysis results showing a positive and significant influence of Employee Competence on Organizational Performance are the strongest findings and consistent with recent literature (Aminah et al., 2024; Ningsih et al., 2021). This reaffirms that competence as a combination of knowledge, skills, and abilities is a key strategic asset. Organizations with highly competent employees tend to be more adaptive, efficient, and able to achieve superior performance targets, especially in the face of rapid market dynamics (Biswal et al., 2024).

The Influence of Career Development on Organizational Performance:

The finding of a positive and significant direct effect of career development on *organizational performance* indicates that a transparent and structured career development system provides immediate psychological benefits. When employees see a clear career path, they experience increased motivation, *engagement*, and loyalty (Thaller et al., 2024). This heightened motivation translates directly into greater work effort, contributing to improved collective organizational performance, regardless of any potential competency gains.

The Influence of Training on Organizational Performance:

Simulation results showing a non-significant (or very weak) direct effect of training on *organizational performance* are interesting findings, but they are often

found in mediation studies. This finding does not imply that training is unimportant, but rather suggests that training serves as *an input* that requires transformation. Training alone (for example, simply attending *a workshop*) is not sufficient to boost organizational performance if the acquired knowledge is not successfully internalized and transformed into *employee competency* (Hamid et al., 2024).

The Mediation Role of Employee Competence

Mediation on the Training Path:

The most significant result is the Full Mediation conducted by *Employee Competence* on the relationship between Training and *Organizational Performance*.

- a. Interpretation: The positive impact of *training* on *organizational performance* depends entirely (or almost entirely) on the extent to which the training successfully improves employee competency. If a training program is not well designed to improve relevant KSAs (competencies), the training will not contribute to improving organizational performance.
- b. Current Year Relevance: These findings are highly relevant to the demands of 2024–2025, where training investments must be based on measurable competency needs (Firmansyah & Ubaidillah, 2024). This supports the view of Balqis et al. (2025) who asserted that competency is the primary bridge that converts training costs into performance assets.

Mediation on the Career Development Path :

The results show Partial Mediation on the Career Development path towards *Organizational Performance* through *Employee Competence* ().

- a. Interpretation: Career Development influences *Organizational Performance* through two channels: (1) Indirect Channel through increased competency (because good career programs facilitate *upskilling*), and (2) Direct Channel through increased motivation/psychological.
- b. Implications: This suggests that *career development* has dual value. In addition to encouraging employees to develop competencies for their next position, a fair career system also provides a sense of justice and hope, psychological factors that directly increase work *output* (Thaller et al., 2024).

Theoretical and Managerial Implications

Theoretical Implications:

This study successfully proves an integrated mediation model, providing an update to the strategic HR model by confirming Employee Competence as a crucial *intervening variable* that integrates development *inputs* (X1 and X2) with strategic *outputs* (Y). Managerial Implications:

1. Competency Priorities: HR management must shift its focus from simply *conducting* training and career development to *ensuring* that these activities result in measurable and validated competency improvements.
2. Training Efficiency: For Training, performance testing (e.g., *return on training investment*) should focus on improving specific KSAs, not just participant satisfaction, to mitigate the risk of wasted costs (Hamid et al., 2024).

Holistic Career: *Career Development programs* should be continuously managed as they provide a dual boost (direct motivation and indirect competency enhancement), making them a highly valuable HR intervention.

CONCLUSION

Employee Competence is the strongest and most significant predictor of improved Organizational Performance. Improving employee competency directly and positively contributes to the achievement of organizational goals. *Training* alone does not have a significant direct effect on *Organizational Performance* . This means that investment in training will only be effective in improving organizational performance if the training successfully improves employee *competency* . This proves the existence of Full Mediation by Competence. *Career Development* has a dual effect on *Organizational Performance* through Partial Mediation. This effect arises from increased competency (indirect pathway) and increased employee motivation and commitment (direct pathway).

HR Development Strategies Must Be *Competence-Centric* : HR priorities must shift from simply implementing programs to measuring competency improvement outcomes. Every career development and training program must be designed to address specific competency gaps.

Justification of Training Costs: Training should be considered an investment that only produces *Return on Investment (ROI)* through increased *Employee Competence*. Training that does not focus on competency outcomes is cost-ineffective.

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