



DOI: <https://doi.org/10.38035/gijea.v3i4>
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The Role of Knowledge-Oriented Leadership in Enhancing Employee Retention Through Human Resource Development: A Qualitative Case Study at Mega Baja Indonesia Zone 16

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Abstract: This research aims to analyze the role of knowledge-based leadership in strengthening employee retention through human resource (HR) development practices in manufacturing organizations. The research used a qualitative approach with a case study design carried out at Mega Baja Indonesia Zone 16. Data collection was carried out through in-depth interviews, direct observation and analysis of organizational documents, which were then analyzed using thematic analysis techniques to identify patterns and relationships between research variables.

The research results show that knowledge-based leadership plays an important role in encouraging work learning, continuous mentoring, and open information that is integrated with career development systems and increasing employee competency. These practices shape perceptions of organizational support and professional growth opportunities, which significantly strengthen employees' engagement and commitment to staying with the organization. These findings confirm that the influence of knowledge-based leadership on employee retention occurs through a systematic HR development mechanism.

This research provides theoretical contributions by expanding understanding of the role of knowledge-based leadership in supporting talent sustainability, as well as practical contributions for manufacturing organizations in designing HR development strategies oriented towards employee retention.

Keyword: Knowledge Based Leadership, Employee Retention, Human Resource Development, Qualitative Case Study

INTRODUCTION

Employee retention is a strategic issue in modern human resource management, as it directly impacts organizational stability, competency sustainability, and long-term profitability. High retention rates indicate that an organization can successfully retain talented employees to contribute optimally, which in turn influences long-term performance and competitiveness. Amid increasingly fierce global business competition, employee retention

strategies have become a primary focus for organizations aiming to preserve high-quality human resources as vital assets.

Previous research has identified several retention strategies, including effective communication, team diversification, competent recruitment, and the provision of continuous training and development opportunities for staff. In this context, talent management and work-life balance are also viewed as critical mechanisms influencing an employee's decision to stay, especially when backed by strong organizational support. Other studies emphasize that work motivation and compensation policies are key factors in retaining employees, where high job satisfaction correlates positively with retention rates.

Within management theory, work-life balance is seen as a crucial determinant of retention behavior, although some studies have found a complex relationship between work-time allocation, work-life balance, and job satisfaction acting as a mediator. Furthermore, the role of leadership has been confirmed in many studies as a significant factor influencing psychological capital, work climate, and organizational commitment—all of which impact workforce retention. Leadership encompasses more than just administrative actions; it reflects a leader's behavioral patterns involving task orientation, interpersonal relationships, and strategic abilities in conflict management and empathy.

As knowledge-based organizations evolve, leadership practices have undergone a paradigm shift from mere worker control toward a learning and knowledge management orientation. Knowledge-oriented leaders encourage, support, and reward innovation and new ideas from employees. This approach aligns with the organizational need to build a culture of continuous learning that strengthens internal competencies and adaptation to environmental changes. In the manufacturing sector, where work is often operational and structured, knowledge-based leadership serves as a relevant strategy for creating a competitive advantage through human resource development and long-term talent maintenance.

This context is particularly relevant to this study conducted at Mega Baja Indonesia Zone 16, a manufacturing organization that implements knowledge-based leadership in its HRM practices. Although extensive research has discussed the relationship between leadership, work motivation, or work-life balance and retention, a gap remains in the literature regarding how knowledge-based leadership specifically reinforces employee retention through structured HR development mechanisms. Therefore, this study aims to analyze in-depth the role of knowledge-based leadership in increasing employee retention through HR development practices.

Theoretically, this study expands the literature by demonstrating that the relationship between leadership and retention is not only direct but also mediated by workplace learning processes, career coaching, knowledge transfer, and competency building. Thus, knowledge-based leadership is positioned not merely as a leadership style, but as a strategy that integrates strategic human resource development and organizational support to build sustainable employee retention. Practically, this research offers a strategic foundation for manufacturing organizations in designing effective HR development strategies, such as tiered training systems, clear internal career paths, and reward mechanisms that can strengthen the perception of organizational support and employee engagement.

METHOD

This study employs a qualitative approach with a case study design to gain a deep understanding of the role of knowledge-oriented leadership in strengthening employee retention through human resource development (HRD) practices at Mega Baja Indonesia Zone 16. The qualitative approach was selected because the research focuses on the processes, meanings, and subjective experiences of organizational actors within a real-world work environment, rather than mere quantitative generalization. Within this framework, the

researcher seeks to holistically capture the social dynamics and interactions occurring within the organizational context.

The case study design was chosen as the research focuses on a single organizational unit as a specific context, allowing for a comprehensive disclosure of the reality behind complex phenomena. The case study emphasizes understanding phenomena within specific boundaries of time and place, providing space for the researcher to examine leadership practices and HRD in depth at Mega Baja Indonesia Zone 16.

The research subjects were determined through purposive sampling, specifically selecting informants who are directly involved in leadership practices and employee development processes. Key informants include regional leaders, acting managers, and employees who have undergone coaching and career development processes. This selection is intended to obtain rich and relevant data to answer the research questions.

Data collection was conducted through three primary techniques: in-depth interviews, participant observation, and documentary analysis. In-depth interviews were used to explore the informants' experiences, perceptions, and interpretations of knowledge-based leadership practices and their impact on HRD and employee retention. Observations were conducted to understand work dynamics, social interactions, and the work culture context directly within the organization's natural setting. Organizational documentation includes HR policies, training modules, performance appraisal records, and internal promotion systems relevant to career development practices.

Data analysis was performed thematically using an inductive approach, where the analytical process involves interview transcription, initial data coding, grouping codes into categories, and discovering themes that represent meaning patterns from leadership practices, HRD, and employee retention. This approach aligns with qualitative research principles that emphasize deep meaning and the interpretation of social phenomena. The analysis results are not intended for statistical generalization but rather to provide a rich and holistic contextual understanding of the phenomena studied at Mega Baja Indonesia Zone 16.

To ensure data validity (trustworthiness), the researcher applied several techniques, including source and technique triangulation, member checking, and prolonged engagement in field observation. Triangulation was used to verify consistency between interview data, observation results, and organizational documents. Member checking was utilized by asking respondents to review their interview transcriptions to ensure interpretative accuracy. Adequate time spent by the researcher in the field also allowed for a more complete understanding of organizational practices, as recommended in naturalistic qualitative research.

This research was conducted at Mega Baja Indonesia Zone 16, chosen for its organizational characteristics that represent a manufacturing environment with structured operating systems and clear employee coaching programs. The research timeframe was designed to allow for repeated observations, ensuring that the dynamics of leadership practices and talent retention could be understood continuously.

Key informants were selected through strict purposive criteria based on their involvement in practical leadership and career development processes. The informants involved include:

Tabel 1. Informants and Positions

| No. | Informant | Position |
|-----|---------------|--|
| 1 | Agus Setiawan | Manager of Mega Baja Indonesia Zone 16 |
| 2 | Sanudin | Acting Manager (<i>Pelaksana Tugas</i>) of Mega BajaCibitung |
| 3 | Deni Ahyar | Acting Manager of Mega Baja Pulo Gebang |
| 4 | Arip Gumilar | Acting Manager of Mega Baja Delta Mas |

| | | |
|---|--------------|--------------------------------------|
| 5 | Indra Maliva | Acting Manager of Mega Baja Sukatani |
| 6 | Rismayanti | Marketing Executive |

The selection of these informants allows the study to explore diverse perspectives, ranging from managerial viewpoints to direct employee experiences within coaching and career development practices. With this methodological design, the research is structured to align with its primary objective: to gain a profound understanding of how knowledge-based leadership plays a role in strengthening employee retention through human resource development mechanisms within a manufacturing context.

RESULT AND DISCUSSION

1. Research Themes and Key Findings

The research findings at Mega Baja Indonesia Zone 16 demonstrate that knowledge-oriented leadership plays a central role in strengthening employee retention through various human resource development (HRD) practices, creating positive perceptions of organizational support and career growth prospects. These findings are summarized in Table 2 below:

Tabel 2. Key Research Findings

| Main Theme | Sub-theme / Category | Field Findings | Analytical Significance |
|--|---|---|--|
| Knowledge-Oriented Leadership | Leadership as a direct mentor | Leaders emphasize practical guidance through real work experience and storytelling. | Knowledge transfer occurs through social interaction rather than just formal instruction. |
| | Leadership role in competency development | Superiors actively perform coaching and evaluate promotion readiness. | Leaders function as <i>knowledge enablers</i> who open access to learning and career mobility. |
| Human Resource Development | Tiered training systems | Initial and advanced training, including certification facilitation. | The organization creates structured learning pathways. |
| | Internal Career Paths | Internal promotions and cross-functional opportunities. | HRD is inclusive, increasing engagement and loyalty. |
| Organizational Culture & Values | Reward and Incentive Systems | Collective bonuses and individual incentives. | Rewards reinforce work motivation and loyalty. |
| | Integration of spiritual values | Leadership emphasizes ethics and "blessings" (<i>keberkahan</i>). | Organizational values strengthen <i>affective commitment</i> . |
| | Leadership concern | social Support for transportation costs and extended leave. | Perceived organizational support increases loyalty. |
| Employee Retention | Loyalty through long-term nurturing | Recruitment, training, and internal promotion. | Long-term investment in employees creates a commitment to stay. |
| | Operational stability | Cross-functional training and resource | Retention is linked to the sustainability of |

buffering. the work system.

Note: Findings processed from key informant interviews and field observations (2026)..

2. Knowledge-Oriented Leadership as a Workplace Learning Mechanism

Findings indicate that leadership at Mega Baja Indonesia Zone 16 is positioned as a facilitator of workplace learning, actively involved in the employee mentoring process. This approach is based on practical, everyday experiences rather than mere formal instructions. Leaders take on the role of knowledge mediators by guiding new employees directly through contextual work experiences. This was emphasized by one informant:

"Employees here aren't just left on their own. They are mentored first, they shadow seniors, and learn gradually until they are truly ready." (Acting Manager, Mega Baja Cibitung)

This statement confirms that knowledge transfer occurs contextually through daily work practices, reflecting the character of knowledge-oriented leadership which emphasizes contextual learning through continuous social interaction. This approach is consistent with the theory that knowledge-based leadership focuses on developing individual capacity through shared experience and reflection.

3. Leadership in Problem Solving as a Source of Collective Learning

Furthermore, interview results show that leaders use workplace issues as material for collective learning. Every issue or obstacle is discussed openly with employees, followed by a chronological clarification and joint evaluation. One informant explained:

"If there's a problem, the leader usually asks for the chronology first, checks the evidence, and then makes a decision. From that, we also learn so we don't repeat the same mistake." (Operational Employee)

This practice shows that leaders act not only as operational controllers but also as agents of organizational reflection. This approach aligns with studies stating that leaders must transform challenges into learning that improves work procedures and enhances collective competence.

4. HR Development through Internal Career Paths

The relationship between knowledge-oriented leadership and employee retention is strengthened through a clear and structured internal career development system. Employees at Mega Baja have opportunities for cross-functional mobility based on their potential and interests. This is reflected in a statement by one informant:

"Drivers can level up according to their driving abilities; they can even move to marketing if they have the potential. So, the career path is clear." (Acting Manager, Mega Baja Pulo Gebang)

This clarity in career paths builds positive long-term career expectations. Leaders do not only assess current performance but also guide employees' readiness for the next level through coaching and periodic evaluations. This approach allows HRD to function as a bridge between leadership and employee retention, as employees see growth opportunities within the organization—a factor consistently reported as a critical determinant of work engagement and loyalty.

5. Reward Systems as Reinforcements for Motivation and Loyalty

In addition to competency development, knowledge-oriented leadership is reinforced by a performance-based reward system. Transparent and collective incentive schemes build a sense of fairness and recognition for both individual and team contributions. A marketing executive stated:

"If targets are met, we get a share. So, the motivation to work isn't just about the salary, but because there are results that can be felt directly." (Marketing Executive)

This quote reflects that the reward system is perceived not merely as financial compensation, but as a form of organizational appreciation for individual effort and competence. The combination of nurturing and rewards strengthens employees' emotional engagement, which ultimately influences their decision to stay with the company.

6. Welfare Dimensions and Social Support in Retention

Other findings reveal that employee retention is influenced by the organization's attention to personal and family welfare. This creates a perception of a supportive climate and strengthens the emotional bond between employees and the company. One informant explained:

"The company helps with family health costs; that means a lot. We feel cared for, not just seen as workers." (Acting Manager, Mega Baja Delta Mas)

This statement demonstrates that knowledge-oriented leadership operates not only in the cognitive and professional realms but also in social and emotional dimensions. Perceived organizational support (POS) is conceptually recognized as a strong predictor of employee retention because it creates a sense of being valued, which drives long-term engagement.

7. Synthesis of Discussion

Overall, the research results show that employee retention at Mega Baja Indonesia Zone 16 is the result of an integration of several elements initiated by knowledge-oriented leadership, namely:

- a. Contextual workplace learning through daily experiences that provide meaningful, practical competencies;
- b. Clear internal career development, providing future prospects for employees;
- c. Fair and transparent reward systems, reinforcing motivation and loyalty;
- d. Welfare support and social concern, creating strong emotional bonds.

The leader acts as the primary driver aligning all these elements into consistent and strategic practices. Thus, employee retention is formed not merely as a consequence of financial incentives, but as the result of a learning and human resource development ecosystem built through knowledge-oriented leadership.

CONCLUSION

This study concludes that knowledge-oriented leadership serves as the primary driver for sustainable employee retention through structured and meaningful human resource development (HRD) mechanisms. At Mega Baja Indonesia Zone 16, this leadership practice is manifested through direct coaching, the transfer of work experience, and reflective dialogue that transforms daily operational activities into spaces for continuous learning. This pattern not only strengthens employees' technical competencies but also builds an adaptive work culture that bolsters emotional attachment and affective commitment to the organization.

The research findings emphasize that HRD is a key mediator between knowledge-oriented leadership and employee retention. The clarity of accessible internal career paths, individualized potential-based coaching systems, and the expansion of cross-functional work experiences create a positive perception of a future within the organization. This clear vision of the future is a more powerful factor in increasing an employee's commitment to stay than mere financial compensation, as employees feel valued as long-term assets with opportunities for growth.

Furthermore, this study demonstrates that the integration of leadership, performance-based reward systems, and a supportive work climate reinforces work motivation, satisfaction, and loyalty. Recognition of individual contributions through fair incentive systems, attention to personal and family welfare, and personalized care from leaders foster a humanistic work relationship. Such professional relationships add deeper meaning to an individual's career, contributing significantly to their decision to remain with the organization over the long term.

Conceptually, these findings expand the understanding that the influence of knowledge-oriented leadership on employee retention does not occur directly. Instead, it operates through a managerial ecosystem that integrates contextual learning, career development, reward systems, and social support. This ecosystem simultaneously transforms organizational knowledge into individual growth and organizational stability. Consequently, retention is understood as the result of a holistic leadership strategy rather than just a consequence of compensation policies.

Accordingly, this research confirms that efforts to retain high-potential employees are more successful when organizations adopt a leadership model that:

- a. Integrates workplace learning as a core part of competency routines;
- b. Maps clear and equitable career paths;
- c. Implements meaningful reward and incentive systems;
- d. Prioritizes the holistic welfare of employees.

This model not only strengthens workforce stability but also enhances the organization's adaptive capacity in facing environmental changes and the competitive demands of the manufacturing industry.

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