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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 is directly related to organizational stability, sustainability of competencies, and long-term profitability (Armstrong & Taylor, 2020; Dessler, 2020). High retention indicates that an organization is capable of maintaining talented employees to contribute optimally, which in turn affects organizational performance and long-term competitiveness (Mathis et al., 2017). Amid increasingly intense global business competition, employee retention strategies have

become a primary focus for organizations seeking to preserve high-quality human resources as vital assets (Noe et al., 2020).

Several retention strategies have been identified in previous studies, including effective communication, team diversity, recruitment of competent employees, and the provision of continuous development and training opportunities for staff (Allen et al., 2010; Deery & Jago, 2015). In this context, talent management and work-life balance are also viewed as important mechanisms influencing employees' decisions to remain within an organization, supported by strong organizational support (Collings et al., 2019; Haar et al., 2014). Other studies emphasize that work motivation and compensation policies are key factors in employee retention, where higher job satisfaction levels are positively correlated with retention rates (Herzberg, 2003; Robbins & Judge, 2018).

Within the framework of management theory, work-life balance is considered a significant determinant of retention behavior, although some studies reveal complex relationships among work time allocation, work-life balance, and job satisfaction as a mediating variable in influencing employee retention (Greenhaus & Allen, 2011; Sirgy & Lee, 2018). Furthermore, leadership has been widely confirmed as a significant factor influencing psychological capital, work climate, and organizational commitment, all of which impact workforce retention (Avolio & Bass, 2004; Luthans et al., 2007). Leadership not only encompasses administrative actions but also reflects behavioral patterns involving task orientation, interpersonal relationships, and strategic capabilities in conflict management and empathy (Yukl, 2013).

With the development of knowledge-based organizations, leadership practices have shifted from merely controlling workers toward a learning-oriented and knowledge management approach (Nonaka & Takeuchi, 1995; Northouse, 2021). Knowledge-oriented leaders encourage, support, and value innovation and new ideas from employees (Donate & de Pablo, 2015). This approach aligns with organizational needs to build a continuous learning culture that strengthens internal competencies and adaptability to environmental changes (Senge, 2006). In the manufacturing industry context, where work tends to be operational and structured, knowledge-based leadership becomes a relevant strategy to create competitive advantage through human resource development and long-term talent retention (Garavan et al., 2021).

This context is relevant to the present study conducted at Mega Baja Indonesia Zona 16, a manufacturing organization implementing knowledge-based leadership in its human resource management practices. Although many studies have examined the relationships between leadership, work motivation, or work-life balance and retention, there remains a gap in the literature regarding how knowledge-based leadership specifically strengthens employee retention through structured human resource development mechanisms (Collings et al., 2019; Garavan et al., 2021). Therefore, this study aims to analyze in depth the role of knowledge-based leadership in enhancing employee retention through HR development practices.

Theoretically, this study extends the literature by demonstrating that the relationship between leadership and retention is not only direct but also mediated by work learning processes, career development, knowledge transfer, and competency enhancement (Noe et al., 2020; Senge, 2006). 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 in building sustainable employee retention. Practically, this study 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 strengthen perceived organizational support and employee engagement (Armstrong & Taylor, 2020; Garavan et al., 2021).

METHOD

This study employs a qualitative approach with a case study design to gain an in-depth understanding of the role of knowledge-oriented leadership in strengthening employee retention through human resource (HR) development practices at Mega Baja Indonesia Zona 16. The qualitative approach is chosen because the focus of the study lies in processes, meanings, and the subjective experiences of organizational actors in real work environments, rather than mere quantitative generalization (Creswell, 2014; Denzin & Lincoln, 2018). Within this framework, the researcher seeks to capture social dynamics and interactions occurring in the organizational context holistically.

The case study design is selected because the research focuses on a single organizational unit as a specific context, allowing for a comprehensive exploration of the underlying realities of complex phenomena (Yin, 2018; Stake, 1995). Case studies emphasize understanding phenomena within specific time and place boundaries and provide space for in-depth examination of leadership practices and HR development within Mega Baja Indonesia Zona 16.

Research subjects are determined through purposive sampling, selecting informants who are directly involved in leadership practices and employee development processes. Key informants include regional leaders, managerial task executors, and employees who have participated in coaching and career development processes. This selection aims to obtain rich and relevant data aligned with the research questions (Patton, 2002; Sugiyono, 2019).

Data collection is conducted through three primary techniques: in-depth interviews, participant observation, and document analysis. In-depth interviews are used to explore informants' experiences, perceptions, and interpretations of knowledge-based leadership practices and their impact on HR development and employee retention. Observation is conducted to understand work dynamics, social interactions, and the organizational culture in its natural setting (Marshall & Rossman, 2016). Organizational documentation includes HR policies, training modules, performance appraisal records, and internal promotion systems relevant to career development practices.

Data analysis is conducted thematically using an inductive approach, involving interview transcription, initial coding, categorization of codes, and identification of themes representing patterns of meaning related to leadership practices, HR development, and employee retention (Braun & Clarke, 2006). This approach aligns with qualitative research principles emphasizing deep interpretation of social phenomena. The findings are not intended for statistical generalization but rather to provide rich and holistic contextual understanding of the phenomena studied at Mega Baja Indonesia Zona 16.

To ensure data validity, the researcher applies several techniques, including source and method triangulation, member checking, and prolonged engagement in field observation. Triangulation is used to verify consistency among interview data, observational findings, and organizational documents. Member checking is conducted by asking respondents to review interview transcripts to ensure interpretive accuracy. Prolonged engagement in the field allows for a more comprehensive understanding of organizational practices, as recommended in naturalistic qualitative research (Lincoln & Guba, 1985).

This study is conducted at Mega Baja Indonesia Zona 16, selected due to its organizational characteristics representing a structured manufacturing environment with well-defined employee development programs. The research timeline is designed to allow repeated observations, enabling continuous understanding of leadership practices and talent retention dynamics (Yin, 2018).

The selection of key informants is carried out through strict purposive criteria based on their involvement in leadership practices and career development processes. The informants involved are as follows:

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

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 (Garavan et al., 2021); (Collings et al., 2019). 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 have 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.
	Reward and Incentive Systems	Collective bonuses and individual incentives.	Rewards reinforce work motivation and loyalty.
Organizational Culture & Values	Integration of spiritual values	Leadership emphasizes ethics and "blessings" (<i>keberkahan</i>).	Organizational values strengthen <i>affective commitment</i> .
	Leadership social concern	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 buffering.	Retention is linked to the sustainability of the work system.

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

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 (Nonaka & Takeuchi, 1995; Senge, 2006). Leaders take on the role of knowledge mediators by guiding new employees directly through contextual work experiences (Garavan et al., 2021). 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 (Nonaka & Takeuchi, 1995). This approach is consistent with the theory that knowledge-based leadership focuses on developing individual capacity through shared experience and reflection (Garavan et al., 2021).

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 (Argyris & Schön, 1996; Senge, 2006).

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 (Allen et al., 2010; Collings et al., 2019).

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 (Herzberg, 2003; Robbins & Judge, 2018).

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 panjang (Eisenberger et al., 2002; Rhoades & Eisenberger, 2002).

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 (Senge, 2006).
- b) Clear internal career development, providing future prospects for employees (Collings et al., 2019).
- c) Fair and transparent reward systems, reinforcing motivation and loyalty (Robbins & Judge, 2018).
- d) Welfare support and social concern, creating strong emotional bonds (Eisenberger et al., 2002).

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 (Garavan et al., 2021).

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 (Garavan et al., 2021; Collings et al., 2019). 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 (Nonaka & Takeuchi, 1995; Senge, 2006). 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 (Meyer & Allen, 1997).

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 (Noe et al., 2020; Allen et al., 2010). 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 (Collings et al., 2019).

Furthermore, this study demonstrates that the integration of leadership, performance-based reward systems, and a supportive work climate reinforces work motivation, satisfaction, and loyalty (Robbins & Judge, 2018; Herzberg, 2003). 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 (Eisenberger et al., 2002; Rhoades & Eisenberger, 2002).

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 (Garavan et al., 2021; Senge, 2006). 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 (Dessler, 2020).

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 (Senge, 2006);
- b) Maps clear and equitable career paths (Collings et al., 2019);
- c) Implements meaningful reward and incentive systems (Robbins & Judge, 2018);
- d) Prioritizes the holistic welfare of employees (Eisenberger et al., 2002).

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 (Garavan et al., 2021).

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