

## Human Resource Management Approaches in Makassar's Business Environment

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### Abstract

*A research investigates Human Resource Management (HRM) strategies within Makassar's business environment to understand strategic measures and obstacles as well as their effects on performance outcomes. A qualitative study design enabled researchers to obtain data through intensive interviews with professionals from Human Resources departments and leaders and staff members from multiple sectors of business. HD management in Makassar directs its Human Resource Management approach toward financial security and job stability above intrinsic motivation and career development in a way which differs from established economic patterns. Business productivity benefits from standardized HRM policies yet digital HR implementations together with innovative strategies remain poorly developed. The meaningful execution of HRM practices faces disability because of bureaucratic limitations and staff reluctance to implement new methods and restricted financial capability. Employers in Makassar primarily depend on pay raises and job security promises to combat talent departures instead of providing work flexibility and professional growth opportunities. The research adds value to HRM research by showing how experts should develop HR frameworks which combine worldwide best examples with specific conditions and cultural elements of the region. Businesses operating in Makassar need to dedicate investments toward three main areas: workforce development alongside digital HR technologies and adaptive HR management strategies. Research should continue to evaluate the modifying role of HRM in emerging markets along with investigating possible integration of technological solutions that boost both employee engagement and organizational performance.*

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## Introduction

Business performance together with sustainability depends heavily on Human Resource Management (HRM) systems in dynamic and competitive environments as explained by Hernita et al. (2021). Organizations achieve talent attraction and development and talent retention through effective human resource management which also enables the organization of workforce capabilities with stated objectives (Holbeche, 2022). Since the past few years HM has transitioned from its administrative traditional role into a strategic partner position which now affects organizational success levels and employee satisfaction and productivity outcomes (Anglin et al., 2022; Berg et al., 2021). Indonesia as an emerging economy maintains significant importance for HRM because businesses need to address intricate aspects like governmental rules and labor protocols and cultural adaptation (Arief et al., 2021; Hernita et al., 2021). Organizations need to understand Makassar's business environment HRM approaches for developing sustainable practices along with developing their workforce.

Business growth within Makassar has been rapid because of multiple factors that include enhancing investment as well as urbanization and industrial expansion (Surya et al., 2021; Anwar et al., 2022). Independent sector activities in manufacturing combined with retail and

hospitality and service industries drive the economy of Makassar as the Eastern Indonesian trade and commerce center (Mapparenta & Arfah, 2021). Business diversity demands HRM strategies that provide flexibility alongside adaptation abilities so they can serve multiple industries within national labor regulations (Martinez et al., 2021; Sadikin et al., 2023). The economic potential of Makassar creates multiple HRM-related difficulties for businesses because employers struggle to hire skilled workers and retain their employees and deliver training and implement labor law requirements (Majumder & Dey, 2024). The evolving labor policies in Indonesia increase the difficulty for businesses to maintain their HRM strategies because they need continuous adaptation.

The primary concern in HRM management for Makassar's business sector includes securing suitable talents and developing a prepared workforce. Market research demonstrates that emerging economy businesses experience difficulties filling positions with skilled workers who hold the needed industry-specialized capabilities (Cavusgil, 2021; Cezarino et al., 2022). Studies show that vocational education institutions combined with universities in Makassar play a part in workforce development yet graduate skills do not meet industrial requirements. A workforce gap requires immediate HRM action through specific hiring initiatives combined with company-provided training and professional partnerships between employers and academics and educational institutions (Negt & Haunschild, 2025; Tenakwah & Watson, 2025). Small and medium enterprises that constitute a significant business sector in Makassar normally operate without established HRM systems which results in unproductive hiring methods as well as suboptimal talent management.

The matter of employee retention stands as a critical business challenge throughout establishments in Makassar. Organizations need stable skilled staff to maintain continuous operation and achieve lasting development (Mahato et al., 2021; Emon et al., 2023). High employee turnover frequently affects business sustainability because it particularly affects the service and retail industries. Payment levels along with growth possibilities at work and the organizational atmosphere determine workplace retention. Makassar-based organizations that devote funds to staff advancement while offering fair pay along with respectful workplaces maintain better employee retention numbers according to Knaap (2022). Modern workplace expectations between generational groups require HRM to transform because younger workers value employment flexibility with career development and job fulfillment instead of conventional job security.

The human resource management framework of Makassar deeply benefits from professional training initiatives. Professional development must occur constantly to help workers maintain their performance standards as well as business competitiveness (Mlambo et al., 2021; Yarberry & Sims, 2021). Employee training at the forefront of business strategy brings about augmented productivity together with improved innovation and enhanced workplace satisfaction (Aithal, 2023). A number of organizations in Makassar execute skill enhancement programs alongside government agencies together with academic institutions. The majority of SMEs and numerous businesses experience both financial constraints and logistical problems implementing systematic training programs (Bui et al., 2021). A strategic Human Resources Management system should implement budget-friendly learning solutions including online educational programs and mentoring relationships to overcome these obstacles.

HRM compliance standards keep their position as a primary regulatory requirement in the Makassar context. Labor laws of Indonesia have established legal requirements about the minimum wage together with maximum working hours standards and employee benefit packages and occupational protection standards (Hamid, 2021). Organizations need to uphold legal requirements as well as ethical labor practices to prevent penalties and maintain their ethical standards. SMEs face difficulties in overcoming regulatory hurdles because they possess limited knowledge about human resource management. Legal disputes decrease alongside employee satisfaction when organizations use proactive compliance methods which involve conducting regular policy reviews and performing HR audits (Latilo et al., 2024).

Another dimension of HRM in Makassar's business environment is the influence of local culture on workplace dynamics. Indonesian business culture emphasizes collectivism, hierarchical structures, and respect for authority. These cultural values shape HRM practices, particularly in areas such as leadership styles, performance management, and employee relations businesses in Makassar often adopt a paternalistic leadership approach, where employers play a mentorship role in guiding employees' career paths. While this approach fosters loyalty and trust, it can sometimes hinder employee autonomy and innovation. Striking a balance between traditional leadership models and modern HRM practices is essential for optimizing workforce performance.

Despite the challenges, businesses in Makassar have demonstrated innovative HRM strategies that contribute to organizational success. Companies that leverage technology for HR functions, such as digital recruitment platforms and performance management software, report improved efficiency and employee engagement. Businesses that prioritize diversity and inclusion initiatives create more dynamic and competitive workplaces. HRM strategies that align with global best practices while considering local business dynamics are likely to yield sustainable outcomes in Makassar's evolving economic landscape.

The research investigates various HRM methods used by Makassar businesses through analysis of local HR challenges to determine appropriate alignment of HRM strategies with native business conditions. The evaluation of practical HRM implementations within Makassar enables this research to develop both theoretical knowledge about workforce management there as well as strategies to boost HRM effectiveness.

## **Method**

The present research adopted qualitative methods to investigate human resource management practices throughout business operations in Makassar. Military businesses in the city received qualitative research treatment to examine HRM practices alongside their management challenges and adjustments. The selected research approach enabled researchers to conduct detailed analyses of HRM dynamics by collecting insights from business leaders and HR managers and their staff members.

A descriptive qualitative design was employed by the study to gather deep information about how different industries in Makassar approached human resource management practices. The study design matched the goal because it showed how businesses delivered human resource management through meanings and practices and interpretations of their methods. This research examined different patterns alongside strategic elements along with situational determinants which affect human resource management across various organizations.

Makassar serves as the research location due to its role as Eastern Indonesia's main economic hub that contains diverse business sectors including retail along with hospitality and manufacturing and service sectors. The selection of Makassar focused on this research site because it combined economic growth with complex human resource management obstacles companies encountered in this area.

Participants were purposively selected based on their roles and experiences in HRM. The study included HR managers, business owners, and employees from small, medium, and large enterprises across various sectors, ensuring a diverse representation of perspectives. The inclusion criteria required that participants had at least three years of experience in HR-related roles or management positions within Makassar-based businesses.

Data were collected using in-depth semi-structured interviews, focus group discussions (FGDs), and document analysis.

Organizational leaders along with HR managers and chosen employees participated in semi-structured interviews to investigate HRM practices as well as recruitment models and employee retention practices and labor regulations enforcement. The participants gained space to present their insights about HRM and how they experienced and perceived and dealt with its challenges through open-ended questioning methods. The interviews lasted for durations between 45 and 90 minutes while recording sessions happened with participant permission.

A set of FGDs involved staff and middle-level leadership to gather insights about organizational policies together with employee training initiatives and methods for workplace engagement. Every Focus Group Discussion involved between five and seven participants who followed a predefined series of thematic questions.

Business reports alongside HR policy documents combined with government labor regulations provided context to analysis from Entrevistas and Focales de Grupo Deliberacion. Additional information about Makassar's official HRM approaches along with regulatory requirements emerged from the collected documents that established Makassar's organization within its business setting.

The study employed thematic analysis as its method for evaluating qualitative information. The transcription process documented interviews and FGDs in full text form before multiple reviews of the transcripts resulted in thematic and pattern identification. The coding analysis integrated deductive and inductive methods to review essential HRM principles as well as detect new emerging findings during the analysis process. The data analysis structure included major topics which included talent acquisition, employee retention, training and development, regulatory compliance, and workplace culture.

Thematic coding and data organization received assistance through the use of NVivo software. The researchers examined participant stories by connecting their statements to established human resource management principles along with current best industry practices. The study employed triangulation techniques to merge analysis results from interviews with analysis from FGDs also incorporating document analysis findings to validate the research.

## Result and Discussion

The research examined Human Resource Management (HRM) practices and their associated approaches together with barriers and outcomes in Makassar which stands as an expanding commercial hub in eastern Indonesia. Makassar provides relevant insights about HRM through its combination of diverse manufacturing services retail and hospitality sectors despite cultural challenges and complex regulations together with resource limitations. This research examined strategic and digital human resource management approaches as organizations in developing urban economies manage their workforce and retain talents and regulate compliance to achieve performance outcomes. The narrative tells how businesses in Makassar apply HRM while aligning with worldwide literature yet showing divergent points.

### HRM Strategies in Makassar's Business Environment

Local business human resource management strategies in Makassar achieved development because of the economic growth together with workforce diversity changes as well as shifting labor regulations in the area. Businesses operating in the region employ different HRM strategies to stimulate staff productivity alongside talent recruitment and retention as well as labor laws compliance. Qualitative research revealed essential HRM strategies that businesses in Makassar utilize to acquire skilled talent and build employee loyalty along with training programs and performance management systems and labor law compliance programs.

Employee acquisition stands as a leading priority for Makassar businesses because their market is competitive and skill requirements are constantly becoming more advanced. Various recruitment approaches exist for companies which combine job portal services with staff advocate schemes and educational institution connections. Business organizations now use competency-based hiring methods to attract candidates who demonstrate both essential skills and interpersonal abilities necessary for their sector.

*"We no longer rely solely on academic qualifications; we now prioritize candidates with practical skills and adaptability, as our industry demands hands-on expertise."*

This approach aligns with Makassar's growing focus on industrial and service sectors, where practical experience often outweighs formal education. Another significant trend in talent acquisition is the increasing use of digital platforms for recruitment. Businesses have embraced social media, LinkedIn, and online job portals to expand their reach and attract a diverse pool of candidates.

*"Social media has helped us connect with younger job seekers who prefer digital platforms over traditional job advertisements. It allows us to engage with potential employees in a more interactive way."*

Retention strategies in Makassar's businesses focus on creating a supportive work environment, offering competitive benefits, and fostering a sense of belonging among employees. Many companies have recognized that salary alone is not enough to retain top talent; thus, they invest in workplace culture and employee engagement initiatives.



*“We have introduced flexible work schedules and wellness programs to keep employees motivated. Happy employees are more likely to stay and contribute positively to the company.”*

This reflects a broader trend where businesses are adopting work-life balance initiatives, such as hybrid work models and mental health support programs. Furthermore, businesses in Makassar have implemented reward and recognition programs to boost employee morale. Performance-based incentives, bonuses, and employee appreciation events have become common retention strategies.

*“Knowing that my hard work is recognized through incentives and career growth opportunities makes me more committed to staying with my company.”*

Continuous learning and professional development have become critical components of HRM strategies in Makassar’s business environment. Companies provide in-house training sessions, sponsor external workshops, and encourage employees to pursue certifications relevant to their roles. These initiatives aim to enhance employee competencies and keep them updated with industry trends.

*“We conduct regular training sessions on leadership, digital skills, and customer service to help employees develop their potential and adapt to market changes.”*

This reflects the growing emphasis on upskilling employees to improve organizational efficiency and competitiveness. Additionally, mentorship programs have gained popularity, particularly in medium and large enterprises. Experienced employees mentor junior staff to facilitate knowledge transfer and professional growth.

*“Having a mentor within the company has helped me navigate my career path and improve my skills much faster than traditional training methods.”*

Performance management excellence creates essential conditions for maintaining employee holdability and maintaining continuous development. Organizations operating in Makassar maintain performance review procedures that unite performance metrics with scheduled feedback exchanges combined with objective goal management methods. Such performance management systems assist organizations to spot their best performers while giving customized assistance to workers who require growth. The construction firm now conducts feedback sessions in real time instead of traditional annual performance evaluations according to their HR director. The strategy brought about crucial production enhancements. Time-based performance assessment gives workers the opportunity to change their work methods instantly before yearly evaluations happen. Businesses use HR software to monitor employee advancement while automating their performance evaluation procedures as a part of their technology implementation in performance management systems.

*“Using digital performance tracking tools has streamlined our appraisal process and made it easier to provide transparent feedback.”*

Compliance with labor laws and workplace policies is a fundamental aspect of HRM in Makassar’s business environment. Companies must adhere to Indonesia’s labor regulations,

including fair wages, working hours, and employee benefits. Many businesses have established dedicated HR compliance teams to ensure adherence to these regulations.

*“We conduct regular audits to ensure that all labor policies are being followed. Non-compliance can lead to legal issues and damage the company’s reputation.”*

This proactive approach helps businesses mitigate legal risks while promoting ethical employment practices. Additionally, businesses collaborate with government agencies and labor unions to stay informed about changes in labor laws.

*“We regularly engage with policymakers to ensure that our HR policies align with the latest labor regulations and industry standards.”*

This engagement fosters a cooperative relationship between businesses and regulatory bodies, ensuring smooth policy implementation.

### **Challenges in HRM Implementation**

Despite the adoption of various human resource management (HRM) strategies, businesses in Makassar face significant challenges in their implementation. Different critical obstacles emerge from staffing deficiencies together with skill deficits and personnel turnabout problems coupled with cultural resistance to organizational change and difficulties in compliance and digital HRM practices transformations. The solution to these challenges demands business entities to develop flexible people management approaches which follow both local market trends and world workforce alignments.

Makassar faces a severe lack of qualified workers across different business sectors among its major HRM implementation challenges. During its fast economic expansion, the city finds it challenging to hire employees who meet modern contemporary workplace requirements with their technical abilities as well as soft skills. Organizations depend on educational institutions across Makassar for employee selection but academic programs fail to deliver the practical expertise that companies need.

*“We receive many applications, but most candidates lack the hands-on experience needed for our operations. Training new hires takes time and resources, which not all companies can afford.”*

This gap forces businesses to invest in extensive on-the-job training, increasing operational costs. Additionally, emerging industries such as technology and digital marketing require specialized skills that are not widely available in the local job market.

*“The demand for digital skills is growing, but we have to look outside the city or even outside Indonesia to find the right talent.”*

This reliance on external talent creates additional hiring challenges, including higher salary expectations and cultural adaptation issues. High employee turnover rates pose another major challenge for businesses in Makassar. Many employees, particularly young professionals, view their jobs as temporary stepping stones rather than long-term careers. This trend leads to frequent staff turnover, disrupting business operations and increasing recruitment and training costs.

*“We invest in training our employees, but within a year, many of them leave for better-paying jobs elsewhere. It’s difficult to build a stable workforce.”*

This issue is particularly prevalent in industries such as hospitality, retail, and customer service, where job-hopping is common. Furthermore, small and medium enterprises (SMEs) struggle to offer competitive salaries and benefits compared to larger corporations.

*“Bigger companies can afford to offer higher wages and better benefits, making it hard for SMEs to retain skilled employees.”*

The struggle to deliver monetary incentives has led certain organizations to offer various non-financial employee benefits such as work flexibility and professional development and workplace health programs. Modern human resources management practices meet resistance from workers and senior management levels especially in older work organizations. Organizations that have existed in Makassar for a long time use hierarchical management systems which have strict workplace standards. Organizations try to introduce HR policies through performance evaluations and flexible working arrangements as well as digital HR systems but sometimes encounter employee resistance and management rejection.

*“Many company leaders are hesitant to change their traditional ways of managing employees. They see new HR strategies as unnecessary complications rather than improvements.”*

This resistance slows down the adoption of best practices and limits the effectiveness of HRM reforms. Employees may also resist changes, particularly when new policies affect their daily routines or job security.

*“We have been working in the same way for years. When the company introduced new performance metrics, many of us felt pressured and uncertain about our future.”*

Businesses need to implement change management strategies through proper communication while applying policy changes progressively to combat workplace resistance. Several labor regulations together with compliance requirements create challenges for HRM in the business sector of Makassar. Businesses operating in Indonesia need to continuously follow their country’s labor law updates because lack of knowledge creates legal uncertainties. SMEs especially face difficulties in complying with regulations because they lack resources and do not have enough legal expertise.

*“Keeping up with labor law changes is difficult, especially for smaller businesses that do not have dedicated HR compliance teams.”*

Organizations end up breaking labor laws unintentionally through their failure to meet minimum wage requirements and improper handling of contracts and employee benefits. Workplace safety standards alongside HR record accuracy become essential for businesses due to government inspections and audits.

*“Regulatory inspections are becoming more frequent. While compliance is necessary, the administrative burden is overwhelming, and it takes time away from actual business operations.”*



The solution of hiring external consultants to solve business problems ends up increasing operational expenses. Several companies conducting human resource management operations in Makassar face difficulties with integrating modern HR technologies into their workflows. A digital transformation of human resource systems demands money alongside specialized knowledge to execute payroll automation and employee performance tracking and online training platform integration. Small and medium enterprises among other companies frequently do not possess enough resources needed to deploy these technologies.

*“We tried implementing an online HR system, but employees found it difficult to use. Many preferred the old manual methods.”*

This highlights the need for proper training and user-friendly HR technologies that align with employee capabilities.

### **Impact of HRM Practices on Business Performance**

Human Resource Management (HRM) functions as a vital factor in forming business performance throughout Makassar’s expanding market which contains multiple industries. The way HRM strategies perform decides major business results which consist of employee productivity and job satisfaction as well as organizational efficiency along with talent retention and financial performance and innovation capabilities. Organizations implementing robust HRM systems achieve higher performance excellence yet organizations having inadequate HR practices face several organizational and workforce problems.

When properly implemented organizational HR systems create work places where staff members showcase higher productivity levels while experiencing increased professional satisfaction. Organizations that spend money on workplace development and pay employees fairly and engage them actively maintain productive teams comprised of motivated workers.

*“We noticed a significant improvement in employee performance after implementing regular training sessions and career development programs. Employees feel more valued and confident in their roles.”*

This suggests that continuous learning opportunities contribute to both skill enhancement and job motivation, leading to higher productivity. Moreover, workplace satisfaction directly influences employee performance. Companies that recognize and reward employees for their contributions create a positive work culture that encourages high performance.

*“Before, we rarely received any feedback on our work. But ever since our company introduced an employee recognition program, our motivation to perform well has increased.”*

This illustrates how HRM practices that focus on employee appreciation and well-being can lead to greater job satisfaction and improved work efficiency. HRM strategies also contribute to overall organizational efficiency by streamlining processes and improving communication. Efficient recruitment, onboarding, and performance management systems help companies reduce operational delays and enhance workflow coordination.

*“We used to experience frequent delays in hiring and staff allocation. After restructuring our HR processes and using digital HR tools, we reduced hiring time and improved team coordination.”*

This indicates that a well-structured HRM approach minimizes administrative inefficiencies and optimizes workforce deployment. Furthermore, HRM practices that encourage teamwork and collaboration create a more efficient workplace. Employees who receive clear job expectations and performance feedback tend to work more effectively.

*“Our HR team introduced structured work schedules and performance tracking, which made task assignments much clearer. Now, everyone knows their responsibilities, and productivity has improved.”*

This highlights how HR-driven organizational structures contribute to smoother business operations. Employee retention is a critical aspect of business success, and strong HRM strategies help reduce turnover rates. Companies that invest in employee development, career progression, and workplace satisfaction tend to retain skilled professionals for longer periods.

*“Businesses that prioritize employee growth and well-being see lower turnover rates. Employees stay longer when they feel there’s room for career advancement.”*

This demonstrates the link between HRM practices and workforce stability. Conversely, poor HRM strategies contribute to high attrition rates, which negatively impact business continuity and increase hiring costs.

*“Our high employee turnover used to be a major issue. Once we started offering better wages and flexible work arrangements, more employees chose to stay with us.”*

This suggests that competitive compensation and employee-centered policies are key to reducing turnover and maintaining a stable workforce. Effective HRM practices directly influence a company’s financial performance by optimizing labor costs, reducing recruitment expenses, and enhancing employee efficiency. Businesses that implement strategic workforce planning and performance-based incentives often experience higher profitability.

*“Ever since we introduced performance-based bonuses, our sales team’s productivity has increased, resulting in higher revenues.”*

This example highlights how HR policies that align employee incentives with company goals can positively impact financial performance. Additionally, companies that invest in employee development and retention save on recruitment costs, allowing them to allocate resources to business expansion.

*“Hiring and training new employees repeatedly is expensive. By focusing on retaining existing staff, we’ve been able to reduce costs and reinvest in business growth.”*

This indicates that HRM strategies that prioritize retention contribute to long-term financial sustainability. HRM practices that promote creativity, teamwork, and continuous learning contribute to business innovation. Organizations that encourage knowledge-sharing and skill development tend to adapt more quickly to market changes and technological advancements.

*“We encourage employees to share new ideas and experiment with innovative solutions. Our HR team facilitates regular brainstorming sessions, which has led to significant business improvements.”*

This suggests that HRM practices that foster a culture of innovation drive business growth. Furthermore, businesses that invest in leadership development create a strong foundation for long-term success.

*“Our leadership training programs have helped identify and groom future managers from within the company. This has ensured continuity and a smooth transition in key roles.”*

Efforts made to develop leadership talent through HRM strategies help businesses achieve sustainability. The research results about Human Resource Management practices in Makassar business operations show both consistent and contrasting trends with academic literature covering different economic situations and cultural environments. This analysis focuses on four main aspects which demonstrate how HRM affects staff motivation alongside productivity and explains techniques to retain talent as well as HRM's influence on business performance together with its implementation barriers in developing economies. Literature shows universal acknowledgment about how HRM enhances employee motivation. Research shows that worker motivation stems from their job pay and their chance to advance as well as from a pleasant workplace atmosphere. The Makassar business environment confirms this perspective through evidence demonstrating that well-developed HR approaches substantially improve both staff engagement and workplace performance.

*“Providing regular training and career growth opportunities has increased our employees’ enthusiasm and engagement in their work.”*

The Makassar workforce behavior fits Herzberg’s Two-Factor Theory because career advancement stands as a primary cause of job satisfaction. The studies on motivation retention in Makassar showed diverging results compared to Western research findings. Business operations in Makassar depend predominantly on extrinsic motivation by combining financial rewards and employment security with intrinsic motivators playing less significant role according to research from developed economies.

*“What keeps us motivated is a stable salary and job security, especially in uncertain economic times.”*

This suggests that cultural and economic factors influence the effectiveness of HRM strategies in different regions. Research highlights that effective HRM practices contribute to lower employee turnover and higher workforce stability. Studies in developed economies emphasize flexible work arrangements, career progression, and work-life balance as key retention strategies. The findings from Makassar reveal that while career progression is valued, financial incentives and job security remain the primary factors influencing employee retention.

*“Employees tend to stay in companies that offer competitive salaries and clear job security, even if career advancement opportunities are limited.”*

This contrasts with findings from North American and European studies, where employees are more likely to leave organizations if career development pathways are unclear, even if salaries remain competitive. Moreover, while Western literature emphasizes work-life balance and flexible work arrangements, this study found that such policies are still limited in Makassar’s business environment.

*“We are aware of the growing global trend of remote and hybrid work, but in Makassar, most businesses still expect employees to work on-site.”*

This indicates that HRM practices in Makassar are still evolving to accommodate global trends in workforce flexibility. The relationship between HRM and business performance is well-documented in the literature, with studies confirming that well-managed HR systems lead to higher profitability, operational efficiency, and innovation. The findings from Makassar align with this literature, demonstrating that businesses with structured HR strategies experience higher employee productivity, reduced turnover, and improved financial performance.

*“Since implementing performance-based incentives, we’ve seen a marked increase in sales and overall company profits.”*

This supports the Resource-Based View (RBV) of HRM, which argues that human capital is a key driver of competitive advantage. However, while existing literature from developed economies highlights the role of HRM in fostering innovation, the study found that HR-driven innovation in Makassar businesses is still developing. A startup founder in Makassar shared,

*“We encourage new ideas, but there’s still hesitation among employees to take risks or suggest major changes.”*

This suggests that while HRM strategies in Makassar contribute to business performance, there are cultural and structural factors that may limit their full potential in driving innovation. The challenges businesses face in implementing HRM strategies vary across regions. Literature on HRM challenges in developing economies highlights issues such as limited HR expertise, rigid labor laws, and resistance to modern HR practices. The findings from Makassar confirm that HRM implementation is hindered by similar obstacles, including resistance to change and budget constraints.

*“Implementing new HR policies is difficult because senior management often prioritizes cost-cutting over employee development.”*

This aligns with findings from studies in Southeast Asia, where HRM adoption is frequently constrained by financial limitations and traditional management mindsets. Additionally, bureaucracy and regulatory challenges affect HRM implementation.

*“Government labor policies can be difficult to navigate, making it harder for businesses to implement progressive HR practices.”*

This mirrors findings from research on HRM in other emerging markets, where complex labor regulations often pose barriers to efficient workforce management.

The research examines Human Resource Management (HRM) in Makassar’s business climate by filling critical knowledge gaps found in past studies. Previous studies investigated HRM strategies thoroughly in developed economies together with other Southeast Asian countries but provided minimum research about Makassar’s exclusive business environment. This research compares outcomes to previous studies and demonstrates how it fills spaces in the literature regarding employee motivation approaches and talent management and the relationship between HRM and business results as well as implementation barriers in developing economic contexts.

Research on HRM shows that intrinsic motivation takes precedence in current workplaces because knowledge-based sectors value employee autonomy and recognition as well as career advancement (Mardanov, 2021). Companies in Makassar continue to base their motivational strategies mostly on external rewards which include compensation raises and employment stability and performance-oriented bonuses.

*“The most effective way to keep employees engaged here is to provide financial rewards and ensure long-term job stability.”*

This finding contrasts with research from Western economies, where intrinsic motivation is often prioritized over financial incentives. The study thus fills a contextual gap by demonstrating that in Makassar, extrinsic rewards remain central to workforce engagement due to economic and cultural factors.

Furthermore, while previous studies highlight the growing role of flexible work arrangements in increasing employee satisfaction, this study found that businesses in Makassar have not widely adopted such policies.

*“Remote work is still not a common practice here; most companies require employees to be physically present.”*

This reinforces the need for localized HR strategies that consider regional economic conditions and workforce expectations. Talent retention remains a major HRM concern globally, with studies emphasizing career development opportunities and workplace culture as primary factors influencing employee retention. This study found that while career growth is important, Makassar businesses rely more on financial security and job stability to retain employees.

*“We focus on ensuring that employees feel financially secure; career advancement is a secondary concern for many workers.”*

Studies in developed economies show that employees tend to depart organizations when they have no opportunities for career advancement while the population in this study demonstrates different behavior. The research adds new information by showing that economic stability at workplace proves more influential for employee retention than career development in Makassar and other developing areas. Has confirmed that worker flexibility programs and corporate social responsibility (CSR) initiatives lead to better employee retention. The researched businesses in Makassar show limited adoption of these organizational strategies for human resource management frameworks.

*“CSR and work-life balance programs are not yet major priorities in HR planning here.”*

The discrepancy between worldwide HRM movements and local regional deployment demonstrates why firms must adjust their human resources strategies to better serve the Makassar business environment. Have shown definite connections between strategic HRM practices and business performance outcomes which include productivity and profitability and competitive advantage benefits. The results from this study verify previous research about structured HR policies promoting higher productivity and financial growth for companies operating in Makassar.



*“Since we introduced structured training programs and performance-based rewards, productivity has increased significantly.”*

Follows the Resource-Based View (RBV) of HRM presenting that investments in human capital produce sustainable business triumphs. The research shows that innovation and agility programs connected to human resource management are not well developed in Makassar although such practices are well documented in developed economies through literature works.

*“Employees are hesitant to propose new ideas, and there is limited organizational encouragement for risk-taking.”*

The results indicate HRM creates beneficial effects on business performance in Makassar but do not achieve maximum innovation promotion. Research indicates that implementing human resource management practices in emerging markets encounters multiple documented barriers that primarily consist of regulatory restrictions alongside employee change resistance and skill deficits according to studies. Data from the research shows that Makassar organizations face processing issues because of government red tape barriers and outdated leadership mindsets while financial constraints are also present.

*“Many companies still see HR as an administrative function rather than a strategic driver of business success.”*

Research has previously established that human resources achieve strategic value at inadequate levels within developing economic environments. The research discovered new information about the powerful hurdles that financial limitations alongside management reluctance create for business operations in Makassar. Established digital HR solutions as tools for addressing HRM challenges yet this study establishes that Makassar business organizations show limited HR technology adoption.

*“Many HR tasks are still handled manually; digital solutions are not widely adopted yet.”*

This highlights a significant gap in HRM modernization, indicating the need for increased investment in HR technology.

### **The Predominance of Extrinsic Factors**

The research findings contradict modern global trends by demonstrating that Makassar employees value extrinsic motivators which include financial stability along with job security and performance bonuses above all other elements. Basic financial needs surpass autonomy and recognition as well as purpose in the practical realities of Makassar's socioeconomic environment according to Ledang et al. (2023) along with recent studies in workplace settings. According to Tenza et al. (2024) research survival goals and financial security dominate over the pursuit of personal development goals in resource-limited economies. The research data demonstrates evidence matching since employees need basic elements like security and payment to remain stable in their roles. Show employees from Surabaya's second-tier cities focus on concrete incentives rather than professional development because their attention is primarily on practical rewards.

## **Contextualizing Global Best Practices**

Even though research suggests that employee retention requires three main components (work-life balance along with career development options and organizational inclusiveness) Makassar businesses have not adopted these practices thoroughly. The research shows businesses in Makassar mostly work with traditional on-site working arrangements rather than adopting flexible or remote work models which Western studies endorse (Sastrawati & Asano, 2021). This reveals significant differences between both national values combined with different levels of infrastructure development. Indicates that Indonesian SMEs continue with traditional practices despite knowing about HRM trends because their managers have conservative mindsets and face technological constraints. This study demonstrates that Makassar employees place greater value on economic stability and permanent employment than the chance for career growth which is more important in developed economies Establish that Indonesian workers of all generations favor job security above career advancement in their employment choices especially during uncertain post-pandemic times.

## **Local Validation of Global Theories**

The research outcomes match global studies showing that firm HRM system structures lead to improved employee performance and organizational outcomes (Bag et al., 2022). This research confirms global models yet provides local insights into how Makassar workplaces succeed by properly linking Performance management to skill development and compensations systems. The obtained results validate Resource-Based View (RBV) of HRM as human capital emerges as a strategic organizational resource. Examined Indonesian manufacturing firms and demonstrated productivity gains happen in companies that use defined performance metrics and formal training development. Supports the importance of transparent feedback and recognition systems since they build both employee engagement and motivation according to the authors.

## **Cultural Constraints and Strategic Hesitancy**

The study highlights cultural resistance together with structural constraints in Makassar which prove significant barriers to innovation improvement through creativity policies (Marampa et al., 2025). Workplace leaders together with their subordinates show dislike toward embracing revolutionary transformations alongside groundbreaking suggestions because traditional hierarchy standards and fear-driven workplace traditions persist in their workplace culture. Show that Indonesia exhibits strong power distance and uncertainty avoidance factors which might explain low acceptance of bottom-up innovation methods. Analysis of Indonesian SMEs revealed that executives choose stability more than innovation as the primary activity of organizational leaders. Makassar local businesses adopt gradual change processes instead of employing agile human resource management frameworks as promoted globally. The developmental stage of human resources in innovation promotion creates an execution gap between HRM academic literature and actual SME capabilities in Makassar.

## **Bureaucratic, Cultural, and Technological Barriers**

The research indicates progressive HRM faces three major obstacles when implemented in Makassar as bureaucratic restrictions, employee reluctance to change and insufficient digital technology access. Stemming from outdated administrative systems and regulatory ambiguity developing countries experience such HRM implementation barriers according to Ezerdi et al. (2022). The hierarchical structures of Makassar impede new HR tool implementation along with many SMEs having difficulties in both infrastructure and personnel to digitize their human resources functions. Prove that Indonesian SMEs do not use digital HR systems because they have bad ICT capabilities and employees lack skills in working on automated systems. Long-

serving managers typically view innovation negatively yet demonstrate resistance which blocks basic HR practice updates from taking place. Showed that Asian business legacy mindsets present stronger obstacles than technology barriers according to their research.

## Conclusion

The research provides vital information about Human Resource Management in Makassar due to its distinct business changes with focus on how economic factors influence HR methods when these methods differ from worldwide best approaches. The research confirmed previous findings about strategic Human Resource Management boosting organizational outcomes and worker involvement yet it identified three major elements of variation: organizations in Makassar heavily depend on external incentives while lacking flexible work programs and experiencing difficulties when implementing digital Human Resource technologies This study fills research gaps about HR management in emerging urban centers by demonstrating the need for HR strategies that unite global HR principles with regional realities which leads to sustainable workforce development in Indonesia and other economies with comparable contexts.

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