

THE ROLE OF TRAINING AND DEVELOPMENT IN IMPROVING ECONOMIC COMPETITIVENESS

Fittry Megasari Sijabat

Gunawan Widjaja Learning Centre

fittry_sijabat@yahoo.co.id

Abstract

This research examines the important role of Human Resource (HR) training and development in improving economic competitiveness. In the era of globalisation and rapid technological advancement, the quality of human resources is a key factor in determining the competitive advantage of a country or organisation. This study uses the literature analysis method. The results show that effective HR training and development can increase productivity, encourage innovation, and improve adaptability to market changes. Furthermore, it was found that sustainable HR development contributes to the reduction of skills gaps, improvement of workers' quality of life, and strengthening of strategic economic sectors. In conclusion, investment in training and development is a critical strategy in improving economic competitiveness.

Keywords: HR Training, HR Development, Economic Competitiveness.

Introduction

In the era of globalisation and increasingly fierce economic competition, a country's competitiveness is a crucial factor in determining economic success. One of the key elements in improving economic competitiveness is the quality of Human Resources (HR). HR training and development plays an important role in shaping a competent, adaptive, and innovative workforce. (Lee & Jacobs, 2020).

Intensified global competition has become a major characteristic of the world economy in the 21st century. The rapid development of information and communication technology, trade liberalisation, and global market integration have created a highly competitive and dynamic business environment. Companies no longer compete only with local competitors, but also with competitors from all over the world. Countries are racing to improve productivity, efficiency, and innovation to maintain and improve their position in the global value chain. (Saul et al., 2023). In this context, a country's ability to develop and maximise the potential of its human capital becomes a key factor in determining economic competitiveness. Effective and sustainable human capital training and development is no longer an option, but rather an urgent necessity for any country that wants to remain relevant and competitive in the global economic arena. (Mdhlalose, 2020).

The skills gap is one of the significant challenges faced by the global labour market today. This phenomenon occurs when there is a mismatch between the skills possessed by job seekers and the needs desired by employers. On the one hand, many

employers have difficulty in finding suitably qualified candidates to fill certain positions, while on the other hand, a large number of job seekers struggle to find employment because their skills do not match the demands of the market. This gap is further exacerbated by rapid technological change and digital transformation that is dramatically altering the employment landscape (Orhan & Kurnaz, 2024).. As a result, many industries are facing a dearth of talent in certain areas, such as information technology, data analytics and artificial intelligence, while a large number of workers are at risk of losing their jobs as their skills become obsolete. Addressing this skills gap requires collaborative efforts between governments, educational institutions and the private sector to design education and training programmes that are more responsive to the evolving needs of the job market. (Kreismann & Talaulicar, 2020).

Rapid changes in technology and working methods have become a hallmark of today's digital age, presenting both challenges and opportunities for individuals and organisations. Rapid advances in artificial intelligence, automation, robotics and information technology have revolutionised the way we work, communicate and manage our businesses. Traditional working methods are increasingly being replaced by more flexible and technology-driven approaches, such as remote working, virtual collaboration, and the use of digital platforms for project management and team communication. These changes demand rapid adaptation from the workforce, who must constantly update their skills to remain relevant in the dynamic job market. (Khan et al., 2024). Organisations are also challenged to adopt new technologies and change their work structures and cultures to remain competitive. While these changes open up opportunities for increased efficiency and innovation, they also raise concerns about job security and the social impact of automation. Therefore, the ability to adapt quickly, learn continuously and embrace change is key to success in this evolving work landscape. (Black & Powell, 2024).

Given the complexity of these challenges, it is important to further examine the role of training and human resource development in improving economic competitiveness.

Research Methods

The study in this research uses the literature research method. The literature research method, also known as a literature review or literature study, is a systematic approach to collecting, analysing, and synthesising information from various written sources relevant to a particular research topic. (Firman, 2018); (Suyitno, 2021).

Results and Discussion

Concept of Human Resources (HR)

Human Resources (HR) is one of the most important assets in an organisation or company. The concept of HR refers to the individuals who work in an organisation, as

well as the potential, skills, and contributions they make to achieve organisational goals. HR is not only seen as a workforce, but also as intellectual capital that has the ability to innovate, solve problems, and develop the organisation. In the modern context, HR management focuses on developing, motivating and optimising the potential of employees to create a competitive advantage for the organisation. (Powell, 2024).

The HR concept also covers various aspects of workforce management, from recruitment, selection, training, career development, to performance management. Modern approaches to HR management emphasise the importance of creating a supportive work environment, building a positive organisational culture, and aligning individual goals with organisational goals. In addition, the HR concept also involves aspects such as work-life balance, employee well-being, and leadership development. With effective HR management, organisations can increase productivity, employee loyalty, and ultimately, the long-term success of the company. (Zervas & Stiakakis, 2024)..

HR Training and Development

HR training is a systematic process of improving employees' knowledge, skills and abilities in the short to medium term. The main focus of training is on improving performance in the current job or preparation for a new role in the near future. Training is usually more specific and structured, with clear and measurable objectives. Training activities may include workshops, seminars, simulations, on-the-job training, or e-learning programmes. (Zweni, 2023). The main objectives of training are to correct skill deficiencies, improve efficiency, and ensure employees have the necessary competencies to perform their duties effectively. (Naimi, 2024).

People development, on the other hand, has a broader and longer-term perspective. It refers to the continuous effort to enhance employees' potential and prepare them for future challenges and bigger roles in the organisation. HR development focuses on the personal and professional growth of employees, including the development of soft skills such as leadership, communication, and problem-solving. Development programmes may include job rotation, mentoring, coaching, special assignments, or further education opportunities. (Noor, 2023). The main objectives of HR development are to build organisational capacity, increase employee flexibility and adaptability, and prepare internal talent for key positions in the future. (Seeg et al., 2021).

The main objective of HR training and development is to improve the quality and capability of human resources in the organisation. At the individual level, training aims to improve employees' knowledge, skills and attitudes so that they can perform their tasks more effectively and efficiently. This includes improving technical competencies, soft skills, and understanding of organisational processes and procedures. (Tri & Minh, 2022). Meanwhile, HR development aims to prepare employees for future challenges,

increase their flexibility in the face of change, and develop leadership potential. This goal also includes increasing employee motivation, job satisfaction, and loyalty to the organisation. (Kuchinke, 2023).

At the organisational level, the purpose of HR training and development is to improve productivity, work quality and competitiveness. These programmes aim to align employees' skills and capabilities with the organisation's strategy and goals, and to build a culture of continuous learning. Training and development also aims to reduce error rates, increase innovation, and facilitate adaptation to technological and market changes. In addition, investment in HR training and development aims to build a positive corporate image, attract and retain top talent, and create effective succession planning for the long-term sustainability of the organisation. (Abramihin, 2024).

HR training and development methods can be divided into two main categories: on-the-job and off-the-job methods. On-the-job methods involve training that takes place in the workplace and is often integrated with daily tasks. Examples include job rotation, where employees are rotated to different positions to broaden their understanding of the company's operations; coaching, where managers or supervisors provide direct guidance to subordinates; mentoring, which involves a long-term relationship between senior and junior employees; and apprenticeship, which combines practical training with theoretical instruction. (Powell, 2024). Other on-the-job methods include job instruction training, where employees are taught specific steps to perform a particular task, and special assignments, which provide new challenges and experiences. (Black & Powell, 2024).

Off-the-job methods, on the other hand, involve training that takes place outside the normal work environment. These include lectures and conferences, which are effective for conveying information to large groups; case studies, where participants analyse and solve real business problems; role-playing, which allows participants to practice skills in simulated situations; and simulations, which create an environment similar to actual work situations. Modern off-the-job methods also include e-learning and computer-based learning, which allow employees to learn at their own pace and often remotely. (Keshava, 2023). In addition, there are also experiential learning methods such as outbound training, which combines outdoor activities with team learning and leadership development. Management and executive development programmes, as well as formal education such as degree programmes or professional certifications, also fall under the category of off-the-job methods. (Vats, 2023).

Economic Competitiveness

Economic competitiveness refers to the ability of a country, region or economic entity to produce goods and services that can compete effectively in the global marketplace, while maintaining and improving the standard of living of its population over the long term. The concept encompasses a wide range of factors, including labour

productivity, production efficiency, technological innovation, infrastructure quality, supportive government policies, macroeconomic stability, education and skill levels of the workforce, and the ability to attract foreign investment. (Carbune, 2022). Economic competitiveness also involves the ability to adapt to changing global market conditions, capitalise on new opportunities, and overcome economic challenges. In essence, economic competitiveness reflects the capacity of an economic entity to create sustainable added value in the context of intensifying global competition (Mdhlalose, 2020). (Mdhlalose, 2020).

Economic competitiveness is influenced by a variety of interrelated and complex factors. Key factors include labour productivity, which is influenced by education levels, skills, and training; innovation and technological advancement, which drive efficiency and the creation of new products; adequate physical and digital infrastructure to support economic activity; conducive government policies, including business regulation, fiscal, and monetary policies; macroeconomic stability, including stable inflation rates and exchange rates; access to capital and efficient financial markets; quality of institutions and governance, including the rule of law and the fight against corruption; an enabling business environment, including ease of starting and running a business; availability of natural resources and their sustainable management; and the ability to integrate in global value chains and capitalise on international market opportunities. (Finken & Pilz, 2023)..

Thus, economic competitiveness is the result of a complex interaction of various factors that include aspects of human resources, technology, policies, institutions, and the business environment. Improving competitiveness requires a holistic approach that integrates human capital development, investment in innovation and infrastructure, improved policy and governance, and increased efficiency and productivity across all sectors of the economy. Countries or economic entities that successfully manage and optimise these factors will be better able to compete in the global market, attract investment, and improve the welfare of their people in the long run.

Relationship between HR Training and Development and Economic Competitiveness

Human resource (HR) training and development plays a crucial role in improving the economic competitiveness of a country or organisation. Through structured and sustainable training programmes, the workforce can improve their knowledge, skills and competencies. This directly impacts on improving labour productivity and efficiency, which are critical components of economic competitiveness. A well-trained workforce is better able to face challenges in a dynamic work environment, adopt new technologies, and contribute to innovations in production and service processes (Adamenko et al., 2014). (Adamenko et al., 2021)..

HR development also plays an important role in creating an adaptive and flexible workforce. In an era of globalisation and rapid technological change, the ability to adapt

to market changes and industry demands is becoming increasingly important. Effective HR development programmes do not only focus on technical skills, but also on developing soft skills such as communication, leadership, and problem-solving abilities. (Arora, 2020). These skills enable the workforce to be more responsive to market changes, enhance collaboration within teams, and foster innovation, all of which contribute to increased economic competitiveness.

Investment in HR training and development also has a long-term impact on economic competitiveness through increased innovation capacity. A continuously trained and developed workforce tends to be more creative and innovative in their approach to work. They are better able to identify opportunities for process improvement, new product development, and increased operational efficiency. Innovation resulting from a well-trained workforce can be a significant competitive advantage in the global marketplace, enabling companies and countries to lead in their industries and improve the competitiveness of the overall economy. (Lin & Li, 2024).

Furthermore, HR training and development contributes to the establishment of a culture of continuous learning in organisations and society. This culture encourages individuals to continuously develop themselves, share knowledge and collaborate on problem-solving. This creates a conducive environment for economic growth and innovation. (Sang, 2024). In addition, a well-trained and growing workforce becomes an attractive asset to foreign investors, increasing the attractiveness of a country or region for foreign direct investment (FDI). This increase in FDI can in turn bring new technologies, better management practices, and access to global markets, all of which contribute to an overall increase in economic competitiveness (Egan & Kim, 2023).

HR training and development also plays an important role in addressing the skills gap, which is often an obstacle in improving economic competitiveness. With training programmes tailored to industry needs, the workforce can acquire relevant and up-to-date skills. This helps align labour supply with market demand, reduce structural unemployment, and improve labour market efficiency. The result is increased national productivity and stronger economic competitiveness. (Chen, 2024).

In addition, investment in training and development can strengthen strategic economic sectors. By focusing on developing skills in areas such as information technology, renewable energy or biotechnology, a country can position itself as a leader in the industries of the future. This not only improves the competitiveness of the current economy, but also prepares the economy for future challenges and opportunities. (Mdhlalose, 2020).

HR training and development also contributes to improving the quality of life and general well-being of society. A more skilled and productive workforce tends to have higher incomes, which in turn increases purchasing power and drives economic growth. In addition, a more educated and skilled society tends to be more aware of social and

environmental issues, which can encourage more sustainable and innovative business practices, thereby increasing economic competitiveness in the long run. (Gautam, 2021).

Thus, the relationship between training and human resource development and economic competitiveness is close and multidimensional. Investments in human capital development not only improve labour productivity and efficiency, but also foster innovation, increase adaptability to technological and market changes, and create a conducive environment for sustainable economic growth. Through improving the skills, knowledge and competencies of the workforce, a country or organisation can build a strong competitive advantage in the global economy.

Therefore, it is important for governments, organisations and individuals to continue investing resources in training and development. Effective and sustainable human capital development strategies should be a top priority in efforts to improve economic competitiveness. By understanding and optimally utilising this relationship, a country can position itself for success in an increasingly competitive and fast-changing global economic landscape.

Conclusion

HR training and development plays a crucial role in improving the economic competitiveness of a country or organisation. Through continuous investment in the development of skills, knowledge and competencies of the workforce, an entity can increase productivity, drive innovation and improve adaptability to technological and market changes. This not only improves operational efficiency, but also builds a strong foundation for long-term economic growth.

Furthermore, HR training and development contributes to reducing skills gaps, improving the quality of life of workers, and strengthening strategic economic sectors. By focusing efforts on developing skills relevant to industry needs and global trends, a country can position itself as a leader in the industries of the future. This not only improves competitiveness today but also prepares the economy to face challenges and capitalise on opportunities in the future.

Therefore, investment in training and development should be seen as a strategic priority in the effort to improve economic competitiveness. Governments, organisations and individuals need to collaborate to create a learning ecosystem that is sustainable and responsive to change. By understanding and optimally leveraging the relationship between HR development and economic competitiveness, a country or organisation can build a sustainable competitive advantage in an increasingly complex and dynamic global economy.

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