

The Company's Workforce Development Strategy By Aligning Human Resource Investment

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ABSTRACT

This research discusses the crucial role of Human Resources (HR) and workforce development strategies as investments that support the long-term success of organizations. HR is considered not only as a resource, but also as human capital that can provide a return on investment for the Company. The method used in this study is literature review by analyzing literature books, scientific articles, and other related sources. The results showed that HR development is not only tactical but also strategic, covering philosophies, policies, programs, practices, and processes that are in line with the company's vision and mission. This research provides an in-depth understanding of the importance of human capital investment and workforce development strategies to achieve long-term excellence for organizations. This abstract provides a foundation for organizational leaders, HR practitioners, and related parties to optimize HR investments to achieve long-term success.

Keywords : Development, Manpower, Human Resource Investment

INTRODUCTION

In the current era, competition in the business world is increasingly heated, so that the management and improvement of Human Resources (HR) potential becomes the main focus for stakeholders in business organizations (Susilowati & Farida, 2018). Human resources (HR) itself as a key determinant of the success of an organization / company. With the existence of quality human resources will make it easier for an organization / company to achieve its goals. Therefore, human resources (HR) in an organization / company play an important role in aligning company investment for the sustainability of the running of an organization / company (Ningrum et al., 2020). As explained by Human resources become assets for the company, that is, the existence of the company is very dependent on efficient human resources. By supporting the productivity of human resources optimally, the company can carry out its business activities effectively. Human resource management is a vital strategic decision, because through proper management, companies can form efficient work teams and at the same time improve employee performance, providing added value to the company. (Pratama & Ismail, 2018)

In addition, it is stated that Human Resources in the context of organizations, both public and business, are the main assets, because humans act as

the main movers who manage various existing resources. Therefore, in managing these various resources, the quality of human resources is key. In other words, even though other resources are abundant, without the existence of competent human resources, the management and utilization of these resources will be inefficient. As Schuler and Jackson (1997) have revealed, HR has a central role in achieving the goals of an organization. Basically, resources can be divided into two categories, namely human resources (Human Resources) and natural resources (Natural Resources). In the management literature there is a concept known as 6M which includes man, money, material, machine, method, and market Sinambela, (2016) (Sinambela, 2016).

Increased investment in workforce development is crucial in the face of increasingly complex global challenges. A good workforce development strategy not only helps organizations to meet current needs, but also prepares them for the upcoming changes. In an era where technology is advancing rapidly, knowledge is becoming more fragmented, and competition is fierce, investing in human capital is becoming a priority.

Human resource development is the process of improving the quality or capacity of individuals to achieve Indonesia's national development goals (Notoatmodjo, 2009). These basic principles of human resource development are reflected in laws issued by the Government of the Republic of Indonesia, which have undergone continuous revisions to achieve Indonesia's national education goals.

By understanding and implementing appropriate workforce development strategies, organizations can create an environment that supports growth and innovation, increases their competitiveness, and overall, achieves long-term excellence. This research is expected to provide valuable insights for organizational leaders, human resource practitioners, and all parties interested in optimizing human capital investments to achieve long-term success.

Human resource development (HR) aims to improve the professional quality and skills of employees in carrying out their duties and functions optimally. By developing employee skills, it is intended that every effort from the leader to increase the work skills of each employee so that in carrying out their duties can be more efficient and productive. Employee development needs to be done in a planned and continuous manner. In order for development to be carried out properly, an employee development program must first be established. Employee development is considered increasingly important benefits due to the demands of work and position and also as technological advances. (Barus, 2017)

Human Resource development strategy is a planning of how the quality of human resources owned is able to Develop in a better direction, increase work ability, skills and have good loyalty to the organization or company. As a large investment of quality human resources in an organization will also be able to help to design and produce goods and services well, supervise the quality of goods or services or output to be produced, market these goods or services, manage the

financial resources of an organization and will also be able to formulate strategies and goals of the organization (Alexander, 2018a).

Organizations must be able to manage performance, develop human resources and create systems that are able to increase organizational effectiveness. Human Resource Development (HR) is one of the important factors that has received much attention, especially by business organization activists. For companies, the development of the quality of human resources (HR) is carried out as an effort to spur productivity in winning global competition. Human Resource Development (HR) in a company is an important aspect in order to increase the capacity of workers. Thus each worker can have competitiveness and can fight in the global market arena, which is certainly a big challenge and has become a necessity for any organization or company.

Workers are people / human resources who have been able to meet the requirements stipulated in the Labor Law in the country concerned. The workforce is grouped into employers, employees, and the unemployed. Boediono (1992) Labor is one of the production factors used in carrying out the production process. In the process of production, labor earns income in return for the efforts it has done, namely wages (Lube et al., 2022).

Investment can be made not only in physical, but also non-physical. Physical investment includes buildings, machinery and equipment, as well as facilities and infrastructure supporting activities. Non-physical investments include education, training, migration, health care and employment. Non-physical investment or better known as human resource investment is a number of funds issued and the opportunity to earn income during the investment process. Income during this investment process is in return and is expected to obtain a higher level of income to be able to achieve a higher level of consumption as well. Such investment is called human capital (Payaman J. Simanjuntak, 1985). (Goddess, 2016).

THEORY REVIEW

Human Resource Investment Concept

Investment in human resources is defined as activities that can improve individual capabilities so as to affect their income in the future. Becker (1994) explains that human capital investment covers various aspects such as education, job training, health, information, and migration. In Schultz's (1961) earlier research it was mentioned that initially humans were not considered as capital in the production process or part of investment. At the time, prevailing economic theory assumed that labor performing traditional or manual work required little knowledge and skill. In other words, economic theory considers the quality of the entire labor force in the labor market to be homogeneous (Nurkholis, 2023).

The concept of human investment that can support economic growth has increasingly received recognition. This human capital can be applied through various forms of human resource investment including education, health and nutrition improvement, population programs, and so on. Thus, investment in human resources (HR) is not the responsibility of one development sector, but a multisectoral responsibility in an integral unit (elin rosalin) The Company strives to develop professional, resilient and competitive human resources in order to sustain the company in the face of existing changes. But from the various forms of HR investment, education can be said to be the main catalyst for HR development, assuming that the more educated a person is, the higher his level of awareness of health, political participation, and other activities (Rosalin, 2006) .

Kwon Dae-Bong, (2009) reveals a number of dimensions and definitives of the concept of human capital. According to him, the concept of human capital from a number of definitions and dimensions that have been put forward by a number of experts can be categorized into three aspects of categories, namely individual aspect, human capital, and production-oriented perspective. In addition, Todaro & Smith, (2015) distinguish between human capital (human capital) and human resources. Human capital refers to aspects such as skills, abilities, ambitions, health, and others that develop as a result of investments in education, job training programs, health care, and similar efforts. Meanwhile, human resources relate to the number and quality of the labor force within a country. This human capital is heavily influenced by factors such as education and health, which significantly contribute to economic growth through improved skills and labor force productivity (Arifin, 2023)

Fitz-enz, (2009) states that the concept of human capital has resulted in significant changes in human resource management. Today, humans are not only considered administrative employees, but they are seen as partners in business. In today's competitive environment, organizational advantage depends not only on factors such as superior marketing strategies, innovative designs or services, advanced technology, or smart financial management. Success depends more on the right systems, motivating activities, and human resource management within the organization. The main concept of human capital according to Becker (1993), is that humans are not only seen as resources, but also as a form of capital that can provide returns from investments made by organizations (Arifin, 2023) .

Human resource development strategy

Development is a form of investment that will ultimately result in increased productivity in the future. Development programs that are implemented effectively and aimed at members of the workforce will improve their abilities and qualifications possessed by the company. This increase in abilities and qualifications

will naturally increase labor productivity, and this increase in labor productivity will have an impact on the overall productivity improvement of the company. Human resource development (HR) will help companies to prepare a workforce that is in accordance with the needs of the strategy being implemented. The determination of these labor criteria is based on the company's strategy, which includes the company's vision and mission. HR development comes from HR strategy derived from corporate strategy. To ensure that HR development is in line with the company's strategy, the HR strategy must be in line and consistent with the company's strategy (Lubis, 2017).

According to , a human resource management (HRM) strategy is a series of steps and activities carried out jointly by HR managers and line managers to solve organizational or business problems related to human aspects (people-related problems). as explained by Miller in 1987 It involves the making of important decisions and actions related to the management of employees at all levels of the organization, and is also related to the way of implementation of organizational strategies aimed at maintaining and creating competitive advantage , as cited in Tyson in 1997: 279). In this context, HR management strategy is seen as a process that sets directions and policies related to how HR in the organization will be managed, including their roles, positions, and development. The strategic orientation of HR management is reflected in the way HR management functions are executed and HR management practices are applied throughout the organization. (Widajanti, 2020) (Tampubolon, 2016)

(Malik, 2010) as stated by Schuler (1992: 18-32) that human resource management (HRM) strategies can be related to the 5P concept, which includes:

- 1. Human Resource Philosophy**, It is a statement that reflects the organization's culture and business values. This philosophy governs the way organizations treat and value employees.
- 2. Human Resource Policy**, This policy is a shared value and guideline that directs actions related to human resource management and HR programs.
- 3. Human Resource Programs**, These programs are often expressed as HR strategies themselves. The goal is to coordinate efforts that help change in human behavior within the organization.
- 4. Human Resource Practices**, It deals with the way leadership, managerial, and operational roles aim to motivate employees to behave in accordance with expectations.
- 5. Human Resource Process**, This process governs how to identify, formulate, and implement other HR activities.

Thus, the HR management strategy consists of these elements that together form a comprehensive approach in managing human resources in an organization.

This 5P concept shows how various activities in human resource management (HRM), which are often studied separately in the HR management literature, are actually interrelated. While separating focuses may be necessary for specific research purposes, these approaches often do not reflect the complexity of the influence of HR management practices on individual and group behavior as a whole. This results in an inadequate understanding of the complex interactions among the elements. Even so, we can still partially explain the significance of the relationship between organizational strategy and HR activities.

The concept of HR management strategy comes from the dual theory of human resource management which divides the workforce into two segments, as explained by Lewin in 2003. The first segment is the "core workforce," which consists of employees who work full-time, receive regular paychecks, and enjoy high-engagement focused HR practices. Meanwhile, the second segment is the "peripheral workforce," which consists of part-time, temporary, contract employees, or those placed by third parties (vendors) and employees loaned from other companies. They receive lower treatment in engagement-focused HR practices.

These two segments of the workforce reflect HR strategies that seek to improve performance in two ways: first, by increasing investment in human capital; Second, by controlling labor costs, but still creating added value for the organization. Activities in human resource management, whether oriented towards high or low engagement practices, in addition to considering accounting conventions, can actually be considered as investments in human capital. Finally, this kind of investment is expected to generate added value (net economic return) for those who invest, in accordance with the understanding of human capital put forward by Theodore Schultz who considers that the improvement of human capital capabilities is obtained through investment in them, as expressed by Fitz-enz in 2000. (Malik, 2010)

Measurement of the success of human resource investment

(Vishnu, 2023) To measure the success of human resource investment, companies can use Key Performance Indicators (KPIs) and relevant metrics. Here are some examples of KPIs and metrics you can use:

1. Employee productivity level after receiving training or development from HRD

A significant increase in productivity shows the effectiveness of HRD development programs.

2. HR Cost Ratio

This KPI measures the comparison between the costs spent on the HR function and the overall performance of the organization. An efficient ratio indicates good human resource management by HRD.

3. The level of profitability of the enterprise
This KPI measures a company's ability to make a profit. Indicators such as gross profit, net profit, or profit margin can be used to measure the level of profitability of a company.
4. Efficiency of company expenses
This KPI measures the efficiency of company spending. Indicators such as the ratio of cost to revenue or operating costs per unit of product can help identify potential savings and efficiencies in financial operations.
5. The level of debt management of the company
This KPI measures the level of debt management of the company. Indicators such as debt-to-equity ratio, debt-to-asset ratio, or interest coverage can provide information about a company's ability to service debt and the associated financial risks.
6. The rate of return on investment of the company
This KPI measures the company's return on investment. Indicators such as return on investment (ROI), return on equity (ROE), or return on assets (ROA) can give an idea of investment effectiveness.
7. Human Resource Scorecard
This method can be used to measure the performance of human resources based on financial and non-financial aspects. Non-financial aspects include employee satisfaction, service quality, and innovation. (Sari & Sharia, 2019)
8. KPI operational
This KPI is used to measure the company's operational performance. Examples are the level of product quality, the level of customer service, or the efficiency of the production process (marketing appsensi)
9. Employee retention rate
This metric measures how long employees remain with the company. A high retention rate indicates the success of human resource investments, as experienced employees can make a greater contribution to the company.

METHODS

This study used a literature review approach that focused on previous research. This method examines literature books that are in accordance with the theory discussed, as well as a deep understanding of variables related to the company's workforce development strategy by aligning human resource investment. In addition, this study also conducted an analysis of scientific articles that have a high reputation, as well as scientific articles from journals that do not have a reputation. The scholarly sources cited are from Google Scholar, focusing on the relationship between a company's workforce development strategy and alignment of human capital investments.

RESULTS AND DISCUSSION

Workforce development by aligning human resource investment

In research conducted by revealed that HR management affects employee productivity based on testing and critical ratio values. Where the calculation results indicate that the HR productivity variabel Alexander, (2018b) is a moderator variable that strengthens the influence between HR management and the Job Satisfaction variable on Company Performance. That is, the stronger the Employee Productivity, the stronger the influence between HR Management, Job Satisfaction and Performance

Better company. It is shows that both HR management variables and Job Satisfaction variables will have a direct effect on Company Performance with a lower value compared to through moderators of Employee Productivity variables.

In addition, research conducted by (Ningrum et al., 2020) revealed that the Quality of Human Resources (HR) is a determinant of the company's success. The need for competent human resources in the field of communication and information technology is increasing along with the convergence of communication and information flows.

And as revealed in the study shows that there is a significant influence both partially and simultaneously between the variables of human resource development and employee work productivity. Simultaneously, there is a significant impact of human resource development variables on employee work productivity at PT. Cakra Guna Cipta Malang. Partially, there is a significant impact of human resource development variables, involving employee training and development, compensation and benefits, and labor relations on employee work productivity at PT. Cakra Guna Cipta Malang. Based on the value of the regression coefficient (β) among independent variables, the variables that have a dominant influence on employee work productivity at PT. Cakra Guna Cipta Malang is a variable for

compensation and benefits, with the highest regression coefficient value of 0.357. (Rusminnsih, 2010)

CONCLUSION

Management and improvement of Human Resources (HR) potential is the main focus for business organizations. People are key to an organization's success, and investing in workforce development is crucial in the face of increasingly complex global challenges. The importance of HR management in an organization emphasizes its central role in achieving goals and providing added value to the company.

This research explains that HR is not only a resource, but also a form of capital (human capital) that can provide a return on investment made by the organization. A good workforce development strategy is key to meeting today's needs and preparing for the upcoming changes. By understanding and implementing appropriate workforce development strategies, organizations can create an environment that supports growth, increases competitiveness, and achieves long-term excellence. The concept of human capital investment covers various aspects, including education, training, health, information, and migration. Improving the quality and skills of human resources through development is a form of investment that is expected to increase individual productivity and the overall company. HR management strategies that involve philosophies, policies, programs, practices, and processes form a comprehensive approach in managing HR in accordance with the company's vision and mission.

In measuring the success of human resource investment, companies can use various Key Performance Indicators (KPIs) and relevant metrics. Employee productivity level, HR cost ratio, profitability level, expense efficiency, debt management rate, return on investment, Human Resource Scorecard, operational KPIs, and employee retention rate are some examples of KPIs and metrics that can be used.

Thus, a deep understanding of the concept of human capital investment and the implementation of appropriate workforce development strategies can contribute significantly to the long-term success of an organization.

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