



The Role of Human Capital Development in Encouraging Increased Employability and Competitiveness of the Workforce

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ARTICLE INFO

Keywords: Human Capital Development, Employability, Competitiveness, Workforce, Competence

Received : 27, February

Revised : 28, March

Accepted: 30, April

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ABSTRACT

Changes in the world of work due to digitalization require increasing the competence of the workforce to remain relevant and competitive. This research aims to analyze the role of *Human Capital Development* in increasing *employability* and *competitiveness* of the workforce. The method used is qualitative with an exploratory descriptive approach through interviews, observations, and documentation. The results show that competency development through training, *upskilling*, *reskilling*, and digital learning is able to increase job readiness, adaptability, and career opportunities. Its effectiveness is influenced by organizational support, access to learning, technology, and individual motivation. It was concluded that *Human Capital Development* plays a strategic role in improving the quality and competitiveness of the workforce, so it needs to be implemented in a sustainable manner.

INTRODUCTION

Changes in the job market triggered by digitalization, globalization, and technological developments increase the demand for the quality of the workforce. The world of work no longer only requires technical skills, but also adaptability, innovation, and continuous learning. This condition encourages the importance of *employability*, which is the ability of individuals to acquire, maintain, and develop jobs. Reality shows that there is still a gap between labor competencies and industrial needs, which has an impact on low competitiveness (World Economic Forum, 2023). *Human Capital Development* is a strategic approach in improving the quality of human resources through training, *upskilling*, *reskilling*, and continuous learning. This development plays a role in forming a workforce that is adaptive to changes in the work environment. Implementation in various sectors has not been fully optimal because there is still limited access to training, incompatibility with industry needs, and low motivation of individuals to continue learning.

The phenomenon of educated unemployment shows that graduates of formal education are not fully ready to enter the workforce. Theoretical knowledge is often not balanced with practical skills and *soft skills* such as communication, teamwork, and problem-solving. This condition emphasizes the importance of *human capital* development to reduce competency gaps while increasing the competitiveness of the workforce. This research departs from the question of the role of *Human Capital Development* in increasing *employability*, factors that affect its effectiveness, and its contribution to the competitiveness of the workforce. The purpose of the research is focused on analyzing the role of competency development, identifying factors that determine effectiveness, and evaluating its contribution to increasing competitiveness.

The contribution of the research lies in the presentation of an analysis that emphasizes the relationship between *Human Capital Development*, *employability*, and labor competitiveness in the midst of changes in the modern world of work. The qualitative approach used provides an empirical overview of the dynamics of sustainable competency development so that it can be a reference in the development of human resource management policies and practices.

LITERATURE REVIEW

Human Capital Development

Human Capital Development places people as strategic assets that can be developed through increasing knowledge, skills, and adaptability. This development is not only limited to formal education, but also includes training, work experience, as well as continuous learning that supports the overall capacity building of individuals (Becker, 1993). The quality of human resources is an important factor in increasing productivity and economic value.

Human capital development plays a role in forming a workforce that is able to adapt to changing industrial needs. Processes such as training, *upskilling*, and *reskilling* are important parts of maintaining the relevance of competencies in the modern work era (World Economic Forum, 2020). Targeted development allows individuals to have abilities that are more in line with the demands of

the job, so that *Human Capital Development* can be understood as a systematic effort to improve the quality of the workforce.

Employability of Workforce

Employability describes an individual's ability to acquire, retain, and develop a job. This concept is not only related to technical skills, but also includes personal attributes such as adaptability, communication, and readiness to learn (Yorke, 2006). A high level of *employability* reflects an individual's readiness to face the dynamics of the job market. These abilities are dynamic and develop along with experience and the learning process. Individuals with high *employability* tend to be more flexible and able to take advantage of available job opportunities (Fugate, Kinicki, & Ashforth, 2004). Increased *employability* is an important factor in reducing the gap between workforce competencies and industry needs.

Labor Competitiveness

The competitiveness of the workforce reflects an individual's ability to compete through competency excellence, productivity, and adaptability. Changing work environments demand that the workforce not only have formal education, but also relevant skills and the ability to innovate. Productivity is the main indicator in determining competitiveness (Porter, 1990). The ability to adapt to technological developments is an important factor in strengthening competitiveness. Workers who continue to develop their competencies have added value compared to those who do not (Schwab, 2019). Competitiveness can be understood as a multidimensional ability that includes skills, innovation, and adaptability.

Human Capital Theory

Human Capital Theory explains that knowledge, skills, and experience are forms of capital that can increase individual productivity and income. Investment in education and training is seen as a strategic endeavor that provides long-term benefits (Becker, 1993; Schultz, 1961). This theory asserts that human resource development is not just a cost, but an investment that generates economic value. Improving the quality of *human capital* of the workforce contributes to the work readiness and competitiveness of individuals. A workforce that has evolving competencies tends to have better job opportunities and higher adaptability to changes in the work environment.

Resource-Based View (RBV)

The Resource-Based View emphasizes that competitive advantage is determined by an organization's ability to manage internal resources that are valuable, scarce, difficult to replicate, and irreplaceable (Barney, 1991). In this perspective, human resources are strategic assets that are able to create sustainable competitive advantages. The competence, experience, and adaptability of the workforce are factors that are difficult for competitors to imitate. Organizations that are able to develop the quality of human resources

effectively will have a stronger position in the competition. Thus, human *capital development* is an important part of the organization's strategy.

Competency-Based Development Theory

Competency-Based Development Theory emphasizes that individual development should be based on competencies that are relevant to the demands of the job. Competence includes a combination of knowledge, skills, attitudes, and behaviors that support superior performance (McClelland, 1973; Boyatzis, 1982). A competency-based approach allows organizations to develop a workforce in a more targeted manner according to the needs of the industry. Development through training, work experience, and continuous learning is key to increasing the productivity and competitiveness of the workforce. This theory confirms that the suitability of competencies with work needs is a major factor in the success of individuals in the world of work.

METHODOLOGY

This study uses a qualitative approach with an exploratory descriptive design to understand the role of *Human Capital Development* in increasing *employability* and competitiveness of the workforce. The methods used include in-depth interviews, observations, and documentation to explore contextual information related to competency development practices in the work environment. The research subjects consisted of *human resource* practitioners, labor, and training program managers who were purposively selected based on direct involvement in human resource development activities. The selection criteria are based on experience, roles, and understanding of the implementation of training, *upskilling*, and *reskilling programs*. Data collection was carried out through in-depth interviews, field observations, and documentation studies. Data analysis is carried out interactively through the stages of data reduction, data presentation, and conclusion drawing to produce findings that are systematic and relevant to the research objectives.

RESULT AND DISCUSSION

The results of the study show that Human Capital Development (HCD) has a significant role in increasing employability and competitiveness of the workforce through strengthening competencies relevant to industry needs. The implementation of HCD is not only carried out through formal training, but also through upskilling, reskilling, mentoring, and digital-based learning programs that are sustainable.

First, HCD has been proven to increase the employability of the workforce. Individuals who are actively involved in development programs show improvements in aspects of work readiness, adaptability, and flexibility in dealing with changes in tasks and work environment. This improvement is not only seen in technical competence, but also in soft skills such as communication, teamwork, and problem solving. Second, the effectiveness of HCD is influenced by several key factors. Organizational support is a key determinant in providing access to training and learning facilities. In addition, the availability of digital learning technology expands access and flexibility in

competency development. Another influential factor is individual motivation, which determines the sustainability of the learning process. Meanwhile, the main obstacles identified include limited access to training and mismatches between development programs and industry needs. Third, HCD makes a real contribution to increasing the competitiveness of the workforce. A workforce that has constantly updated competencies shows higher levels of productivity, better work quality, and stronger readiness to face competition in the job market. This shows that continuous competency development is the main differentiating factor in improving the competitive position of the workforce.

The Role of Human Capital Development in Increasing Employability

The findings of the study show that Human Capital Development plays a key role in increasing the employability of the workforce. Improving technical and non-technical capabilities through training, upskilling, and reskilling programs strengthens the readiness of individuals to acquire and retain jobs.

These results reinforce the concept of employability put forward by Yorke (2006), that employability is not only determined by knowledge, but also by skills, understanding, and personal attributes. In this context, HCD serves as a process of competency transformation that allows individuals to adapt to the demands of dynamic work.

In addition, these findings are also in line with the view of Fugate et al. (2004) who emphasize that employability is dynamic and develops through experience and continuous learning. Thus, HCD not only increases static work readiness, but also establishes a continuous adaptive capability.

Factors Affecting the Effectiveness of Human Capital Development

The effectiveness of HCD is determined by the interaction between organizational and individual factors. Organizational support in the form of policies, training facilities, and learning environments are crucial external factors. This is in line with the perspective of the Resource-Based View (Barney, 1991) which places human resources as strategic assets that must be managed optimally.

The availability of learning technology is also an important factor in increasing the effectiveness of HCD. The use of digital platforms allows the learning process to be more flexible, personalized, and sustainable. These findings show that digital transformation is not only changing jobs, but also the way competency is developed.

On the other hand, individual motivation is an internal factor that determines the success of HCD. Individuals with high learning motivation tend to be more active in developing competencies and able to take advantage of learning opportunities optimally. This is in line with the theory of human resource development which emphasizes the importance of self-directed learning in increasing individual capacity.

However, the mismatch between training programs and industry needs is a major obstacle that reduces the effectiveness of HCD. This shows that there is a gap between the world of education/training and the needs of the job market, which needs to be addressed through a competency-based approach.

Human Capital Development's Contribution to Labor Competitiveness

The findings of the study show that Human Capital Development makes a significant contribution to increasing the competitiveness of the workforce. Increased productivity, work quality, and adaptability are the main indicators of the competitiveness produced.

This result is in line with the view of Porter (1990) who states that competitiveness is determined by labor productivity. In this context, HCD plays a role in increasing productivity through strengthening competencies relevant to work needs.

In addition, adaptability to technological changes is a key factor in strengthening competitiveness, as stated by Schwab (2019). A workforce that is able to keep up with technological developments has a competitive advantage compared to those that are not.

In the perspective of Competency-Based Development Theory, these findings confirm that the compatibility between individual competencies and job needs is the main determinant in increasing competitiveness. Thus, HCD not only enhances the capabilities of individuals, but also strengthens the position of the workforce in global competition.

CONCLUSIONS AND RECOMMENDATIONS

This research emphasizes that *Human Capital Development* (HCD) has a strategic role in increasing employability and competitiveness of the workforce in the midst of the changing dynamics of the world of work. The implementation of HCD through training, upskilling, reskilling, and digital-based learning has been proven to be able to increase work readiness, adaptability, and flexibility of individuals in facing increasingly complex job demands. In terms of employability, HCD contributes to forming a combination of technical competencies and soft skills which are the main prerequisites in obtaining and maintaining jobs. This shows that employability is no longer static, but develops dynamically through a continuous learning process. The effectiveness of HCD is influenced by the synergy between organizational and individual factors. Organizational support, the availability of digital learning infrastructure, and the suitability of programs to industry needs are crucial external factors, while individual learning motivation is an internal factor that determines the sustainability of competency development. Furthermore, HCD makes a significant contribution to increasing the competitiveness of the workforce through increasing productivity, work quality, and adaptability to technological changes. Thus, human capital development can be positioned as a strategic instrument in reducing the competency gap while strengthening the position of the workforce in global competition.

Based on the findings of the study, some of the recommendations that can be put forward are as follows:

1. **For organizations/companies**, it is necessary to develop an integrated Human Capital Development strategy based on industry needs, by emphasizing upskilling and reskilling programs in a sustainable manner and utilizing digital learning technology to increase access and effectiveness of training.

2. **For educational institutions**, it is necessary to adjust the curriculum that is more adaptive to the development of the world of work by emphasizing the balance between hard and soft skills, as well as strengthening collaboration with industry to reduce the competency gap of graduates.
3. **For the workforce/individuals**, it is important to increase awareness of *lifelong learning* by actively developing competencies through various learning resources, both formal and informal.
4. **For the government and policy makers**, it is necessary to expand access to competency-based training programs, improve the quality of the digital learning ecosystem, and encourage synergy between the worlds of education, industry, and job training.

For future researchers, it is recommended to develop research with a quantitative approach or mixed methods to test the causal relationship between Human Capital Development, employability, and labor competitiveness in a broader and measurable way

FURTHER STUDY

This study has limitations in the use of a qualitative approach that focuses on specific contexts so that the results cannot be generalized widely, and the scope of the research subject is still limited. Further research can develop quantitative approaches or mixed methods to test the relationships between variables more broadly and measurably, as well as expand the scope of the subject and the context of the research to obtain a more comprehensive picture of the role of *Human Capital Development* in improving *employability* and competitiveness of the workforce.

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