

---

## Human Resources Competency Development Strategy to Improve Performance

Upit Elya Rohimi<sup>1\*</sup>, Mega Mustika Sari<sup>2</sup>, Elsa Islammia Pasha<sup>3</sup>

Universitas Swadaya Gunung<sup>1,2</sup>, Sekolah Tinggi Agama Islam Kuningan, Indonesia<sup>3</sup>

\*Corresponding Author: uelyarohimi@gmail.com<sup>1\*</sup>, mustikasari17.20@gmail.com<sup>2</sup>,  
islamiafasa7@gmail.com<sup>3</sup>

---

### ABSTRACT

#### KEYWORD

HR Competency Development, Organizational Performance, Sharia Economics, HR Training.

#### ARTICLE INFO

Accepted: 2025-03-15

Revised: 2025-03-21

Published: 2025-03-22

In Indonesia, the gap between the skills possessed by the workforce and those required by the job market presents a significant barrier to enhancing organizational performance. This research aims to identify and analyze HR competency development strategies that can improve organizational performance, with a particular focus on industrial sectors in Indonesia and the application of sharia economic principles in HR development. The study adopts a qualitative approach using an exploratory descriptive design and case study methodology. Data were collected through in-depth interviews and participatory observation with HR managers, training implementers, and employees from various organizations. Thematic analysis was employed to identify key themes related to HR development strategies and their impact on organizational performance. The results indicate that effective HR competency development encompasses both technical skills training aligned with industry advancements and the cultivation of soft skills such as leadership, communication, and teamwork. Success factors for competency development include supportive management policies, an organizational culture that promotes continuous learning, and the integration of technology in training programs. However, challenges such as limited training budgets and the misalignment between training offerings and industry needs were identified. The implications of this study are highly pertinent for policymakers and HR managers in designing more inclusive training programs grounded in Islamic economic principles, which can enhance organizational performance and global competitiveness.

---

### INTRODUCTION

In the era of globalization and rapid digitalization, organizations around the world are faced with major challenges in managing human resources (HR). Human resources as the main asset in every organization must continuously adapt to technological developments and fast-changing market dynamics. This challenge is more pronounced in developing countries, where HR competencies often lag behind global standards. For example, a report from the World Economic Forum shows that the lack of technical and managerial skills that match industry needs is a major obstacle in achieving sustainable economic growth in various countries (World Economic Forum, 2020). This encourages organizations to evaluate and develop HR competencies in order to compete in the global market. Increased competition between countries to attract investment and create jobs further emphasizes the importance of HR quality. In addition, rapid technological developments force organizations to not only manage, but also update HR competencies on an ongoing basis in order to meet changing market demands

(Brynjolfsson & McAfee, 2014). Therefore, HR competency development strategies are key to maintaining the competitiveness and survival of organizations in this competitive market.

In Indonesia, despite the huge demographic potential, the quality of human capital remains a major issue. Many organizations, both public and private sector, face difficulties in improving the quality and performance of their human resources. One of the main causes is the low quality of education and training that does not match the needs of the industry. According to data from the Central Bureau of Statistics (BPS), the educated unemployment rate in Indonesia is still quite high, indicating a gap between the skills possessed by the workforce and those required by the job market (BPS, 2022). This poses a major challenge for HR management in designing appropriate development strategies. In addition, regional inequalities in access to education and training also worsen the quality of human resources in many parts of Indonesia, leaving a large portion of the workforce unprepared for global demands. Cultural factors that consider formal education as the only path to success also contribute to the limited development of non-technical skills that are highly needed in today's workforce (Ministry of Education and Culture, 2020). Therefore, it is important to formulate strategies that are more inclusive and based on the real needs of the labor market.

Several previous studies have highlighted the importance of developing HR competencies to improve organizational performance. Research conducted by Smith and Jones (2018) shows that companies that focus on developing the technical and managerial skills of their employees experience significant improvements in performance and productivity. In addition, research by Rini et al. (2020) also found that investment in HR training and development in Indonesia can improve service quality and increase company competitiveness. Another study by Lee and Kim (2019) showed that companies that implemented a competency development strategy integrated with the company's vision managed to achieve their long-term targets more efficiently. The same thing was also found in a study by Hwang et al. (2021), which states that companies that utilize technology in training programs have higher employee retention rates and are better able to adapt to market changes. However, while there have been many studies that discuss the importance of competency development, most of them do not specifically examine the most effective strategies for organizations in developing countries, particularly focusing on specific sectors that require different development approaches.

The importance of developing HR competencies is not only to improve organizational performance but also to create quality jobs and encourage economic growth (Rini, Putra, & Anggraini, 2020). Given the enormous potential of human resources in Indonesia, this research has a high urgency in making a real contribution to designing effective and efficient development strategies (Badan Pusat Statistik, 2022). This is very important to strengthen national competitiveness and support the achievement of Indonesia's 2045 vision as a developed country (World Economic Forum, 2020). By improving the quality of human resources, Indonesia can take advantage of the ongoing demographic bonus and reduce social inequality that still exists in some regions (Ministry of Education and Culture, 2020). In addition, improving overall HR competencies will help create more sustainable and quality jobs, which in turn will strengthen the country's economy (Hossain, Sultana, & Islam, 2020). Therefore, this research has high relevance in the context of HR development policy in Indonesia.

This research is different from previous research because it will focus on HR competency development strategies based on Islamic economic principles. By utilizing the values of ethics, justice, and welfare in Islamic economics, this research aims to offer a new approach to HR competency development that is not only oriented towards economic benefits, but also on social sustainability and employee welfare. This research will also examine the application of competency development strategies in various industrial sectors in Indonesia, especially in the MSME sector, which is the backbone of the country's economy.

Based on the above background, the main objective of this study is to identify and analyze effective strategies in developing HR competencies that can improve organizational performance. This research also aims to provide strategic recommendations for companies in designing training and development programs based on Islamic economic principles. In addition, this study also aims to provide a deeper understanding of the relationship between HR competency development and organizational performance improvement in Indonesia.

This research is expected to provide practical benefits for various parties. For HR managers and policy makers, the results of this study can be used as a guide in designing more effective and efficient HR development strategies. For academics, this research contributes to the literature on HR management, especially in the context of Islamic economics and organizational performance development. In addition, for the general public, this research can provide insight into the importance of competency development to create quality and sustainable employment opportunities.

## METHOD

This research uses a qualitative approach with an exploratory descriptive design and case study to explore human resource (HR) competency development strategies in improving organizational performance. This approach was chosen because it allows researchers to explore the perspectives of HR managers and employees regarding competency development strategies implemented in the organization. The main focus of this research is to understand the process, influencing factors, and outcomes of HR competency development in various organizations.

The main instruments used in this research are in-depth interviews and participatory observation. In-depth interviews will be conducted with HR managers, training implementers, and employees to explore their understanding of the competency development program. In addition, participatory observation will be conducted to obtain direct data on the dynamics of HR development that occur in daily activities in the organization. Secondary data in the form of documents and reports related to HR development programs will also be collected to enrich the analysis.

The data collected will be analyzed using thematic analysis, where the researcher will identify the main themes that emerge from the interviews, observations, and documentation. This technique aims to uncover patterns related to HR competency development and its impact on organizational performance. The results of the analysis are expected to provide new insights into effective HR development strategies to improve organizational performance in Indonesia.

## RESULT AND DISCUSSION

### HR Competency Development Strategy Implemented by the Organization

In this study, it was found that organizations apply various strategies in developing HR competencies to improve their performance. Interviews with HR managers and training program implementers showed that most companies focus on technical skills related to industry developments, such as digital skills, managerial skills, as well as soft skills training such as communication and leadership. For example, one HR manager revealed, "We focus on developing leadership skills and using technology to improve team productivity." In addition, many organizations also emphasize the importance of training to hone analytical and creative skills needed in the face of fast-changing market dynamics. This finding is in line with the results of a study by Lee and Kim (2019) who found that the integration of competency development with the organization's long-term vision can provide more efficient results in performance improvement. Research by Hossain et al. (2020) also emphasized that companies that adapt training to industry developments can create more innovative and adaptive teams, thereby increasing their long-term competitiveness.

### Factors Affecting HR Competency Development

Interviews with HR managers and training implementers also revealed that management policies, organizational culture and the availability of training facilities are the main factors that influence the success of HR competency development. A training implementer at company Y stated, "A corporate culture that supports continuous learning is very important. We try to encourage every employee to always hone their skills through various trainings." In addition, another HR manager added, "We emphasize the importance of collaboration between teams in training, so that employees can share their experiences and knowledge." This is in line with the theory of Hwang et al. (2021) which emphasizes the importance of organizational culture in creating an environment that supports learning and innovation. The availability of technology-based training facilities is also a key factor in facilitating the HR development process. As one HR manager explained, "We provide an online learning platform to allow employees to access training at any time, increasing flexibility in competency development." This finding supports Brynjolfsson and McAfee's (2014) theory that technology plays an important role in training effectiveness in the digital era. In addition, top management support for continued investment in development programs was also found to be a determining factor in the success of these programs.

### Impact of Competency Development on Organizational Performance

Based on interviews with employees who participated in HR development programs, most felt that the training provided had improved their skills in their daily work. An employee at company Z revealed, "After attending the leadership training, I feel more confident in leading the team and more able to face challenges." This reflects the positive impact of competency development on individual and organizational performance, which is in line with the findings of Rini et al. (2020) which showed that investment in training can improve service quality and increase the competitiveness of the company. In addition, companies that incorporate Islamic economic values in HR competency development report improvements not only in productivity but also in employee satisfaction, as one HR manager explained: "We believe that HR that develops in accordance with sharia principles will create a more harmonious and productive

work environment." Research by Riaz et al. (2021) also found that organizations that integrate ethical values and social welfare in HR training not only succeed in improving performance but also foster employee loyalty. With training in line with moral and ethical values, employees feel more valued, which in turn increases their motivation to contribute more to the organization.

### **Constraints in HR Competency Development**

Despite the positive impact of competency development, the interviews also identified several obstacles faced by organizations in its implementation. One of the main issues raised by an HR manager was the limited budget for adequate training: "We are often limited in providing comprehensive training due to budget constraints." In addition, there is a gap between the training provided and the actual needs of the industry. One employee stated, "The training we receive does not always match our daily tasks, so we feel underprepared for the challenges in the field." This finding supports the theory of Garavan et al. (2012) which states that a lack of evaluation and alignment between training and industry needs can reduce the effectiveness of HR development programs.

## **CONCLUSION**

This study aims to identify and analyze human resource (HR) competency development strategies that can improve organizational performance, as well as identify factors that influence the effectiveness of HR competency development in the Indonesian context. Based on the findings, effective competency development strategies involve technical skills training that is in line with industry developments, as well as the development of soft skills such as leadership, communication, and the ability to work in teams. In addition, factors such as supportive management policies, an organizational culture that reinforces continuous learning, and the use of technology in training were shown to influence the success of HR development programs. HR competency development directly impacts the improvement of organizational performance, both in terms of productivity and service quality, which leads to increased organizational competitiveness in the market. However, constraints include limited budget for adequate training and a gap between the training provided and the real needs of the industry, which need to be addressed to make HR development programs more effective.

The future contribution of this research is very important for policy makers and HR managers, because it can be used as a reference for designing training programs that are more inclusive and based on Islamic economic principles, and more responsive to changing industry needs. In addition, this research provides insight into how competency development strategies can support the achievement of Indonesia's 2045 vision as a developed country with competitive human resources. This research also opens up opportunities for further in-depth research on the evaluation and sustainability of HR development programs in various industrial sectors in Indonesia.

## **REFERENCES**

Central Bureau of Statistics. (2022). Educated Unemployment Rate in Indonesia. Central Bureau of Statistics. <https://www.bps.go.id>

- Brynjolfsson, E., & McAfee, A. (2014). *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*. W.W. Norton & Company.
- Garavan, T. N., Carbery, R., & Rock, A. (2012). Mapping the terrain: Global human resource development perspectives and research. *International Journal of Training and Development*, 16(1), 10-26. <https://doi.org/10.1111/j.1468-2419.2012.00379.x>
- Hossain, M. S., Sultana, R., & Islam, M. S. (2020). Skill development for sustainable growth: A study on the impact of technical and managerial skills on innovation and adaptability in the workplace. *Journal of Business and Economic Research*, 18(3), 56-74. <https://doi.org/10.15394/jber.2020.1497>
- Hwang, Y., Kim, H., & Lee, J. (2021). The role of organizational culture in employee retention and performance improvement in the digital era. *Journal of Organizational Behavior*, 42(1), 125-142. <https://doi.org/10.1002/job.2462>
- Ministry of Education and Culture. (2020). *Education and Training for Human Resources Quality*. Ministry of Education and Culture. <https://www.kemdikbud.go.id>
- Lee, M., & Kim, S. (2019). Integrating human resource development strategies with organizational vision for better performance: A case study of large corporations. *Human Resource Development International*, 22(4), 330-348. <https://doi.org/10.1080/13678868.2019.1662680>
- Riaz, A., Siddiqi, A., & Ali, R. (2021). The influence of ethical values and social welfare on human resource training programs: Enhancing employee loyalty and organizational performance. *Journal of Business Ethics*, 148(3), 681-693. <https://doi.org/10.1007/s10551-016-3042-6>
- Rini, M., Putra, R., & Anggraini, Y. (2020). The impact of human resource training on business performance: Evidence from Indonesia. *Journal of Indonesian Economy*, 45(2), 234-250. <https://doi.org/10.1002/jie.2020.35>
- Smith, J., & Jones, R. (2018). Effective training strategies for improving employee performance: A focus on technical and managerial skills. *International Journal of Human Resource Management*, 29(7), 1123-1139. <https://doi.org/10.1080/09585192.2018.1426939>
- World Economic Forum. (2020). *The Future of Jobs Report 2020*. World Economic Forum. <https://www.weforum.org/reports/the-future-of-jobs-report-2020>

**Copyright holders:**

**Upit Elya Rohimi, Mega Mustika Sari, Elsa Islammia Pasha (2024)**

**First publication right:**

**Hawalah - Management, Economics and Business Studies**



This article is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).