The Role of Human Resources in Human Capital Management

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Abstract: This article discusses the important role of human resources (HR) in Human Capital Management (HCM) with a theoretical basis from various experts, as well as global case studies that illustrate the implementation of the role of HR in HCM. Based on the theory outlined in "Armstrong's Handbook of Human Resource Management Practice," HCM underscores the importance of managing human capital as a strategic asset that contributes to the achievement of organizational goals. Experts such as Gary Becker, David Ulrich, and Michael Armstrong state that investing in developing employee skills and knowledge is the key to increasing a company's productivity and profitability. In a global context, case studies show that the role of HR has evolved to become more strategic, not only managing employees but also adapting to current trends in human resource management. These trends include employee well-being, skills-based hiring, work flexibility, hybrid learning, ESG reporting, and interpersonal skills development. The role of HR in HCM is about transforming human resources into the main force that drives organizational growth and sustainability through effective and adaptive management strategies.

Keywords: Human Capital Management, Human Resources, Strategic Management, Employee Development, HR Trends

INTRODUCTION

Based on Armstrong's Handbook of Human Resource Management Practice, which provides a solid foundation for understanding Strategic Human Resource Management (SHRM) and Human Capital Management (HCM), it can be concluded that SHRM refers to a strategic approach to human resource management where HR decisions are aimed at supporting the strategic goals of the organization. This involves integrating HR policies and practices with the organization's business strategy to achieve a competitive advantage. The book discusses various theories and concepts related to SHRM, emphasizing a top-down approach to developing HR strategies that align with the organization's vision and mission. It highlights the importance of establishing a connection between business objectives and HR policies, including recruitment, training and development, and performance management. Additionally, it underscores the significance of measuring HR performance as part of the overall evaluation of organizational performance. (Armstrong, M., & Taylor, 2019).

Human Capital Management (HCM) focuses on the management and development of human capital within an organization. It emphasizes the importance of human resources as valuable and strategic assets for the organization's success. Armstrong's Handbook of Human Resource Management Practice also highlights the concept of HCM and related practices, including the development and implementation of strategies to recruit, develop, and retain talented employees. The scope of Human Capital Management encompasses several key areas: analyzing workforce needs and succession planning to ensure the organization has sufficient and qualified human resources, and the importance of investing in the development of employees' skills and knowledge to enhance both individual and organizational performance.Human Capital Management (HCM) theory underscores the importance of managing human resources as strategic assets for organizations. Experts emphasize that HCM involves investing in enhancing employees' knowledge, skills, and abilities to boost productivity and profitability. This investment is deemed crucial for long-term success and competitive advantage. HCM views employees not merely as resources but as key contributors to organizational success, necessitating strategic approaches to their recruitment, development, and retention. Effective HCM practices ensure that organizations have the right talent with the necessary skills and knowledge to drive performance and achieve business objectives. These perspectives highlight the critical role of HCM in fostering a skilled and capable workforce that can adapt to changing business environments and significantly contribute to organizational growth and success (Becker, 1964).HCM is an approach that integrates HR functions with business strategy to achieve competitive advantage (Ulrich, 1997). Peter Drucker interprets HCM as the organization's effort to manage, develop, and effectively utilize employees' potential (Drucker, 1954). HCM is an approach that links human resource management practices with achieving business goals, with a focus on developing employees as key assets (Armstrong, 2008). The importance of investing in employee well-being, skill development, and job satisfaction as strategies to enhance organizational performance cannot be overstated (Pfeffer, 1998). When organizations prioritize these aspects, they create a conducive environment where employees feel valued and motivated. Investing in employee well-being encompasses initiatives such as health benefits, work-life balance programs, and supportive work environments, which contribute to higher morale and reduced turnover rates. Skill development programs not only enhance employees' capabilities but also align their skills with organizational needs, fostering innovation and efficiency. Additionally, ensuring job satisfaction through recognition, career development opportunities, and fair compensation leads to higher engagement levels and productivity. Ultimately, these investments in employee welfare, skill enhancement, and job satisfaction translate into improved organizational performance, as motivated and skilled employees contribute more effectively to achieving business objectives. The importance of investing in employee well-being, skill development, and job satisfaction as strategies to enhance organizational performance cannot be overstated. HCM serves as an approach that measures individual contributions to organizational value and optimizes the utilization of human resources to achieve business goals (Boudreau, J. W., & Ramstad, 2007). Dave Ulrich and Wayne Brockbank propose the concept of "Strategic HR Architecture," which positions HCM as an integral part of organizational strategy, creating added value through effective human resource management (Ulrich, D., & Brockbank, 2005).Jong Ingham expands the concept of HCM by emphasizing the importance of diversity and inclusion in human resource management, along with strong integration of organizational values into HR practices. HCM theory posits that managing human resources as strategic assets is essential for achieving business objectives. This involves investing in employee development, leveraging technology for efficiency gains, and emphasizing diversity and inclusion. According to Jong Ingham, HCM is not just about managing employees as resources but also about creating an inclusive work environment that reinforces organizational values. He stresses the significance of workforce diversity and how integrating these values into HR management practices can enhance overall organizational

performance (Ingham, 2012). Human Resources (HR) plays a crucial role in managing human capital management (HCM). They are responsible for recruiting, training, developing, and retaining talent within an organization. HR also designs policies and strategies focused on the growth and productivity of employees, thereby becoming valuable assets to the company. By effectively managing HR, companies can maximize the potential of their employees and achieve their business goals more effectively. Human Capital Management (HCM) is the management practice that focuses on optimizing human resources (HR) to achieve organizational objectives (Susanto & Amanda, 2023).

Here are some experts' views on the role of HR in HCM: According to Dessler, HR plays a crucial role in HCM as they are dynamic, thinking, and initiative-driven resources. They drive organizational strategies and implement them in day-to-day actions. (Dessler, 2019). Armstrong states that HR is not just a cost but also an investment for the organization. They bring added value and vital innovation for long-term growth and success (Armstrong, 2017). HR should have a dual role as business drivers and strategic partners for management. They should be capable of linking HR strategies with the organizational business goals. (Ulrich, D., Brockbank, W., Younger, J., & Ulrich, 2013). Cappelli highlights the importance of HR in developing and maintaining a strong organizational culture. They are responsible not only for performing routine tasks but also for shaping a work environment that fosters innovation and collaboration. (Cappeli, 2019). The importance of Human Resources (HR) in Human Capital Management (HCM) is underscored by insights from various experts. Gary Dessler and Michael Armstrong emphasize that HR is not merely a cost but an active asset that drives organizational strategy and innovation. Dave Ulrich highlights HR's dual role as a business driver and strategic partner, linking HR strategies with organizational goals. Meanwhile, Peter Cappelli stresses HR's role in building a strong organizational culture that fosters innovation and collaboration. A deep understanding of HR's role in HCM is crucial for building organizational excellence and sustainability.

METHOD

This paper employs the literature review method to provide a comprehensive overview of relevant research studies and scholarly articles on the discussed topic (Susanto et al., 2024). The literature review method enables the author to gather, evaluate, and synthesize information from various sources to support understanding and discussion within the paper.

RESULT AND DISCUSSION
Case Study of the Role of Human Resources in Global Human Capital Management

In an increasingly developing era, Human Resources (HR) has become an important part of an organization. The role of human resources (HR) is not only limited to managing employees but also to developing business strategies and increasing company efficiency. Human Resources (HR) is a department or function in an organization that is responsible for managing human resources, such as recruitment, training, development, compensation, and performance management. This means that HR is an important part of an organization that handles human resource needs, from recruiting and training new employees to managing the performance and compensation of existing employees.

HR also has a role in Human Capital, namely in developing business strategies and increasing company efficiency. In an increasingly developing context, human resources need to adapt to the changes that occur and follow the latest trends in human resource management. Human Resources (HR) needs to find out and adapt to the latest trends to support the company's development. The following are human resource (HR) trends in 2023 according to, namely: Employee Welfare is Important, and human resources are expected to focus more on employee welfare. Employee welfare is a must in today's work environment. Companies need to ensure that employees feel valued and supported in their work. HR will focus more on efforts to improve employee welfare, such as providing health facilities, mental well-being

programs, and flexible work policies; Skills Recruitment is on the Rise, and HR will also experience a shift in the field of employee recruitment. Companies don't just look at degrees or work experience, but also the skills possessed by candidates. Skills-based recruitment is on the rise and is becoming a priority in the recruitment process. This will enable companies to recruit prospective employees based on their potential and ability to develop in the future; Flexibility for all employees is the future of the world of work. The future of work is flexibility for all employees.

HR will focus on providing flexible work options, such as working remotely, part-time work, or flexible work schedules. In an increasingly complex and dynamic work environment, companies need to provide flexible work options so that employees can better balance their work and personal lives; Hybrid Learning (Hybrid) Will Pressure Companies to Adapt Academic Systems. As online learning and technology continue to develop, hybrid learning is becoming increasingly popular among workers. Companies will have to reinvent the way they provide employee training and development, including adapting their corporate academies to better suit hybrid learning; ESG Reporting Will Expand To Attract Talent Fifth, ESG (Environmental, Social, and Governance) reporting will expand beyond what it should be for attract the best talent.

Today's young employees are increasingly paying attention to companies that have values that align with theirs, including environmental, social, and corporate governance. Therefore, companies need to improve their ESG reporting to be more transparent and attractive to young and qualified talent; Skills are Important Hard Skills for the Future in the World of Work. In an era where technology is developing and automation is becoming more common, human skills such as empathy, creativity, and interpersonal skills are increasingly important. Companies need to develop human skills in their employees to compete in an increasingly competitive job market; Hybrid Working (Hybrid) is Here to Stay and Success Starts with Defining It. In the wake of the COVID-19 pandemic, many companies are adopting hybrid working as a solution to balance employee and company needs. However, the definition of hybrid work remains unclear and varies between companies.

Companies need to clearly and thoroughly define hybrid work to achieve success in its implementation; The Office of the Future will Present an Off-Site Atmosphere in an On-Site Model. Traditional offices will experience major changes in the way they are used and built. Offices will be transformed into places that are more collaborative, and flexible and facilitate off-site activities, such as conferences and virtual meetings, and on-site, such as team discussions and meetings; Humans and Bots Create a New Hybrid Workforce. Technology continues to develop and allows humans to work together with robots and AI. Employees need to continually develop new skills and prepare to work with increasingly sophisticated technology. This also allows the company's human resources to increase efficiency and productivity; Employee Burnout is a Crisis that Needs to be Addressed. Workforce burnout is one of the crucial issues that must be addressed in 2023.

According to a survey conducted by Deloitte, only 13% of employees feel highly engaged in their work and almost 50% of those surveyed feel anxious and worried about the future of their work.This can lead to decreased productivity and employees who are likely to look for work elsewhere. Therefore, company human resources must look for ways to increase employee involvement. For example, providing relevant training and development programs, improving work and personal life balance, and providing flexibility in work. Company resources must look for ways to increase employee involvement. For example, providing relevant training and development programs, improving work and personal life balance; Establishing a Hybrid Working Model for Collaboration. In recent years, hybrid work models have become increasingly popular and are expected to continue to grow in 2023.

The COVID-19 pandemic has accelerated the adoption of this work model, where employees can work from the office or home according to their needs. Companies must provide the technology and infrastructure needed to enable employees to work effectively

from anywhere. Apart from that, company human resources must also look for ways to maintain collaboration and a strong company culture amidst this increasingly hybrid work model. 'Human Leadership. Amid increasingly rapid technological advances, humane leadership will become increasingly important in 2023. Companies must consider human aspects such as leadership with empathy and sensitivity to employee welfare. Additionally, companies must ensure that their leaders are equipped with the necessary people skills when making decisions and leading the company's future. One important aspect of human leadership is ensuring employees feel heard and valued, and get the support they need to achieve their goals at the workplace; Working on the Metaverse, Metaverse is a rapidly growing virtual world concept. In 2023, this trend could affect the world of work and human resource management. Organizations may start looking for ways to expand their presence in the Metaverse and develop the skills necessary to manage the employees working in it.

Company human resources can also use Metaverse for training, recruitment, and even holding meetings or conferences.; Change Management, Change has become a certainty in today's work world, Human resources from every company will pay more attention to change management and the best way to manage it. These aspects may include strengthening leadership skills across the organization, ensuring employees have the skills and knowledge necessary to adapt to change, and maintaining an inclusive and employee-oriented culture; Transitioning from Employee Wellness to a Healthy Organization. Organizations may begin to move away from a focus on employee well-being towards a healthy organization as a whole. This includes employee management development methods, as well as a company culture that is more inclusive and focuses on work-life balance. Human resources can develop employee health programs that focus on overall physical and mental health

In 2022, talk about how HR leaders want to "return to humanity". People-centric policies are especially important because the COVID-19 pandemic accelerates the transition to hybrid and remote work systems. The need for proactive efforts to preserve human space was keenly felt—and remains so, even after this pandemic. Josh Bersin predicts that by 2023 there will be a shift from simply creating a positive employee experience to "human capital sustainability." With stress and burnout being experienced across the board and the rise in remote and hybrid dislocation among colleagues, businesses must put people at the heart of how they design and use their HR technology. The article discusses the latest HR technology trends. Specifically, exploring the role of the evolving HR technology landscape in helping businesses move towards more sustainable Human Resources policies and processes in 2023. Top 5 HR technology trends in 2023: Safeguarding employee well-being; Humanize the employee experience; Improve skills development; Empowerment leadership training; Facilitates AI transparency and security.

How will the employee experience evolve in 2023?

Employee experience is still critical to business success - but the focus in 2023 has shifted from engagement to retention and skills retraining, as more than 45% of workers who change jobs in 2022 also change sectors. At the same time, companies also need to be aware of the challenges faced in the employee experience in 2023. The shift to hybrid work systems and asynchronous work systems has had a detrimental impact, reducing the closeness and connection between management and employees—and between employees. Overall, project staff, HR, managers, and leaders are all struggling to deal with the changing HR landscape. In short, when we look at human resources technology trends in 2023, what we see is that the focus is on people.

HR Technology Trends 2023: Putting the Human in Human Resources In 2022, talk about how HR leaders want to "get back to the human". People-centric policies are especially important because the COVID-19 pandemic accelerates the transition to hybrid and remote work systems. The need for proactive efforts to maintain human space was keenly felt—and remains so, even after this pandemic. Josh Bersin predicts that by 2023 there will be a shift

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Today we will discuss the latest HR technology trends which will specifically explore the role of the evolving HR technology landscape in helping businesses move towards more sustainable Human Resources policies and processes in 2023. Employee experience is still critical to business success, but the focus in 2023 has shifted from engagement to skills retention and retraining, as more than 45% of workers who changed jobs in 2022 also changed sectors. At the same time, companies also need to be aware of the challenges faced in the employee experience in 2023. The transition to a hybrid work system and asynchronous work system has had a negative impact, reducing closeness and connection between management and connectedness between employees. Overall, project staff, HR, managers, and leaders are all struggling to deal with the changing HR landscape. In short, when we look at human resources technology trends in 2023, what we see is that the focus is on people. Top HR technology trends in 2023. As businesses seek to put employees at the heart of their experience, what role does HR technology play? , Here are 5 of the latest trends in HR technology.

Maintain employee welfare. Even after this pandemic passes, stress will continue to burden workers. Work-related stress levels are higher in 2022 than in 2020, and some psychology and psychiatry experts report the emergence of post-pandemic stress disorders. And it's not just the pandemic. The American Psychological Association reports that the cost of living, the war in Ukraine, and global instability are causing more than 8 in 10 American adults to experience stress. In the UK, 62% of workers have experienced burnout in the last year. This is bad news for productivity. More than half of employees report that poor mental health impacts their work, according to the ADP Research Institute. It also doesn't help that the more remote work becomes, the harder it is for managers to recognize and support overworked team members. Frontline workers, knowledge workers, senior HR leaders, and business leaders all agree: that employee stress and burnout are the top reasons people leave their organizations. HR professionals themselves are not immune to this.

As Human Resources has become increasingly complex, multifunctional, and demanding in recent years, burnout has hit Human Resources staff harder than in other areas. HR technology has a lot to offer here. Employee experience platforms (EXPs) offer integrated tools that can streamline and streamline HR tasks and processes, facilitate onboarding and L&D, and connect staff and teams. By designing HR software to reduce sources of stress and burnout, companies can help make staff's lives easier. To ease the burden on HR teams, for example, Applaud's AI-powered self-service HR service reduces unnecessary requests and is easy to resolve. This not only reduces workload - but also allows the Human Resources team to focus on the human resources aspect.

Humanize the employee experience. Speaking to SHRM, John Kostoulas, vice president of HR at Gartner, predicts that employee experience will become a broader strategic goal for companies by 2023. To attract and retain the talent they have, and to remain productive, HR leaders must be conscious of meeting needs. its employees. Flexibility remains important— both in terms of where and when work is done. HR teams must have a clear and supportive hybrid work strategy that meets employees' human needs and work-life balance. This requires agile, flexible HR and workplace technology that supports the entire employee experience. To address the erosion of social skills during the pandemic years, Gartner researchers suggest providing "intentional connections among employees across geographic – and generational – boundaries," rather than simply forcing a return to the old face-to-face connections. Improve skills development. To navigate the ever-changing world of work, employees are constantly seeking to develop new skills and improve the ones they already have. And HR teams are focusing more on skills, and less on academic qualifications.

The European Union has even designated 2023 as the Year of Skills, which is an indication of changing priorities and the emergence of a skills gap. One in three workers in Europe lacks basic digital skills and 77% of companies in the EU struggle to find skilled workers. At the same time, Pearson's Skills Outlook found that the 5 most in-demand skills are people skills —communication, collaboration, customer service, attention to detail, and leadership. Facilitating the development of relevant skills not only benefits the employee experience but also the business. Investing in a skills-first mindset and facilitating employee upskilling and retraining will help not only attract talent but also retain it—and drive engagement and performance. Jennifer Shappley, LinkedIn's head of global talent acquisition, says that "companies that excel at internal mobility retain their employees almost twice as long." Harvard Business Review calls this support for internal mobility, upskilling, and growth "silent hiring"—a productive response to the "quiet quitting" trend of 2022, as exhausted and disengaged employees effectively work to rule. By using HR technology to facilitate learning pathways, employee development plans, and mentorship schemes, employees can leverage their skills to meet job demands, and HR leaders can strengthen the company's talent pool.

Empowerment leadership training. It's not just employees who need to improve their skills. Leaders' roles are also changing as they learn to deal with a distributed workforce. Leader and manager effectiveness is a top priority for CHROs in 2023. New leaders are "more authentic, empathetic and adaptive." According to the International Institute for Management Development, key leadership skills needed in 2023 include agility and adaptability, relationship building, and employee motivation. This requires upskilling leaders in soft skills and developing leadership development plans. Of course, some leaders experience 'productivity paranoia', and would rather abandon flexible working and return to the old way of working. Microsoft's Work Trends Index shows that the shift to hybrid work has made 85% of leaders less confident that their employees are productive. But with 64% of people saying they would quit if they had to return to working full-time in the office, this may not be the best strategy. Instead, leaders would be better served by leveraging their learning platforms and HR tools to track relevant metrics such as productivity for hybrid workers and use it to inform performance discussions in a way that demonstrates – and fosters – trust. Likewise, HR technology can support two-way feedback that creates and maintains that trust, and the overall employee experience. Leaders not only provide performance management input but also listen to employees to understand what they need to be more productive. To quote Josh Bersin: "Managers and team leaders must learn to be comfortable with remote and disconnected teams and learn how to lead, listen, and help them."

Facilitating AI Transparency and Security Lastly, with the potential and risks of AI being debated in every aspect of life by 2023, it is not surprising that AI is also trending in HR services. Just look at how interest in artificial intelligence in HR has grown on Google Trends in the last 12 months. As we have seen, automation and AI tools are increasingly becoming an integral part of the digital transformation of many businesses. AI handles repetitive and time-consuming tasks, saving HR administrators time. It can support and personalize skills development, with intelligent recommendations to guide employees in developing the skills they most want to master. It can even improve hiring by speeding up application screening and supports DEIBs by eliminating hiring bias. At the same time, this also raises concerns. In particular, the issue of handling and managing personal HR data has major implications for data privacy and security. Organizations using AI and machine learning for recruitment must go above and beyond to ensure transparency, safety, and equity. What's more, HR professionals need to make extra efforts to comply with regulatory protections such as the General Data Protection Regulation (GDPR) in the EU and new measures coming into effect in the US and around the world. Human Resources Information Systems (HRIS) and other HR technology platforms need to be implemented by considering employee safety and security. In 2023, people will be placed in Human Resources

The last few years have taken their toll on all of us, not just in terms of stress but also disconnection. With a hybrid work system in place, HR teams need to maximize their HRIS technology to manage an engaging employee experience, while supporting skills development, well-being, diversity, and security remotely. At the same time, managers, leaders, and HR professionals need to be aware of their own needs for development and well-being. Companies should look for ways to maximize their HR platforms and digital tools to support these goals. Modern consumer-grade solutions enable seamless integration and even code-free development to make it easier to build and scale employee experience solutions to meet the needs of your employees at every level of the organization.

Case Study of the Role of Human Resources in National Human Capital Management

The importance of developing human capital management in the context of a country's economic and social development. A quote from Amartya Sen states that sustainable economic growth cannot be achieved without investment in human development. This underlines the important role of human resources (HR) in creating sustainable and ethical development. In the context of the 2024 presidential election, society hopes to have a transformative leader, who can change the main pillars such as education, health, and the economy for the better. These three pillars are considered the main foundation for developing the quality of human capital, which in turn will support economic growth and community welfare. The role of human resources (HR) in Human Capital Management (HCM) becomes very relevant in this context.

Elected leaders are expected to have a clear vision and strategy for managing human resources effectively. This includes efforts to improve the quality of education, provide wider access to health services, and create an economic environment that supports growth and is inclusive for all levels of society. By focusing on developing the quality of human resources, elected leaders are expected to be able to overcome various challenges related to education, health, and poverty are still worrying. In the context of Human Capital Management, this involves strategic planning, efficient resource allocation, inclusive policy development, and the implementation of management practices oriented towards human development and empowerment.

According to (Irianto, 2023) the public hopes that the 2024 presidential election will produce transformative leaders, namely those capable of changing the pillars of education, health, and the economy for the better. These three pillars are the foundation for developing the quality of human capital. Improving the quality of human resources (HR) is one measure of development success. Leaders elected in the 2024 presidential election must be able to overcome problems related to the quality of human resources. Viewed from various angles, the condition of human resources is still worrying and requires serious attention. In terms of employment, for example, the education level of human resources is very low. Data from the Ministry of Manpower (Kemenaker) in early 2023 shows that the workforce figure (naker) is dominated by elementary school graduates and below at 38.76%.

The Ministry of Manpower's version is almost the same as the Central Statistics Agency (BPS). According to BPS (2022), workers with no education/never been to school/haven't finished elementary school/finished elementary school reached 39.10%. 18.23% of workers have junior high school education, 18.23% of SMA, 11.95% of vocational school, and only 12.60% of diploma/bachelor degrees. With a low educational profile, it is difficult for workers to compete. For this reason, the government needs to pursue education and training more intensively to increase the competitiveness of workers and be able to adapt to various changing demands in the era of digital technology.
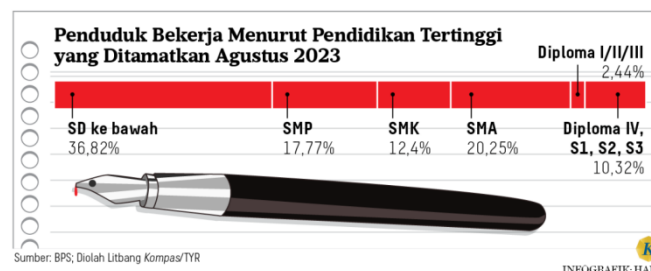
Workers are required to master the knowledge, skills, and abilities of popular digital technology called digital literacy. Unfortunately, the digital literacy level of Indonesian human resources is lower when compared to other countries' human resources. Based on the 2022 Indonesia Telecommunication Union (ITU) Indonesia, Indonesia is ranked 56th out of 63

countries. A country's progress in the digital era is influenced by the digital literacy level of its citizens. The elected presidential candidate must have a clear vision for the development of digital literacy. The human capital development platform initiated supports increasing the ability of citizens to achieve excellence, achieve a more prosperous standard of living, and escape the trap of poverty. Human capital development is not only related to the problem of low-quality workers but also poverty. BPS shows that the number of poor people increased from 24.78 million in 2019 to 27.54 million in 2021. Not only in villages, poverty also hit urban residents. BPS noted that the percentage of poor people in cities at the beginning of 2022 reached 7.50% or an increase of 7. 53% by the end of 2022. The percentage of rural poor is 12.29% and will increase to 12.36%. There have been many programs to reduce poverty, but the results have not been effective.

The elected presidential candidate must be able to reduce the amount of poverty, especially for the rural population below 9%. It must also be able to overcome the very wide income inequality between poor and rich people. The phenomenon of income disparity has widened since the 1998 reforms. The World Bank said that the richest 10% of people control 77% of all the country's wealth. One percent controls half the wealth. As a result, income inequality in Indonesia is the highest among 38 countries in the world. The community hopes that future leaders will not only be successful in reducing poverty but will also be able to reduce inequality. It is hoped that various pro-poor policies will be more effective in overcoming problems that have hampered the development of human capital. (Irianto, 2023) emphasizes the importance of human capital development in the context of a country's economic and social development. A quote from Amartya Sen states that sustainable economic growth cannot be achieved without investment in human development. This underlines the importance of the role of human resources (HR) in creating sustainable and ethical development. In the context of the 2024 presidential election, society hopes to have transformative leaders, who can change the main pillars such as education, health, and the economy for the better.

These three pillars are considered the main foundation for developing the quality of human capital, which in turn will support economic growth and community welfare. The role of human resources (HR) in Human Capital Management (HCM) becomes very relevant in this context. Elected leaders are expected to have a clear vision and strategy for managing human resources effectively. This includes efforts to improve the quality of education, provide wider access to health services, and create an economic environment that supports growth and is inclusive for all levels of society. By focusing on developing quality human resources, elected leaders are expected to be able to overcome various challenges related to education, health, and poverty which are still worrying. In the context of Human Capital Management, this involves strategic planning, efficient resource allocation, inclusive policy development, and the implementation of management practices oriented towards human development and empowerment. In terms of employment, for example, the level of human resource education is very low. Data from the Central Statistics Agency obtained by Kompas Research and Development in 2023 shows that the working population is dominated by elementary school graduates and below at 36.82%.

Source: https://www.kompas.id/baca/riset/2023/11/07/penbesar-bekerja-berpendidikan-dunia-masih-dominan

17.77% of the working population/workers have junior high school education, 20.25% high school, 12.4% vocational school, and 2.44% diploma, Diploma IV, Bachelor's degree, 2nd and 3rd degree only 10.32% (Gitiyarko, 2023).

Due to the lack of formal education in Human Resources in the job, it is difficult to compete. Therefore, the government needs to intensify efforts in education and training to improve the abilities of job competitors and enable them to adapt to the changes occurring in the era of digital technology. Workers are required to master the knowledge, skills, and abilities of popular digital technology called digital literacy. Unfortunately, the digital literacy level of Indonesian human resources is lower when compared to other countries' human resources. Based on the 2022 International Telecommunication Union (ITU) survey, Indonesia is ranked 56th out of 63 countries whose progress in the digital era is influenced by the digital literacy level of its Indonesian citizens in 2023 (ITU, 2023)has a value of 84.2 in the Individuals using the Internet (%), 76.1 in Households with Internet access at home (%), and 80.1 in Mobile-broadband subscriptions per 100 inhabitants.

Data from the International Institute for Management Development (IMD), in its 2023 World Digital Competitiveness Ranking (WDCR) report, states that Indonesia is ranked 45th in the world for digital competitiveness after previously being ranked 51st in 2022. Report The IMD WDCR, which will be released at the end of 2023, compares the digital competitiveness rankings of 64 countries.

The research results of this Swiss institution show that Indonesia's digital competitiveness is superior to several other Asian countries such as India (ranked 49), the Philippines (59), and Mongolia (63). However, in the Southeast Asia region, Indonesia is still behind Singapore (rank 3), Malaysia (33), and Thailand (35) (Kominfo, 2024). The level of digital literacy, measured by the percentage of individuals using the internet (84.2%) and households with internet access at home (76.1%), shows that Indonesia has made significant progress in expanding access and use of digital technology among its population. This illustrates that human resources (HR) in Indonesia are increasingly connected to technology, which is an important aspect in facing challenges and exploiting opportunities in the digital era.

The increase in mobile-broadband subscriptions per 100 inhabitants (80.1) also shows that internet access is no longer limited to certain computers or devices, but has spread to mobile devices, enabling easier and more flexible access to digital resources. This shows that Indonesian human resources are increasingly skilled in utilizing digital technology for personal and professional needs. Indonesia's digital competitiveness has risen to 45th in the world, according to the 2023 World Digital Competitiveness Ranking (WDCR) report, showing significant progress in the ability of Indonesian human resources to adopt, manage and optimize digital technology for economic and social interests. However, this ranking also highlights that there is still room for further improvement, especially in terms of HR's ability to innovate and create added value using digital technology.

In the context of human resources and human capital management (Human Capital Management - HCM), this data emphasizes the importance of investment in developing digital skills and knowledge for Indonesian human resources. This can be done through training and education programs tailored to the changing needs of the labor market, as well as through policies that support digital inclusion and equitable access to digital technologies across the country. In addition, the role of effective human capital management in ensuring the placement, development, and retention of quality and skilled human resources is also key in ensuring Indonesia can exploit the full potential of its digital progress for sustainable growth and prosperity. The government needs to have a clearly defined vision related to increasing digital literacy. The proposed human capital development platform initiative should encourage improving people's skills to achieve better prosperity and overcome poverty.

Human capital development is not only related to the problem of low-quality labor but also to poverty. Data from BPS shows an increase in the number of poor people from 24.78 million in 2019 to 27.54 million in 2021. Not only does it occur in rural areas, but poverty also haunts urban residents. BPS noted that the percentage of poor people in cities at the beginning of 2022 reached 7.50%, an increase of 7.53% towards the end of 2022. Meanwhile, the percentage of poor people in villages reached 12.29% and increased to 12.36%. Even though many programs have been carried out to reduce poverty, the results have not been very effective. This shows that human capital development is closely related to efforts to overcome poverty. The role of human resources and human capital management is very important in designing programs that can improve the quality and welfare of society, both in urban and rural areas. The government must have the ability to reduce the amount of poverty, especially among the rural population, to below 9%. Apart from that, he is also expected to be able to overcome the very wide income disparity between poor and rich people in Indonesia. The phenomenon of income inequality which has widened since the 1998 reform is a serious concern.

According to the World Bank, only the richest 10% control 77% of the country's total wealth, while the richest 1% control half of that wealth. This causes income inequality in Indonesia to be the highest among 38 countries in the world. The community hopes that future leaders will not only succeed in overcoming poverty but will also be able to reduce economic inequality. To achieve this, effective pro-poor policies are needed to overcome obstacles in human capital development. In this context, the theory of the role of human resources (HR) and human capital management is very relevant.

The role of HR in this case includes efforts to identify, develop, and manage human resources effectively so that they can make a maximum contribution to reducing poverty and overcoming economic disparities. Human capital management (HCM) is also important in optimizing the use of human resources to achieve sustainable development goals. This involves improving the quality and skills of the workforce, as well as developing policies and programs that support inclusive economic growth.

The practical analysis of this theory is that future governments and leaders need to adopt a comprehensive approach to managing human resources and human capital. This includes investment in education and training, development of inclusive economic infrastructure, as well as redistribution policies that favor the poor and vulnerable. In this way, it is hoped that economic disparities can be reduced and human capital development can be increased significantly.

Education

Education is considered one of the solutions to overcome poverty and inequality. Education level is believed to be directly related to a person's income. The government assists poor people through the Bidik Misi program so that they can access higher education.

After graduating from the Bidik Misi program, it is hoped that participants will be able to obtain decent work and adequate income. Access to higher education is considered the right step for poor people to escape the trap of poverty.

The government has allocated a very large budget for the education sector. However, improving the quality of education and budget management is still a big challenge for future leaders. Even though the education budget has continued to increase since 2009, the quality of education has not experienced significant improvements. However, the Program for International Student Assessment (PISA) scores show that the quality of Indonesian education is still lagging. Indonesia's PISA score in 2018 ranked Indonesia 74th for reading ability, 73rd for mathematics, and 71st for science. This shows that Indonesia is still 100 points behind the average achievement of OECD member countries. The government hopes to be accepted as an OECD member by fulfilling various requirements, including those related to human capital

ranking. However, the Human Capital Index (HCI) version from the World Bank shows that Indonesia's score is still low, namely only 0.54 or 96th out of 175 countries.

The World Bank also identified that Indonesia is facing obstacles in developing human capital which is accompanied by a significant decline in productivity. Thus, although great efforts have been made in developing the education sector, challenges still exist in improving the quality of education and optimizing human capital development in Indonesia (Irianto, 2023).

The data presented illustrates the complex relationship between human resources (HR), human capital development, and poverty. Poverty is the impact of the low level of human capital development in a country. This can be seen from the fact that lower-income tends to occur in individuals who have a low level of education and skills.

Human capital development, through investment in education and training, is the key to overcoming poverty by empowering individuals to obtain better jobs and higher incomes. Income Inequality and Poverty: Widening income disparities, such as those occurring in Indonesia, are an important factor in exacerbating poverty. When a small portion of the population controls most of the wealth, while the majority of the population struggles to meet their basic needs, social and economic disparities further deepen the problem of poverty.

Education as a Solution to Overcoming Poverty: Education is recognized as one of the main solutions to overcoming poverty and inequality. Investment in education, especially for the less fortunate, such as through the Bidik Misi program, provides greater access for individuals to acquire the skills and knowledge necessary to increase social and economic mobility.

Limitations of Poverty Alleviation Programs: Although there have been various poverty alleviation programs such as the Smart Indonesia Program (PIP) and School Operational Assistance (BOS), the results are not always effective. This shows that a poverty alleviation approach is not just about providing financial assistance, but also about ensuring fair and quality access to education and training that can increase individual economic capabilities and opportunities. The role of Human Capital Management (HCM) and HR: In this context, the role of human capital management (HCM) and HR becomes very important.

HCM is responsible for planning, developing, and managing human resources within an organization or society as a whole. In a public context, good policies in human resource management, including in the education sector, can help improve the quality of the workforce and reduce poverty levels by empowering individuals and communities to reach their full potential.

Theories related to HCM and HR such as human resource development theory, performance management, and talent management can provide a deeper view of how HR management strategies can be applied to overcome problems of poverty and inequality in society. For example, an approach oriented towards skills development, individual empowerment, and community capacity building can be an effective strategy in increasing human capital and reducing poverty. In the context of the data and cases above which discuss poverty, human capital development, and education, there are several theories in relevant Human Capital Management (HCM) and Human Resources (HR):

- Human Resource Development Theory: This theory emphasizes the importance of investing in human resource development to improve organizational and individual performance. In the context of the case above, this approach underscores the importance of investing in education, training, and skills development to reduce poverty and increase individual economic capabilities. Programs such as Bidik Misi are a concrete example of the implementation of this theory, which aims to provide access to higher education for those who are less fortunate.

- Performance Management Theory: This theory focuses on managing individual performance in achieving organizational goals. In the context of poverty management, a performance management approach can be applied to measure and improve the

effectiveness of poverty alleviation programs such as the Smart Indonesia Program (PIP) and School Operational Assistance (BOS). By monitoring and evaluating the performance of these programs, the government can identify areas where the programs are successful and where they need to be improved.

- Talent Management Theory: This theory highlights the importance of managing individual talents and skills to achieve competitive advantage. In the context of education and poverty alleviation, governments need to adopt a talent management approach to ensure that education and training programs not only provide equitable access but also attract and retain the best talent in the education system and society. Apart from that, the government also needs to pay attention to teacher development and empowerment as an important aspect of talent management in the education sector. The theory of human resource management (HR) and Human Capital Management (HCM), reflects the concept that HR is a very important asset in achieving organizational success or the development of a country. Several theories that are relevant in this context include Human Development Theory: Developed by Amartya Sen, this theory emphasizes the importance of investment in human development as the foundation for sustainable economic growth. This theory implies that the state needs to give priority to improving education, health, and community welfare to achieve inclusive and sustainable development (Sen, 1999). Investment Theory in Human Capital (Human Capital Theory): This theory states that investment in human resource development will produce positive results in the long term, both for the individual and for the organization or country. This theory implies that governments or organizations need to allocate resources for training, education, and HR skills development to increase productivity and competitiveness (Becker, 1964). Organizational Change Theory: In the context of selecting transformative leaders, this theory emphasizes the importance of changes in the organization or system carried out by leaders to achieve the desired goals. The implication is that elected leaders need to have strong leadership skills to change the education, health, and economic systems through the established development vision and mission (Cummings, T. G., & Worley, 2014). By understanding these theories and applying relevant HR management and HCM principles, the government is expected to be able to create positive changes in human resource development and achieve sustainable development goals nationally and globally.

Case Study in Research Journal Articles

The article entitled "The Strategic Role Of Human Resources Management In Performing Crisis Management: The Mediating Role Of Organizational Culture And Human Capital During Covid-19 (An Applied Study On The Jordanian Ministry Of Health)" by (Al-Khrabsheh et al., 2022) discusses the strategic role of human resource management (HR) in dealing with crises, especially in the Jordanian Ministry of Health during the COVID-19 pandemic.

This article highlights the importance of aligning HR management with strategic goals and organizational culture, as well as the role of knowledge, skills, and individual characteristics in human capital that contribute to organizational success. This research evaluates the impact of organizational culture and human capital as mediator variables in the effectiveness of crisis handling. By using quantitative methods and statistical analysis such as ANOVA, the research results show that HR management plays a significant strategic role in dealing with crises, influenced by human capital and organizational culture. There is a positive correlation between human capital and crisis management performance, with the Jordanian Ministry of Health improving the skills and knowledge of personnel to handle crises effectively. This article makes an important contribution in the context of crisis management in the public health sector during the pandemic, with practical and academic implications for improving the effectiveness of crisis management in the future.

The article "Human Capital Management: A New Name for HRM?" (Afiouni, 2013)discusses the differences between Human Capital Management (HCM) and Human Resource Management (HRM), as well as the importance of human capital management in achieving competitive advantage. The problem raised is confusion among practitioners and academics regarding the differences between HRM and HCM and the need for a clearer definition of Human Capital (HC) in the context of human resource management.

This research uses the Human Capital theory introduced by Theodore Schultz and developed by Gary Becker and Jacob Mincer, as well as the Resource-Based View (RBV) and Rent-Based View as a framework for analyzing and managing HC in organizations. This research aims to provide a deeper understanding of HCM and show that HCM is not just a rebrand for HRM, but rather a more strategic and value-added approach. This article fills a gap in the HRM literature by proposing a clearer definition of HC and an HCM framework that is integrated with the Strategic HRM and Knowledge Management literature. This research is based on an in-depth literature review on Human Capital, Strategic HRM, and Knowledge Management, using a descriptive-analytical approach to develop a better understanding of HCM.

The research results indicate the development of an HCM framework that has the potential to assist researchers and practitioners in managing human capital effectively. This framework guides important factors in HC management, including the integration of HRM strategies with Knowledge Management strategies. Conceptually, the difference between HRM and HCM is that HRM tends to focus on administrative and operational aspects, while HCM has a more strategic and holistic approach, placing employees as the main asset that provides added value and competitive advantage for the organization. In the context of HCM, HR's role is key in managing human capital effectively, with responsibility for integrating HRM strategies with Knowledge Management and Operational Behavior (OB) strategies to achieve HCM goals. This suggests that HR in the context of HCM has a more strategic and integrated role, going beyond administrative responsibilities to ensure that employee value is optimized for the long-term success of the company.

CONCLUSION

Based on the analysis of "The Role of Human Resources in Human Capital Management," it is evident that Human Capital Management (HCM) is a strategic approach emphasizing the importance of managing human resources as key assets to achieve business objectives. This involves significant investment in employee development, the use of technology to enhance efficiency, and a strong focus on diversity and inclusion. Human Resources (HR) plays a critical role in HCM by recruiting, training, developing, and retaining talent within the organization. They also design policies and strategies that foster employee growth and productivity. Additionally, the government plays a pivotal role in HR development, particularly through investments in education, which are essential for sustainable economic growth. Recommendations from this analysis highlight the need for companies to enhance employee engagement through training programs, work-life balance initiatives, and flexible work arrangements. The adoption of hybrid work models should be supported by robust technology and infrastructure, alongside efforts to maintain collaboration and company culture. Furthermore, governments should prioritize human resource development by investing in education, healthcare, and community welfare to ensure inclusive and sustainable economic growth. Therefore, a strong integration of HR policies, business strategies, and government roles in human development is crucial for achieving sustainable economic growth and overall societal well-being.

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