

The Role of Employee Training and Development in Improving the Productivity of MSMEs in Malang City to Compete in The Global Market: With the Mediating Variable of Social Capital

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ABSTRACT: This study aims to analyze the influence of training and development on productivity with social capital as a mediating variable. This study uses a quantitative approach with the type of *explanatory research*. Data was collected through a questionnaire distributed to MSMEs in Malang City who met the predetermined criteria of 51 respondents. The data analysis technique used is Partial Least Squares Structural Equation Modeling (PLS-SEM) with SMART PLS software. The results of the study show that training and development have a positive and significant influence on productivity. In addition, social capital has also been proven to have a positive and significant influence on productivity. Additionally, the outcomes of mediation analysis show that social capital is a strong mediator in the relationship between productivity and training and development. The outcomes suggest that training and development raises social capital, which in turn raises productivity directly and indirectly. This research contributes to the understanding of the key role of social capital in maximizing returns on investment in human resources and provides recommendations for MSMEs to make HR development strategies part of practices to build strong social capital as part of organizational governance.

KEYWORDS: Training, Development, Social Capital and Productivity

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have been globally acknowledged as a driver of sustainable economic growth, especially during this era of economic globalization in fostering innovation (Hernita et al., 2021). According to data from the Ministry of Cooperatives and SMEs (2023), they provide the highest share of the GDP. In addition, MSMEs play a significant role in poverty reduction, employment generation, and overall economic resilience all of which are vital to prosperity in both developed and developing economies (Ayu Putri Ragil, 2021). Further, due to the fact that MSMEs are highly adaptable and sensitive to changes in the market, they can react to customers' needs faster and more effectively (Wijaya et al., 2025). This capacity is increasingly important during the time of the digital economy, where changes happen very quickly and competition becomes more and more fierce. Therefore, support for the development of MSMEs is prioritized by most countries, including Indonesia, in its pursuit to achieve sustainable economic growth.

Due to various challenges, MSMEs must focus on strategic investment in employee training and development, build social capital, and embrace innovative strategies to boost productivity and competitiveness. Employee training and development is one of the main pillars in building capabilities, competencies, and knowledge that result in improved productivity and organizational performance (Adaobi and Konado, 2022). Employees who are appreciated and permitted to develop will be more productive and more committed. Technologically relevant training and market-relevant training also enable MSMEs to adjust and benefit from new possibilities. Quality human capital investment is significant in order for MSMEs to compete at the global level (Jayanti, n.d.). Most significantly to MSMEs' case, the social capital concept entailing networks, norms, and trusts has come out as a key driver of organisational success (Palogan et al., 2024). Through exposure to social capital, where access to resources, information, and market opportunities is provided through good relationships with suppliers, consumers, and industry partners, MSMEs attain competitiveness. This shows how social interactions and close networks are valuable resources capable of supporting MSMEs' development and competitiveness in the market (Bhatia & Singh, 2019). Moreover, the Government and business leaders also continue to be more interested in increasing efficiency and technology use, in addition to financial support and correct training to improve the productivity of MSMEs in every aspect (Majid et al., 2021).

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Training and development in HR equips one with a lot to learn and know, but within MSMEs, it is usually hindered by a number of factors, including lack of funding, inability to create training programs that are effective and time-suited, and unawareness of the long-term value of investing in human resources (Khanh Duy & Thi Hoang Oan, 2015). In addition, the efficiency of training and development in increasing MSME productivity is conditioned by a number of factors, including organizational culture encouraging the continuous learning process, the availability of maximum managerial support for the implementation of training results, and industry features (Sharmila and Chinnathambi, 2024).

Previous research has extensively examined the relationship between HR training and development and organizational performance (Hadaitana & M.Ali Iqbal, 2023; Hosen et al., 2024), but there is still a gap that needs to be further examined, namely most of the research is conducted in large and multinational organizations, while research on the impact of training and development on MSMEs is still very limited. The contradiction in this study shows that management training does not have an impact on productivity (Khanh Duy & Thi Hoang Oan, 2015) While (Andayani & Hirawati, 2021) found that training had no significant direct impact on organizational performance. Furthermore, it is related to the role of social capital as a bridge that connects training and development with the productivity of MSMEs, which is still rarely done. Often the social capital variable is considered one of the important assets for MSMEs, research integrating social capital as a mediating variable in the relationship between HR investment and performance is still limited, especially in the context of MSMEs in developing countries (Setyawan et al., 2022). So it focuses more on MSMEs in Malang City, which have unique characteristics and a different local context from other regions in Indonesia.

Training and education provide the main benefits in improving the competencies, knowledge, and skills needed by MSMEs to run their businesses more efficiently and effectively (Sutrisno et al., 2023), and is the key to success in the development of MSMEs, to face diverse economic conditions and contribute significantly to the GDP and labor absorption of a country (Setyawan et al., 2022). In addition, there are several studies showing a link between investment in employee training and development and improved organizational performance, where skilled, creative and knowledgeable employees are better prepared to perform tasks well (Okeke et al., 2024). Related to this, these benefits have more value, but MSMEs often face challenges in implementing training and development programs as a whole, due to limited resources, limited training opportunities available, and training initiatives that are often not strategically aligned with business objectives.

In addition to employee training and development, social capital plays an important role in driving innovation, facilitating knowledge transfer, and fostering collaboration within MSMEs. By building strong networks and relationships, it is expected that MSMEs can access optimal information, resources, and management support that enhances their ability to compete in the global market.

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are an important pillar in the Indonesian economy (Ulum et al., 2023), and as Driving force for economic growth, job creation, and poverty reduction (Ayyagari et al., 2007) and greatly contributes to the Gross Domestic Product (GDP) and has a strategic role in driving the local economy through the provision of jobs and local-based innovation. MSMEs play an important role but need to be supported and developed capacity to be able to compete more widely and improve the sustainability of their business (Wibawa et al., 2019). However, a number of internal and external constraints tend to limit the potential of MSMEs. The most prominent hindrances to the growth and development of MSMEs include lack of access to financial capital, low levels of technology adoption, lack of appropriate market information, and lack of adequate management skills. As a result, managing is holistic and focused on enhancing resilience and competitiveness in the global and digital economy. This approach enhances entrepreneurial and managerial capabilities, tightens technology and financial access, and fosters a good regulatory framework all of which are closely pivotal strategic elements (Fitriati et al., 2020). Additionally, the capability to be able to make MSME players more responsive to change in the market and empowered to take advantage of opportunities arising in the digital era is needed. This will make MSMEs more competitive, innovative, and stronger in the global market.

Training

Employee training and development is a well-structured process that seeks to enhance employees' capacity, skills, and competencies in an effort to be capable of responding to changing market trends and technological innovation and enhance overall organisational performance. In an effort to provide employees with the appropriate skills needed to compete globally and address various issues during the era of digitalisation, MSMEs have to invest significantly in training and development. With the often constrained resources of MSMEs, investing in employees' training and development is growing more important. Proper training can help MSMEs to increase productivity, efficiency, and quality of products or services offered

Training is focused on providing the knowledge and job skills needed for current performance, with a short-term orientation, while development aims to prepare employees for future challenges and achieve Long-term career growth (Dessler, 2020). Effective training programs can encourage organizations to become more adaptive and innovative, ultimately supporting the company's

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sustainability and growth in a competitive global marketplace (Credits, 2024). By having skilled and knowledgeable employees, organizations can create a competitive advantage that is sustainable and difficult for competitors to replicate so that organizations can achieve optimal productivity. The training indicators according to the statement from (Darmasetiawan et al., 2020) including: (1) Improving the competence of MSME actors (2) Ability to apply digital technology (3) Adaptation to change (4) Readiness to face the challenges of the industrial revolution era 4.0. Next (Sun, 2025) including: (1) Access to career promotion opportunities (2) Work-life balance while according to (Chalisa & Prawitasari, 2024) (1) Employees' understanding of the job description, (2) employees who receive rewards, (3) employees who receive punishments. Training is required to promote the competitive and sustainable growth of MSMEs globally (Anggadini et al., 2023), besides that, it is important for organizations to invest in people development and innovation as among the key strategies to improve the performance and sustainability of MSMEs in emerging economies.

Development

Human Resource Development (HR) is a conscious and systematic process to improve employees' knowledge, skills, competencies, and personal qualities to meet organizational needs, enable the achievement of strategic goals, and improve organizational competitiveness (Garavan et al., 2012). It therefore not only seeks to develop individual capabilities, but also to create a learning-conducive work environment, innovation, and cooperation. With an even more competitive and dynamic business world, organizations have to invest in human resource development so employees are equipped with skills and knowledge to suit job demands, as well as coping with the fast pace of technological developments today.

In individual MSME human resource development, it plays an important role as they are at the forefront of business activities, so that they are able to face challenges in the future (Sutrisno et al., 2023), in addition to being one of the main elements of the innovation strategy and improving competitiveness (Keelson et al., 2024). Investment in the human resource development of MSMEs goes beyond technical skill development, to managerial capacity building, entrepreneurship, and adaptability to changes in business environments. With quality and competitive human resources, MSMEs can build capabilities to increase productivity, operational efficiency, and product/service quality offered to consumers. Signals of human resource development are (Antasya et al., 2024): (1) Employee Participation and Initiative Levels (2) Competitive Ability and Innovation (3) Mastery of Competencies and Knowledge and (4) Welfare and Job Satisfaction while according to (Mustain, 2023) are: (1) Skills and Training (2) Quality of Human Resources (3) Access to Social Services

SOCIAL CAPITAL

Social capital is one of the important foundations in the development and success of micro, small, and medium enterprises (MSMEs). In general, social capital refers to the network of social relationships, the level of trust between business actors, and the norms that apply in a particular community or business circle (Priyo Utomo & Sri Wartini, 2023). This has an important role in increasing innovation, economic growth, knowledge transfer, and market efficiency. The higher the level of social capital in a community or country, the greater its ability to develop new ideas, accelerate collaboration, and increase competitiveness at the global level (Prof & Bayraktar, 2024)

Social capital indicators include (Prabandari & Yulianti, 2023): (1) Involvement (*Involvement*) (2) Status (3) Social relations (*Social Relations*) (4) Personal relationships (*Personal Relationships*). Next statement (Prof & Bayraktar, 2024) consists of: (1) Trust (*Trust*) (2) Social Networks (*Social Networks*) (3) Social Norms and Values, (4) Social Participation, (5) Compliance with Normatives and Regulations, and (6) Social Welfare and Solidarity. Indicators are used to assess the strength and effectiveness of social capital that contributes to the sustainability performance of SMEs and significantly affects the improvement of MSME performance. Furthermore, it also includes aspects such as harmonious relationships, trust between employees, as well as relationships with external parties such as customers and business partners. So social capital can play an important role in building trust, collaboration, and effective cooperation, which can strengthen the resilience of small businesses to the challenges that must be faced against the problems that arise. Thus, social capital is not only an intangible asset, but also an important foundation in the development and sustainability of MSMEs, especially in times of crisis (Kussudyarsana et al., 2023)

PRODUCTIVITY

Productivity is a measure of how effectively resources (such as labour, capital, materials, and energy) are utilized to produce goods or deliver services. That means that growth in productivity is the key driver for companies to be able to compete in the long run in an increasing global competitive marketplace (Baily et al., 2005). Through enhancing productivity, MSMEs can produce more with the same inputs, reduce the production cost, increase the quality of products or services, and advance profitability which will have an impact on MSMEs to grow and expand sustainably. Moreover, increasing productivity can also increase the competitiveness of MSMEs in the global market, paving the way for business growth, and creating new jobs. Therefore, Increased productivity is considered the foremost requirement in order to overcome various challenges that are faced. With improved efficiency in resource

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utilization, MSMEs will become more competitive and better able to ensure their business continuity in the midst of coping with various market challenges (Hadi et al., 2018).

The productivity indicators according to (Sutrisno Edy, 2016) are: (1) Ability, (2) Quality and quantity of output produced (3) Work enthusiasm (4) Self-development (5) Quality (6) Efficiency. Meanwhile, according to (Baily et al., 2005) including: (1) Labor Productivity, (2) Capital Productivity, (3) Total Productivity, and (4) Productivity based on Gross Output and Value-added. In addition, attention to employee motivation and well-being is very important to maintain and increase productivity (Uka & Prendi, 2021) and improving knowledge and skills in the use of digital technology for MSME members is also an important factor in increasing their overall productivity (Ekowati et al., 2024) in facing the challenges at this time.

Hypothesis Development

The effect of training on Productivity

Investment in human resources (HR) through training is one of the important strategies to increase organizational productivity. Individuals who have higher levels of education and skills tend to be more productive because they have a better ability to complete tasks, solve problems, and adapt to changing work environments. Training is one of the mechanisms to improve individual competence, which in turn contributes to increased productivity. Training programs that are carefully designed and relevant to job demands have the potential to enhance employees' knowledge, skills, and abilities in a variety of domains, including technical, managerial, interpersonal, and digital skills.

Training can improve *Skills and knowledge* employees are relevant to their work and enable employees to complete tasks faster, more accurately, and efficiently, thereby increasing their productivity. Training also plays a role in increasing employee motivation and commitment to the organization. Employees who feel valued and have opportunities for self-development tend to show higher levels of motivation at work, as well as strive to make the best contribution to the organization. Additionally, training can increase employees' confidence and confidence in their ability to achieve success on the job, which in turn has a positive impact on productivity. This is in line with the statement of the (Ichdan, 2024; Suhardi et al., 2023) that training has an effect on productivity. H1: The direct effect of training on productivity

The Effect of Development on Productivity

Human resource development can improve the overall competence and capabilities of employees. These improvements allow employees to complete complex tasks, solve difficult problems, and be able to adapt to changing business environments which will have an impact on productivity. In the context of MSMEs, the influence of human resource development on productivity is very important considering the fact that there are still limited resources and challenges faced by MSMEs. MSMEs often have limited budget, time, and internal expertise to implement comprehensive HR development programs. Therefore, MSMEs need to develop a creative, innovative, and cost-effective human resource development strategy to achieve increased productivity.

Effective human resource development helps MSMEs to adapt to market changes, adopt new technologies, and innovate in the products and services offered. In addition, HR development also contributes to employee motivation, and commitment, which in turn will have an impact on employee productivity. Employees who have relevant skills and knowledge are not only motivated to work hard and commit to the organization, but are also able to make a much more significant contribution to achieving the organization's goals. Therefore, human resource development is a strategic investment to increase the competitiveness and sustainability of MSMEs in the global market. This is in line with the research that has been carried out by (Arilawati et al., 2023; Yertas, 2024).

The Influence of Social Capital on Productivity

In the context of Micro, Small, and Medium Enterprises (MSMEs), social capital plays a very important role in creating strong networks among employees, which in turn facilitates communication and cooperation, and ultimately increases productivity. Social capital can also help these MSMEs to build strong relationships with external parties so that it will make it easier and smoother both in terms of marketing and increasing sales. In addition, it can help these MSMEs to build a network with customers, so as to get the information needed for the next development of MSMEs.

Social capital has a direct influence on productivity, this will create good social relationships and can increase opportunities and access to resources and information that can speed up task solving and problem solving. Further This conducive environment encourages employees to share ideas, provide constructive feedback, and help each other, which not only improves work efficiency, but also job satisfaction and motivation, thus directly increasing productivity. Thus, social capital is a very valuable asset for MSMEs, which can help them to increase productivity, competitiveness, and business sustainability. MSMEs need to invest in building and maintaining social capital among their employees, as well as building strong relationships with relevant external parties. This is in accordance with research that has been conducted by (Entezar et al., 2016; Greve et al., 2010).

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Training on Social Capital

Training is one of the key strategies in human resource development that aims to improve individual knowledge, skills, and attitudes to support the achievement of optimal performance in the implementation of their duties and responsibilities. In this case, training is not only a means of transferring technical knowledge but also one of the most important forums in the formation of wider social connections. Training that has been well prepared by the institution will motivate the creation of active participation, the formation of a solid team, which leads to the formation of social capital, which is reflected through the strengthening of a network of close, trusting, supportive and productive relationships among the members of the organization.

Strong social capital is one of the important assets of an organization, accelerating information, facilitating coordination, and strengthening a sense of solidarity. Training plays an important role in increasing social capital, because through interaction and learning together, training is able to cultivate key elements that build social capital in a sustainable manner which is expected to have an optimal impact on productivity in the organization. Thus, training not only enhances individual competence but also strengthens social networks and trust between workers, which are important aspects of social capital. The implementation of training programs in MSMEs often faces various challenges, such as lack of time, lack of internal expertise, and lack of support from management. Related to this, a creative and innovative approach is needed to overcome these challenges, namely by utilizing effective information and communication technology, collaborating with universities or training institutions, and developing training programs tailored to the specific needs of MSMEs. This is in line with research (Hawley et al., 2012; Kristanti et al., 2025).

Development of Social Capital

Human resource development (HR) plays an important role in increasing social capital in organizations. Effective human resource development, such as through HRD programs, can create an environment that supports the development of emotional and social intelligence, which then facilitates the creation of productive and mutually reinforcing social relationships between individuals in the organization. A development program that focuses on improving interpersonal skills and effective communication will give employees the ability to build better relationships with colleagues, customers, and other external parties. Employees who have these skills tend to be more effective in communicating, able to listen actively, and able to resolve conflicts that arise, which contributes to a more harmonious work environment.

Related to MSMEs, the influence of human resource development on social capital is increasingly important considering the limited resources and challenges faced by MSMEs. This shows that social capital has a very important role in supporting the growth and sustainability of small and medium enterprises. However, the tone of some of the problems faced is the limited budget, time, and internal expertise to implement a comprehensive human resource development program. In addition, MSMEs also often have employees who have relatively low levels of education and skills, so human resource development can help them to improve their competencies and build positive social relationships. Along with research (Sadiah Siti and Zefender Poy Saefullah, 2022; (Brooks & Nafukho, 2006)).

Research Model

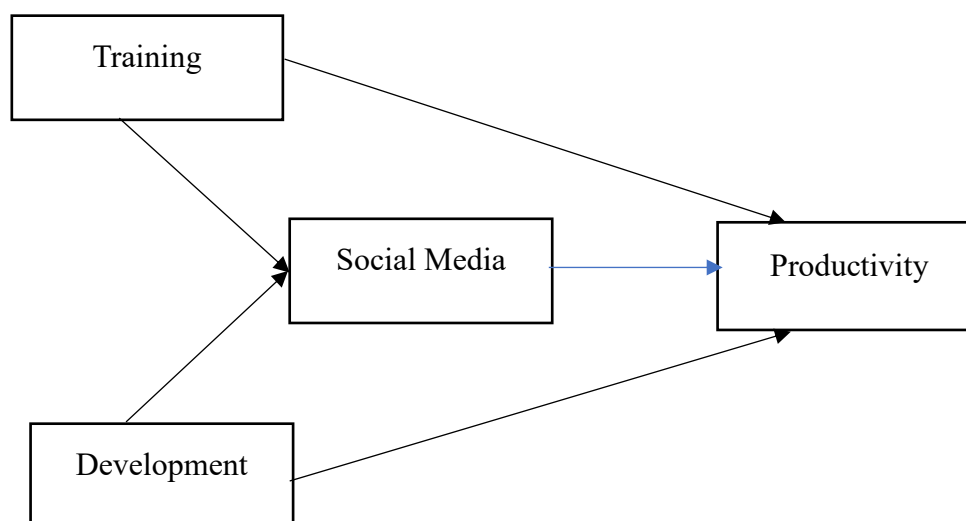


Figure 1. Research Model

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RESEARCH METHODS

This study uses a quantitative approach with the type of research *explanatory research*, with the aim of to test the hypothesis regarding the influence of training and development on productivity by social capital mediation. The next step is to measure the variables objectively and analyze the data using statistical techniques to test the hypothesis empirically. The data collection method is a questionnaire, which is quantitative data that can be analyzed using statistical techniques. The population in this study is MSMEs operating in Malang City. Meanwhile, the sampling method uses purposive sampling with the following criteria: (a) Engaged in the handicraft sector, (b) Have an official business license, (c) Have been operating for at least 2 years. After going through this process, it is obtained a total of 51 MSMEs who meet all inclusion criteria and are willing to participate in the research. Therefore, these 51 MSMEs are the target population in this study. While Data Analysis Methods with SMART PLS software, which focuses on *Predictions* and *explanation* relationships between variables, rather than confirmation of a theory.

RESULTS OF RESEARCH AND DISCUSSION

Validity and Reliability Tests

The validity test was tested with an outer model test tool through convergent and discriminant validity measurements that compared the loading factor between the latent variable and its indicator and was declared valid if the loading factor > 0.7 or the loading factor value > 0.6 but the Average Variance Extracted value was 0.5 (Hair et al., 2017; Latan & Noonan, 2017). The results of the outer model using Smart PLS are as follows:

Table 1. Loading Factor

Variable	Dimentions	Items	Loading Factor	Information
Training	Competence	X11	0.858	Valid
	Adaptation	X12	0.841	Valid
	Technological capabilities	X13	0.752	Valid
Development	Participation	X21	0.784	Valid
	Innovative	X22	0.879	Valid
	Skills	X23	0.863	Valid
Social capital	Social relationships	X31	0.819	Valid
	Involvement	X32	0.929	Valid
	Belief	X33	0.901	Valid
Productivity	Quality	X41	0.912	Valid
	Quantity	X42	0.891	Valid
	Efficiency	X43	0.929	Valid

Source: Data analysis results with PLS

Table 1 explains that most of the loading factor values have met the rule of thumb set by Ghazali (2018), which is > 0.5 for each indicator, then all indicators are valid.

Construct Validity

To measure this, the opinion of Ansori (2019), explains that the validity of the construct with the value of average variance extracted (AVE) must show a value of > 0.5 . The test results are as follows:

Table 2. Average Variance Extracted (AVE)

Dimension	AVE	Information
Training	0.670	Valid
Development	0.710	Valid
Social Capital	0.781	Valid
Productivity	0.825	Valid

Based on these results, it shows that from table 2 above, the AVE value of each variable is greater than 0.5.

Discriminant Validity

This test compares the AVE value of a construct must be higher than the correlation between the latent variables, or by looking at the cross loading value (Ansori M, 2020) as follows:

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Table 3. Cross Loading

	SOCIAL CAPITAL	TRAINING	DEVELOPMENT	PRODUCTIVITY
MS1	0,819	0,497	0,527	0,618
MS2	0,929	0,676	0,630	0,790
MS3	0,901	0,593	0,530	0,705
PENG1	0,456	0,280	0,784	0,595
PENG2	0,674	0,672	0,879	0,718
PENG3	0,453	0,548	0,863	0,642
PLTH1	0,647	0,858	0,473	0,726
PLTH2	0,500	0,841	0,447	0,520
PLTH3	0,475	0,752	0,601	0,514
PROD1	0,779	0,629	0,685	0,912
PROD2	0,649	0,704	0,751	0,891
PROD3	0,757	0,663	0,685	0,922

The results of cross-loading in Table 3 indicate that the validity of the discriminant in this study was met, as shown by the higher loading values of the indicator on its latent constructs compared to the loading on other latent constructs.

Reliability

Abdillah and Jogiyanto (2016), that the construct is said to be reliable, if Cronbach's alpha value > 0.6 and the Composite reliability value > 0.7. The composite reliability value > 0.7. The results of the analysis are as follows:

Table 4. Composite Reliability and Cronbach's alpha

Variable	Cronbach's Alpha	Composite Reliability	Test Result
Training	0.859	0.915	Reliable
Development	0.756	0.859	Reliable
Social Capital	0.796	0.880	Reliable
Productivity	0.894	0.934	Reliable

From table 4 above, all constructs have Cronbach's alpha value > 0.6 and Composite reliability value > 0.7, so the entire construct is reliable. 0.6 and Composite reliability value > 0.7, so all constructs are reliable

Inner Model Evaluation

Internal model testing is to predict the causal relationship between variables, which can be seen through the results of the determination coefficient, predictive relevance, goodness of fit, as well as the path coefficient and parameter coefficient. Hypothesis testing is done by bootstrapping. The results of the analysis are as follows:

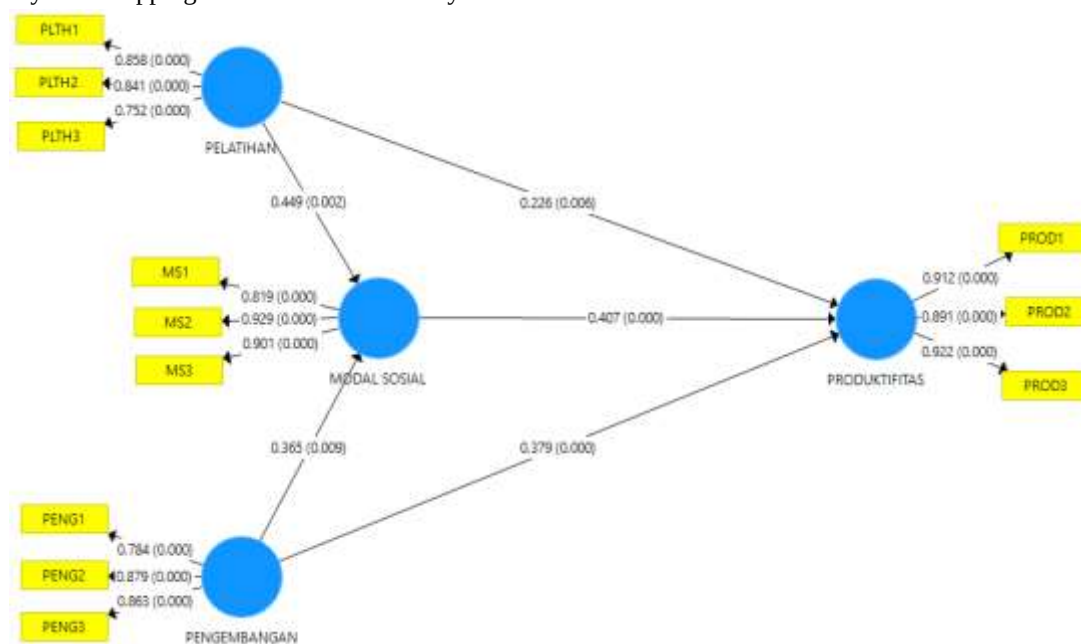


Figure 2. PLS Model Inner Path Diagram

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Hypothesis Testing

Table of path coefficients to see the results of the T-statistics below:

Table 5. Path coefficient

	Original Sample	P-Value	Information
Productivity Training →	0.226	0.006	Significant
Social Capital → Training	0.449	0.002	Significant
Productivity Development →	0.379	0.000	Significant
Social → _Modal Developments	0.365	0.009	Significant
Social Capital → Productivity	0.407	0.000	Significant

The first coefficient value is 0.226 with a p-value of 0.006. This shows that training affects productivity, so the H1 hypothesis is accepted. The training path for social capital is 0.449 with a p value of 0.002 which indicates that H2 is accepted. Furthermore, the 0.379 line is an expansion of productivity with a sig of 0.000 so that H3 is delineated. In addition, the development of social capital with a sig value of 0.009 and a coefficient of the path of 0.365 so that H4 is accepted. Along with this, the social capital for the productivity of the path is 0.407 with a sig of 0.000 which shows that H5 is accepted

DISCUSSION

Training on Productivity

The hypothesis that training has a positive and significant influence on productivity is supported by solid theoretical foundations and consistent empirical evidence. Investments in education and training enhance the skills and knowledge of individuals, which in turn contributes to increased productivity, as well as enriches the competencies possessed by individuals in the organization. This increase in competencies allows employees to complete tasks faster, more accurately, and efficiently, and to adapt effectively to changes in the work environment. A well-designed training program can foster a positive learning culture within the organization, where employees feel safe and comfortable to share ideas, provide constructive feedback, and learn from mistakes, thereby improving individual qualities which ultimately positively impact the productivity of the organization.

The training strategy should be designed taking into account the real work needs as well as the characteristics of individuals who tend to provide more significant results on work productivity. In the long run, effective training increases employee retention, has high loyalty, because they feel valued and supported by the organization. In the context of MSMEs, the influence of training on productivity is becoming increasingly important with the various problems faced by MSMEs. With the training, it is hoped that it will provide insight and knowledge for MSME actors to obtain the right solutions related to the problems they face, in addition to increasing their competitiveness in an increasingly competitive market. Therefore, MSMEs need to prioritize training as part of their HR development strategy

Training on Social Capital

The results of data analysis in this study consistently show that training has a positive and significant influence on social capital. Training will also affect solid teamwork, improve communication between individuals and leaders so that they can strengthen their commitment to organizational goals. Overall, it can provide strong evidence that training is one of the valuable investments for organizations, not only to improve employee skills and knowledge, but also to build and maintain strong social capital. Strong social capital can ultimately increase overall productivity.

MSMEs often have limited resources and face challenges that are so tight at this time in building and maintaining social capital. However, the findings show that MSMEs can increase their social capital by investing in well-designed and effectively implemented training programs. By utilizing various available resources, such as training programs organized by the government or educational institutions, it will lead to improving their skills and knowledge. In addition, MSMEs can also develop internal training programs that can be tailored to their specific needs, so that MSMEs can develop rapidly.

Social Capital to Productivity

The results of the analysis confirm that social capital has a positive and significant influence on productivity. In this case, social capital is to create a strong network or relationship among employees, can show effective and firm communication, more effective coordination so that it will lead to increased productivity. Social capital facilitates the exchange of resources among employees, for example in terms of knowledge, skills, and experience, which in turn can increase productivity. Employees who trust each other and understand each other in terms of work tend to be more willing to share information, help each other, and solve problems together to achieve the expected goals.

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In the context of MSMEs, social capital is one of the most important resources to increase business productivity. Social capital in MSMEs, which includes trust between business owners and employees, good relationships with customers, strong relationships, and collaboration with fellow business actors will have an impact on the sustainable development of MSMEs. In addition, it will have a significant effect on productivity because it encourages work motivation and a sense of shared responsibility. With a conducive work environment, it provides a high sense of confidence for employees so that they continue to strive to improve the quality of the department for the better.

Development to Productivity

Human resource development is one of the main strategies in increasing work productivity, both at the individual and organizational levels, including in the MSME sector and other formal sectors. The main goal of this development is to improve the abilities, insights, and potential of individuals through various activities such as continuous training, performance evaluation, and systematic coaching. Not only focusing on technical skills, human resource development also includes strengthening soft skills, forming an adaptive mindset, and providing work experience that can broaden horizons and increase individual readiness to face increasingly complex work challenges in the future. With a comprehensive approach, this development is expected to be able to create a competent, flexible, and able workforce to contribute optimally to increasing organizational productivity

MSMEs that are able to facilitate the development process consistently will have a superior and creative workforce in the face of various changes and challenges. Therefore, human resource development is expected to have a positive impact not only on individual performance, but also on the success of the organization as a whole. In the ever-evolving business world, productivity is no longer solely the result of hard work, but also the result of a directed and sustainable human resource development process.

Development of Social Capital

Human resource development not only has an impact on improving the creative and innovative skills of individuals, but also contributes to strengthening social capital in an organization. Social capital grows when individuals feel involved in the work processes carried out in the institution. So, human resource development is a forum to build open communication, mutual understanding, compact teamwork and this is one of the foundations of strong social capital.

MSME individuals have good communication and cooperation skills due to the development process, so social ties will be stronger and can encourage synergy that has a direct impact on business productivity and sustainability. In addition, the social capital derived from the development process will direct MSMEs to expand their work network and collaborate with external parties. Individuals who continue to improve their competence by participating in training, seminars, or business incubation programs will form new networks with other business actors and the government so that a strong synergy will be created between MSMEs and the Government which is an important part of the social capital of the MSME community.

CONCLUSION AND FURTHER RESEARCH

Based on the results of the analysis, it is shown that training and development have a significant influence on productivity both directly and indirectly through the role of social capital mediation. The findings may clarify that previous theoretical and empirical assumptions that investment in training and development not only increases the capacity of individuals to complete work, but also creates a collaborative, trusting, and supportive work environment, which is a key element of social capital. Training is proven to play not only a role in improving technical skills, but also the ability to adapt, the ability to develop technology. Similarly, development has a long-term impact that includes not only the participation of individuals in the organization, but also develops creativity, innovation and skills on an ongoing basis.

Social capital in this case serves as a mediating variable that strengthens the relationship between training and development to productivity. A significant mediation path shows the existence of a good personal relationship, involvement in the work so that it can be completed with full responsibility and trust, so that they feel valued and supported by the organization fully

It is further suggested that research can be carried out by expanding the scope by involving different objects or sectors, such as the education sector, manufacturing industry to see the consistency of influence between variables. In addition, the measurement of social capital can be extended to external dimensions, such as relationships between organizations, networks between MSMEs, to examine the extent to which internal development can affect external social capital which has an impact on business growth.

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