

Impact Of Investment In Human Resources Through Increased Investment In Education And Financial Literacy On Economic Growth In Thailand

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Abstract

This study investigates the combined effect of human capital investment through education mechanisms, and financial investment through financial literacy on economic growth in Thailand. During study period is annual at 1995 until 2020. Every data from the world bank. In doing the estimation we do an autoregressive vector estimation. We found that human capital investment and financial capital are equally important. Where the increase in education that creates skilled human beings and has high human capital supported by investment in the real sector and good financial literacy can encourage maximum economic growth in Thailand.

Keywords: Employment, Labor, Financial Literacy, Human Capital, Economic Growth

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Background

Globalization and unrestricted competition under capitalism today have an important influence on management in all sectors (Vlados, Deniozos, & Chatzinikolaou, 2018). Be it the business world, state-owned enterprises, or even government agencies, human resource management is an important matter that cannot be ignored. Because to be able to survive in today's ever-changing conditions, quality personnel are needed who are able to carry out various organizational missions to achieve goals, because human resources such as brains or processors who will manage other resources are organized to work in harmony to create added value, create excellence in running and creating sustainability for the organization (Cai, Ning, Dhelim, Zhou, Zhang, Xu, & Wan, 2020). Human capital means skills, knowledge, abilities, and expertise including the experience of everyone who has accumulated in himself and is able to combine all of them into potential or organizational drivers that lead to the ability to adapt to change (Rusmingsih, Widarni, & Bawono, 2021).

Currently, information from everywhere under the connection of basic elements of information technology to support human capital investment and financial literacy in society. The structure of computers and telecommunications creates networks where people in every corner of the world can access information and services (Priyanto, Widarni, & Bawono, 2022). Information technology has resulted in changes in the concept of human resource management. In today's era, management focuses on productivity and cost reduction at the same time there is a characteristic of creating a management system to control changes in technology and production factors. Many types of jobs that require labor with repetitive work are replaced by machines or computers in

today's era. The operator's role has also been changed to better control the operation and therefore must have special or broader skills, knowledge and abilities. People's perspective on the factors of production has turned into human capital. Humans are seen as valuable assets. It is necessary to develop the nature of the work from the former to different people to integrate. Because it requires knowledge and skills in many ways (Yong, Yusliza, Ramayah, & Fawehinmi, 2019).

In the past investing in human resources was considered a cost for companies trying to spend an amount of money so investing in human resources was considered a waste. But that was in the past. Currently, the paradigm has changed. Investment in human resources creates assets (Assets) that are of value to the organization. Human resources can provide added value to the organization. There are many forms of investment in human resources such as training, education, as well as providing various forms of knowledge. All add value to the human resources of a company. Human capital skills, abilities, also the expert that exist in humans, both from birth and through learning. The more opportunities to learn and accumulate experience, the more human capital. Human capital is a valuable and important resource that can be used to create value for organizations that give organizations a competitive advantage where human capital is a mixture of 3 important components, namely intellectual capital, social capital, and emotional capital (Widarni & Bawono, 2020).

Intellectual Capital consists of knowledge and ability to learn, specialization skills, and experiences that individuals have accumulated. Including knowledge within the individual (Choudhury, Starr, & Agarwal, 2020). Social Capital consists of a network of human relationships where these things are considered human capital. Social capital helps create opportunities that lead to value creation in various forms like trust, credibility, etc (Garrigos-Simon, Botella-Carrubi, & Gonzalez-Cruz, 2018). Emotional consists from the attributes such as Self-Awareness, Integrity, and resilience (Khazaei, Holder, Sirois, Oades, & Gendron, 2021). We can know that if human capital are knowledge, abilities, and skills or expertise, including the experience of each person that has accumulated in himself and is able to combine these things together to the potential of the organization or is an important and valuable resource, which will provide the organization the ability to create an advantage over competitors. Therefore, people are seen as the most important organizational asset. Human capital is an intangible asset (Intangible) which refers to resources that are under the control of the organization that can cause value and benefits to the organization, either directly or indirectly (Lirios, Espinosa, & Guillén, 2018).

Human capital does not have depreciation like other properties. Typically, an asset is it buildings, cars, machinery, tools, or equipment, which often depreciates each year as they begin to depreciate over time, but "people" are assets that don't depreciate over time like any other property. It will also have more value in itself. Over time, more and more people will have ever-increasing knowledge, experience, and abilities. Meanwhile, these people will become important forces in various areas of the organization, both executives and experts (Corrado, Haskel, & Jona-Lasinio, 2021).

Tools, equipment, machines, or other assets can be used according to their abilities. Meanwhile, "people" are assets that can always be developed by the organization to have added value. But human resources from day to day its value will continue to increase. According to the accumulated experience and development of training received (Zhu, Ye, Wang, Chevallier, & Wei, 2022).

Today's world is a challenge of a new dimension that alters the human resource management paradigm by exploring people's talents to offer value in order to assist enterprises improve its ability to compete, survive and continue to grow. Changes in dynamic characteristics organizations must change to ensure long-term existence. Human capital's function emerges from the crystallization of human skill abilities and knowledge. This affects individual smart to become the Intellectual Capital of the organization (Harsch & Festing, 2020).

Every organization with the appropriate intellectual capital will make the organization have a sustainable competitive advantage. Each organization's personnel has a unique value in the labor market, which can increase as knowledge increases. This comes from training, development, and experience, therefore the organization should consider paying compensation in accordance with the organization's competence to retain personnel with the organization, in addition to providing non-monetary rewards (Non-Financial Rewards) which are important things that should not be ignored by the organization. The organization must have a performance management process to determine the performance and efficiency of each person and take the results used to meet the needs of personnel in terms of morale (Gârdan, Andronie, Gârdan, Andronie, Iatagan, & Hurloiu, 2018).

Globalization in about 21st century have a relationship with the rest of the world. The top nations Quickly entered battlefield using weapons like "skills, knowledge, and abilities" of the people in the organization. Therefore, human capital is the organization's most potent and valued weapon. It provides the business with a competitive edge and efficiently leads the organization toward its goals. There are lots of quality people to work with. This will make the organization stronger than competitors and able to achieve organizational goals which indicates that overall competitiveness and advancement of the nation will reached while qualified the human resources at the public sector, private sector also the state enterprises of each country encourage its success. Therefore, it can be said that the human resource management policy aims to attract talented people from all over the Country (Ford & Yoho, 2020).

Thailand in terms of management with more emphasis on developing the country's human resources. To create efficiency in employment, labor and political stability. Increasing transparency in every organization and improving management efficiency in various fields provides a standard to meet the need to become a truly stable, prosperous and sustainable "Thailand 4.0" (Lhakard, 2020).

Human capital and change are the keys to driving organizational success. Globalization brings dynamic changes, causing organizations both public and private sectors to adapt to survive. Organizations must pay attention to human resources. Improvement in the form of human capital arises from the crystallization of knowledge, and the ability of individuals to generate intellectual capital, Social Capital and Emotional Capital to create a sustainable competitive advantage in the era of a knowledge-based economy (Rodríguez-Pose, 2020).

Human resource development is the key to the successful management of modern organizations. Organizations should focus on recruiting and selecting quality people. There is a framework for developing knowledge, skills, and attitudes related to the subjects that need to be studied and practiced. An important process in building knowledge, understanding, skills, and attitudes. to create a sense of participation to solve problems together (Tien, Jose, Ullah, & Sadiq, 2021).

In addition, the creation of human capital in organizations, leaders need to continuously develop their knowledge, skills, and work experience. To increase the potential of the organization, the management of "people" or the management of human resources by emphasizing that human capital is an intangible asset that exists in humans. This is the potential and the ability to put it

into practice. Increased human capital To be strong, it is necessary. Because human capital consists of the ability of individuals born from their knowledge and experience to implement practices that are driven by success (McClean, & Collins, 2019).

The country's competitiveness and growth will be realized when it has high-quality human resources. in private, public, also the state companies. Human capital requires financial support and to encourage all lines of development, financial access is needed for both human capital investment and non-human investment (Khan, Hussain, Shahbaz, Yang, & Jiao, 2020). Access to finance indicated by financial literacy is vital at some nation's economic development. Some performance of a nation's economic development are generally indicated by GDP growth (Ye & Kulathunga, 2019). This study investigates some combined impact from the human capital investment through education mechanisms, and financial investment through financial literacy on economic growth.

Research Method

The study of this research is annual start at the 1995 until 2020. The World Bank provided all statistics. While doing the estimation we do an autoregressive vector estimation. This study uses the mathematical equations are:

$$FL_t = \beta_1 FL_{t-1} + \beta_2 FL_{t-2} + \beta_3 HC_{t-3} + \beta_4 HC_{t-4} + \beta_5 GDP_{t-5} + \beta_6 GDP_{t-6} + e_t \quad (\text{equation 1})$$

$$HC_t = \beta_1 FL_{t-1} + \beta_2 FL_{t-2} + \beta_3 HC_{t-3} + \beta_4 HC_{t-4} + \beta_5 GDP_{t-5} + \beta_6 GDP_{t-6} + e_t \quad (\text{equation 2})$$

$$GDP_t = \beta_1 FL_{t-1} + \beta_2 FL_{t-2} + \beta_3 HC_{t-3} + \beta_4 HC_{t-4} + \beta_5 GDP_{t-5} + \beta_6 GDP_{t-6} + e_t \quad (\text{equation 3})$$

Variable descriptions is presented in table 1.:

Table 1. Descriptive Statistics

No	Variable	Variable Description	Unit Analysis
1	Human Capital (HC)	Total education investment on a national scale at one year	USD
2	Financial Literacy (LC)	The total nominal amount of money absorbed by the community as capital for one year	USD
3	Economic Growth (GDP)	Total nominal of all goods and services produced nationally in one year	USD

Result and Discussion

This study uses an autoregression estimation method that requires stationary data so that the stationarity test is carried out which is show at table 2.

Table 2. Findings Of The Stationarity Test

Method			Statistic	Prob.**
ADF - Fisher Chi-square			13.6625	0.0342
ADF - Choi Z-stat			-1.31232	0.0714
Series	Prob.	Lag	Max Lag	Obs
D(FL,2)	0.0821	1	4	23
D(GDP,2)	0.0314	0	4	24
D(HC,2)	0.0193	0	4	24

Statistical value indicator from the ADF - Fisher Chi-square is more than alpha (0.05), which indicates that all data are stationary. After testing the stationarity of the data, we estimate from vector autoregressive which is show at table 3.

Table 3. The Vector Autoregressive Estimation Outcomes

	FL	GDP	HC
FL	0.841231	0.000017	0.000121
	-0.21171	-0.00001	-0.00006
	[1.11621]	[0.00311]	[0.00181]
GDP	1.000112	0.311217	0.021131
	-411.112	-0.21121	-0.02213
	[1.21223]	[1.11312]	[1.31122]
HC	2.231214	2.871214	0.621311
	-1654.19	-12.111	-0.43317
	[0.02131]	[2.51623]	[2.61282]

The direction of the link between financial literacy, GDP, and Human Capital may be observed from the estimation findings. According to the estimation results, financial literacy had a strong beneficial influence on economic growth in the past. Human capital benefits significantly from financial literacy.

GDP development has a considerable beneficial impact on financial literacy. Economic growth influences economic growth significantly. Human Capital benefits significantly from economic progress. Human capital has no discernible impact on financial literacy.

GDP is significantly boosted by human capital. Human capital has historically had a strong beneficial impact on human capital today.

It is clear from the estimation findings that human capital investment and financial capital are equally important. Where the increase in education that creates skilled human beings and has high human capital supported by investment in the real sector and good financial literacy can encourage maximum economic growth.

Conclusion

Human capital investment and financial capital are equally important. Where the increase in education that creates skilled human beings and has high human capital supported by investment in the real sector and good financial literacy can encourage maximum economic growth.

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