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# Synergy Between Training and Digital Capabilities: Transforming Competencies to Achieve Competitive Advantage for Retail Apparel SMEs

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**ABSTRACT**

**Purpose:** This study examines the influence of digital capability and job training on competitive advantage, with employee competence serving as a mediating variable among clothing stores in Bulukumba Regency.

**Research Method:** This study employed a quantitative explanatory design. Data were collected through questionnaires administered to 100 retail employees in Bulukumba, South Sulawesi. Using purposive sampling, the data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.0.

**Results and Discussion:** The results indicate that digital capability and job training have a significant effect on employee competence. Employee competence also has a significant effect on competitive advantage, whereas digital capability and job training do not directly affect competitive advantage. In addition, employee competence fully mediates the relationships between digital capability, job training, and competitive advantage.

**Implications:** These findings highlight the importance of human capital development in the retail sector, suggesting that technology adoption and training initiatives enhance competitiveness only when they successfully improve individual employee competence. This study contributes to the small business management literature by emphasizing that, for local retailers, the human aspect of digital transformation and skills development constitutes the critical pathway to achieving a sustainable competitive advantage in a dynamic market.

**Keywords:** digital capability; job training; employee competence; competitive advantage; retail management; SMEs;.

## 1. Introduction

In the era of Industry 4.0, the competitive landscape of the retail industry is undergoing fundamental disruption. A firm's competitive advantage is no longer determined solely by traditional factors such as strategic physical location or inventory size, but increasingly by its ability to manage human capital as a key driver of digital transformation. According to the Resource-Based View (RBV), high-performing human capital constitutes a strategic asset that fulfills the criteria of being valuable, rare, inimitable, and non-substitutable (Barney, 1991). In this context, competitive advantage can be achieved only when a company is able to transform individual potential into organizational capabilities that are difficult for

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competitors to replicate, particularly amid the expansion of e-commerce platforms that are gradually eroding conventional local retail markets (Teece et al., 1997).

This phenomenon is clearly evident in Bulukumba Regency, where local clothing stores now face direct competition from the global marketplace through consumers' smartphones. Field findings reveal a technological paradox: the availability of advanced digital devices does not automatically translate into improved business performance. Based on observations of clothing stores in Bulukumba Regency, many business owners have invested in digital systems; however, these investments often remain merely "technological showpieces." This observation is consistent with the findings presented in Leading Digital, which emphasizes that failures in digital transformation are often caused not by technological deficiencies, but by limited human resource capabilities in utilizing such technologies effectively (Westerman et al., 2014). In the local context, this failure is largely attributed to the low level of digital literacy among employees. While employees may be proficient in using smartphones for entertainment purposes, they often encounter difficulties when managing inventory through point-of-sale (POS) systems or analyzing market trends via social media platforms. This limitation in digital literacy constitutes a major barrier preventing technology from generating added value and enhancing the store's competitive advantage (Surono, 2025). Without proper alignment between the technological tools and their users, technology adoption among small and medium-sized enterprises (SMEs) merely increases operational costs without producing strategic benefits (Wang et al., 2022). This gap gives rise to a critical debate regarding how training and technology can generate meaningful organizational impact. Theoretically, workplace training represents only a process of knowledge transfer, whereas the tangible outcome required by organizations is employee competency, which encompasses the integration of knowledge, skills, and work attitudes (Kartika et al., 2023; Masyruroh et al., 2023). This highlights an important issue: workplace training and digital capabilities will not automatically enhance competitiveness unless they are transformed into strong employee competencies. Without competency development, digitalization initiatives are likely to function merely as a cost center rather than as a strategic investment. Therefore, employee competency serves as a crucial intervening variable that connects human resource development efforts to the achievement of a superior market position (Kamaluddin & Suwardin, 2024).

Although the literature on competitive advantage is well established, a critical research gap remains in the context of SME digitalization in suburban areas. Most previous studies have treated digital capability as a variable that is automatically and linearly associated with performance or competitiveness (Hanif et al., 2026; Yao et al., 2026). However, this study offers novelty by examining the mediating role of employee competence as a determining factor that is often overlooked within regional retail ecosystems. The novelty of this study lies in testing a model that simultaneously integrates technical and developmental dimensions to determine whether competitive advantage at the district level genuinely arises from technology adoption or primarily from the crystallization of human resource competencies. Furthermore, the application of SEM-PLS to clothing stores in Bulukumba Regency provides a unique perspective on how infrastructure limitations in rural areas necessitate a more specific and distinctive human resource development model compared with retail models in metropolitan cities that already possess well-established digital ecosystems (Hair et al., 2019; Sarstedt et al., 2021). This study aims to empirically analyze the contribution of digital capability and job training to competitive advantage by positioning employee competence as the central mediating factor. The findings are expected to make a theoretical contribution by enriching the literature on RBV-based human resource management at the regional level, while also offering practical guidance for business

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actors in Bulukumba Regency in formulating human resource development strategies that are not only technology-driven but also grounded in sustainable competencies.

This study is expected to provide a significant theoretical contribution by enriching the literature on competitive advantage, particularly within the framework of the Resource-Based View (RBV) and dynamic capability perspectives. While previous studies have generally emphasized technology adoption or training programs as direct determinants of firm performance, this research offers a more integrative explanation by positioning employee competence as a mediating variable between digital capability, job training, and competitive advantage. This perspective broadens the understanding that organizational resources do not automatically create strategic value unless they are transformed into competencies that are embedded in employees and operational practices. Furthermore, the study contributes to the growing discourse on SME competitiveness in emerging and semi-rural regions, where contextual constraints often differ from those in metropolitan business environments.

From a practical perspective, the findings are expected to provide actionable insights for owners and managers of clothing stores in Bulukumba Regency and similar regional retail businesses. Many SMEs invest in digital tools such as POS systems, online marketplaces, and social media marketing, yet these investments often fail to produce optimal returns due to limited employee capabilities. This study may guide business actors to shift their focus from technology-centered strategies toward people-centered development strategies, particularly through continuous training, competency mapping, and performance-based learning systems. By strengthening employee competence, businesses can improve operational efficiency, customer service quality, adaptability, and ultimately long-term competitiveness.

In terms of managerial implications, this study also helps organizations design more effective human resource development programs. Employers can use the results to identify which competencies most strongly influence competitive advantage, whether technical digital skills, communication skills, problem-solving ability, or service orientation. Such evidence enables managers to allocate training budgets more efficiently and align recruitment, promotion, and reward systems with competency-based performance indicators. As a result, SMEs can build stronger internal capabilities that are difficult for competitors to imitate. From a policy perspective, this study offers valuable input for local governments, cooperatives agencies, and SME development institutions in Bulukumba Regency. Public programs for SME empowerment often prioritize financial assistance or equipment distribution, while human capital development receives less attention. The findings of this study may encourage policymakers to redesign SME support policies by integrating digital literacy training, competency certification, mentorship programs, and business incubation initiatives. In the long term, such policies can strengthen the competitiveness of local retail sectors, expand employment opportunities, and support sustainable regional economic growth.

The remainder of this paper is organized as follows. Section 2 provides literature review and hypothesis development. Section 3 presents research method and design. Section 4 provides empirical result and discussion. Section 5 is conclusion.

## 2. Literature Review and Hypothesis Development

### *2.1 Resource-Based View (RBV) and Dynamic Capabilities Theory*

This study is grounded in two main theoretical perspectives, namely the Resource-Based View (RBV) and Dynamic Capabilities Theory, which are used to explain the relationship between digital capabilities,

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on-the-job training, employee competencies, and competitive advantage. These theories provide a conceptual foundation for understanding how strategic assets and the development of internal capabilities within an organization can influence a company's competitiveness (Barney, 1991; Teece et al., 1997).

The Resource-Based View (RBV), popularized by Barney (1991), explains that sustainable competitive advantage is heavily influenced by the possession of strategic assets that meet the VRIN criteria: valuable, rare, inimitable, and non-substitutable. In the context of clothing stores in Bulukumba Regency, competent human resources constitute the primary VRIN asset. This theory emphasizes that when employees' psychological and professional needs are met through appropriate training, they become a resource that is difficult for competitors to imitate (Barney, 1991; Sobari & Tussoleha Rony, 2025). In addition to RBV, this study also employs Dynamic Capabilities Theory. This theory highlights the organization's role in integrating, building, and reconfiguring internal and external competencies to navigate rapidly changing environments (Teece et al., 1997). Through this framework, companies can foster a supportive work environment and adapt to technological change. By communicating a clear digital vision and supporting employee development, clothing stores can strengthen employee motivation, enhance competencies, and improve their ability to achieve competitive advantage in an increasingly dynamic retail market (Hanif et al., 2026; Yao et al., 2026).

### *2.2 Competitive Advantages*

In the context of this study, competitive advantage is viewed as the strategic culmination of all interactions among the existing variables. In the apparel retail market in Bulukumba Regency, this advantage is not merely about lower prices, but rather about a store's ability to offer a unique value proposition that is difficult for competitors to replicate. Conceptually, competitive advantage reflects an organization's effectiveness in managing its most critical asset—human resources—to achieve strategic objectives (Barney, 1991). According to this perspective, the success of this advantage can be measured through three key pillars: superior service quality, speed in innovation (both in products and marketing methods), and high responsiveness to shifting consumer preferences in the field (Firman et al., 2025).

Amid the onslaught of fast fashion trends and online shopping, physical clothing stores must be able to convert their human resource expertise into a satisfying shopping experience for customers. In the retail industry, the contribution of human resources is crucial because they are the face of the brand. Operational effectiveness, ranging from merchandise display to complaint handling, depends heavily on how employee competencies are executed on the front lines (Kamaluddin & Suwardin, 2024; Latief et al., 2024). Therefore, for clothing store owners in Bulukumba Regency, building a competitive edge is an ongoing effort to align digital capabilities with the quality of employee training, thereby establishing consistent service standards. By achieving a competitive edge, stores are not only able to survive the competition but also enhance long-term customer loyalty through superior service quality and organizational effectiveness (Gunawan et al., 2025; Rumtutuly et al., 2025).

### *2.3 Digital Capabilities*

Digital capability refers to an organization's overall readiness to adopt and leverage digital technologies to enhance the work experience and operational efficiency. This concept encompasses proficiency with digital tools (such as POS systems), data security, and the balance between digital demands and the technical capabilities of the workforce (Wang et al., 2022; Hanif et al., 2026). From a theoretical

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perspective, digital capability provides the infrastructure that supports the fulfillment of employees' professional needs. In a work environment supported by reliable technology, employees tend to feel more professionally secure and engaged in their work. Therefore, digital capabilities serve as a crucial mechanism that drives the strengthening of competencies within an organization through learning, adaptability, and more efficient work processes (Teece et al., 1997; Yao et al., 2026). Empirical evidence supports this relationship, demonstrating that digital capabilities significantly contribute to improved performance through technological adaptation. Organizations that successfully integrate digital tools into their daily operations are generally more responsive to market changes, more innovative in delivering products and services, and more capable of sustaining competitive performance over time (Wang et al., 2022; Rumtutuly et al., 2025).

**H1:** *Digital capabilities have a positive impact on the competencies of clothing store employees.*

### *2.4 Job Training*

From a human resource development perspective, training plays a central role in shaping employees' psychological state and enhancing their technical proficiency. Meaningful organizational support through training not only provides "know-how" but also boosts employees' self-efficacy in performing complex tasks. The more measurable the training program provided, the higher the level of skill mastery and work attitudes that are developed. Empirical studies confirm this argument, finding that on-the-job training significantly boosts employee competence and engagement because they feel better prepared to face operational challenges.

**H2:** *Job training has a positive impact on employee competencies.*

In addition to its impact on competence, digital technology acts as a "force multiplier" that frees employees from repetitive administrative tasks. When employees are supported by a robust Point of Sales (POS) system, their energy is not drained by manual tasks but is instead channeled into fully focusing on serving customers. This creates a direct competitive advantage through service speed and product information accuracy, which are key differentiators in the eyes of local consumers (Wang et al., 2022; Hanif et al., 2026). Furthermore, it underscores that technical support fosters an empowering work environment, where employees demonstrate higher engagement because they feel in control of their tools. Digital systems that are user-friendly and reliable help employees perform tasks with greater confidence, responsiveness, and consistency, thereby strengthening both motivation and service quality (Donaldson et al., 2024; Firman et al., 2026). Strategically, digital capabilities enable regional retail stores to reduce their reliance on conventional promotions and shift toward a market reach that transcends geographical boundaries through a digital ecosystem. Thus, digital capabilities independently create a barrier to entry for competitors through faster, more efficient, and data-driven service standardization, which collectively strengthens the market position of clothing stores in Bulukumba Regency (Teece et al., 1997; Yao et al., 2026; Idrus & Farida, 2025).

**H3:** *Digital capabilities have a positive and significant impact on competitive advantage.*

In addition to individual development, on-the-job training is a key determinant of an organization's competitive advantage. Through effective empowerment, clothing stores can create a highly productive work environment focused on achieving strategic goals. Training focused on excellent service standards and modern sales techniques enables the store to differentiate itself from traditional competitors in the local market. Research indicates that investment in training is positively correlated with improved overall

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organizational performance, as trained employees are able to execute marketing and service strategies with a higher degree of accuracy and efficiency.

**H4:** *Job training has a positive impact on competitive advantage.*

### *2.6 Employee Competence*

From this perspective, competence encompasses the psychological resilience that drives "persistence" or tenacity. In the operational context of a clothing store in Bulukumba Regency, this means that competent employees not only know how to sell products but also possess the mental resilience to continue providing excellent service even when under pressure to meet sales targets or when dealing with complex customer complaints. The integration of knowledge (product knowledge), skill (digital marketing techniques), and attitude (friendliness and ethics) creates a service standard that is difficult for competitors to replicate, meeting the inimitable criterion in RBV theory. Furthermore, empirical evidence reinforces that competence is a driving variable that makes employees willing to "invest" more time and energy in their work. In the retail sector, employees' personal investments—such as helping customers match clothing styles or actively promoting the latest collections on their personal social media—are tangible manifestations of competence that lead to competitive advantage. Competent employees work more effectively, minimize operational errors, and consistently produce high-quality output that builds the store's reputation. Thus, competence is the primary determinant of whether a store can survive and win the competition in an increasingly competitive local retail market.

**H5:** *Employee competence has a positive impact on competitive advantage*

The impact of digital capabilities on competitive advantage can occur indirectly through employee competencies. When employees experience the benefits of technology, their intrinsic competencies improve through enhanced knowledge, technical skills, problem-solving ability, and confidence in performing work tasks. These strengthened competencies subsequently encourage employees to exert greater effort in winning market competition and delivering superior organizational performance (Wang et al., 2022; Kamaluddin & Suwardin, 2024). From a strategic perspective, this indicates that digital capability does not only generate direct operational efficiency, but also creates value through human capital development. Technology becomes more meaningful when employees are able to internalize its benefits and transform them into productive competencies that support innovation, customer responsiveness, and service excellence. Therefore, employee competence serves as an important mediating mechanism linking digital transformation to sustainable competitive advantage (Barney, 1991; Teece et al., 1997; Hanif et al., 2026).

**H6:** *Employee competencies mediate the relationship between digital capabilities and competitive advantage.*

The impact of on job training on the market position of clothing stores often operates through the mediating channel of competencies. Training acts as a stimulus or "input" that equips employees with knowledge and inspiration; however, this strategic value only translates into a competitive advantage once it has crystallized into tangible competencies that are ingrained in the employees. When training programs provide strong emotional and intellectual support, employees tend to develop more robust competencies to solve customer problems and innovate services. This leads to superior performance

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outcomes compared to situations where technology or physical capital is utilized without being supported by competency development through training.

**H7:** *Employee competencies mediate the relationship between on job training and competitive advantage.*

## 3. Research Method

This study employs a quantitative approach with an explanatory research design to test the causal relationships and mediating effects among the variables developed in the research model. This design was chosen to provide a systematic explanation of how Digital Capability and Job Training influence Competitive Advantage, both directly and through the mediation of Employee Competence. Theoretically, this study seeks to verify the propositions of the Resource-Based View (RBV) within the retail SME ecosystem at the regional level. The research focus is set on the apparel retail sector in Bulukumba Regency, South Sulawesi, Indonesia. The selection of clothing stores as the specific object is based on the industry's characteristics, which feature highly dynamic trend volatility and a strong reliance on customer service interactions. Unlike essential goods retail, clothing stores demand rapid digital adaptability and more specialized human resource competencies to address market disruptions and competition from national e-commerce platforms.

The population in this study includes all employees working in retail clothing stores in the Bulukumba Regency area. Given that the population size is dynamic and not precisely identified, the sampling technique used Non-Probability Sampling with a Purposive Sampling approach. Respondents were selected based on strict inclusion criteria, namely: (1) active employees involved in operations, marketing, or customer service, (2) having a minimum of one year of service to ensure a deep understanding of the work ecosystem, and (3) having been exposed to the use of digital technology in daily work activities. The determination of the sample size followed the rule of thumb for Structural Equation Modeling (SEM) analysis, which recommends a sample size of at least five to ten times the number of manifest indicators in the model. With a total of 20 indicators used, the minimum sample size is 100 respondents; thus, the acquisition of 100 valid respondents in this study is deemed to meet the statistical power requirements for further analysis.

Primary data was collected through the distribution of a structured questionnaire using a 5-point Likert scale to measure respondents' perceptions, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The research variables were operationalized into 20 indicators covering the infrastructure and literacy dimensions for Digital Capability, the relevance and support dimensions for Job Training, the knowledge and attitude dimensions for Employee Competence, and the innovation and responsiveness dimensions for Competitive Advantage. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) via the SmartPLS software.

The analysis procedure included an evaluation of the Outer Model to ensure convergent validity, discriminant validity, and instrument reliability. Subsequently, an Inner Model evaluation was conducted using the bootstrapping procedure to test the significance of relationships between variables through p-values and path coefficients, thereby providing accurate estimates of the strength of the proposed structural model. The final results of this data analysis are expected to serve as a strategic guide for clothing store owners in prioritizing investments in human resources and technology that are most effective in improving their business performance amid increasingly competitive retail competition.

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**Table 1. Research Instrument**

| Variable | Indicator | Code | Source |
|---|---|---|---|
| Digital Capabilities | Digital device accessories | DC1 | (Nizar et al., 2024) |
| | System integration | DC2 | |
| | Social media expertise | DC3 | |
| | Digital marketing | DC4 | |
| | System reliability | DC5 | |
| Job Training | Relevance of the Material | JT1 | (Sobari & Tussoleha Rony, 2025) |
| | Instructor Competencies | JT2 | |
| | Training methods | JT3 | |
| | Facility support | JT4 | |
| | Assessment of learning outcomes | JT5 | |
| Employee Competencies | Understanding clothing products | EC1 | (Masyruroh et al., 2023) |
| | Customer service skills | EC2 | |
| | Speed of complaint resolution | EC3 | |
| | Adapting to fashion trends | EC4 | |
| | Discipline | EC5 | |
| Competitive Advantage | Premium service standards | CA1 | (Firman et al., 2025) |
| | Creative Promotions | CA2 | |
| | Creative Promotions | CA3 | |
| | The uniqueness of the product collection | CA4 | |
| | Service efficiency | CA5 | |

## 4. Results and Discussion

### *4.1 Analysis Results*

To provide a comprehensive overview of the subjects involved in this study, the demographic characteristics of the respondents were analyzed across several key dimensions, including gender, age, educational level, and work experience. This mapping is not merely administrative data collection but a crucial step toward understanding the workforce profile in the apparel retail sector in Bulukumba Regency. It also ensures that the respondents providing data have relevant backgrounds and sufficient capacity to address the dynamics of the research variables under study. Based on the data presented in Table 2, there is a significant predominance of female employees, reflecting the sociological characteristics of the local apparel retail industry. In this context, women often play a leading role in customer service interactions that require a persuasive and personalized approach. This characteristic is further reinforced by the dominance of the young adult age group, which falls within the peak of their productive years. The presence of this young workforce is a positive sign for the organization, given that this age group theoretically possesses high cognitive flexibility and greater openness to adopting digital technology. The fact that the majority of respondents have a secondary education background offers an interesting perspective on human resource development patterns in Bulukumba.

This phenomenon indicates that a clothing store's competitive advantage does not solely rely on high formal academic qualifications, but rather on how effectively on-the-job training can transform employees' basic potential into superior technical skills. Thus, limitations in formal education actually open opportunities for management to optimize internal training programs to ensure every individual can deliver standardized service quality. This deep understanding of the retail ecosystem is further

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reinforced by the respondents' work experience profiles, the majority of whom have already passed the operational adaptation phase. The concentration of tenure in the early to mid-range indicates that employees have developed an understanding of local market preferences while maintaining a professional drive for growth. It is this synergy between a dynamic young workforce and solid on-the-ground experience that serves as the primary foundation for clothing stores to integrate digital capabilities into daily operations, which in turn will boost employee competencies and secure the store's competitive position in an increasingly competitive market.

**Table 2. Characteristics of Respondents**

| Characteristic | Category | Frequency | Percentage (%) |
|---|---|---|---|
| Gender | Male | 38 | 38.0 |
| | Female | 62 | 62.0 |
| Age | <20 years | 15 | 15.0 |
| | 31–30 years | 52 | 52.0 |
| | 31–40 years | 25 | 25.0 |
| | >40 years | 8 | 8.0 |
| Education Level | Senior High School | 65 | 65.0 |
| | Diploma (D3) | 12 | 12.0 |
| | Bachelor (S1) | 23 | 23.0 |
| Work Experience | 2–5 years | 45 | 45.0 |
| | 5–10 years | 35 | 35.0 |
| | 11–15 years | 14 | 14.0 |
| | >15 years | 6 | 6.0 |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

*4.1.1 Convergent Validity*

To assess the convergent validity of the measurement model, the researcher evaluated the outer loading, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). Based on the fundamental literature, loading values above 0.70 are considered ideal; however, indicators with values in the range of 0.60 to 0.70 are still deemed valid and acceptable in empirical research, provided that the AVE for that construct exceeds the 0.50 threshold. This is because removing indicators within that range often does not significantly improve reliability but risks eliminating important information from the measured variables.

Based on the analysis results in Table 3, all variables demonstrate excellent measurement model quality. Although some indicators have loading values between 0.60 and 0.70, these indicators were retained because they have technically made a stable contribution to the formation of their parent variables. This confidence is reinforced by the AVE (Average Variance Extracted) values for all variables, which consistently exceed 0.50, indicating that the constructs account for more than 50% of the variance in their respective items. The internal consistency of this model is also exceptionally strong, as evidenced by Cronbach's Alpha and Composite Reliability values, all of which are well above the 0.70 threshold. This provides empirical evidence that the research instrument distributed to clothing store employees in Bulukumba Regency has a high level of reliability and is free from measurement bias. With these criteria for convergent validity and reliability met, the research model is deemed robust and meets the formal requirements for hypothesis testing on the structural model.

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**Table 3. Convergent Validity**

| Variable | Indicator | Loading | Cronbach's Alpha | Composite Reliability | AVE |
|---|---|---|---|---|---|
| Digital Capabilities | DC1 | 0.635 | 0.826 | 0.877 | 0.591 |
| | DC2 | 0.819 | | | |
| | DC3 | 0.770 | | | |
| | DC4 | 0.820 | | | |
| | DC5 | 0.783 | | | |
| Job Training | JT1 | 0.803 | 0.855 | 0.896 | 0.634 |
| | JT2 | 0.841 | | | |
| | JT3 | 0.798 | | | |
| | JT4 | 0.723 | | | |
| | JT5 | 0.811 | | | |
| Employee Competencies | EC1 | 0.719 | 0.762 | 0.840 | 0.514 |
| | EC2 | 0.719 | | | |
| | EC3 | 0.788 | | | |
| | EC4 | 0.733 | | | |
| | EC5 | 0.617 | | | |
| Competitive Advantage | CA1 | 0.858 | 0.849 | 0.892 | 0.625 |
| | CA2 | 0.819 | | | |
| | CA3 | 0.811 | | | |
| | CA4 | 0.716 | | | |
| | CA5 | 0.739 | | | |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

*4.1.2 Discriminant Validity*

To evaluate the discriminant validity of the measurement model, the researcher conducted a cross-loading analysis for each indicator. Discriminant validity is considered met if the loading value of an indicator on its parent construct is greater than the loading value of that indicator on other constructs in the model. This ensures that each latent variable is truly unique and does not overlap in meaning with other variables.

Based on the cross-loading analysis presented in Table 4, it is evident that each indicator has the highest correlation with the construct it is intended to measure. This indicates that the research instrument is capable of capturing the phenomena of digital capabilities, on-the-job training, employee competencies, and competitive advantage specifically, without any overlap between constructs. These results demonstrate that clothing store employees can clearly distinguish between the technological support they use (digital capabilities), the effectiveness of the development programs they participate in (job training), their personal skill capacity (competence), and the store's competitive position in the market (competitive advantage). Each variable reflects a distinct aspect of their daily work experience. Therefore, this measurement model successfully represents each variable as an empirically distinct concept. The fulfillment of this criterion of discriminant validity ensures that the relationships that will emerge in the structural model truly reflect real-world differences in the field, rather than being caused by similarities in the measurement tools. With these results, the model is deemed valid and credible for use in subsequent hypothesis testing.

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**Table 4. Discriminant Validity (Cross Loadings)**

| Indicator | Digital Capability | Job Training | Work Motivation | Educational Staff Performance |
|---|---|---|---|---|
| DC1 | 0.405 | 0.635 | 0.413 | 0.297 |
| DC2 | 0.439 | 0.819 | 0.627 | 0.615 |
| DC3 | 0.290 | 0.770 | 0.455 | 0.460 |
| DC4 | 0.446 | 0.820 | 0.539 | 0.598 |
| DC5 | 0.361 | 0.783 | 0.319 | 0.411 |
| JT1 | 0.439 | 0.506 | 0.594 | 0.803 |
| JT2 | 0.526 | 0.455 | 0.600 | 0.841 |
| JT3 | 0.556 | 0.548 | 0.645 | 0.798 |
| JT4 | 0.380 | 0.502 | 0.528 | 0.723 |
| JT5 | 0.473 | 0.534 | 0.623 | 0.811 |
| EC1 | 0.562 | 0.362 | 0.719 | 0.457 |
| EC2 | 0.437 | 0.577 | 0.719 | 0.628 |
| EC3 | 0.665 | 0.459 | 0.788 | 0.519 |
| EC4 | 0.622 | 0.496 | 0.733 | 0.679 |
| EC5 | 0.519 | 0.358 | 0.617 | 0.377 |
| CA1 | 0.858 | 0.439 | 0.694 | 0.597 |
| CA2 | 0.819 | 0.469 | 0.631 | 0.542 |
| CA3 | 0.811 | 0.352 | 0.583 | 0.367 |
| CA4 | 0.716 | 0.417 | 0.516 | 0.378 |
| CA5 | 0.739 | 0.355 | 0.661 | 0.462 |

***Source:*** *Data processed by SmartPLS 4.0, 2026*

*4.1.3 Multicollinearity (VIF)*

After ensuring the validity and reliability of the instrument, the next step is to evaluate the model for potential multicollinearity issues using the Variance Inflation Factor (VIF) value. This test is crucial to ensure that there are no excessively high correlations among indicators or independent variables that could compromise the stability of the model estimates. In PLS-SEM analysis, a model is considered free of multicollinearity if the VIF value is below the threshold of 5.00, although a value below 3.00 is highly recommended to indicate a more ideal model (Hair et al., 2021).

Based on the analysis results presented in Table 5, all research indicators show VIF values well below 5.00, with the majority even below 3.00. This finding provides strong statistical evidence that there is no data redundancy or excessive correlation among variables in this model. In other words, the estimated relationships are stable and not distorted by overly strong linear associations among the independent variables. In the operational context of clothing stores in Bulukumba Regency, these results reflect that digital capabilities, on-the-job training, and employee competencies are distinct aspects that contribute uniquely to competitive advantage. Employees are able to clearly distinguish between available technological facilities, the self-development programs they undergo, and their personal skill sets without any perceptual confusion. The independence among these variables ensures that the variations in the collected data truly represent the real-world conditions experienced by employees on the ground. Therefore, this model is deemed highly reliable as a basis for analysis to test causal relationships and mediating effects in subsequent stages, as each variable provides distinct explanations that do not overlap in predicting the store's competitive advantage.

Advances in Human Resource Management Research
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Volume 4, Issue 1 (2026). 89-111
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DOI: https://doi.org/10.60079/ahrmr.v4i1.754

**Table 5. VIF (Variance Inflation Factor)**

| Indicator | VIF |
|---|---|
| DC1 | 1.261 |
| DC2 | 1.781 |
| DC3 | 1.923 |
| DC4 | 1.891 |
| DC5 | 2.055 |
| JT1 | 2.219 |
| JT2 | 2.341 |
| JT3 | 1.816 |
| JT4 | 1.880 |
| JT5 | 2.098 |
| EC1 | 1.451 |
| EC2 | 1.478 |
| EC3 | 1.704 |
| EC4 | 1.399 |
| EC5 | 1.315 |
| CA1 | 2.427 |
| CA2 | 2.226 |
| CA3 | 2.273 |
| CA4 | 1.904 |
| CA5 | 1.542 |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

*4.1.4 Common Method Bias*

Based on the analysis results in Table 6, all VIF values for the relationships between constructs are below the threshold of 3.30. This finding indicates that there is no excessive correlation or overlap between constructs in the research model. Thus, the data collected from clothing store employees in Bulukumba Regency are proven not to be affected by systematic bias arising from the measurement method. Substantively, this indicates that the observed relationships between digital capabilities, on-the-job training, employee competencies, and competitive advantage reflect actual empirical conditions in the field, rather than being the result of artificial distortion or inflation of figures. The respondents' ability to provide distinct evaluations of each aspect demonstrates the objectivity of the research instrument. Therefore, the findings in this study are deemed valid, reliable, and highly suitable for use as a basis for drawing strategic conclusions for the development of the apparel retail sector.

**Table 6. Common Method Bias Result**

| | VIF |
|---|---|
| Digital Capability ➔ Competitive Advantage | 1.858 |
| Digital Capability ➔ Employee Competence | 1.690 |
| Employee Competence ➔ Competitive Advantage | 2.549 |
| Job Training ➔ Competitive Advantage | 2.578 |
| Job Training ➔ Employee Competence | 1.690 |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

*4.1.5 R-Square*

After ensuring that the measurement model (outer model) is valid and reliable, the next step in evaluating the structural model (inner model) is to assess the R-Square value. This value serves as an

Advances in Human Resource Management Research
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Volume 4, Issue 1 (2026). 89-111
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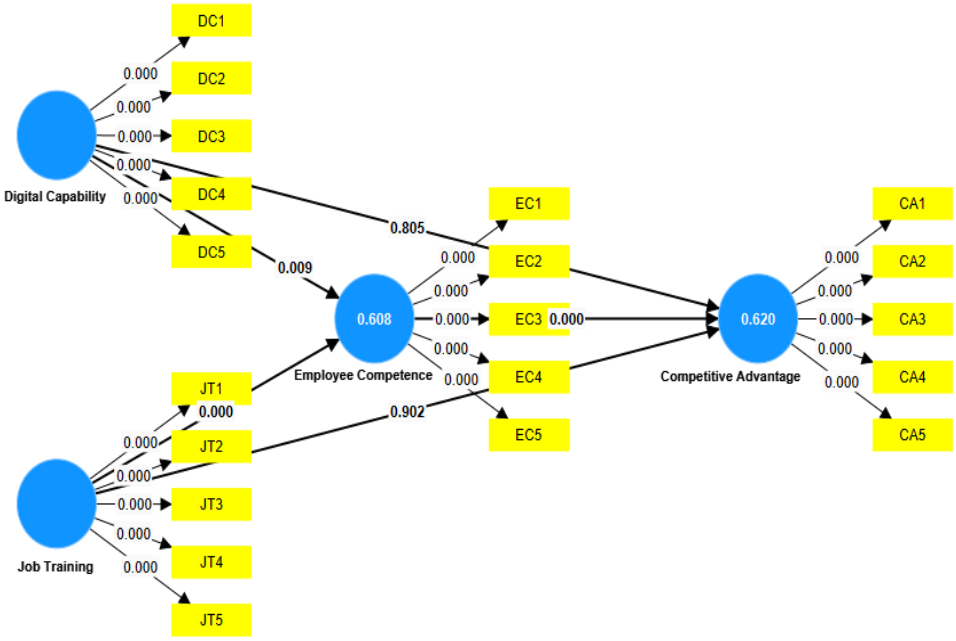
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

indicator of the model's predictive power, where a higher value indicates a higher level of predictive accuracy. According to [source], an R2 value of 0.75 is classified as strong, 0.50 as moderate, and 0.25 as weak.




***Source:*** *Data processed by SmartPLS 4.0, 2026.*

**Figure 1.** Bootstrapping Result

**Table 7. R-Square and R-square adjusted**

| Endogenous Variable | R-square | R-square adjusted |
|---|---|---|
| Competitive Advantage | 0.620 | 0.608 |
| Employee Competence | 0.608 | 0.600 |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

Based on the data in Table 7, the Employee Competence variable has an R2 value of 0.608. This indicates that 60.8% of the variation in the competence of clothing store employees in Bulukumba Regency can be explained by the Digital Capability and Job Training variables. This value falls into the moderate-to-strong category, indicating that these two factors are highly effective primary drivers in shaping the professional quality and capacity of employees in the field. The remaining 39.2% is influenced by other external factors not examined in this model. Furthermore, the Competitive Advantage variable shows an R2 value of 0.620. This finding provides empirical evidence that the constructed model can explain 62.0% of the variation in clothing store competitiveness. This sufficiently high predictive power confirms that the integration of digital technology mastery, systematic training programs, and the strengthening of internal competencies are highly significant determinants in determining a store's competitive position in the local retail market. In addition to examining the R2 value, the model's structural validity was also evaluated using the Q2 Predictive Relevance value. This test was conducted to determine the extent of the model's contribution to the variation in the research data. The calculation results showed a Q2 value of 0.851. A Q2 value of 0.851, or 85.1%, is far above zero (0). This indicates that the research model possesses very strong predictive relevance. This means the model is capable of explaining 85.1% of the variation in data for the Competitive Advantage and

Advances in Human Resource Management Research
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Volume 4, Issue 1 (2026). 89-111
e-ISSN: 2985-7570
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

Employee Competency variables at clothing stores in Bulukumba Regency, thereby making the model highly suitable for hypothesis testing and drawing scientific conclusions. The remaining 14.9% is explained by other variables not included in this model. This result conveys a strategic message that to win the competition in Bulukumba Regency, retail business owners cannot rely on just one aspect alone. The high R2 values for these two endogenous variables demonstrate that the synergy between technological readiness and simultaneous human resource development is the most reliable path to sustainably improving business performance. These results provide a solid foundation for hypothesis testing and path analysis, which will be discussed in the following section.

*4.1.6 Path Coefficient*

The analysis phase continued with hypothesis testing to verify the theoretical model proposed in this study. Through structural equation modeling, the researchers sought to confirm whether Digital Capabilities and Job Training have a significant impact on the strategic positioning of clothing stores in Bulukumba Regency. The results of data processing using SmartPLS 4.0, which summarize the direction of relationships and the level of significance among these constructs, are presented in Table 8.

**Table 8. Direct Effect**

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values | Decision |
|---|---|---|---|---|---|---|
| Digital Capability ➔ Employee Competence (H1) | 0.257 | 0.263 | 0.098 | 2.629 | 0.009 | Accepted |
| Job Training ➔ Employee Competence (H2) | 0.590 | 0.588 | 0.092 | 6.448 | 0.000 | Accepted |
| Digital Capability ➔ Competitive Advantage (H3) | 0.022 | 0.024 | 0.090 | 0.247 | 0.805 | Rejected |
| Job Training ➔ Competitive Advantage (H4) | 0.012 | 0.007 | 0.094 | 0.123 | 0.902 | Rejected |
| Employee Competence ➔ Competitive Advantage (H5) | 0.764 | 0.770 | 0.088 | 8.636 | 0.000 | Accepted |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

Based on the test results in Table 8, it was found that Digital Capabilities (H1) and On-the-Job Training (H2) have a positive and significant effect on Employee Competence. This proves that strengthening technological aspects and human resource development in clothing stores in Bulukumba Regency can effectively improve the skill capacity of their employees. Similarly, Employee Competence (H5) was proven to be the strongest determinant in creating Competitive Advantage. However, the most interesting finding lies in the rejection of hypotheses H3 and H4. The data indicate that Digital Capabilities and On-the-Job Training are unable to directly create Competitive Advantage for clothing stores. Theoretically, this makes a significant contribution to the literature on human resource management in the retail sector; namely, that the availability of advanced digital tools or the

Advances in Human Resource Management Research
OPEN ACCESS
Volume 4, Issue 1 (2026). 89-111
e-ISSN: 2985-7570
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

implementation of intensive training will not provide competitive value if they are not successfully transformed into tangible competencies in the hands of employees. The "rejection" of this direct effect indicates the presence of Full Mediation by the Employee Competence variable. This means that technological capabilities and training programs must first be absorbed and mastered by employees (becoming competencies) before they can ultimately be converted into a competitive advantage for the store. This finding is highly relevant for retail business owners in Bulukumba, as they should not merely focus on the "procurement" of tools or the "formalities" of training, but must ensure an improvement in the quality of employees' skills as the primary bridge to market success.

**Table 9. Indirect Effect**

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values | Decision |
|---|---|---|---|---|---|---|
| Digital Capability ➔ Employee Competence ➔ Competitive Advantage (H6) | 0.196 | 0.203 | 0.080 | 2.443 | 0.015 | Accepted |
| Job Training ➔ Employee Competence ➔ Competitive Advantage (H7) | 0.451 | 0.453 | 0.090 | 5.037 | 0.000 | Accepted |

***Source:*** *Data processed by SmartPLS 4.0, 2026.*

Based on the results of the analysis in Table 9, it was found that Employee Competence significantly mediates the effects of Digital Capabilities (H6) and On-the-Job Training (H7) on Competitive Advantage. This finding provides a thorough explanation for the rejection of direct effects in the previous test. In the context of the apparel retail industry in Bulukumba Regency, this phenomenon indicates the occurrence of Perfect Mediation. This carries strategic implications: investments in digital technology or the implementation of on-the-job training will not be able to generate competitive advantage instantly. These two factors will only impact a store's competitiveness once they have been successfully internalized by employees into actual competencies or skills. The higher coefficient value for H7 (0.451) compared to H6 (0.196) indicates that the pathway of workforce training through competency enhancement is the most effective route for boosting a store's competitive advantage. In practical terms, this means that while digital technology is important, employees' mastery of soft skills and hard skills through appropriate training provides a far stronger driving force for the success of retail businesses in the region. This finding reinforces the Resource-Based View (RBV) proposition that competent human resources are a key strategic asset that is difficult for competitors to imitate and are the primary key to winning the market.

### *4.2 Discussion*

#### *4.2.1 The Impact of Digital Capabilities on Employee Competence*

Based on the results of the hypothesis testing, Digital Capability has a positive and significant influence on Employee Competence at clothing stores in Bulukumba Regency. Phenomenologically, these findings reflect the dynamics of retail transformation in Bulukumba Regency. Clothing stores that previously relied on conventional interactions are now beginning to integrate digital systems, both in

Advances in Human Resource Management Research
OPEN ACCESS
Volume 4, Issue 1 (2026). 89-111
e-ISSN: 2985-7570
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

inventory management and marketing through social media. Mastery of these digital tools requires employees to possess higher levels of analytical and technical acumen. Employee competence is no longer limited to customer service skills at the cash register but extends to the ability to manage inventory data digitally and respond to market trends through online platforms.

This finding is highly relevant when considered in light of the characteristics of the respondents in this study. The dominance of employees in the productive age group (21–30 years) indicates that they are a generation with a high affinity for technology. This age group tends to absorb new digital literacy more quickly, so the availability of digital capabilities within the organization is directly transformed into superior professional competencies. Furthermore, given that the majority of employees hold a high school diploma (65%), the presence of digital technology in the workplace serves as a learning tool that accelerates employees' adaptation to modern work standards in the retail sector. These research findings align with the theory proposed by [author], which emphasizes that in the PLS-SEM model, technological capabilities are the primary driver for enhancing human capital. Empirically, these results also support findings stating that an organization's digital capabilities provide opportunities for individuals to develop more complex new skills. These results indicate that for apparel retail businesses in Bulukumba, investing in digital infrastructure—such as digital marketing platforms and management information systems—is a strategic step that not only streamlines business processes but also fundamentally enhances the quality of their human resources. Employees who are digitally proficient have proven to be more competent in executing retail operations that are efficient, responsive, and adaptable to changes in consumer behavior in the digital era.

### *4.2.2 The Impact of On-the-Job Training on Employee Competencies*

On-the-job training has a positive and significant impact on employee competence. On-the-job training is the strongest predictor of improved employee competence compared to other variables in this model. This finding indicates that clothing stores in Bulukumba Regency rely heavily on skills development programs to enhance their service standards. The training provided—ranging from product display techniques and persuasive communication skills to direct inventory management—directly impacts job proficiency. This reflects that in the local retail industry, interventions through non-formal education, such as on-the-job training, are the fastest way to improve the quality of frontline service personnel. The connection between these findings and the respondents' characteristics provides a more comprehensive explanation. The majority of respondents in this study have a high school education background (65%). For this group, on-the-job training serves as "continuing education" that is crucial for addressing the limitations of formal academic qualifications. The training provides practical skills they did not acquire in school, thereby transforming high school graduates into skilled and professional retail staff.

The predominance of female respondents (62%) further contributes to the effectiveness of this training. Female employees in the retail sector tend to possess high levels of attention to detail and interpersonal skills. When these foundational capabilities are honed through systematic on-the-job training, the transformation into professional competencies—such as the ability to handle customer complaints with empathy or meticulousness in recording transactions—proceeds more effectively. The high level of significance in this hypothesis proves that training is not merely a formality but a fundamental necessity for retail employees in Bulukumba. This finding aligns with research indicating

Advances in Human Resource Management Research
OPEN ACCESS
Volume 4, Issue 1 (2026). 89-111
e-ISSN: 2985-7570
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

that training programs designed to meet organizational needs automatically enhance individual self-confidence and work effectiveness. Theoretically, these results also reinforce the concept of human resource development that investment in training is the most reliable method for enhancing human capital within an organization. These results convey a message to clothing retail business owners in Bulukumba Regency that, amid intense competition, relying solely on employees' natural talent is insufficient. Consistent and sustainable workplace training programs are the "primary engine" ensuring employees maintain competencies relevant to modern consumer demands, thereby enabling store operations to run optimally and according to standardized procedures.

### *4.2.3 The Impact of Digital Capabilities on Competitive Advantage*

Digital Capabilities Do Not Significantly Impact Competitive Advantage in Clothing Stores These results indicate that the availability of digital technology in clothing stores does not automatically enhance the stores' competitiveness in the market. This phenomenon suggests that in Bulukumba Regency, the possession of digital tools, such as the use of social media for promotion or digital point-of-sale systems has become commonplace and is viewed as a basic operational standard, rather than a unique differentiating factor. Competitive advantage does not arise simply because a store has an Instagram account or a computerized system, but rather depends on how these tools are strategically utilized to create added value for customers. Without proper utilization by users, digital technology remains merely a passive physical investment.

This analysis is further reinforced when linked to the respondents' characteristics. The majority of respondents are in the 21–30 age range (52%), constituting the digital native generation. For this age group, digital technology is part of daily life; thus, the presence of technology in the workplace is viewed as routine and does not automatically enhance their competitive ambition unless accompanied by strategic guidance. Additionally, given that the majority of respondents have relatively short tenure (1–3 years), they tend to still be in the learning phase of using these tools for basic administrative tasks, not yet at the stage of using technology for complex competitive strategy innovations. These results offer a critical perspective that differs from previous research, yet aligns with the argument that competitive advantage does not stem from the technology itself, but rather from the transformation of how humans operate it. In the clothing retail industry in Bulukumba, which is deeply rooted in social interaction, customers are not merely seeking stores with advanced digital systems but are more focused on the value of service and the uniqueness of the products offered. Theoretically, the rejection of H3 reinforces the role of Employee Competence as an essential bridge. Digital capabilities are merely a facilitator. For clothing store owners in Bulukumba, this finding serves as a warning that simply purchasing the most advanced technological devices will not make their stores more competitive than rivals unless accompanied by improvements in the quality of human resources capable of executing that technology into a market-winning strategy.

### *4.2.4 The Impact of On-the-Job Training on Competitive Advantage*

On-the-job training does not have a significant impact on competitive advantage in clothing stores. This finding suggests that providing on-the-job training for employees does not directly contribute to enhancing a store's competitiveness in the retail market. This phenomenon indicates that in the

Advances in Human Resource Management Research
OPEN ACCESS
Volume 4, Issue 1 (2026). 89-111
e-ISSN: 2985-7570
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

Bulukumba clothing retail industry, training is often still limited to basic technical skills or routine tasks, and thus has not yet become a unique strategic differentiator in the eyes of customers. Competitive advantage stems from a market position that is difficult to replicate, whereas job training, if not managed with a focus on advantage, will merely become an operational cost without providing competitive value. This gap suggests that training materials may not yet address strategic aspects such as business model innovation or sharp differentiation strategies.

This analysis is reinforced by the characteristics of the respondents in this study. With the majority of respondents having relatively short tenure—specifically 1–3 years (63%)—the training they receive is likely still focused on adapting to basic core duties and functions (Tupoksi). For new employees, training is a tool to meet minimum work standards, not to create breakthroughs that boost the store's competitiveness. Furthermore, with the majority of respondents holding a high school diploma (65%), the training provided may be more instructional in nature rather than focused on developing the strategic thinking capabilities needed to win in the marketplace. These findings offer a critical perspective aligned with the arguments in the Resource-Based View, which posits that resources (including training) will only confer a competitive advantage if they are valuable, rare, and inimitable. If the training provided is identical to what other competitors in Bulukumba are doing, then such training will not yield a competitive advantage. This finding is also supported by research stating that training without business strategy integration will not impact an organization's competitive performance. Theoretically, the rejection of H4 further reinforces the role of Employee Competence as a mediating variable. Workplace training cannot "jump" directly into a competitive advantage. For clothing store owners in Bulukumba, these results emphasize that training is merely a process, and the tangible outcomes of such training must first be reflected in superior employee competencies. Only through competent employees can training content be translated into exceptional service and sales strategies capable of outperforming competitors in the local market.

### *4.2.5 The Impact of Employee Competence on Competitive Advantage*

Employee competence has a positive and significant influence on competitive advantage in clothing stores. Statistically, these results demonstrate that employee competence is the strongest predictor of competitive advantage compared to other variables in this research model. This phenomenon indicates that in the clothing retail market of Bulukumba Regency, a store's competitive advantage is no longer determined solely by physical factors but by the quality of its human resources. Competent employees are able to provide personalized service, possess in-depth product knowledge, and establish persuasive communication with customers. In a highly dynamic industry like fashion, employees' ability to identify trends and provide appropriate recommendations to consumers is the key differentiator that makes a store stand out from its competitors.

This finding offers an interesting interpretation when linked to the respondents' characteristics. The dominance of female respondents (62%) in this study sample is highly relevant to the needs of the apparel retail industry, which relies on friendliness and attention to detail. The competencies possessed by female employees in interacting with and understanding the lifestyle needs of customers in Bulukumba serve as a strategic asset for the store. Furthermore, with the majority of respondents in their productive years (21–30 years old), they possess high energy and adaptability to consistently maintain excellent service standards. Although the majority are high school graduates (65%), the

Advances in Human Resource Management Research
OPEN ACCESS
Volume 4, Issue 1 (2026). 89-111
e-ISSN: 2985-7570
DOI: https://doi.org/10.60079/ahrmr.v4i1.754

practical competencies they demonstrate in the field have proven to be the store's most valuable asset. Theoretically, these results provide strong support for the Resource-Based View (RBV) proposed by . Competitors may be able to copy the clothing models sold or use the same digital systems, but they will find it extremely difficult to replicate the quality of interaction and expertise possessed by competent employees. These findings also align with research that positions competencies as the primary driver in transforming operational capabilities into strategic corporate value. Critically, these results confirm that for clothing store owners in Bulukumba, the key to winning the competition lies in human capital investment. Employee competence is not merely about following procedures but about creating added value in every interaction with customers. When employees work professionally and expertly, the store automatically gains strong competitiveness, high customer loyalty, and a sustainable market position.

#### *4.2.6 The Mediating Role of Employee Competence in the Effect of Digital Capabilities on Competitive Advantage*

Employee competencies significantly mediate the effect of digital capabilities on competitive advantage. This finding confirms that digital capabilities do not automatically create competitiveness; rather, they must first be converted into tangible expertise by employees. This phenomenon indicates Perfect Mediation, given that a previous test (H3) found that digital capabilities have no direct influence on competitive advantage. In the Bulukumba retail market, the availability of digital technology (such as online marketing tools or automated inventory systems) is merely a passive instrument. Such technology only yields strategic impact for a store when utilized by employees who possess the competence to operate it intelligently, respond swiftly to digital customer interactions, and analyze sales data for informed decision-making.

When considering respondent characteristics, the majority of employees are in their productive years (21–30 years old), constituting the digital native generation. This age group is highly advantageous due to their rapid technological adaptability. However, educational data showing that the majority are high school graduates (65%) indicates that merely possessing digital tools is insufficient; organizations must ensure these employees possess the professional competencies to go beyond basic usage. These young employees act as the "engine" that transforms the store's digital infrastructure into superior and responsive services, ultimately creating a stronger bargaining position for the store in the eyes of consumers. These findings align with the Resource-Based View (RBV) theory, which states that competitive advantage arises from the combination of complementary resources. Digital capabilities are organizational resources, but without competent human capital, these resources will not become strategic assets. These results are also supported by research confirming that digital transformation will only successfully create value if accompanied by an enhancement of the individual capabilities of its users. Critically, the results of H6 provide important policy implications for clothing store owners in Bulukumba. Investment in digitalization should not stand alone as merely the procurement of physical goods. Digital strategies must be integrated with employee competency development. Store owners must ensure that every implementation of new technology is followed by an enhancement of staff capacity, because it is only through competent employees that technology can be transformed into a tangible and sustainable competitive advantage.

Advances in Human Resource Management Research
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Volume 4, Issue 1 (2026). 89-111
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*4.2.7 The Mediating Role of Employee Competence in the Influence of Job Training on Competitive Advantage*

Employee competence significantly mediates the effect of on-the-job training on competitive advantage in clothing stores. These findings indicate that the mediation pathway through on-the-job training has a far stronger influence on creating competitiveness compared to the pathway through digital capabilities. Similar to H6, this hypothesis exhibits the phenomenon of Perfect Mediation. This is because the direct effect of on-the-job training on competitive advantage (H4) was found to be insignificant. This phenomenon provides a logical explanation that in the apparel retail industry, simply attending training is not enough to make a store competitive. A competitive advantage will only emerge when the training content is successfully absorbed by employees and manifested in the form of tangible competencies, such as the ability to perform cross-selling, skill in arranging attractive displays, and consistent friendliness in service. Without this transformation into competencies, training will merely become a routine activity without strategic impact.

The connection between these findings and the respondents' characteristics is crucial. The majority of respondents are high school graduates (65%) with relatively short tenure (1–3 years). For employees with this profile, on-the-job training is the primary bridge to acquiring professional skills they previously lacked. Since the majority of respondents are in their productive years (21–30 years old), they possess a high capacity for learning to translate training modules into expert work behavior. Additionally, the predominance of female respondents (62%) supports the effectiveness of this mediation; where the interpersonal skills (soft skills) training received by female employees has proven highly effective in creating service value that serves as a source of competitive advantage for stores in Bulukumba. These findings support the Resource-Based View (RBV) theory, which states that competitive advantage stems from assets effectively managed by the organization. Workplace training is a process of resource investment, yet it is employee competencies that constitute the strategic assets delivering added value. These results also align with research emphasizing that the effectiveness of training in boosting organizational performance depends heavily on the extent to which such training enhances the individual capabilities of its participants. Crucially, the results of H7 confirm that for clothing store owners in Bulukumba, human resource development strategies through training must focus on "competency outcomes" rather than merely "training hours." Given the high influence of this pathway (0.451), investing in on-the-job training oriented toward improving employees' technical skills and work attitudes is the most efficient and effective way to ensure the store maintains strong competitiveness amid the intense local retail competition

## 5. Concluding Remarks and Recommendation

This study examines the relationship between digital capabilities, on-the-job training, employee competencies, and competitive advantage in clothing stores in Bulukumba Regency using a quantitative research approach. Survey data collected from employees indicate that both digital capabilities and on-the-job training significantly enhance employee competencies. Furthermore, employee competencies were found to have a positive and significant effect on competitive advantage. However, digital capabilities and on-the-job training were not found to have a direct effect on competitive advantage. A mediation analysis using statistical techniques to assess indirect effects revealed that employee competence serves as a significant mediator in the relationship between digital capabilities and on-the-

Volume 4, Issue 1 (2026). 89-111
DOI: https://doi.org/10.60079/ahrmr.v4i1.754
e-ISSN: 2985-7570

job training and competitive advantage. These findings confirm that technological support and human resource development programs influence organizational competitiveness primarily through the process of enhancing individual employees' capacity and expertise.

This study makes contributions both theoretically and practically. Theoretically, this study expands the Resource-Based View (RBV) by integrating digital capabilities and on-the-job training as determinants of employee competence within an integrated research model for the regional retail sector. Its primary contribution is the demonstration that employee competence functions as a critical pathway linking technology investment and HR development practices to strategic competitiveness outcomes. Practically, these findings suggest that retail business owners in Bulukumba should prioritize enhancing employees' practical skills through relevant training and the appropriate use of technology, as these elements are crucial for creating a unique value proposition that is difficult for competitors to replicate and for enhancing business sustainability in the local market. This study focuses exclusively on employees of clothing stores in Bulukumba Regency, which may limit the generalizability of the findings to other retail industry contexts or different geographic regions. Additionally, this model tests only a limited set of variables influencing competitive advantage. Future research should incorporate additional organizational and psychological variables, such as innovation culture or employee loyalty, expand the scope of the study to various types of retail industries, and use a larger sample to achieve a more comprehensive understanding of the factors influencing competitive advantage in the SME sector.

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## Statement of Use of Generative AI

During the preparation of this work, the author used ChatGPT to assist in improving clarity and readability of the text. The author reviewed and edited the output and takes full responsibility for the content of the publication.

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