

# Analysis of Human Capital Development Aspects

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**Abstract.** The purpose of business organizations is to make money for different parties. Business companies must battle with rivals for the hearts of customers in order to be able to make profits. Companies must enhance staff capacities if they want to produce excellence and survive. The goal of this study is to examine many facets of human capital development in corporate companies and offer solutions. This is a library research project, and the data used is secondary data from various literatures. A qualitative descriptive method is used to assess the acquired data. According to the findings of this study, businesses must keep working to strengthen human capital in the contemporary information and change-driven world through company education and performance, training and company performance, work experience and business performance, skills and business performance, entrepreneurship and marketing performance.

**Keywords:** Development-1; HRM-2; Human Capital-3

## 1 Introduction

The purpose of business organizations is to produce profits for shareholders. Business companies must battle with rivals for the hearts of customers in order to be able to make profits. Therefore, the company's competitive edge is a key deciding factor in this situation [1]. There are numerous perspectives on how to construct competitive advantage, one of which is to concentrate on the company's internal resources and capacities for generating value in the eyes of customers and financial gain [2]. This is done to ensure that the business survives in the more modern era.

There are two key factors that require consideration in the context of keeping a business operational so that it retains a competitive advantage or competitiveness and simultaneously adds value to the lives of the local community. Companies must, in the first place, look for distinctive capabilities that call for novel ways to structure internal resources, relationships, and activities. To do this, they must be able to combine capabilities to incorporate outside knowledge into internal activities [3]. It is imperative for businesses to support employee skill development and make an ongoing effort to maximize the potential of both management and employees. The performers must therefore be viewed as whole human beings and all activities within each division must be focused on their human qualities. In essence, they seek confirmation of their success. Employees will undoubtedly feel successful if the organization helps them succeed. To put it another way, if great customer and shareholder satisfaction is the yardstick for success, then businesspeople, including employees, should be successful

individuals and they will be happy since they have contributed significantly to the company. Building a system that can measure, develop, and give employees proportional rewards is where human capital management plays a crucial role [4].

Additionally, [5] underlined the necessity for employees to be completely empowered and developed by receiving feedback on their performance. Employees are a company's most valuable asset. Companies must keep track of their performance, assess their strengths and flaws, and determine how to improve it. The main point is that while everyone enjoys a challenge and, of course, always wants to succeed, performance measurements are crucial. Because there are no clear company policies in place, there will be a gap in satisfaction among internal business players if performance is not monitored objectively. Every person, as a human being, comes to work in good health, works passionately, and leaves work with pride because they are a part of a great company that values its employees as its most valuable resource. In essence, the emphasis on human capital in businesses reflects the idea that market value is more dependent on intangible assets, particularly human capital, than it is on tangible ones. Organizations must support individual competencies, teamwork competencies, societal and environmental competencies in order to increase employee skills and capacities [6]. In this approach, knowledge and skills can be created, shared, and implemented [5].

Since the nature of work has changed in the new organization and high-level skilled workers are now required, the competency of low-skilled workers must be improved so that they can play a significant role in the competitiveness of the company. Human capital, is the key to gaining a competitive edge in the new economy and the key to innovating renewals [7].

That is, as long as a competitive advantage is simple for rivals to copy, it does not always depend on resources, technology, or economies of scale. However, competitive advantage depends more on expensive, unique, and difficult-to-replicate resources that belong to the organization [8]. An actual invisible asset is human capital. Consequently, it is crucial to take staff management into account while developing company strategy, especially when it comes to the human capital pool [9].

## **2 Method**

This human capital development aspects analysis research uses secondary data from various literature and previous articles. The collected data were analyzed using a qualitative descriptive approach with data reduction steps, data display, verification, and conclusion.

## **3 Result and Discussion**

In today's age of change and information, human development will be aided by aspects of human capital development that are backed by several research. The following are elements of building human capital [5]:

### **3.1 Company Education and Performance**

The quality of human resources can be improved by investing in education. Education and experience are two crucial demographic factors that make up the concept of human capital [10]. The key element of human capital, which can be observed in someone with unique expertise and the ability to complete tasks quickly and profitably, is education [11]. Education and the contribution of innovation to economic growth are connected issues. This

circumstance demonstrates how significant education is in producing ideas and innovations that are crucial in addressing changes and resolving issues with people's demands and wishes.

In a similar vein, results from earlier studies on entrepreneurship show a link between education and business startup as well as between education and the exploitation and identification of business possibilities [12]. However, studies on how human capital accumulation affects economic growth frequently provide conflicting findings. Despite the fact that education is regarded as the most crucial component of human capital, past study has shown that it is challenging to acquire a direct impact on marketing effectiveness. According to research findings, the impact of human capital on education produced erratic outcomes [13] and [14].

### **3.2 Training and Company Performance**

A person cannot function in life without education [15]. This situation shows that people's inability to comprehend elements of the economy, society, and changing processes in which they live is not a result of their education [16]. As a supplement to education and a component of human resource development, training is crucial. For a focus on entrepreneurship, training is a crucial addition to education. Training may place more of an emphasis on developing human resources with particular talents or on assisting individuals in improving performance appeal [17]. Consequently, training is required in addition to the educational component and the human capital component. Education and training can raise the level of human skill. When it comes to knowledge, skills, motivation, self-confidence, and the capacity to find answers to problems relating to short- and long-term company goals, education and training are important parts of entrepreneurship. The formal method of recruiting human capital seeks to promote imagination, curiosity, openness, and strong interpersonal abilities. All of these support entrepreneurship and creativity.

### **3.3. Work Experience and Business Performance**

Experience is the information or skill a person has gained via completing something over a specific length of time [18]. One of the factors that is frequently used to gauge human capital is work experience. Working time typically distinguishes distinct types of experience. Because of this, the amount of experience that entrepreneurs have must also be considered when evaluating their job experience, which is not solely determined by their working hours. This is due to the fact that information or skills developed over a person's time working in a certain field may not necessarily translate into superior quality work regardless of experience level [19].

Business owners should make sure that their organization is effective, which includes having a variety of job experiences, particularly in marketing and production operations, which include management-related tasks [20]. However, there are a number of obstacles that someone must face in order to gain expertise. There are two categories of work experience: experience gained while operating a business as an entrepreneur or manager, and experience gained prior to managing a company [5]. According to him, experience gained prior to managing a business is distinct and cannot offer entrepreneurs the same advantages. However, these experiences still provide what may be described as "likeness or similarity" of tasks connected to talents in management, general knowledge, and skill-related tasks.

Entrepreneurs may believe they don't need to rely on others, are creative, imaginative, and have leadership qualities based on prior experiences. The shutdown of a previously operating business, however, might make business owners feel as though they are subject to a "stigma" of failure. As a result, it is clear that experience in the workforce or in general with managing

a business affects marketing performance [21]. Due to this, scholars have hypothesized that imparting the knowledge of current or former entrepreneurs will greatly enhance the advantages of entrepreneurship learning for new entrepreneurs [22].

### **3.4 Skills and Business Performance**

According to a number of studies, an organization's performance and growth are positively impacted by an entrepreneur's abilities [5]. According to research findings [23], in Singapore, 71% of small and newly registered industries fail during the first five years of operation. The key factor contributing to the failure of these SMIs has been shown to be a lack of entrepreneurial skills and management. Based on Sambasivan's research from 2009, which looked at the impact of management and personal qualities on a company's success in Malaysia, it was determined that the quality of a company's workforce affects performance via entrepreneurship and corporate management abilities. Similarly, [24] 'study, which examined questionnaire data on small firm management, demonstrated that managers of small businesses need to have in-depth technical understanding of their sector. Due to the limitations of current workers, small business owners will increasingly need a variety of skills that are crucial to the development of human capital.

Additionally, [25] has studied the growth of employability skills, a concept based on the findings of a collaboration between The Australian National Authority (ANTA) and the Department of Education, Science, and Training of the Commonwealth of Australia that was carried out and published in the Business Council of ACCI. These components of work skills include: 1) *Interpersonal Skill*-Interpersonal skills are the abilities to collaborate effectively, communicate effectively with others, and contribute to better outcomes and enduring professional relationships. 2) *Initiatives dan Enterprise Skill*-Initiatives and Business Skills include the ability to solve problems, take action, and manage businesses in a productive and creative manner. 3) *Learning Skill*-The ability to plan and organize in order to deal with change and find practical actions for enhancing and extending business operations and sustainable output is known as the "learning skill." 4) *Workplace Skill*-Workplace skills are those that are measured in the workplace based on components of skills that show the level of knowledge, comprehension of occupational health and safety, and capacity to absorb the most recent technology that helps with task performance.

All of these factors must be studied in conjunction with a number of other elements and indicators, though. Based on this description, it is required to examine job skills in depth in order to identify the impact of each type of ability on various performance elements.

## **4 Conclusion**

Humans are social creatures by nature, living in communities and relying on one another to meet their basic requirements. People join groups to accomplish shared objectives that are beyond the scope of their individual efforts. As a result, the organization is really just a collection of interdependent individuals who work together to achieve specific objectives. To accomplish the major objectives of a commercial organization or firm, distinct human resource talents are collectively mobilized through the organization. The employees of a commercial organization are the primary force behind its excellence. Without competent humans to operate it, technology is useless. Because there are people who are very skilled at managing the company, the increase in market value might dramatically exceed the value of the company's assets. Therefore, businesses must continue to work to build human capital through Company Education and Performance, Training and Company Performance, Work

Experience and Business Performance, Skills and Business Performance in the age of change and information.

The study's findings can be consulted by a wide range of interested parties, including academics and professionals. This study is intended to be a resource for academics in an endeavor to enlarge the body of literature in higher education. The study's findings can be taken into account by a practitioner when making judgments on how to develop human resources in commercial enterprises.

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