The Effect of Developing Human Capabilities on the Company's Performance through Developing the Company's Capabilities

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Abstract: - By studying the effect of human resource development on strengthening the firm's total capabilities this literature review investigates the relationship between the development of human capabilities and company performance by studying the effects of human resource development on strengthening a firm's total capabilities. To provide a thorough grasp of the subject, the review synthesizes and analyzes pertinent research articles, academic papers, and industry reports. SPSS version 22 statistical software was used for social sciences. Descriptive and inferential statistics were used to analyze the questionnaire data. To attain a lasting competitive advantage, the assessment also emphasizes the significance of fostering a learning culture, adopting cutting-edge procedures, and putting in place efficient training and development programs. The main findings show that investing in the growth of human capabilities has a favorable impact on the success of the company, especially when those investments are made in conjunction with the growth of the organization's capabilities. Investing in an employee's skill and capability development boosts productivity, enhances innovation, reduces costs, fosters customer loyalty and satisfaction, and provides a company with a competitive advantage.

Key-Words: - Human capabilities, Training, Company's capabilities, Company's performance, knowledge about new products/services, Quality of the company's products.

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1 Introduction

The great majority of firms are small- and medium-sized businesses, which are the economic backbone of developing nations in terms of GDP contributions overall, employment, and investment, [1]. Small and medium-sized businesses are crucial for creating jobs and lowering unemployment because of their sheer size and dominance in the economy, [1], [2]. Small- and medium-sized businesses (SMEs) can improve performance in comparison to rivals by investing in the human resources of their workforce, [3]. For small and medium-sized businesses (SMEs) to raise the standard of employee contributions and involvement to create a sustainable competitive advantage and improve performance, scholars and practitioners have emphasized the necessity for HCD investments, [4], [5], [6]. International growth in a connected field of practice occurred earlier and continued during this time, advancing social advancement, business success, and adult learners' capacities. This was the development of capabilities. How, if at all, does capacity development differ from HRD's role? Does misunderstanding terminology impact HCD research and practice? Should initiatives made by governments and

international organizations to improve adult capacity in underdeveloped countries be classified as HCD? These issues serve as the foundation for this conceptual paper, as we attempt to untangle these connected ideas and provide clarity for researchers and practitioners in HCD and its impact on business performance.

Organizations must constantly adapt and change if they want to succeed in today's fiercely competitive and swiftly changing business environment, [7]. The growth of human capabilities within the workforce and the matching improvement of a company's own skills are essential to this adaptability. The symbiotic relationship between personal and organizational growth is the basis for boosting business performance and establishing long-term success is the symbiotic relationship between personal and organizational growth, [8]. Human capacity includes all individual employees' knowledge, skills, competencies, and potential within a company. Investment in the development of these qualities is crucial for developing a talented and highly competent workforce. However, a corporation cannot enhance the strength of an individual. Equally important is the growth of organizational capacities, which include systems, procedures, structures, and collective knowledge, [9].

This essay examines how organizational and human talents interact and what impact they have on how well a firm performs. Organizations that invest in employee development not only build talented staff but also promote a culture of ongoing learning, innovation, and adaptability. To successfully navigate the complexity of the contemporary corporate environment, one needs to possess these skills, [10]. Employees are better able to take on challenges, seize opportunities, and produce results of the highest caliber when employers place a strong priority on the development of human skills. Decision-making, problem-solving, and general productivity are all improved by increased competence and knowledge. Additionally, a culture that encourages personal development and learning encourages employee retention, contentment, and engagement, resulting in more reliable and energizing staff, [11]. However, without commensurate growth of organizational skills, human capabilities alone are insufficient. Establishing effective processes, communication channels, information management systems, and a supporting infrastructure that enables employees to take advantage of their strengths and potentials are all components of organizational capabilities. Companies develop a synergy that spurs growth and improves performance by matching individual strengths with company goals and tactics, [12]. This essay examines several facets of enhancing human potential, including training and development initiatives, mentorship programs, and promoting a learning culture. Additionally, it examines the crucial elements of improving organizational skills, such as organizational structure, information-sharing systems, and technology improvements. We can better comprehend how these two dimensions interact with one another and how this interaction affects business performance, [13]. Organizations that understand the value of enhancing both organizational and individual capacities will ultimately succeed in today's fast-paced business environments. Businesses can promote innovation, change the market, and gain a competitive edge by investing in employee growth and coordinating it with corporate goals. This study serves as a helpful resource for firms seeking to promote excellence in their workforce and achieve sustained success by shedding light on the significant impact of building human skills on a company's overall performance, [14].

This study intends to determine the effect of improving human capabilities on firm performance by developing a company's capabilities. In strategic management, the use of resources by companies has a rich history, [15-17], because, among other things, it has an impact on their ability to compete, be profitable, and survive. Programs for training and development can be used to improve organizational results. Training is an organized strategy for enhancing employee skills is training, [15], [16], [17], [18]. The study's first objective is to examine the relationship between enhancing individual and organizational capabilities: Identifying the extent to which investments in employee skill development have an impact on the company's overall capabilities is required to achieve this goal. It investigates how raising human capital can increase organizational capabilities. Second, to evaluate the performance of a company in relation to the development of human capabilities, understanding the direct impacts of human capability development on numerous performance measures, such as productivity, profitability, innovation, customer satisfaction, and employee engagement, is the main goal of this objective. It seeks to measure the link between investing in the growth of human capital and producing successful business outcomes. Third, we determine how growing human skills affect an organization's performance by investigating the underlying mechanisms and processes that can increase business performance through the

development of human capacities. It seeks to pinpoint the precise competencies, knowledge, or skills that have the greatest influence on organizational effectiveness. Fourth, we examined how organizational culture and leadership support the growth of corporate and human skills. The goal is to comprehend how organizational culture and leadership techniques help create a setting that promotes the growth of human capabilities. It investigates how organizational principles, employee empowerment, and leadership styles can support the growth of human capital and subsequently improve business capabilities. Finally, we offer advice to firms on how to best foster the growth of human potential for enhanced business performance, which provides organizations with useful recommendations based on study findings. To maximize the influence of human talent on total company performance, this study aims to provide firms with evidence-based advice on how to strategically invest in their development.

Few previous studies, such as, [15], investigate whether financial performance and operational performance are mediated through human capital development initiatives, and find that better operational performance results in higher revenue and sales when the HCDP is improved. And, [19], the authors examined how the development of human capital management affects the operation of the company. Several earlier studies, like the following, examined how capacity development affects business performance in developing nations, [19].

To analyze and examine, [20], following a thorough review of the literature, a model was created and evaluated using partial least squares and structural equation modeling. Other studies Utilizing SPSS version 20, coded and analyzed using the statistical software for social sciences, used quantitative data such as, [21]. and other prior studies utilizing partial least squares (PLS), supported by Smart PLS 2.0 M3, as in, [22], [23]. Quantitative research methods were used to collect data for the empirical study by delivering questionnaires to respondents who held roles ranging from supervisors to CEOs in the business. SPSS was utilized for descriptive statistical analysis, whereas SEM (structural equation Modelling) and partial least squares (PLS) were used to test hypotheses such as, [24]. Using a systematic literature review methodology, the CASP approach was used in this study to evaluate the quality of the research and the study of the psychological and human resource underpinnings of dynamic capacities, [25]. Following several earlier studies on information processing methodology, on a dataset of 266 US people, we used Bayesian Mindsponge Framework (BMF) analyses, [26].

The contribution of this research work is found in the conclusions and insights it offers, which highlight the importance of supporting employee skill development to improve organizational performance as a whole. First, by offering a theoretical framework that emphasizes the connection between human capacity development and business success, this study adds to the existing body of information. To develop a thorough grasp of the subject, it analyzes and synthesizes pertinent literature from various fields, including organizational behavior, human resource management, and strategic management. Second, the study analyzes data gathered from businesses and industries to provide empirical evidence. It studies the effects of human capacity development activities on key performance indicators (KPIs) such as productivity, profitability, innovation, and employee happiness. These initiatives included training programs, mentoring, and skill augmentation. This article supports the case of funding staff development by demonstrating a link between human capacity development and certain performance measures. Third, organizations and human resource professionals can use the conclusions of the research. This emphasizes the significance of creating and placing efficient human capacity development programs within businesses. This study provides insights into the types of training and development activities that can result in better performance outcomes. To promote a learning environment, it is important to have a supportive company culture and leadership commitment. Fourth, the report provides actionable suggestions for managers and executives to improve their company's performance through human capacity development based on the research findings. It offers methods for determining where there are skill gaps, providing specialized training programs, and fostering knowledge-sharing and ongoing learning. These suggestions can serve as a roadmap for managerial choices and assist firms in coordinating their use of human resources with overarching performance goals. Fifth, the research report suggests future directions for studies on human performance and capacity development. It draws attention to topics that require more research, such as the effects of training and development programs over the long term, the contribution of technology to improving learning outcomes, and the influence of various organizational contexts on the relationship between human capacity development and

performance. This publication urges researchers to conduct more research in this area by offering these research directions. Finally, the significance of this study lies in its thorough examination of how human capacity development affects business performance, which offers theoretical insights, empirical data, real-world applications, and possibilities for future research. Researchers, experts, and decision-makers seeking to deepen the connection between employee development and business performance will find it to be a beneficial tool.

2 Literature Review and Development of Hypotheses

The study, [27], suggests that the author's divine capacity development enhances the operational skills of individuals, institutions, and organizations to improve their performance. It is generally accepted that capacity development goes beyond enhancing a person's inherent talent and abilities. For trained individuals to use their knowledge, the right environment, opportunities, and incentives are essential. Therefore, a more thorough analytical framework that considers the human, organizational, and institutional levels of study is required to understand capacity development, [28], [29]. The term "training" refers to a methodical approach to learning and development that aims to enhance the performance of individuals, teams, and organizations, [30], [31]. Development is the systematic process of influencing people's knowledge or abilities to promote personal development or prepare them for future responsibilities or employment, [30].

Increasing human capacity refers to spending money on education, training, and personal growth of the staff members of the business. Offering training courses, mentoring, workshops, and opportunities for professional development may be part of this, [32]. Enhancing the capabilities of the business by enhancing the organization's systems, processes, technologies, and general ability to innovate, adapt to changes, and boost efficiency and effectiveness is part of this element, [33]. According to the proposed link, enhancing the capacities of both individual employees and the organization as a whole will have a favorable effect on business performance. Increased productivity, higher employee happiness, better customer service, more innovation, and eventually stronger profitability and competitiveness are just a few ways to improve performance.

2.1 Developing Human Capabilities

Every business wants to function at its best; therefore, each business will do everything in its power to make it happen. Performance as a goal is the product of the company's efforts, and high performance does not just happen; it results from a number of internal aspects, one of which is the calibration of the company's employees who serve as its internal intellectual capital, [19]. Human capital is the primary driver of a company's future growth and prosperity. One of the most crucial aspects of the company's and government's development is investment in the form of education and training. As a result, for an organization to succeed in the future, it becomes difficult to build human resources through human capital management, [34]. The results of the, [19], study demonstrated that employee and business performance are directly impacted by the organizational climate. The performance of employees and businesses is directly impacted by the effectiveness of workgroups. Employee success is directly influenced by an individual's aptitude, drive, and leadership style. Consequently, an employee's performance has a direct impact on the organization's performance. The findings demonstrate that leadership has an impact on hotel performance, either directly or indirectly, through the use of innovation and distinctiveness as modifying factors. Leadership has an indirect impact through innovation, even when it does not directly alter the differentiation strategy, [24]. The calculation findings are significant at a P-value of 0.05, and a path coefficient > 0.1. Therefore, it is highly anticipated that the government will help maintain the nation's economic stability by empowering SMEs in the fields of information technology and human resources, [35].

The variety of human-specific talents, aptitudes, and characteristics is referred to as human capacity. These capacities include those related to the physical, intellectual, emotional, and social facets of human existence, [36], [37]. The following are some essential aspects of human capacity: First, let us talk about physical capabilities. Humans are endowed with a variety of physical processes, including capacity for movement, dexterity, strength, endurance, and sensory perception. We can perform duties and participate in a variety of physical activities because of these abilities, [38]. Second, intellectual capacity: Humans possess highly developed cognitive skills such as logic, creativity, critical thinking, memory, and learning. Our ability to learn, analyze information, make judgments, and perform challenging mental tasks is made possible

by these talents, [39]. Emotional Capabilities: People are capable of experiencing and expressing a wide range of emotions. Humans have rich emotional lives. This includes emotions, such as joy, gloom, fury, fear, love, empathy, and compassion. Emotional capabilities include emotional regulation, self-awareness, and the ability to understand and deal with the emotions of others, [40]. Social Capabilities: As social beings by nature, humans have the social skills necessary to engage in interaction, communication, and interpersonal relationships. Empathy, cooperation, teamwork, communication skills, cultural awareness, and capacity to manage social dynamics and conventions are some of these qualities, [41], [42]. Humans have great potential for flexibility and learning, which brings us to the fifth point. We can pick up new information, develop new abilities, and adjust to shifting conditions and surroundings. This capacity helps us adapt, invent, and flourish under various circumstances, [43]. Sixth, Moral and Ethical Reasoning: Humans are capable of moral and ethical reflection, ethical reasoning, and ethical decision-making. We can judge right and wrong, fairness, justice, and moral obligation because of this skill, [44]. Seventh, consciousness and self-awareness: Humans possess a special sense of consciousness and self-awareness that enables them to consider their ideas, feelings, and experiences. Introspection, self-reflection, and greater knowledge of our own identity and purpose are all made possible by this capacity, [45].

Individuals may possess these abilities to varying degrees, which can be further developed and strengthened through education, training, and experience. It is crucial to remember that human capacities are neither fixed nor standard. This study examines the following claims using a theoretical framework and past research as a foundation.

H1: There is a positive correlation between the development of a company's human capabilities and its performance.

2.2 Developing the Company's Capabilities

Future modifications to develop a company's capabilities should continue to be driven by knowledge firms' objectives, [34]. Core competency has emerged as a key idea for competitive strategy, as businesses focus on increasing their competitiveness by developing plans that provide them an advantage over rivals from a global viewpoint, [21]. The variety of skills, resources, experience, and competencies that a firm possesses, enabling it to carry out different duties and tasks effectively and efficiently, are referred to as company capabilities. These are a company's primary strengths and competitive advantages that allow it to accomplish its strategic goals, outperform rivals, and satisfy customers, [46], [47].

Both concrete and abstract elements are included in the concept of a company's capabilities. Some essential elements are, [48] : First, human capital, which refers to employees' knowledge, abilities, experience, and competence. This also refers to their capacity for innovation, problem-solving, and teamwork, [49]. Physical resources are the tangible assets a company owns, such as the tools, infrastructure, and technologies needed to manufacture products or provide services, [50], [51]. Third: Financial Resources: The company's financial stability and availability of resources, allow it to finance expansion, R&D, and new business ventures, [52]. The company's capacity to use cutting-edge technologies and adapt to changes to stay competitive and enhance processes is the fourth factor, [53]. A corporation can gain a competitive advantage and have its ideas protected by using intellectual property, such as patents, trademarks, copyrights, and other types of intellectual property, [47], [54]. The effectiveness and adaptability of the organization's internal procedures, decision-making processes, and communication channels are as follows: organizational structure, [55]. Seventh: Market Knowledge: Comprehensive knowledge of the market, consumer demand, market trends, and untapped prospects, [56]. The company's capacity to collaborate and develop strategic alliances with other businesses to increase its capabilities is the eighth factor, [57]. Brand Reputation: How stakeholders and consumers perceive the company, which has a big impact on how well it can draw in clients and open doors for business, [58]. The management of suppliers, logistics, and distribution networks effectively ensures that the prompt and economical delivery of goods and services ranks tenth, [59].

Some previous studies found a positive relationship between the development of a company's capabilities and its performance; for example, [21], found that organizational effectiveness and the performance of sugar manufacturing companies are significantly correlated (r=0.653, p0.01). The conclusions of this study will serve as a future reference point for parties interested in strategic management. The study of, [60], examined the effect A concept called "marketing capability" needs to be established in order to support Indonesia's small and medium-sized businesses. Knowing how each of these elements

interacts with one another, as well as what angle a small to medium business can develop from, will be a contribution to this study. Building a theoretical framework that may be explored further is essential for determining coaching policies.

Effectively evaluating and utilizing these competencies are essential for a company's success and expansion. Companies may invest in areas where they have a competitive edge, focus on areas that need improvement, and stay inventive by being aware of their strengths and limitations, [20]. This is especially true in a rapidly changing corporate environment. The theoretical framework and prior research serve as a framework for this study, as they evaluate the following claim.

H2: Companies that invest in developing employees' skills and knowledge (capabilities) experience improved overall performance in terms of increased productivity, higher revenue, and greater market share.

3 Methodology

To assess the hypotheses, this study used a sample survey design and a quantitative method. The questionnaire was created and submitted to arbitrators to ensure that the questions were unambiguous and fair after outlining the research objectives, examining the prior literature, and developing hypotheses. The sample size comprised 244 employees from the sample companies. Participants who worked for small and medium-sized enterprises provided this information. A survey is a research technique in which subject matter specialists are questioned about their perceptions of pertinent organizational elements, [22], [61]. Because surveys make it easier to evaluate conceptual models using real-world data, they help bridge the gap between academics and the real world, [22], [62].

3.1 Measure

In earlier investigations, variable measures have been employed. Utilizing a five-point Likert scale, training, decision-making freedom at work, an employee appraisal system, senior management support for initiatives promoting human capacity, a compensation system, and teamwork were some of the elements of human capacity development that were addressed. The second axis focuses on strengthening the organization's strengths; learning about clients, vendors, novel services and products, and rivals; creating new knowledge; and applying criticism for improvement. Along with the dependent variable, other factors to consider include a company's performance, the time and money needed for development, the quality and adaptability of the product, and the company's reputation.

3.2 Procedures for Data Gathering and Sampling Design

A total of 244 employees of small- and medium-sized businesses provided samples through their official websites. As the respondents were of Arab descent, the questionnaire was first written in Arabic. However, [63], suggested that it should be translated into English because the study was conducted in that language. To generalize the findings, a sample of respondents from the study's target demographics was chosen using a direct random sampling approach. A random sample of 400 questionnaires was distributed, of which 244 were returned, reflecting a response rate of 61%. After discarding questionnaires that were not fully completed, they were used to process the data.

4 Data Analysis and Findings

Data analysis was performed using SPSS version 22 statistical software for the social sciences. Descriptive and inferential statistics were used to analyze the questionnaire data. Descriptive data analysis, [21], [64]. Refers to data describing relevant phenomena. Statistical Package for Social Sciences (SPSS version 22) was used to code and evaluate the quantitative data gathered from the respondents. Descriptive and inferential statistics were used to analyze the data. Questions with closed-ended responses received a number of scores. Means, frequencies, percentages, and inferential statistics were used for the descriptive statistics. Pearson Feature Moment To determine the relationship between developing human capabilities and a company's performance by developing the company's capabilities, correlation and regression analyses were utilized.

Data Gathering: Information pertinent to the current study question or issue was gathered. using a questionnaire. To ensure data accuracy and dependability, the data were cleaned. As it offers a methodical and objective technique to study and comprehend data, statistical analysis is a crucial tool in the research and decision-making processes. They are essential in various sectors, including corporate analytics, scientific research, and policymaking.

4.1 Frequencies and Descriptive Statistics

Table 1 presents the results of a survey conducted with 244 participants, who were categorized into seven panels based on their demographic information, including gender, age, experience, qualification, major, job level, and professional qualification. In Panel A, the majority of participants were male (62.3%), with a small percentage being female (37.7%). Panel B shows that the largest age group of the participants was from 36-45 years old (60.7%), followed by those from 25-35 years old (25.4%) and–46-60 years old (11.5%). The smallest age group was less than 25 years (0.8%).

Panel C shows that the largest qualification group was Bachelor's and its equivalent (47.1%), followed by postgraduate diplomas (38.9%) and diplomas (5.3%). Panel D, the largest professional qualification group, was nothing (90.2%), followed by others (4.9%) and Arab fellowships (3.7%). In Panel E, the largest group was Business Administration (54.1%), followed by Other (28.3%), and Accounting (10.2%). Panel F reveals that the largest job level group was Accountant (58.2%), followed by Casher (19.3%), and Department Manager (12.7%). Finally, in Panel G, the largest experience group was from 11-15 years (33.6%), followed by those from 5-10 years and above 20 years (21.7%) and–16-20 years (13.1%). The smallest experience group had less than 5 years of experience (9.8%). The results in Table 1 provide an overview of the demographic information of the participants and the distribution of their characteristics in different panels.

Table 2 presents the descriptive statistics of three variables–Developing Human Capabilities, Developing the Company's Capabilities, and Company performance–in terms of their six indicators, each represented by its mean and standard deviation. To develop human capabilities, the mean of the six indicators ranged from 3.75 to 4.15, with a weighted mean of 3.92 and a weighted standard deviation of 1.00. To develop the company's capabilities, the mean of the six indicators ranged from 3.55 to 4.20, with a weighted mean of 3.83 and a weighted standard deviation of 1.21. For the Company's Performance, the mean of the six indicators ranged from 3.48 to 3.71, with a weighted mean of 3.55 and a weighted standard deviation of 1.43. These results suggest that the participants rated both developing human capabilities–developing the company's Capabilities and Company's performance–as positive, as the means of the indicators were greater than 3 and the standard deviations were relatively low, indicating a high level of agreement among the participants.

Table 1. Frequencies and percentage

Panel: A		
Gender	Frequency	Percentage
Female	92	37.7
Male	152	62.3
Total	244	100.0
Panel: B		
Age	Frequency	Percentage
Above 60 years old	2	.8
From 46 – 60 years old	28	11.5
From 36 – 45 years old	148	60.7
From 25 – 35 years old	62	25.4
Less than 25 years old	4	1.6
Total	244	100.0
Panel: C		
Qualification	Frequency	Percentage
PhD	7	2.9
Master	5	2.0
Postgraduate Diploma	95	38.9
Bachelor	115	47.1
Diploma	13	5.3
High school and its equivalent	9	3.7
Total	244	100.0
Panel: D		
Professional Qualification	Frequency	Percentage
Other	12	4.9
Nothing	220	90.2
American Fellowship	2	.8
British Fellowship	1	.4
Arab Fellowship	9	3.7
Total	244	100.0
Panel: E		
Major	Frequency	Percentage
Other	69	28.3
Business Administration	132	54.1
Information Technology	6	2.5
Banking Sciences	12	4.9
Accounting	25	10.2
Total	244	100.0
Panel: F		
Job level	Frequency	Percentage
Other	15	6.1
Casher	47	19.3
Department Manager	31	12.7
General Manager/ or above	9	3.7
Accountant	142	58.2
Total	244	100.0
Panel: G		
Experience	Frequency	Percentage
Above 20 years	53	21.7
From 16-20 years	32	13.1
From 11-15 years	82	33.6
From 5-10 years	53	21.7
Less than 5 years	24	9.8
Total	244	100.0

Table 2. Descriptive statistics of the variable's indicators

Developing Human Capabilities		
Indicators	Mean	Std. Deviation
HCD1	3.8730	1.00832
HCD2	3.8893	.97713
HCD3	3.7541	.99225
HCD4	3.8648	.97823
HCD5	3.9672	1.02587
HCD6	4.1516	1.02115
Weighted Mean		3.917
Weighted Std. Deviation		1.000
Developing the Company's Capabilities		
Indicators	Mean	Std. Deviation
OC1	3.5738	1.05735
OC2	4.1967	1.05518
OC3	3.8975	1.11930
OC4	3.9754	1.24036
OC5	3.8033	1.34647
OC6	3.5492	1.42640
Weighted Mean		3.833
Weighted Std. Deviation		1.208
Company's Performance		
Indicators	Mean	Std. Deviation
CP1	3.4836	1.46135
CP2	3.7090	1.34614
CP3	3.5738	1.40498
CP4	3.5779	1.47896
CP5	3.4754	1.42415
CP6	3.4877	1.45857
Weighted Mean		3.551
Weighted Std. Deviation		1.429

4.2 Reliability Indicator and Internal Consistency Reliability

The findings of the reliability study indicate that the research tool used to evaluate attitudes and beliefs towards the development of human capabilities, a company's capabilities, and company performance is a valid indicator of these variables. With high factor loadings and statistically significant F-values, the factor loadings for the different items demonstrate that each item is a solid indicator of the underlying construct it is designed to measure. Indicating a high level of consistency between the various items in evaluating these constructs, the internal consistency reliability, as measured by Cronbach's alpha, is similarly high for developing human Capabilities, Company capabilities, and company performance. Developing human Capabilities, Company capabilities, and company performance constructs all have high composite reliability values, which further supports the instrument's dependability.

Items with factor loadings below 0.6 may not contribute much to the measurement of the underlying construct; thus, they can be eliminated, according to frequently accepted cut-off values for factor loadings, [65], [66]. Dropping indicators with low factor loadings can enhance the measurement tool's construct validity and dependability of the factor solution's dependability, [65]. In other words, these variables may not be able to successfully guide the researcher to the substance of the relationship that you are seeking to assess if their validity and reliability rate are less than 0.6.

When an indicator has factor loadings less than 0.6, it may be reasonable to think about removing it from the analysis. By doing so, we can improve the overall quality of the measurement tool and ensure that the remaining indicators assess the underlying construct in a more accurate and dependable manner.

A Cronbach's alpha value of at least 0.7 is seen as indicating good internal consistency reliability, according to generally accepted threshold levels for reliability, [67]. The analysis's findings demonstrate that with a value of 0.716, both the developing capabilities and the company's performance constructs have Cronbach's alpha values far above this cut-off. Likewise, composite reliability values of 0.9 or greater are thought to signify a trustworthy measure of the construct, [68]. With values of 0.925 and 0.985, respectively, the Developing Human Capabilities, Developing the Company's Capabilities, and Company's Performance constructs display composite dependability values over this cut-off.

In conclusion, these findings offer compelling support for the validity of the study tool employed to evaluate attitudes and beliefs about the development of human capabilities, organizational capabilities, and company performance. Good factor loadings, statistically significant p-values, good internal consistency reliability, and high composite reliability values point to the instrument's capacity to measure these constructs in a valid and reliable manner.

Table 3. Reliability indicator and Internal consistency reliability

	N of Items	Cronbach's Alpha	Hotelling's T-Squared	F	Sig
Developing Human Capabilities	6	.925	41.137	8.092	.000
Developing the Company's Capabilities	6	.716	102.728	20.207	.000
Company's Performance	6	.985	32.323	6.358	.000

4.3 Discriminant Validity

This examination was regarded as the second type of construct validity. By evaluating all potential correlations between research variables, discriminant validity is typically employed to assess the degree to which the research variables are related, [69]. The Average Variance Extracted (AVE) of the two variables is displayed in Table 3; increasing human capacity enhances the capabilities of the company's business performance. AVE, a widely used indicator of a construct's dependability, represents the percentage of variance in a given construct that can be explained by the metrics employed to assess it. An AVE of 0.5 or greater, is regarded as acceptable for a single construct according to accepted threshold values, [66], demonstrating that the indicators accurately measure the construct.

Table 4. Average Variance Extracted

	(AVE)
Developing Human Capabilities	.729
Developing the Company's Capabilities	.506
Company's Performance	1.901

4.4 Correlation Coefficient

A linear relationship between the strength and direction of the two variables was measured using the correlation coefficient. It usually falls between -1 and +1, where a correlation value of 1 denotes a perfect positive correlation, meaning that if one measure increases, the other increases proportionally. and a perfect negative connection is indicated by a correlation coefficient of 1, which means that as one variable increases, the other decreases proportionately. Additionally, a correlation value that is nearly zero denotes a negligible or nonexistent linear link between variables.

When interpreting correlation coefficients, it is also essential to consider the context of the data and research objectives. Correlation analysis is a valuable tool for understanding the associations between variables, but it should be used in conjunction with other statistical methods and research techniques to draw meaningful conclusions. The correlation coefficient is presented in Table 4.

Table 5. Correlation coefficient

Correlations

		CP	HCD	OC
Developing Human Capabilities	Pearson Correlation	1	.026	.828**
	Sig.		.000	.000
Developing the Company's Capabilities	Pearson Correlation		1	.258**
	Sig.			.000
Company's Performance	Pearson Correlation			1
	Sig.			

***. Correlation is significant at the 0.01 level*

4.5 Hypotheses Testing Result

H1: There is a positive correlation between the development of a company's human capabilities and its performance.

The hypothesis "development of human capabilities -> Company's Performance" was supported based on the results of the regression analysis. A beta coefficient (β) of -0.201 indicates a strong positive relationship between the development of human capabilities and company performance. The standard deviation (STDEV) of 0.057 suggests that the variability in Money Laundering is low, while the T Statistics of 38.683 and the Sig Values of 0.000 indicate that the relationship between the development of human capabilities and a company's performance is statistically significant.

H2: Companies that invest in developing employees' skills and knowledge (capabilities) experience improved overall performance in terms of increased productivity, higher revenue, and greater market share.

The hypothesis "Developing the Company's Capabilities -> Company's Performance" was supported based on the results of the regression analysis. A beta coefficient (β) of 0.850 indicates a strong positive relationship between developing the company's capabilities and performance. The standard deviation (STDEV) of 0.022 suggests that the variability in Money Laundering is low, while the T Statistics of 38.683 and the P Values of 0.000 indicate that the relationship between developing the company's Capabilities and the Company's performance is statistically significant.

Additionally, in Table 5, the R2 value of 0.722 indicates that 72.2% of the variation in a company's performance can be explained by the development of human and company capabilities, suggesting a good fit for the model. The f values represent 313.715 confidence intervals for the beta coefficient

and provide an estimate of the range of plausible values for the beta coefficient.

Table 6. Hypotheses Testing

Hypothesis	β	STDEV	T	R	R2	F	Sig.
Development of human capabilities -> MCompany's Performance	-.201	.057	-5.710	.850[a]	.722	313.715	.000[b]
Developing the Company's Capabilities -> Company's Performance	.879	.068	25.037				

5 Discussion, Conclusion, Implication of Study and Limitation of Study and Future Suggestion

The main objective of this study was to examine the impact of developing human capabilities on the company's performance through developing the company's capabilities. SPSS-22 was used to analyze the model created after collecting data from small and medium enterprises. Based on the statistical results, these two hypotheses were supported. At a significance level of 0.001, the development of human capabilities and the company's capabilities, as hypothesized in H1 and H2, has a positive and significant effect on company performance (-0.201–0.879, t -5.710 – 25.037, Sig. 0.000). This result is consistent with that of previous studies. According to our research, investing in an employee's skill and capability development boosts productivity, enhances innovation, reduces costs, fosters customer satisfaction and loyalty, and provides a company with a competitive advantage.

There are several contributions from this study and other studies that may be considered. One of these contributions that did not receive the proper scholarly attention was the study of the impact of developing human capabilities on the company's performance through developing the company's capabilities. This work may serve as a call for further investigation of this impact, which has been supported. However, only a small number of conceptual and descriptive studies have focused on the function of developing human capabilities by developing a company's capabilities with regard to its performance. One of the few empirical studies to specifically address the impact of developing human capabilities on a company's performance by developing the company's capabilities in general is this one. The study also makes a contribution by utilizing methods such as measurement and metrics, causality and correlation, moderating factors, cost-benefit analysis, and case studies. Determine how improving human capabilities affects business performance by enhancing business capabilities.

This study offers many valuable contributions and insightful information, yet there are still certain areas that require further study. The advantage of this research is that the performance of a corporation can be significantly and favorably impacted by improving human talent. It benefits not only specific personnel but also the organization as a whole, making it more successful and long-lasting. Tactical purchases have the potential to generate significant returns in the form of increased productivity, innovation, employee engagement, and financial results. Future research should focus on other factors that can strengthen and clarify the link between developing human capabilities and the company's performance by developing the company's capabilities as moderators and mediators because this study focused on direct association. Other scholars could decide to carry out comparable studies in other developing nations and look at parallels and differences. Finally, future research may choose to corroborate the results of this study using a longitudinal research strategy to identify dynamic changes in the associations between variables over time.

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