

The Human Engine behind Businesses

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Abstract

This article explores the role of human capital in business, analyzing motivational theories and proposing a new theory to emphasize leveraging human capital for sustainable growth in the 21st-century business landscape- the Adaptive Motivation and Leadership Theory (AML) and highlighting its strengths and challenges.

The Startup

The concern of human capital is so important in terms of skill, knowledge, motivation and creativity valued from employees, it is by far the single most critical factor towards business eco-system sustainability. This article analyses motivational theories and their respective and relevant organization dynamics while trying to critically assess the role of human capital towards business success and sustainability. This study aims to address the gap in understanding how human capital contributes to productivity, innovation, and organizational development by attempting to change existing approaches.

Human Capital And Business Success

The relationship between human capital and business success is direct and obvious. Well managed and motivated employees engage in sustainable practices like reduced turnover level, ethical behavior, and improved Corporate Social Responsibility (CSR). Some motivational theories like Maslow's Hierarchy of Needs, Herzberg's Two Factor Theory, McGregor's X and Y Theory, and Taylor's Scientific Management offered sociological understanding of employee behaviour, but these theories are valid only when they are tied to long-term business success and sustainability. For example, in 'recognition and achievement' as some of Herzberg's motivators can actively compel employees to put their efforts towards the organizational performance and, in turn, sustainability.

Likewise, McGregor's Theory Y engages participative management which encourages collaboration and innovation, both important for sustainable growth. These theories could be combined into a larger human capital model to help organizations showcase the role of employee motivation in gaining competitive advantage and achieving success over the years.

Effect on Productivity

Productivity is a core measure used in analyzing the success of human capital management, and it is a fundamental evaluation framework within the traditional Taylorist style. Like many traditional approaches, it prioritizes productivity and tends to consider people as merely parts of a machine. While this has some benefits, this line of thinking neglects the intricacies of human motivation along with the changing work paradigm.

With the turn of the century, productivity increasingly relies on employee engagement, flexible work conditions, and self-education. Companies like Google have shown that when employees are provided with the ability to make decisions and the chance to learn new skills, productivity can increase greatly.

Placing emphasis on training and development, liberal work arrangements, and better tools leads to environments where employees have higher productivity.

Effect on Innovation

Innovation is the backbone of businesses' success and sustainability, nevertheless the relationship between human capital and innovation is still poorly examined.

There is a positive correlation between employee motivation and creativity: motivated employees are more willing to offer innovative propositions and solutions to problems. Recognition as well as Achievement, two of Herzberg's motivators, tend to enhance creativity through problem-solving. Moreover, interdisciplinary teams and multicultural organizations promote innovation through their diverse experiences and viewpoints.

Innovation is greatly impacted by the style of leadership used within the organization. Employees are most likely to initiate and pilot new ideas under democratic and transformational leadership. If creativity is appreciated and calculated risks are rewarded, the organization stands to gain the most from its workforce and continue to innovate while remaining competitive in the business world.

Impact on Organizational Growth

Effective people management leads to organizational growth. Different leadership styles, such as autocratic, democratic, and laissez-faire, define organizational culture as well as productivity. However, there is a need for a direct link to be made with the growth parameters. revenue growth, market growth, and employee retention are some of the more obvious ones.

Effective management helps in the scaling of operations, entering other markets, and achieving growth in a stable manner. Organizations that have a strong learning culture like Amazon and Microsoft are able to grow much faster because of their flexibility and innovativeness.

To maintain this peak performance businesses stride for in periods of expansion, the wellbeing of employees as well as their work-life balance is imperative for preservation during growth. When businesses address these aspects, they are able to leverage their human resources for organizational growth.

Overall account on traditional theories

Employee motivation and organizational management have been extensively studied through various theories, each providing unique perspectives. Maslow's Hierarchy of Needs suggests "meeting human needs in a specific order," (Simply Psychology) but it has been criticized for its strict sequential structure and lack of empirical validation. Herzberg's Two-Factor Theory differentiates between factors that cause job satisfaction and those that prevent dissatisfaction, yet it does not fully consider "external variables like organizational culture" (Mind Tools). McGregor's Theory X and Theory Y outline two contrasting management styles; however, their binary nature fails to capture "the complexities of human behaviour and motivation" (BusinessBalls). Lastly, Taylor's Scientific Management Theory focuses on efficiency and productivity through standardization but often dismisses "individual worker needs and stifles creativity" (Encyclopaedia Britannica).

Leadership styles significantly impact organizational culture and efficiency. The primary styles—autocratic, democratic, and laissez-faire—each have distinct advantages and disadvantages (Verywell Mind).

For Today's Workforce and Human Resources

The AML Theory

The current workforce is both a challenge and an advantage to the management of human capital. The Adaptive Motivation and Leadership Theory (AML Theory) was developed to meet these challenges and propose an architecture that incorporates motivation, leadership, and training.

The AML Theory proposes a more versatile structure that meets the specific requirements of workers while also meeting the particularities of contemporary organizations. This would involve tailored motivational strategies that seek to address an individual's career objectives, personal goals, and life situation alongside hybrid leadership styles, which incorporate autocracy, democracy, and laissez-faire depending on situational demands and employee needs.

Personal preferences and goal setting will help to achieve today's priorities of wellbeing and work-life balance as well as a broad outlook of cultural inclusion in the professional setting where the spotlight is towards inclusivity of every employee's contribution. The theory also strengthens the concept of lifelong learning and personal development where the focus shifts towards acquiring and building new skills and changing on new technologies.

Also, new technologies bring new methods to manage personnel capital and foster modernization and economic efficiency.

The way businesses use talent, assess productivity, and offer training needs the integration of automation and artificial intelligence (AI) technology - and it is already in the process of change. Any organization can take advantage of these changes to shape a human capital strategy system that is fit for the 21st century. These characteristics are aimed at improving part of the overarching concern of how today's human resources are structured - which means this concept, if executed appropriately throughout designed environments, should yield increases in productivity alongside enhanced well-being for humanity.

Criticisms

The Adaptive Motivation and Leadership Theory (AML Theory) offers a comprehensive framework for managing human capital, but it is not without its challenges. One criticism is its lack of empirical evidence, making its effectiveness theoretical rather than proven. The complexity of integrating various leadership styles and personalized motivational strategies can pose practical implementation issues, potentially leading to inconsistencies. Additionally, while the theory emphasizes the importance of technology, it risks over-reliance on automation and AI, which might dehumanize the work environment- a leading problem with the rise of AI in today's world. Cultural differences within global organizations might also hinder the theory's adaptability. Implementing continuous learning and motivation strategies requires significant resources, which smaller businesses might struggle to provide.

However, by refining its framework, the AML Theory can become more robust and applicable, enhancing both organizational growth and employee wellbeing.

Conclusion

The 21st century operates in the era of constant change with technological advancements being made available for automation AI tools. Human capital takes significant proportion in business to calculate success and development for growth sustainability.

Motivational theories can be helpful in understanding human capital as a resource. By establishing a connection between motivational paradigms and business results such as profit, market share, and sustainability, an organization can evaluate the importance of human capital. To formulate strategies, there

needs to be evidence and examples of the relationship of human capital with productivity, innovation, and growth.

This framework targets the issues with current models, but it also offers guidance to those trying to utilize their human capital for organizational success. Companies can focus on motivating employees and innovating to develop a productive workforce that contributes to sustainable growth which is essential in this volatile environment.

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