

Wise Leadership and Human Capital Development: Evidence from Naftal Employees in Djelfa, Algeria

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Abstract

In increasingly knowledge-driven organizational environments, wise leadership has emerged as an important mechanism for strengthening employees' capabilities and sustaining institutional performance. This study examines the impact of wise leadership on human capital development among employees of Naftal Corporation in Djelfa, Algeria. It specifically investigates four dimensions of wise leadership: strategic foresight, managerial humility, ethical wisdom, and rational decision-making. A quantitative field-study design was adopted, and data were collected through a structured questionnaire administered to a sample of 105 employees. The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS). The findings indicate that wise leadership has a positive and statistically significant effect on human capital development within the organization under study. The results further demonstrate the importance of leadership practices that combine strategic awareness, ethical judgement, managerial humility, and rational decision-making in enhancing employees' knowledge, skills, experience, and creative capabilities. The study concludes that wise leadership can create an organizational environment conducive to continuous learning, employee development, innovation, and improved performance. It recommends integrating wise-leadership principles into managerial development programmes and human-resource policies to strengthen organizational excellence and long-term institutional sustainability.

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Keywords: wise leadership; human capital development; strategic foresight; managerial humility; ethical wisdom; rational decision-making; Naftal Corporation; Algeria

1. Introduction:

Wise leadership is one of the modern leadership trends that focuses on good decision-making, benefiting from experiences, and achieving a balance between the organization's requirements and the needs of employees.

Human capital is considered one of the most important strategic resources that organizations rely on to achieve excellence, innovation, and sustainable performance, and from this standpoint, the importance of wise leadership is highlighted in developing the capabilities of workers, developing their knowledge and skills, and motivating them to employ their energies optimally. Wise leadership practices can also contribute to creating a work environment that supports learning and development, enhancing the value that the worker adds to the organization. Accordingly, this study aims to analyze the **impact of wise leadership on human capital development** through a field study on a sample of Naftal workers in Djelfa.

1.2. Research Problem: In light of the above, the main research question can be formulated as follows: To what extent can wise leadership influence human capital development?

Based on the main question and for the purpose of gaining a better understanding of the topic, the following sub-questions will be posed:

- **What is the impact of** strategic foresight on human capital development?
- What is the impact of the dimension of managerial humility on human capital development?
- What is the impact of ethical wisdom on human capital development?
- What is the impact of rational decision-making on human capital development?

3.1. Research Hypotheses: In light of the main research question, the following hypotheses were formulated:

a- Main Hypothesis: There is a statistically significant positive effect of wise leadership on human capital development in the organization under study.

b- Sub-hypotheses:

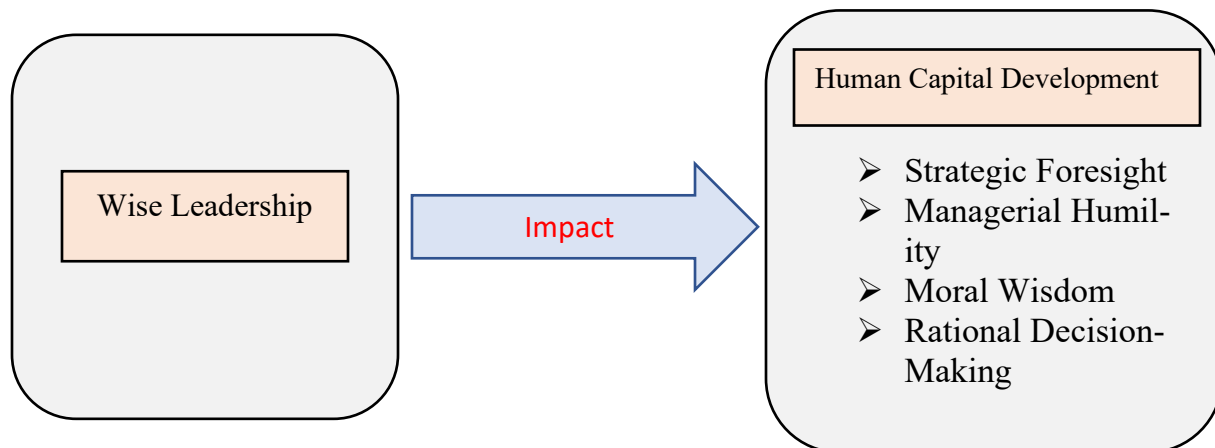
- Hypothesis 1: There is a statistically significant effect of strategic vision on human capital development;
- Hypothesis 2: There is a statistically significant effect of the dimension of managerial humility on human capital development;
- Hypothesis 3: There is a statistically significant effect of managerial ethical wisdom on human capital development;

- Hypothesis 4: There is a statistically significant positive effect of rational decision-making on human capital development at the organization under study.

Significance of the Study:

- Scientific Significance: To enrich studies related to wise leadership and human capital and to clarify the relationship between them.
- Practical Significance: To assist management and organizations in utilizing wise leadership to develop employees' capabilities.
- Competency Development: Enhancing employees' knowledge, skills, experience, and creative abilities.
- Performance **Improvement**: Contributing to raising employee efficiency and improving performance, innovation, and organizational excellence.

Study Model:



Source: Prepared by the researchers based on previous studies.

First: The Concept of Wise Leadership²

Wise leadership is a modern leadership style that focuses on applying wisdom to guide individuals, make decisions, and handle various situations by combining knowledge, experience, ethical awareness, and the ability to soundly assess situations. Wise leadership is not limited to possessing authority or the ability to issue orders; rather, it is based on the leader's ability to strike a balance between the interests of the organization and its employees, and to make sound decisions that take into account both current and future outcomes.³

² Abdullah, Amer Ahmed, Al-Mulla, Hamid Ali, 2023, "Applications of Wise Leadership and Their Impact on Organizational Reputation," Journal of Economic and Business Studies, Vol. 2, No. 4.

³ The Role of Wise Leadership in Achieving Innovative Performance: An Analytical Study of the Opinions of a Sample of Administrative Leaders at Al-Hadba College, University 2420.16(54), 265–279

Wise leadership can be defined as: a leader's ability to use knowledge, experience, situational awareness, and ethical values to make balanced decisions, treat employees with fairness and respect, and guide them toward achieving the organization's goals in a way that promotes the common good and sustainability.

Wise leadership takes on particular importance in the contemporary business environment due to increasing complexity and uncertainty, where a leader must be able to analyze various situations, listen to employees, manage differences, and strike a balance between performance requirements and the interests of human resources.

Second: Dimensions of Wise Leadership⁴

Wise leadership consists of four main dimensions:

1. **Strategic Vision.** This refers to a leader's ability to anticipate the future, understand the changes and challenges surrounding the organization, and link current decisions to future goals and vision.
2. **Managerial humility.** This refers to a leader's awareness of the limits of their knowledge and experience, their willingness to listen to employees and draw on their opinions and expertise, and their avoidance of authoritarianism and managerial arrogance.
3. **Ethical Wisdom.** This reflects a leader's ability to apply ethical values and principles when exercising leadership and making decisions, while upholding fairness, integrity, transparency, and accountability.
4. **Rational Decision-Making.** This refers to a leader's ability to examine available information and alternatives and analyze potential outcomes before making a decision, thereby striking a balance between the interests of the organization and its employees and minimizing impulsive decisions.

The Concept of Human Capital:⁵

Human capital is one of the most important intangible assets an organization possesses. It refers to the totality of knowledge, skills, experience, abilities, competencies, and creative potential possessed by employees, which can be harnessed to perform work and achieve the organization's goals. The concept of human capital is not limited to the number of employees; rather, it is primarily linked to the quality of their qualifications and capabilities, and the extent to which the organization can invest in and develop them to improve performance and achieve a competitive advantage.

Human capital is also viewed as a reservoir of knowledge, skills, and experience that individuals accumulate through education, training, professional experience, and continuous learning, enabling them to provide added value to the organization and contribute to problem-solving, innovation, and adaptation to environmental changes⁶.

⁴ Al-Hamad, Ahmed Walid Talal, and Al-Shalma, Maysoun Abdullah, 2023, "Utilizing Dimensions of Wise Leadership in Addressing Invisible Employee Behaviors: An Exploratory Study of the Opinions of a Sample of Employees at the Mosul Municipal Directorate," Tikrit Journal of Administrative and Economic Sciences, No. 62, Vol. 19.

⁵ Georgiadis, A., & Kornelakis, A. (2025). Pay and train to sustain: A dynamic human capital resources view of the relationship between HRM practices and organizational performance over time. *Human*

⁶ Karmilah, K., Themba, O. S., & Ismail, I. (2026). Human capital management as a driver of organizational performance: A literature review. *Journal of Management and Administration Provision*, 6(1), 13–33

The Importance of Human Capital

The importance of human capital stems from the fact that it is the primary driver of an organization's various material, technological, and organizational resources; these resources cannot achieve their objectives without individuals who possess the competence and ability to utilize and develop them. Its importance is summarized at⁷ as follows:

1. Improving organizational performance: Employees' knowledge, skills, and experience contribute to raising the quality of performance and improving productivity.
2. Achieving a competitive advantage: Human capital is a key source of differentiation, especially when an organization possesses competencies that are difficult for competitors to replicate.
3. Promoting innovation and creativity: Competent and experienced employees help generate new ideas and solutions and develop new work methods.
4. Adapting to Change: Qualified human capital helps the organization cope with rapid technological, economic, and regulatory developments.
5. Improving Decision-Making: Employees' knowledge and experience provide information and analytical capabilities that help management make more effective decisions.
6. Improving the Quality of Services and Products: Employees' competence and skills lead to improved output quality and a better response to the needs of beneficiaries.
7. Supporting digital and technological transformation: Human capital has become a key factor in adopting modern technologies, particularly artificial intelligence applications and digital transformation.
8. Achieving organizational sustainability: Continuous investment in employee training and development contributes to building sustainable organizational capabilities and retaining talent.

The Importance of Human Capital⁸

Human capital represents one of the most important strategic assets for modern organizations, given the **knowledge, skills, experience, capabilities, and creative potential** possessed by employees, which the organization can leverage to achieve its goals and improve its performance. Employees are no longer viewed merely as a factor of production but have become a fundamental source of value, innovation, and competitive advantage.

The importance of human capital is evident in a number of key aspects⁹ :

1. **Improved Organizational Performance:** When employees possess the appropriate knowledge, skills, and experience, they contribute to raising productivity levels, improving performance quality, and efficiently achieving organizational goals.

⁷ Kusumawijaya, I. K., Astuti, P. D., Wartana, I. M. H., & Adi, I. K. Y. (2026). Building human capital and dynamic managerial capability to elevate organizational agility and performance: A strategy for SME resilience. *Business, Management and Economics Engineering*, 24(1), 124–142. <https://doi.org/10.3846/bmee2026..24215>

⁸ van der Lugt, C. T. (2024). The role of management accounting in human capital management: Lessons from the services sector. *South African Journal of Business Management*, 55(1), a4223. <https://doi.org/10.4102/sajbm.v55i1.4223>

⁹ Hananto, K. (2024). The moderating role of human capital in the effect of human resource management practices on hotel service innovation in Yogyakarta. *Journal of Management and Digital Business*, 4(1), 114–131. <https://doi.org/10.53088/jmdb.v4i1.1071>

2. **Achieving a competitive advantage:** Human capital represents a strategic resource that is difficult to replicate, especially when an organization possesses accumulated competencies and expertise that enable it to stand out from competitors.
3. **Promoting Innovation and Creativity:** Highly competent employees help generate new ideas, develop work methods, and find innovative solutions to organizational problems.
4. **Supporting Decision-Making:** The expertise and accumulated knowledge of employees provide an important foundation for analyzing information, evaluating alternatives, and making more rational and effective decisions.
5. **Adapting to Technological Changes:** Human capital is becoming increasingly important in the context of digital transformation and artificial intelligence, as organizations need individuals capable of acquiring new skills and using and applying technology in their work.

5. Field Aspect of the Study:

5.1. Study Population and Sample:

- **Study Population:** The study population consists of all employees of the Naftal Corporation in the province of Djelfa, across various administrative and organizational levels.

Study Sample: A total of 120 questionnaires were distributed to a random sample of employees at the Naftal Djelfa branch. Of these, 105 questionnaires were returned and deemed valid for statistical analysis, representing a response rate of **87.5%**.

The questionnaire was reviewed by a group of academic experts in order to improve its wording, verify its content, and ensure its suitability for field administration.

- **2.5. Questionnaire Scale:**

The study relied on a three-point Likert scale to measure the responses of the sample participants, as it was well-suited to the nature of the statements under study, with each statement having three response options: (Agree, Neutral, Disagree) with corresponding weights (3, 2, 1). The scale length was calculated by dividing the range (2) by the number of options (3), yielding a scale length of 0.67, as shown in Table (01).

Table (01): Likert Scale Levels

Meaning	Low Agreement	Moderate Agreement	Strongly Agree
Score	1	2	3
Class Interval	]1.66 – 1]	]2.33 – 1.67]	[3 – 2.34]

Source: Prepared by the researchers based on previous studies

3.5. Reliability of the Questionnaire:

To verify the reliability of the study instrument, Cronbach's alpha was used. As shown in Table 2, the Wise Leadership dimension exhibited good reliability (0.91), while the Human Capital dimension had a

reliability of 0.89. The overall reliability coefficient for the questionnaire was 0.94, a high value indicating the validity and reliability of the research instrument.

Table (02): Cronbach's Alpha Coefficient for Measuring the Reliability of the Research Instrument

Variable	Reliability Coefficient	Number of Items
Wise Leadership	0.91	16
Human Capital	0.89	0.05
Overall Stability	0.94	21

Source: Prepared by the researchers based on SPSS output.

4.5. Analysis of the Sample's Attitudes Toward the Study Variables:

Table (03): Arithmetic Mean, Standard Deviation, and Level of Influence for the Strategic Vision Dimension

Number	Statement	Mean	Standard	Level
01	The leader has a clear vision for the future development of the organization	2.48	0.69	High
02	The leader anticipates changes affecting the organization before they occur	2.29	0.74	Average
03	A leader balances short- and long-term goals	2.36	0.71	High
Strategic Vision		2.38	0.66	High

Source: Prepared by the researchers based on SPSS output

Table 3 shows that the score for the first dimension—strategic vision—was high, with a mean of 2.38 and a standard deviation of 0.66. This indicates that the sample participants agreed that the leader possesses good foresight, which positively impacts the organization's direction.

Table (04): Arithmetic Mean, Standard Deviation, and Level of Influence for the Dimension of Managerial Humility

Number	Statement	Mean	Standard Deviation	Level
01	The leader admits his mistakes to the employees	2.21	0.83	Average

02	The leader listens openly to the opinions and suggestions of his subordinates	2.44	0.77	High
03	The leader involves his team in making important decisions	2.19	0.80	Average
After administrative adjustments		2.28	0.70	Average

Source: Prepared by the researchers based on SPSS output

Table 4 shows that the results for the second dimension—managerial humility—were at a moderate level, with an arithmetic mean of 2.28 and a standard deviation of 0.70. This indicates that there is room for improvement in practices related to participation and openness within the organization.

Table (05): Arithmetic Mean, Standard Deviation, and Level of Influence for the Ethical Wisdom Dimension

Number	Statement	Mean	Standard Deviation	Level
01	The leader is committed to fairness in dealing with all employees	2.52	0.63	High
02	The leader takes ethical values into account when making decisions	2.47	0.68	High
03	The leader is committed to building mutual trust with his team	2.41	0.72	High
Following Ethical Wisdom		2.47	0.61	High

Source: Prepared by the researchers based on SPSS output

Table 5 shows that the results for the third dimension—moral wisdom—were high, with a mean of 2.47 and a standard deviation of 0.61, reflecting leadership's commitment to ethical principles in its daily practices.

Table (06): Arithmetic Mean, Standard Deviation, and Level of Influence for the Rational Decision-Making Dimension

Number	Statement	Mean	Standard Deviation	Level
01	The leader relies on accurate information before making a decision	2.33	0.75	Average
02	A leader weighs the various available alternatives	2.27	0.78	Average

03	The leader takes responsibility for his or her decisions before the employees	2.30	0.73	Average
After making a sound decision		2.30	0.69	Average

Source: Prepared by the researchers based on SPSS output

Table 6 shows that the result for the fourth dimension—rational decision-making—was at a moderate level, with a mean of 2.30 and a standard deviation of 0.69.

Table (07): Arithmetic Mean, Standard Deviation, and Level of Influence for the Dependent Variable (Human Capital Development)

Number	Statement	Mean	Standard Deviation	Level
01	Leadership practices contributed to the development of employees' knowledge	2.42	0.70	High
02	Leadership helped develop employees' professional skills	2.36	0.73	High
03	Leadership enhanced employees' creativity and problem-solving abilities	2.24	0.79	Average
04	Leadership contributed to increasing employees' loyalty to the organization	2.31	0.76	Average
Dependent variable: Human capital development		2.33	0.65	Average

Source: Prepared by the researchers based on SPSS output

Table 7 shows that the dependent variable (human capital development) yielded an average result, with an arithmetic mean of 2.33 and a standard deviation of 0.65. This result may be relatively consistent with previous studies that examined the relationship between managerial leadership styles and human resource development in economic and service organizations

5.5. Testing the Study Hypotheses:

Table (08): Regression Results for Testing the Relationship Between Human Capital Development and Dimensions of Wise Leadership

Axis	T-level	T-value	F-level	F-value	R ²	R
Strategic Vision	0.000	10.306	0.000	106.214	0.361	0.601
Administrative humility	0.000	7.684	0.000	59.037	0.239	0.489
Moral Wisdom	0.000	13.900	0.000	193.221	0.507	0.712

Rational Decision-Making	0.000	6.295	0.000	39.628	0.174	0.417
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Source: Prepared by the researchers based on SPSS output

1.5.5. Testing the First Sub-Hypothesis: There is a statistically significant effect of the strategic foresight dimension on human capital development at a significance level of $\alpha \leq 0.05$.

Table 8 shows that the F-value was 106.214 with a p-value of 0.000, which is less than the accepted significance level of 0.05. and the T-value was 10.306 with a significance level of 0.000. This indicates that both values are statistically significant; therefore, the hypothesis that the strategic foresight dimension has a statistically significant effect on human capital development is accepted.

2.5.5. Testing the Second Sub-Hypothesis: There is a statistically significant effect of the managerial humility dimension on human capital development at a significance level of $\alpha \leq 0.05$.

Table 8 shows that the F-value was 59.037 with a p-value of 0.000, and the T-value was 7.684 with a p-value of 0.000; both are statistically significant at the 0.05 level, Accordingly, the hypothesis that the dimension of managerial humility has a statistically significant effect on human capital development is accepted.

3.5.5. Testing the Third Sub-Hypothesis: There is a statistically significant effect of the ethical wisdom dimension on human capital development at a significance level of $\alpha \leq 0.05$.

Table 8 shows that the F-value was 193.221 at a significance level of 0.000, and the T-value was 13.900 at a significance level of 0.000, which indicates their statistical significance. Accordingly, the hypothesis that there is a statistically significant effect of the ethical wisdom dimension on human capital development is accepted; this dimension has the strongest effect compared to the other dimensions.

4.5.5. Testing the Fourth Sub-Hypothesis: There is a statistically significant effect of the rational decision-making dimension on human capital development at a significance level of $\alpha \leq 0.05$.

Table 8 shows that the F-value was 39.628 with a significance level of 0.000, and the T-value was 6.295 with a significance level of 0.000, which indicates their statistical significance. Accordingly, the hypothesis that the dimension of rational decision-making has a statistically significant effect on human capital development is accepted, even though its effect is weaker compared to the other dimensions.

5.5.5. Testing the Main Hypothesis: There is a statistically significant positive effect of wise leadership on human capital development in the organization under study.

Table (09): Regression Results for Testing the Relationship Between Human Capital Development and the Wise Leadership Variable

T-level	T-value	F-level	F-value	R ²	R
0.000	12.643	0.000	159.842	0.460	0.678

Source: Prepared by the researchers based on SPSS output

Table 9 shows the relationship between the dependent variable (human capital development) and the independent variable (wise leadership), where the wise leadership variable explained 46% of the variance in human capital development ($R^2 = 0.460$), while the correlation coefficient (R) was 0.678, which falls

within the range [0.60–0.80] according to Cohen's scale, indicating a strong positive correlation between the two variables. Furthermore, the F-value was 159.842 with a significance level of 0.000, and the T-value was 12.643 with a significance level of 0.000; both are below the accepted significance level of 0.05, and therefore, the main hypothesis—that there is a statistically significant positive effect of wise leadership on human capital development in the organization under study—is accepted.

6. Conclusion:

Wise leadership is considered one of the modern leadership styles that combines the strategic, ethical, and human dimensions in the exercise of authority within organizations; It does not merely aim to achieve organizational goals but seeks to build and develop human capital in a sustainable manner, especially in light of the rapid transformations that compel organizations to invest in their human capital as a true source of competitive advantage. In light of the theoretical and empirical aspects of the study, we have arrived at a set of findings and recommendations.

1.6. - Findings:

- There is a high level of strategic foresight and ethical wisdom from the perspective of the study sample;
- There is a moderate level of managerial humility and rational decision-making from the perspective of the study sample;
- The study revealed a moderate level of human capital development at the organization under study, which calls for greater attention to training programs and the development of career paths for employees;
- There is a statistically significant positive effect of wise leadership on human capital development at the organization under study;
- It was found that the dimension of ethical wisdom has the greatest influence on human capital development, followed by strategic vision, then managerial humility, and finally sound decision-making;
- Collectively, the dimensions of wise leadership explain 46% of the variance in human capital development, a percentage that indicates the importance of this leadership style in explaining the phenomenon of human resource development within the organization.

2.6. - Recommendations:

Based on the findings, the study recommends the following:

- Promote a culture of wise leadership among executives and managers through specialized training programs;
- Work to instill practices of managerial humility and involve employees in decisions related to their work;

- Focus on strengthening channels of communication and active listening between leadership and employees to build mutual trust;
- Developing continuing education programs to enhance employees' knowledge and skills in line with technological and organizational developments;
- Link the performance evaluation of managers to criteria of wise leadership, not just to quantitative productivity metrics;
- Conducting prospective studies examining the impact of wise leadership on other organizational variables, such as managerial creativity and organizational loyalty;
- Integrating the principles of wise leadership into the organization's human resources management strategy to ensure the sustainable development of human capital.

Declarations

Author Contributions: Both authors contributed to the study's conception, data analysis, manuscript preparation, and final approval.

Funding: This research received no external funding.

Conflict of Interest: The authors declare no conflict of interest.

Ethical Approval: The study was conducted in accordance with applicable ethical principles.

Informed Consent: Informed consent was obtained from all participants.

Data Availability: Data are available from the corresponding author upon reasonable request.

AI Use Disclosure: The authors declare that no generative AI was used in the research or preparation of the manuscript.

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