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## HUMAN RESOURCE POTENTIAL DEVELOPMENT



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**Abstract.** This article studies the possibility of developing the human resources potential in an organization. This topic will be relevant especially for small companies that cannot win the war for talents with large concerns and corporations, therefore they are forced to develop the employees that they have at their disposal. The authors show in the article the structure of the companies' human resources in terms of their productivity and potential based on the People performance potential model. The article suggests a few ways from which potential and performance of the employees can be judged. Practical recommendations for the process of evaluating personnel after they are hired are proposed. Further, on the basis of the grouping of workers by the essential skills development level, which are also indicated by the authors in the article, it is proposed to provide training to them in an effective way. Such a step-by-step algorithm of actions for managing human resources and developing their potential ultimately will level up the functioning of the company.

**Keywords:** Human Resource management; talent management; potential; performance; employees; small scale companies; productivity; training; evaluation.

**JEL codes:** M 12; M 53.

## **Introduction**

In today's world it is important for a company or organization to employ not only technically sound candidates but also skilled one's. Multinational companies recruit the best graduates from best institutes possible. So, mostly multinational companies do not face the problem of recruiting skilled candidates. It is the small local companies that face this major issue. These companies do not get the finest candidates and have to struggle in achieving the company's interests. To overcome this problem, these companies have to invest a lot in training such employees. This training helps to increase the potential and performance of the employees and ultimately increasing the companies' productivity and performance as well.

Company should be able to recognize every employee's talent and assign them work accordingly [1]. "People performance potential model" is well suited for describing the staff structure, but its precise origins are not certain (variously attributed to Boston Consulting Group, George Odiome, Jack Welch, Doug Stewart, and Nicholas Barnes) [2].

The main objective of this research is to develop the potential and performance of human resource to increase the efficiency of the company, thereby converting "icebergs", experts and high potential human resource into talent one's.

## **Human resource development methods in the company**

According to People performance potential model, human resource has been divided into 4 categories: "Icebergs", "Backbone" (Experts), "Problem Children" (High Potential) and "Stars" (Talents).

"Icebergs" consist of human resource having low potential and low performance. Experts have low potential but give high performance. "High Potential" human resource has high potential but give low performance [3]. Human resource with talent has high potential and perhaps give good performance (table 1). So, if a company has to accomplish great heights it should consist of human resource who are talents otherwise company will not be able to run to its full potential.

According to psychologists, a talented person is a person whose abilities are distinctly above average, while for HR managers a talented person is a person who is able to do the job better [4].

Research on talent management has a long tradition but it has gained trend in recent times [5]. A challenging problem which arises in this domain is for small scale companies. These companies have to focus on "Icebergs", experts and high potential human resource management. A whole range of different approaches to the problem are available. For example, by giving incentives. These techniques have the potential to solve the problem for the time being. On the contrary, our solution to this problem focuses on resolving it in long run.

**Table 1: Examples of actions appropriate for each type<sup>1</sup>**

	LOW PERFORMANCE	HIGH PERFORMANCE
HIGH POTENTIAL	<p><b>HIGH POTENTIAL</b>                      Confirm and acknowledge potential.                      Counsel, build trust, understand issues.                      Explore and agree ways to utilize and develop identified potential via fitting tasks and responsibilities, linked with and perhaps dependent on performance improvement.                      Explore attachment to backbone or star mentors and coaches.</p>	<p><b>TALENTS</b>                      Agree challenging stretching work, projects, career development, responsibilities, or these people are likely to leave.                      Give appropriately stretching coaching, mentoring, training.                      Explore and encourage leadership and role-model opportunities, to set and raise standards of other staff.</p>
LOW POTENTIAL	<p><b>“ICEBERGS”</b>                      Counsel, build trust, understand issues.                      Identify hidden potential. Facilitate more fitting roles, direction, purpose, opportunities, etc., linked with and perhaps dependent on performance improvement. Failing this, assist or enable move out of organization if best for all concerned.</p>	<p><b>EXPERTS</b>                      Acknowledge effort and contribution.                      Utilize as coaches and mentors.                      Look for each person's hidden high potential, undiscovered passions, etc., and offer new challenges and responsibilities as appropriate, so these people too can be stars, to any extent they are comfortable.</p>

Advantages of developing potential of human resource [6]:

- Continuously grooms the organization's effectiveness and efficiency.
- Helps in achieving the targeted business goals with superior performance.
- Improves organization's overall culture and work climate.
- Provides people with a high level of satisfaction with their jobs.
- Improves withholding of talent and reduces people turnover.
- Manages better overall growth of people associated with the organization.

Findings by the Stanford Research Institute International and the Carnegie Mellon Foundation found that 75% of long-term job success depends upon soft skills mastery and only 25% on technical skills [7].

Soft skills form an important integral part for company's success.

Evaluation after recruitment, exploring people's potentials is the first step of Human Resources management [8]

After a candidate is selected for a particular job, it is important to know about skills that candidate possesses and what the candidate lacks. The company must focus on motivating the candidate to improve his skills he lacks. Improving these skills will lead to increase in their potential and performance. This will lead to overall progress of the company.

Skills an employee must possess [9]:

1. Presentation skills;

<sup>1</sup> Compiled by the authors based on materials [2]

2. Confidence;
3. Communication skills;
4. Working under pressure;
5. Presence of mind;
6. Leadership quality;
7. Product knowledge;
8. Cooperation with the team;
9. Self-initiative;
10. Enthusiasm;

Every employee must be rated on a scale of 0 to 5 for their above-mentioned skills. The department head and HR manager both will evaluate the employees.

0= worst

1= bad

2= manageable

3= good

4= best

5=excellent

Any employee getting score less than 3 must undergo a personalized training.

Way of Evaluation can be different [10]. Employee's skill can be evaluated by giving him practical tasks. Football game is such a way. Organize a football match between employees. Let the employees decide their team, team captains, goal keepers, striker. Through this game skills of the employees can be judged. Presence of mind, working under pressure, leadership qualities, cooperation with the team, self initiative, enthusiasm can be evaluated from this game.

Presentation on the product of the company must be organized after the technical training. In this way the employee's presentation skills, confidence, product knowledge and communication skills will be tested.

Any employee getting score less than 3 must undergo a personalized training.

The second step is grouping: employees lacking similar skills must be grouped together.

The next step is personalized training:

Training isn't just important to any company, it is vital.

Although there are many categories of training such as management training and or sales training, employees with Project Management skills are an important asset to any organization.[11]

This training must be given to the employees after their evaluation [12]. Employees which lack the same skill are grouped together. In this way, personalized training will be given to the employee.

Each group will be trained for specific skill. This will not only save time but money as well. Training will improve the abilities of the employees. Improve in abilities will lead to improvement in potential of the employee.

## Conclusion

The present study gives us a brief information on increasing the potential of the employees. By evaluating the employees present skills when he joins the company it will be easier for the human resource department to assign the work accordingly to the employee. The evaluation will also indicate the skills in which the employee lacks. But it should also focus on increasing their abilities which is beneficial for the company in the long run. According to the evaluation, the company can train them on their weaker skills. This will yield increasingly good results for the company effortlessly.

On the basis of the result found, we can therefore conclude that for improving productivity and efficiency of the company, it is important to increase employees' potential. This will not only be beneficial for the company but will also lead to employees' personal growth.

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