

## Strategic human resource development



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### Abstract

Increasing employment and productivity by strengthening economic competition is among the major aims of the Lisbon strategy drawn up by the European Union. This strategy stresses the need for better education and the growth of competition in the workforce. Regions gain competitive advantage through educated and qualified workforce. On the other hand, poor education, lack of opportunities for self-learning, and wasted human capital can have grave consequences for the society. Since decentralization began in the 1990s up until today, self-governing regions and local governments are assuming more responsibility for the growth of human potential. Developing human potential is profitable for both employers and employees. Individuals with

higher qualifications have usually secure income, higher quality of life, they are generally more confident, and regarded well in the society. Lower unemployment and a substantial percentage of independent individuals go hand in hand with a smoother local administration. Therefore it is important that the local governments realize that investments in human capital guarantee profit in the long-run.

**Key words:** *Human resources, human resource development, education, abilities, skills, further education, evaluation*

### Introduction

We live in an era marked by rapid social and economic changes, which require the individual to adapt readily and react swiftly. These particular changes are rooted in the economic convergence, the development of domestic and international economy, Slovakia's membership in the European Union, and various other structural changes.

All these changes require that the society develop its human potential in business as well as other areas of life. The development of human potential helps to succeed in competition and promotes regional growth. This means that human potential and regional politics should be closely linked.

The issue of human potential is important in the context of regional growth mainly because of the transfer of various powers to local governments. This kind of decentralization brings about new issues and roles. In accordance with the principle of subsidiarity, local governments, i.e. self-governing regions and other public and private institutions, play an increasingly important role in regional development. This creates greater demands on the quality of manpower, especially their flexibility and education, with the correspondingly growing pressure on individuals. Approaches seeking to stimulate the endogenous potential of regions are growing increasingly popular as these cannot be efficiently administered by the central government. Personal responsibility gains in importance. Decentralization enables regions to pursue their own policies, to develop and mobilise their inherent potential. Delegating responsibilities from the central government to local or regional institutions facilitates the integration of the region's endogenous potential with the resources coming from outside. Endogenous regional growth requires active participation not only on the part of local governments, but other institutions in the region as well. The growth of human potential is essential for the region's economic performance, as strong human potential reduces the risk of unemployment and increases the chance of earning a higher monthly salary.

The development of human potential is a complex process. It relies on a suitable working, social, cultural, and economic environment, a technical and social infrastructure, and other factors which

influence the quality of life in society. If optimum conditions for growth are not created, human potential may stagnate or even deteriorate. Human resources and education are among the priorities included in the Lisbon strategy. In a market economy, the government can promote the growth of the country's competitiveness – including the competitiveness of its regions – by creating favourable conditions for the development of education and the innovation potential. For human potential to be fully exploited, it needs to be recognized, developed, and the last but not the least important factor is the readiness of individuals to use it on the regional job market.

### 1 Human resources within an organisation

*"People and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a significant source of competitive advantage"* (Armstrong 2006, p. 14).

Every organisation needs human, financial, and material resources in order to successfully perform its tasks. When speaking of human resources within an organisation, we have in mind all the individuals who carry out a job in this particular organisation based on an employment contract, i.e. those employees who *"have consciously decided to enter the labour market and are capable of self-actualization when completing meaningful tasks that generate certain value"* [translation] (Vetráková, 2006, p.18). Unlike machines and equipment, human resources can continually improve. People are equipped to acquire new knowledge, perfect their skills and abilities; they are creative, come up with new concepts and ideas, and they are able to solve problems in new and innovative ways. People make a difference and often give their organisation a significant competitive advantage. Professor Vetráková identifies the value of human resources in the following three areas (M. Vetráková, 2006, p.21):

1. the human ability to constantly seek improvement and self-actualization;
2. the human ability to readily adapt to changing requirements;
3. the human ability to transform their own value into a social force which sets other resources in motion in accordance with their will.

Human resources are rich in human capital and human potential. Most authors use the term *human capital* to describe the set of skills and knowledge that people possess. The American economists Paul Anderson Samuelson and William Nordhaus (1992, p. 255) define human capital as a complete set of valuable skills and knowledge which people acquired over the course of their education and training. They also believe that human capital based on good education is a worthwhile long-term investment which "guarantees" higher income. Human capital is a sum of innate and acquired abilities and knowledge, as well as their real-world experience and skills (Rievajová, 2003, p. 202). The very individuals who provide organisations with human capital are at the same time its owners. Human capital is a competitive advantage that rival companies cannot imitate; it is essential to hire and effectively use outstanding individuals who will increase the performance and productivity of the company, make it more flexible, and stimulate innovations. To get such valuable employees, the company needs to enhance their specific skills and expand their

intellectual capital. Despite the fact that resources invested into education do not deliver immediate results, such investments increase the value that employees can offer to the enterprise.

Drawing on Professor Vágner, human capital is *"the most valuable resource available to an organisation; therefore, the management should deliberately form and enhance it"* [translation] (Vágner, 2004, p.105). Professor Miloslav Synek defined human capital as *"the combined wealth of learning, applied experience, and organizational techniques, as well as the rapport with clients, and specialized knowledge"* [translation] (Synek, 2006, p.209). Yet another definition was proposed by the Czech historian Jaroslav Charvát: *"when talking about human capital, what we mean is the institution's lasting ability to select and recruit employees effectively, its lasting ability to educate its staff, and finally, its lasting ability to create and support effective motivation systems"* [translation] (Charvát, 2006, p.166). Nick Bontis defines the term more precisely: *"Human capital represents the human factor in the*

*organization; the combined intelligence, skills and expertise that give the organization its distinctive character. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization"* (in Armstrong, 2006, p. 33).

Whereas human capital is understood as the stock of people's knowledge, skill, and experience, human potential represents the extent to which an individual is equipped to work and to complete particular tasks. It is seen as a foundation for the development of human capital. According to Synek, it is conditioned by *"aptitude, intellect, degree of foresight, the ability to adapt, and the degree of motivation; i.e. the point to which one is willing to apply their skills in adverse economic circumstances to such extent as the situation demands, in order to make the necessary changes to accomplish the organisations' objectives"* [translation] (Synek, 2006, p.50). Vetráková offers a similar definition: *"the term human potential is used to characterise an individual's capacity to be aware of their accumulated capital, be willing to put it to good use and carry on developing it"* [translation] (Vetráková, 2006, p.113). *"Human potential is a dynamic factor; it is possible to develop and nurture it, but it is likewise subject to deterioration. As human potential is a disposition, a prerequisite for a certain performance, so to speak, people do not necessarily exploit it to the full extent"* [translation] (Vetráková, 2006, p.10).

An organisation should be able to recognize the potential of its employees, making most of the talents they possess. As business goals and plans are becoming increasingly demanding and difficult to achieve, it is essential to develop human potential and retain the employees with vast potential.

## **2 Human capital seen as a crucial factor of success**

Human capital is one of the decisive factors which determine the success of a company in a competitive market. Vágner identifies human capital as a crucial element in all three of the most recognised approaches to the critical success factors (CSF) (Vágner, 2004, p. 103). When contemplating the "7S Framework", three of the seven factors mention human capital: staff; style (the management's conduct and way of dealing with problems); and skills

(seen as a set of abilities, knowledge, and experience). In Kae H. Chung's approach, human resources are listed among the three factors which considerably influence the success of a company and it is the management skills which integrate the three factors and thus create a synergetic effect. Synergy means that the whole is more than a simple sum of the components, i.e. symbolically expressed as  $1+1\neq 2$ . Knowledge, ideas, and thoughts of individuals complement one another and improve the quality of the whole. The three critical success factors noted by Kae H. Chung are not as efficient each by themselves as they are when combined. The third approach, drawing on the systems theory, emphasises the importance of human resources: if the organisation wants to succeed, it needs qualified workforce whose professional profile and mutual coordination helps them meet the requirements that are determined by all the aforementioned critical factors. Therefore, this approach, too, claims that for the organisation to be successful, it needs well-educated and capable employees.

The critical factors in the "7S Framework" are strategy, structure, staff, systems, shared values, style, and skills. The approach favoured by Kae H. Chung identifies three critical factors: strategy, human resources, and the operational system. In accordance with the key factors which are identified by the interpretation which draws on the systems theory (Vágner, 2004, p.106), the organization's success greatly depends on its ability to handle individual elements of entrepreneurial activities as well as to integrate them into a complex whole, which can be achieved through strategic planning. It further depends on organisational structures, which determine the best ways to employ strategies and execute plans, as well as modern management tools, i.e. approaches, methods, and the use of new technologies which would help optimise management. One must not forget to mention employees – not only managers, but all employees whose professional profile and mutual coordination help them meet the requirements that are determined by all the above mentioned critical factors.

The German economist Günter Wöhe also considers employees as a success factor, claiming that *"a company gains competitive advantage through properly qualified and motivated employees. This applies to all*

domains in which employees play an essential role, be it management, marketing, research or qualified production staff" [translation by the author of the paper] (Wöhe, Kislinger, 2007, s.136). Synek agrees that *"it is the employees of the organisation who are vital to the organization's success; people and their creativity are crucial to the organisation's activities and growth"* [translation] (Synek, 2006, s.209).

### 3 Development of employees' human potential

Currently, the most valuable asset that an organisation can have are its employees who possess the necessary know-how. *"Organisations can grow and gain competitive advantage only when they support people who are willing to work, exploit, and develop their intellectual potential"* [translation] (Vetráková, 2006, p. 8).

If people working in an organisation are to increase their potential, it is imperative that the organisation provide a stimulating environment favouring creativity and the pursuit of knowledge; in other words, organisations should provide their employees with education and encourage their initiative to acquire further qualification and enhance their skills. The essence of education lies in increasing human potential in ways which enable people to adjust to changing circumstances and at the same time work efficiently; employees should be able to accommodate change and work to their full potential.

By educating employees, the management maximise their human potential, thus acquiring skilled and productive staff. An organisation which encourages its employees to enhance their potential can gain a huge advantage, as in the long-run, resources invested in education will increase the quality of products, improve the services that customers receive, and increase the employees' motivation. An employee who can adapt to changing environments and wants to grow professionally is satisfied, flexible, and invaluable on the labour market.

Human potential is the result of people's activities over the course of their lives and it can be gradually developed. It is up to each and every one of us whether they develop this potential and effectively use it at work.

### 4 Human resource development and learning

Job vacancies are filled according to the requirements for specific jobs. The requirements often change with time and it is the employer's duty to provide their employees with further training and education; further education alongside with opportunities for personal growth increase the employees' motivation, job satisfaction, and the degree of commitment they feel towards their employer, feeling that the employer is involved. Additionally, an organisation can train its workforce in accordance with its own requirements and wishes, increase its employees' potential, and also increase its attractiveness as an employer, all of which results in greater ease of hiring more productive employees and lower workforce turnover.

Through education and learning, people acquire new knowledge as well as expand their existing knowledge and skills. Every author has their own definition of what learning is. Armstrong, for example, defines it as *"a continuous process that not only enhances existing capabilities but also leads to the development of the skills, knowledge and attitudes that prepare people for enlarged or higher-level responsibilities in the future"* (Armstrong, 2007, p.560). Employee training is defined in greater detail by Armstrong's translator Jiří Koubek (2007, p.253-254), who sees it as a part of human resource management with multiple goals: to broaden the employees' professional skills (adjust their existing skills to the requirements of their current position); to increase the employees' usefulness (by enhancing their professional skills); retraining; to shape the employees' personalities as well as work habits of new employees so that they comply with the requirements of their current position, such as methodologies, a common work style, and technologies used at the workplace, etc. (the employee's orientation). *"The primary goal of training employees is to help the management achieve their objective via developing and utilising the employees' skills. For this to work, managers themselves, too, must be systematically and constantly educated"* [translation] (Vetráková, 2006, p. 13).

Human resource development is a process which seeks to broaden people's existing knowledge and skills, in order to apply them at work. Armstrong's definition describes it as

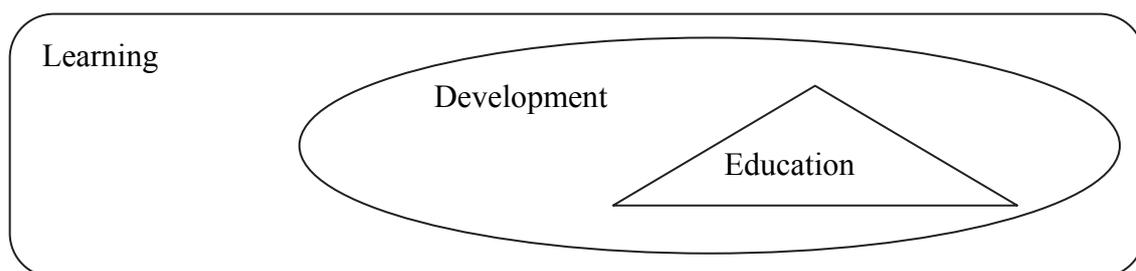
*"an unfolding process that enables people to progress from a present state of understanding and capability to a future state in which higher-level skills, knowledge and competencies are required. It takes the form of learning activities that prepare people to exercise wider or increased responsibilities"* (Armstrong, 2007, p. 570). Koubek offers another definition: *"human resource development is more interested in the career of an employee than in the job they have at the moment. It forms their work potential rather than their qualification and turns an individual human being into a flexible resource. Last but not least, it forms the personality of an individual in ways that help them contribute to the organisation's objectives as well as improve the interpersonal relationships among the staff"* [translation] (Koubek, 2007, p. 257).

Professor Vetráková explained the difference between professional training and personal development: *"Even though the employee's future career can benefit from it to an extent, professional training is primarily intended to help the employee perform their current job. On the other hand, personal*

*development helps the employee overcome future challenges regardless of their current position; it is future-oriented. It shapes working skills in general, personality traits, one's potential, building up a person's career. In order to undergo professional training as well as personal development, educational activities must be available and correspond to one's job"* [translation] (Vetráková, 2006, p. 107).

Michael Armstrong explains the central concepts related to education and development (Armstrong, 2002, p.468). Learning is a relatively permanent change in behaviour induced by experience or practice. Education is a development of values and knowledge which are necessary in all aspects of life and do not apply to particular areas of professional activity. Development is the growth or enhancement of personal skills, fulfilment of one's potential through education and practice. Professional training is a planned and systematic formation through learning, education, and instructions, which enable people to acquire such knowledge, skills, and abilities that they can perform their jobs efficiently.

F. Hroník (Hroník, 2007, p.31) explains the difference between learning, development, and education. Learning is a process of change which encompasses the newly acquired knowledge and habits. It can be organised or spontaneous and it is a far wider term than development or education. Development means changing via learning; it has a deliberate aim which forms a substantial part of development programmes, both terminate and indeterminate. Education is an organised and institutionalised learning; educational activities have a clearly delimited beginning and end.



**Fig. no. 1 - The relationship between learning, development, and education**

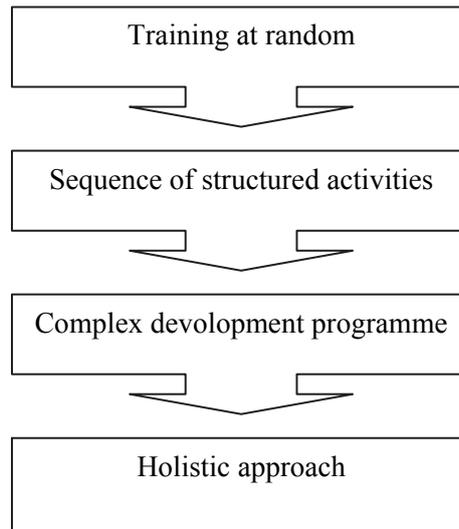
Source: HRONÍK, F. *Rozvoj a vzdělávání pracovníků (Development and education of employees)*. 2007. p. 31

This paper favours Hroník's approach which defines learning as the broadest concept of all three. People learn all their lives and it is not always intentional; humans constantly learn new things and absorb new information, utilising some of it immediately, retaining the rest for possible future use, while not using something at all. Education, on the other hand, is the most specific concept, because human resource development does not include education alone; we develop via various other activities as well. Hroník himself explains this clearly: *"Obviously, we are learning even when we do not educate ourselves. Neither can we deny that we can learn to do harmful things and take to bad habits (such as smoking or having a pessimistic outlook), which we can hardly call development."*

*Development, on the other hand, includes all activities which lead to the desired effect and thus it cannot be reduced to mere education*”[translation] (Hroník, 2007, p.31).

### 5 Approaches towards development and education

Approaches towards the development and education of employees vary. Some companies organize training activities at random with no plans for personal development or training; employees attend courses and training sessions only when there are sufficient financial resources. In others, however, training activities are planned and structured. For some organizations personal development and training are extremely important, they do personal development plans and approach it systematically and with deliberation. Different stages of involvement with training and development is shown on the picture below.



**Fig no. 2 Stages of involvement with training and development in an organization**

Source: HRONÍK, F. *Rozvoj a vzdělávání pracovníků (Development and education at the workplace)*. 2007. p. 117

In the stage of “training at random”, training courses are not planned. Nowadays this approach should be the thing of the past, not used, except for perhaps small organizations which do not have HR department and a budget for education and training. From time to time it is used also in big companies when plans already designed need to be changed as a response to an unforeseen situation.

A sequence of structured activities in reality means that for a certain period of time a series of training activities is planned, chosen accordingly on the grounds of a needs analysis. The activities are structured and interlaced. This approach is suitable for retailers (who can be selling in the intervals between particular activities) and also for small and medium-sized organizations. It is expected that the training will have a positive effect on employee performance.

A complex development programme also consists of a series of structured educational activities, but here the intervals between particular activities are also used for development tasks. It enhances both “hard” and “soft” knowledge and skills. For example a complex development programme for managers describes basic business processes, teaches introspection, how to think as a manager, and motivational minimum; during the interval between these courses, e-learning takes place.

An organisation which adopted a holistic approach is often referred to as a learning organisation; an organisation facilitates learning at all times with the objective to increase productivity in the long term. It is characterised by a constant flow of feedback from coaches, mentors, and colleagues, the synthesis of organisational and individual learning, including as much a big number as possible without jeopardising diversity. Employees make their own learning plans, they are responsible for their progress, and they have free access to learning, one should not imagine though that any employee can attend any course or training. Learning also takes place outside the courses and training sessions, through self-study, supervision, and sharing experience. Both internal and external instructors design the programme together and different learning styles are taken into account. The

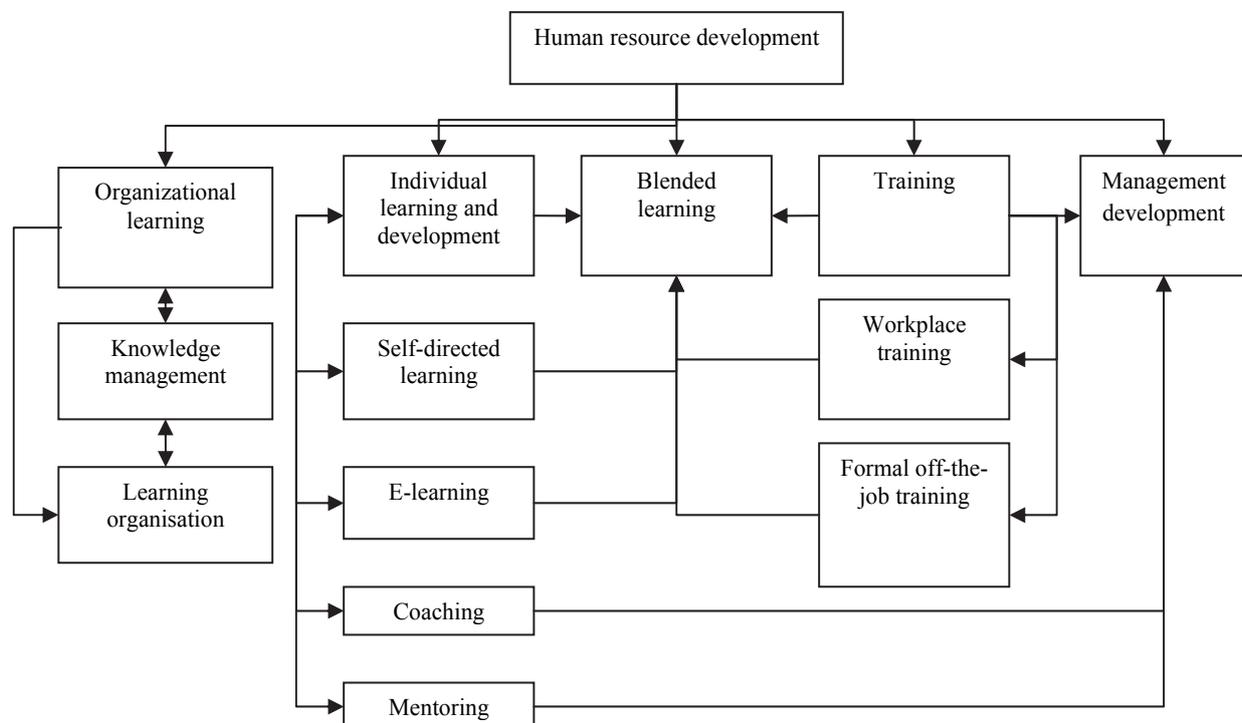
organisation creates favourable conditions and encourages people to develop and educate themselves.

With each stage of involvement, the HR department's job grows more complex and systematic. Each following stage is an improvement in the area of human resource development and education. When implementing change in this area, it is essential to gain the top management's support, as well as that of the low-level management, who are pivotal in this process.

Every organization should devise their own plan for employee development, as every organization has specific needs and employs different people with different qualities, skills, and knowledge. Everybody has to find what is most suitable for them. The human resource development is linked to the synergistic effect, meaning that from the development of individual employees, the company as a whole will benefit, improve their performance, and a greater chance of achieving its objectives.

Koubek (Koubek, 2007, p.274) mentions three different approaches to training, evaluating their efficiency. Theoretical training alone through lectures, discussions, simple computer programmes, and workshops is not particularly efficient. If a company provides its employees with practical training, such as gaining hands-on experience and learning right on the spot, efficiency grows. Companies often maximize their efficiency only when they combine the two above mentioned approaches; employees solve case studies as part of their training, simulate various situations, do role-plays, outdoor training, and participate in assessment centres.

Components of human resource development are depicted in Fig. no. 3. For employees to develop, organisational learning, individual learning and development, blended learning, training, and management development are all important. Organisational learning is related to knowledge management and the concept of a learning organisation. Individual learning and development can be done through self-directed learning, e-learning, coaching, and mentoring. Training can be either done at the workplace or it can be an off-the-job training. Management development can be done through the form of professional training, coaching or mentoring. For the education to be beneficial to the organisation and individuals alike, the right structure of its components has to be made.



**Fig. no. 3 Components of human resource development**

Source: ARMSTRONG, M. *Human Resource Management Practice*. 2006. p. 534

When a company does invest in development, they are interested in the return on investment. Besides the increased employee productivity, the development must be noted also in the economic results of the company. According to Hroník (Hroník, 2007, p.190) successful development improves the company's competitiveness on the labour market, increases the employee retention, employee

morale, and motivates them to work in the interest of the company. All this results in customer satisfaction, loyalty, and less consumer complaints.

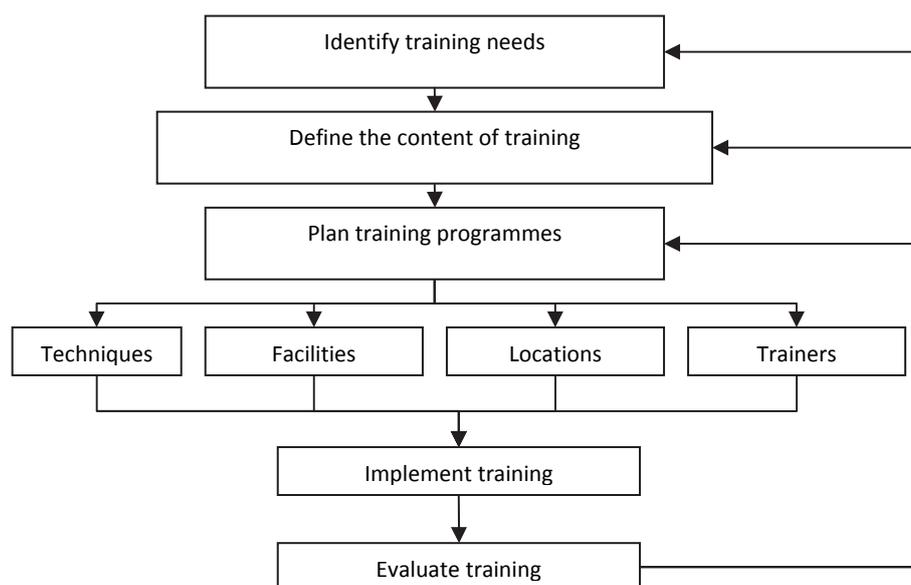
## 6 Strategic human resource development

Strategic human resource development depends on personal strategies as well as on the company strategy. It is usually created for a period of 3 to 5 years. The greatest attention is paid to people with potential who are hard for the organisation to replace. J. Charvát used the following succinct definition: *"Strategic human resource development aims to create a logical, complete and unified framework for personal development"* (Charvát, 2006, p. 101). When forming the development strategy, the company must understand that personal development is important for the organisation to achieve its objectives and must be performance-oriented. Development and training supported by the company must be proportional to the size of the company and the market. The organisation should encourage full development of the skills and capabilities and respect the value of such investment.

Many authors have tried to define strategic human resource development; Michael Armstrong offers several definitions in his book. Drawing on Hall, he writes that strategic human resource development is *"the identification of needed skills and active management of learning for the long range future relation to explicit corporate and business strategy"* (Hall in Armstrong, 2006, p. 533). He also quotes another definition proposed by Walton: *"Strategic human resource development involves introducing, eliminating, modifying, directing and guiding processes in such a way that all individuals and teams are equipped with skills, knowledge and competences they require to undertake current and future tasks required by the organization"* (Walton in Armstrong, 2006, p. 533). The third definition that Armstrong gives describes strategic human resource development as the *"development that arises from a clear vision about peoples' abilities and potential and operates within the overall strategic framework of the business"* (Harrison in Armstrong, 2006, p. 533).

All three definitions suggest that strategic human resource development needs to be rooted in the company strategy. Although the second definition does not state it explicitly, it is understood that tasks which are assigned are based on the aims of the organisation, which depend on the company's strategy.

Human resource development is becoming a priority for organisations and its main aim is to note their employees' skills and manage their education and learning in the long run. *"The fundamental aim of strategic human resource development is to enhance resource capability in accordance with the belief that the human capital of an organization is a major source of competitive advantage"* (Armstrong, 2006, p. 534). That is to say, its goal is to gradually and deliberately develop certain qualities in people so that they match the organisation's present and future requirements.



**Fig. no. 4 Systematic training model**

Source: ARMSTRONG, M. *Human Resource Management Practice*. 2002. p. 497

Armstrong (Armstrong, 2006, p.443) lists eight steps of systematic training: identify training needs; define the sort of training that is required; define learning aims; plan the training programme; select the person responsible for the training; implement training; evaluate the training; and improve the training for further use, if necessary. F. Hroník (Hroník, 2007, p.176) and Koubek (Koubek, 2007, p.260) define four steps only: identify the training needs and possibilities; design the training and educational activities; implement the training and educational activities; and feedback, or evaluating how useful the activity was (Koubek refers to it as *results evaluation and the usefulness of training*).

The paper upholds the approach presented by Armstrong, who describes in detail the individual stages of a training programme (Armstrong, 2002, p.496). In the first stage, the individuals' training needs and the needs of the organisation are identified. Needs can be identified in various ways: through questionnaires, opinion polls and surveys of the employees' proposals, analyses of the managers' demands on their employees, information from employee performance reviews, and by monitoring meetings devoted to problems at the workplace. The analysis of training needs serves to identify the actual shortcomings in the managers' and employees' qualifications. It establishes what the most important problems are and specifies which of them can be addressed through further training. In the second stage, the required training and, consequently, objectives to be achieved by the training and development are defined. This includes defining the aim of development, which will help achieve the work objective. The next stage consists in training programme planning. Training and development activities are planned, the schedule and budget are set

and a decision is made as to whether standard courses offered by various education agencies will be used or new courses will be commissioned, tasks and coaches are assigned, etc. It is recommended to use various training and development methods to maximise the overall effect. The implementation stage then follows where the participants receive information on the time and place, goals and topics, the trainers and contact persons, and accommodation and trips, in case the training is to take place away from the participants' place of residence. During the implementation stage, the participants' attendance at lessons is monitored. The next stage involves evaluation of the benefits, i.e. whether the set goals were met. Participants offer feedback, evaluate the training and its benefits and the training's influence on employee performance is monitored.

Systematic training and development has the advantage that it continuously improves qualifications, knowledge, and skills of the employees, sparing the organisation the need to look for new employees on the labour market; it shapes the employees based on the needs of the organisation, improves performance, labour productivity and product quality. This allows the organisation to obtain the necessary skills from among its own employees. Systematic training and development improves the employees' attitudes towards the organisation, improves their career growth prospects, and positively influences interpersonal relationships at the workplace, thereby raising the organisation's attractiveness on the labour market.

Long-time employees can pose a certain challenge to introducing development and training strategies as they are often less willing to accept changes and lack motivation to learn new things.

## 7 Human potential and regional development

It has already been established that human potential is an equally strong, but strategically more important growth factor than physical capital, which is currently at the centre of economic planning. Developing human potential of a region is a long-term investment; however, it is often overlooked by decision-makers who usually pursue short- or medium-term goals. Developing the region's human potential is necessary to sufficiently utilise its human resources. This creates the need to study the factors preventing optimum use of the existing resources, opportunities, and conditions and prepare solutions to bridge the gap between the actual and prospective human potential in the region.

Based on the examination of the implications of human potential for regional development, Vaňová (2006) formulated the following conclusions:

- The region's human potential is to be perceived as a part of its social-demographic potential, manifested in the individuals responsible for the region's development: the voters, citizens, workers, service providers, public figures, promoters, or various public officials.
- Individuals are endowed with certain human potential, which is one of the basic factors behind endogenous development. Of the endogenous factors, the human potential especially can be considered the most dynamic and essential precondition for development.
- Human potential is a crucial development factor for any community or region. It determines and enables the utilisation of the region's other potential strengths. The capacity of human resources forms the community's development framework to a large extent and determines conditions for living, work, leisure, education, health, and social services.
- The level of human potential development is a result of historical development. The basic parameters were defined during the central planning era and is now in the process of being adapted to market economy conditions. This process creates problems for the peripheral areas which have long been cut off from the centre by insufficient infrastructure, low availability of investments and capital, but also reduced employment and education opportunities.
- The human factor is an inseparable part of the marketing mix forming the region's marketing strategy. Effective regional development requires a marketing strategy to be prepared, even though the local government often lacks direct means to influence it. Preparing a human-oriented strategy can potentially significantly boost the region's competitiveness. A competitive advantage can be achieved through education, training, and motivating the regional administrators and the employees of regional governments, which improves the quality of administration and administrative personnel who meet clients; also through educating the citizens and getting their support for the common objective consisting in developing the region, forming partnerships, etc.
- Strong human potential influences other regional growth factors and the individual components of the gross domestic product. It brings about positive influences which are hardly quantifiable in financial terms. It contributes to faster technological growth, higher productivity, especially in technologically demanding high added value areas, and enables an efficient use of physical capital. It helps achieve prosperity directly by promoting labour productivity and faster adoption of technology. Indirectly, it underpins an efficient regional economy by improving public health and the quality of interpersonal relationships, and contributes to a motivational environment and citizens' participation.
- The potential of young and highly-qualified people is among the most important development factors. Such individuals can meet the high demands in all the region's functional systems. The changing technological landscape favours skilled workforce. In terms of the theory of human capital, this means a return on investment into qualifications and education. Income inequalities, too, are the result of different levels of qualification, which determine the individuals' risk of poverty.
- Human resources influence regional development in two ways. Firstly, the inhabitants represent a labour pool. As consumers, human resources determine the development of manufacturing and services in the given region, i.e. the structure of the regional economy.
- Human potential is one of many factors influencing regional development. Its influence and effects cannot be studied in isolation.
- Human potential is the dominant factor determining regional development and has a significant effect on its overall direction. Current development trends are less determined by the overall number of inhabitants and the importance of geographic factors is decreasing. Conversely, individuals' knowledge and skills, and their human potential is gaining in importance.
- Successful regional development is not always determined by factors such as location, climate, natural attractions, or money; often, factors such as human effort, will, skill, experience, energy, and values are much more important.

## Conclusion

Employee evaluation constitutes a substantial part of human resource management. Its purpose is to find out about the employee's job performance, communicate these findings to the employee, and seek improvement. Job performance is assessed both qualitatively and quantitatively. Employees' personal characteristics, attitudes, opinions, conduct, and manners are observed in certain situations. Assessment is used for further development; Armstrong describes the relationship between the two, claiming that the objective of evaluation is to recognize training needs and help the employee discover possibilities for the future development of their career or recommend people for promotion (Armstrong, 1999, p.584). Zuzana Dvořáková holds the same opinion: "*The purpose of evaluation is to assess the employee's job performance, to recognize their potential, propose recommendations for their further activity in the organisation, identify their strengths and weaknesses, offer suggestions for further development, and finally, give the employee space for improvement if their job performance is mediocre, but they have growth potential*" [translation](Dvořáková, 2004, p.24). Koubek speaks about it along the same lines (Koubek, 1997, p.168).

The general opinion among experts is that evaluation serves to identify educational and development needs, recognise employee potential, and discover their strength and weaknesses.

Employee evaluation also helps identify goals of personal development and determine who has potential to hold a higher position than they are currently holding. Regular assessment provides information on the improvement which took place since the previous assessment or can discover if certain areas are on the verge of decline.

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