



# Human Resource Potential in Small Innovative Businesses in Georgia

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**Abstract:** The innovative potential of a small business largely depends on the human resources. Human resource potential lies on subconscious level, where innovations and ideas are stored. The speed and conditions for the spread of new ideas depend on the participants in the social system and their communication. The criteria for categorizing an innovator is the degree of acceptance of a new idea by an individual. Innovation process appears in systematically integrated network, with a high degree of cross-cutting of functions and interactions. The new ideas and alternatives are created by interpersonal conflicts. Most employees (85%) face conflicts. Conflicts at work mainly stem from a person's ego and personal confrontation. (49%). Georgia Small Business Development Policy should be focused on human capital development. Therefore, it will be interesting for companies to introduce different methods of human resource development along with the development of the business, which will allow hired employees to stay in the company from the perspective of long-term development and career advancement, where the interests of employees will be taken into account. Understanding the subconscious of the team and meeting the Maslow basic needs by NLP (Neuro Linguistic Programing) trainings will unlock the closed potential of human resources, reduce differences in employee perceptions, and uncertainly reduce conflict within the company. By "Capability Approach" method company development can be based on a broad dialogue in which all employees will participate. The employee should be given the opportunity to achieve the desired mental and physical condition in the company, which will reduce unclarity and conflicts in the company. The staff can be evaluated by the world-renowned "Human Development Index" (HDI), in particular, in terms of happiness, health, education level and income.

**Keywords:** Human Resource Potential (HRP), Employee Engagement, Neuro-Linguistic Programming (NLP), Capability Approach, Human Development Index (HDI)

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## 1. Introduction

The innovative potential of a small business largely depends on the human resources employed or represented in it, on the creative potential of this resource, the ability of imagination and creativity.

The basic term for the concept of "potential" is "potential" (Latin - power). It is - a hidden capacity, a skill that can appear in open conditions. In the broadest sense, potential is the capacities and resources that can be mobilized to achieve a certain goal, to accomplish a task in a particular place and time. Human potential is the ability of a person in a particular field, the strength, ability, internal resources, ability to do something [1-18].

In our case, consider the potential as an unified expression

of the capabilities of the team to accomplish this or that task, on the basis of which a conclusion about the synergistic effect is made. It can be said that the more successfully the structure of an object is formed and the closer its structural and functional elements will be, the higher its potential and efficiency will be [2-14].

If potential is seen as the ability of resources to be able to deliver certain results to ensure the functioning of a system, it is necessary to consider and express indicators of all the factors that determine such ability. It is therefore essential to know not only the resources but also the accumulated, unused reserves.

Unused reserves are an essential part of the potential, the most important function of which is to prevent the disruption of the reproduction process as a result of scientific and technical progress, to introduce innovations. In order to

achieve full and rational use of the reserves, it is necessary to have a good knowledge of its own potential, to have the necessary idea about its level.

## 2. Human Readiness for Innovation in the Company

The speed and conditions for the spread of new ideas, technologies, according to American Professor Everest Rogers, depend on the participants in the social system and their communication. Rogers argues in the theory of diffusion of innovations that the spread of a new idea is mainly influenced by four factors: innovation itself, communication channels, time, and the social system [19].

This process relies heavily on human capital. Innovators are different categories of people in an organization. Diffusion is manifested in different ways and is subject to the type of innovator and the decision-making process of innovation. There is a point in the process of getting innovation where innovation reaches a critical mass. The criteria for categorizing an innovator is the degree of acceptance of a new idea by an individual.

The extent to which a company can innovate, generate and implement innovations depends on how ready it is to modernize, in particular how people are prepared for it. The most modern model of the innovation process in an organization today is the systematically integrated network model, with a high degree of cross-cutting of functions and interactions.

If in the past large companies purposefully produced new technologies and new knowledge while the innovation cycle was carried out within one company, in modern times innovation is the result of cooperation of several enterprises, in which small enterprises are considered as the main source of new ideas. Small enterprise easily adapts to changing market conditions [3-16].

## 3. A Small Team Makes Effective Decisions

Small businesses are represented by fewer human resources, where social connections are tighter, and teams are easier to set up. Teams do better because they perform individuals with diverse skills and perspectives, which has multiplying effect, not because of they put more people to work on a task. In the '90s Scientists have proven that a team of 7 people is effective in making decisions, each extra member reduces decision effectiveness by 10%. Statistically 75% of teams make better decisions than top-level managers taken alone [13].

Japanese researcher and organizational theorist Imai Masaaki, founder of Famous Japanese business Kaizen philosophy concept, argues that there is no perfection and everything can be improved. Humans must constantly strive for evolution and innovation. Kaizen's basic principle is that people are most aware of the task / activity they are doing, so they are best able to make changes and improve those activities. [6-15].

## 4. Conflicts and Organizational Development

The emergence of new ideas and alternatives to organizational development are created by interpersonal conflicts, both within and outside the organization. First of all, he sees the development of the organization in the recognition of the problem, and the most important thing in this vision is that Kaizen does not talk about technical and technological problems, but about hierarchical and interrelationship problems, conflicts [4-7].

In May 2008 the research project was analyzed workers' attitudes towards conflicts. Surveyed 5000 full-time employees in different countries: Belgium, Brazil, Denmark, France, Germany, Ireland, Netherlands, United Kingdom, and United States.

According to the survey, most employees (85%) have a relationship with conflict. Conflict is observed at both the lower and upper levels of staff. The main causes of conflict in the workplace are personal conflict, confrontation and ego (49%), which is often followed by stress (34%) and heavy workloads (33%).

Interestingly, 41% of employees think that older people deal with conflicts most effectively, which concludes that life experience clearly helps people become more effective. It can be said that training is the biggest driving force in conflict resolution. 76% of employees saw that conflict brings positive outcomes such as better understanding of others (41%) and better solution to the workplace problem. (29%). Conflicts also leads to law Employee engagement. Employee Engagement Statistics in the USA [9-22]:

- 1) 51% of the U.S. workforce is not engaged.
- 2) 51% of workers are looking to leave their current jobs.

It's obvious that resolving conflict in the workplace is key. If organizations invest in raising the awareness of working people, it will lead to better relationships and energy, while interpersonal relationships generate impulses for creativity. Experts recognize 4 key areas causes of conflict: Poor Communication, Personality, and values clashes, Scarcity of resources and overwhelming workloads, Lack of clarity on roles and responsibilities. Engaged employees often develop an emotional connection to their job and company, and are focused on working toward their organization's goals, which is measured by three primary behaviors (SSS):

- 1) Say (employee speaks positively about his employers at work and with clients);
- 2) to stay (the employee has a great desire to stay in the organization, despite other offers);
- 3) Strive (the employee puts extra effort into the success of his organization).

## 5. Small Business Development Strategies in Georgia

Georgia Small Business Development Policy should be focused on human capital development, encouraging

teamwork, transforming the team and achieving a synergy effect. Therefore, focusing on the latter means making full use of this potential in the process of creating innovation.

Therefore, it will be interesting for companies to introduce different methods of human resource development along with the development of the business, which will allow hired employees to stay in the company from the perspective of long-term development and career advancement, where the interests of employees will be taken into account.

## 6. Different Methods of Human Resource Development in Companies

An employee engagement strategy can be developed according to the three-step needs hierarchy of American psychologist Abraham Maslow. This strategy should include basic household and safety basic needs, psychological needs, and self-realization. Companies can determine employee engagement according to their needs.

Georgian firms can use John Nash's academic visions, which proves that the most optimal for the society is the strategy, during which each member of the society / group considers the interests of both himself/herself and others. In other words, when different subjects, out of human selfishness, choose the best strategy only from their point of view and do not take into account the interests of other subjects, it leads not to the maximum welfare of society, but to the "balance of things", which cannot be optimal for society [5].

We can take this model in a company. As we have mentioned, most of the conflicts in the company come from the ego and selfishness of the employees. Every employee in the company has a goal and fights for the realization of their own interests, for this they use a certain strategy, which, depending on the actions of the employees, may be profitable or unprofitable for him. Nash's Theory will help us choose the best strategy based on other participants, their resources, and possible actions.

To continue here, another method, we can use, is based on the "Capability Approach", according to which the development of the company can be based on a broad dialogue in which all employees will participate. Equal involvement of all hierarchical employees of the company and maximum utilization of human resources is important in this process.

The employee should be given the opportunity to achieve the desired mental and physical condition in the company, for which they will need different quantitative and qualitative resources: different starting conditions, life goals and priorities, different skills to use the same amount and type of resources.

It is important to agree on the priorities and interests of employees, to increase their equal opportunities, which will take into account the interests, goals and objectives of the company. The choice of employees should be valuable to the

company as well as the employee should be free in the possibility of achieving the set goal.

Neuro-linguistic programming (NLP) can be used in the company. It is a psychological approach that analyzes the strategies used by successful people and transmits them to other people. It is the connection of experienced thoughts, language, and patterns of behavior to specific outcomes. NLP creates effective communication between the conscious and the unconscious, which increases people's resilience and problem-solving skills [10-23].

NLP explores the relationships between how we think, how we communicate and our patterns of behavior and emotions. Studying these relationships, people can adopt more successful ways of thinking, communicating, feeling, and behaving. This method quickly controls the mind to make a purposeful impact on it for the benefit of the team and the individual. With the help of specific techniques, communication and interaction with people becomes more important and successful.

There are NLP techniques that can be used to improve team performance. The essence of all this is that even if an individual realizes how another person is doing the task, he or she can copy the process [12-24].

NLP practitioners believe that there is a natural hierarchy of learning, communication, and change where there are six logical levels:

- 1) Purpose, spirituality, and mission: Involve yourself in a field of religion, ethics or other system. This is the highest level of change.
- 2) Identity and Roles: Perceptions of yourself and the responsibilities you play in life.
- 3) Values and Restrictive Beliefs: A system of personal beliefs and important issues.
- 4) Abilities and Skills: Abilities that you can do.
- 5) Behaviors: The specific actions that you perform.
- 6) Environment: The context or environment, including any other people around you. This is the lowest level of change.

The purpose of each logical level is to organize and direct the information below it. As a result, a change in the lower level can lead to changes in the higher level. Also change at a higher-level lead to changes at a lower level [8].

The NLP notes that each person acts within their own perspective and not out of objectivity. All perceptions of the world are distorted, limited, and unique. The map of the individual world is formed by data obtained through feelings. This information is individual and varies in quality and importance. People process experience using the Primary Representation System (PRS).

So, we can boldly say about using NLP, Maslow strategy and "Capability Approach" broad dialogue in the Georgian companies [20]. Understanding the subconscious of the team and meeting the basic needs by NLP trainings will unlock the closed potential of human resources, reduce differences in employee perceptions, and reduce uncertainty and conflict within the company. Diagnosing and changing employees Neuro Logical Levels will help companies raise employ

engagement and productivity. Comfortable environment workers will give opportunity to express themselves freely and accurately, reduces anxiety and uncertainty within the team.

The staff of the company can be evaluated by the world-renowned "Human Development Index" (HDI), in particular, in terms of happiness, health, education level and income. If the development index of the people employed in the company is high, we can confidently say that such a company will be successful and it will have motivated human resources who are ready to be creative and open their own potential.

Scientists have come to the conclusion that the direct determinants of human capabilities are education and health, which have a motivating relationship with human development. More education and more health can contribute to greater productivity, playing an important role in the human relations process. When focusing on human capabilities, through which human success and failure are measured, attention should be paid specifically to these social connections within the company [21].

Science has also proven the connection between the general state of human happiness and innovation. Happy people are prone to innovation. According to the American writer Jeffrey Kluger (2013), happiness is an important social trait because it promotes invention. This in itself gives people the opportunity to use their potential, to be active economic and social players. The works of happy people are inspiring and serve to stimulate others to engage in economic activity and to make a positive contribution to technological progress. For Google, for example happy employees are equivalent to productive employees [11-17].

Happiness promotes the development of human inner resources, the manifestation of his inner strength and capabilities, increase the level of success, self-realization. Happiness has a direct connection with health. It improves heart function, strengthens the immune system and prolongs life.

## 7. Conclusion

In conclusion it can be said that innovation is not a random factor, it is cultivated in an environment that supports creativity and independent thinking, a healthy and positive environment. The company should promote a friendly and sustainable environment by stimulating and encouraging human resource growth.

There is no doubt that small businesses can change the state of staff happiness, commitment and dedication in a company. Concentrated efforts are needed towards innovative policies that inspire people to be imaginative and positive about their attitudes. In addition, the company should foster optimism and trust among employees. It is imperative that the company consider innovation not only as a technological issue but also as a social and economic factor related to human well-being.

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