

UNIT II

HUMAN RESOURCE PLANNING (HRD)

Meaning: HR planning is a systematic and continuous process identifying current and future human resource requirements of an organisation. It aims to bridge gap between current human resource availability and future demand. It comprises of organisational development, managerial development, career planning and succession planning.

Definition: According to E.W. Vetter, human resource planning is “ the process by which a management determines how an organisation should move from its manpower position to its desired manpower positions.

Objectives of Human Resource Planning:

1. To ensure that human resource planning aids in achieving the overall business objectives.
2. To optimally utilise the existing manpower resources.
3. To determine the future human resource needs of an organisation.
4. To provide the right kind of people at the right time and right cost.
5. To recruit and retain employees with suitable skills.
6. To estimate employee turnover and take steps for minimising it.
7. To minimise the cost of recruitment and selection.
8. To estimate the cost of the existing and additional employees to be recruited in the future.
9. To meet the need for additional manpower in case of expansion.
10. To cope with the changes in the environment.

Features of Human Resource Planning:

- 1) **Based on organisation goals:** The goals and objectives of the organisation form the basis for human resource planning. It should aid in the efficient achievement of organisational goals.
- 2) **Future oriented:** Human resource planning assess the future requirements of manpower in an organisation. It estimates the size and composition of resources for the future.
- 3) **Clearly define objectives:** To meet the organisational goals, human resource planning has clearly defined objectives. The objectives are recruiting and developing human resources, career planning of employees, ensuring better retention etc.

- 4) **Continuous process:** It is a continuous process of planning the human resource requirements in terms of numbers and skills. Human resource plans may need revision based on the changing requirements of the organisation.
- 5) **Estimating Requirements of Human Resources:** Human resource requirement of the organisation has to be estimated in advance. This would ensure that the required numbers of people with suitable skills are available.
- 6) **Maintaining Manpower Inventory:** It refers to the inventory of manpower that an organisation has. There should be clear data about the number of person available, their skill levels and employees who can take up higher position in the future.
- 7) **Planning Demand and supply:** The demand and supply of manpower should be properly planned. If the required manpower is not expected to be available in future, recruitment process should be started in advance.
- 8) **Optimum Usage of Human Resources:** Human resource planning aims to optimally utilise employees in a productive manner.

Factors Influencing Human Resource Planning:

- External Factors
- Internal Factors

External Factors that influence human resource planning:

- i. **Government Regulations:** Government regulations relating to recruitment compensation, termination etc., influence human resource planning. Violation of regulations may result in heavy fines and may even force closure of the company.
- ii. **International conditions:** If international economic conditions are good, job opportunities would increase in foreign countries. Employees may resign to work abroad for better pay and facilities. Planning is required to estimate and fill such vacancies. For companies dependent on exports, poor economic conditions in export market would affect sales and production.
- iii. **National Economic Conditions:** If the economy is strong, employees would have many opportunities. For higher salaries need to be offered to attract new employees and retain existing ones. If

economic conditions are bad, maintaining the existing workforce would be difficult.

- iv. **Demographic conditions:** The new generation of employees are intelligent and look for challenges. Organisations have to attract them by providing interesting jobs, career growth and performance based pay. They may not continue with the same organisation for a long time. There should be proper planning to fill such vacancies.
- v. **Technological Advancements:** New technologies may make some jobs totally redundant. Certain jobs can be performed with lesser employees. It may require recruitment of employees with latest skills. All this require careful and detailed human resource planning.
- vi. **Trade union influence:** Trade unions influence human resource planning through agreements related to hour of work, production and productivity levels, salary and benefits, recruitment sources, leave, promotion policies, employment to dependents etc.,

Internal Environmental Factors:

- i. **Mission Statements:** The mission states the purpose of the organisation. Mission statements represent the values of an organisation and influence human resource planning.
- ii. **Strategy and Objectives:** If an organisation adapts growth strategy, more recruitments are required and existing employees have to be trained to fill higher positions. If retrenchment strategy is followed, surplus are redundant employees should be identified. Steps have to be taken for outplacement of such employees.
- iii. **Size of the organisation:** Human resource planning is complex in large in organisations when compared to small organisations. Large organisations require more manpower with variety of skills. Vacancies may have to be filled in multiple locations.
- iv. **Stage of the organisation:** Organisations in the growth stage require regular additions to their existing manpower. There should be plans for quickly filling up vacancies at different levels. If an organisation is in decline, there is no need for additional recruitment. Surplus employees should be identified and steps can be taken to place them elsewhere.
- v. **Funding:** Employees with latest and specialized skills demand high salaries. They can be recruited only if sufficient funds are allocated in the human resource budgets. If the funds allocated are less, recruiting highly skilled employees would be difficult.

- vi. **Organisation Structure:** If the organisational structure is vertical, authority would be centralised. Those who can work under strict control with less autonomy should be recruited. If the structure is horizontal, authority would be decentralised. Employees who can work with less supervision need to be appointed.

Benefits of Human Resource Planning:

1. It supports the organisational strategies and objectives.
2. It enables effective utilisation of human resources.
3. Ensures that the organisation has the right people with the right skills at the right time.
4. Aid in filling up vacancies caused by death, retirement, resignations etc.
5. Enables career growth of employees through training and development.
6. Helps the management forecast the impact of increase in salaries and benefits.
7. Provides data for preparation of budgets relating to manpower costs.
8. It helps to reduce and avoid wastage of human resources.
9. It enables control of manpower costs through effective manpower utilization.
10. Estimate provided by human resource plan help to plan for facilities such as canteens, rest rooms, staff quarters, transport etc.

Problems and Difficulties in Human Resource Planning Process:

- a) **Inaccuracy:** Human Resource Planning is based on the future and since future is uncertain, the estimates may not be accurate. Longer the time period, greater would be the possibility of inaccuracy.
- b) **Employee resistance:** The unions and employees feel that human resource planning results in increased work load. Therefore they resist the process.
- c) **Uncertainties:** Absenteeism, labour turnover, technological changes, business performance etc., cannot be predicted with certainty. Changes in the factors make estimation of manpower requirements difficult.
- d) **Inefficient information system:** In Indian industries, HRIS is not much strong. In the absence of reliable data it is not possible to develop accurate human resource estimates.
- e) **Time consuming and expensive:** Human resource planning is time consuming and expensive. Data collection and forecasting consume time and involve high costs.

- f) **Lack of top management support:** If the top management is not aware of the importance of human resource planning it may not support it. It would not allocate the required resources. In such a situation, Human Resource Planning would not be effective.
- g) **Lack of proper focus:** In some organisations, the focus is only on the number of people moving in and moving out. Attention is not given to the quality of human resources. This would affect morale and retention.
- h) **Lack of expertise:** If human resource executives are not experts in HR functions, their human resources estimates may be inaccurate.
- i) **Lack of Proper estimation:** If human resource experts are not able to estimate economic conditions, competition, impact of technology etc., human resource planning would be ineffective.
- j) **Sudden changes:** There are sudden changes in business environment. It is difficult to predict the type of skills and knowledge that employees will require in the future.

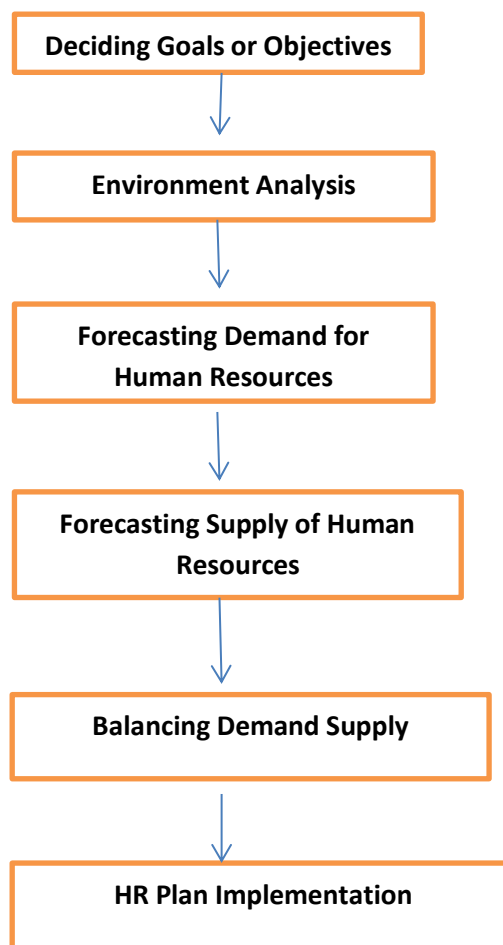
Need or Importance of Human Resource Planning:

- 1) **To meet organisational requirements:** Every organisation requires qualified and skilled human resources to perform tasks. The human resources requirement of an organisation can be effectively met through proper human resource planning.
- 2) **Basis for other management functions:** HRP is the basis for all other HR functions such as recruitment, selection, training and development, promotions and transfer.
- 3) **Skill Shortages:** Though there are a number of educated candidates they lack job skills. Therefore effective recruitment and retention of talent becomes important.
- 4) **To avoid labour imbalance:** Both shortage and surplus of manpower have negative impact on organisations. In case of shortage, work suffers and resources of the organisation are under utilised. Surplus of human resources results in wastage of human talent and idle time salaries.
- 5) **Technological changes:** Technological changes have important impact on employment. There is greater scope for substitution of labour by machines. Internet has enabled outsourcing, has created new industries and methods of working.
- 6) **Government regulations:** Government regulations on job reservations, conditions, working hours, restriction on employment of women and

children, casual and contract labour regulations etc., have focussed attention on human resource planning.

- 7) **Filling up of vacancies:** Vacancies can arise due to resignation, retirement, death, promotions etc. Human resource planning estimates future requirements and enables filling up of vacancies.
- 8) **Demand for new skills:** Due to the growth in business and technology, new jobs are emerging and they require new skills. Organisations are moving to international markets. They require people who can function in international conditions.
- 9) **Changing trends:** Employees today are knowledgeable and desire freedom at work. They do not work in the same organisation for a long time and retention is a challenge. It is human resource planning that helps an organisation to cope with the changing trends.
- 10) **Satisfies employee needs:** Human resource planning helps to satisfy employee need for transfers, promotions and benefits.

Steps or Process of Human Resource planning



1. **Deciding Goals and Objectives:** The goals of the organisation are the basis for human resource planning. Based on the goals and objectives, an organisation chart has to be prepared. It should specify the number of people required at different levels and the skills and qualifications expected.
2. **Environmental Analysis:** The external and internal environmental factor which influences human resource planning should be considered. The external environmental factors are: (a) Government regulations (b) National and international economic conditions (c) Demographic conditions (d) Technological advancement (e) Trade union actions. The internal environmental factors are: (i) Mission statements (ii) Strategy and objectives (iii) Size and stage of the organisation (iv) Funding (v) Organisation structure (vi) Top Management views (vii) Quality of information system (viii) Power and politics (ix) Outsourcing.
3. **Forecasting Demand for human resources:** It is the process of estimating the future manpower requirements based on numbers, designations and skills. Generally, forecasting demand of operatives is easier than forecasting of managerial personnel.
4. **Forecast of supply of human resources:** This involves making an assessment of the number and quality of human resources available within the organisation. The two sources of supply of manpower are: (i) Internal sources and (ii) External sources.
5. **Balanced Demand and supply:** Once the demand and supply of human resources are forecasted, the gaps between demand and supply are identified. Gaps have to be identified both in terms of numbers and quality.
6. **HR Plan Implementation:** After identifying the gaps between demand and supply the organisation has to fill the gap. It implements programs such as recruitment, selection, training and development, retention plan and succession plan.

JOB ANALYSIS

Job analysis is a detailed study of various jobs in an organisation. It refers to determining the duties and responsibilities of a job and qualities and skills required to perform it. Information collected from job analysis is used to prepare job description and job specification.

Definition: Edwin B. Flippo defines "Job Analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job description and job specification.

Uses of Job Analysis:

- ❖ To decide job description and job specification.
- ❖ Recruitment and selection.
- ❖ Trading and placement.
- ❖ Human Resource Planning.
- ❖ Organisational Design.
- ❖ Human resource development.
- ❖ Job evaluation and compensation.
- ❖ Performance Appraisal.
- ❖ Safety and health.
- ❖ Employee counselling.

Job Description:

As defined by Flippo "Job Description is an organised, factual statements of duties and responsibilities of a specific job.

It contains the following:

- Job Title, Job Code, Department
- Activities or tasks to be performed in that job
- Job responsibilities
- Working conditions
- Environment at workplace
- Machinery and equipment used for the job
- Extent of supervision received and given
- Relationship with other jobs

JOB SPECIFICATION

As defined by Flippo "Job Specification is a statement of the minimum acceptable human qualities necessary to perform a job property. It is a standard of personnel and designates the qualities required for acceptable performance."

JOB EVALUATION

Concept:

Job evaluation is a systematic process of determining the relative worth of jobs in an organisation. The purpose of job evaluation is to decide on how much should an employee be paid for the work he does.

JOB DESIGN

Meaning:

Job Design refers to organising tasks, duties, and responsibilities into a unit of work to attain certain objectives.

JOB ROTATION

Meaning:

Job rotation involves shifting an employee from one job to another. This enables him to become skilled in performing multiple jobs.

JOB ENLARGEMENT

Meaning:

Job enlargement involves increasing the number of routine tasks performed by an employee. An employee performs many tasks of the same kind.

JOB ENRICHMENT

Meaning:

Job enrichment involves increasing the intrinsic worth of a job. The purpose is to make a job interesting and challenging to utilise the potential of an employee.