

## **SEMESTER - III**

### **HUMAN RESOURCE MANAGEMENT**

#### **UNIT I**

Human Resource Management – Definition – Objectives and Functions – Role and Structure of Personnel function in Organisations – Personnel Principles and Policies.

#### **UNIT II**

Human Resource Planning – Characteristics – Need of Planning – HRP Process – Job Analysis – Job Design – Job Description – Job Specification.

#### **UNIT III**

Recruitment and Selection Process – Placement and Induction – Training and Development – Promotion – Demotions – Transfers – Separation – Performance Appraisal.

#### **UNIT IV**

Discipline – Meaning – Causes of Indiscipline – Acts of Indiscipline – Procedure for Disciplinary Action – Grievance – Meaning – Characteristics of Grievances – Causes of Grievance – Methods of knowing Grievance – Grievance Redressal Procedure.

#### **UNIT V**

Organisation Conflict – Conflict in Organisational Behaviours – Individual aspect of Conflict – Organisational Conflict – Leadership – Leadership Theories.

**Note:** Question paper shall cover 100% theory

## Unit – I

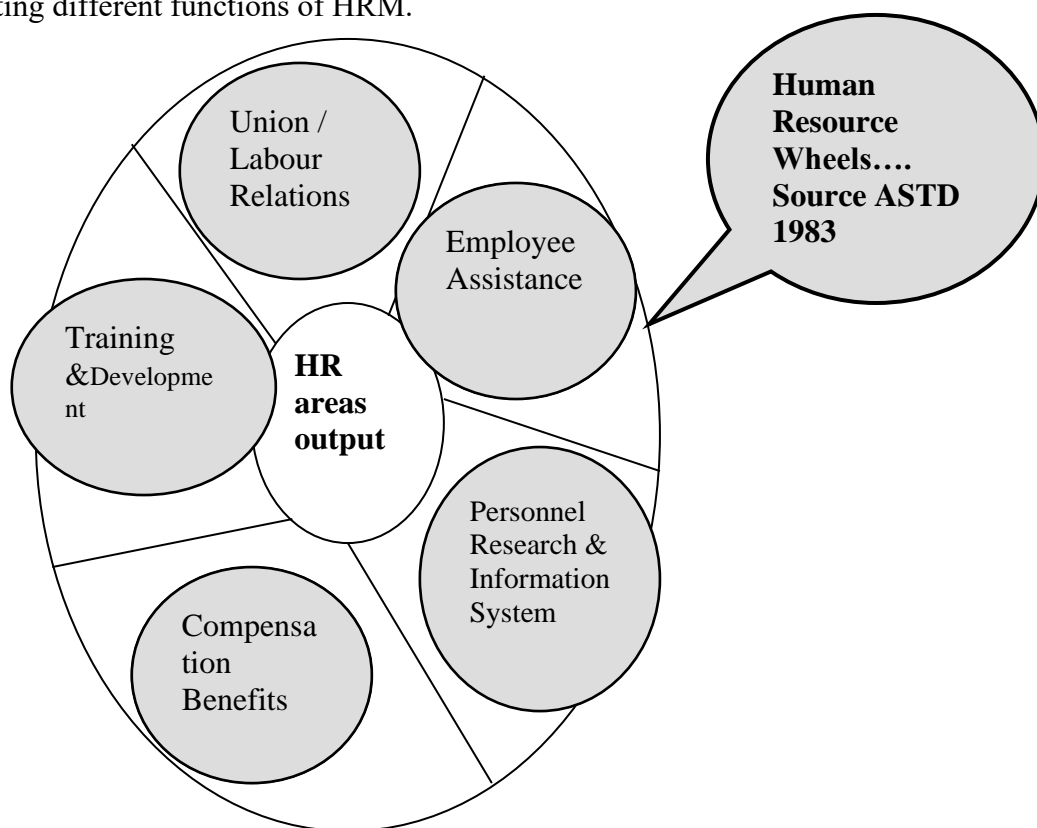
### INTRODUCTION

It is necessary to understand the term ‘Management’ before starting our discussion on “Human Resource Management. Management is basically concerned with the performance of planning, organizing, directing, co-coordinating and controlling, which, in fact are its main functions .Management is also regarded as the art of getting things done through others. It is not possible for any individual to do all the works himself.

In household, for example, the head of the house- the father earns for the family maintenance. The female of the house manages the kitchen and so on.

### Evolution of HRM

The concept of HRM emerged in the mid 1980s against the background of the works of famous writers on management. The American society for training & Development (ASTD) has developed a Human Resource wheel in 1983.....Highlighting different functions of HRM.



Period	Development	Outlook	Emphasis	Status
1920.s 1930.s	Beginning	Pragmatism of capitalists	Statutory welfare paternalism	Clerical
1940.s 1960.s	Struggling for recognition	Technical legalistic	Introduction of techniques	administrative
1970.s	Achieving	Professional	Regulatory, conforming imposition of	Managerial
1980.s	Sophistication promising	legalistic Impersonal	Standards on other Functions	
1990.S		Philosophical	Human values, productivity through people	Executive

## MEANING

### What do you mean by Human Resources Management?

In simple sense, human resources management means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirement with a view to contribute to the goals of the organization, individual and the society.

It is concerned with establishing, maintaining and developing employee's capability and well beings. This department is concerned with recruitment, selection, reward, appraisal, development and industrial relations.

#### Definition

*According to By E.F.L.Brech*

“HRM is part of management process which is primarily concerned with the human constituents of an organization”

According to **By Dale Yoder**

“Human resource or manpower management effectively describes the process of planning and directing the application development and utilization of human resources in employment”

## NATURE OF HUMAN RESOURCE MANAGEMENT

### Explain the nature or Characteristics of HRM. (5Marks)

An analysis of the nature of HRM will bring out its following characteristics.

#### ☛ It is goal oriented:

The goal of HRM is to make the best use of the available manpower resource of the organization. Only then it will be possible to achieve the ultimate goal of the organization.

#### ☛ It is universally relevant:

HRM has universal relevance. Effective management of the human resource is a task to be performed right from the household level to a government.

#### ☛ It adopts a systematic approach in handling the man power resource:

HRM lays emphasis on a systematic approach to the task of managing the human resource of the organization. This is done by the performance of two sets of functions i.e managerial functions and operative functions.

#### ☛ It is interdisciplinary:

HRM makes use of the concepts subjects such as sociology, psychology, economics etc. As a subject it is therefore interdisciplinary in nature.

#### ☛ It is relatively new:

HRM is relatively a new subject. It was once popularly known by the name personnel management. After it became HRM, its scope widened.

#### ☛ Action oriented:

HRM focuses on action rather than on record keeping or procedures. It stresses the solution of human resource problems to achieve both organizational objectives and employees personal goals.

#### ☛ Staff function:

The function of HRM is advisory in nature. Human resource manager do not manufacture or sell goods but they d contribute to the success and growth of an organization by advising the operating departments on human resource matters.

#### ☛ It is an on going activity:

HRM is a continuous affair. As long as manpower resource is needed in any place, the importance of its management will be felt.

☛ **It is a dynamic field of activity:**

Management of human resource is perhaps the most challenging task of every manager. This is because human resource has certain peculiar characteristics. People have feelings and therefore they can not be handled in the way inanimate things like machines are handled.

☛ **It focuses on the development of man power resource:**

Human resource development is part of HRM. Development of the manpower resource through training programmes is as important as its procurement. Needless to say in an organization it is only the human resource that can be trained to acquire greater skills.

☛ **It is a science as well as an art:**

As a social science, it relies on experiments and observations for the sake of making inferences. As an art it calls for certain special skills on the part of the manager for the effective handling of the manpower resource.

Difference between HRM and Personal Management:

S.No	HRM	Personal Management
1.	It is contemporary management	This is conventional management
2.	The term when used in a broader sense, refers to the task of managing people belonging to the different section of the society.	The term however used to the task of managing the employees of the concern
3.	It has relevance not only for a business organization but for a Government as well.	It is relevant mainly for a business establishment.
4.	The employee is seen as a resource of the enterprise like any other resource.	Employee is seen as a commodity that can be purchased for a price.
5.	Measure are take for the overall progress of the employee	Measures are taken to satisfy the economic needs of the employee mainly.
6.	The amount spent on the employee is viewed as a investment.	The amount that on the employee is only seen as expenditure incurred.
7.	The term has wider scope	The term has limited scope.

**SCOPE OF HUMAN RESOURCE MANAGEMENT**

**Explain scope of human resource management.(5 or 10 marks)**

The Indian institute of personnel management has laid down the scope of HRM as follows.

- 1. Welfare aspect of employees:** Functions associated with the welfare aspect of labor are concerned with the conditions of work and the amenities such as provision of canteens, crèches, housing, transport, medical, education, recreational and cultural facilities and health and safety provisions. The HR manager must be fully conversant with the provisions of the factories act 18948 and other labor laws minimum wages act, ESI act, maternity act etc.
- 2. Personnel aspect of employees:** Functions associated with the labor or personnel aspect include activities concerned with manpower planning, recruitment, selection, placement, induction, promotion, transfer, demotion, separation; lay off, retrenchment, training and development, wage and salary administration.
- 3. Industrial relations aspect of employees:** Industrial or labor relations aspect is concerned with the company’s relations with the employees as a group and includes union management relations, joint consultation, negotiating and collective bargaining processes, disciplinary action, Grievance handling and settlement etc. The recognition of human values as the basis of personnel management helps in achieving and maintaining good industrial relations.

### **Explain the human behavior and HRM.**

The human behavior vary widely from employee to employee. This is mostly due to the variations in individual perceptions, personalities, motivation level, learning levels and aptitude, leadership styles of the boss, communication system in the organization groups and their behavior. We have already studied these factors which cause variations in human behavior in organizational behavior course. However, a bird's eye view of these factors is presented here to refresh the cognitions.

### **OBJECTIVES OF HRM**

#### **What are the various objectives of human resource management? (5Mark)**

**Optimum utilization of resources:** By this we mean that every individual in the enterprise shall work to his potentials. Only the amount spent on human resource will be justified.

**Required number of staff:** The objectives here is to do away with the problem of both surplus and shortage of labour. Surplus labour would means higher labour cost and inefficiency. Shortage of labour would mean that the organization is ill – equipped to cope with the volume of work.

**Higher job satisfaction:**HRM ensures a higher level of job satisfaction among employees by providing them the kind of work environment that is really conducive. The employees are assured of equitable remuneration and social benefits like provident fund, insurance etc.

**Good organizational structure:** To establish and maintain an adequate organizational structure of relationships among all the members of an organization by dividing of organization tasks in to functions, positions and jobs and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs in the organization.

**Maximum benefit of human force:** Maximum development of human resources within the organization is generated by offering opportunities for advancement to employees through training and education.

**To provide welfare facilities:** To ensure respect for human beings by providing various services and welfare facilities to the personnel.

**To develop each individual and group:**To ensure reconciliation of individual / group goals with those of the organization in such a manner that the personnel feel a sense of commitment and loyalty towards it.

**To satisfy individual needs:**To identify and satisfy the needs of individuals by offering various monetary and non monetary rewards.

**To develop morale:** To achieve and maintain high morale among employees in the organization by securing better human relations.

### **PROPOSED ACTION**

In order to achieve the above objectives HRM undertakes the following functions or objectives.

- ❖ Man power planning.
- ❖ Employee's selection and placement.
- ❖ To arrange employees training.
- ❖ To study performance appraisal.
- ❖ Employee's motivation.
- ❖ Wage structure of employees.
- ❖ Welfare of employees.

### **Importance of HRM**

#### **Give the importance of HRM. (5Marks)**

The importance of HRM to any particular organization may be explained as follows.

**It helps the organization to identify correctly its manpower needs.**

As amount spent on human resource is deemed an investment, it is necessary to determine the number of men required for doing the various jobs in the enterprise accurately so that investment in human resource will be at the optimum level.

**It ensures that the organization does not suffer from either surplus or shortage of manpower.**

The number of persons employed in the organization at any given point of time should neither be more nor is less than what actually required. HRM helps to do away with the problem of both surplus and shortage of labour.

**It recognizes the need for the appraisal of the employee's performance:**

Unless the performance of the employees is periodically reviews, it will not be possible for the employees to know their level of efficiency.

**It considers the need to provide incentives to the employees performing well:**

HRM recognizes the fact that if good workers are not suitably rewarded, they may lose interest in their work.

**It facilitates the selection of the right man for the right job.**

HRM ensures the selection of the right man for the right job. If a candidate is overqualified or under qualified then that person can not carry out the task assigned properly

**Explain the Various level of human resource management.**

The significance of human resource management can be discussed at four levels - Corporate, Professional, Social and National.

1. **Significance for an enterprise.** Human resource management can help an enterprise in achieving goal more efficiently and effectively in the following ways.
  - a) Attracting and retaining the required talent through effective human resource planning, recruitment, selection, placement, orientation, compensation and promotion policies.
  - b) Developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc.
  - c) Securing willing cooperation of employees through motivation, participation, grievance handling, etc.
  - d) Utilizing effectively the available human resources
  - e) Ensuring that the enterprise will have in future a team of competent and dedicated employees.
2. **Professional Significance.** Effective management of human resources to improve the quality of work life. It permits team work among employees by providing a healthy working employment. It contributes to professional growth in the following ways.
  - a) Providing maximum opportunities for personal development of each employee.
  - b) Maintaining healthy the relationships among individuals, and different work groups.
  - c) Allocating work properly.
3. **Social Significance.** Sound human resource management has a great significance for the society. It helps to enhance the indignity of labor in the following ways.
  - a) Providing suitable employment that provides social and psychological satisfaction to people.
  - b) Maintaining a balance between the jobs available and the job seekers and term of numbers, qualifications, needs and aptitudes.
  - c) Eliminating waste of human resources through conservation of physical and mental health.
4. **National Significance.** Human resources and their management play a vital role in the development of a nation. That effectively exploitation and utilization of a nation's natural, physical and financial resources require an efficient and committed manpower. There are wide differences in development between countries with similar resources due to differences in the quality of their people. Countries are underdeveloped because they're people are backward. The level of development in a country depends

primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economic growth which, in turn, leads to higher standards of living and fuller employment.

## Functions of HRM

### Explain the functions of HRM. (10 Marks)

We have defined human resource management above. The definition and nature indicate that management of human resource consists of several interrelated functions. These functions are common to all organizations though every organization will have its own human resource management program. These functions of human resource management may broadly be categorized into two categories, viz.,

#### 1. Managerial functions.

#### 2. Operating functions.

### I Managerial Functions:

**PLANNING:** Planning is future oriented concerned with clearly charting out the desired direction of business activities in future. Forecasting is one of the important elements in the planning process. Other functions of managers depend on planning function

**ORGANIZING:**Organizing is a process by which the structure and allocation of jobs are determined. Thus it involves giving each subordinate a specific task, establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates and so on.

**STAFFING:**This is a process by which managers select, train, promote and retire their subordinates. This involves deciding what type of people should be hired, recruiting prospective employees, selecting employees, setting performance standard, compensating employees, evaluating performance, counseling employees, training and developing employees.

**DIRECTING / LEADING:**Directing is the process of activating group efforts to achieve the desired goals. It includes activities like getting subordinates to get the job done, maintaining morale, motivating subordinates etc for achieving the goals of the organization.

**CONTROLLING:**It is the process of setting standards for performance, checking to see how actual performance compare with these set standards and taking correct actions as needed.

### II OPERATIVE FUNCTIONS

The operative functions of HRM are related to specific activities of HRM, viz., employment, development, and compensation and employee relations. since the human resource function is unique to each organization, the activities of the HR department differ from one organization to the other. The various operative functions of HRM are discussed below:

#### ❖ EMPLOYMENT:

It involves procuring and employing individuals with suitable knowledge, skills, experience and aptitude necessary to perform various jobs. It includes:

- ↳ **Job Analysis:** To ensure the satisfactory performance of an employee, his skills, abilities and motives to perform a job must match the requirements of the job.
- ↳ **Human Resource Planning:** HRP involves forecasting the human resource requirements of an organization and the future supply of human resources, and making suitable adjustments between these two in correlation with organizational plans.
- ↳ **Recruitment:** To a large extent, the effectiveness of an organization depends on the effectiveness of the employees. Recruitment is the process of seeking and attracting prospective candidates against a vacancy in an organization.
- ↳ **Selection:** The purpose of employment selection is to choose the right candidate for a job.
- ↳ **Placement:** After a selected candidate conveys his acceptance of the offer of employment made by an organization, his placement has to be decided based on the needs of the organization.

**Induction:** Introducing a new employee to the organization, its business, the organization culture, its values and beliefs, and practices and procedures is termed as induction. It also includes helping the employee get acquainted with his new job and his tasks and responsibilities.

MISSION OF AN ORGANIZATION



VISION & OBJECTIVES



HRM OBJECTIVES



STRATEGIES & POLICIES OF HRM



MANAGERIAL FUNCTIONS OF HRM



OPERATIVE FUNCTIONS OF HRM  
 PLANNING ORGANIZING DIRECTING CONTROLLING



EMPLOYMENT

HR DEVELOPMENT

COMPENSATION MANAGEMENT

EMPLOYEE RELATIONS

ORGANIZATIONAL DESIGN

JOB DESIGN

JOB ANALYSIS

HUMAN RESOURCE  
 RECRUITMENT  
 SELECTION  
 INDUCTION  
 PLACEMENT

PERFORMANCE APPRAISAL  
 TRAINING  
 MANAGEMENT  
 CAREER PLANNING &  
 ORG. CHANGES &

JOB EVALUATION  
 WAGE & SALARY  
 FRINGE

MOTIVATION  
 MORALE  
 JOB  
 COMMUNICATION  
 GRIEVANCE &





*FIG (a): FUNCTIONS OF HRM*❖ **Human Resources Management**

Human Resource Development (HRD) is the process of training and developing employees to improve and update their knowledge and skills, so as to help them perform their jobs better. The process also includes developing the attitudes, beliefs and values of the employees to match the organizational needs.

- ↳ **Performance appraisal:** This is the process of evaluating the performance of an employee on the job and developing a plan for improvement and it includes an assessment of the strengths and weakness of the employees.
- ↳ **Training:** Training is the systematic development of the knowledge, skills and attitudes required to perform a given task or job successfully, in an individual.
- ↳ **Management development:** Management development is the concept of developing the employees of an organization to meet future changes and challenges. It includes forecasting the human resource demands of an organization and gearing up to meet these demands.
- ↳ **Career Planning and Development:** career planning refers to identifying one's career goals and formulating plans of reaching them through various means like education, works experience etc

❖ **Compensation**

Compensation includes all the extrinsic rewards that an employee receives during and after the course of his job, for his contributions to the organization. Compensation encompasses base salary, incentives, bonus and benefits and is based on job evaluation.

- ↳ **Job evaluation:** It is a systematic determination of the value of each job in relation to other jobs in the organization.
- ↳ **Wage and salary administration:** The process of formulating and operating a suitable wage and salary program is known as wage and salary administration.
- ↳ **Incentives:** Incentives are the rewards an employee earns in addition to regular wages or salary based on the performance of the individual, the term or the organization.
- ↳ **Fringe benefits:** Fringe benefits are those monetary and non-monetary benefits given to employees during their employment, and sometime in the post-employment also.

❖ **Employee relations**

Employee relations deal with the employees in the organizational context, as a social group that contributes to the organization.

**THE ROLE OF HUMAN RESOURCE MANAGER**

The human resources managers play a vital role in the modern organization. He plays various strategic roles different levels in the organization. The roles of the HR manger include roles of counsellor, counselor, a mediator, a company spokes man, a problem solver and change agent.

**The conscience role:** The conscience role is that of a humanitarian who reminds the management of its morals and obligations to its employees.

**The counselor:** Employees who are dissatisfied with the present job approach the personnel manager for counseling. In addition, employees facing various problems like marital, health, children education/marriage. mental physical and career also approach the personnel managers. The personnel manager counsels and consults the employees and offers suggestions to solve /overcome the problem of the employees.

**The mediator:** As a mediator the personnel manager plays the role of a peace –maker. He settles the disputes between employees and the management. He acts as a liaison and communication link between both of them.

**The spokesman:** He is a frequent spokesman for or representative of the company.

**The problem-solve:** He acts as a problem solver with respect to the issues that involve human resources management and overall long range organizational planning.

**The change agent:** He acts as a change agent and introduces changes in various existing programmes.

### **QUALIFICATIONS AND QUALITIES OF HUMAN RESOURCE MANAGER**

The functions of personnel management vary from organization to organization both in nature and degree. So the qualifications required of a personnel manager differ from organization to organization depending on its nature, size, location etc., however the qualifications and qualities which will be applicable in general can be summarized

#### **Personal attributes:**

The personnel manager as in case of any other manager, must have initiative, resourcefulness, depth of perception, maturity in judgment and analytical ability. Freedom from bias would enable the personnel manager to take an objective view both, of the management and workers. He must thus have intellectual integrity. Moreover, the personnel manager should be through with labour laws. An understanding of human behavior is essential to the personnel manager. He must be familiar with human needs, wants, hope and desires, values aspirations etc., without which adequate motivation is impossible.

The personnel manager should also possess other personal attributes like;

1. Intelligence
2. Educational skills
3. Discriminating skill
4. Executing skill

Further the personnel manager is expected to have leadership qualities: deep faith in human values. Empathy with human problems, foreseeing future needs of employees, organization government trade unions society etc.

- Experience and training
- Professional attitudes
- Qualifications

### **HR POLICIES – MEANING**

Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess, and reward the members of their workforce. These policies, when organised and disseminated in an easily used form, can serve to anticipate many misunderstandings between employees and employers about their rights and obligations in the organisation.

Human Resource practices imply the customary way of operations and behaviour, translating idea into action, and knowledge of how something is usually done. In simple terms, it is to apply principles or policies.

Some methods utilised by human resources department staff are called “best practices,” meaning the way an employment action is handled is the recommended way according to human resources experts. For example, a human resources best practice is conducting an HR audit each year to determine if human resources processes are helpful to the company.

Another best practice is providing new employees with a formal orientation session where they are fully aware of the company, its philosophy and mission. A company known for its human resources best practices is most likely the leader among its competition and typically has a high level of employee satisfaction.

Best practices in human resources are shared with other human resources practitioners as an industry-accepted way of doing business from the HR perspective.

Human Resources policies are generalised guidelines on employee management, adopted by consensus in an organisation to regulate the behaviour of employees and their managers or supervisors. As for the dichotomy between an HR policy and a procedure, they can be compared to a human being and the shadow. Both are inseparable and as shadows set the outlines of a human being, so do procedures set the outlines of an HR policy.

“HR policies may be defined as guidelines, procedures, codes and regulations adopted by management to guide workplace activities within acceptable limits, which are communicated through a summarised statement called policy statement and implemented through instructions referred to as policy directives.”

**The policy is rules of conduct, therefore it is based on the following principles:**

1. Place right person in the right place at the right time.

2. Train every employee for current and future jobs.
3. Establish organization as whole a co-ordination team.
4. Ensure proper and adequate supply of tools and equipments.
5. Create better working conditions
6. Give security with opportunity, incentive, and recognition.
7. Look forward, plan ahead for more and better things.
8. Ensure the principle of equity and natural justice.

### **STEPS IN FORMULATION OF HR POLICIES:**

#### **1. Identify the Areas:**

The areas where HR policies are needed are to be identified. Important areas of HR like recruitment, selection, training, compensations must have specific policies clearly spelt out. If need arises, additional policies may have to be formulated for dealing with newer HR issues.

#### **2. Collecting Data:**

After selecting the areas, relevant information should be collected for facilitating policy formulation. The company's records, past practices, industry practices and top management policies should be studied. The organizational culture and employee aspirations should also be taken into account while formulating policies.

#### **3. Evaluating Alternatives:**

Once data have been collected, various alternative policies can be designed. Each alternative has to be evaluated in terms of their contribution towards the desired objectives. The policies should be for the betterment of the existing HR system and formulated in congruence with other organizational policies. The policies should be finalised after discussion with those people who are directly affected by its implementation.

#### **4. Communicating the Policy:**

The policy details should be conveyed to all the workers throughout the organization. Policy manual, in-house journals, notice boards, intranet, etc., can be used to create awareness among employees at various levels. Special communication programmes can be conducted to inform all the concerned people about the new policy.

#### **5. Evaluation of the Policy:**

Policies should be evaluated regularly at periodic intervals to ascertain their effectiveness. The actual policy results should be compared with predetermined standards to check if the policy was successful in achieving its objectives. Policies may be reviewed at the organizational level, or outside experts may be invited to review it. Assessment of existing policies is especially important during crises like labour strikes, lock outs, mass employee grievances, labour union unrest, etc. It is also necessary when company plans to bring about large scale changes like expansion, diversification, adoption of new technology, etc.

HR policies should be designed to promote common interest, create safe and healthy working conditions, give proper recognition for work and accomplishment, recognize impact of change on people, encourage employees' participation and recognize the functions and responsibilities of the trade unions.

### **UNIT I - REFERENCE BOOK:**

1. **Human resource management: J.Jayasankar**
2. **Personnel and Human Resource Management: P.Subba Rao.**
3. **Human resource management – ICFAI Center for Management Research**

## UNIT – II

### HUMAN RESOURCE PLANNING

#### INTRODUCTION

The most important of all the resource of a business enterprise is its human resource. The very fate of an organization is determined by the number and type of persons working in it. In fact, an institution is recognized more by the quality of its staff rather than by its physical structure.

Job design and job analysis help the human resources manager to know the types of jobs available. In addition, it provides a basis for estimating the number and the kind of people required. Thus, job design and job analysis are the basis for human resources planning.

#### DEFINITION

##### Define Human Resource Planning

*According to E.W.Vetter*

“Human resource planning is the process by which a management determines how the organization should move from its current manpower position to its desired manpower position. Through planning the management strives to have “the right number and right kind of people at the right place”.

##### According to Coleman

“Human resource or manpower planning is the process of determining the manpower requirement and the means for meeting those requirements in order to carry out the integrated plan of the organization.”

#### MEANING

##### What do you mean by human resource planning?

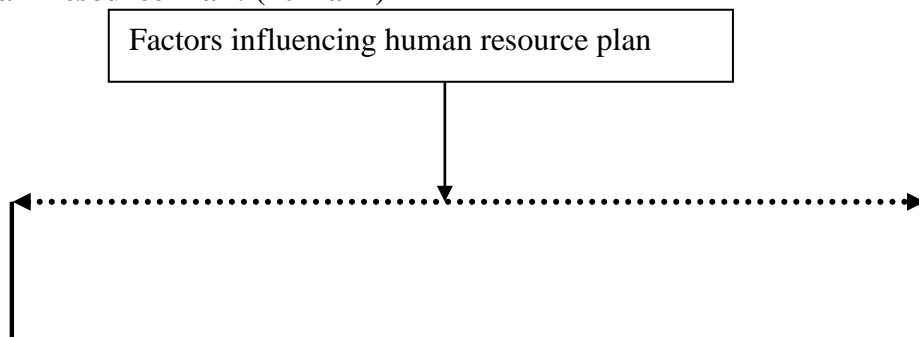
Human resource planning, in simple terms, is the process of determining the man power need of an enterprise so that it is possible to fill up any vacancy as and when it arise. Such a p-lan eliminates the risk of surplus or shortage of staff at any time.

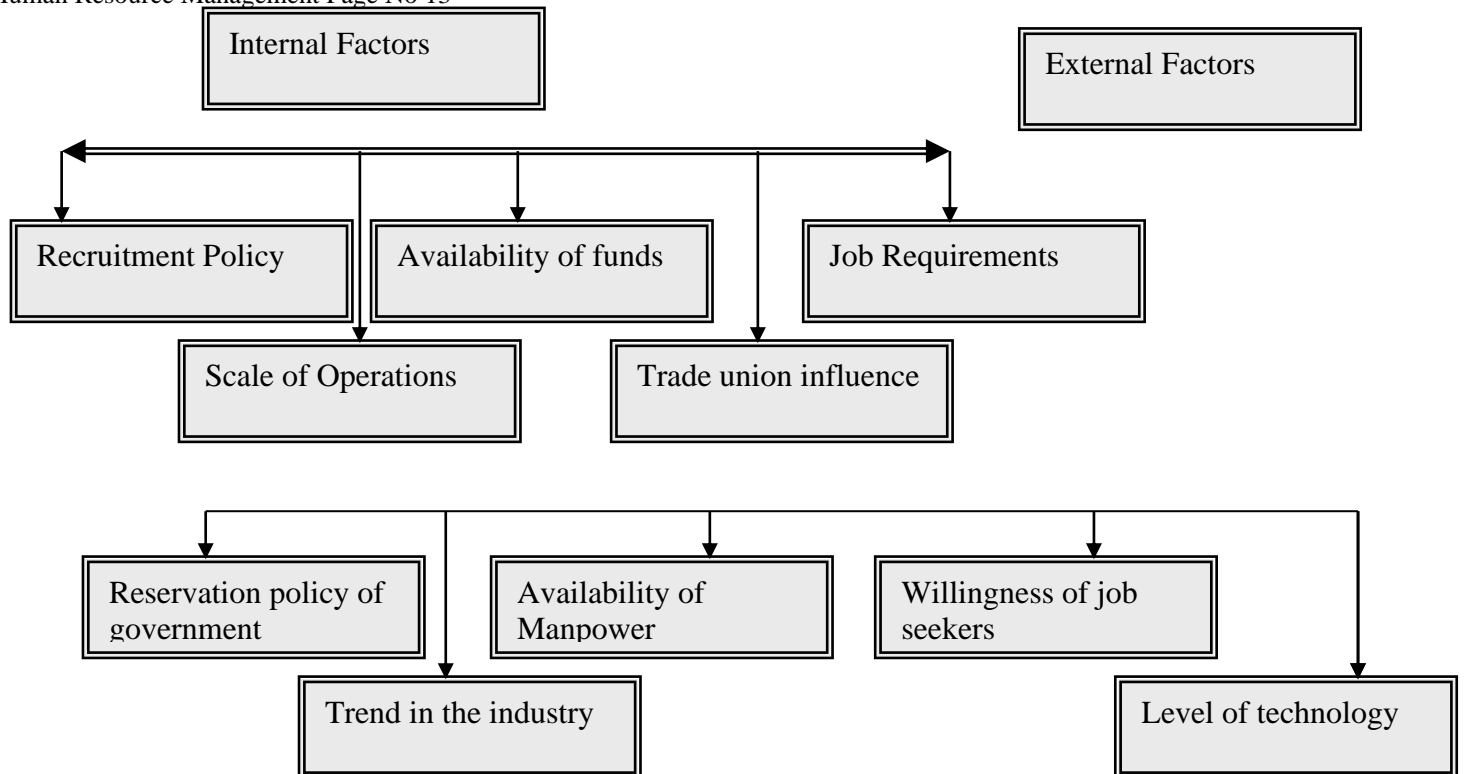
#### OBJECTIVES OF HUMAN RESOURCE

- To ensure optimum use of existing human resources.
- To forecast future requirements for human resources.
- To provide control measures to ensure that necessary human resources are available as and when required.
- To link human resource planning with organizational planning.
- To assess the surplus and shortage of human resources.
- To anticipate the impact of technology on jobs and human resources.
- The ultimate purpose of manpower planning is "to relate future human resources to future enterprise need so as to maximize the future return on investment in human resources."

#### FACTORS INFLUENCING HUMAN RESOURCE PLANNING

##### Factors Influencing Human Resource Plan: (10Mark)





The various factors influencing human resource plan may be grouped under:

1. **Internal factors**
2. **External factors**

## **I Internal factors**

### **i. Recruitment policy**

The policy of the organization regarding the source of recruitment and the method of selection is an important factor influencing the human resource plan.

### **ii. Availability of funds**

If finance is not a constraint, the organization will be in apposition to offer an attractive salary package and thereby induce deserving persons to apply for the various jobs.

### **iii. Job requirements**

Different jobs call for different qualifications and skills from prospective applicants. The requirements of every job, therefore, will have to be borne in mind while preparing the human resource plan.

### **iv. Scale of operation**

The manpower needs of an organization, the scale of operation of which is greater, will naturally be more than the one with a lesser scale of operation.

### **v. Trade union influence**

The demands of the trade union regarding the hours of work, source of recruitment etc., May also influence the human resource plan.

## **II External factors**

### **i. Reservation policy of the Government**

The reservation policy of the Government provides for reservation of jobs for certain communities. The human resource plan of every Government organization and government aided organization has to give effect to such a policy.

### **ii. Availability of the desired manpower**

Before preparing the human resource plan, it must be ensured that the type of human resource needed by the organization is actually available. This is because, something people with a certain skill or qualification may not be available in the job market.

### **iii. Willingness of the job seekers to accept the terms and conditions**

When an organization wants to recruit staff afresh, it must ensure that its terms and conditions of service are acceptable to the job seekers. If they find the terms unreasonable, they may not be willing to apply.

### **iv. Knowledge of the trend in the industry**

Consideration of the trend in the industry in the matter of the type of workforce preferred for certain jobs, wage rates, hours of work etc., is important in preparing the human resource.

### **v. Level of technology**

A business enterprise is highly susceptible to technological changes. Technically qualified persons constantly update themselves to enhance their employment prospects. The job offer of an enterprise, therefore, must be such that the potentials of the individuals are fully utilized and they are also rewarded suitably.

## **Limitations of Human Resource Planning**

**Expensive:** Preparation and implementation of the human resource plan is expensive in terms of time, efforts and money required.

**Inaccurate forecasts:** The manpower needs of an organization are determined based on forecasts. The human resource plan is prepared in the accuracy with which the forecasts are made. Inaccurate forecasts would only result in the failure of the plan.

**Uncertainties:** Absenteeism, seasonal nature of certain jobs, labour turnover etc., can jeopardize of the human resource plan.

**Trade union resistance:** Trade unions often criticize the human resource plan of an organization on the ground that it is detrimental to the interests of the employees.

## **NATURE OF HUMAN RESOURCE PLANNING**

**Explain the nature concept of human resource planning.**

**It is goal – orientated:**

The main objective of HR planning is to ensure that the amount invested in human resource is justified; the organization should derive maximum benefits. It further ensures that the organization has the right number and type of person working at any given point of time.

**It promotes efficiency:**

HR planning is required as it leads to greater efficiency. This it does by keeping the cost of recruitment and selection low and by ensuring right man for the right job.

**It Is A Continuous Process:**

It is not correct to think that HR Planning is required only in the early years of inception of an organization. It is something that is required continuously. In other words, as long as an organization requires manpower the need of HR planning will be felt.

**It Can Be Made Flexible:**

There is always a feeling among many that any type of plan makes things rigid. It may be said here that the HR plan can be made flexible by making changes in it in tune with the changing manpower needs of the organization.

**It Focuses Attention on the Present and Future Manpower Needs of an Organization:**

After the present and future manpower needs of an organization have been anticipated, steps may be taken to fulfill the same through proper planning. Human resource planning thus has relevance for the present and future.

**It follows a systematic approach to the task of filling the manpower.**

In the absence of HR planning, the organization will recruit staff at random. This leads to certain problems, e.g. surplus or shortage of manpower and the organization appointing unsuitable persons. HR planning follows a systematic approach to the entire process of recruiting staff in order to overcome these problems.

**IMPORTANCE OF HUMAN RESOURCE PLANNING**

**Explain the importance of human resource planning. (5 Mark)**

**Required Manpower:** To perform the various jobs in the organization, people with varying skills, qualifications and experience are required. Human resource planning helps to fulfill such a requirement.

**It further helps to replace employee:** Every year, a number of employees retire in workplaces. These employees, therefore, have to be replaced. Vacancies arising due of retirement can be anticipated and suitable arrangements for replacement can be made.

**It helps in expansion programmes:** No organizations are going to remain static. To undertake expansion activities additional hands are necessary. Such additional hands can be secured through effective planning.

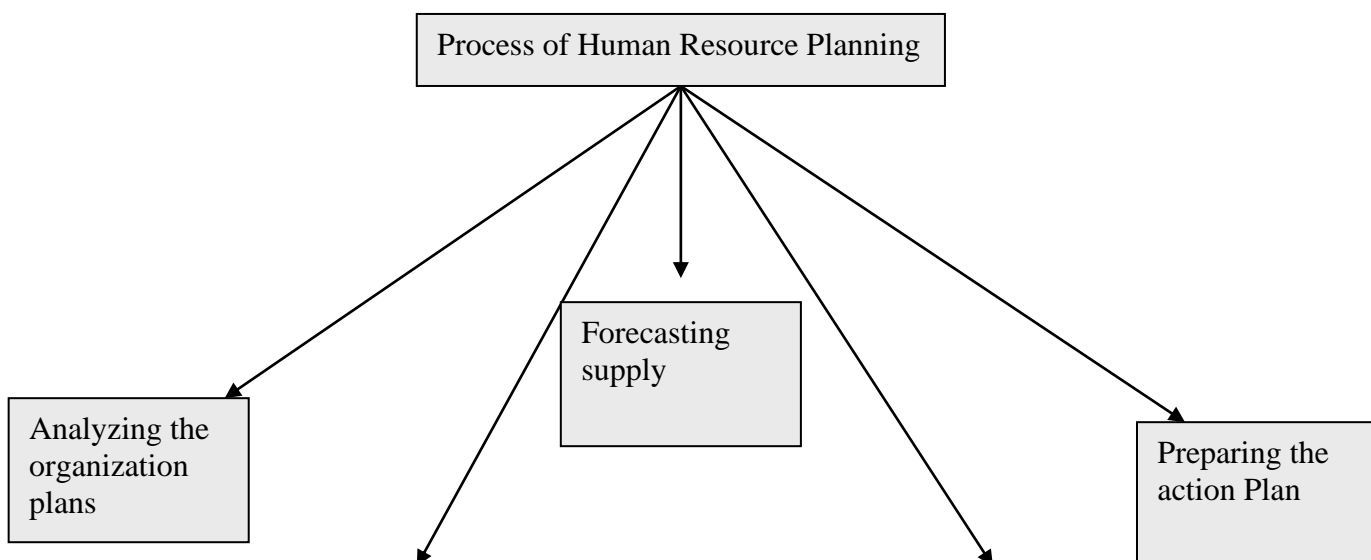
**It ensures optimum investment in human resource:** Under HR management, the amount spent on human resource is viewed as an investment. But it is necessary that such an investment is made at his optimum level in order to derive maximum benefits.

**Objectives of Human Resource Planning:**

- ❖ To ensure that the HR plan helps to attain the overall objective of the enterprise.
- ❖ To keep the cost of recruitment and selection of employees low.
- ❖ To ensure that the organization does not face the problem of either surplus or shortage of manpower.
- ❖ To ensure the selection of the right man for the right job.
- ❖ To ensure that the amount invested in human resource is at its optimum level.
- ❖ To make available the required manpower when expansion and diversification activities are undertaken.
- ❖ To eliminate or minimize the adverse effects of labour turnover.
- ❖ To guard the enterprise against manpower obsolescence.

**Process of Human Resource Planning: (10 Mark)**

**What are the steps involved in Human Resource Planning?**





### **I Analyzing organizational plans**

First of all, the objectives and strategic plans of the company are analyzed. Plans concerning technology, production, marketing, finance, expansion and diversification give an idea of about the volume of future work activity on.

Each plan can further be analyzed into sub-plans and detailed programs. It is also necessary to decide the time horizon for which human resource plans are to be prepared. The future organization structure and job design should be made clear and changes in the organization structure should be examined so as to anticipate its manpower requirements.

It is necessary to study business plans because all manpower plans stem from business plans relating to nature, level and organization of activity. A company's plan is based on economic forecast, company's sales and expansion forecast, and the labor market forecast.

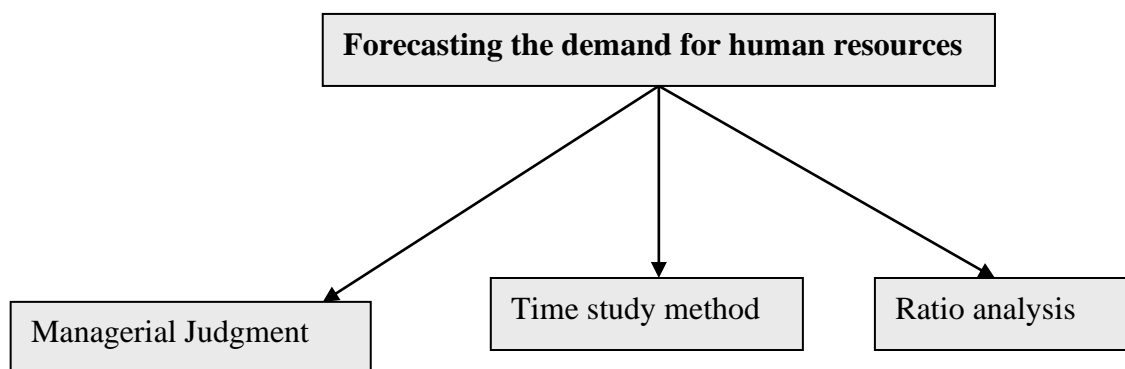
Every business enterprise will have plans for the successful performance of the following activities:

- Purchase of raw – materials
- Installation of machines and their maintenance
- Production
- Finance and accounting
- Marketing
- Research and development
- Maintenance of employee record and so on.

An analysis of these various plans would reveal the manpower needs of the organization.

### **II Forecasting the demand for human resources:**

Keeping in mind the expansion and diversification programmes of the enterprise in the near future, the rate of labour turnover and absenteeism, the technological changes, the trend in the industry and in the job market and so on, the future manpower requirements of the enterprise need to be forecasted. The quantity as well as the quality (in terms of skill, experience, knowledge etc.) of the human resource shall be taken into account while making the forecast.



#### **i) Managerial Judgment:**

The heads of the various departments will be in a position to estimate the manpower needs of their respective departments in the near future. While making such estimation, they take into account the various factors such as the general trend in the industry, the expansion and diversification programmes of the enterprise and so on. The aggregate of the departmental estimates would reveals the manpower needs of the whole enterprise. The experience of the managers helps them in making judgment.



## ii) Time study method:

The time study makes use of the concept of standard time for completing a certain task. By using such a study it is possible to determine the manpower needs of an organization. This may be explained with a simple illustration.

- Standard time per worker per day = 6hours
- Man – hours needed to complete the weekly production target = 300 hours
- The number of workers required to complete the task, therefore  $300 \div 6 = 50$

The time study method uses a very pragmatic approach to determining the manpower needs of an organization.

## iii) Ratio Analysis:

Ratio may be calculated for the past data relating to the number of employees in each category to the level of activity.

- ❖ Product level -----Number of workers
- ❖ Sales level -----Number of sales representatives and so on.

Such ratios are useful in knowing the future manpower needs of the enterprise this has been explained with a simple illustration below.

- ❖ Level of sales in the previous year = 2,500 units
- ❖ Number of sales representatives in the previous year = 10
- ❖ The ratio of sales level to the number of sales representatives = 250:1
- ❖ Sales level to be attained in the current year = 4,000 units
- ❖ The number of sales representatives required for attaining the target = 16
- ❖ Additional hands needed, therefore = 6

## III) Forecasting supply

Collecting information about the existing human resource inventory is what is the first step in forecasting the future supply of human resource. Information on the existing human resource inventory is gathered.

- ❖ Department wise (production, marketing, finance etc.,)
- ❖ Job – category – wise (clerks, cashiers, sales representatives etc.,)
- ❖ Age wise
- ❖ Skill wise
- ❖ Experience – wise
- ❖ Pay – scale – wise

Once information on the existing human resource is obtained, the next step is estimate the future loss of human resource. Loss of human resource can arise an account of the following reasons.

- ❖ Retirement
- ❖ Resignation
- ❖ Death
- ❖ Dismissal
- ❖ Disablement

- ❖ Lay – off
- ❖ Retrenchment etc..

#### IV) Making an estimate of the net human resource requirement:

A comparison between the demand and supply forecasts of human resource would indicate the net manpower requirements of the enterprise. It may be either surplus or deficit. Surplus indicates that some employees are redundant while deficiency implies the need for additional hands.

#### V) Preparing the action plan:

Once the manpower gaps at eight are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployed in other departments/units and retrenchment in consultation with the trade unions.

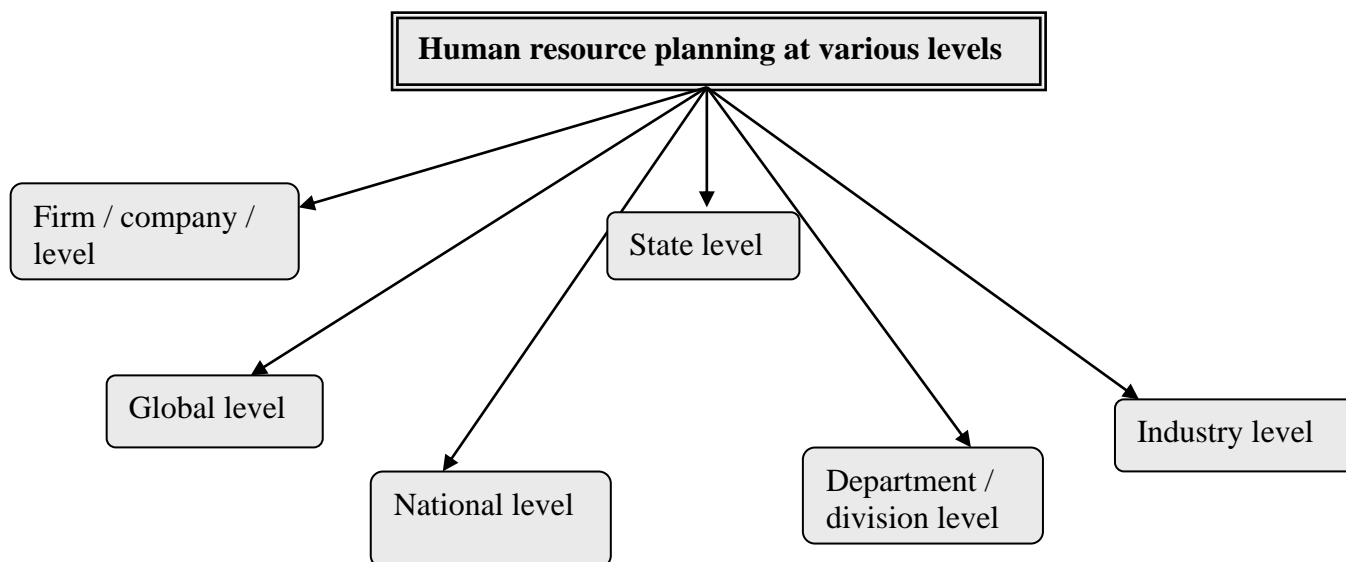
Peoples may be persuaded to quit voluntarily in golden handshake. Deficit can be met through recruitment, selection, transfer, promotion and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organization. All the action plans are summarized in table fazed program for recruitment and training is prepared.

In case, the future supply of human resources from all external sources is estimated to fall short of requirements, the human resource planner should recommend modification of organizational plans. For instance, the organizational plan of a bank, might be, to computerize all the offices of the bank by 2005.

When the estimates show that the future supply of computer specialists will fall short of the requirements, the bank may have to extend the period of computerization by one or two years.

#### Level of Human Resource planning (or)

#### Human resource planning at various levels (10 Mark)



#### 1. National level

The central Government plans for human resources at the national level. It forecasts the demand for and supply of human resources for the country as whole. National level plan covers factors like population projections, economic development programme, educational facilities, occupational distribution of population, mobility of people, etc., to create a match between the demand and supply of human resource.

The Government of India has specified the objective of human resource planning in successive five-year plans. The major focus has been on employment generation and poverty alleviation through urban and rural development programmes, health, education and training schemes, welfare facilities etc.

As a result, India now has the third largest pool of scientific and technical personnel. But certain skills are still scarce and the number of educated unemployed has increased.

## **2. Sectoral level**

Central and state Governments formulate human resource plans for particular sectors e.g. agricultural sector, e.g. agricultural sector, industrial sector, tertiary sector, etc., projections are based on Government policy, projected output/operations etc.

## **3. Industry level**

Human resource plans for specific industries like textiles, cement, and iron and steel, petrochemicals computers etc are prepared on the basis of projected operations /output of the particular industry.

## **4. Unit level**

Human resource requirements of a particular enterprise are forecast at this level. These may be estimated department wise, job category wise etc.,

## **Guidelines for effective human resource planning**

### **What are the guidelines followed by HRP?**

Some of the steps that may be taken to improve the effectiveness of human resource planning are given below

#### **1. Tailor made**

Human resource plans should be balanced with the corporate plans of the enterprise. The methods and techniques used should fit the objectives, strategies and environment of the particular organization.

#### **2. Appropriate time horizon**

The period of a human resource plan should be appropriate to the needs and circumstances of the specific enterprise. The size and structure of the enterprise as well as the changing aspirations of the people should be taken into consideration.

#### **3. Adequate organization**

Human resource planning function should be properly organized. A separate cell, section or committee may be constituted within the human resource department to provide adequate focus, and to coordinate the planning efforts at various levels.

#### **4. Top management support**

Before starting the human resource planning process, the support and commitment of top management should be ensured. Moreover the exercise should be carried out within the limits of a budget. There is no use formulating plans which cannot be implemented due to financial constraints.

## **Uses and benefits of Human Resource Planning**

1. The benefit HRP planning has benefit of planning for physical facilities like canteen, staff quarters, dispensary and school for the staff and their children.
2. The HRP planning facilitates career succession planning in the organization. It provides enough lead time for internal succession of employees to higher positions through promotions.
3. The HRP planning is useful in anticipating the cost of human resources which facilitates the budgeting process.
4. It also gives benefit in controlling human resource costs through effective utilization with proper HRP planning.
5. The HRP planning is helpful in effective utilization of technological progress. To meet the challenge of new technology existing employees need to be retrained and new employees may be recruited.

### **Goal of HR Planning**

The key goal of HR planning is to get the right number of people with the right skills, experience and competencies in the right jobs at the time at the right cost.

### **Results of a successful HR plan**

1. Increased service quality and client satisfaction.
2. Hired more competent persons.
3. Addressed retention issues effectively.
4. Reduced costs.

**Conclusion:** The primary assets of a business are the talents of its people, not the tangible and financial asset that make up balance sheets. The cost of finding key talent and replacing key staff that leave is expensive and time consuming.