INTRODUCTION
TO
HUMAN RESOURCE MANAGEMENT
UNIT : 1

HRM is employing the people, developing their resources utilizing, Maintaining resources and Compensation in tune with the organization goals with a view to contribute to the goals of the organization or individual and society.

HRM defined as

"HRM is management function concerned with hiring , motivating and maintaining people in an organization. It focuses on people in organization"

Or

The process of attracting, developing and maintaining a talented and energetic workforce to support organisational mission, objectives and strategies.

HRM: PEOPLES DIMENSIONS IN ORGANIZATIONS

HRM: the application of management functions and principles related to employees

- ➢ HRM functions applicable everywhere (not for profit and profit driven organizations)

- ➢ Employees decisions are integrated

- ➢ Employee decision brings effectiveness/efficiency in organization

- ➢ HRM includes all major activities in professional life of a worker

- ➢ All activities from employee entry to managing performance and training until he or she leaves

- ➢ Management of work force of an organisation i.e. how to

- ➢ manage the different people working together in a organisation.

- ➢ HRM is a management function that helps managers recruit, train and develop members for an organisation.

NATURE OF HRM

- HRM are the building of human capital. Human capital refers to the stock of employee skills, knowledge and capabilities that may not show up in a balance sheet but have significant impact on a firm's performance.

- HRM assumes that it is the people who make the difference. They alone are capable of generating value and adding to the competitive advantage to organizations.

- Selecting people, training, motivating, appraising their performance for improving their quality.

- HRM manages cordial relationship between people working at various levels in organization.

- Helps the organization to meet its goal.

- HRM is not a one shot deal it requires constant awareness and alertness of human relations in every day operation.

- Every person has different need, perception and expectations. The HRM should give due attention to these factors.
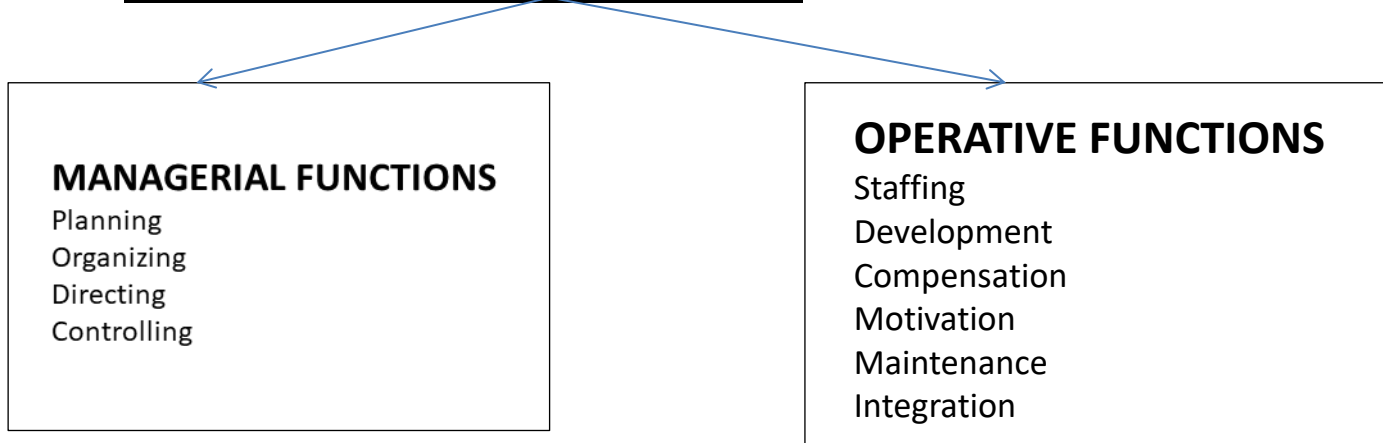
HRM FUNCTIONS

• _**Planning**_: Preparing forecasts of future HR needs in the light of an organization's environment, mission and objectives, strategies, and internal strengths and weaknesses, including its structure, culture, technology and leadership.

• _**Staffing**_: Obtaining people with the appropriate skills, abilities, knowledge and experience to fill jobs in the work organisation. Key practices are human resource planning, job analysis, recruitment and selection.

• _**Developing**_: Analyzing learning requirements to ensure that employees possess the knowledge and skills to perform satisfactorily in their jobs or to advance in the organisation. Performance appraisal can identify employees' key skills and 'competencies'.

• *Motivating*: The design and administration of reward systems. HR practices include job evaluation, performance appraisal, pay and benefits.

• *Managing change*: This involves helping others to envision the future, communicating this vision, setting clear expectations for performance and developing the capability to reorganize people and reallocate other resources.

• *Maintaining*: The administration and monitoring of workplace safety, health, and welfare policies to retain a competent workforce and comply with statutory standards and regulations.

• *Maintaining relationships*: Encompasses a range of employee involvement/participation schemes in non-union or union work places. In a union environment this includes negotiating contracts and administering the collective agreement.

• *Evaluating*: Designing the procedures and processes that measure, evaluate and communicate the value-added component of HR practices and the entire HR system to the organisation.

2 category of HRM FUNCTIONS

MANAGERIAL FUNCTIONS	OPERATIVE FUNCTIONS
Planning	Staffing
Organizing	Development
Directing	Compensation
Controlling	Motivation
	Maintenance
	Integration

MANAGERIAL FUNCTIONS

1. Planning:

To get things done through the subordinates, a manager must plan ahead. Planning is necessary to determine the goals of the organisation and lay down policies and procedures to reach the goals. For a human resource manager, planning means the determination of personnel programs that will contribute to the goals of the enterprise, i.e., anticipating vacancies, planning job requirements, job descriptions and determination of the sources of recruitment

2. Organizing:

Once the human resource manager has established objectives and developed plans and programs to reach them, he must design and develop organisation structure to carry out the various operations.

The organisation structure basically includes the following:

(i) Grouping of personnel activity logically into functions or positions

(ii) Assignment of different functions to different individuals

(iii) Co-ordination of activities of different individuals

3. Directing:

The plans are to be pure into effect by people. But how smoothly the plans are implemented depends on the motivation of people. The direction function of the personnel manager involves encouraging people to work willingly and effectively for the goals of the enterprise.

In other words, the direction function is meant to guide and motivate the people to accomplish the personnel programs. The personnel manager can motivate the employees in an organisation through career planning, salary administration, provision of safety requirements and welfare of employees.

4. Controlling:

Controlling is concerned with the regulation of activities in accordance with the plans, which in turn have been formulated on the basis of the objectives of the organisation. It involves the observation and comparison of results with the standards and correction of deviations that may occur.

OPERATIVE FUNCTIONS

1. Staffing:

Employment of proper kind and number of persons necessary to achieve the objectives of the organisation. This involves recruitment, selection, placement, etc. of the personnel.

2. Development:

It is a duty of management to train each employee property to develop technical skills for the job for which he has been employed and also to develop him for the higher jobs in the organisation. Proper development of personnel is necessary to increase their skills in doing their jobs and in satisfying their growth need.

For this purpose, the personnel departments will device appropriate training programs. It is important to point out that personnel department arranges for training not only of new employees but also of old employees to update their knowledge in the use of latest techniques.

3. Compensation:

This function is concerned with the determination of remuneration of the employees in the organisation of their contribution to the organizational goals. The personnel can be compensated both in terms of monetary as well as non-monetary rewards.

Factors which must be borne in mind while fixing the remuneration of personnel are their basic needs, requirements of jobs, legal provisions regarding minimum wages, capacity of the organisation to pay, wage level afforded by competitors etc. For fixing the wage levels, the personnel department can make use of certain techniques like job evaluation and performance appraisal.

4. Motivation:

Employees work in the organisation for the satisfaction of their needs. In many of the cases, it is found that they do not contribute towards the organizational goals as much as they can. This happens because employees are not adequately motivated. The human resource manager helps the various departmental managers to design a system of financial and non-financial rewards to motivate the employees.

5. Maintenance(Working Conditions and Welfare)

Training and Development just upgrade the workers to work effectively and efficiently but that does not ensure good productivity or fulfillment of the objectives.

It is because there are factors too which are equally important. These include the working environment, conditions, etc.

This function focuses on the good maintenance of the workplace and providing an atmosphere for the workers for effective and efficient working.

6. Integration:

The HR department of every organization should be aware of all the laws and policies that relate to employment, working conditions, working hours, overtime, minimum wage, tax allowances etc. Compliance with such laws is very much required for the existence of an organization.

HRM ACTIVITIES

> - HR Planning
> - Job Analysis and Design
> - Recruitment and Selection
> - Training and Development
> - Remuneration
> - Welfare
> - Safe and Healthy Work Environment
> - Industrial relations

SCOPE OF HRM
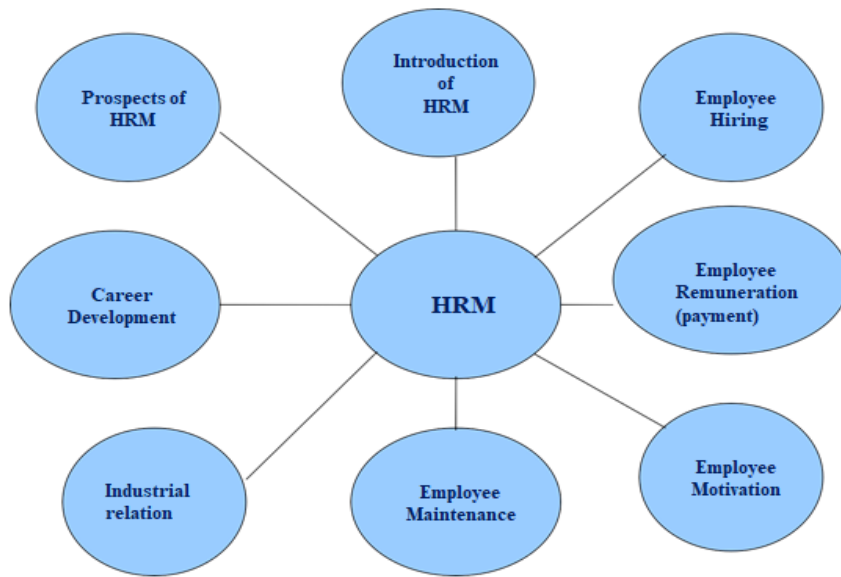
Labour or Personnel aspect – Recruitment, Selection, Transfer, Promotion etc.

Welfare aspect – Housing, Lunch room, Health and Safety, Transport, education etc.

Industrial relation aspect – Union Management relations, Negotiation, Grievance handling etc.

THE SEMANTICS

There two terms

- ➢ PM (Personnel Management)

- ➢ HRM (Human Resource Management)

- ➢ PM and HRM are different in scope and orientation

- ➢ HRM is broad concept, PM and HRD (Human Resource Development) are part of HRM

https://www.youtube.com/watch?v=cOu-2tIGLnM

Dimension	Personnel Management	Human Resource Management
1. Employment contract	Careful delineation of written contracts	Aim to go beyond contract
2. Rules	Importance of devising clear rules	Can do outlook, impatience with rules
3. Guide to management action	Procedures	Business need
4. Behaviour referent	Norms/customs and practices	Values/mission
5. Managerial task vis-à-vis labour	Monitoring	Nurturing
6. Key relations	Labour management	Customer
7. Initiatives	Piecemeal	Integrated
8. Speed of decision	Slow	Fast
9. Management role	Transactional	Transformational
10. Communication	Indirect	Direct
11. Prized management skills	Negotiation	Facilitation
12. Selection	Separate, marginal task	Integrated, key task
13. Pay	Job evaluation (fixed grades)	Performance related
14. Conditions	Separately negotiated	Harmonisation
15. Labour management	Collective-bargaining contracts	Individual contracts
16. Job categories and grades	Many	Few
17. Job design	Division of labour	Team work
18. Conflict handling	Reach temporary truce	Manage climate and culture
19. Training and development	Controlled access to courses	Learning companies
20. Focus of attention for interventions	Personnel procedures	Wide-ranging cultural, structural and personnel strategies
21. Respect for employees	Labour is treated as a tool which is expendable and replaceable	People are treated as assets to be used for the benefit of an organisation, its employees and the society as a whole
22. Shared interests	Interests of the organisation are uppermost	Mutuality of interests
23. Evolution	Precedes HRM	Latest in the evolution of the subject
24. Locus of control	External	Internal
25. Organising principles	Mechanistic Top-down Centralised	Organic Bottom-up Decentralised

OBJECTIVES OF HRM
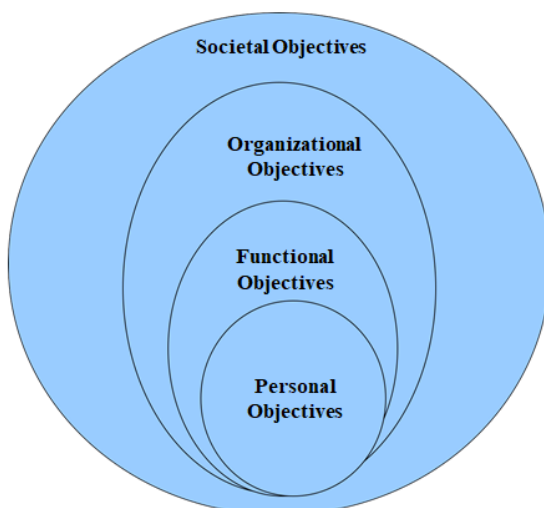
SOCIETAL OBJECTIVES: *To be ethically and socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organisation.* For example, the society may limit HR decisions through laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

ORGANISATIONAL OBJECTIVES: *To recognize the role of HRM in bringing about organizational effectiveness.* HRM is not an end in itself. It is only a means to assist the organisation with its primary objectives.

FUNCTIONAL OBJECTIVES: *To maintain the department's contribution at a level appropriate to the organization's needs.* Resources are wasted when HRM is either more or less sophisticated to suit the organization's demands.

PERSONAL OBJECTIVES: *To assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organisation.* Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline and employees may leave the organisation.

HRM POLICIES

Policy – Policies are plans of action. Organizations need to evolve HR policies as they ensure consistency and uniformity in treating people. They help motivate and build loyalty. Policies become benchmarks to compare and evaluate performance.

Importance:

(1) Clear Thinking

(2) Uniformity & Consistency of Admin.

(3) Sense of Security

(4) Control

HRM POLICIES ADOPT POLICIES

• Established policies ensure consistent treatment of all employees

• To minimize favoursim or discrimination

• It ensure the Continuity of action even top level management changes

• It serve as a standard of performance (it is easy to compare with actual)

• Sound policies motivates employees

- Sound policies helps to resolve interpersonal and inter group conflicts

- Policy of hiring people (Reservation, sex Marital Status, ….)

- Policy on terms and condition of Employment, compensation policy and

- methods, working hours, over time, promotion, transfer, layoff ….)

- Policy related to health (medical assistance, sickness benefits, ESI, …)

- Policy regarding housing, transport, uniforms and allowances ….)

- Policy regarding Training and development (TNA, frequency,…..)

- Policy regarding industrial relation (Trade union, collective bargaining, grievances procedure, participative management , communication ….)

HOW TO FORMULATE POLICIES

There are five principal sources for determining the content and meaning of policies:

1. Past practice in the organization
2. Prevailing practices in rival companies
3. Attitudes and philosophy of founders management of the company, directors and top.
4. Attitude and philosophy of middle and lower management
5. Knowledge and experiences gained from handling countless personnel problems on a day to day basis.

Policies must be stable. Stability creates a climate of security and removes uncertainty from the minds of employees. The application of policies must be consistent over a period of time and uniform across departments and among the same category of employees. Yet policies should not be rigid.

PRINCIPLES

- Principles are fundamental truth established by research, investigation, analysis

- Principles guides the managers in formulating policies, programmes, procedures and practices

- Principles are universal truth generally applicable to all organizations

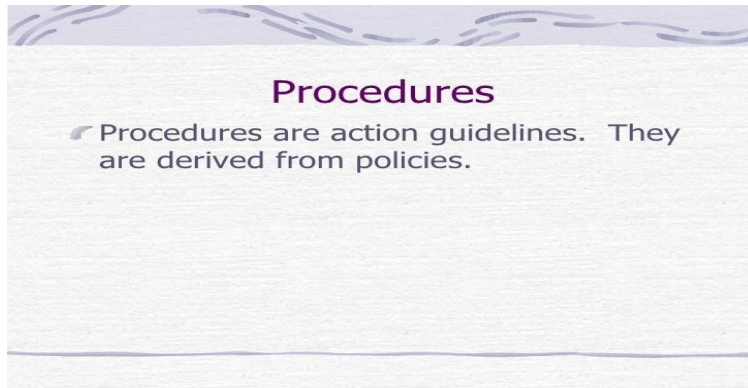Some of the personnel principles are:

1. individual development

2. scientific selection

3. free flow of communication

4. participation

5. fair remuneration

6. incentive

7. dignity of labour

8. labour management co-operation

9. team spirit

10. contribution to national prosperity

Procedures

Procedures are action guidelines. They are derived from policies.

Some of the personnel principles are:

1. *Principle of **individual development** :* to offer full and equal opportunities to every employee to realize his/her full potential.

2. *Principle of **scientific selection:*** to select the right person for the right job.

3. *Principle of **free flow of communication :*** to keep all channels of communication open and encourage upward, downward, horizontal, formal and informal communication.

4. *Principle of **participation** :* to associate employee representatives at every level of decision making.

5. *Principle of **fair remuneration :*** to pay fair and equitable wages and salaries commiserating with jobs.

6. *Principle* of ***incentive** :* to recognize and reward good performance.

7. *Principle of **dignity of labour :*** to treat every job and every job holder with dignity and respect.

8. *Principle of **labour management co-operation*** : to strongly promote industrial relations.

9. *Principle of **team spirit :*** to promote co-operation and team spirit among employees.

10. *Principle of **contribution to national prosperity :*** to provide a higher purpose of work to all employees and to contribute to national prosperity.

HRM AND ENVIRONMENT
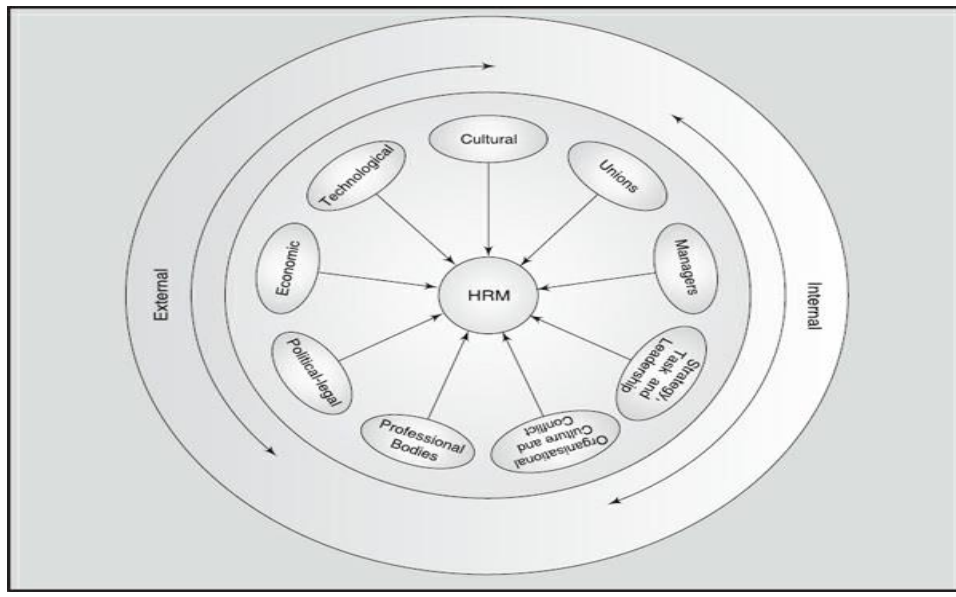
Environment of HRM comprises political–legal, economic, technological, cultural (external), and conflict, unions, strategy, and professional bodies (internal). Knowledge about the environment helps the HR manager and his/her team to become proactive.

EXTERNAL FORCE
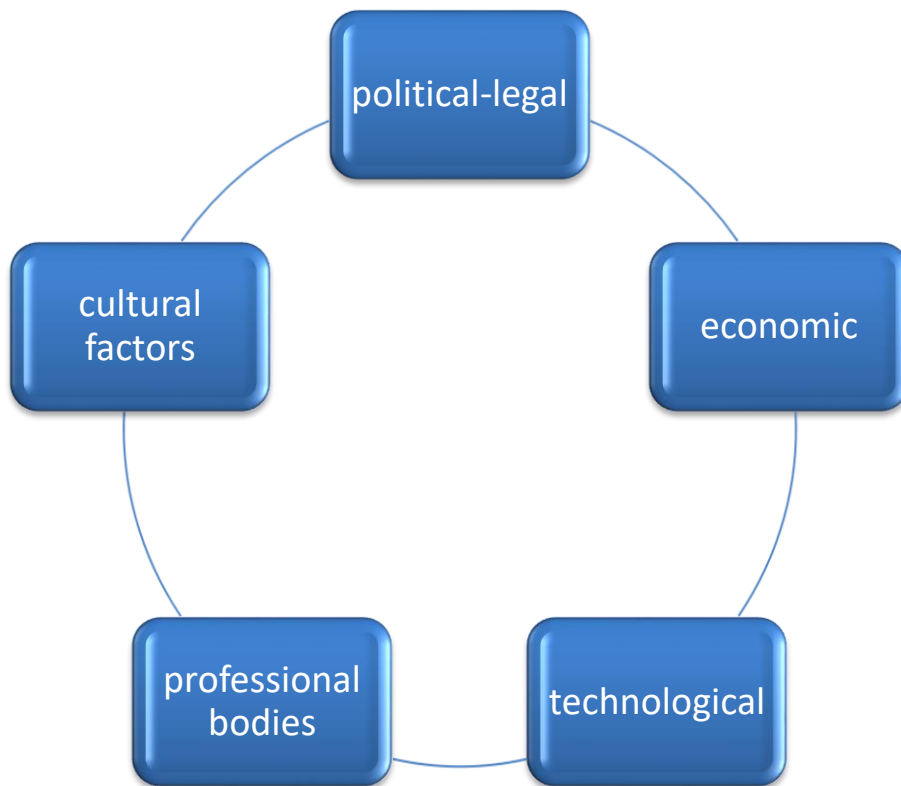
1. Political-Legal Factors:

Political-legal factors affect human resource management practices in the following ways:

i) Governments prescribe policies from time to time related to management of human resources. These policies have to be adhered by all the organizations which are covered by these policies.

ii) There cannot be discrimination among employees on the basis of sex, caste, religion, or place of origin.

iii) In certain sectors, at least prescribed percentage of total employees must be selected from personnel belonging to backward classes, scheduled castes/tribes, and physically handicapped.

iv) Employee remuneration, safety, working conditions, and industrial relations systems must conform to various legal prescriptions.

2. Economic Factor:

One of the biggest external influences is the shape of the current economy. Not only does it affect the talent pool, but it might affect your ability to hire anyone at all. One of the biggest ways to prepare against economic conditions is to not only know what's happening in the world around you, but also create a plan for when there is an economic downturn. All companies can make due in a bad economy if they have a rainy day fund or plan to combat the harsh environment.

3. Technology Factor:

Technological factors consist of sum total of knowledge providing ways to do things. These include inventions and techniques which affect the ways of doing things, that is, designing, producing, and distributing products and services.

4. Professional bodies:

For every major profession, there is a professional association. A professional association consists of organizations and individuals whose membership is based on common professional, scientific, or technical aims. The representative body of professionals is needed to regulate and develop the professional activities.

For example, in India, there is National Institute of Personnel Management which has provided a code of ethics to its members that aims at governing their behaviour in performing their duties related to managing human resources.

5. Cultural factors:

Cultural factors are quite comprehensive and affect various aspects of organizational operations, including human resource management. From human resource management point of view, attitudes, beliefs, desires, expectations, and customs of the society at a given point of time are important.

These factors determine- (i) expectations of the society from organizations, (ii) views towards social status of jobs, (iii) views towards achievement of work, (iv) views towards authority structure, responsibility, and organizational positions, (v) workforce mobility, and (vi) role of unions in managing human resources

INTERNAL FORCES
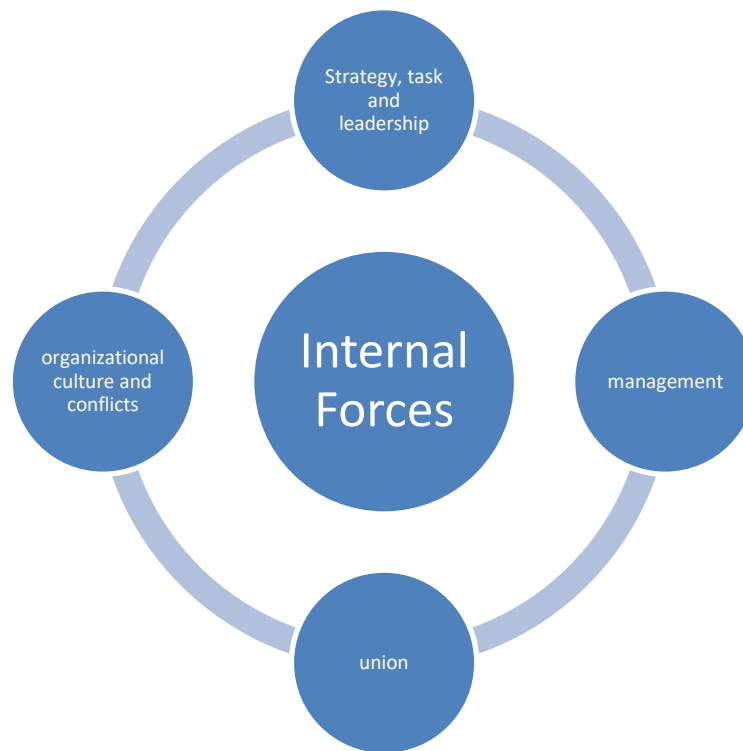
1. Union:

Trade unions are formed to safeguard the interest of its members/workers. HR activities like recruitment, selection, training, compensation, industrial relations and separations are carried out in consultation with trade union leaders.

2. Organizational Culture and Conflict:

As individuals have personality, organizations have cultures. Each organisation has its own culture that distinguishes one organisation from another. Culture may be understood as sharing of some core values or beliefs by the members of the organisation "Value for time" are the culture of Reliance Industries Limited. The culture of Tata conglomerate is "get the best people and set them free".

HR practices need to be implemented that best fit the organization's culture

3. Management :

Attitude of the management towards HR functions is a major internal factor.

4. Strategy, Task and Leadership:

A *strategy* indicates the direction in which an organisation moves. As a plan, a strategy takes the organisation into the area of competition in environment and into alignment with the resources of the firm. For example, early success of Infosys was due to high alignment of its strategy, structure, people and management.

Task is a work that an employee is expected to do. Several tasks constitute a job. When we describe task here, we keep the job in mind because an employee holds a job and through that he or she discharges tasks associated with it.

A **leader** provides direction, encouragement and authority to evoke desired behaviours. A leader chooses right people and motivates them to consistently strive towards making them overreach themselves. Leadership involves catalyzing the learning process among followers, as well as creating the environment that contributes to improved performance. The leader is an important source of knowledge about the tasks, the organisation, and the HRM policies, programmes and goals.

QUESTIONS

1. Define HRM
2. Explain the Objectives of HRM
3. Explain the scope of HRM
4. Explain the nature of HRM
5. Differentiate HRM and Personnel Management
6. Explain HRM policies. Mention some of HRM policies
7. Mention the different qualities of HR Managers
8. Explain the managerial functions of HRM
9. What are different Operational functions of HRM
10. HRM is central subsystem of an organization? Justify

HR Planning (HRP)

- It is the process of forecasting an organizations' future demands for, and the supply of right type of people in the right number at right time.
- HRP is also called as **man power planning** or employment planning or Personnel planning .

- HRP is also defined as the process of estimation of how many qualified persons are necessary to carry out the assigned activities.

- HRP is a sub-system of total organizational planning.
- HRP facilitates realization of the company's objectives for the future by providing right type and number of personnel.

Objectives of HRP

➢ To ensure optimum use of existing HR.
➢ To forecast future requirement for HR.
➢ To provide control measures to ensure that necessary HR are available as and when required.
➢ To asses the surplus and shortage of HR. (Downsizing).
➢ To anticipate the impact of technology on jobs and HR.
➢ To determine the level of Recruitment and Training.
➢ To estimate the cost of HR and Housing needs of employees.
➢ To meet the needs of expansion and diversification programmes.
➢ To improve the standards, skills, knowledge, ability etc..
➢ To maintain congenial Industrial Relations by maintaining optimum level and structure of HR.
➢ To minimize the imbalances caused due to non-availability of HR.

Importance of HRP

- Future Personnel needs :-

 HRP gives the number and type of people required in the coming period. When these numbers are adhered to, organizations will be assured of the right number and the right type of employees. In the absence of HRP, organizations tend to run the risk of shortage or problem of surplus labour force. This was the scenario post-economic reforms in India. Suddenly, organizations realized that they had excess headcount than what was required. For nearly one decade, there were downsizing, restructuring and re-layering of organizations both in public sector and private sector

- Creating highly talented personnel:-

Qualified and competent people are known for job hopping, thereby creating frequent shortages in the organisation. Manpower planning helps prevent such shortages. Furthermore, technology changes will often upgrade some jobs and degrade others

- International Strategies:-

International expansion strategies depend upon HRP. The department's ability to fill key jobs with foreign nationals and the re-assignment of employees from within or across national borders is a major challenge facing international businesses. HRP will grow increasingly important as the process of

meeting staffing needs from foreign countries and the attendant cultural, language, and developmental considerations grow complex. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development and career planning, the growing competition for foreign executives may lead to expensive and strategically-disruptive turnover among key decision makers

➤ Foundation of personnel function:-

HRP document is of great help in preparing job description and job specification and also in employee hiring. The fundamental duty of any HR department is to hire right people for right jobs. The perfect match between job and ability can be ensured when there is clarity about the competencies expected of a hiree. HRP provides this clarity. It provides enough inputs for the training department to design an appropriate training programme. HRP exercise shall be useful to review compensation practices and packages which would help attract and retain talent. Benefits and incentives may also be reviewed in the light of the HRP document.

• Resistance to change and move

There is a growing resistance among employees to change and move. There is also a growing emphasis on self-evaluation and on evaluation of loyalty and dedication to the organisation. All these changes are making it more difficult for the organisation to assume that it can move its employees around anywhere and anytime it wants, thus increasing the importance and necessity of planning ahead.
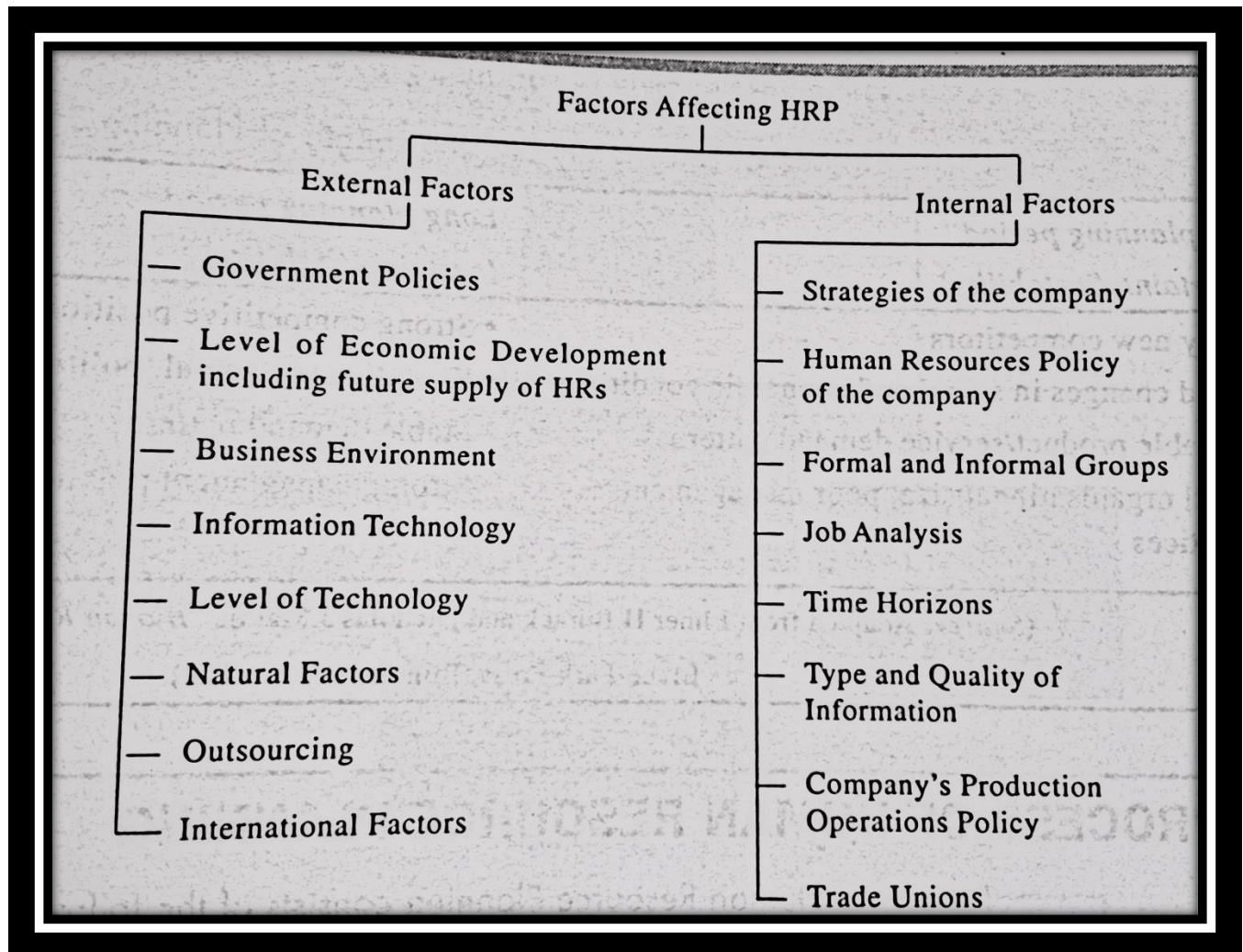
|__Future Personnel needs

|__ Creating highly talented personnel

|__ International Strategies

|__ Foundation of personnel function

|__ Resistance to change and move

```
                          Factors Affecting HRP

        External Factors                                Internal Factors

        — Government Policies                — Strategies of the company

        — Level of Economic Development      — Human Resources Policy
          including future supply of HRs       of the company

        — Business Environment               — Formal and Informal Groups

        — Information Technology             — Job Analysis

        — Level of Technology                — Time Horizons

        — Natural Factors                    — Type and Quality of
                                               Information
        — Outsourcing
                                             — Company's Production
        — International Factors               Operations Policy

                                             — Trade Unions
```

External factors

- **Government policies**:- labor policies, industrial relation policies, reservation policies

- **Level of economic development** : it depends on the level of HRD and availability of human resource in future in the country

- **Business environment**: competitor, volume , product mix etc

- **Information technology:** Reengineering, ERP, SCM, causes reduction in human resource

- **Level of technology** : determines the kind of human resource required

- **International factors:** demand and supply of human resource in various countries

- **Out sourcing:** availability of outsourcing facilities with required skills and knowledge.

- **Environmental factors** : political, social, economical changes, environmental uncertainties, it directly affects on Recruitment, selection

Internal Factors

Company policies and strategies: Recruitment policies (Diversification, alliance, expansion), transfer policies, promotion policies etc
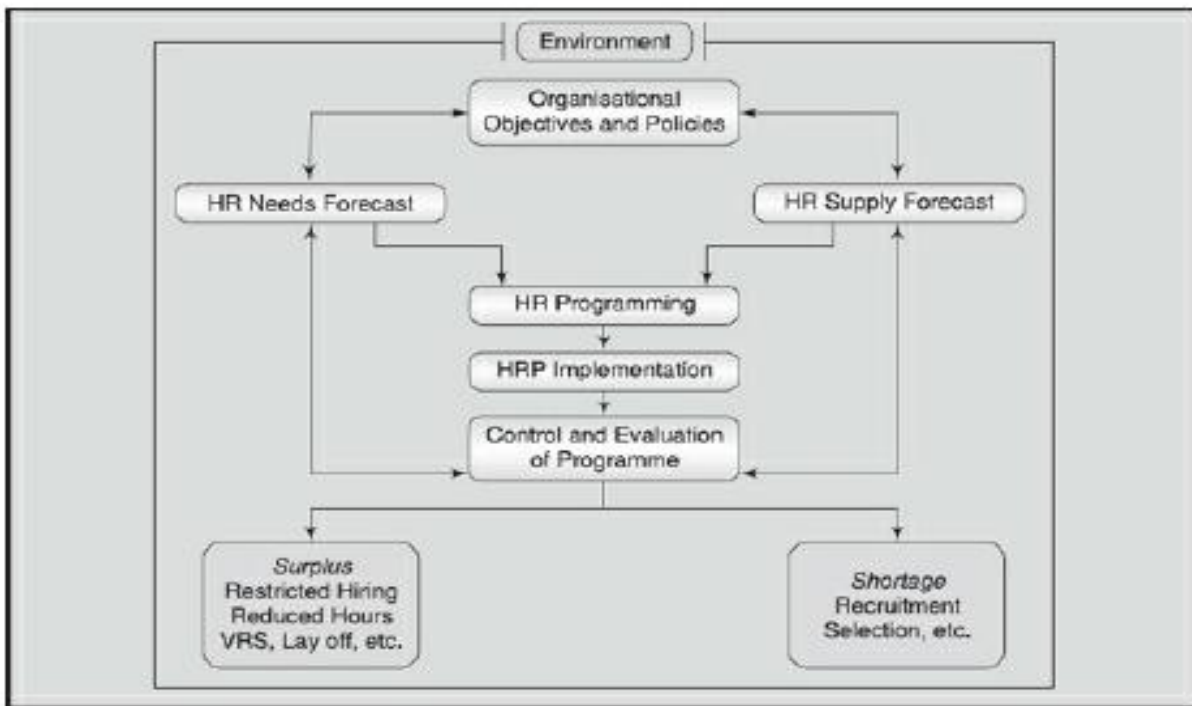
HR Policies : Quality of HR Compensation, Quality of Work Life

Job analysis: It determines the kind of employee required

Company production/ Operation Policies: wrt Inventory, outsourcing,

Trade Union: Number of working hours, recruitment source

HRP Process

Fig. 4.4 *The HRP Process*

0. Environmental Scanning -

Environmental scanning refers to the systematic monitoring of the external forces influencing the organisation. Managers monitor several forces but the following are pertinent for HRP:

- Economic factors, including general and regional conditions.

- Technological changes, including robotics and automation.

- Demographic changes, including age, composition and literacy.

- Political and legislative issues, including laws and administrative rulings.

- Social concerns, including child care, and educational facilities and priorities.

By scanning the environment for changes that will affect an organisation, managers can anticipate their impact and make adjustments early.

1. Organizational objectives and policies-:

- HR plans need to be based on org objectives, this implies that the objectives of the HR plan must be derived from Org objectives.

- Policies wrt production plan, technical plan, plan for expansion, diversification, marketing plan, financial plan, promotions, recruitment policies

- In developing these objectives, specific policies need to be formulated to address the following questions:

1. Are vacancies to be filled by promotions from within or hiring from outside?
2. How do the training and development objectives interface with the HRP objectives?
3. What union constraints are encountered in HRP and what policies are needed to handle these constraints?
4. How to enrich employee's job? Should the routine and boring jobs continue or be eliminated?
5. How to downsize the organisation to make it more competitive?
6. To what extent production and operations be automated and what can be done about those displaced?
7. How to ensure continuous availability of adaptive and flexible workforce?

2. HR Demand(Needs) forecast
The process of estimating the future quantity and quality of people required.

➤ The basis of forecast will be annual budget and long term corporate plans.
➤ Demand forecasting must consider several factors like **internal** (Budget constraints, employee separations, production level, new product, organization structure) and **external** (Competition, economic climate, rules and regulation, change in technology, social factors).
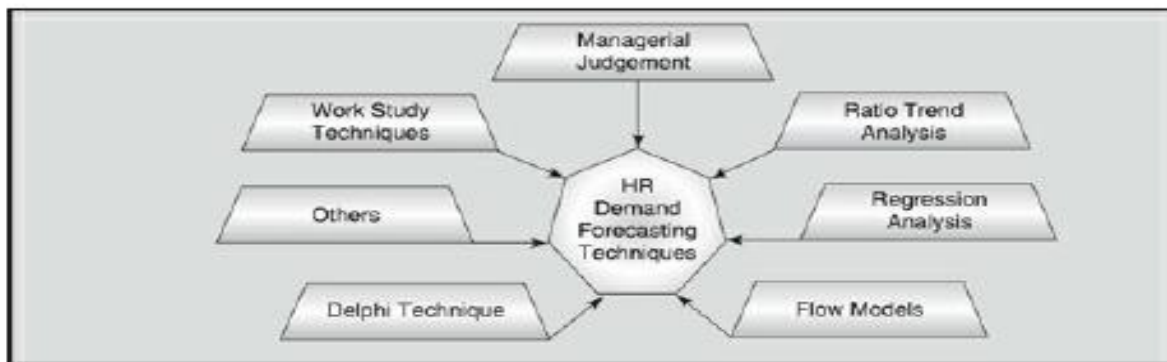
Uses of HR Demand forecasting
- It helps to quantify the required number of man power
- It helps to determine what type of staff mix is required in future

- Assess appropriate staffing levels in different parts of the organisation so as to avoid unnecessary costs
- It helps to reduce both shortage and excess
- Monitor compliance with legal requirements with regard to reservation of jobs.

Methods of Manpower Forecasting

1. Managerial judgment method
2. Ratio and trend analysis
3. Regression analysis
4. Work study methods
5. Delphi techniques
6. Flow models
7. Others

Fig. 4.5 Techniques of HR Demand Forecasting

1. Managerial judgment method

- This technique is very simple. In this, managers sit together, discuss and arrive at a figure which would be the future demand for labour.
- The technique may involve a 'bottom-up' or a 'top-down' approach. In the first, line managers submit their departmental proposals to top managers who arrive at the company forecasts. In the 'top-down' approach, top managers prepare company and departmental forecasts. These forecasts are reviewed with departmental heads and agreed upon.
- Neither of these approaches is accurate—a combination of the two could yield positive results.

2. Ratio trend analysis

- It involves studying past ratio between the **number of workers and sales** and forecasting future by considering some allowance (uncertainties)
- Eg : for 1000 units --- 25 employees
      2000 units --- 50 employees

3. Regression analysis

This is similar to ratio-trend analysis in that forecast is based on the relationship between sales volume and employee size. However, regression analysis is more statistically sophisticated. A firm first draws a diagram depicting the relationship between sales and workforce size. It then calculates

regression line—a line that cuts right through the center of the points on the diagram. By observing the regression line, one can find out number of employees required at each volume of sales.

It is a mathematical model **(Y = M*x + C)**

$$Y = \text{Employee size}$$
$$X = \text{sales volume}$$

Scatterplot of Y vs X
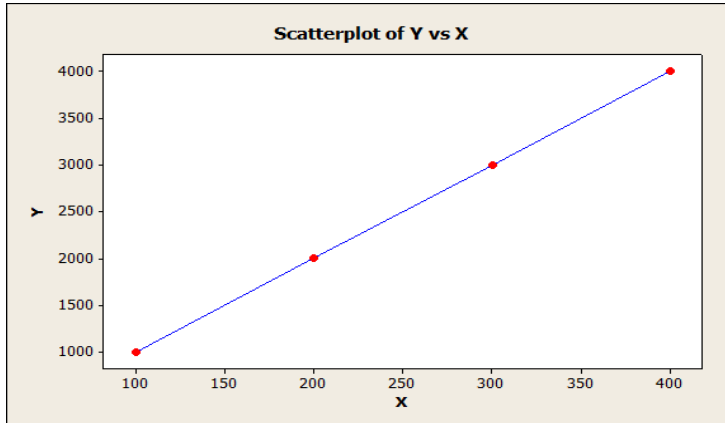
4. **Work study technique**

- These methods are applied only when it is possible to apply work measurement (time)
- In this method, it is possible to calculate standard hours per product, by multiplying standard hour per product by total production volume of company we get total productive hours .
- By dividing the total productive hours by standard productive hours per man per year , we get the number of employees required.

- Production budgets are prepared in terms of volume and salable product

Eg :

Production in 2015 --- 10,000 units

Time required per unit --- 150 hours

Standard productive hours/ man /year = 2000 hours

Number of employees required = (10000*150)/ 2000   = 750 employees

5. **Delphi Technique**

- Named after the ancient Greek Oracle at the city of Delphi
- A group of experts (Managers) are involved in the HR forecasting
- HRP experts acts as a intermediaries, they summarize the various responses and report the findings back to the experts.
- Experts will review again after the receiving the feedback
- This process is continued till a common conclusion is drawn
- The distinguishing feature of the Delphi technique is the absence of interaction among experts.

6. **Flow models**

Flow models are very frequently associated with forecasting personnel needs. The simplest one is called the Markov model. In this technique, the forecasters will
1. Determine the time that should be covered. Shorter lengths of time are generally more accurate than longer ones. However, the time horizon depends on the length of the HR plan which, in turn, is determined by the strategic plan of the organisation.
2. Establish categories, also called *states*, to which employees can be assigned. The number of states can neither be too large nor too small.
3. Count annual movements among states for several time periods. Losses include death or disability, absences, resignations and retirements. Gains include hiring, rehiring, transfer and movement by position level.
4. Estimate the probability of transitions from one state to another based on past trends. Demand is a function of replacing those who make a transition.

7. Other forecasting methods

- **New venture analysis**

This technique requires planners to estimate HR needs in line with companies that perform similar operations. For example, a petroleum company that plans to open a coal mine can estimate its future employment needs by determining employment levels of other coal mines.
- **Mathematical models**

$$E_n = \frac{(Lagg + G_n)^{1/x}}{y}$$

En is the estimated level of personnel demand in *n* planning periods (e.g. years).
Lagg is the overall business activity in rupees.
Gn is the total growth period *n* in today's rupees.
x is the average productivity (e.g. if *x* = 1.08, it means an average productivity improvement of 8 per cent).
y it reflects the level of business activity per person.
- The main purpose of this model is to predict *En*, the level of personnel(employs).

3. HR Supply Forecast

- Supply forecast determines whether the HR department will be able to procure the required number of personnel. Specifically, supply forecast measures the number of people likely to be available from within and outside an organisation.
- HR supply forecasting helps to quantify the number of people and position expected in future to achieve organizational goals
- Helps to clarify likely staff mixes that will exist in future
- It helps to assess existing staffing levels in different parts of the organization
- Prevents shortage of man power
- HR Forecasting consists of three factors to analyze the supply

1. Existing Resource
2. Internal Source Supply
3. External source supply

1. Existing Resource
- HR audits gives clear picture of employees strength and weakness
- HR audits summaries skills and abilities of each employee
- Audit of non managers is known as skill inventories
- Audit of managers is called as management inventories

2. Internal Source Supply
a. Inflows and outflows:- Transfer, promotion, Resignation, discharge, demotions, retirements etc
b. Turnover rate
c. Conditions of work and absenteeism:- Over Time, Length of working hours during normal and holidays, retirement policy
d. Productivity level :-Any change in productivity would affect the number of persons required per unit of output. Increase in productivity will reduce the requirement, and decrease in it would have the opposite effect.
e. Movement among jobs : promotion , transfer

3. External supply
In addition to internal supply, the organisation needs to look out for prospective employees from external sources. External sources are important for specific reasons:
(i) new blood and new experience will be available
(ii) organisation needs to replenish lost personnel
(iii) organisational growth and diversification create the needs to use external sources to obtain additional number and type of employees.

Sources of external supply vary from industry to industry, organisation to organisation, and also from one geographical location to another. Some organisations have found that their best source of future employees are colleges and universities, while others achieve excellent results from consultants, competitors or unsolicited applications.

Skill inventories
- It is a consolidate information about non managers
- It is used to take decision regarding transfer, promotion etc
- It includes :

1. Personal data:- Age, gender, marital status

2. Skill:- education, experience, training

3. Special qualification:- Membership in professional bodies, special achievements

4. Salary and job History :- present and past salary, various jobs held, Date of last promotion

5. company data:- retirement information, seniority, benefits plan data

6. Capacity of Individual:- Score on psychological and other tests, health information

7. Special preference of individual ; Geographic location, type of job

4. HR Programming

Once the Organization HR (Needs) Demand and Supply are forecast, the two must be balanced in order that vacancies can be filled by the right employee at the right time.

5. HR plan Implementation

Implementation requires converting an HR plan into action. A series of action programmes are initiated as a part of HR plan implementation. Some such programmes are:

1. **Recruitment, Selection and Placement :** After the job vacancies are known, efforts must be made to identify sources and search for suitable candidates. The selection programme should be professionally designed and, among other considerations, special care must be taken to ensure compliance with the reservation policies of the government.
2. **Training and Development:** The training and development programme should cover the number of trainees required.
3. **Retraining and Redeployment :** New skills are to be imparted to existing staff when technology changes. When a product line is discontinued, its employees are to be retrained and redeployed to other departments where they could be gainfully employed.
4. **Managerial succession :** planning includes training programmes and series of job assignments leading to top positions.

6. Control and evaluation

Control and evaluation represents the fifth and the final phase in the HRP process

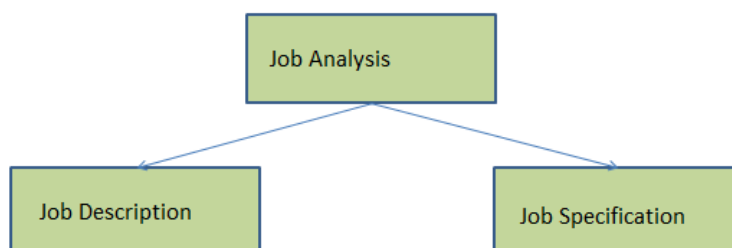HR plan should include budget, targets and standards.

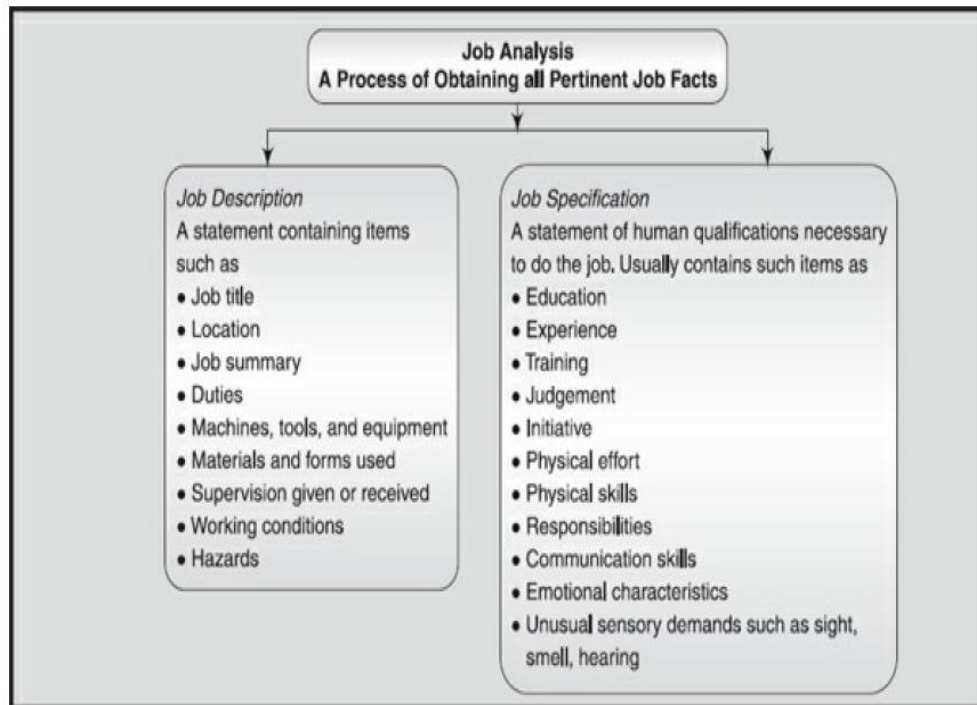Critical to have proper control and regular checks to know the achievements of HRP.

Job Analysis

Job analysis is the process of collecting job related information. Such information helps in the preparation of job description and job specification
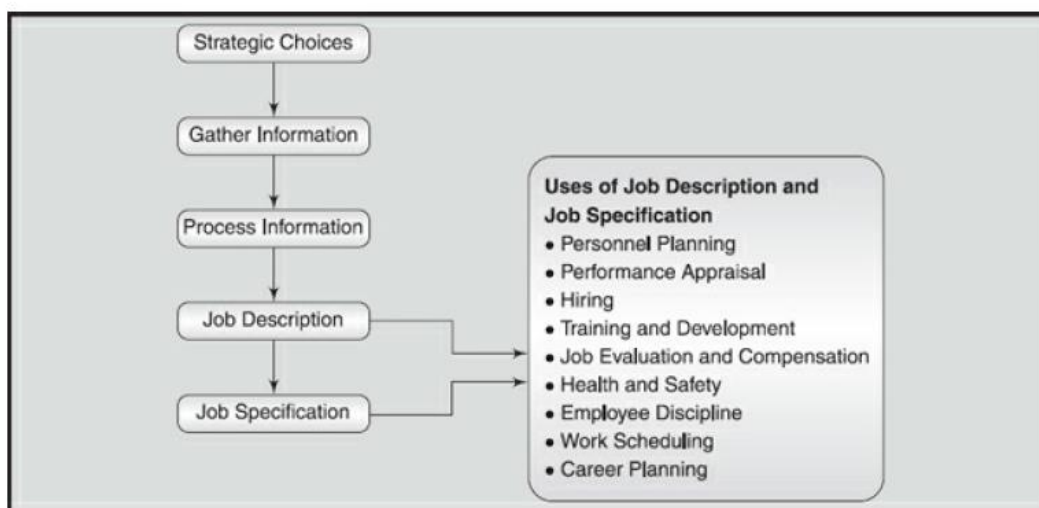
The process of job analysis results in two sets of data: (i) Job description (ii) Job specification

Job Analysis
A Process of Obtaining all Pertinent Job Facts

Job Description

A statement containing items such as
- Job title
- Location
- Job summary
- Duties
- Machines, tools, and equipment
- Materials and forms used
- Supervision given or received
- Working conditions
- Hazards

Job Specification

A statement of human qualifications necessary to do the job. Usually contains such items as
- Education
- Experience
- Training
- Judgement
- Initiative
- Physical effort
- Physical skills
- Responsibilities
- Communication skills
- Emotional characteristics
- Unusual sensory demands such as sight, smell, hearing

THE PROCESS OF JOB ANALYSIS

- Strategic Choices
- Gather Information
- Process Information
- Job Description
- Job Specification

Uses of Job Description and Job Specification
- Personnel Planning
- Performance Appraisal
- Hiring
- Training and Development
- Job Evaluation and Compensation
- Health and Safety
- Employee Discipline
- Work Scheduling
- Career Planning

Fig. 5.2 *Process of Job Analysis*

1. Strategic Choices

With regard to job analysis, an organisation is required to make atleast five choices:

1. The extent of employee involvement in job analysis.
2. The level of details of the analysis.
3. Timing and frequency of analysis.
4. Past-oriented *versus* future-oriented job analysis.
5. Sources of job data.

2. Gather information

This step involves decisions on three issues, viz;

1. What type of data is to be collected?
2. What methods are to be employed for data collection?
3. Who should collect the data?

3. Process Information

Once the job information has been collected, it needs to be processed, so that it would be useful in various personnel functions. Specifically, job-related data would be useful to prepare job description and job specification

4. Job Description

Job analyst has to write the job description after consulting the worker and supervisor.

- After writing preliminary draft, job analyst gets feedback, comments and criticism from worker and supervisor before preparing the final draft.

The content of Job description:

1. **Job title**
2. **Location**
3. **Job summary**
4. **Duties**
5. **Machines, tools, and equipment**
6. **Materials and forms used**
7. **Supervision given or received**
8. **Working conditions**
9. **Hazards**
10. **Salary level**
11. **Definitions of unusual terms**
12. **Condition of Work**
13. **T & D facilities**
14. **Promotional chances and channels**

- It tells us what should be done, why it should be done and where it should be performed

5. Job specification

- It is a written statement of qualifications, traits, physical and mental characteristics that an individual must possess to perform the job duties and discharge responsibilities effectively

- Job specification information's

  1. Physical specification :- Strength, height , weight …
  2. Mental Specification : ability to plan , read circuits …
  3. Emotional and social specification :stability, flexibility HR relationship…
  4. Behavioral specification: self reliance ….

Questions

1. Define HR Planning

2. Explain importance of HR Planning

3. Explain the process of HRP

4. Explain the advantages of HRP

5. Explain the factors effects on HRP

6. Explain the different methods of HR Need forecasting

7. Explain the different methods of HR Supply forecasting

8. Explain Job Analysis

9. Explain job Descriptions

10. Explain job Specification

11. Explain skill inventory and Management inventory