

UNIT -2 THE CONCEPT BEST FIT EMPLOYEE

Importance of Human Resource Planning – Forecasting human resource requirement
–matching supply and demand - Internal and External sources. Recruitment - Selection
– induction – Socialization benefits.

Need and Importance:

I. Assessing Future Personnel Needs:

Whether there is a labour shortage or surplus, it paints a picture of poor planning or no planning in an organisation. Many businesses, especially public sector units (PSUs) in India, are struggling with a labour shortage. Because of the excess labour, businesses later provide programmes like the Voluntary Retirement Scheme (VRS) to get rid of the extra workers.

II. Foundation for Other HRM Functions:

HRP is the first step in all HRM functions. So, HRP provides the essential information needed for the other HRM functions like recruitment, selection, training and development, promotion, etc.

III. Coping with Change:

Changes in the business environment like competition, technology, government guidelines, global market, etc. bring changes in the nature of the job. This means changes in the demand of personnel, content of job, qualification and experience needed. HRP helps the organization in adjusting to new changes.

IV. Investment Perspective:

As a result of change in the mindset of management, investment in human resources is viewed as a better concept in the long run success of the enterprise. Human assets can increase in value as opposed to physical assets. Thus, HRP is considered important for the proper planning of future employees.

Expansion and Diversification Plans:

During the expansion and diversification drives, more employees at various levels are needed. Through proper HRP, an organization comes to know about the exact requirement of personnel in future plans.

V. Employee Turnover:

Every organization suffers from the small turnover of labour, sometime or the other. This is high among young graduates in the private sector. This necessitates again doing manpower planning for further recruiting and hiring.

VI. Conformity with Government Guidelines:

In order to protect the weaker sections of the society, the Indian Government has prescribed some norms for organizations to follow. For example, reservations for SC/ST, BC, physically handicapped, ex-servicemen, etc. in the jobs.

VII. International Expansion Strategies:

International expansion strategies of an organization depend upon HRP. Under International Human Resource Management (IHRM), HRP becomes more challenging. An organization may want to fill the foreign subsidiary's key positions from its home country employees or from host-country or from a third country.

FEATURES OF HUMAN RESOURCE PLANNING

- a) **It is future oriented:** Human Resource Planning is forward-looking. It involves forecasting the manpower needs for a future period so that adequate and timely provisions may be made to meet the needs.
- b) **It is a continuous process:** Human Resource Planning is a continuous process because the demand and supply of Human Resource keeps fluctuating throughout the year. Human Resource Planning has to be reviewed according to the needs of the organisation and changing environment.
- c) **Integral part of Corporate Planning:** Manpower planning is an integral part of corporate planning because without a corporate plan there can be no manpower planning.
- d) **Optimum utilization of resources:** The basic purpose of Human Resource Planning is to make optimum utilization of organisation's current and future human resources.
- e) **Both Qualitative and Quantitative aspect:** Human Resource Planning considers both the qualitative and quantitative aspects of Human Resource Management, 'Quantitative' meaning the right number of people and 'Qualitative' implying the right quality of manpower required in the organisation.
- f) **Long term and Short term:** Human Resource Planning is both Long-term and short-term in nature. Just like planning which is long-term and short-term depending on the need of the hour, Human Resource Planning keeps long-term goals and short-term goals in view while predicting and forecasting the demand and supply of Human Resource.

HUMAN RESOURCE PLANNING – OBJECTIVES:

- (i) Proper assessment of human resources needs in future.
- (ii) Anticipation of deficient or surplus manpower and taking the corrective action.
- (iii) To create a highly talented workforce in the organization.
- (iv) To protect the weaker sections of the society.
- (v) To manage the challenges in the organization due to modernization, restructuring and re-engineering.
- (vi) To facilitate the realization of the organization's objectives by providing right number and types of personnel.
- (vii) To reduce the costs associated with personnel by proper planning.
- (viii) To determine the future skill requirements of the organization.

- (ix) To plan careers for individual employee.
- (x) Providing a better view of HR dimensions to top management.
- (xi) Determining the training and development needs of employees.

HUMAN RESOURCE PLAN – FACTORS:

Several factors affect HRP. These factors can be classified into external factors and internal factors.

External Factors:

- i. Government Policies** – Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of the soil, etc. affect the HRP.
- ii. Level of Economic Development** – Level of economic development determines the level of HRD in the country and thereby the supply of human resources in the future in the country.
- iii. Business Environment** – External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.
- iv. Level of Technology** – Level of technology determines the kind of human resources required.
- v. International Factors** – International factors like the demand for resources and supply of human resources in various countries.
- vi. Outsourcing** – Availability of outsourcing facilities with required skills and knowledge of people reduces the dependency on HRP

Internal Factors:

- i. Company policies and strategies** – Company policies and strategies relating to expansion, diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.
- ii. Human resource policies** – Human resources policies of the company regarding quality of human resource, compensation level, quality of work-life, etc., influences human resource plan.
- ii. Job analysis** – Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.

iii. Time horizons – Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short-term range.

iv. Type and quality of information – Any planning process needs qualitative and accurate information. This is more so with human resource plan; strategic, organisational and specific information.

v. Company's production operations policy – Company's policy regarding how much to produce and how much to buy from outside to prepare a final product influence the number and kind of people required.

vi. Trade unions – Influence of trade unions regarding number of working hours per week, recruitment sources, etc., affect the HRP.

