



Human Resource Management

Unit – 2

Human Resource Planning

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Human Resource Planning

Human Resource Planning (HRP) is the process of forecasting the future human resource requirements of the organization and determining as to how the existing human resource capacity of the organization can be utilized to fulfill these requirements. It, thus, focuses on the basic economic concept of demand and supply in context to the human resource capacity of the organization.

It is the HRP process which helps the management of the organization in meeting the future demand of human resource in the organization with the supply of the appropriate people in appropriate numbers at the appropriate time and place. Further, it is only after proper analysis of the HR requirements can the process of recruitment and selection be initiated by the management. Also, HRP is essential in successfully achieving the strategies and objectives of organization. In fact, with the element of strategies and long term objectives of the organization being widely associated with human resource planning these days, HR Planning has now became Strategic HR Planning



HR Planning, thus, help the organization in many ways as follows:

- HR managers are in a stage of anticipating the workforce requirements rather than getting surprised by the change of events
- Prevent the business from falling into the trap of shifting workforce market, a common concern among all industries and sectors
- Work proactively as the expansion in the workforce market is not always in conjunction with the workforce requirement of the organization in terms of professional experience, talent needs, skills, etc.
- Organizations in growth phase may face the challenge of meeting the need for critical set of skills, competencies and talent to meet their strategic objectives so they can stand well-prepared to meet the HR needs
- Considering the organizational goals, HR Planning allows the identification, selection and development of required talent or competency within the organization.

It is, therefore, suitable on the part of the organization to opt for HR Planning to prevent any unnecessary hurdles in its workforce needs. An HR Consulting Firm can provide the organization with a comprehensive HR assessment and planning to meet its future requirements in the most cost-effective and timely manner.



An HR Planning process simply involves the following four broad steps:

- **Current HR Supply:** Assessment of the current human resource availability in the organization is the foremost step in HR Planning. It includes a comprehensive study of the human resource strength of the organization in terms of numbers, skills, talents, competencies, qualifications, experience, age, tenures, performance ratings, designations, grades, compensations, benefits, etc. At this stage, the consultants may conduct extensive interviews with the managers to understand the critical HR issues they face and workforce capabilities they consider basic or crucial for various business processes.
- **Future HR Demand:** Analysis of the future workforce requirements of the business is the second step in HR Planning. All the known HR variables like attrition, lay-offs, foreseeable vacancies, retirements, promotions, pre-set transfers, etc. are taken into consideration while determining future HR demand. Further, certain unknown workforce variables like competitive factors, resignations, abrupt transfers or dismissals are also included in the scope of analysis.

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- **Demand Forecast:** Next step is to match the current supply with the future demand of HR, and create a demand forecast. Here, it is also essential to understand the business strategy and objectives in the long run so that the workforce demand forecast is such that it is aligned to the organizational goals.
- **HR Sourcing Strategy and Implementation:** After reviewing the gaps in the HR supply and demand, the HR Consulting Firm develops plans to meet these gaps as per the demand forecast created by them. This may include conducting communication programs with employees, relocation, talent acquisition, recruitment and outsourcing, talent management, training and coaching, and revision of policies. The plans are, then, implemented taking into confidence the managers so as to make the process of execution smooth and efficient. Here, it is important to note that all the regulatory and legal compliances are being followed by the consultants to prevent any untoward situation coming from the employees.



Advantages of manpower planning:

- (i) **It Reduces Personnel Costs:** It reduces personnel costs, because of management's ability to anticipate shortages or surpluses of manpower and correct these imbalances before they become unmanageable and expensive.
- (ii) **To Plan the Development of the Employees:** A better basis for planning employees development that is designed to take optimum use of worker's attitudes within the organization.
- (iii) **Manpower Inventory:** Personnel or manpower inventory can provide information to management for the interval succession of managerial personnel if there is a turnover which is not anticipated.
- (iv) **It Helps in Formulating Managerial Succession Plans:** Manpower planning helps in formulating managerial succession plans as a part of the replacement planning process which is a necessitated when job change plans for managers are formulated.
- (v) **Thorough Performance Appraisal and Identification:** Manpower planning enables thorough performance appraisals, identification of gaps of the existing manpower so that corrective training could be imparted. Thus, the training program becomes more effective.
- (vi) **Improvement in Business Planning Process:** Further, it leads to the improvement of business planning process.
- (vii) **Employment Opportunities:** More employment opportunities including women and minority groups in future growth plans and identifying the specific development or training program needed today to make specific skills available tomorrow.
- (viii) **Greater Awareness Among Workers:** Greater awareness among workers is the importance of sound manpower management throughout at all levels of the organization.



RECRUITMENT

- **Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.** When more persons apply for jobs then there will be a scope for recruiting better persons. The jobseekers too, on the other hand, are in search of organizations offering them employment opportunities. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.
- In the words of Yoder, “Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force”. Recruitment is the process which prompts people to offer for selection in an organization. This involves locating sources of manpower to meet job requirements. It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization.

Factors Affecting Recruitment



Every organization, big or small, has to engage in recruitment of persons. A number of factors influence this process. Some factors have been discussed as follows:

1. Size of Organization: The number of persons to be recruited will depend upon the size of an organization. A big enterprise needs more persons at regular intervals while a small undertaking employs sometimes only. A big business house will always be in touch with sources of supply and shall try to attract more and more persons for making a proper selection. It can afford to spend more amount in locating prospective candidates. So the size of an enterprise will influence the process of recruitment.

2. Employment Conditions: The employment conditions in a country greatly influence recruitment process. In underdeveloped countries, employment opportunities are limited and there is no dearth of prospective candidates. At the same time suitable candidates may not be available because of lack of educational and technical facilities. In India, the availability of persons for white collar jobs is large whereas the supply of technical persons is limited. If the supply of persons is more, then selection from large number becomes easy.

3. Salary Structure and Working Conditions: The wages offered and working conditions prevailing in an enterprise greatly influence the supply of personnel. If higher wages are paid as compared to similar concerns then the organization will not face any difficulty in making recruitments. A concern offering low wages will always face problem of labour turnover.

The working conditions in an organization will determine job satisfaction of employees. An enterprise offering good working conditions like proper sanitation, lighting, ventilation, etc. will give more job satisfaction to employees and they may not like to leave their present jobs. On the other hand, if employees leave the jobs due to unsatisfactory working conditions there will be a need for recruitment of more persons.

• **4. Rate of Growth:** The growth rate of an enterprise also influences recruitment process. An expanding concern will require regular employment of new employees. There will also be promotions of existing employees to higher jobs necessitating the filling up of those vacancies. A stagnant enterprise will recruit persons only when present incumbent vacates his position on retirement, etc.

SOURCES OF RECRUITMENT



In general there are two sources of recruitment:

I Internal sources

II External sources

I Internal Sources: Internal source is one of the important sources of recruitment. The employees already working in the organization may be more suitable for higher jobs than those recruited from outside. The present employees may help in the recruitment of new persons also. Internal sources are discussed as follows:

- 1. Transfers:** Transfer involves shifting of persons from present jobs to other similar places. These do not involve any change in rank, responsibility and prestige. The number of persons does not increase with transfers but vacant posts may be attended to.
- 2. Promotions:** Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more salaries. The higher positions falling vacant may be filled up from within the organization. A promotion does not increase the number of persons in the organization. A person going to get a higher position will vacate his present position. Promotion avenues motivate employees to improve their performance so that they get promotions to higher positions.

Merits of Internal Sources



- 1. Improves Morale:** The internal sources of recruitment will boost morale of employees. They are assured of higher positions whenever vacancies arise. Existing employees are given preference in promotions. Outsiders are employed only when suitable candidates are not available from within.
- 2. Proper Evaluation:** The management is in a better position to evaluate the performance of existing employees before considering them for higher positions. An outsider employed just on the basis of an interview may not prove suitable later on. The service records of existing employees will be a guide to study their suitability for ensuring vacancies.
- 3. Economical:** The method of internal recruitment is economical also. The cost in selecting a person is saved. Moreover, internal candidates do not require any training since they are well acquainted with various jobs in the organization.
- 4. Promotes Loyalty:** Internal sources of recruitment promote loyalty among employees. They are preferred to consider at the time of filling up higher positions. They will feel a part and parcel of the organization and will always try to promote its interests.



Demerits of Internal Sources

- 1. Limited Options:** The recruitment of only internal candidates restricts the choice of management. The present employees may not be suitable to take up positions of higher responsibility but there will be no option. A person will be selected only out of the available candidates. The outside candidates, even though they may be suitable, will not get a chance to show their talent. Internal sources may dry up in the meantime and filling up of higher positions will become a problem.

- 2. Lack of Originality:** The present employees may not be able to bring new ideas. They will be accustomed to carryon things in the same old ways. New persons will bring fresh thinking and new methods may be tried.



EXTERNAL SOURCES

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable.' More persons are needed when expansions are undertaken. External methods are discussed as follows:

1. Advertisement: Advertisement is the best method of recruiting persons for higher and experienced jobs. The advertisements are given in local or national press, trade or professional journals. The requirements of jobs are given in the advertisement. The prospective candidates evaluate themselves against the requirements of jobs before sending their applications. Management gets a wider range of candidates for selection.

2. Employment Exchanges: Employment exchanges run by the government are also a good source of recruitment. Unemployed persons get themselves registered with these exchanges. The vacancies may be notified with the exchanges, whenever there is need. The exchange supplies a list of candidates fulfilling required qualifications. Exchanges are a suitable source of recruitment for filling unskilled, semi-skilled, skilled and operative posts. The job-seekers and job-givers are brought into contact by the employment exchanges.

Private agencies also helping in recruiting qualified and experienced. persons. These agencies remain in contact with employees and persons seeking change in jobs for higher posts.

3. Educational Institutions: The jobs in trade and industry are becoming technical and complex. These jobs require certain amount of educational and technical qualifications. The employers maintain a close liaison .with universities and technical institutions. The students are spotted during the course of their studies. The students are assured of jobs on the completion of their studies. Junior level executives or managerial trainees may be recruited in this way.



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4. Unsolicited Applicants: Persons in search of employment may contact employers through telephone, by post or in person. Generally, employers with good reputation get more and unsolicited applications. If an opening is there or is likely to be there then these persons are considered for such jobs. Personnel department may maintain a record of unsolicited applications. When jobs suitable for those persons are available those are considered for employment.

5. Casual Callers: Management may appoint persons who casually call on them for meeting short-term demands. This will avoid following a regular procedure of selection. These persons are appointed for short periods only. They need not be paid retrenchment or lay off allowance. This method of recruitment is economical because management does not incur a liability in pensions, insurance and fringe benefits.

6. Labour Contractors: It is quite common to engage contractors for the supply of labour, when workers are required for short periods and are hired without going through the full procedure of selection etc. Contractors or jobbers are the best source of getting them. The contractors maintain regular contracts with workers at their places and also bring them to the cities at their own expense. The persons hired under this system are generally unskilled workers.



Merits of External Sources

- I. Availability of Suitable Persons:** Internal sources, sometimes, may not be able to supply suitable persons from within. External sources will give a wide choice for selection to the management. A large number of applicants may be willing to join the organisation. They will also be suitable as per the requirements of skills, training and education.
- 2. Brings New Ideas:** The selection of persons from outside sources will have the benefit of new ideas. The persons having experience in other concerns will be able to suggest new things and methods. This will keep the organisation in a competitive position. The present employees may not be able to infuse new thinking because their ways of thinking will remain the same.



Demerits of External Sources

- 1. Demoralization:** When new persons from outside join the organization then present employees feel demoralized because these positions should have gone to them. There will be a heart burning among old employees. Some employees may even leave the enterprise to find out better avenues in other concerns.
- 2. Lack of Co-operation:** The old staff may not co-operate with the new employees because they feel that their right has been snatched away by them. This problem will be acute especially when persons for higher positions are recruited from outside.
- 3. Expensive:** The process of recruiting from outside is very expensive. It starts with giving costly advertisements in the media and then arranging written tests and conducting interviews. Inspite of all this if suitable persons are not available among the applicants then the whole process will have to be repeated.
- 4. Problem of Maladjustment:** There may be a possibility that the new entrants have not been able to adjust in the new environment. They may not temperamentally adjust with the new persons. In such cases either the persons may leave themselves or management may have to replace them. These things have adverse effect on the working of the organisation.

SELECTION



INTRODUCTION

Selection involves screening or evaluation of applicants to identify those who are best-suited to perform the jobs which have fallen vacant in an organization. It divides the candidates who offer themselves for appointment into two categories, namely those who will be employed and those who will not be employed. It is the process of rejecting unsuitable candidates to choose the few suitable applicants. Therefore, selection is frequently described as a negative process as compared to the positive process of recruitment. Under selection, the qualifications and experience of every candidate are compared with job requirements and with those of other candidates. The basic purpose of selection is to choose the right type of candidates to fill up vacancies in the organization. Selection involves the matching of the qualities of candidates with the requirements of a job.

Significance of Selection

Selection of employees is very important because the costs of induction and training have increased and it is very difficult to terminate the services of an employee once he is confirmed on the job. If the right type of persons are not selected, the employer will have to suffer a huge loss in terms of quantity and quality of work. Selection of employees must be done very carefully because mistakes in selection may prove to be very costly later on. If the selection function is not performed efficiently, labour absenteeism and turnover will be high. If unsuitable candidates are employed, the efficiency of the organization will go down. Such persons will be frequently absent from work and they will shirk their jobs. Very often, unsuitable employees have to leave the organization. This will result in waste of time, energy and money spent on hiring and training such employees.



SELECTION TECHNIQUES

These techniques are typically referred to as predictors because they help in distinguishing between ‘good’ and ‘poor’ workers by predicting their future job success. Following are some common selection techniques:

- 1. Initial Screening:** The initial screening and/or preliminary interview is undertaken to limit the costs of selection by letting only suitable candidates go through the further stages in selection. At this stage, usually a junior executive either screens all enquiries for positions against specified norms (in terms of age, qualifications and experience) through preliminary interview where information is exchanged about the job, the applicant and the mutual expectations of the individual and the organization. If the organization finds the candidate suitable, an application form, prescribed for the purpose, is given to these candidates to fill.
- 2. Application Form:** The application form is usually designed to obtain information on various aspects of the applicant’s social, demographic, academic and work-related background and references. The forms may vary for different positions. Some organizations may not have any form specially designed, and instead ask the candidates to write applications on a plain sheet. It is important to determine what kind of information can and needs to be asked. It is equally important to know that asking for certain types of information relating to race, caste, religion and place of birth may be regarded as evidence of possible discrimination in the selection process.

The application form should provide for all the basic information an organization needs to determine whether a candidate can be considered for the position he/she is applying for and also to provide the inputs to start the interview. It also serves as the basis to screen and reject candidates if they do not meet the eligibility criteria relating to qualifications, experience, etc.



3. Employment Tests: A test is a sample of an aspect of an individual's behavior, performance or attitude. It also provides a systematic basis for comparing the behavior, performance or attitude of two or more persons. Tests serve as a screening device and provide supplementary inputs in selection decisions. Their value lies in the fact that they serve as additional predictors intended to make selection decisions more apt and- accurate. Several types of tests are used in the selection of personnel. Some of the employment tests are discussed below:

a) Intelligence Tests: These are tests to measure one's intelligence or qualities of understanding. They are also referred to as tests of mental ability. The traits of intelligence measured include: reasoning, verbal and non-verbal fluency, comprehension, numerical, memory and spatial relations ability.

(b) Aptitude tests: Aptitude refers to one's natural propensity or talent or ability to acquire a particular skill. While intelligence is a general trait, aptitude refers to a more specific capacity or potential. It could relate to mechanical dexterity, clerical, linguistic, musical, academic, etc.

Most aptitude tests are so standardized that they are not specific to any particular job. However, they are general enough to be used in different job situations. Certain types of aptitude tests called psychomotor tests measure hand and eye coordination and manipulative skills. There are other types of aptitude tests to measure personal (how to decide for themselves appropriately in time) and interpersonal (social relations) competence.



(c) Achievement tests: These are proficiency tests to measure one's skill or acquired knowledge. The paper and pencil tests may seek to test a person's knowledge about a particular subject. But there is no guarantee that a person who knows most also performs best. Work sample tests or performance tests using actual task and working conditions (than simulated one's) provide standardized measures of behaviour to assess the ability to perform than merely the ability to know. Work sample tests are most appropriate for testing abilities in such skills as typing, stenography and technical trades. Work sample tests bear demonstrable relationship between test content and job performance.

(d) Personality, Interests, Preferences (PIP) Tests: PIP tests are those which seek to measure one's personality, interests and preferences. These tests are designed to understand the relationship between anyone of these and certain types of jobs. Tests of one's personality traits or characteristics are sometimes referred to as personality inventories. These tests help evaluate characteristics such as maturity, sociability, objectivity, etc. Unlike tests, however, inventories do not have right or wrong answers. Personality inventories aid in selection decisions and are used for associating certain set of traits with salespersons and certain others, say, research and development personnel. Interest tests are inventories' of likes and dislikes of people towards occupations, hobbies, etc. These tests help indicate which occupations (e.g. artistic, literary, technical, scientific, etc.) are more in tune with a person's interests. Preference tests seek to match employee preferences with job and organizational characteristics.



(e) Projective Tests: These tests expect the candidates to interpret problems or situations. Responses to stimuli will be based on the values, beliefs and motives. Thematic Apperception Test is example of projective tests. In Thematic Apperception Test a set of phc shown to the candidate who is then asked to write a story on each paragraph. The test administrator will draw inferences about the values, beliefs and motives from analysis of these stories. The main criticism against such tests is that they could be unscientific and reveal the personality of the test designer/administrator more than the candidate/applicant.

(f) Other tests: A wide variety of other tests also are used, though less frequently and in rare instances. These include graphology (handwriting analysis), non-verbal communication tests (gestures, body movement, eye-contact, etc.) and lie-detector tests. Most of these tests, with the possible exception of nonverbal communication tests, are designed more to identify the negative aspects in the personality, behaviour and attitudes of a person. In the Indian context, it was found in a handful of cases, employers who have an ardent zeal for having their management practices rooted in ‘tradition and culture’, use horoscope, face reading and palmistry (hand-reading). They contend that if the person is destined to succeed he should be selected so that he will not only do good to himself but also to the organization’. They add that “traditionally marital alliances are made this way; so we can select our employees the same way and expect them to have a life-long association with us”. But, these kinds of tests are indeed very exceptional and rather unusual by the general standards.

The following could be considered as the thumb rules of selection tests:

- a) Tests are to be used as a screening device.
- b) Tests scores are not precise measures. Use tests as supplements than on stand alone basis. Each test can be assigned a weightage.
- c) Norms have to be developed for each test; and their validity and reliability for a given purpose is to be established before they are used.
- d) Tests should be designed, administered, assessed and interpreted only by trained and competent persons.



4. Employment Interview: Interview is an oral examination of candidates for employment. No selection complete without one or more interviews. Interview is the most common and core method of both obtaining information from job-seekers, and decision-making on their suitability or otherwise. Organizations may seek to make their selection process as objective as possible. But, interview, which is an essential element of the process, by and large, still remains subjective. Interviews usually take place at two crucial stages in the selection process, i.e. at the beginning and in the end. Interviews can differ in terms of their focus and format. Usually several individuals interview one applicant. This is called panel interview. Such panels usually consist of representatives from personnel department and concerned operating units/line functions. The interviews can be structured or unstructured, general or in-depth.

5. Background Investigation: The background investigation in selection process may include verification of references from past teachers, employers or public men; police verification; and, medical examination. The purpose of background investigation is to gather additional information about the mental faculties, behaviour and physical health. In India, the selection process in civil service and public sector employment involves routing of applications through present employer, reference verification, police verification and medical examination. Private sector firms do not expect the applications to be routed through present employer. They also do not normally make use of police verification though for certain top managerial positions, discrete enquiries in professional circles and/or thorough private investigators are resorted to, though seldom.

6. Physical/Medical Examination



- Physical examination or medical test of a candidate is an important step in the selection procedure. Some organizations ask for a certificate of physical fitness from a medical expert while others. insist on a medical examination of the candidate by their own panel of doctors. In some cases medical examination may be an early step in selection so as to avoid the wastage of time and expenditure in the processing of medically unfit persons.
- A proper medical examination will ensure high standards of health and physical fitness of employees and will reduce the rates of accident, absenteeism and labour turnover. The physical examination should reveal the physical characteristics of candidates that are significant from the standpoint of efficient performance of the job. The organization should appoint a qualified medical expert to certify whether the candidate is physically fit to perform the job efficiently. Minimum standards of physical fitness should be laid down according to the nature of jobs.
- Medical and physical examinations are usually resorted to by employers as part of the selection process mainly to:
- $\frac{3}{4}$ determine whether the applicant has the physical ability to carry on the duties and responsibilities effectively;
- $\frac{3}{4}$ ascertain whether the applicant has a record of health problems which can potentially affect his behaviour and performance on the job adversely;



7. Appointment Letter:

A candidate who has crossed all the hurdles in the selection procedure is formally appointed by issuing an appointment letter or by entering into a service agreement with him. Before putting the candidate on a permanent post, he is generally tried on the job for a year or two by keeping him on probation. This is because no screening device gives a complete picture of the candidate's qualities. It is only by observing a person at work that his suitability can be accurately determined. After successful completion of the probationary period, the selected candidate is confirmed. Those candidates who are found unsuitable during the probationary period may be transferred to some other jobs or they may be given time and training to improve themselves. If this is not possible, they may be sacked.

8. Placement: Placement refers to assigning responsibility to an individual, identifying him with a particular job. If the person adjusts himself to the job and continues to perform as per expectations, it might mean that the candidate is properly placed. However, if the candidate is seen to have problems in adjusting himself to the job, the superior must find out whether the person is properly placed as per the latter's aptitude and potential. Usually, placement problems arise out of wrong selection or improper placement or both. Therefore, organizations need to constantly review cases of employees performing below expectations/potential and employee related problems such as turnover, absenteeism, accidents and how far they are related to inappropriate placement decisions and remedy the situation without delay.