HUMAN RESOURCE MANAGEMENT

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Unit - III

ENVIRONMENT OF HUMAN RESOURCE MANAGEMENT

Environment of human resource management consists of several factors and each factor influences the human resource in its own way. Such factors include:

1. Demographic Environment.
2. Economic Environment.
3. Social and Cultural Environment.
4. Political and Legal Environment.
5. Technological Environment.

We shall now discuss the impact of each one of these environments in a brief manner. The diagrammatic representation of Environment of human resource management is made in Fig. 1.2.
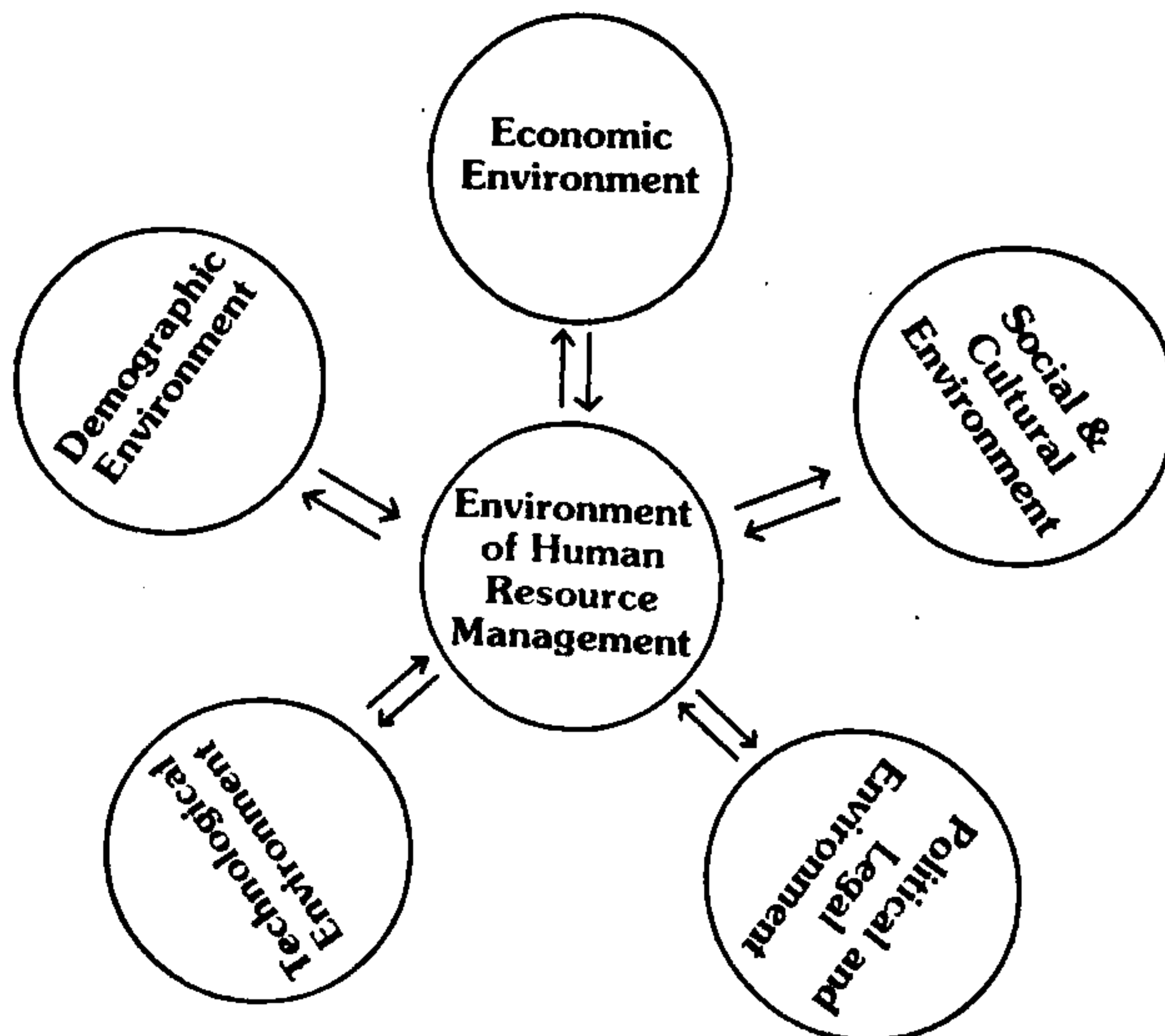

FIG. 1.2 - ENVIRONMENTAL FACTORS OF HUMAN RESOURCE MANAGEMENT

1. Demographic Environment: Demographic environment consists of various sub factors like size, age, growth, sex composition etc. of the population and educational level, language, caste, religion etc. Our population is highly heterogeneous with different religions,

languages, castes, creeds etc. Hence its impact is more in our country than any other country in the rest of the world.

The labour force is also highly heterogeneous in many respects. There has been a change in the status of labourers. Social mobility brings a mixed workforce. Recently, highly skilled workers with higher educational qualifications are employed in modern industries. They are paid attractive remuneration. They expect better working conditions, higher pay, incentives, better treatment, opportunity for their development etc.

In olden days, women were looking after the household activities. In rural areas, they were employed as agricultural and selected traditional industries like plantations etc. However, now the situation has changed. They also do higher studies and occupy higher posts in industries. They expect that they should also be treated at par with men at work place.

All these factors make the personnel management a risky and difficult job.

2. Economic Environment: India is an under developed country characterised by the slow growth and high inflation. The rate of growth in our country is 6% in 2000-2001. It suffers from unemployment problem. That is why Tenth Five-Year Plan proposed to create 50 million additional jobs during the plan period. An inequality of income and wealth is another feature of our economy. It makes the rural people to migrate from villages to cities for seeking employment opportunities. It leads to the creation of slums in urban cities. All these will lead to pollution, congestion, traffic jam, high cost of living etc. in urban areas.

In our country, population is very high and is also increasing fast. It was only 36.1 crores in 1951 but increased to 102.7 in 2001, which is about three times of the population in 1951. But the growth of industries and increase in employment opportunities were not that much high. It results to a wide gap between demand for labour and supply of labour. Labour supply is abundant in our country while the demand is comparatively less. It makes the employer to exploit the labour. People are finding very difficult to get a job. Even if they get job, it may not give them enough remuneration to meet out their basic needs. This is very common among educated people, especially among graduates who seek to get white-collar job.

Now-a-days, universities and colleges started giving importance and paying their attention to employment oriented courses i.e. vocational courses for study. While formulating a human resource management system management should look into all these aspects so that it could

understand the background of the recruits and train them accordingly to suit the post for which they are recruited.

3. Social and Cultural Environment:
Social and cultural environment is one which mould the character of the member of a particular society. It guides the people in all walks of life and teaches them the duties, which they owe to the society. It shapes the behaviour of the people. Normally, people with self-control, responsibility, god fearing, pious etc. will work at their own interest and assume necessary risk. Whereas people who are all easy going and who don't respect elders and others will never do their work sincerely, and mostly they try to avoid the work or shift the responsibility to others etc. It is clear from the above said facts that the environment in which they brought up and the culture they follow will have definite influence on the performance of the worker. Hence, the human resource management while devising their human resource recruitment policy should give due weightage to all these factors.

4. Political and Legal Environment:
India is a democratic country. It follows mixed economy as its political system. It aims at attaining socialistic pattern of society. Hence the Government of India interacts with business as a regulator, controller, coordinator, care taker, guardian, supplier, competitor as well as a customer. It has passed many legislations to regulate the working conditions and employment relations, abolish bonded labour, guarantee minimum wage, statutory bonus payment, provide social security etc.

5. Technological Environment:
In the modern world, technology is changing fast. According to the change in technology, industries are also expected to change their process, policy etc. so that they can withstand in the market. If they failed to adapt to the change in technology, their goods may be rejected due to poor quality, high cost etc. Any concern, which converts a new technology into useful products as soon as it is discovered, shall reap a rich harvest and the profit volume will be comparatively low in case of other firms, which succeed the pioneering enterprise.

However, every time concerns change technology labourers also should be trained accordingly. Otherwise, they may not be familiar with the operation. Cost of training, capability, capacity of the labourer to the new technology etc. should be considered before they adopt new technology. Labourers should be well motivated to undergo training and learn new things, new way of doing work etc. Otherwise, introduction of new technology will result in utter failure.

HRM – *Organizational factors*

What are human and organisational factors?

- People are involved in all aspects of work and keeping them safe should be a priority. Understanding human and organisational factors – *all elements within a workplace that have an impact on the people who work there* – is fundamental to keeping people safe.

- At the core of human and organisational factors are three interrelated areas that are relevant to any task. These are the:

1. **job** – what people are being asked to do (i.e. the task and its characteristics)

2. **individual** – who is doing the task (i.e. the person and their competence)

3. **organisation** – where the person is working (i.e. the organisation and its attributes).

HRM – Organizational factors

- **Why are they important?**

- Human and organisational factors affect how effectively and safely workers are able to do their jobs.

- When managed well, human and organisational factors set workers up for success. When they are poorly managed, or have not been considered, safety and productivity are compromised.

Managing human reliability means considering and optimising the factors that shape human performance.

Managing human reliability increases the likelihood of achieving desired performance outcomes and reduces the likelihood of worker error.

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Usable procedures help to ensure that the entire workforce operates from the same information.

Provision of clear, concise and accurate procedures can help prevent, control and mitigate unwanted outcomes.

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Training and competence together, can reduce errors caused by lack of knowledge and teach people behaviours that will keep them safe.

Training achieves and maintains levels of staff competency and improves their consistency.

Government of **Western Australia**
Department of **Mines, Industry Regulation and Safety**

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Staffing and workload at appropriate levels is an important factor in maintaining a safe workplace.

Appropriate staffing and workload management can improve effective decision-making and reduce the known contributory causes of safety incidents like fatigue and burnout. One way to effectively manage workload is to ensure appropriate staffing levels.

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Organisational change refers to any changes to business processes, organisational structure, staffing levels or culture within a company.

Safety-critical communication provides workers with the essential information to negotiate hazards in the workplace.

Effective safety communication has specific content, which is delivered in a clear, reliable and timely way.

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Designing for people involves designing work to meet the characteristics and needs of the end users.

During the design and redesign phases of all work, human physical and cognitive abilities and limitations, should be considered. Thoughtful design can reduce human error and improve safety performance.

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Fitness for work relates to the capacity of workers to do their role safely and productively.

Fitness for work covers individual factors such as fatigue, medical fitness, mental health and wellbeing, and alcohol and other drug use.

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It is essential that factors that increase the likelihood of error during maintenance are considered to design, manage and improve safe maintenance, inspection and testing activities.

Maintenance, inspection, and testing includes preventative work to maintain plant in sound operating condition, and reactive work for repair of plant that has broken down or failed. Testing and inspection are an important part of maintenance.

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Health and safety culture is a reflection of the organisation's commitment and prioritisation of health and safety.

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How do you set organizational strategy?

An organizational strategy is a creation, implementation, and evaluation of decisions within an organization that enables it to achieve its long-term and short-term objectives.

Key strategic considerations of organization strategy

(1) What re-configurations, reach extensions and strategic relationships will be necessary to deliver the intended organizational strategy.

(2) What new skills and capabilities will be needed? How will procedures change relating to the new skills and capabilities?

(3) What will the new level of performance be? How will it be achieved?

(4) What changes to corporate culture will be needed?

(5) How will operational activities be integrated?

The most important phase of implementation is the formulation of the organizational strategy.

The human factor

Most of the organizations successful in strategy implementation consider the human resource factor as very important in making strategies happen. Consideration of human resources requires management thinks about communication needs. They must articulate strategies so those charged with developing the corresponding action steps fully understand the strategy to be implemented. In addition, the human resource function understands the effects each new strategy will have on their peopleneeds.

HR activities that support organizational strategy

1. Recruitment and selection

The ability to attract and select human resource having the right knowledge, skills, and attitude is an important function of HR. If it is successful in this work, it will be providing support to organization strategy in a big way. Productivity, quality, and service are the most critical issues in any organization and any positive contribution of HR in these areas will be of paramount importance.

The organization should recruit and induct employees who are a good fit for the jobs. If so, this will result in a visible improvement in productivity. Improvements will show in planning, processes, supervision, techniques etc. leading to improvement in productivity. This, in turn, will directly affect the organization profitability. HR in such cases is adding value to the organization.

Similarly, HR through right hiring may add value to the organization. If customer satisfaction shows an upward trend. HR adds value when costs and errors show a downward trend.

2. Quality is one of the most critical issues for any organizational strategy

Improvement in quality positively affects a host of other areas. Improvement in quality leads to a reduction in production or service cost and, providing customer delight resulting in customer retention. Increase in sales follows thus improving market reputation leading to a reduction in marketing expenses which contributes towards improved profitability

It is, however, important to remember that to qualify as a value-adding activity, improvements must be shown to have happened in consequence of the activity started by human resource function. In this context, the most important thing is the availability of the correct data and the right interpretation. In every case right measuring tools have to be found and the reasons for improvements are to be correctly determined.

3. Performance appraisal and compensation

Performance Appraisal and Compensation are the most critical areas of HRM. Formulating a system which is fully aligned with organizational strategy, and implementing the same in an objective and transparent manner is essential. Not only will this make the system acceptable but also positively affects employee's motivation. The system not only enunciates the organization's expectations regarding employee's performance. It also helps in employee training and development. Similarly, laying down a sound and fair compensation policy goes a long way in attracting, maintaining, developing and retaining good employees. HR can add, value by proper formulation and implementation of these important functions and thus support organization strategy.

4. Training and development

A learning organization is fast becoming a reality. In any organization, continuous learning means growth through learning events and experiences for individual employees as well as teams, and the organization as a whole. HR plays an important <u>role in developing a culture of continuous learning</u>. <u>Identifying, training and development needs</u> and arranging, training and development programs for employees is part of the whole learning process. A system which creates an environment conducive to learning through experience, coaching, mentoring, self-learning as well as through training and development is a must in the learning organization. HR which is the main organizer, director, and controller of learning. Learning must be applied to processes in order to bring about improvements. Once again, HR is successful in adding value to the organization.

Human resources do have a challenging role to play in organizational culture, as it is the employees who work for the organization, who embrace and improve a particular culture within the organization. Any desired change to the culture of the organization has to be done through the employees and by the employees.

Organizational Culture and HR Practices

Basic HRM exercises like recruitment, selection, and training affect the performance and stability of an organization. These exercises have the ability to influence employee behavior and build values that develop the organizational culture.
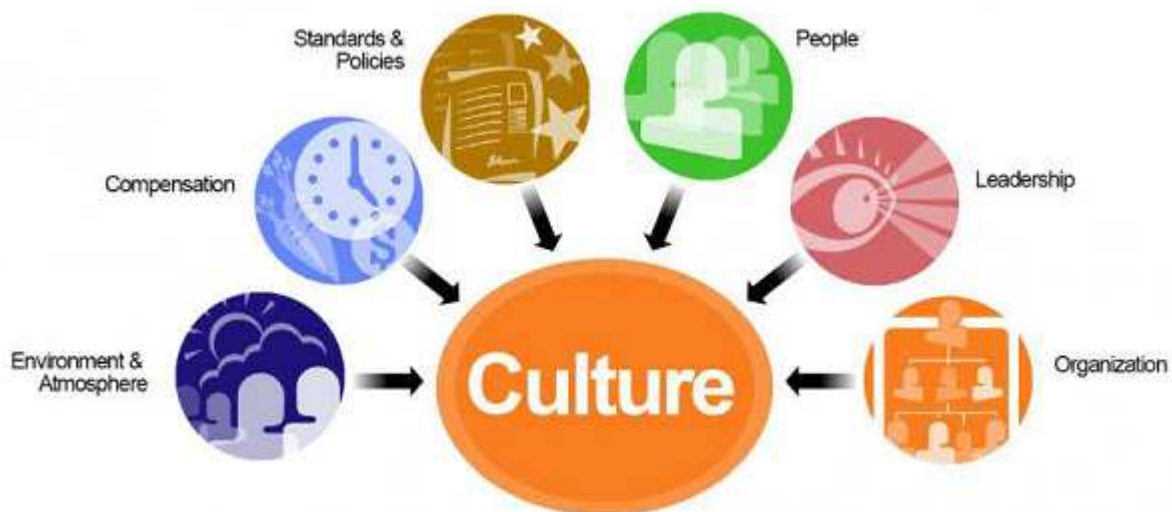
Change in behavior defines how one acts or conducts oneself in any situation. Therefore, if HR exercises could positively affect the behavior, improving positive thinking about organizational initiatives towards the employees, it would lead to positive results for the business. Cultural values are part of the external factors that influence HR exercises. Cultural values command employee behavior.

In organizational cultures where employee engagement is common, it is more likely to have higher employee satisfaction and encouragement than the ones that do not favor employee involvement.

Anyhow, there might be various reasons why employees do not want to or speak out. Some employees might see this as an unnecessary risk, while others might simply have personal reasons like being shy or not being comfortable with the management.

Management Styles

An organization experiences different management styles that may change or remain steady with time.

There are different management styles that we come across while observing the management patterns of different private and public sector companies.

Let us take a look at the following management styles −

Collegial Style

In the collegial style, resources and rewards are uniformly distributed. The management control over the employees is restricted, resulting into employee empowerment. Individual duty is the basis of organizational performance.

Organizational success depends on the commitment that an employee has towards the work and the business. This key element and distributed values help create a unity of direction and focus on the part of the employees.

Meritocratic Style

In the meritocratic style, employees are bothered about productivity and cohesion. The management puts stress on performance. In short, this management style believes in the fact that power should be distributed on the merit basis.

Appointments are made and duties are assigned to individuals on the basis of their "merits", namely intelligence, credentials, and education, which are determined through evaluations or examinations, for example, Civil Service Exams.

Elite Style

In the elite management style, the organizational hierarchy is highly improvised. Power, resources, and rewards are focused at the top levels of the hierarchy. Employees have no say in the decisions made by the senior management.

Leadership Style

The leadership style of management has a lot in common with the elite style of management, but rather than a faction of leaders at the top level, it has leaders at different levels of the hierarchy. For example: the army.

In the next chapter, we will throw some light on how to manage diversity in workplace efficiently.

Dynamics of the Finance and HR relationship

Employees drive business results and create value for the organization. HR as a function has the responsibility of supporting employee well-being, which in turn helps create a competitive advantage by building a happy and healthy workforce. Happy talent generally means lower turnover, which directly benefits finance as it means more money to grow the business. So, if this is the nature of business and one cannot survive without the other, it makes me wonder where the differences or conflicts lie?

It is important to highlight that business results are generally measured in financial terms and not in terms of employee health. Finance and business operations are speaking the same language while HR adds another tangent, putting HR at a slight disadvantage.

Finance and HR need to depend on one another for business success

Any strategy requires resources for execution and one of the key responsibilities of HR is to make sure the organization has resources with the right skills and competencies in the right positions. HR also needs to help keep talent engaged, in turn improving retention. To achieve this objective, HR is largely dependent on finance for things like budget, new hiring activity, or for training the existing workforce for programs that increase employee engagement. This is where finance struggles as they need to rationalize costs when they can't measure the return on investment and justify the value. Conversely, how does finance make sure they get good top line results from people and get the help from HR to plan either for rewards programs or allocate and distribute budgets to maximize revenue?

As per Forrester, Human Capital makes up 70% of operating expenses and this percentage increases as the economy becomes more and more services oriented.

HUMAN RESOURCE MANAGEMENT (HRM) IN A CHANGING ENVIRONMENT

Learning Objectives

After studying this chapter, you should be able to:

1. *Delineate* the changing environment of HRM.
2. *Present* the new management practices in the changing environment.

Change has become euphemeral everywhere-be it economy, politics, business, environment and so on. For example, economy has changed from closed to open to web economy, business has expanded from regional to national to global, and business organisations have altered from brick and mortar to knowledge to virtual organisations. Along with these, changes are also occuring today in the environment of human resource management. These changes require HRM to play an ever more crucial role in organisations.

As mentioned earlier in Chapter 3, business strategy is to be aligned with the environment and functional strategies like HR strategy with the business strategy. Then, this implies that the change in business strategy and for that matter HR strategy has become *sine quo non* with change in environment. Therefore, the knowledge of changing environment becomes a prerequisite to formulate an appropriate business and HR strategy. With this in view, an attempt has been made in this chapter to delineate the changing environment and the changing role of HRM in changing environment.

32.1 CHANGING ENVIRONMENT OF HRM

Business environment is changing environment and so is HR environment. The changing environment of HRM includes work force diversity, economic and technological change, globalisation, organisational restructuring, changes in the nature of jobs and work and so on.

Work force Diversity

Diversity has been defined as any attribute that humans are likely to use to tell themselves, that person is different from me and, thus, includes such factors as race, sex, age, values, and cultural norms[1]. The Indian work force is characterized by such diversity that is deepening and spreading day by day. It is likely to be more diverse as women, minority- group members, and older workers flood the work force. With the increasing number of women entering the work force due to a combination of factors like women's emancipation, economic needs, greater equality of sexes, education and so on, additional pressures of managing a different set of problems at the work place have arisen. As such, the number of women is on increase in all walks of life i.e., teachers, lawyers, doctors, engineers, accountants, pilots, parliamentarians and so on.

However, increasing number of women in the work force has been necessitating the implementation of more flexible work scheduling, child care facilities, maternity and now paternity leave also and transfer to location of husband's place of posting. Also, as the work force ages, employers will have to grapple with greater health care costs and higher pension contributions. On the whole, the increased diversity of work force will place tremendous demands on the HR management function.

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Further, creating unanimity from a diverse work force has also become a challenge for HR manager. This is because, as several experts[2] put it, diversity is marked by two fundamental and inconsistent realities operating today with it. *One* is that organisations claim they seek to maximize diversity in the work place, and maximize the capabilities of such a diverse work force. *The other* is that traditional human resources system will not allow diversity, only similarity. These experts emphasize that employers traditionally hire, appraise, and promote people who fit a particular employer's image of what employees should believe and act like. At the same time, there is corresponding tendency to screen out those who do not fit.

Economic and Technological Change

Along with time, several economic and technological changes have occurred that have altered employment and occupational pattern. In India too, there is a perceptible shift in occupational structure from agriculture to industry to services. The New Economic Policy, 1991 has led to liberalization and globalization giving genesis to multinational organisations with their multicultural dimensions having certain implications for HRM. The implications of globalization for HRM are discussed subsequently. The Indian economy has already become an open economy but it will be more so from April 2003 with the complete lifting of quantitative restrictions (QRs) on imports in India.

Technology has become the hallmark of the modern organisations. As such, modern organisations have become the technology-driven organisations. So to say, men are replaced by machinery. Manufacturing technology, for example, has changed to automation and robotisation. Manufacturing advances like these will eliminate many blue-collar jobs, replacing them with fewer but more highly skilled jobs. Similar changes are taking place in office automation, where personal computers, word processing, and management information system (MIS) continue to change the nature of office work.

The explosive growth of information technology linked to the internet has ushered in many changes throughout the organisation. One of the major changes led by information technology is that it has hastened what experts call the "fall of hierarchy", i.e., managers depend less and less on yesterday's "stick-to-the –chain-of-command approach," to their organising function. This is so because earlier it used to be, if one wanted information, one had to go up, over and down through the organisation. Now, one just taps in. That's what broke down the hierarchy. Somuchso, now employees do not need to be present a definite work place. Instead, they can work from their own places/ residences through the net. This has given genesis to a new breed of organisations, called 'virtual organisations.' (VO). Virtual organisations and HRM are discussed separately in Chapter 34.

In summary, these economic and technological changes has created an altogether different environment for HRM.

Globalization

The New Economic Policy, 1991 has, among other things, globalised the Indian economy. There has been a growing tendency among business firms to extend their sales or manufacturing to new markets aboard. The rate of globalization in the past few years in India has been nothing short of phenomenal. Globalization increases competition in the international business. Firms that formerly competed only with local firms, now have to compete with foreign firms/competitors. Thus, the world has become a global market where competition is a two-way street.

Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, variations in business practices and so on. As an international business expert puts it, *"the bottom line is that the growing integration of the world economy into a single, huge market place is increasing the intensity of competition in a wide range of manufacturing and service industries"*[3].

Given these conditions, from tapping the global labour force to formulating selection, training and compensation policies for expatriate employees have posed major challenges for HRM in the next few years. This has underlined the need for studying and understanding HRM of multinational organisations or international organisations separately. We have also devoted the penultimate chapter of this book to deal with "International HRM".

Organisational Restructuring

Organisational restructuring is used to make the organisation competitive. From this point of view, mergers and acquisitions of firms have become common forms of restructuring to ensure organisational competitiveness. The mega-mergers in the banking, telecommunications and petroleum companies have been very visible in our country. Downsizing is yet another form of organisational restructuring. As a part of the organisational changes, many organisations have "rightsized" themselves by various ways like eliminating layers of managers, closing facilities, merging with other organisations, or outplacing workers. There has been a practice to flatten organisations by removing several layers of management and to improve productivity, quality, and service while also reducing costs. Whatever be the form of restructuring, jobs are redesigned and people affected. One of the challenges that HRM faces with organisational restructuring is dealing with the human consequences of change. For example, the human cost associated with downsizing has been much debated and discussed in the popular press. As such, HRM needs to focus on the changed scenario uniquely and that is not so simple. Thus, management of HR activities has become crucial for HR managers.

Changing Nature of Work

Along with changes in technology and globalization, the nature of jobs and work has also changed. For example, technological changes like introduction of fax machines, information technology, and personal computers have allowed companies to relocate operations to locations with lower wages. There is also a trend toward increased use of temporary or part-time workers in organisations.

One most significant change in the nature of work is that it has changed from manual to mental/knowledge work. In this context, the management expert Peter Drucker's views are worth citing. He said that the typical business will soon bear little resemblance to the typical manufacturing company of 30 years ago. The typical business will be knowledge-based, an organisation composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues, customers, and headquarter. For this reason, it will be what he calls an information-based organization[4]. As a result, the organizations are giving and will give growing emphasis on their human capital i.e., the knowledge, education, training, skills, and expertise of employees, the expense of physical capital like equipment, machinery and physical plant[5]. This growing emphasis on education and human capital has, among other things, changed the nature of economy as service-oriented economy. In the changed economic scenario, jobs demand a certain level of expertise that is far beyond that required of most workers 20 or 30 years ago. This means that companies are relying more on employee's creativity and skills, i.e., employee's brain power. As Fortune magzine has rightly said:

"Brain power .... has never before been so important for business. Every company depends increasingly on knowledge–patents, processes, management skills, technologies, information about customers and suppliers, and old-fashioned experience. Added together, this knowledge is intellectual capital"[6].

As such, the HR environment has changed. The challenge posed by changed environment is fostering intellectuals or human capital needs managing these differently than those of previous generation. Here, Drucker[7] puts that the centre of gravity in employment is moving fast from manual or clerical workers to knowledge workers, who resist the command and control model that business took from the military 100 years ago.

Now that the changing environment of HRM is delineated, we can conveniently present the new HR management practices in such changing environment.

32.2 CHANGING ROLE OF HRM

The HR environment is changing and so is the role of HRM, to adapt the changing trends. The human resource managers of today may find themselves obsolete tomorrow in the changed business environment if they do not adapt HR practices suiting to the environment. As such, new role or practices have emerged to successfully respond to the changes. Some of the important HR practices are discussed here:

1. Flatter Organisations. Pyramidal organisation was the norm of yesterday. The pyramidal shape of organisations is converted into flat organisations reducing the ten-twelve levels to five-seven levels. The increasing number of flat organisation already abound in the country. One main feature of flat organisation, among other things, is that there are more people to report to the managers, they will be less able to meddle in the work of their subordinates.

2. Employee Empowerment: Gone are days when managers were exercising formal power over employees to get work done from them. The changes occured in attitude and awareness of employees over the period have rendered this mode of managing employees as obsolete. Under the changed conditions when employee has become, what is popularly termed as a 'knowledge worker', the employees need to be provided with greater autonomy through information sharing and provision of control over factors that affect performance. This is, experts say, turning the typical organisation upside down. Granting sanction to the employees to make decisions in their work matters is called 'employee empowerment'.

3. Team Work: The concept of division of labour i.e., specialized function introduced by Adam Smith remained in practice for a long period till the twentieth century. But, given the process-oriented work nature of modern organizations, single-function concept has ceased to its relevance. Modern organisations, or say, MNCs rely more on multi-function of workers so that workers do not remain confined to a single function but can do more than one function. This is particularly so in case of increasing concern for downsizing by the organizations. As such, a worker's contribution to organization becomes more as a member of the team. The managerial implications are that these workers need to be managed accordingly as a team, not an individual in isolation. In other words, managers need to follow a holistic approach of management for managing such workers. 360-Degree Appraisal may be such an example.

4. Ethical Management: As the issues faced by the HR managers have increased in number and complexity, so have the pressures and challenges of working ethically. Ethical issues pose fundamental questions about fairness, justice, truthfulness, and social responsibility. Concerns have been raised about the ethical standards used by managers and employees, particularly those in business organisations. The most common unethical incidents exhibited by employees have been cheating on expense account, paying or accepting bribes and kickbacks, forging signature, lying to supervisors, employees alcohol or drug abuse, and falsification of records

Ethics means doing just or right. In this sense, ethics deals with what "ought" to be done. For the HR manager, there are ethical ways in which the manager ought to act relative to a given human resource issue. However, determining specific (ethical) actions is not always easy. Ethical issues in HRM often have dimensions such as extended consequences, multiple alternatives, mixed outcomes, uncertain consequences, and personnel effects[8]. Then, the real problem of HR managers is how to deal with these ethical dimensions? Researchers[9] have suggested some guidelines that can help HR managers respond to the ethical elements:

- Does the behaviour or result achieved comply with all applicable laws, regulations, and government codes?

- Does the behaviour or result achieved comply with all organisational standards of ethical behaviour?

- Does the behaviour or result achieved comply with professional standards of ethical behaviour?

It is clear from the above three points that just complying with the laws and regulations cannot guarantee ethical behaviour. Instead, organisational members need to be guided by values and codes of behaviour. One way to induce ethical behaviour in organisations is to conduct training of employees and HR managers. Training of employees and HR managers in ethics compliance has been found to reduce the incidence of ethical problems. It is with this realisation that the 'Ethics in Business' as a paper is prescribed in the course curriculum of the management programmes by most of the Management Institutes and University Departments in India and elsewhere as well.

HRM

UNIT : IV
The Philosophy of the organization

The Philosophy is one of the Five Ps of the organization.

The Five Ps The Five Ps consists of the Purpose, Philosophy, Priorities, Practices, and Projections. In this model of the Five Ps, just outside of the Purpose–which is at the center– is the Philosophy.
To sum up, where the Purpose states "why" the organization exists, the Philosophy directs "how" employees distinctively do their work. And, above all, "how" you do work matters. In successful organizations, employees consistently use this core attribute to guide their decisions and daily actions.
The organization's Philosophy is its distinctive and enduring principles and values
The Philosophy may be one principle or core value or a small set of principles and core values. Of course, many values may feel important, but seek only those that are fundamental, distinguishing, and relatively enduring to the organization.
They are the beliefs that have been essential and core to the character of the organization over the years. Employees believe that it distinguishes their organization from others, particularly those which fulfill a similar Purpose.
The organization's Philosophy is the enduring core beliefs that should never change. That is, unless an organization cannot stay in business being who it has been in the past. Therefore, it is what employees believe in today, what was most important in the past, and what will continue to be important in the future. Even with the need for change, typically it is the Priorities that integrate change into the culture. The Philosophy is the strength of the organization that usually needs to be emphasized rather than replaced.
Philosophy is a reflection of the founder
The Philosophy of an organization is like the personality or character of the organization. To clarify, this character is typically derived from the organization's founder. That is to say, organizations reflect their founder's values and beliefs. In addition, the principles and ideals that drove the organization's creation can determine this key attribute.
The soul of the organization
To sum up, where the Purpose is the heart of the organization, the Philosophy is its soul.
VISION STATEMENTS
Vision statements reflect the ideal image of the organization in the future. They create a focal point for strategic planning and are time bound, with most vision statements projected for a period of 5 to 10 years. The vision statement communicates both the purpose and values of the organization. For employees, it gives direction about how they are expected to behave and inspires them to give their best. Shared with customers, it shapes customers' understanding of why they should work with the organization.
Developing a Vision Statement
1.   The vision statement includes vivid description of the organization as it effectively carries out its operations.
2. Developing a vision statement can be quick culture-specific, i.e., participants may use methods ranging from highly analytical and rational to highly creative and divergent, e.g., focused discussions, divergent experiences around daydreams, sharing stories, etc. Therefore, visit with the participants how they might like to arrive at description of their organizational vision.
3. Developing the vision can be the most enjoyable part of planning, but the part where time easily gets away from you.
4. Note that originally, the vision was a compelling description of the state and function of the organization once it had implemented the strategic plan, i.e., a very attractive image toward which the organization was attracted and guided by the strategic plan. Recently, the vision has become more of a motivational tool, too often including highly idealistic phrasing and activities which the organization cannot realistically aspire.

HUMAN RESOURCE PHILOSOPHY
The HR Management Philosophy is not mainly about Human Resources Function. It is more about the leadership style of the top management, the current corporate culture and values. It is about the vision of

the leader of the organization. The modern leader usually requires a modern HR Management approach and builds the environment suitable for the evolution of the modern HR Management. This is the HR Management Philosophy behind the scene.

The development of the HR Management Philosophy is a long term process. The philosophy is usually informal and respects values and opinions of the main stakeholders. The leader of the organization has a significant influence on the HR Philosophy. The HR Leader is the next one influencing the philosophy significantly.

The informality of the HR Management Philosophy is important. It differentiates it from the HR Strategy. The philosophy is the set of values, behavior and practices. The practices are extremely crucial for the leader. The leader is not interested in written formal HR policies. The leader is interested in the real decision processes in the organization. They can be really different from the written rules (as people do not follow them, they follow the philosophy).

The main factors influencing the HR philosophy in the organization are:
- Leadership Style
- Corporate Culture
- Corporate Values
- Market Competition

The leadership style is extremely important. The leaders of the organization are the role models for managers and employees. The manager always try to act as the leader does. The behavior is observed and spread across the entire organization. The leader sets the basic expectations from all employees and managers. They adjust their behavior to be fully compliant with the leader's expectations. The HR Management Philosophy is the same story.

The leader is usually the person, who starts the change or the re-design of the HR Management Philosophy. The leader observes the behavior in the organization and requests several changes. The leader usually calls a new HR leader, who is responsible for the leadership in the change management. The biggest task is to change the behavior of the leader.

The corporate culture and the corporate values define boundaries for the HR Management philosophy. The HR Management cannot be in the conflict with the corporate culture. It has to be a natural part of the culture. In case of the changes in the HR Philosophy, the HR team has to start influencing the corporate culture. It has to be adjusted as well. The change of the corporate culture is the joint effort of the leadership management and Human Resources. It has to be changes by changes of the living examples. The employees will follow the changes naturally.

The external market and the direct and indirect competitors have the influence on the HR Management Philosophy. The competitors define the industry standard. The completely different approach usually builds the organizational weakness. The HR Philosophy has to be better, it cannot be completely different.

The leader usually compares the performance of the organization with the direct competitors on the market. The leader identifies weaknesses and advantages. In case of the need, the leader provokes the change of the corporate culture and the HR philosophy.

HUMAN RESOURCE POLICIES

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 organized and disseminated in an easily used form, can serve to preempt many misunderstandings between employees and employers about their rights and obligations in the business place. It is tempting, as a new small business owner, to focus on the concerns of the business at hand, and put off the task of writing up a human resource policy. All business analysts and employment lawyers will advise a new business owner to get a policy down on paper, even if it is a simple one drafted from a boilerplate model. Having policies written is important so that it is clear to all what the policies are and that they are applied consistently and fairly across the organization. Moreover, when issues concerning employee rights and company policies come before federal and state courts, it is standard practice to assume that the company's human resource policies, whether written or verbal, are a part of an employment contract between the employee and the company. Without clearly written policies, the company is at a disadvantage.

Small businesses--and especially business startups--can not afford to fritter away valuable time and resources on drawn-out policy disputes or potentially expensive lawsuits. Having a human resource policy in place from the start can help to avoid this situation. The business owner who takes the time to establish sound, comprehensive human resource policies will be far better equipped to succeed over the long run than the business owner who deals with each policy decision as it erupts. The latter ad hoc style is much

more likely to produce inconsistent, uninformed, and legally questionable decisions that may cripple an otherwise prosperous business. For as many small business consultants state, human resource policies that are inconsistently applied or based on faulty or incomplete data will almost inevitably result in declines in worker morale, deterioration in employee loyalty, and increased vulnerability to legal penalties. To help ensure that personnel management policies are applied fairly, business owners and consultants alike recommend that small business enterprises produce and maintain a written record of its HR policies and of instances in which those policies came into play.

SUBJECTS COVERED BY COMPANY HR POLICIES

Small business owners should make sure that they address the following basic human resource issues when putting together their personnel policies:

- Equal Employment Opportunity policies
- Employee classifications
- Workdays, paydays, and pay advances
- Overtime compensation
- Meal periods and break periods
- Payroll deductions
- Vacation policies
- Holidays
- Sick days and personal leave (for bereavement, jury duty, voting, etc.)
- Performance evaluations and salary increases
- Performance improvement
- Termination policies

Templates that may be used to create a first human resource policy document are available from many sources. Two such sources that are reputable and offer information of a full range of employment issues are the National Human Resource Association and the Society for Human Resource Managers. Each maintains a Web site with information on the services it provides and pointers to other reputable service providers.

A broad spectrum of issues can be addressed in human resource policies, depending on the nature of the business in question. Examples of such issues include promotion policies; medical/dental benefits provided to employees; use of company equipment/resources (access to Internet, personal use of fax machines and telephones, etc.); continuity of policies; sexual harassment; substance abuse and/or drug testing; smoking; flextime and telecommuting policies; pension, profit-sharing, and retirement plans; reimbursement of employee expenses (for traveling expenses and other expenses associated with conducting company business); child or elder care; educational assistance; grievance procedures; employee privacy; dress codes; parking; mail and shipping; and sponsorship of recreational activities.

ADVANTAGES OF FORMAL HUMAN RESOURCE POLICIES

Small business owners who have prepared and updated good personnel management policies have cited several important ways in which they contribute to the success of business enterprises. Many observers have pointed out that even the best policies will falter if the business owners or managers who are charged with administering those policies are careless or incompetent in doing so. But for those businesses that are able to administer their HR policies in an intelligent and consistent manner, benefits can accrue in several areas:

Communication with employees. A well written and thoughtfully presented human resource policy manual can establish the tone that a new business person wishes to maintain within his or her business. Such a policy also serves to disseminating information about what employees may expect from the company as well as what the employer expects from the employees regarding work performance and behavior while on the job.

Communication with managers and supervisors. Formal policies can be helpful to managers and other supervisory personnel faced with hiring, promotion, and reward decisions concerning people who work under them.

Time Savings. Prudent and comprehensive human resource management policies can save companies significant amounts of management time that can then be spent on other business activities, such as new product development, competitive analysis, marketing campaigns, etc.

Curbing litigation. Members of the legal and business communities agree that organizations can do a lot to cut off legal threats from disgruntled current or ex-employees simply by creating--and applying--a fair and comprehensive set of personnel policies.

HR policies and procedures provide guidelines on employer-employee relationships, which impart information on acceptable norms of behavior, work schedules, health and safety measures, employment laws, conflict resolution and disciplinary measures.

Goals & Objectives of human resources policies, programs, and practices and determine strategies and customization requirements to support County goals and objectives through utilization and maximization of human resources initiatives.

1. HR Policies and Procedures Educate supervisors and employees on HR policies, plans, programs, practices, processes, and tools (e.g., compensation, benefits, training) to ensure knowledge transfer for understanding and development of people to enhance delivery of County services.
   - Effectively communicate and publish policies, procedures, standards and rules and regulations.
   - Ensure consistency and compliance to policies, procedures, standards and rules and regulations that treat employees with dignity and equality.
   - Identify the need for new or updated policies, procedures, standards and rules and regulations.
   - Develop and manage formal educational processes.
   - Ensure the quality of educational programs that are developed and offered.
   - Collaborate with supervisor's to resolve personnel problems or grievances.
   - Serve as a liaison between supervisors and employees by addressing questions, interpreting communications and facilitating resolution of conflicts.
   - Conduct fact-finding investigation activities (e.g., interviews, document review, appropriate consultation) related to internal and external inquiries, complaints and concerns and prescribe a remedy to resolve the complaint or concern.

2. Recruitment & Selection Develop sources of highly qualified applicants to meet staffing needs and partner with departments in selecting candidates for employment in an environment where people want to come to work, stay, and have opportunities to grow.
   - Manage the recruitment and selection process to select candidates meeting qualifications of the specified position.
   - Confer with supervisors to identify personnel needs, job specifications, job duties, qualifications and skills.
   - Create or update position descriptions.
   - Develop and maintain a network of contacts to help identify and source qualified candidates. • Research and place job advertisements in various media, including Internet sources.
   - Maintain appropriate records and take action to maximum ROI.
   - Oversee the preparation and distribution of the internal job posting process.
   - Work with external sources and employment agencies, as appropriate.
   - Utilize cost-effective Internet online recruiting sources to identify and recruit candidates.
   - Provide information about Miami County and job opportunity specifics to potential applicants.
   - Review employment applications/resumes and conduct telephone screening interviews and personal interviews to evaluate work history, skills, education and training, compensation needs and other qualifications.

3. Compensation and Classification Ensure the retention of a competent workforce through a market-based pay structure and a well maintained job classification system that provides a consistent ranking of positions based on complexity of duties and levels of responsibility within existing budgets.
   - Implement and administer compensation plans.
   - Develop an effective communication approach to ensure compensation programs are fully understood and appropriately valued by employees.
   - Develop and document methods for gathering and evaluating external market salary data to ensure competitiveness of base salary.
   - Gather competitive salary data to develop and update base salary and total compensation ranges.
   - Administer classification system, which includes classifying and reclassifying positions and creating or updating position descriptions.

4. Benefit Services Plan and direct implementation and administration of employee benefit programs such as health insurance, disability insurance, life insurance, workers compensation, employee assistance, retirement, wellness and other related programs.
   - Provide services to employees by addressing benefit questions, resolving problems related to access to or payment of benefits, orienting newly eligible employees, and processing enrollment forms, changes, and loan requests.

• Participate in contract processes with benefit plan providers, vendors, auditors, and consultants for services, premiums, and plan administration.
• Develop, recommend, and monitor budget allocations for employee benefits.
• Maintain knowledge of and analyze government regulations, benefit program trends, and prevailing practices.
• Recommend benefit plan changes.

Characteristics of a Sound Human Resource Policy

1. The HR policy should present the principle that will guide the organisation's actions and reflect a faith in the ethical values of employees.
As Peter Drucker has observed, "The policies of an enterprise have to be balanced with the kind of reputation an enterprise wants to build up with special reference to the social and human needs, objectives and values".It should be consistent with the overall philosophy and objectives of the organisation, as well as with labour laws and public policy.

2 The HR policy should be formulated after considering the long range plans and needs of the organisation. The policy should be definite, positive, clear and easily understood by everyone in the organisation so that what it proposes to achieve in the long term is evident. Only a clear policy statement can serve as a guide to thinking and decision-making.

3. The HR policy must be reasonably stable but not rigid. It should be flexible to cover a normal range of activities. Change in a policy should be made only when it is essential and at fairly long intervals.

4. The HR policy should be formulated with due regard for the interests of all the concerned parties – the employers, the employees and the public community. It should be stated in the broadest possible terms so as to serve as a guide in practice now and in the future.

5. The HR policy must be developed with the active participation and support of the management and the co-operation of employees at the shop floor level and in the office. It should be formulated with active participation of the trade unions as well.

6. The HR policy should be definite so that it is easy to understand. It should be stated in clear, definite and easily understood terms so that what it proposes to achieve is evident.

7. The HR policy must provide a two-way communication system between the management and the employees. It should be communicated in writing so as to remove any confusion. This is necessary to prevent misunderstanding and to ensure uniformity of application.

8. The HR policy should be consistent with public policy. A good HR policy should recognise individual differences and respect human dignity. It should be based on consistency in _treatment to all employees without any favouritism or discrimination.

Sources of Human Resources Policy

Business entities operate on the surface of the earth. they do not operate in vacuum or in the sky. they are the citizens of the area where their firms are located. as local citizens, they are part of the local community. So they have some obligations to the local society whose and, air, water, roads and other facilities they enjoy. So policies stem from variety of people and place. policies are, therefore, based on sources which influence their content and meaning. These sources are :

1.Experience an existing practices of the organization.
2. Prevailing practices pursued by other firms in the locality as well as practices pursued by similar firms in the country.
3. Attitudes, ideas and philosophies nourished at all levels of [management](#) comprising board of directors at the top and down to the level of supervisors.
4. Knowledge and experience accumulated through handling of day to day employee problems and difficulties.
5. Employee suggestions and ideas and handling of complaints.
6. Position of unionism and attitude of union leaders towards [management](#).
7. Experience of collective bargaining.
8. Governmental rules and regulations having impact on the working of business enterprises.
9. Changes taking place in the national economy and government's external policy.
10. Cultural practices in the plant and in the country's social, economic and political life.

FORMULATING HR POLICIES

1. Gain understanding of the corporate culture and its core values.
2. Analyse existing policies, written and unwritten. HR policies will exist in any organization, even if they are implicit rather than expressed formally.

3. Analyse external influences. HR policies are subject to the influence of UK employment legislation, European Community Employment Regulations, and the official codes of practice issued by bodies in the UK such as ACAS (Advisory, Conciliation and Arbitration Service), the EOC (Equal Opportunities Commission), the CRR (Commission on Racial Relations) and the Health and Safety Executive. The codes of practice issued by relevant professional institutions, such as the CIPD, should also be consulted.

4. Assess any areas where new policies are needed or existing policies are inadequate.

5. Check with managers, preferably starting at the top, on their views about HR policies and where they think they could be improved.

6. Seek the views of employees about the HR policies, especially the extent to which they are inherently fair and equitable and are implemented fairly and consistently. Consider doing this through an attitude survey.

7. Seek the views of union representatives.

8. Analyse the information obtained in the first seven steps and prepare draft policies

9. Consult, discuss and agree policies with management and union representatives.

10. Communicate the policies, with guidance notes on their implementation as required (although they should be as self-explanatory as possible). Supplement this communication with training.

AREAS OF HR POLICIES

1. Compensation and Benefits
2. Recruitment and Staffing
3. Training and Development
a. Organizational Orientation
b. Department Orientation
c. Job Training
d. Continuing Education
4. Employee Relations
5. Employee Satisfaction
6. Labor Laws and Legal Compliance

UNIT : V
Concept of human resource planning

Human resources are the most important assets of any organisation. The success or failure, growth and development of the organisation depend on human resources. The organisation must therefore acquire knowledgeable, skillful, trained, talented and potential human resources to attain and accomplish the organisational objectives. A great care needs to be taken in their acquisition. The human resource planning provides necessary direction in this regard to the human resource management in the light of overall organisational objectives.

The organisational objectives determine the required number, type and kind of human resources and for their acquisition the process of human resource planning begins. The human resource planning bridges the gap between the organisational plans and human resource management. It is a conscious determination of direction and composition of human resources of the organisation. The Human resource planning provides the necessary groundwork and set the stage ready for manpower procurement to fill up various positions in the organisation.

The human resource planning must be in tune with the human resource policy of the organisation. Human resources are the most valuable intellectual assets; hence their planning should be done carefully. Organisations used to neglect people as they cannot establish ownership over them like in case of other resources. Now it has been realized that neglecting human resources may cost heavily to the organisation. Human resource planning help in tracing a route, finding a way for acquiring human resources.

NEED AND IMPORTANCE:

I. Assessing Future Personnel Needs: Whether it is surplus labour or labour shortage, it gives a picture of defective planning or absence of planning in an organization. A number of organizations, especially public sector units (PSUs) in India are facing the problem of surplus labour.

It is the result of surplus labour that the companies later on offer schemes like Voluntary Retirement Scheme (VRS) to eliminate surplus staff. Thus, it is better to plan well about employees in advance. Through HRP, one can ensure the employment of proper number and type of personnel.

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.

V. 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.

VI. 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.

VII. 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. While planning for fresh candidates, HR manager takes into consideration all the Government guidelines.

VIII. 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. All this demands very effective HRP.

IX. Having Highly Talented Manpower Inventory:
Due to changing business environment, jobs have become more challenging and there is an increasing need for dynamic and ambitious employees to fill the positions. Efficient HRP is needed for attracting and retaining well qualified, highly skilled and talented 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 and vice-versa.

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.
iii. Job analysis – Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.
iv. 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.

v. 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.

vi. 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.

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

Human Resource Planning at Different Levels:

Different institutions make HRP at different levels for their own purposes, of which national level, industry level, unit level, departmental level and job level are important.

i. National level – Generally, government at the centre plan for human resources at the national level. It forecasts the demand for and supply of human resource, for the entire nation.

ii. Sector level – Manpower requirements for a particular sector like agricultural sector, industrial sector or tertiary sector are projected based on the government policy, projected output/operations, etc.

iii. Industry level – Manpower needs of a particular industry like cement, textiles, chemical are predicted taking into account the output/operational level of that particular industry.

iv. Unit level – This covers the estimation of human resource needs of an organisation or company based on its corporate/business plan.

v. Departmental level – This covers the manpower needs of a particular department in a company.

vi. Job level – Manpower needs of a particular job family within department like Mechanical Engineer is forecast at this level.

vii. Information technology – The impact of information technology on business activities, human resource requirement and human resource plan is significant. It requires multi skilled experts, preferably less in number.

QUANTITATIVE AND QUALITATIVE DIMENSIONS:

Human resources have a dual role to play in the economic development of a country. On one hand they are the consumers of the products and services produced by the organizations while on the other hand they are one of the factors of production.

Along with capital and other factors of production, human resources can lead to increase in production and economic development. The rate of growth of human resources is determined by two aspects quantitative and qualitative.

Variables Determining the Quantity of Human Resources:

1. Population Policy:

Some population policies operate by influencing the factors responsible for growth such as fertility, marriage and mortality. These are known as population influencing policies. Another category of policies known as responsive policies are implemented to adjust to observed population trends with the help of programmes like health, nutrition, education, housing, etc. The aim of population policies is to achieve an optimum population for enhancing the country's development.

2. Population Structure:

The structure or composition of the population is determined by two factors, sex composition and age composition.

(i) Sex Composition:

Sex ratio is the ratio of males to females in the population. It is the basic measure of the sex composition of the population of any area. Higher the number of females, higher will be the population growth rate in future.

(ii) Age Composition:

It is the distribution of population by age groups. Age composition is the result of past trends in fertility and mortality. The supply of labour depends on age composition as economically active population falls in range of 15-65 age groups.

3. Migration:

Net migration is another factor which causes changes in the population. Age and sex composition determine the natural growth in population, but for calculating the overall changes in population it is important to consider net migration also.

Net migration = total immigrants – total emigrants

A positive net migration will lead to a rise in population growth rate while negative net migration will reduce the growth rate of population. Migration can be both interregional and international.

4. Labour Force Participation:

The population of any country consists of workers and non-workers. The workers are the people, usually in age group of 15-65, who participate in economically productive activities by their mental or physical presence.

These include:
i. Employers,
ii. Employees,
iii. Self-employed persons, and
iv. Those engaged in family enterprises without pay.

The others in the population are the non-workers such as students, infants, elderly, beggars, retired people, inmates of jail or mental institutions, unemployed, etc. They do not contribute to any productive economic activity. It is the changes in the working population which affect the growth of human resources. The number of people who are unemployed but available for work also impacts the availability of labour.

Qualitative Aspects of Human Resource Planning:
The quantitative dimensions help to ascertain human resources in numbers while the productive power of human resources is assessed by the qualitative dimensions. For example, there may be hundreds of applicants for 20 vacancies, but out of these only a few may meet the quality standards required for the job.

Factors which determine the quality of human resources are:

1. Education and Training:
The quantity and quality of education and training received by human resources impacts their knowledge and skills. Education and training are important for the upliftment of both individual and society. It can be of two types, formal and informal.

Formal education is imparted through schools and colleges while informal education and training takes place through on-the-job training methods. Formal education stresses the transfer of theoretical knowledge, while informal education emphasizes on practical application of knowledge.

2. Health and Nutrition:
Health and nutrition along with education are vital for Human Resource Development. Health and nutrition impact the quality of life, productivity of labour and the average life expectancy.

Health status is determined by:
(i) Purchasing power of people.
(ii) Public sanitation, climate and availability of medical facilities.
(iii) People's understanding and knowledge of health, hygiene and nutrition.

3. Equality of Opportunity:
Not all segments of people comprising human resources get equal employment opportunities. There is bound to be some discrimination.

The most common forms of discrimination are:
(i) Social discrimination – Discrimination on basis of gender, religion or social standing.
(ii) Economic discrimination – Discrimination based on financial positions or possession of wealth by the sections of workforce.
(iii) Regional discrimination – These are in form of discrimination between rural and urban population or between people belonging to different regions/ states.

Discrimination affects the quality and productivity of the human resources belonging to different sections of the population. The privileged classes get access to best education, nutrition and health facilities while underprivileged are deprived of their right share in the development process. For the overall, well rounded development of the country's human resources, effective policies need to be implemented to deal with the problem of discrimination.

HUMAN RESOURCE PLANNING - Responsibility:
Human resource planning is the responsibility of the personnel department. In this task, it is aided by the industrial engineering department, the top management and the team of directors of different departments. It is mostly a staffing or personnel function.

The overall responsibility lies with the Board of Directors because, as the manpower planning scheme of Hindustan Lever indicates, "these members are in a position to direct the future course of business, set appropriate goals for the management concerned in the formulation of personnel policies."

The personnel department's responsibility is "to recommend relevant personnel policies in respect of manpower planning, devise methods of procedure, and determine the quantitative aspects of manpower planning."

HUMAN RESOURCE FORECASTING
Human Resource is undoubtedly an important part of any organization. Hence, every organization must have the right number of the workforce at the right place and that too at the right time. In order to efficiently plan the workforce, the proper needs of human resource are very necessary.

Techniques for Human Resource Forecasting
1. Managerial Judgement
2. Work-study Method
This method uses time and motion study to analyze and measure work. Such studies help the managers to decide the standard time for per unit work. The following method shows this method:

Planned Output for next years	50,000 units
Standard hours per unit	2
Planned hours required	50,000 X 2
Productive hours per workers in the year	2,000
Number of workers required	1,00,000/2,000 = 50

3. Ratio- Trends Analysis
4. Mathematical Models
 (a) Employment Trends
 (b) Replacement Needs
 (c) Productivity

Solved on Human Resource Forecasting
 'absenteeism' as a mathematical model to do the Human Resource Forecasting
Considering the prevailing rate of absenteeism in the company, it is quite important for estimating the demand of the manpower. The formula to do calculate the absenteeism rate under this method is:

Absenteeism = Man Days lost due to absenteeism/ Man days worked + Man days Lost

Hence, the company should take immediate and necessary steps in case the rate of absenteeism is high.

System (MIS). MIS includes information relating to assets, finances, production, marketing, sales, accounting, etc. HRIS collects and analyses data relating to human resources of the organisation.

The inputs of HRIS include the information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, sex, their jobs, pay scales, organisational objectives, policies and procedures, etc.. These inputs are processed and transformed into multiple forms of outputs like printouts and many other devices. These outputs are made available at the fingertips of the managers through computer network. Thus, managers find HRIS as a decision support system device for managing human resources in the organisation.

HRIS is considered superior one to that of mannual system. The main advantages that HRIS offers include:

   (i) It is both time saving and cheaper device.

  (ii) It gives accurate information relating to human resources.

 (iii) It makes information readily available as and when desired.

 (iv) It acts as a decision support system.

  (v) It establishes strong management control.

like career planning, development, skill, morale, etc.

4.5 PROBLEMS / BARRIERS TO HRP

Human resource planning is as important is not so easy to make. The planners face various problems while formulating human resource plans. The major ones are discussed as follows:

1. People perceive that people are available in abundance in our labour surplus economy. Then, why to spend time and money in forecasting human resources? Surprisingly, this perception about human resource planning is also held by the top management.

2. Another problem in human resource planning is that the demand for and supply of human resources is not cent percent accurate. Experience suggests that longer the time horizon for forecasting human resource requirements, greater is the possibility of inaccuracy in estimates of human resource needs.

3. Various types of uncertainties like labour turnover, absenteeism, seasonal employment, market fluctuations and changes in technology render human resource planning ineffective. The reason being these uncertainties make human resource forecast mere a guess far from reality.

4. Sometimes human resource planning suffers from a conflict between quantitative and qualitative approches used for it. Some people view human resource planning as a mere numbers game to track the flow of people across the departments and in and out of the organisation. Conversely, others take a qualitative approach focussing on the quality of human resources like career planning development, skill, morale, etc.

5. Generally, human resource personnel are perceived as experts in handling personnel matters. But, they are not experts more than often. Hence, human resource requirements estimated by such people are not realistic ones. The organisational plans based on such estimates are endangered to be flopped.

6. As human resource planning is based on data relating to human resources, the same is not maintained in a proper manner in some of the industrial organisations. Then, in the absence of reliable data, it becomes difficult to develop effective human resource plans.

In sum and substance, problems in human resource planning arise both from inherent limitations of forecasting, on the one hand, and from weaknesses of human who do it, on the other. But, both can be overcome.