



## DEMAND AND SUPPLY CIRCLE IN HR MARKET.

## Commerce

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## ABSTRACT

Every organisation in world needs competent employees because employees have direct relationship with the productivity. When a demand for worker crafted in an organisation then Job design and analysis are main aspects for HR manager but not creation of demand is not necessary, the available supply of labour according to the job design of an organisation is also very important. Now the problem again arise about balance between the supply and demand of labour in the market. This research paper contains the theoretical and practical aspects of human resource planning which makes easy and smooth the recruitment process by analysis of market Demand and supply of labours in the market.

## KEYWORDS

**Introduction:-**

Human resource management is concerned with the utilisation of a human resource of the organisation most productively and effectively, Human resource planning is basically concerned with procurement of the right type of people as and when required. It is concerned with planning of human resources for the organisation. Human resource planning is important because the achievement of the organisation's goals depend upon the efficient utilization of organisational resources-human resources as well as non human resources. Human resources is considered as the most important asset of an organisation.

**HRP helps determine the number and types of people a firm needs.**

Job design and job design specify taste and duties of job and the qualifications expected from prospective job holders. The logical step is to hire the right number of people of the right type to fill the jobs.

Demand forecasting (Manpower Forecasting) is the process of estimating the future numbers of people required and the likely skills and competencies they will need. Forecasting human resource demand is the process of estimating the future human resource requirement of right quality and right number. At a more practical level, forecasting demand involves determining the numbers and kinds of personnel that an organization will need at some point in the future. Most managers consider several factors when forecasting future personnel needs. The demand for the organization's product or service is paramount. Thus, a, markets and sales figures are projected first. Then, the personnel needed to serve the projected capacity are estimated. Supply Forecasting measures the number of people likely to be available from within and outside the organization, having allowed for absenteeism, internal movements and promotions, wastage and changes in hours and other conditions of work.

**Factors affecting Human resource planning**

- **Type and strategies of organisations:-** The type of organisation is an important consideration because it determines the production processes involved, number and type of staff needed, and supervisory and managerial personnel required. Manufacturing organisations are more complex in this respect than those that render services. The strategic plan of the organisation defines the organisation's HR needs
- **Organisational growth cycle and planning:-** The stage of an Organisation's growth can have considerable influence on HRP. Small organisations in the stage of an embryonic stage may not have personnel planning. Need for planning is felt when the organisation enters the growth stage. HR forecasting becomes essential. Internal development of people also begins to receive attention in order to keep up with the growth.
- **Environmental Uncertainties:-** HR managers rarely have the privilege in a stable and predictable environment. Political, social and economic changes affect all organizations. Personnel planners deal with environmental uncertainties by carefully formulating recruitment, selection, and training and development policies and programmes. Balancing mechanisms are built into the HRM programme through succession planning, promotion channels, layoffs, flexitime, job sharing, retirement, VRS and other personnel related arrangements.

**The HRM Planning process****1. Environmental scanning:-**

Environmental scanning refers to systematic monitoring of the external forces influencing the organisation.

Managers monitor several forces but the following pertinent for HRP:

- Economic factors, including general and regional conditions. .
- Technological changes, including robotics and automation
- Demographic changes, including age, composition and literacy

**2. Organisational objectives and policies :-**

The person concerned with human resource planning must be clear about the objectives, plans and policies of the organisation. He must be clear about the objectives of the human resource planning. The objectives of human resource planning are derived from organisation's objectives. The objective of the HR plan must be consistent with other objectives of the overall organisation. The ultimate objective of HR planning is to relate future HR requirements to the future oriented needs. It will ensure in maximizing the future return on investment in HR

**HR Demand Forecast:-**

Demand forecasting must consider several factors- both external as well as internal. Among the external factors are competition (foreign and domestic), economic climate, laws and regulatory bodies, changes in technology, and social factors. Internal factors include budget constraints, production levels, new products and services, organisational structure, and employee separations. Demand forecasting is common among organisations, though they may not do personnel-supply forecasting. organisation.

**Forecasting techniques-****Managerial Judgement:**

Managerial judgement technique is very common technique of demand forecasting. This approach is applied by small as well as large scale organisations. This technique involves two types of approaches i.e. 'bottom-up approach and 'top-down approach'. Under bottom up approach', line managers send their departmental requirement of human resources to top management. Top management ultimately forecasts the human resource requirement for the overall organisation on the basis of proposals of departmental heads. Under the Top-down approach', top management forecasts the human resource requirement for the entire organisation and various departments. information supplied to various departmental heads for their review and approval.

**Ratio-Trend Analysis:**

Demand for manpower/human resources is also estimated on the of ratio of production level and number of workers available. This ratio will be used to estimate demand of human The following example will help in clearly understanding this technique.

**Regression analysis:-**

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

between sales and workforce size. It then calculates regression line-a line that cuts right through the centre of the points on the diagram. By observing the regression line, one can find out number of employees required at each volume of sales.

#### **Work study techniques:-**

This technique is also known as 'work-load analysis'. This technique is suitable where the estimated work-load is easily measurable. Under this method, estimated total production and activities for a specific future period predicted. This information is translated into number of man-hours required to produce per units taking into consideration the capability of the workforce. Past-experience of the management can help in translating the work-loads into number of man-hours required. Thus, demand of human resources is forecasted on the basis of estimated total production and contribution of each employee producing each unit items. The following example gives clear idea about this technique :

#### **Delphi technique:-**

Named after the ancient Greek Oracle at the city of Delphi, the Delphi technique is a method of forecasting personnel needs. It solicits estimates of personnel needs from a group of experts usually managers. The HRP experts act as intermediaries, summarise the various responses and report the findings back to the experts. The experts are surveyed again after they receive this feedback. Summaries and surveys are repeated until the experts' opinions begin to agree. The agreement reached is the forecast of the personnel needs. The distinguishing feature of the Delphi technique absence of interaction experts.

#### **HR Supply Forecast:-**

Demand forecasting helps in determining the number and type of personnel/human resources required in future. The next step in human resource planning is forecasting supply of human resources. The purpose of supply forecasting is to determine the size and quality of present and potential human resources available from within and outside the organisation to meet the future demand of human resources. Supply forecast is the estimate of the number and kind of potential personnel that could be available to the organisation.

#### **Estimated supply of human resources= Present or existing human resource + potential additions of human resource – potential loss of human resource**

Just as there are valid reasons why companies make demand forecast, there are enough arguments for supply forecast. In fact, fewer organisations estimate HR supplies than demand. Reasons for supply forecast are that it: (i) helps quantify number of people positions expected be available future help organisation realise its plans and meet its objectives; (ii) helps clarify likely staff mixes that will exist in the future; (iii) assess existing staffing levels in different parts of the organisation; (iv) prevents shortage of people where and when they are most needed, and (v) monitors expected future compliance with legal requirements of job reservations. The supply analysis covers:

#### **Present or existing human -**

the first step in forecasting supply of human resource is to start with the present/ existing human resource of the organisation. Existing inventory of human resources refers to the present inventory of human resource department – wise , age – wise , sex- wise , a marital-status wise , skill – wise , experience -wise. Internal mobility of employees as a result of transfer and promotion etc. Should also be evaluated. So present inventory of human resources is availability of talent in terms of skills, performance and potential.

#### **Internal supply-**

**Turn over rate** Turnover rates the traditional and simple method of forecasting internal supply. Stated mathematically, the turnover rate is, :  
(Number of separation during 1 year / average number of employees during the year)  $\times$  100

#### **Conditions of work and absenteeism-**

change in conditions of work such as normal weekly hours, overtime policies, the length band timing of holiday, retirement policy, the policy foremploying part timers and shift systems need to be assessed. Absenteeism is understood as unauthorised absence from work. Stated differently, it amounts to absenteeism to absenteeism when an

employee is scheduled to work but fails to report for duty. Mathematically, absenteeism is calculated thus:

$$\frac{[(\text{Number of persons} - \text{days lost}) / [ \text{Average number of persons} \times \text{number of working days}]] \times 100}$$

#### **External supply:-**

In addition to internal supply, the organisation needs to look out for prospective employees from external sources. External sources are important for specific reasons: (i) new blood and new experience will be avail- able, (ii) organisation needs to replenish lost personnel, and (ii) organisational growth and diversification create the needs to use external sources to obtain additional number and type of employees. Sources of external supply vary from industry to industry, organisation to organisation, and also from one geographical location to another. Some organisations have found that their best source of future employees are colleges and universities, while others achieve excellent results from consultants, competitors or unsolicited applications.

#### **HR programming**

once an organisation's personnel demand and supply are forecast, the two must be reconciled or balanced in order that vacancies can be filled by the right employees at the right time. HR programming, the third step in the planning process , therefore , assume greater importance.

#### **HR plan implementation:**

Implementation requires converting an HR plan into action. A series of action programmes are initiated as a part of HR plan implementation. Some such programmes are recruitment; selection and placement; training and development; retraining and redeployment; the retention plan; the redundancy plan; and the succession plan.

#### **Conclusion -**

HRP is basically concerned with procurement of the right type of people in organisation when required. Every organisation needs good employees for the greater productivity. A HR manager should analyse all the Environmental factors before the starting of recruitment process. Government should also provide proper professional training to the students so that that will able to take the benefits of technical field jobs. It effect the supply and demand of labour at very large scale. Implementation of the strategy should be fair and unbiased for all the departments.

Business establishments should give suitable compensations according to the qualifications and experience of the employees. To calculate the real worth of the job proper job evaluation is necessary.

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