



Human Resource Management

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Practical benefits

When it concerns human resources, there are the more specific criticisms that it is over-quantitative and neglects the qualitative aspects of contribution. The issue has become not how many people should be employed, but ensuring that all members of staff are making an effective contribution. And for the future, the questions are what are the skills that will be required, and how will they be acquired.

There are others, though, that still regard the quantitative planning of resources as important. They do not see its value in trying to predict events, be they wars or takeovers. Rather, they believe there is a benefit from using planning to challenge assumptions about the future, to stimulate thinking. For some there is, moreover, an implicit or explicit wish to get better integration of decision making and resourcing across the whole organisation, or greater influence by the centre over devolved operating units.

Cynics would say this is all very well, but the assertion of corporate control has been tried and rejected. And is it not the talk of the process benefits to be derived self indulgent nonsense? Can we really afford this kind of intellectual dilettantism? Whether these criticisms are fair or not, supporters of human resource planning point to its practical benefits in optimising the use of resources and identifying ways of making them more flexible. For some organisations, the need to acquire and grow skills which take time to develop is paramount. If they fail to identify the business demand, both numerically and in the skills required, and secure the appropriate supply, then the capacity of the organisation to fulfil its function will be endangered.

Why human resource planning?

Human Resource Planning: an Introduction was written to draw these issues to the attention of HR or line managers. We address such questions as:

- what is human resource planning?
- how do organisations undertake this sort of exercise?
- what specific uses does it have?

In dealing with the last point we need to be able to say to hard pressed managers: why spend time on this activity rather than the other issues bulging your in tray? The report tries to meet this need by illustrating how human resource planning techniques can be applied to four key problems. It then concludes by considering the circumstances in which human resourcing can be used.

1. Determining the numbers to be employed at a new location

If organisations overdo the size of their workforce it will carry surplus or underutilised staff. Alternatively, if the opposite misjudgement is made, staff may be overstretched, making it hard or impossible to meet production or service deadlines at the quality level expected. So the questions we ask are:

- How can output be improved your through understanding

the interrelation between productivity, work organisation and technological development? What does this mean for staff numbers?

- What techniques can be used to establish workforce requirements?
- Have more flexible work arrangements been considered?
- How are the staff you need to be acquired?

The principles can be applied to any exercise to define workforce requirements, whether it be a business start-up, a relocation, or the opening of new factory or office.

2. Retaining your highly skilled staff

Issues about retention may not have been to the fore in recent years, but all it needs is for organisations to lose key staff to realise that an understanding of the pattern of resignation is needed. Thus organisations should:

- monitor the extent of resignation
- discover the reasons for it
- establish what it is costing the organisation
- compare loss rates with other similar organisations.

Without this understanding, management may be unaware of how many good quality staff are being lost. This will cost the organisation directly through the bill for separation, recruitment and induction, but also through a loss of long-term capability.

Having understood the nature and extent of resignation steps can be taken to rectify the situation. These may be relatively cheap and simple solutions once the reasons for the departure of employees have been identified. But it will depend on whether the problem is peculiar to your own organisation, and whether it is concentrated in particular groups (eg by age, gender, grade or skill).

3. Managing an effective downsizing programme

This is an all too common issue for managers. How is the workforce to be cut painlessly, while at the same time protecting the long-term interests of the organisation? A question made all the harder by the time pressures management is under, both because of business necessities and employee anxieties. HRP helps by considering:

- the sort of workforce envisaged at the end of the exercise
- the pros and cons of the different routes to get there
- how the nature and extent of wastage will change during the run-down
- the utility of retraining, redeployment and transfers
- what the appropriate recruitment levels might be.

Such an analysis can be presented to senior managers so that the cost benefit of various methods of reduction can be assessed, and the time taken to meet targets established.

If instead the CEO announces on day one that there will be no compulsory redundancies and voluntary severance is open to all staff, the danger is that an unbalanced workforce will result, reflecting the take-up of the severance offer. It is often difficult and expensive to replace lost quality and experience.

4. Where will the next generation of managers come from?

Many senior managers are troubled by this issue. They have seen traditional career paths disappear. They have had to bring in senior staff from elsewhere. But they recognise that while this may have dealt with a short-term skills shortage, it has not solved the longer term question of managerial supply: what sort, how many, and where will they come from? To address these questions you need to understand:

- the present career system (including patterns of promotion and movement, of recruitment and wastage)
- the characteristics of those who currently occupy senior positions
- the organisation's future supply of talent.

This then can be compared with future requirements, in number and type. These will of course be affected by internal structural changes and external business or political changes. Comparing your current supply to this revised demand will show surpluses and shortages which will allow you to take corrective action such as:

- recruiting to meet a shortage of those with senior management potential
- allowing faster promotion to fill immediate gaps
- developing cross functional transfers for high fliers
- hiring on fixed-term contracts to meet short-term skills/experience deficits
- reducing staff numbers to remove blockages or forthcoming surpluses.

Thus appropriate recruitment, deployment and severance policies can be pursued to meet business needs. Otherwise processes are likely to be haphazard and inconsistent. The wrong sort of staff are engaged at the wrong time on the wrong contract. It is expensive and embarrassing to put such matters right.

How can HRP be applied?

The report details the sort of approach companies might wish to take. Most organisations are likely to want HRP systems:

- which are responsive to change
- where assumptions can easily be modified
- that recognise organisational fluidity around skills
- that allow flexibility in supply to be included
- that are simple to understand and use
- which are not too time demanding

To operate such systems organisations need:

- appropriate demand models
- good monitoring and corrective action processes
- comprehensive data about current employees and the external labour market
- an understanding how resourcing works in the organisation.

If HRP techniques are ignored, decisions will still be taken, but without the benefit of understanding their implications. Graduate recruitment numbers will be set in ignorance of demand, or management succession problems will develop unnoticed. As George Bernard Shaw said: 'to be in hell is to drift; to be in heaven is to steer'. It is surely better if decision makers follow this maxim in the way they make and execute resourcing plans.