Chapter 1

INTRODUCTION

1.1 Introduction

Every organization strives to achieve success and reach at the pinnacle. Success depends on human capital, whose foundation is human resource inventory and proper human resource planning of the organization. Human Resource Planning (HRP) is a procedure which helps an organization to identify its present status and future need of human resource to accomplish its objectives and goals. It makes a linkage between overall strategy and human resource management of an organization. Human resource planning (HRP) assures the organization the right kind of employees, in the right quantity, and at right position, those are well qualified, skilled and encouraged to perform the right type of job at the right moment. In this cutting edge, many companies are focusing on excellence, quality, global championship which navigates them for rationalisation, modernization, diversification, merger and acquisition etc. In this juncture, every company incorporates a series of planned actions, tactics and strategies, which will ensure that all the key objectives will be achieved within a defined time frame of a business plan. Human resource planning emphasizes mainly on three things,- business plan, financial capacity and bottlenecks in current manpower capital.

Business plan- A business plan shows the road map for short run and long run achievement. This includes a large element of planning about the utilization of resources, particularly the critical and limited resources are to be utilized perfectly to enhance overall capability. Management resources tend to be crucial and frequently represent the single critical factor, which limits what the enterprise can or cannot do.

Financial capacity- Financial resources are essential but substantial additional finance is generally available to a well-run business and is not generally the limiting factor. Machinery, raw material, space, etc can be covered under the general heading of finance (the ability to pay for them), although there are time considerations on availability of specified space, equipment and materials to be taken into account.
Bottlenecks in current manpower capital- The current human resource capital is to be reviewed from time to time for their effectiveness. The organization has to focus on the finer aspects of efficacy and effectiveness of the employees. The competency of human capital may get changed due to advanced technology, lack of learning and development, lack of motivation, age, etc. The company also gets affected by absenteeism, attrition rate in terms of superannuation, death, dismissal or discharge etc. Company sometimes wants to recruit and inject new bloods for its requirement of bench, strategic planning, diversification, growth and expansion.

In any business arrangement, it needs to sketch out the key human resource activities requisite so that appropriately intended strategies are planned, developed and implemented in a way that will enable business goals and objectives to be achieved. In accessing the optimum mix of business options while gathering a plan, the availability of necessary manpower resources will be the key determinants in its achievability, with availability of relevant management of resources as the most important factor. Planning of managers and specialists is particularly difficult where the timing of possible scenarios is uncertain and the same set of people may be required for several different purposes, possibly at the same time. For key manpower resources, availability must be matched to demand and management planning task may require to smoothen the work load to match availability of people, to reschedule the peaks and troughs and handle sudden surges. The ultimate response to events will depend on the effectiveness with which these resources are managed.

Human command is a key ingredient to bring the success of an organization (Tung, 1984). More importance should be given to human resource planning (HRP) inside every organization. A number of the organizations typically are unsuccessful in visualising long run benefits or the plus points of human resource planning. But some of them differentiate in action and get the benefit of effective human resource planning and add it as a part of their organization (Sword & Cutsinger, 1984). Matching manpower demand to manpower availability for the favoured options is, therefore, a vital element of business and human resource planning activity. Additional management may take couple of month or years to recruit or develop, and a first-class management group may take several years to assemble
and settle into an effective team. This imposes very real limitations on business development.

The steel scenario of India is experiencing a slow growth rate as the China steel has captured the global market. It is a time to introspect the entire production, procedure, raw materials, logistics sales and distribution and human factor. The composition of each resource is to be proportionate which can flow towards niche marketing across the globe. Indian steel sector has to find out an uncovered way to cherish human resource planning along with other resources. The current study includes few selected steel plants in Kalinga Nagar Industrial Complex, Odisha particularly on their human resource aspects as a major contributing factor of its efficacy and effectiveness.

1.2 Background of the Study

Steel is the backbone of any country’s financial condition as well as the growth of the country. There are a number of steel producers who have asked the Ministry of Steel for classifying them as Integrated Steel Plants or in other words the Primary Steel Producers. This was encouraged by the client industry’s preference for Integrated/Primary Steel Plants for steel procurement, most probably on the ground that those producers are able of providing quality steel in the right quantity. In order to resolve this issue, it has been decided to classify and certify steel producers in the private as well as public domain manner, i.e. (1) giving emphasis on the process/technology used, and (2) on the basis of size/capacity of the plant. The Government has instigated economic growth having extra innovative extent for development, growth and expansion of industries in general and particularly for steel plants, since 1999. The government has removed price and distribution controls since January 1992 for making industry efficient and competitive.

Efficiency of the steel industry is based on few major factors like, quality input, quality product, market demand, sales and distribution system, employee satisfaction, motivation and commitment of the employees, organizational culture and climate, human resource development and human resource planning (HRP).

Kalinga Nagar is situated at Jajpur district of Odisha. This area is situated a physical unit consisting of dense landmass of Sukinda and Danagadi block. It is neither a rural nor an urban area. Government of Odisha plans to make Kalinga Nagar as a developing steel-producers-hub. The name Kalinga Nagar Industrial Complex is given by Industrial
Infrastructure Development Corporation (IDCO), Odisha, where IDCO has obtained the land from the public, and has given to different interested companies for setting up steel industry by developing transportation, road, infrastructure etc., which started since 1990s. After that, the government took a leading role in encouraging the steel-hub. Presently there are approximately 16 number of steel plants, which include one public sector undertaking i.e. NINL and private plants like RFTL, Maithan, VISA, Tata steel etc. In the present day, lots of developmental programmes and activities are being carried out in Kalinga Nagar Industrial Complex. It is in the door step to become a municipality. There is harmony and peace in this area. Most of the populations are belong to tribal and are simple and laborious. Raw materials for producing iron such as: Iron ore and Chromite are available closer to this area. As the Brahmani river flows in close proximity to this area, there is also an opportunity of continuous flow of water to Kalinga Nagar. The area is free from any natural calamities like flood and cyclone. The nearest railway station is Jajpur-Keonjhar Road and Jakhapura. The district headquarters is situated at Jajpur Town. Kalinga Nagar is only about 100 kms from Bhubaneswar, the state capital of Odisha. Kalinga Nagar comes under the constituency of Jajpur Parliament and Sukinda Legislative Assembly. The master plan has been prepared for Kalinga Nagar Industrial Complex by IDCO. Kalinga Nagar Development Authority (KNDA) is looking after over all development, building regulations and planning of this area.

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Kalinga Nagar Development Authority (KNDA) made a comprehensive development plan for 161 numbers of villages, covering an area of 458.78 km² i.e. 41, 65, 20, 35 villages of Sukinda Tahasil, Danagadi Tahasil, Vyasnagar Tahasil, and Rasulpur Tahasil.

Kalinga Nagar Development Authority has appointed Rolta India Limited (A private consulting farm) for converting Kalinga Nagar Industrial Complex into a contemporary industrial hub in Eastern Asia. A comprehensive development plan (CDP) has already been prepared and has placed in public domain looking for any suggestions and complaints. It has projected investment necessity to the order of Rs. 66,139 crore for CDP for the area. “The KNDA CDP will need a total investment of Rs. 66,139 crore out of which the investment in public sector plants will be approximately Rs. 60,889 crore and in
private sector, the investment will be around Rs. 5,250 crore in the proposed plan period (by 2030)"

1.3 Literature Overview

A plan is defined as pre-arranged course of action or making schedule in advance, which normally has three most important characteristics.

a. The future.

b. An action.

c. A component of human or organizational identity.

The plan is the process of considering about the future practice for predicting teething problems and searching through judicious action on the basis of knowledge and to steer the action towards the necessary goal (Lester, 1966). It is likely to define human resource planning from a tampered point of view or from a very broad one (Patten, 1971).

Human resource planning (HRP) starts from a very older concept of replacement planning which normally is conducted in industrial relations activities within an organization to personnel planning and its actions like staffing, selection, placement, training and development, wages and salary management, etc. to human resource and employment policy at the level of economic system. In this context, human resource is regarded as the qualitative and quantitative measurement of the employees and planning is considered how to enhance employees in line with different other organizational goals (Srivastava, 1997). It may involve different skill enhancement programmes to improve employee’s performance, participation, in order to increase organizational productivity, quality and ideas for innovation. Every employee inside the organization should have a clear idea about the objectives of the organization. Farnham (2006) viewed that human resource planning (HRP) is important, because it helps to promote the company to build up idea about clear-cut linkage between HR strategies and organization plans with an objective to combine them efficiently. Dainty (2000) realized that, a personnel can save a lot of fund of the organization as well as induct competent and skilled employees to pick up the target of the business of an organization. So, workforce is the most vital asset in the organization, human resource planning helps to identify effective workforce with proper talent and skill needed. A well-designed and cautiously performed human resource system, which includes
recruiting, employing and maintaining, etc. develops a firm’s productivity, as well as it helps to grind the competitive edge of an organization (Boxall and Steeneveld, 1999). Human resource planning (HRP) ensures the workforce required by any organization to achieve its tactical goals (Amstrong, 2006).

Stainer (1971), opined that HRP is determined to develop and sustain the capability of an organization to reach the objectives of the business by the help of the growth of strategies to augment the involvement of employees at any time in future. Birch (2007), identifies human resource planning in service industry, aims at taking right quantity of employees, who have expertise in their field, at proper place, at correct time to deliver the right services as per the demand of the people.

Planning aims to put together the forecasting of future needs of human resources by an organization and to design appropriate actions like staffing, inducting, training and career development as and when required. Planning is prepared according to the goals and within the general policy structure of the organization. It may also be influenced by public policies, technology up-gradation and availability of workforce. It is essential to project the future manpower need and to fill up those positions as soon as possible which will be generated in near future. Forecasting is the process by which an organization estimates its current demand and supply of human resource for the organization. Forecasting of demand of human resource is a practice of finding out the need of human resources in future with respect to quality and quantity. It is prepared to achieve the desired objective and goal of an organization through fulfilling the requirements of human resources in an organization. The requirement of human resource for the organization in future can be calculated by analysis of current inventory and plans and procedures of the organization. Every organization should analyse each and every momentous level carried out in past. However, supply forecasting is concerned with the assessment of supply of human resources, which is another side of estimation of human resource. It assesses the sources of workforce that are expected to be available from internal and external sources of the organization. Internal source encompasses promotion of employees, and transfer from one place to another. Employment of fresh employees those are competent to perform the job satisfactorily comes under external sources.
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The next step of the process of human resource planning (HRP) is to bring the forecast of future demand and supply of workforce for the organization into a point of matching. The significance of matching both in one point to make an equilibrium position of demand and supply of human resources is important, so that, shortages and surplus or over staffing of positions problem will be solved. There must be a balance between, how much the organization requires and how much it acquires. The organization should recruit or fill the vacancies to overcome the problem of shortage of human resource, on the contrary, when surplus problem arises; organization has to trim down the number of employees. Consequently, it is concluded that every organization could be able to gain knowledge about requirements and sources of supply of human resources through this matching process.

For all these actions of HRP, a well run, up to date and users’ friendly human resource information system (HRIS) is required inside the organization. HRIS helps managers to take decisions quickly, accurately and precisely. DeSanctis (1986) stated that, HRIS draw the sketch of combination between human resource management (HRM) and information technology. Aptly described by Kavangah et al., (1990), human resource information system (HRIS) is a computer based information system or software which is used to receive, store, analyse, control and manipulate, retrieve and distribute data or information linked to human resources in an organization. It includes not only the hardware and software but also the employees, farms, policies, procedures which help the organization in taking decisions faster and accurately. It also helps the organizations by making automated HR planning functions.

To implement the HR plan, the activities like recruitment, selection, career planning, performance appraisal, training and development etc. are required. Finally, the process of control and performance evaluation system of human resource ensures about the matching of HR objectives and policies with HR planning process. Armstrong (2006) defines performance appraisal as the proper assessment and evaluation of persons by their superiors usually, at yearly review meeting. Performance appraisal is a well organized evaluation process of an individual with respect to his or her performance on the job and his future potential for improvement. Evaluation of performance is inherent capability of a person or evaluation of work assigned. The evaluation of performance of a person can be
done through observation in respect to time. Another thing is how the work is done by the person with respect to quality of work. Evaluation is present performance and potential performance of the employee in future, where present performance is the performance of an employee in present time and potential performance is the expected performance of the employee in future. Potential performance is really difficult because the future is uncertain.

1.4 Statement of Problem

The human resource planning plays a significance role for the development of any industry, which cannot be over emphasized. The efficiency and effectiveness of any organization basically depends upon the first step of excellency that is, human resource planning. HR planning of an organization helps in proper recruitment, training and development, performance appraisal, career planning, competencies of the employees and over all growth and development of the organization. This could be in terms of management, the employees would not like to be retained in insecure jobs in an organization, where there is poor management. The quality of management is the primary factor in determining the degree of success of an organization and the individual employee. The nature of work done is another important issue which can be sorted out through proper utilization of existing human resources.

There are less number of effective and result oriented employees in the organization, therefore, the statement of problem of this work is to find out, how human resource planning can be for instrumental for higher production and lower turnover rate which, helps for organizational effectiveness.

1.5 Research Question

• How the organizations meet the future human resource requirements?

• Whether sufficient human resources are available to meet the requirement?

• What are the different methods adopted to forecast the demand and supply of human resources?

• How to ensure the optimum utilization of human resources inside the organization?
1.6 Relevance of the Study

The importance of systematic and comprehensive human resource planning has been recognized only in recent years. It is predicted that the inevitable skill shortage and changing demographic trends will cause a resurgence in the importance of human resource planning techniques (Bell, 1989). The significance of the study is to revisit the implementation of human resource planning in the steel industry and measure the effectiveness across various human resource planning processes indicating the level of significance. The research findings would facilitate to provide valuable insights for effective human resource planning process in steel industry and can be a benchmark for other industries across the state. The study is supposed to provide support to the forecasting of manpower requirements in terms of both demand and supply forecasting.

1.7 Objectives

The study is based on few objectives, which are illustrated below

i. To study the process of HRIS in the organizations;
ii. To study the HR planning process in the organizations
   a. Human Resource Demand Forecasting (HRDF);
   b. Human Resource Supply Forecasting (HRSF);
iii. To study the process of performance appraisal, training and development and career development in the organization;
iv. To ascertain demographically the views of the employees on different dimensions of HR processes;
v. To find out the impact of HR planning on organizational effectiveness.

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