

## **RESEARCH ON DETERMINING PERSONNEL NEEDS BASED ON LABOUR PRODUCTIVITY. A LITERATURE REVIEW APPROACH**

**Jaber ABDALLAH<sup>1</sup>**

<sup>1</sup>*Bucharest University of Economic Studies, Romania*

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### **Abstract**

*The present research aims to pinpoint several important aspects of the organizational theory and practice in Romania regarding the application of the principles and criteria for strategic human resource management. The study discusses the commitment of the staff necessary based on specific approaches, the flexibility of the job as a crucial element in managing the staff necessary, and concludes by discussing good practices in the sector based on the most recent national and international experiences.*

**Keywords:** *Personnel Needs, Labour Productivity, Employment Flexibility, Human Resource Development*

**JEL classification:** *J24, O15*

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### **1. Introduction**

The actuality and difficulty of analysing the theory and practice of managing the required labour force at the organizational level is unquestionable, particularly in Romania, due to the specific interaction between a variety of factors and conflicting actions relating to the domestic and international context. Economic and social organisations within Romania are situated in the sector of competition and under pressure from the numerous factors of the existing dynamic markets typical of large countries or companies with remarkable strategic-military capacity and with challenging or perhaps even impossible to resist political and ideological control and the factors inherent in the imbalance devastated economy, governed by the interests of major transnational corporations, missing limited possibilities of

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<sup>1</sup> *Ph.D. Student, Bucharest University of Economic Studies, Romania, e-mail: jabber.abdallah50@gmail.com*

resource exploitation, with poor and declining communities. Withal, Romania's economic and social institutions face a series of challenges brought about by mediated incorporation into the frameworks of the European Union as well as other strategic alliances.

Nevertheless, it is obvious that socioeconomic entities of Romanian capital encounter quite different managerial challenges, not only of an economic type, along with the management dimension of maintaining the requisite human resources to perform at reasonable parameters. The inclination to integrate or imitate the activities of the Western economic and social organizations deemed progressive is bound to fail according to the unique circumstances in which Romania's economic and social organizations express themselves. The successful application of human resource management strategies and techniques, including those relevant to their forecasts operating under other environments, is highly dependent on having a fairly comparable economic environment to that of the states pointed to. Many of these place their influence on the manner of administration or handling the supply of the requisite organizational resources through this understanding more than the individuals themselves, the workers, human capital, even intellectual capital and social capital. It should also be borne in mind, however, that the management of the corporate resources necessary means much more than the scheduling of its supply.

## **2. Methodology**

The aim of the present research paper is to determine the personnel needs based on labour productivity, by analysing the concepts of flexibility of employment and highlighting manners to plan the improvement of labour productivity. Thus, the article is based on literature review, conducted to generate an objective evaluation of the state of knowledge in the mentioned theme. In this regard, articles and books in the field were studied and based on the analysis carried out, a series of interpretations were presented in the Findings section of the paper.

## **3. Flexibility of Employment, a Crucial Factor in Handling the Available Resources**

Companies in Romania are currently engaged in their operations in an intensely diverse and competitive cultural, social, political and ecological setting, hence the need to encourage flexible forms of work in combination with maintaining an appropriate legislative framework to foster labour market

security. In addition, a number of specific flexicurity issues was described at European Union level, a new concept viewed as an innovative, competitive political approach to strengthen stability and security on the labour market at the same time. Personnel flexicurity or human resources applies both to the right of organisations to employ, hire, fire workers and to the use of versatile forms of work, such as part-time services, fixed-term contracts, distance work, but also to other opportunities in human capital for successful professional lifetime transactions, the change from unemployment to job status in one place of employment (Viebrock & Clasen, 2009; Cohen & Sabel, 2018). Occupational health strives at ensuring and improving professional skills which allow human resources to conduct valuable professional transactions throughout their active life, without inactivity periods. Consequently, flexicurity means the accomplishment of a harmony, a harmonization between the contribution of human capital with versatile forms of employment and the internal organisation of work in conjunction with the development of staff skills (Burroni & Keune, 2011).

The ways by which human resources flexibility can be achieved are different, but the following can be illustrated (Meyer, 2018; Schippers, 2019):

a) *numerical flexibility* - means the adaptation of human resources based on the cyclical nature of the demand, implying that a number of limited work obligations are carried out in various forms, including individual fixed-term work contracts, short term work contracts, working from home, subcontracting contracts and others (Rubery, Keizer & Grimshaw, 2016);

b) *flexibility of working time* - requires the flexibility needed to perform the work tasks in relation to the demands of the organization's operations, for example part-time employment in a day or week of work, overtime recreation and others (Martins, 2016);

c) *functional flexibility* - this finds the professional training of human capital to augment the ability to carry out the various activities, tasks or responsibilities regarding the organization's needs (Preenen et al., 2017);

d) *salary flexibility* - Relates to granting monetary benefits and other rewards based on the organization's performance, especially with regard to labour productivity and market demand flexibility (Antonietti, Antonioli & Pini, 2017). The aim of this management activity is to minimize the impact of activities that demotivate workers and encourage automatic indexing of remuneration or create a minimum wage, irrespective of the performance of the company (Muffels, Ed., 2014).

At the point of the workplace, the flexibility of human capital takes into consideration both the operationalized approaches adopted by the intended executive management to accommodate the amount of human resources used to meet the needs of the organization's operations and a variety of areas capable of harmonizing the business and personal obligations of the workers. As a consequence, work flexibility helps to balance between professional and personal life, allowing for the reconsideration of professional development, maintaining the continuous learning cycle and others (Lefter, Deaconu & Manolescu, coordinators, 2012).

#### **4. Determination of Personnel Needs based on Labour Productivity**

Labour productivity is a fundamental predictor for estimating the human resources available. The need for human resources is in essence a derivative proposal that relies primarily on the company's criteria with regard to the products and services provided by the organization's employees (Ahad & Khan, 2017). As a consequence, rising demand from the company for a product or service leads to higher demand for human resources or labour. The requirement fluctuates depending on the marginal productivity of the job reported by the company, the productivity that represents the additional production (extra revenue, added net added value) resulting in an increase in the number of staff by one unit (Smith, 2003). The marginal productivity of labour is calculated as the proportion between the increase in production and the increase in number of employees (Syverson, 2011). Nonetheless, demand for human capital often relies on demand for products or services, namely the increase in production is sold for a certain benefit, and the gross gain (the correlation between the rise in the actual profits and the increase in the number of staff) covers the required increase in labour. In general, marginal income represents the income increase produced by the growth with a unit of output sold and collected. Subsequently, the need for individual or personal resources is often determined by the income received, making it an issue of cost and benefit. Thus, demand for human resources depends on two factors, gross productivity of labour and marginal income.

In order to assess labour productivity, many companies use a collection of criteria, such as quality expectations and productivity growth standards. The *level norm* illustrates the dimensions of the productivity suggested by an organization, and, indirectly, the effectiveness of its activity. These benchmarks must be defined on the grounds of measurements at the technical, inter-branch, national and international level of the successful rates

of labour productivity. Therefore, the company's function can be measured in different hierarchies, based on the level of labour productivity (Aguero, 2019). Disregarding and failing to comply with global productivity laws could lead to job reduction in the immediate or distant future (globalizing competition). *The productivity growth* standards indicate the expected improvement in the productivity of labour that must be at global, but especially international, level (Osipov & Krasova, 2019). In addition, the requirements relating to the productivity of the job must be defined as a priority based on external criteria (the possible accomplishments of the competitors), and not just on internal standards relating only to the current employees, because the company must be comparable in terms of labour costs with its competitors.

The working time can be structured in the case of routine tasks, defining the regular hours per unit of goods, job, operation, etc. at the level of messages. After that, by comparing the current working or output time with the standard time, the quality of the job under the constraints of the respective company can be measured. For companies that have a productive profile, the core item for measuring labour productivity and, indirectly, for estimating the human resources necessary is the gross or net added value measure, defined as the difference between the selling price of the goods and the material expenses needed to manufacture the goods. To all this end, the organization's accomplishments in the previous inquiry cycles, usually over the previous five years, are evaluated as the initial step in defining the patterns reported by the efficiency of labour, measured on the basis of the added value, the weight of the added value in the volume of production, the employees of human resources, the work composition. As a second phase, human resource requirements are projected based on previous years' accomplishments as well as the company's vision for the future. To order to assess the need for technical staff and administrators, the current situation must be taken into consideration in the circumstances to explain the need for the respective positions on the basis of their research and the details in the job description, but also other factors that represent the organization's management viewpoint and business growth.

In our view, it is worth pointing out that measuring human resource needs on the basis of labour productivity or on the basis of labour productivity increases the question of choosing the economic indicator to assess human resource needs. Human resources projections fail quite often because the impact of new technologies on manufacturing processes are ignored, illustrating the need for human resources managers to work closely with the

assessments of the experts who formulate the organization's business strategy and agree on the technical solutions to be implemented (Lefter, Deaconu & Manolescu, coordinators, 2012).

## **5. Ways to Plan the Improvement of Labour Productivity**

Increasing the productivity of labour is an organizational management priority goal, especially of the strategic management of human resources. Increasing labour productivity means in practice, at the same volume of work or number of staff, achieving a higher volume of work at the same labour cost, or attaining the same level of output at a lower labour consumption. The literature and the organizational practice as follows formulate the main factors for increasing labour productivity:

a) Implementation of technical progress, development of new higher-return equipment, facilities and installations, modernisation of current fixed capital, adoption of new technology demanding less labour use, installation of special equipment on existing devices;

b) Enhancing production and job organization by improving manufacturing flows, ergonomic work organization, production organization in fluid, computer poly-service and others;

c) Increasing skills, enhancing or developing professional training and rising staff motivation.

Labour productivity is quite commonly measured by the ratio of the gross value added or net value (production value, operation volume) to the number of employees. The forecast of increasing the productivity of the work has a particular character because it is necessary to determine the relative economy of the staff as a consequence of the operationalization of the various measures which have the effect of lowering the consumption of labour for every operation, project, product etc. and, tacitly, increased productivity of labour. The relative personal economy reflects the difference between the number of staff necessary to achieve a certain level of production or added value in terms of labour productivity before introducing actions to reduce labour consumption and the number of staff required to reach the same volume of production or added value under terms of increased labour productivity. It is therefore the contrast between the outcomes of two reports in the way that from the results of the ratio between the added value to be accomplished and the rate of labour productivity before the measures mentioned are applied, and the effect of the ratio among the same added value to be attained and the rate of labour productivity after the measures listed have

been applied. Due to the introduction of the respective measures, the level of labour productivity arising from introducing measures to reduce labour consumption is higher than the level of labour productivity. For each calculation of every the efficiency of the job, the relative staff environment is calculated, after which the summation is made at the company level. The overall relative personal economy is calculated by the application of the whole package of measures.

The following working algorithm is utilized to calculate the relative increase in labour productivity at the level of the enterprise in the forecast program when the steps to improve labour productivity are operationalized or implemented and the basic or comparison year:

(a) the development of the value-added metric at the level of the company for the plan year;

(b) the determination of labour productivity of the workforce in the planned year at the level of the company, as a comparison between the added value gained and the total workers in that year;

(c) the measurement of the workforce required for the plan year by the terms of labour productivity of the base year;

(d) the estimation of the overall relative economy of the amount of workers in the plan year by introducing the whole package of efforts to increase the productivity of labour;

(e) measuring the workforce needs in the plan year as the variance between the real number of staff in the base year and the total relative economy over the entire staff organisation in the plan year;

(F) estimating the efficiency of the jobs in the plan year by the entire company as a comparison between the pre-set value added for the plan year and the requisite workers needed for the plan year;

(g) measuring the percentage increase in the employees productivity at the level of the organization in the plan year relative to the base year, reducing the percentage ratio between the plan year by 100.

The increase in labour productivity percentage relative to that of the corporate management's strategic objective of the this performance metric-other measures to ensure the requirements for achieving a higher percentage of labour productivity are established when the target is not achieved. (Lefter, Deaconu & Manolescu, coordinators, 2012).

## **6. Findings**

On the basis of the mentioned literature review, we propose that a number of important tasks should be provided to planners of the required human resources:

- ***managing the forecasting process required for human resources***, in the sense that planners need to ensure that strategies for which they set purpose, instructions, priorities and planning goals are established for themselves and other people in the human resources planning organization. Human resource managers will usually draw up a plan, which consists of a list of the measures to implement the plan for the company's benefit;
- ***an assessment of designed human resources plans*** to determine whether such plans are sufficiently stimulating to the company, whether they are comprehensive or in line with the organization's objectives. The designed plan not fulfilling these conditions should be modified and reconstructed appropriately;
- ***solving the problems of human-resource development*** implies that it is the human resource planners' responsibility to obtain data to address identified issues. Efficient planners constantly assess the necessity for change and development, offer suggestions to the company to deal with problems with human resource planning and determine how the business should take advantage of opportunities to solve those problems. For example, a human resources planner might find that the organization's basic activity goals are not achieved, as it is symptomatic of a human resources planning issue, because the assumed goals are too ambitious or because the human resources required to achieve them are insufficient. It is the responsibility of the human resources planner to acquire relevant data on this topic and to recommend the company ways and strategies to operate in order to solve the problem in an efficient way. Some signs that could suggest difficulties in planning the required human resources include, among others, deficiencies or inconsistencies in the marketplace, reduced sales volume or service quality, overweight or under-sized stock levels, increased operating costs, excessive capital investments in machinery.

The summary of the human resources planners' three responsibilities is only a general description of their work, with the key function to provide recommendations to the management on what to do in the future and the prompt implementation of managers' actions. The human resources managers

only make suggestions, the management of the company decides whether or not to follow those.

We understand that the feasibility of preparing the requisite human resources is a particularly important topic in the sense of the research undertaken. We recognize that it is difficult to implement the human resources planning framework needed at organizational level. The planning characteristics of the human resources needs are becoming increasingly complex with growing corporate scale in the sense that more staff, more knowledge and more complex decisions are required.

Nonetheless, certain precautionary measures are needed for an effective preparation initiative at the organisation's level of human resources, of which at least four must be the main and the most impactful:

The first is ***top management support***, referring to the fact that the members of the organisation only take the top management seriously if supporting them-consequently. It is extremely important to support people in any type of business, regardless of the size, domestic or international, in order to plan for the necessary human resources. Top management will direct and actively participate as much as possible in the human resources preparation process. Such assistance is evident to the association leaders if the coordinator of the human resources required has the ability to coordinate the corresponding tasks, if the requisite human resources are organized and the expert personnel are adequately prepared for any shifts which are usually caused by planning action. In addition, if general managers strive for the organization's success, they must pay consistent and explicit attention to the human resources planning process.

The second is that ***the organisation of preparing for the requisite human resources should include the main instruments*** that establishes, elaborates and fulfils the organization's strategies and forecasts the success of operational predictions. The required human resource manager must therefore coordinate the specific activities in the most effective and efficient manner. The human resources preparation process shall have three distinguishing, inherent ***characteristics***:

a) Designed to enable dynamic and streamlined use within the organisation of management systems. Most entities, such as the department, correspondence, monitoring, assessment and performance evaluations, distinguish institutional frameworks for the preparation and human resources needs for the other management systems but it is clear that alignment or

incorporation of management systems in diverse and contemporary enterprises is necessary to meet their mission and objectives;

b) Complex enough to ensure alignment of the actions of all the actors involved in its particular activity. The human resources manager must explain the organisation's dynamic powers as clearly as possible to the corporate leaders, even though the mechanism itself may entail a relatively large organizing operation organization;

c) Flexible to the degree that they must be able to adapt in good time to the continuing changes of the environment.

The third relates to *the importance on human resource planning required for execution*, in that all strategies rely on the operationalization, since there is a type of action arising from the human resource planning process which will enable the organisation to accomplish the task and goals.

The fourth involves the *use of sufficient staffing* so that when insufficient personnel are used in the planning process, the preparing of the required human resources creates errors. The plans of staff needed would provide, as far as possible, assistance from managers of the functional areas under consideration the planning operation. Such managers know their daily work and can thus offer the planners useful knowledge on the human resources required. They should also be interested in executing the approved plans and should be able to provide the planner with details on the manpower needed to carry out the plans. Managers who must assist in executing the plans must participate actively in their substantiation, elaboration and execution. Human resources administrators can also be presented with useful information from others directly involved in the program.

We make it important to note that not all the organization's members will engage in the human resources planning process. The types of decisions and information needed will reflect the categories of people participating in the human resources management process.

## 7. Conclusions

The growing dynamism of contemporary organizations ' systems and economic and social frameworks, regardless of their size, requires management at all levels to identify as clearly as possible their long-term goals, as well as their planning and execution of effective operating strategies, so as not to impede the progress and accomplishment of these processes. Careful planning for all companies, thereby, has become a critical requirement. Planning requires identifying goals, but also providing resources

or services necessary to achieve them effectively, which is why the organisation must use plans to build and operate and meet those requirements.

For more or less justified reasons, the strategic planning for maintaining the requisite human resources is a major overlooked aspect by a considerable number of organizations. The successful strategic planning strategies of providing the necessary human resources are applied slowly and difficultly, primarily by organizational inertia. The enhanced responsibility for the strategic planning of an organization to ensure the necessary operational resources depends upon the involvement of the leadership, in particular by allocating sufficient funds for this purpose. The participation of management in the strategic planning of appropriate human resources shall be conditional on the understanding of the technique used and on the notice of the importance of its operationalisation, a requirement to be satisfied only by having the expertise and know-how needed for organisation of the large issue.

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