

THE ROLE OF HUMAN RESOURCE PLANNING

IN THE HUMAN RESOURCE NETWORK

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ABSTRACT

The Human Resource Management (HRM) process comprises the following steps: human resource planning, recruitment, selection, professional development, performance appraisal, and compensation. The first step in the HRM process, viz., Human Resource Planning (HRP) involves defining an organization's HR goals, establishing a strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate activities as part of the HR strategy. The necessity of this function follows from the nature of organizations as purposive (goal-seeking) entities. Large organizations employ specialists and even set up departments that often use complex quantitative techniques and computer programs to develop suitable HR plans for the organization. In smaller organizations, the HR planning responsibility is that of the business manager. This paper examines the strategic role that HRP plays in the complex Human Resource Management Network (HRMN).

Key words: Human Resource Planning, Human Resource Management Network

Meaning of HRP

What is popularly known as Human Resource Planning (HRP) was called manpower planning prior to the late 1970s. HRP is the first step in the HRM process. It is the process of analyzing and identifying the need for, and availability of human resources so that the organization can meet its objectives. The focus of HRP is to ensure that the organization has got the right number of human resources, with the right capabilities, at the right times, and in the right places. In HRP, an organization must consider the availability and allocation of people to jobs over long periods of time, not just the next month or even the next year. Additionally, as part of the analyses, HR plans can include several approaches. Actions may include shifting employees to other jobs in the organization, laying off employees or otherwise cutting back the number of employees, retraining present employees and/or increasing the number of employees in certain areas. Factors to consider include the current employees' knowledge, skills and abilities and the expected vacancies resulting from retirements, promotions, transfers and discharges.¹

Definitions of HRP

“Human Resource Planning may be defined as a strategy for the acquisition (recruitment/ selection), utilization (deployment), improvement (training and development) and preservation (pay and rewards) of an organization's human resources.”

– John Gennard

¹ Mathis, Robert L. and John H. Jackson (2010). *Human Resource Management*. Boston: South-Western Cengage Learning. p.146.

“Human Resource Planning may be defined as implementation of strategies, plans and programs required to attract, motivate, develop, reward and retain best people to meet organizational goal and objective of enterprises.”

- Mary L. Tanke

“Human Resource Planning is the process by which any organization ensures that it has the right number and right kind of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.”

- Decenzo and Robbins

From an analytical study of the above definitions, we may conclude that:

1. HRP is concerned with having the right people, with the right skills, in the right place and at the right time.
2. HRP is a strategy for acquiring, developing, integrating, motivating, compensating and retaining talented human resources.
3. HRP is sharply linked to business strategy.²

Classification of HRP

Human Resource Planning can be complex or simple, implicit or explicit, impersonal or personal. For example, a human resource manager forecasting demand for the firm's human resources,

² Deb, Tapomoy (2006). *Strategic Approach to Human Resource Management: Concept, Tools and Application*. New Delhi: Atlantic Publishers and Distributors. p.76.

may rely on complex econometric models or casual conversation with human resource personnel in the field. According to Cascio (1992), HRP itself can be either strategic (long term and general) or operational (short term and specific). HRP may be organization-wide, or it may be restricted to divisions, departments, or any common employee group. It may be carried out on a recurring basis (e.g. annually) or only sporadically (e.g., when launching a new product line or at the outset of a capital expansion project).³

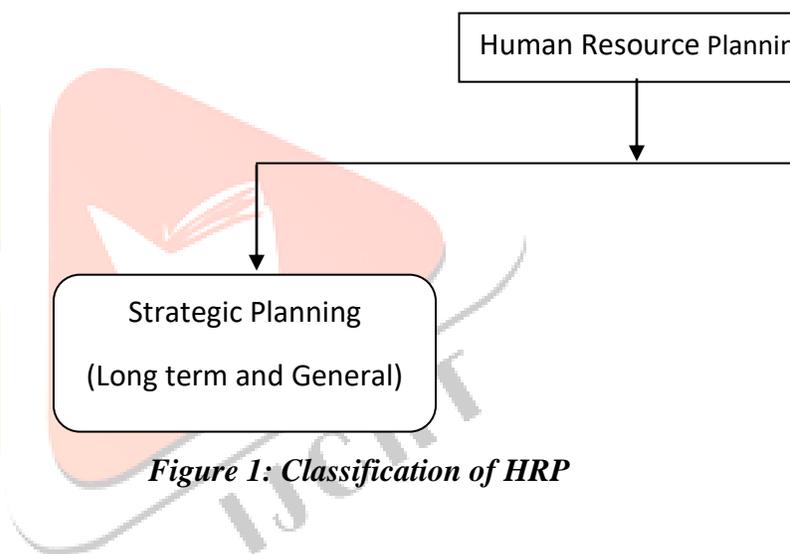


Figure 1: Classification of HRP

Sine Qua Non of HRP

1. The precise and detailed knowledge of what resources the organization actually has at its disposal.
2. The state of resources in terms of skill, knowledge, morale and motivation.

³ Cascio, W. F. (1992). *Managing human resources: Productivity, quality of work life, profits*. New York: McGraw-Hill. p.352.

3. The efficiency with which, and conditions within which that resource is being utilized.⁴

HRP Process

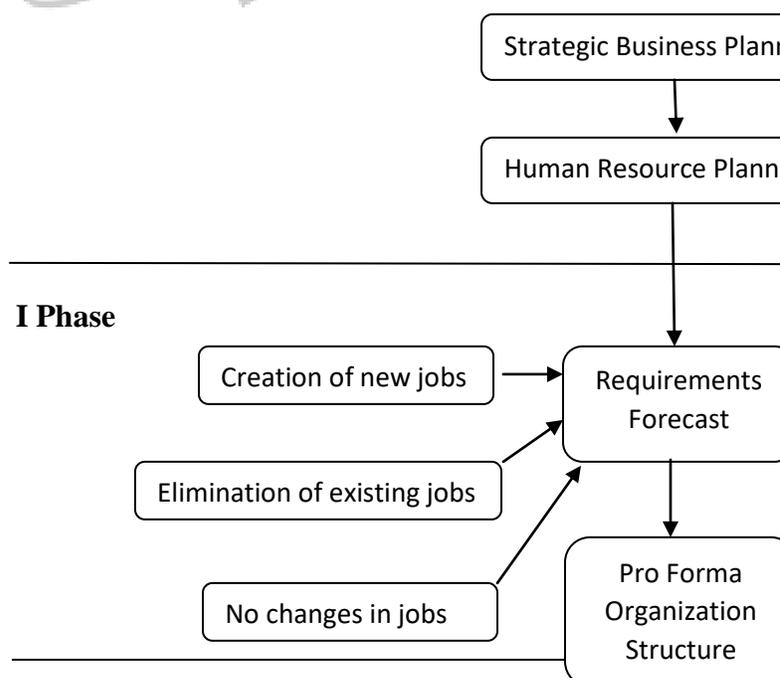
After the organization's strategic plan has been developed – with the full participation of the HR department – the determination of specific future personnel needs can begin. There are three basic phases involved in HRP⁵:

I Phase: The first phase is concerned with identifying the number and the kinds of employees that the firm will need in the future. This is the requirements forecasting stage. The strategic business plan may necessitate the creation of new jobs, the elimination of existing jobs, no changes in jobs, or increase or decrease in organizational positions i.e., number of employees. Additionally, the requirements forecast must consider the number of employees who will be lost through normal attrition, such as terminations and retirements. After all of the factors that influence requirements have been considered and the human resource planners have ascertained the personnel necessary to fulfill the business plan, the anticipated organizational structure of the future is created.

II Phase: The second phase of HRP entails the determination of the availability of qualified people to staff the organization of the future. At this time,

planners must look inside the enterprise to identify individuals who could be promoted or transferred to new jobs or positions. They must also look outside the firm, through the examination of demographic data and other factors, to forecast the number of qualified individuals who will be available to meet the future staffing needs. Personnel requirements are then matched with personnel availability. Although all steps in the HRP process are crucial, comparing needs and availability is especially important because it identifies the staffing situation that will confront the organization in the future and suggests actions that will have to be taken to equate the demand for and supply of human resources.

III Phase: The final phase of HRP is the development of specific courses of action to assure the institution that it will have the appropriate number and kind of people in the right places at the right times to carry out the strategic business plan.



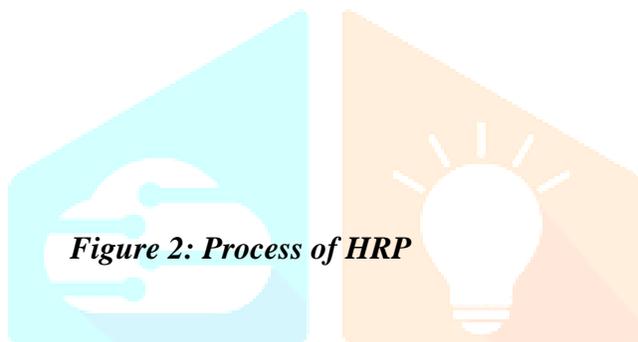
⁴ (2013). *Human Resource Management: Concepts and Practices*. New Delhi: Dorling Kindesley (India) Pvt Ltd. p. 9.

⁵ Caruth, Donald L., Gail D. Caruth, Stephanie S. Pane (2009). *Staffing the Contemporary Organization*. Connecticut: Praeger Publishers. Pp.118-119.

II Phase

4. HRP is a logical and efficient decision-making activity involving systematic analysis of data gathered in a scientific manner. Thus, it is neither a haphazard nor an ad hoc activity.
5. It emphasizes both the quantitative (number of personnel) and the qualitative (nature of personnel) dimensions of human resources at every stage.⁶

III Phase



Characteristics of HRP

1. HRP aims at fulfilling corporate strategies and goals through effective utilization of human resources. As such, it is effectively aligned with the business strategies of the organization.
2. HRP is not a solitary act. Rather, it is a process involving a series of related activities carried out on a continuous basis.
3. HRP not only meets the short-term HR requirements of an organization, but also determines its long-term strategies and future directions from the HR perspective.

Merits of HRP

1. Personnel requirements: HRP helps the management to anticipate personnel shortages and surpluses and develop ways to avoid or correct HR problems before they become serious.
2. Recruitment and selection: A proper forecasting of personnel requirements enables the organization to determine proper sources of recruitment. The organization can also adopt a proper selection procedure depending upon the needs of the jobs.
3. Placement of personnel: HRP facilitates proper placement of the employees in the organization. Placement refers to fitting the right person at the right place of work. Proper placement brings job satisfaction to the employees and enhances employee efficiency.

⁶ Durai, Pravin (2012). *Human Resource Management*. New Delhi: Dorling Kindersley (India) Pvt Ltd. p. 64.

4. Performance appraisal: HRP assists in the performance appraisal of the employees in the organization, as it helps in the identification of strengths and weaknesses of the employees in relation to their job.
5. Promotions: HRP ensures right promotion of the employees in the organization by identifying the employees who deserve higher position, power and pay.
6. Training: HRP identifies the training needs of the personnel. If the personnel lack knowledge and skills, then necessary arrangements can be made by the organization to provide appropriate training.
7. Transfer: HRP helps in solving the situation of surplus personnel in one department and shortage of personnel in the other by effecting transfers at the right time.
8. Career development: HRP is conducted, taking into consideration, the long range plans of the organization. The plans are made known to the members of the organization, which in turn helps the employees to plan for their careers, once they come to know the qualifications and qualities which the organization requires of them to implement the long range plans.
9. Organizational development: Organizational development takes place when there are better results in the form of higher

productivity or efficiency. HRP avoids surplus or shortage of personnel in the organization. The organization with the right number of qualified and able personnel can easily avoid/ overcome the problems of low productivity, absenteeism, inter-departmental conflicts, resistance to change etc.

10. Motivation of personnel: HRP is concerned not only with the identification of the personnel in terms of quality and quantity, but also with the improvement and motivation of the human resources by assigning to them the jobs that are commensurate with their qualifications and skill set.⁷

Demerits of HRP

HRP, while being of immense benefit, also has got its drawbacks, including the time required and the difficulty in achieving accuracy and the correct focus. Good planning warrants time, and the senior management time is quite precious. Plans may ultimately be subject to a large number of unpredictable variables (employment levels, demographic aspects, skill variations, economic factors) demanding multiple contingency strategies. Despite these disadvantages, human resource plans

⁷ Kaila, H.L. (2005). *Human Resource Management*. Delhi: Kalpaz Publications. Pp.25-27.

that are clearly integrated with corporate plans are increasingly becoming essential for modern human resource practice.⁸

Types of HRP

Short-term or long-term:- The short-range plans take care of the immediate requirements and the supply of people and executive development schemes. Such plans are more useful for specific projects and programs. The long-range plans reveal management's thinking for the next 3 – 5 years or even more. It may be based on the expected change in the corporate structure, business environment, personnel policies and the demand and supply of qualified people. The long-term plans aim at developing controls for future change. It also prepares executives to adjust gradually and painlessly with the changing environment in course of time and thus avoids the resistance to change.

Formal or informal:- A formal plan is which comes into effect in the form of a plan document, management decision, statement, charts, graphs etc. An informal plan exists only in the minds of the managers. It may come out in the shape of ideas and suggestions and sometimes even in action without a formal declaration earlier. The succession plans for the top level personnel are usually not included in the formal plans.

Comprehensive or specific:- A comprehensive plan deals with all aspects of forecasting requirements,

training and development programs, recruitment, replacement and succession plans for the organization as a whole. The specific plans may deal with a limited aspect or problem.

Single choice or multiple choice:- The single choice plans permit little or no deviation from the procedures laid down, while the multiple choice plans provide for a series of decision points with alternatives. The multiple choice plans enable managers to decide about the strategy in accordance with the circumstances as is common, for instance, in the game of chess.⁹

Barriers to HRP

Planners face significant barriers while formulating an HRP. The major ones are the following:

1. People question the importance of making HR practices future oriented and the role assigned to HR practitioners in formulation of organizational strategies. Their argument is simple - there are people when needed. Offer attractive package of benefits to them to quit when you find them in surplus.
2. HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business. The personnel plan conceived and formulated by the HR practitioners when enmeshed with

⁸ Crompton, Robert., William Morrissey, Allan Nankervis (2010). *Effective Recruitment and Selection Practices*. Sydney: CCH Australia Limited. p.9.

⁹ Prasad, Lallan and S S Gulshan (2011). *Management Principles and Practices*. New Delhi: Excel Books. Pp.265-266.

organizational plan, might make the overall strategic plan itself defective.

3. HR information often is incompatible with the information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting often to the exclusion of other types of information.
4. Conflicts may exist between short-term and long-term HR needs. For example, there arises a conflict between the pressure to get work done on time and long term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available in the market as long as wages and salaries are competitive. These managers fail to recognize that by resorting to hiring or promoting depending on short-term needs alone, long-term issues are neglected.
5. There is conflict between quantitative and qualitative approach to HRP. Some people view HRP as a number game designed to track the flow of people across the departments. These people adopt a strictly quantitative approach to planning. Others take a qualitative approach and focus on individual employee concerns such as promotability and career development. Best results would accrue if there is a balance

between the quantitative and qualitative approaches.

6. Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an HR department function. Successful planning needs a co-ordinated effort on the part of Operational managers and the HR personnel.

Conclusion

Organizations typically plan their future needs for supplies, equipment, building capacity, and financing. Organizations must also plan to ensure that their human resource needs are satisfied. Human Resource Planning involves identifying staffing needs, forecasting available personnel, and determining what additions or replacements are required to maintain a staff of the desired quantity and quality to achieve the organization's goals. The Human Resource Planning function involves at least three different elements: job analysis, forecasting demand and supply, and legal restraints. HRP is an important function for the growth and success of any business. It is an integral part of the business and is directly related to the formulation and implementation of business strategy. HRP is about determining the future scope and nature of the work that needs to be done in the organization and putting plans in place to ensure that the organization meets these staff requirements. It involves not only looking inside in order to identify the jobs that need

to be filled, the number of staff required, and their competencies; but also looking outside the organization to determine the availability of the required staff in the labour market. Poor HR planning or the absence of the same in an organization hampers work in the short run, and has an adverse effect on the organization in the long run. The overall goal of HR planning is to have the optimal amount of staff to make the most for the company. Because the goals and strategies of the company change over time, human resource planning is a regular occurrence. Thus, HR planning should be an integral part of every organizational planning.

