
UNIT 5 HUMAN RESOURCE PLANNING

Objectives

After completion of the unit, you should be able to:

- 1 understand the concept of Human Resource Planning (HRP);
- 1 discuss the need and objectives of HRP;
- 1 describe the process of HRP; and
- 1 discuss the problems of HRP.

Structure

- 5.1 What is Human Resource Planning?
- 5.2 Objectives of HRP
- 5.3 Levels of HRP
- 5.4 Process of HRP
- 5.5 Techniques of HR Demand Forecast
- 5.6 Factors Affecting HR Demand Forecasting
- 5.7 Problems in HRP Process
- 5.8 Guidelines for Making HRP Effective
- 5.9 Summary
- 5.10 Self Assessment Questions
- 5.11 Further Readings

5.1 WHAT IS HUMAN RESOURCE PLANNING?

Human Resource Planning (HRP) may be defined as strategy for acquisition, utilization, improvement and preservation of the human resources of an enterprise. The objective is to provide right personnel for the right work and optimum utilization of the existing human resources. HRP exists as a part of the planning process of business. This is the activity of the management which is aimed at co-ordinating requirements for and the availability of different types of employers. The major activities of HRP include: forecasting (future requirements), inventorying (present strength), anticipating (comparison of present and future requirements) and planning (necessary programme to meet future requirements).

Activity A

Identify and tabulate the present position of human resources and future requirement in your present organization.

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5.2 OBJECTIVES OF HRP

The objectives of HRP are mainly to:

- a) ensure optimum utilization of human resources currently employed;
- b) assess or forecast future requirements;
- c) cope up with the changing scenario;
- d) attaching with business plans of organization;
- e) anticipate redundancies;
- f) provide basis for human resource development (HRD); and
- g) assist in productivity bargaining.

Benefits of HRP

Proper HRP results into a number of benefits. Some of them are:

- a) Create reservoir of talent.
- b) Preparation for future HR needs.
- c) Promote employees in a systematic manner.
- d) Provide basis for HRD.
- e) Help in career and succession planning.

Need for HRP at Macro Level

Major reasons for the emphasis on HRP at macro level include:

Employment-Unemployment Situation: Though in general the number of educated unemployed is on the rise, there is acute shortage for a variety of skills. This emphasises the need for more effective recruitment and retaining people.

Technological Changes: The myriad changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their effect has been profound on job contents and job contexts. These changes cause problems relating to redundancies, retraining and redeployment. All these suggest the need to plan manpower needs intensively and systematically.

Organizational Changes: In the turbulent environment marked by cyclical fluctuations and discontinuities, the nature and pace of changes in organizational environment, activities and structures affect manpower requirements and require strategic considerations.

Demographic Changes: The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background have implications for HRP.

Skill Shortages: Unemployment does not mean that the labour market is a buyer's market. Organizations have generally become more complex and require a wide range of specialist skills that are rare and scarce. Problems arise when such employees leave.

Governmental Influences: Government control and changes in legislation with regard to affirmative action for disadvantaged groups, working conditions and hours of work, restrictions on women and child employment, casual and contract labour, etc. have stimulated the organizations to become involved in systematic HRP.

Legislative Controls: The days of executive fiat and 'hire and fire' policies are gone. Now legislation makes it difficult to reduce the size of an organization quickly and cheaply. It is easy to increase but difficult to shed the fat in terms of the numbers employed because of recent changes in labour law relating to lay-offs and closures. Those responsible for managing manpower must look far ahead and thus attempt to foresee manpower problems.

Impact of Pressure Groups: Pressure groups such as unions, politicians and persons displaced from land by location of giant enterprises have been raising contradictory pressures on enterprise management such as internal recruitment and promotions, preference to employees' children, displace persons, sons of the soil etc.

Systems Concept: The spread of systems thinking and the advent of the macro-computer as part of the on-going revolution in information technology which emphasises planning and newer ways of handling voluminous personnel records.

Lead Time: The long lead time is necessary in the selection process and for training and deployment of the employee to handle new knowledge and skills successfully.

5.3 LEVELS OF HRP

HRP is carried out at the following levels:

- a) **National Level:** The Central Government plans for human resources at the national level. It forecasts the demand for and supply of human resources as a whole. For example, the Government of India specifies the objectives of HRP in successive five-year plans.
- b) **Sectoral Levels:** Central and State Governments, formulate HRPs for different sectors. For example, industrial sector, agricultural sector etc.
- c) **Industry Level:** HRP for specific industries are prepared by the particular industries.
- d) **Unit Level:** HRP for a particular department/sector of an industry is prepared at this level. It again includes the following levels.
 - i) Plant level;
 - ii) Department level; and
 - iii) Divisional level.

5.4 PROCESS OF HRP

The process of HRP is entirely based on the corporate plans and objectives. HRP is a continuous process of review, control and assessment. Figure 1 clearly indicates the HRP process.

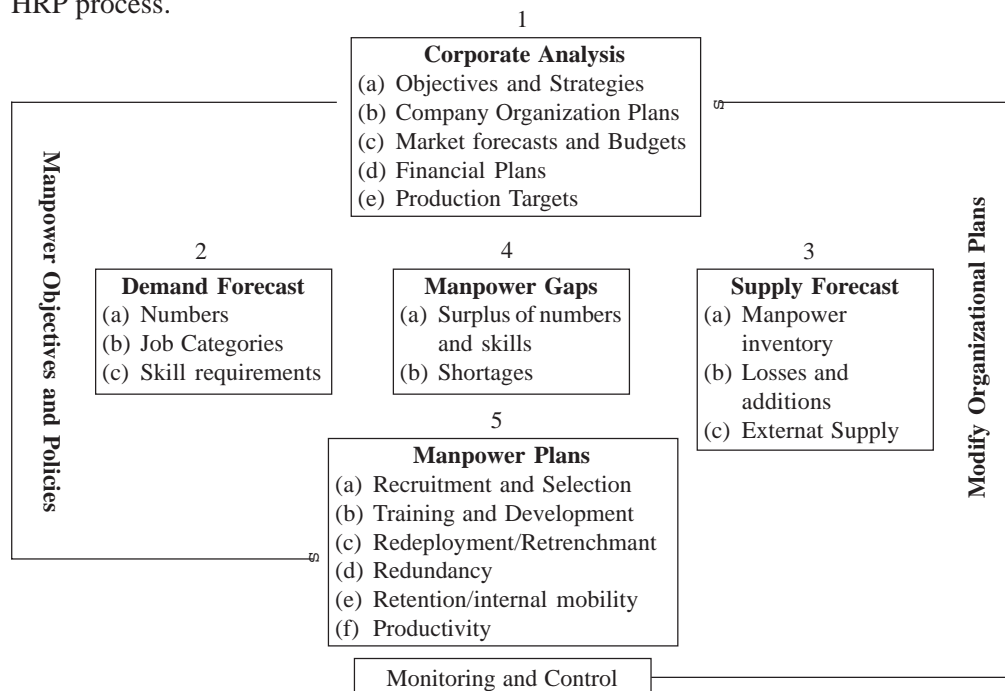


Figure 1: Human Resource Planning Process

Source: Gupta, C.B. (1997). Human Resource Management, Sultan Chand & Co., New Delhi.

The major stages of HRP are as follows:

a) Analysing Operational Plans

It consists of the following substages:

- i) Objectives and strategic plans of the company are analyzed.
- ii) Plans concerning technological, finance, production are analyzed and HRP is prepared keeping these in mind.
- iii) Future plans, goals, and objectives of the company are also taken into account.

b) Human Resource Demand Forecasting

HR demand forecasting mainly involves three sub functions:

- i) **Demand Forecast:** Process of estimating future quantity and quality of human resources required.
- ii) **Manpower Gaps:** Depending upon the requirement existing surplus human resources having desired skills are matched, if not found then shortage is shown.
- iii) **Supply Forecast:** Basing on the existing HR inventory and the demand forecast, the supply forecast of human resources is carried out in an organization.

5.5 TECHNIQUES OF HR DEMAND FORECAST

Techniques of HR demand forecast are discussed below.

- a) **Managerial Judgement:** In this, experienced managers estimate the human resource requirements for their respective departments on the basis of their knowledge of expected future work load and employee efficiency.
- b) **Work-study Method:** In this method time and motion study are used to analyze and measure the work being done.
- c) **Ratio-Trend Analysis:** Under this method ratios (e.g. total output/no. of workers, direct workers/indirect workers) are calculated on the basis of past data. Future ratios are basing on the past trend.
- d) **Mathematical Models:** It expresses the relationship between independent variable (e.g. investment, production, sales, etc.) and dependent variables (e.g. no. of employees required).

Activity B

Describe how human resource demand forecast is carried out in your organization or an organization you are familiar with.

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5.6 FACTORS AFFECTING HR DEMAND FORECASTING

Human Resource Demand Forecasting depends on several factors, some of which are given below.

- a) Employment trends;
- b) Replacement needs;

- c) Productivity;
- d) Absenteeism; and
- e) Expansion and growth.

5.7 PROBLEMS IN HRP PROCESS

The main problems in the process of HRP are as follows:

- a) **Inaccuracy:** HRP is entirely dependent on the HR forecasting and supply, which cannot be a cent per cent accurate process.
- b) **Employee resistance:** Employees and their unions feel that by HRP, their workload increases so they resist the process.
- c) **Uncertainties:** Labour absenteeism, labour turnover, seasonal employment, technological changes and market fluctuations are the uncertainties which HRP process might have to face.
- d) **Inefficient information system:** In Indian industries, HRIS is not much strong. In the absence of reliable data it is not possible to develop effective HRP.
- e) **Time and expense:** HRP is time consuming and expensive exercise, so industries avoid.

5.8 GUIDELINES FOR MAKING HRP EFFECTIVE

Few guidelines to improve effectiveness of HRP process are discussed below.

- a) **Tailormade:** HRP should be balanced with corporate objectives.
- b) **Appropriate time:** The period of HRP process should be appropriate to the needs and circumstances of an organization.
- c) **Adequate organization:** HRP process should be adequately/properly organized.
- d) **Top management support:** Before starting the HRP process the support and commitment of top management should be ensured.
- e) **Participation:** HRP will be successful if all in an organization are participating.
- f) **Information system:** An adequate database should be developed for facilitating HRP.
- g) **Balanced focus:** The quantity and quality should be stressed in a balanced manner.

5.9 SUMMARY

To sum up, HRP is the process of determining the number and kind of human resources required in an organization for a specific time period in future. HRP is important for an organization because of the changing scenario. HRP is formulated at various levels. The main steps involved in it are analysis of organizational plans, demand forecasting, supply forecasting and identifying manpower gaps.

5.10 SELF ASSESSMENT QUESTIONS

- 1) Explain the objectives of HRP.
- 2) Describe the process of HRP with illustrations.
- 3) Discuss the problems in HRP and state measures to overcome them.
- 4) Briefly review the forecasting techniques.

5.11 FURTHER READINGS

Gupta, C.B. (1997). *Human Resource Management*, S. Chand & Sons, New Delhi.

Pattanayak, B. (2001). *Human Resource Management*, PHI, New Delhi.

Aswathappa, K. (1999). *Human Resource and Personnel Management*,
Tata McGraw Hill, New Delhi.