

Human Resource Planning

Human Resource planning (HRP) is the process of forecasting the future human resource requirements of the organization and determining as to how the existing human resource capacity of the organization can be utilized to fulfil these requirements.

It focuses on the basic economic concept of demand and supply in context to the human resource capacity of organization.

Definition: Human Resource Planning is “the process by which management determines how the organization should make from its current manpower to its desired manpower position.

Features/Characteristics of Human Resource Planning

- 1. Well Define objectives:** The objectives of the organization in strategy planning and operating planning may from the objective of human resource planning.
- 2. Determine personal needs:** Human resource planning is related to the determination of personnel needs, in the organisation.
- 3. Having Manpower Inventory:** It includes the inventory of present manpower in the organization. The manager should know the persons, who will we available to him, for undertaking higher responsibilities in the near future.
- 4. Adjusting Demand and supply:** Manpower requirements have to be planned well in advance as suitable person are not immediately available. In case sufficient persons will not be

available in future. Then efforts should be made, to start recruitment proceed well in advance. The demand and supply of personal should be seen in advance.

5. Creating proper work environment:

Besides estimating and employing personnel, manpower planning also ensures that proper working condition are created people should like to work in the organization and they should get proper job satisfaction.

6. Developing policies: It results the development of policies, programmes and procedures for the acquisition, development, preservation and utilization of the organization's human assets.

7. Dynamic Activity: Manpower planning is a continuous or never ending process because the demand and supply of manpower are subject to frequent change. It is dynamic activity.

Objectives of HRP

1. Ensure adequate supply of manpower as and when required.
2. Ensure proper use of existing human resources in the organization.
3. Forecast future requirements of human resources with different levels of skills.
4. Manpower planning identified the gaps in existing manpower so that suitable training programmes may be developed for building specific skills, required in future.
5. Anticipate the impact of technology on jobs and requirements for human resources.
6. Control the human resource already deployed in the organization.

7. Provide lead time available to select and train the required additional human resource over a specified time period.
8. Facilities Economic Development at the national level, manpower planning is essential for economic development.

OR

1. Making assessment human resource requirements for future and making plans for recruitment and selection.
2. Assessing skill needs in future.
3. Determining training and development needs of the enterprise.
4. To assess the surplus or shortage of human resources and avoiding unnecessary dismissals.
5. To minimise imbalances caused due to non-availability of human resources of right kind, right number in right time and at the right place.

- 6.** Ensuring optimum use of existing human resources in the enterprise.
- 7.** Keeping the enterprise ready to meet with the technological development and modernisation.
- 8.** Controlling wage and salary costs.
- 9.** Ensuring higher labour productivity.
- 10.** Ensuring career planning of every employee of the enterprise and making succession programmes.

Need For HRP

- 1.** Despite growing unemployment, there has been shortage of human resources with required skills, qualification and capabilities to carry on works. Hence the need for human resource planning.
- 2.** Large numbers of employees, who retire, die, leave organisations, or become incapacitated because of physical or mental ailments, need to be replaced by the new employees. Human resource ensures smooth supply of workers without interruption.
- 3.** Human resource planning is also essential in the face of marked rise in workforce turnover which is unavoidable and even beneficial.
- 4.** Technological changes may also require change in skill of employees, as well as change in number of employee required. It is human resource planning that

enables organizations to cope such changes.

5. Human resource planning is also needed in order to meet the needs of expansions and diversification programmes of an organisation.
6. The need for human resource planning is also felt in order to identify areas of surplus personnel or areas in which there is shortage of personnel.

Importance of Human Resource Management

- 1) Future Personnel needs:** Planning is significant as it helps determine future personnel needs.
- 2) Coping with change:** HRP enables an enterprise to cope with changes in competitive forces, markets, technology, products, and government regulations.
- 3) Replacements of persons:** A large number of persons are to be replaced in the organization because of retirement, old, age, death, etc.
- 4) Labour Turnover**
- 5) Creating Highly Talented personnel:** These days jobs are becoming highly intellectual and incumbents are getting vastly professionalized.

- 6) Protection of weaker sections:** In matters of employment and promotions, sufficient representation needs to be given to SC/ST candidates, physically handicapped, children of socially politically oppressed and backward-class citizens.
- 7) Foundation for personnel functions:** Manpower planning information for designing and implementing personnel functions, such as recruitment, selection, personnel movement (transfers, promotions, layoffs) and training and development.

Levels of Human Resource Planning

- 1) At the National Level:** Human resource planning by government at the national level covers population projections, programme of economic development, education health facilities etc.
- 2) At Sector Level:** This would cover manpower requirements of the agricultural sector, industrial sector and service sector.
- 3) At Industry Level:** This would forecast manpower need for specific industries, such as engineering, heavy industries, textile industries, plantation industries, etc.
- 4) At Level of Industrial Unit:** It relates to the manpower needs of a particular enterprise.

Problems/ Barriers to HRP (Human Resource Planning)

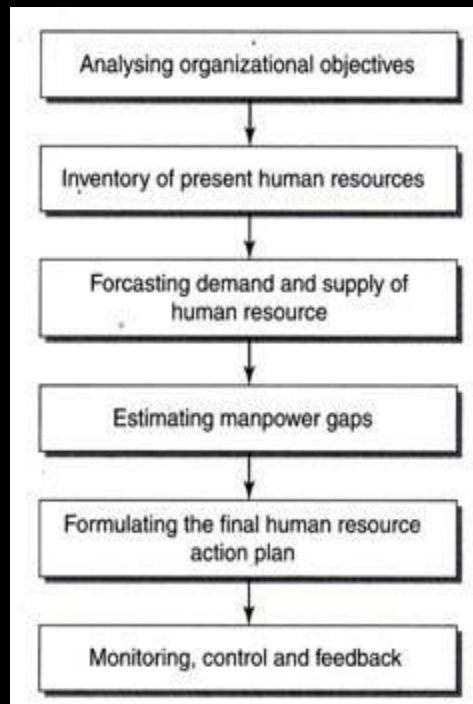
- 1) Inability to plan or inadequate planning:** Managers are not born with the ability to plan. Some managers are not successful planners because they lack the background, education, and/or ability.
- 2) Lack of commitment to the planning:** It is much easier for a manager to claim that he or she doesn't have the time to work through the required planning process than to actually devote the time to developing a plan.
Another possible reason for lack of commitment can be fear of failure. As a result, managers may choose to do little or nothing to help in the planning process.
- 3) Inferior Information:** Facts that are out-of-date, of poor quality, or of

insufficient quantity can be major barriers to planning.

- 4) **Focusing on the present at the expense of future:** Failure to consider the long-term effects of a plan because of emphasis on short-term problems may lead to trouble in preparing for future.
- 5) **Too much reliance on the organisation's planning department:** Planning department conduct studies, do research, build models, and project probable results, but they do not implement plans. Formulating the plan is still the manager's responsibility.
- 6) **Concentrating on controllable variables:** Managers can find themselves concentrating on the things and events that they can control, such as new product development, but they fail to consider outside factors, such as poor economy.

- 7) **Inaccurate demand and supply of labour:** Another problem in human resource planning is that the demand for and supply of human resource is not cent present accurate.
- 8) **Risk of uncertainties:** Various types of uncertainties like labour turnover, absenteeism, seasonal employment, market fluctuations and changes in technology render human resource planning ineffective.
- 9) **Lack of expertise:** Generally, Human resource personnel are perceived as experts in handling personnel matters. But, they are not experts more then often.
- 10) **Inadequate Human Resource data:** Data is not maintained in a proper manner in some of organizations. Then, in absence of reliable data, it becomes difficult to develop effective human resource plans.

Steps in Human Resource Planning



- 1) Analysing Organizational Objectives:** HR plans need to be based on organizational objectives, this implies that the objectives of HR plan must be derived from organizational objectives.
- 2) Inventory of Present Human Resources:** Form the updated human resource information

storage system, the current number of employees, their capacity performance and potential can be analysed. To fill various requirements, the internal sources and external source can be estimated.

3) Forecasting Demand and Supply

of Human Resource: Demand forecasting is the process of estimating the future quantity and quality of people required.

4) Estimating Manpower gaps:

Comparison of human resource demand and human resource supply will provide with the surplus or deficit of human resource. Deficit represents the

number of people to be employed, whereas surplus represents termination.

5) Formulating the Human Resource

Action Plan: The human resource plan depends on whether there is deficit or surplus in the organization. Accordingly, the plan is finalized either for new recruitment, training, interdepartmental transfer in case of deficit or termination, or voluntary retirement schemes and redeployment in case of surplus.

6) Monitoring, Control and

Feedback: It mainly involves implementation of the human resource action plan.

Factors Affecting HRP

- 1) Environmental uncertainties:** HR managers rarely have the privilege of operating in a stable and predictable environment. Political, social and economic changes affect all organizations.
- 2) Time Horizons:** There are short term plans and long term plans. In general, the greater the uncertainty, the shorter the plan's time horizon and vice-versa.
- 3) Type and quality of information**
- 4) Nature of jobs filled:** Personnel planners must consider the nature of jobs being filled in the organization.
- 5) Employment:** HRP affected by the employment situation in the country i.e. in countries where there is greater unemployment; there may be more pressure on the company, from the

government to appoint more people. Similarly some company may face shortage of skilled labour and they may have to appoint people from other countries.

6) Technical changes in the society:

Technology changes at a very fast speed and new people having the required knowledge are required for the company.

7) Organizational changes: Changes take place within the organisation from time to time i.e. the company diversify into new products or close down business in some areas etc. in such cases the HRP process i.e. appointing or removing people will change accordingly to the situation.

8) Demographic changes: Demographic changes refers to things referring to age, population, composition of work force etc.

- 9) Shortage of skill due to labour turnover:** Industries having high labour turnover rate, the HRP will change constantly i.e. many new appointments will take place. This also effects the way HRP is implemented.
- 10) Multicultural workforce:** Workers form different countries travel to other countries in search of job. When a company plans it's HRP it needs to take into account this factor also.

Limitations of Human Resource Planning

- 1) The Future is uncertain:** Forecasting of changes in technological, social, economic, and the political conditions cannot be made with accuracy.
- 2) Conservative attitude of top management:** The lack of interest on the part of top management is a vital limitation to the success of Human Resource Planning.
- 3) Problems of surplus staff:** Management often finds problem in discarding surplus employees due to various labour laws and trade union activities.
- 4) Time consuming activity:** All information is to be collected in detail and each and every job is considered. Therefore the activity takes up a lot of time.
- 5) Expensive process**