

HUMAN RESOURCE PLANNING

Chapter-2

MEANING

- A process of forecasting an organization's future demand for, and supply of, the right type of people in the right number. It is only after this that the human resource department can initiate a recruitment and selection process. It facilitates the realization of the company's objectives by providing the right type and right number of personnel. Human Resource Planning is variously called 'Manpower Planning', 'Personnel Planning' or 'Employment planning'. Man Power Planning means forecasting prediction of the number of the people whom the organization will have to hire, train or promote in a given period. Man Power Planning represents a systematic approach to personnel in which the emphasis is on the inter-relationship among the various personnel policies and programmes. Thus, it may be concluded that Man Power Planning involves the estimation of size and quality of the work force required by the enterprise to accomplish its desired objectives. Man Power Planning has two aspects quantitative and qualitative.

NEED AND IMPORTANCE

1. Increase in the size of the business: A stock of the existing manpower should be taken and future needs of the company personnel should be assessed at the time of taking the decision. Know whether new responsibilities should be assigned to the existing employees or some fresh employees are to be recruited to meet the challenges of the new responsibilities . Decide whether persons are to be trained within the organization to take charge of the new responsibilities or fresh well-qualified personnel should be recruited.

2. Effective utilization of human resources: Proper and timely utilization of technological progress by providing for retraining of the existing employees and recruiting new capable employees.

3. Resistance to change: Employees make resistance to change but HRP is very helpful in preparing employees mentally to accept change because accepting change is the need of the day.

4. Determination and fulfilment of personnel needs:HRD is helpful in selecting employees with adequate knowledge, experience, and attitude, and in training them well in advance to fill up vacancies. HRP creates highly talented personnel to fill the gaps in existing quantity and talent of the manpower through proper training.

5.Coping with changing scenario: HRD enables the enterprise to cope with changes in various forces such as markets, products, technology and government regulations. Such changes often generate alterations or modifications in job content, skill demands, and number and type of personnel.

6. Contributing to management succession and development: HRP provides sufficient time, lead time for internal succession of employees to higher positions through promotions. It paves the ways for proper development of employees.

NEED AND IMPORTANCE

7. Creation of awareness about effective utilization of technological progress: Make the employees known about the different utilization of human resources. It facilitates to reduce or even control wastage of human resource and also to judge the effectiveness of human resources policies and programme of management.

8. Facilitating estimation of costs of human resource: HRP is useful in facilitating the estimation of costs of human resources which helps in the budgeting process. By focusing on effective use of human resources, it controls human resources costs. With the aid of proper manpower planning, management can avoid both the shortage and surplus of manpower and thereby can control labour costs.

9. Protection of weaker section: Governments provide reservation to SC/ST, OBC, physically handicapped, freedom fighter, women etc. In this connection, a well-conceived HRP protects the interests of such groups or classes.

10. International strategies: Due to growing trend in foreign trade, HRP will grow increasingly important as the process of meeting staffing needs from foreign countries, the attendant cultural language, and developmental consideration grow complex.

11. Reduction in labour cost: By effective use of manpower and thus reducing the wastage.

12. Avoiding disruption in production: future needs of personnel may be estimated and they are recruited and trained on the basis of a well-developed recruitment and training policy thus lowering the amount of expenditure on training.

13. Effective employee development programme: talents, abilities and motives of the individuals and organizational objectives in relation to the manpower are considered

14. Maintaining good industrial relations

CHARACTERISTICS

1. It is a continuous process: To keep the demand and supply of people in the organization in accordance with the changes in the internal and external environments leading to changes in the human resource needs of the organization.
2. It is forward looking: This planning prepares an enterprise for future needs and demands. It forecasts the manpower needs in future settings so that adequate and timely provision may be made to meet them.
3. The management is primarily responsible: To ensure adequate and capable supply of the significance of human resource and its proper utilization for the purpose of attainment of organizational goals.

CHARACTERISTICS

4. It is integral part of corporate planning: HRP is a supportive plan for the successful implementation of the corporate plan. It helps in achieving overall goals of an organization.
5. Optimum utilization of human resources: The primary purpose is to make optimum utilization of the existing and expected personnel of the organization. The aim is to maximize the return on investment in human resources. To achieve this, the current strength of people is scientifically and optimally related to various jobs and activities, and future human resources are related to future requirements of the company.
6. Right persons for right jobs: the organization must possess the right number of people required as well as that qualified and capable people necessary to carry out the desired activities efficiently and effectively, are available at the right places at the right current or future time.
7. Human Resource Planning not just forecasts employees' number: Is not merely forecasting of demand and supply of human resources. It also includes developing, implementing, and controlling processes by which a firm ensures procurement, development and maintenance of capable and qualified personnel.

CHARACTERISTICS

8. Human Resource Planning is a multi-dimensional activity: HRP may be long-range, medium or intermediate-range and short-range human resource plans. Long-term range plans cover goals, strategies, economic trends, labour market situations and production trends. The horizon of medium-range plans varies from two and five years. They may be more detailed in comparison to long-range human resources plans and may deal more with certainty and environmental conditions that are more easily predicted. The short-term plans relate with less than two years. These are mainly concerned with assessing and filling the existing jobs. It should be noted that human resource plans of various ranges are complementary with one another.

9. It involves scanning of manpower environment: It aims at studying the manpower environment that influences the demand for and supply of people in relation to the organization and also includes the study of optimum utilization of such people.

10. System approach to manpower: It considers all relevant aspects of manpower in relation to the organization. The demand and supply feature of human resources constitute the impact of the system the compensation scheme, the environment and the identification of gap between demand and supply constitute the transformation process. And the strategy and programme formulated to bridge the gap are the output of the system.

OBJECTIVES

1. To forecast the need of man power planning: It also helps in the determination of abilities of the work force.

2. To Prepare recruitment policy: It forms a base for the selection of best possible workers and employees.

3. Management of man power: Man Power Planning helps for the selection of required workers and employees according to the requirements of enterprise. Now a days, it is very difficult to retrench the employees after their selection. Therefore, it becomes more important that the selection of employees must be made only after careful thought and sound planning .

4. To maintain the level of production: Man Power Planning reduces the absenteeism of workers , minimizes the rate of labour turnover which helps in maintaining the level of Production.

5. Promotion of personnel policy: It forms a base for the promotion of personnel policy regarding promotion, transfer, remuneration and termination of employees.

6. Other Objects: (i) The schemes of labour welfare may be made more effective.

(ii) The cost of labour may be reduced.

(iii) Human relations may be friendly and harmonious.

PLANNING PROCESSES

I. Organizational aims and policies: HRP are based on organization objectives or goals. Specific requirements in terms number and characteristics of employees should be derived from the organizational objectives or goals fixed by the top management. The specific type policies need to be prepared to explain the questions given below:(a) Whether the vacancies are to be filled by promotions from within or appointing some other persons from outside?(b) How do the training and development objectives interface with the human resource planning objectives?(c) What union constraints are encountered in human resource planning and what policies are needed handle these constraints?(d) How to enrich the jobs of employees? Should the routine and boring jobs continue or be eliminated?(e) How to ensure continuous availability of adaptive and flexible work force?(f) How to downsize the organization to make more competitive?

PLANNING PROCESSES

2A HUMAN RESOURCE DEMAND FORECAST

Demand forecasting is the process of estimating the future quantity and quality of people required. The basis of the forecast must be the annual budget and long-term corporate plan, translated into activity levels for each function and department. Demand forecasting must consider some internal factors include budget constraints, production levels, new products and services, organizational structure, and employee etc. External factors are- domestic and foreign competition, economic climate, laws and regulatory bodies, changes in technology, and social factors.

2B. HUMAN RESOURCE SUPPLY FORECAST

Supply forecast is important since it, (i) helps to quantify the number of people and positions expected to be available in future for helping the organization realize its plans and meet its objectives, (ii) helps clarify likely staff mixes that will exist in the future, (iii) assesses existing staffing levels in different parts of the organization, (iv) prevents shortage of people where and when they are most needed and (v) monitors expected future compliance with legal requirements of job reservations. The supply analysis covers: (i) Existing human resources, (ii) Internal sources of supply and (iii) External sources of supply.

PLANNING PROCESSES

3. Human resource programming: Once an organization's personnel and supply are forecasted, the two must be reconciled or balanced in order that vacancies can be filled by the right employees at the right time.
4. Human resource plan implementation: Implementation requires converting an HR plan into action. A series of action programmes are initiated. Some of those programmes are-recruitment, selection and placement, training and development, retirement and redevelopment, the retention plan and the redundancy plan
5. Control and evaluation: It is the last step in HRP process. The HR plan should include budgets, targets and standards, it should also clarify responsibilities for implementation and control and establish reporting procedures which will enable achievements to be monitored against the plan.

FORMS OF MANPOWER PLANNING

(A) Short-term Man Power Planning –

Short-term Man Power Planning means to prepare the plans for a period of less than two years. Short-term man Power Planning can again be divided into two parts for convenience:

1. Matching the present employees with their objects -The question of matching the present employees with their job arises in the following two conditions(i) When the abilities of present employees are less than the required abilities for their post.(ii) When the abilities of present employees are more than the abilities required for their posts.
2. Filling the vacancy with the present staff.

FORMS – SHORT TERM

Matching the present employees with the job

I. When the abilities of present employees are less than the abilities required for their posts : Any of the following steps may be taken by the management:(i) Change in employees from the post for which they are not capable and other employees having required ability may be transferred to that post.(ii) Change in job of the employee and to allot him a job for which he is capable.(iii) Change in both the employees and job. The employee of less ability may be sent for training and the work of that employee may be associated with the work of any other employee.(iv) Termination of service of employees. If the employee does not meet the requirement of the the post even after getting the training, the only way out is to terminate his services.(v) To Appoint an assistant for the employees so that both of them may perform the duties of the post jointly and with the co-operation of each other.

FORMS – SHORT TERM

2. When the abilities of present employees are more than the required abilities for their posts: Any of the following steps may be taken by the management: (i) Change in job of such employee and to allot him a job involving higher responsibility so that the proper utilization of his ability may be made possible. (ii) To assign additional work to such employee so that his ability may be fully exploited. (iii) To assign a new plan. Such employee may be assigned a new plan also.

FORMS – SHORT TERM

2. Filling the vacancies with the present staff.

If any vacancy arises in the enterprise due to any reason, the efforts must be made to fill such vacancy with the present staff of the enterprise. It develops abilities and responsibilities of the employees and increases their morale. Following precautions must be observed while doing so: 1. Only the capable person must be promoted to the vacant post. 2. If there are more than one employee suitable for the vacant post, the employee possessing the maximum qualification and experience must be promoted. 3. Arrangements must be made for proper training of the promoted employee if there is any need of it. 4. The appointment on vacant post must be made well in advance by estimating the vacancy before it arises.

FORMS

(B) Long-term Man Power Planning –

- It may be for two years or more. There are two objectives of Long-term Man Power Planning:(i) To bring uniformity in the different employees and officers and their jobs in future,(ii) To arrange for the capable employees for the posts to be vacated in the future.
- The functions performed in Long-term Man Power Planning:1. To estimate the man power requirements. An estimation is made regarding the employees and officers required in the enterprises in the future. The abilities, the experience of such employees is also determined.2. Estimation of suitability of present employees for the Posts to be vacated in Future. The abilities, capabilities and experience of present employees of the enterprise are evaluated keeping in view the requirements of these posts because it is better to fill up the future posts with the present staff. It is also decided whether any training will be required for enabling the present staff for the future posts.3. Planning for the individual development of employees. It includes for the posts to be vacated in the future and arrange for the proper training to them so that they may be promoted to the posts to be vacated in the future and they may discharge their duties properly.

REQUISITES FOR SUCCESSFUL HUMAN RESOURCES PLANNING

The following are the requisites for successful human resource planning:

1. Human Resource Planning must be recognized as an important part of corporate planning. The planner of human resources must, therefore, be aware of the corporate objectives.
2. Support of top-level management is also very essential.
3. Human Resource Planning responsibilities should be centralized in order to coordinate the views of different management levels.
4. Human resource records must be up to-date, complete and readily available.
5. The time range of the plan must be long enough to permit any remedial action.
6. The techniques of planning should be able to provide accurate decisions on HR.
7. Plans should be made by experienced and skilled persons.
8. Data collecting and analysis techniques of planning and 'the plans' themselves need to be constantly revised and improved in the light of experience.

LIMITATIONS

1. Uncertainties: Seasonal employment, labour turnover, absenteeism, technological changes , and market up-downs are the uncertainties, while making HRP.

2. Inaccurate forecasting methods: forecast human resource demand and supply. If the time horizon is very longer, there are more chances of inaccuracies. Apart from that, inaccuracy also increases when the forecasts made for various departments or divisions are merely aggregated without critical review and are taken to be the forecast for the whole organization.

3. Lack of support from top management: In the absence of support and commitment from the top-level management HRD finds it difficult to obtain information on various vital inputs in planning such as future growth plan, introduction of new technology, etc., are generally not available.

4. Inadequate information system: In most of the industries in our country "HumanResources Information System' has not been fully developed, especially due to low status given to personnel department and less importance attached to planning. Moreover, reliable data relating labour market, trends in human resource, place etc. are generally not available.

LIMITATIONS

5. Employees resistance: Employees and trade unions also resist HRP as they think that it increases their workload and regulates them through productivity bargaining. They also prepares programmes for securing manpower mostly from outside, generally by ignoring internal manpower supply.

6. Employers' resistance: Many employers resist human resource planning because they think that it increases the cost of manpower as trade unions demand for employees based on the plan, for more facilities, and for benefits including training and development. Moreover, employers feel that it is redundant or useless because candidates will be available as and when required especially due to severe unemployment situation in India.

7. Time consuming and high cost: It is a time consuming, complex, and high cost-oriented exercise.

8. Lack of participation and co-ordination among operating managers: In many cases, operating managers look at the whole exercise of planning with doubt and mistrust. They do not willingly participate in it, and do not properly co-ordinate with top management and human resource department.

9. Imbalance between quantitative and qualitative focus: Some firms view HRP as a game of numbers designed to ensure the flow of people in and out of the firms, exclusively focus on quantitative aspect such as career planning and development, increase in skill levels through training and retraining, enhancement of morale, and motivation , etc.

DEMAND FORECASTING IN HRM

Every organization attempts to know the inventory of existing human resources by collecting all necessary information and data of its existing employees. This inventory is prepared to determine the skills and talents existing in the organization through information about their age, education, experience, employment records, skill levels, health, psychology and retirement etc. This data also helps in ascertaining the suitability and adequacy of employees, in accordance with future requirement of the organization. Demand forecasting is the process of estimating the future quantity and quality of people required. The basis of the forecast must be the annual budget and long-term corporate plans, translated into activity levels for each function and department. Demand forecasting must consider several factors-both internal and external. Internal factors are budget constraints, production levels, new products and services, organisation structure and employees etc. External factors are domestic and foreign competition, economic climate, laws and regulatory bodies, changes in technology and social factors.

DEMAND FORECASTING – FACTORS

a) Employment trends: The human resource department of the establishment should examine the number of employees on organization's payroll during the last five years to know the trend within each employees group. This will help in ascertaining whether a particular group has been stable or unstable and whether it has been expanding or contracting.

b) Replacement needs: Replacement for existing employees on their death, retirement, resignation and termination etc. is immediately required. Such replacements may be required for specific manpower group i.e., supervisory, managerial, skilled, unskilled and clerical etc. Whereas replacements are easily available for unskilled and clerical groups, it is very difficult to get suitable replacements for supervisory and managerial positions.

(c) Growth and expansion: The expansion plans and capacity utilization of various plants and divisions should be carefully reviewed from time to time to assess requirements of manpower to meet the expansion. Every organization has to adapt to changes in the methods and techniques of production on account of fast paced scientific innovations and therefore managing manpower planning assumes greater significance.

(d) Productivity: Productivity directly influences manpower requirements. Improvement in productivity adds to the growth potential of the organization and results in healthy wage increase. Improved productivity will decrease the requirement of manpower.

DEMAND FORECAST- TECHNIQUES

A) Managerial Judgment- Most common method of forecasting future demand of manpower. First is the bottom-up' basis, wherein the line managers sit down and estimate their future workloads and decide upon the quantum of people required. Second method is 'top-down', wherein top management, in consultation with human resource department, estimates and decides the quantum of people required for future needs of the organisation. Sometimes targets of production, sales and profit etc. are also fixed, on the basis of which departmental managers prepare their forecasts on a laid-down format. The manpower planning committee organization consisting of departmental heads reconciles the formats and discrepancies between the two forecasts and submits its final forecast to the top management.

DEMAND FORECASTING-TECHNIQUES

B) Statistical Technique-

- The ratio-trend analysis in which analysis is carried out by studying the past ratios between different parameters like direct and indirect workers in the manufacturing plant and forecasting future ratios, having made some allowance for changes in organization, methods and jobs. Moving averages and exponential smoothing can be used for projections.
- Mathematical or econometric models: Under these methods past statistical data is analysed and relationship between a number of variables (e.g., investment, production, sales and number of required employees etc.) are described in a mathematical formula. This being a complex process, it is suitable only for large organisations .

DEMAND FORECASTING- TECHNIQUES

(c) Work-study method: This method is appropriate for repetitive and manual jobs where it is possible to measure work and set standards. In this method, time and motion study are used to analyse and measure the work being done. For estimation of the quantity of manpower, workload analysis and work force analysis are conducted. Under workload analysis, the total workload of each department is estimated on the basis of sales forecasts, work schedules, growth rates and expansion plans etc. On the basis of past experience and work measurement, the total workload is converted into manpower required. However, in this method, several factors like availability of raw materials and power, breakdown of plant and machinery, gaps in the existing work force and actions like strike and lockouts, which directly influence factory operations, are not considered. For this reason, this method is not very reliable and foolproof. In work force analysis, allowance is made for absenteeism, labour turnover and idle time to know the actual work force required. In order to estimate accurately the loss of current manpower, analysis of the present workforce is made. Such analysis involves detailed study of past behaviour, performance and retirement date of each employee.

SUPPLY FORECASTING

- Availability of manpower from internal and external resources of the is estimated , after making provision for absenteeism, internal movements and promotions, wastage and changes in hours and other conditions of work. Covers following aspects-
 1. Estimating manpower gap: The net manpower gap can be determined by reconciling the demand and supply forecasts. After such reconciliation and comparison there will be deficit or surplus of manpower and in case of deficit, fresh recruitment is required and incase of surplus the existing manpower is to be terminated or redeployed in expansion plans.Gaps detected in terms of knowledge, skills and aptitudes can be covered by impart training etc.
 2. . Action taking: After manpower gap is estimated, plans are drawn to bridge these gaps.In case of surplus manpower, plans are prepared for deployment of employees in other departments /units, retrenchment in consultation with unions and voluntary retirement schemes etc. On the other hand, in case of deficit manpower, it can be met through recruitment , redeployment, promotion and transfers, training and employee development and increase in productivity etc.
 - 3.Monitoring: Once action plans are implemented, the HR structure and system should be reviewed and regulated.

SUPPLY FORECASTING

4. Existing human resources: Internally manpower is obtained for certain posts through promotion. transfers. In order to judge the internal supply of manpower, human resource inventory, which contains data about the existing manpower, is very helpful. This inventory provides head counts,(a) department, skill, designation, pay roll and sex wise,(b) number of employees designation wise i.e., management, supervisors, clerks, typists and cashier etc., (c) age-wise classification to know date of retirement etc. and(d) skill inventory viz., education, skills, experience, past performance and potential/fitness for promotions. This inventory helps in assessing and evaluating the quantity and quality of available manpower, shortfall or surplus with reference to existing/future requirements and detailed biodata of employees help in programme for individual development.

5 Labour wastage: Potential losses of manpower arise due to death, resignation, transfers, discharge/dismissal, termination, retrenchment/lay off promotions/demotions, ill health absenteeism, deputation/consultancy out etc. In the same way, additions to manpower occurring the form of new recruitment promotion/demotion, transfer, deputation/consultancy in, etc. Thus, the net effect of potential loss and additions can be calculated on the basis of experience of the HR department and management.Future manpower needs of the organization depend upon the number of employees leaving and number of employees joining, as replacement of leavers as well as due to anticipated expansion of the organization. Once future internal supply of manpower is assessed, the external source of supply is analysed.

QUANTITATIVE ASPECT OF MANPOWER PLANNING

It relates to the assessment of right number of personnel required for each job. (i) Demand forecasting, which refers to assessment of manpower needs requirement for future expansion plans and future activity levels. (ii) Supply forecasting: Prospects of availability of required manpower in the context of analysis of current resources and future availability. (iii) Assessment of manpower requirement, with reference to demand and supply forecasts to identify future deficits or surpluses. Preparing of plans to deal with forecast deficits or surplus to improve utilization and productivity to reduce manpower costs. (iv) Productivity: Analysing manpower productivity, capacity utilization and costs to identify the need for improvement in productivity or reduction of cost. (v) Manpower budgeting: Setting manpower budgets and standards is an important activity related to quantitative aspect of manpower planning. Along with setting of manpower budgets, implementation of manpower plans is also equally important. Demand forecasts of manpower are estimates of future requirements, which depend upon accurate assessment of employees' productivity. Supply forecasts will also consider productivity trends and of manpower planning.

QUALITATIVE ASPECT

Once the manpower requirement is assessed for each job in the organization, the precise nature of the job in terms of functions, duties and responsibilities are determined. The quality of manpower required varies from job to job. Therefore, the quality of employees required for a job can be determined only after determining the job requirements, for which a job analysis is conducted. "job analysis is the process of studying and collecting information relating to the operation and responsibilities of a specific job. The immediate products of this analysis are 'job description' and 'job specification.' The job description contains details about the contents of a job like tasks, duties and responsibilities. It indicates the what, why, where and how of a particular job, i.e., what is to be done, why it is done, where it is done and how it is to be done. job description describes the job and job specification describes the person needed for performing the job.

CAREER PLANNING

A career is a sequence of separate but related work activities that provide continuity, order and meaning to a person's life." It is a sequence of positions or jobs held by a person during the course of his working life. career planning is a systematic process by which one selects career goal and the path to these goals

The main characteristics of career planning are: is a continuous process on account of ever changing circumstances.(ii) It is a means of managing people to obtain on num results from them and retain them in the organization.(iii) It is a process of developing human resources rather than an event.(iv) Career planning is basically the concern of individual employee but organisation provides guidance and counseling in planning their career and in developing and utilising their knowledge, skills and aptitude.

SUCCESSION PLANNING

Career planning covers all levels of employees but succession planning is essentially meant for higher-level executives. The main purpose of succession planning is to identify and develop people to replace current incumbents on their resignation, retirement, promotions, deputation and creation of new positions. Replacements from within the organization provides opportunities to employees for progress in their careers and in some larger organization there is system of asking the senior executives to select, train and develop three-four best juniors who could succeed him as when a need arise. A succession plan also covers identification of vacancies that are likely to occur in the higher levels and locating the probable successors. On the one hand succession planning motivates employees and on the other, it facilitates continuity in the organization. Career planning and succession planning are complementary to each other and the two are essential for effective utilisation of organization's human resources, optimum productivity and the development and growth of the establishment.

CAREER COUNSELLING

Once employees develop expectations and aspirations of their career plan, they need counselling and guidance to reach their goals. Career planning involves counselling individual on their possible career paths and what they must do to achieve promotions. Such advising and guiding is called career counseling. The need for such counseling arises when employees want to plan their own careers and develop themselves for career progression in the organization. The main aim is to help the individual concerned to develop himself by giving him some idea of the direction in which he ought to be heading.

The main objectives of career counseling are: (i) Enabling individuals to study and understand world in which they live. (ii) To provide guidelines that helps an individual to understand himself more clearly and develop his own thinking and outlook. (iii) To help individuals achieve and enjoy greater personal satisfaction and pleasure. (iv) To help individuals understand the forces and dynamics operating in a system.