

The contribution of human resource planning commerce essay



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Human resource planning determines the human resources required by the organization to achieve its strategic goals. According to the Bulla and Scott (1994) ' it is the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements'. In human resource planning people are the most important strategic resource for an organization. Whereas HRP generally concerned with matching resources to business needs in the longer term, although sometime address shorter-term requirements as well. HRP also looks at broader issues relating to the ways in which the people are employed and developed in order to improve organizational effectiveness. So HRP plays an important role in strategic human resource management.

The contribution of human resource planning

The evolution of HR planning has been led by many developments which are following below:

- . Computerised HR information systems.
- . Closer links between the business environment and the activities of HR managers.
- . Skill shortages, necessitating the need for skill databases.

But on the other hand organisations are increasingly focusing on HR planning for the following reasons:

- . Supply of skills to address strategic and demographic change.
- . Need to focus more on demand and supply for an external and internal perspective of an organisation.
- . Value of using scenario planning to model the fit with future business environment.

HR planning plays an important role in business planning. The strategic planning process defines projected changes in the types of activities carried out by the organization and the scales of those activities. It determines the main goals of the organisation and also its skill and behaviour requirements. All these plans HR planning interpret in terms of people requirements. It also focus on solving the problems that the people required will be available at the rite to make some necessary contribution. As Quinn Mills (1983) says, HR

planning is ' a decision-making process that combines three important activities:

Identifying and acquiring the right number of people with the proper skills.

Motivating them to achieve high performance.

Creating interactive links between business objectives and people planning activities'.

The changing nature of the internal and external labour market requires the need to develop a strategic response. HR planning is increasingly necessary process to ensure the organisation is keeping these issues central to these thinking and that the outcomes from the planning process feed into all HR decisions.

Acting non-strategically or in a non-planning way will stifle creativity in thinking behind HR policies. Let us consider demographic changes, for example. In response to the short fall of younger people in the workforce, and an increasing rate of early retirements, organisations can face the following responses:

. Do nothing. Allow entry standards to reduce;

Outsourcing activities can address the absence of internal skills.

. Compete. Intensify recruitment and pay higher salaries, which might tend to increase costs, and short-term ' poaching' of staff.

. Substitute. Review new labour market sources.

. Act. Improve the research mix, organisational image and working environment, restore employee turnover.

Model of human resource planning

There are three stages of human resource planning:

Reconciling future resourcing needs with future HR plans.

Considering and applying HR policy so as to have an impact upon the flows of human resources in an integrated way. This includes this pattern of engagement of staff and their movement through the organisation and the stages of exit.

3. Assessing the effectiveness of HR policies in accessing, creating and using human resource capability.

The following chart shows how the organisations can view the flow of people and skill into, through and out of the organisation. It can also be the basis on which decision about reshaping the flows of skills and people can be made.

Approaches to human resource planning

Resourcing strategies shows the way forward through the analysis of business strategies and demographic trends. They are converted into the action plans based on the outcome of the following interrelated planning activities:

. Demand forecasting- this is the key area of forecasting in the short, medium and long term. The organisation must determine the demand profile of skills, including their life cycle and decline, and the competence mix.

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. Supply forecasting-estimate the supply of people by reference to analyses of current resources and future availability, after allowing for wastage. The organisation must determine the supply of skills both internally and externally.

. Investigation and analysis:

The organisations must keep the knowledge about,

(1) The external environment and labour market, looking at for example, national training plans and the location of markets.

(2) The internal environment and labour market: the age and gender balance of the workforce, the number of employees, wastage rates and so on.

(3) The organisation's systems, resources, culture, practices and industrial relations.

(4) Commercial performance requirements such as sales targets, product mix, market segments and profits.

. Decision-making

The organisation must then make plans to balance supply and demand of skills. The influences will include skill levels, development and the cost effectiveness of accessing a wider skill base. The areas in which decisions will be taken include:

recruitment

retirement and redundancy

selection and assessment

outsourcing

promotion and reward

development and retraining

organisational development and culture

the type of employment contracts

performance management

employee relations

For example if we use the example of financial services sector, including banks, building societies and credit/loan agencies, using the above model we suggest that over the last 10-15 years the following picture might emerge:

. External environment: reduced demand, changing skills, increased competition.

. Internal environment: redundancies, new career skills, new culture.

. Organisation system: a need for performance and productivity improvement, incentives, flexibility.

. Commercial performance requirements: sales of more products, new markets reducing margins.

These days in many sectors of the new economy, including finance, banking and IT skills have moved from being administrative and routine skills to more complex competences based around diagnostic and interpersonal skills and knowledge. This has an important consequence for selection, labour market and developmental strategies. Key issues faced by such sectors are the need to focus on retention of key staff together with the allowance and possible encouragement of turnover on certain categories of employment. The training implications are about internal skills upgrading. From a recruitment point of view targeting external staff with the right knowledge and skills becomes critical. There are also employee relations implications such as the need to communicate the expectation of staff and demonstrate support for the changes.

Professionalism in HR planning

The first part of professionalism is understanding the customer, the customer requirements and providing customer satisfaction. HR is increasingly viewed as a service; a service both to employees and to the business. As such customer requirements need to be well understood. Delivering the right services to the customer at the right time, to the right quality and to the right cost must be the goal of HR.

In this global business environment, the customer demand on HR is changing rapidly. From the business point of view, HR needs to understand the changing resourcing requirement of the business, flexibility in headcount in response to business cycle, the core competencies the organisation is trying to create and the culture it is trying to establish. HR has to understand the needs of a mobile workforce supporting a global organisation, the

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knowledge-based workforce the organisation is trying to nurture, the frequent re-structuring due to increased mergers and acquisitions activity, integration of new staff and so on. From the employee point of view, HR need to be clearly understand the increasing needs for workplace flexibility, distance and e-working, improved work-life balance, accessibility of HR operations.

Some of the evolving requirements identified above can be enabled by technology. For example, technology underpins mobile/home working and facilitates the accessibility of HR operations at any time and from anywhere. It must be emphasised that technology alone cannot drive results, deliver customer satisfaction or deliver professionalism.

Professionalism requires that HR practice be fair, open and transparent. Today, there is a legal obligation for organisations to ensure equality in the areas of race, disability, age, sexuality, gender, religion and belief. HR practices must ensure that equal opportunity regulations are adhered to by all the levels of organisations. Policies and practices should cover recruitment, promotions, remuneration, working conditions, customer relations and the practices of contractors, suppliers and partners, procedure must be in place to ensure that managers do not stifle or limit the promotion prospects of particular groupings or minorities, or discriminate in the selection of new recruits. Professionalism in this area requires the adoption of formalism in capturing customer requirements and selection criteria, and checking adherence against the agreed criteria. This applies to all aspects of HR practices including recruitment, selection, promotion and separation.

Professionalism is also enhanced by engendering, within the organisation as <https://assignbuster.com/the-contribution-of-human-resource-planning-commerce-essay/>

a whole, a culture of equality and respect. One way is to promote this is to ensure workforce diversity training is provided to all levels of staff.

Limitations of human resource planning

However, it must be recognised that although the notion of human resource planning is well established in HRM vocabulary it does not seem to be embedded as a key HR activity. As Rothwell (1995) suggests, 'apart from isolated examples, there has been little research evidence of increased use or of its success.' She explains the gap between theory and practice as arising from:

- . The impact of change and the difficulty of predicting the future- 'the need for planning may be in inverse proportion of its feasibility';
- . The 'shifting kaleidoscope' of policy priorities and strategies within organisations;
- . The distrust displayed by many managers of theory or planning- they often prefer pragmatic adaptation to conceptualization;
- . The lack of evidence that human resource planning works.

Conclusion

The whole theory shows the importance of having HR planning system and process in place to support HR strategy. Human resource planning is seen as having increasing importance in addressing both quantitative and qualitative approaches to planning, with the strategic importance of identifying core competencies and sponsoring new techniques. The above theory examined

the broader context and information now used for planning and the links to human resource policy decisions.