

# The concept and definition of hrp business essay

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IF YOU FAIL TO PLAN, YOU PLAN TO FAIL."- NORMAN VINCENT PEALE

## **INTRODUCTION**

It is very natural that, the continual positive development of any business owe to its effective planning. Making all the necessary preparations and appropriate arrangements proactively basing upon what is expected to happen in future and performing a series of tasks and activities accordingly in a systematic and organized way is one of the important functions of management, which necessitates an effective and proactive planning process. Proper planning and designing an effective organizational structure by assigning an assortment of responsibilities to the concerned employees may help the business organizations to accomplish their set of objectives. Putting the right person at the right place and at the right time is essentially much important to any business as it comprises of a wide and comprehensive range of activities in relation to " the management of man". Manpower power planning, not only focuses on the effective utilization of existing human elements but also concern in fulfilling future manpower need of the organizations at the time of need. Man power planning is " the process

of determining manpower needs and the means and ways to meet those needs in order to carry out the integrated organizational plan." It is very much indispensable for any organization to perform the activities efficiently and to produce desired results. It is an apparently well known fact that, the success of any business highly rest upon the competent people that a business organization posses. Man power planning is considered as crucial functions of human resource management. It gives due importance to the human element than that of material elements and strive to manage and maintain the good will of a business. It endeavours to add to the organizational development and success of the business with due recognition of knowledge, skills, competence, experiences, expertise and talent of the employees. Effective recruitment and selection process follows an effective manpower planning process in fulfilling future manpower need as and when needed by the organisation. That necessitates manpower planning process and put lot of significance to it. At the same time, it contributes significantly to the achievement of organizational objectives by avoiding overstaffing and understaffing. However, although the notion of Human Resource Planning is well established in the HRM vocabulary, in practice, it does not seem to be as key HR activity. Need for man power planning is continuously driven by many of the factors in the organizations. It is essential when labour turnover is to be determined. There are situations that compel to replace older employees, disabled personnel and people whose medical conditions cause disturbances to usual functioning of the organisation. While executing effectively, man power planning process entails analyzing the requirements of present and future vacancies. These situations usually take place at the time of retirements, transfer of

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employees or they are upgraded due to promotion. Similarly, manpower planning is inevitable to deal with the situations that arise at the time, when employees avail their leaves or in case of their absences. In order to carry out the assigned task in a planned or intended way business organizations need personnel having necessary qualifications and experience which can be accomplished optimally through a effective man power planning process.

Manpower planning is of great importance in identifying the surplus and shortages of the employees. In case of surplus, the man power may be redeployed from one area or activity to another in case of the former, whereas shortages demand providing required personnel. Man power demand forecasting, manpower supply forecasting and manpower audit are some of the important tasks concerning the process of manpower planning.

Manpower demand involves estimating total man power requirements and planning accordingly. Then, the next step in manpower planning process is man power supply forecasting. It comprises of both internal supply forecasting and external supply forecasting. Internal supply forecasting works when the employees are transferred or promoted, while the need of external supply arises from the requirement of new workers when a business expands or there is change in technology or adopts new methods of production. In addition to that the process entails man power audit.

Manpower audit is carried out through " Skills inventory". It provides detail information about each employee. The overall value of an employee in an organization is also determined through skills inventory. For the sustenance of the key workers, man power audit analyses the factors that compels and propels the employees to leave the current jobs and move elsewhere. As a result of which necessary measures may be taken to curb the rate of

turnover in the context maximum utilization of Human Resources. Manpower planning is significant for the best interest of employees as well as for organization. While implementing appropriate selection procedures for the right candidates, Human resource planning undertakes proper recruitment methods and thereby preserves the individual talents of the employees. It focuses on assessing the requirement and the arrangement of training and development programs for the employees in order to equip them with the prerequisites of job. Manpower planning also focuses on the promotion procedures for competent people who can be entrusted with the challenges of advanced tasks. The inefficiencies of the employees are also identified by means of manpower planning process. So that necessary training may be provided leading towards improving employee morale. In this way the manpower planning process improves productivity and efficiency of the employees and their performance may be more effective and they can contribute optimally to the total organizational development. Above all, the success of any business revolves round the quantity and quality of human resources of that particular organisation.

## **CONCEPT AND DEFINITION OF HRP**

HRP is supposed to be an integral part of total organizational planning. The Human Resource Planning includes managerial activities that contribute to set the company's future objectives . It also determines appropriate means and ways for achieving those objectives. Where as organizational planning facilitates the realization of the company's future objectives and determines appropriate means for achieving those objectives. HRP is a systematic effort that comprises of three key elements: Workforce forecast Manpower

assessmentStaffing programmeAccording to Leon C. Megginson, " Human Resource Planning is an integrated approach to perform the planning aspects of the personnel function. It ensures sufficient supply of adequately developed and motivated workforce to perform the required duties and tasks to meet organization's objectives by satisfying the individual needs and goals of organizational members." Stainer defines manpower planning as " a strategy for the acquisition, utilization, improvement, and preservation of human resources of an enterprise. It is a way of dealing with people in a dynamic situation." It relates to establishing job specifications or the qualitative requirements of job determining the number of personnel required and developing sources of supply of manpower. Human resource planning determines the determinants of changing job requirement. Technological advancement that requires introduction of new equipment, product, and process and invariably resulting in changes in jobs and job structure in an organization can be dealt with proper manpower planning. It is therefore, manpower planning is essential for the organization to meet the demands of future job requirements in order to survive and remain competitive. Otherwise, the organizations experiencing the effect of rapid technological change will face the shortages of skilled employees in the absence of effective human resource planning. HRP can be defined as the task of assessing and anticipating the skill, knowledge and labour time requirements of the organization and initiating necessary action to fulfil those requirements. If the organization is declining, it may need a reduction plan or redeploys its existing labour force. On the other hand, if it is growing or diversifying, it requires finding and tapping suitable sources of skilled labour. According to Coleman HR planning is " The process of determining <https://assignbuster.com/the-concept-and-definition-of-hrp-business-essay/>

manpower requirements and the means for meeting those requirements to carry out the integrated plan of the organization". Manpower planning is the " Strategy for acquisition, utilization, improvement and preservation of an enterprise's Human Resources". It is the process by which management determines the path for the organization to move from its current manpower position to its desired manpower position in order to carry out integrated plan of the organization. Vetter (1967) defines ' Human Resource Planning as the process by which management determines how the organization should move from its current manpower position to its desired position. Through planning, management strives to have the right number and the right kind of people, at the right places, at the right time, doing right things resulting in maximum long-run benefits both for the organization and for the individual". Human resource planning takes place within the broad framework of organizational and strategic business planning. It involves forecasting the organization's future human resource needs and planning accordingly to meet those needs. It also includes establishing objectives and then developing and implementing HR programs like staffing, appraising, compensating, and providing training in order to ensure that people with the appropriate skills are available as and when the organization needs them. It may also include developing and implementing programs to improve employee performance or to increase employee satisfaction and involvement in order to boost organizational productivity, quality, or innovation (Mills, 1985b). Finally, human resource planning includes gathering data that can be used to evaluate the effectiveness of ongoing planning programs which will be useful for the planners when revisions in their forecasts and programs are needed. Human resource planning is the process of systematically

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reviewing human resource requirements to ensure that the required numbers of employees with requisite skills are available at the time of need. Human resource planning encompasses four elements: Quantity: No of employees Quality: Required, skills, knowledge and abilities Space: for which department, unit and level Time: at which point of time and how long

## **Nature and Scope of HRP**

HRP includes identifying both present and future needs of various types of employees in an organisation, comparing these needs with the present workforce, and determining the numbers and types of employees to be recruited. Persons can be recruited and selected from outside the organisation or selected out of the organisation's potential group and fit them into the organisational set up to get the best out of them. While extracting the best out of the employees, the organisation has also a responsibility to protect the interests of employees in terms of their career prospects, adequate compensation for their work, providing the best work environment and developing a culture of interpersonal, intrapersonal, employee-employer relationship and introduce a sense of quality consciousness within everyone to produce the best.

## **Leading Features of HRP**

The leading features of HRP's are listed below. It is systematic in approach. It ensures a continuous and proper staffing. It checks on occupational imbalances i. e shortages or surplus occurring in any of the department of the organization. There is a certain degree of flexibility, which is meant for modifications and alterations in accordance with the needs of the organization or to adopt with the changing circumstances. Manpower plans <https://assignbuster.com/the-concept-and-definition-of-hrp-business-essay/>



can be done both at micro and at the macro levels. Thus, HRP is a kind of risk management tool. It involves realistically appraising the present human resources and anticipating the future need as far as possible in order to get the right people into right jobs at the right time.

## **Underlying Factors of HRP**

Undoubtedly, there are a lot many factors that contribute for the increased attention towards human resource planning. Again, environmental forces like globalization, new technologies, economic conditions, and changing characteristics of work forces create complexity and add uncertainty for organizations. Therefore, organizations typically attempt to reduce the interference of uncertainty. While attempting so, formal planning is considered as one common tactic used by organizations to buffer themselves from environmental uncertainty (Thompson, 1967).

## **Manpower Planning vs Human Resource Planning**

Manpower planning or HR planning both can be used interchangeably. HR planning is more broad-based. Human Resources planning refer to planning conducted for all aspects of Human Resources. It takes care of training, employee safety, recruitment, manning levels, Performance Management and so on. But manpower planning basically tends to revolve predominantly around numbers. The number of people required to perform efficiently and productively in order to produce the best results with minimum cost is known as manpower planning. However, these concepts are always evolving and are variously called as manpower planning, personnel planning or employment planning and human resource planning.

## **Levels of HRP**

Human resource planning is done at various levels. The purpose of manpower planning determines its level. However, broadly level of manpower planning falls in the following categories.

**National Level:** At National level, government of India undertake macro human resource plans for the entire country by anticipating the demand for and supply of human requirements at the national level.

**Sectoral Level:** Along with central government various state governments of the country also plan human resource requirements for different sectors of the economy. Sectoral level manpower planning endeavours to cater the needs of manpower requirements of some particular sectors like Agriculture Sector, Industrial Sector and Service Sector.

**Industry Level:** To cater to the manpower needs of a particular industry such as Engineering and Heavy Industries, Paper Industries, and Consumer Goods Industries, Public Utility Industries, Textile, Cement/Chemical Industries and so on and so forth industry level manpower planning is done.

**Unit/ Departmental Level:** To take care the manpower needs of a particular department in a company such as Marketing Department, Production Department, Finance Department, etc unit or department level manpower planning is conducted.

**Job Level:** Man power planning at job level fulfils the human resource requirements of a particular job family within a department. For example, the requirement of number of sales executives in the marketing department or customer care people in customer care department is done by planning at the level of Job.

## **Periods of HRP**

**Short -Term Human Resource Planning:** Short term Human resource planning primarily focuses on designing and implementing the activities like recruitment, selection systems, and training programs to serve short-term organizational needs. Generally such activities involve an element of planning that is future-oriented to some extent. Short-term human resource planning is done to achieve long term objectives of the organisation. Long-

**Term Human Resource Planning:** Increasingly, long-term human resource planning is done minimum for the period of three years or sometimes beyond that. Long term human resource planning is critical for the effective functioning of organizations. The rapidly changing world and highly competitive marketplace is causing firms to turn their focus on human resources for survival and competitiveness. Effective long-term human resource planning demands integration of the skills and knowledge of the manpower planner and all other executives who are responsible for strategic planning.

**Intermediate -Term Human Resource Planning:** Human resource planning is a risk averting tool and buffer organizations from future uncertainty. Human resource programs for the recruitment, selection, training, and motivation of employees help to reduce uncertainty by ensuring that a sufficient number of people with appropriate skills are available at all levels in the organizations. When the planning horizon is short, there is little uncertainty about which skills and how many people will be needed, and it is relatively easy to predict supply. However, due to rapid, turbulent and ongoing changes in today's business environment, it is difficult to anticipate future by simply projecting past trends. As the focus of planning shifts from short term to intermediate term, what is the requirement of an

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organisation becomes dominant problem so also the uncertainty related to the question of availability. As a result of which more technical attention is required to be given to the problem of forecasting. To minimise the uncertainty in intermediate term human resource planning, interaction between the human resource planner and line managers is even more critical for making accurate demand and supply forecasts.

## **PURPOSE, NEED AND OBJECTIVE OF HRP**

### **Purposes of HRP**

The primary function of Personnel planning is to analyze and evaluate the available human resources within the organization. It also determines how to obtain the kinds of needed personnel to staff various organisational positions starting from assembly line workers to chief executives. Smaller companies have assigned the function of HR planning to the human resource department or personnel department. Larger corporations have separate departments for this function. Personnel planning aims at minimisation of waste in employing people, lessen uncertainty of current personnel levels and future needs, and eliminate mistakes in staffing pattern. The purpose of Human Resource Planning aims at maintaining the required level of skill by avoiding workforce skill shortages, stopping the profit-eroding effects of being overstaffed or understaffed, preparing succession plans and shaping the optimum future work force composition by hiring the right skill in appropriate numbers.

## **Need of HRP**

Manpower Planning is basically a two-phased process. It analyses the current human resources, makes manpower forecasts and thereby draw employment programmes. Manpower Planning serves organisational purpose in many ways. It ensures optimum use of manpower and capitalizes on the strength of organisation's Human Resources. Talent reservoir of an organisation is maintained at any point of time. The assigned tasks can be carried out easily if people skills are readily available. All these things can be possible with the help of effective HR Planning that provide information beforehand. To forecast future requirements and provides control measures: Although planning is considered as the essential process of management, HRP becomes especially critical when organizations go for mergers, relocation of plants, downsizing, right sizing or at time of closing of operating facilities. For example, expansion of scale of operations of any business requires advance planning that can ensure a continuous supply of people with appropriate skill set who can handle the challenges of the jobs easily. To face the challenges: Human resource planning helps the business to encounter the challenges that occur due to turbulent and hostile environmental forces like technology, social, economic and political factors. To adopt with technological changes: The change in technology in production, marketing methods and management techniques have been very extensive and rapid. It has profound effect both on job contents and job contexts. These changes may cause problems relating to redundancies, demand for retraining and redeployment, In order to cope with these changes, organisations need systematic manpower planning. To face Organizational Changes: The nature and pace of changes in organizational <https://assignbuster.com/the-concept-and-definition-of-hrp-business-essay/>

environment marked by cyclical fluctuations and discontinuities and the changes in activities and structures affect manpower positions of the organisation and require strategic considerations which necessitate perfect HR Planning. To determine recruitment/induction levels: A readily available HR plan can provide fairly good ideas about the kind of people are recruited and at what position. This will help in determining the kind of induction the organization require and thus can help to plan induction level successfully. To determine training level: Human Resource Planning helps in determining training levels in an organisation and lays foundation for management development programmes. To know the cost of manpower: In cases of expansions or opening up a new factory or if there is a new project organisation would require more number of human resources of different skill set. In those cases, Human Resource Planning helps in estimating the manpower cost. Hence a proper budgetary allocation can be made well in advance for this type of upcoming corporate strategic move. To assist in productivity bargaining: In case of automation, Human Resource Planning Data helps in negotiating for lesser workers as required for the same amount of the job. The organisation can offer higher incentives to smoothen the process of VRS, voluntary layoffs and so on. To assess physical facilities: Physical facilities such as accommodation , canteen, school, medical help, etc. can also be planned well in advance, because a good HRP can assist in solving many problems of the firm, from day to day ones to very strategic ones. Moreover, Human Resource Planning helps in maintaing the stability of a concern as an organization may incur several intangible costs due to inadequate, improper or lack of HRP. For example, inadequate HRP can cause vacancies to remain unfilled. The resulting loss in efficiency cost a lot

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to the organisation, particularly when the lead-time is required to train replacements. There are also situations in which employees are laid off in one department on the other hand applicants are hired for similar jobs in another department due to absence of proper HRP. There may be situation of over hiring resulting in the need to lay off effective employees. These are the variety of factors which necessitate Human Resource Planning in an organisation for optimum utilisation of Human Resources.

## **Objectives of HRP**

The objective of human resource planning is to ensure the best fit between employees and jobs, while avoiding manpower shortages or surpluses.

Human resource planning is a sub-system of the total organizational planning. It constitutes an integral part of corporate plan and serves the very purpose of organization in many ways. The primary purpose of human resource planning is to prepare for the future by reducing its uncertainty in relation to the acquisition, placement, and development of employees for future needs . Human resources planning is done to achieve the optimum use of human resources and to have the correct number and types of employees needed to meet organizational goals.

## **Objectives of Human Resource Planning are:**

Achieve Goal: Human Resource Planning helps in achieving individual, Organizational & National goals. Since Human resource planning is linked with career planning, it can able to achieve individual goal while achieving organisational and national goal. Estimates future organizational structure and Manpower Requirements: Human Resource Planning is related with no of Personnel required for the future, job-family, age distribution of employees, <https://assignbuster.com/the-concept-and-definition-of-hrp-business-essay/>

qualification & desired experience, salary range etc and thereby determines future organisation structure. Human Resource Audit: Once the future needs of HR are estimated, the next logical step in human resource planning process is to determine the present supply of Manpower Resources. This is done through skills inventory. This prevents overstaffing and understaffing. Job Analysis: Job analysis is the process of studying and collecting information relating to operations and responsibilities of a specific job. The immediate products of job analysis are job description and job specification. Job description is an organized factual statement of duties and responsibilities of a specific job, whereas, job specification is a statement of the minimum acceptable human qualities necessary to perform a job properly.

### **Some other objectives of HRP are as follows:**

To link human resource planning with organizational planning. To ensure optimum, planned use of currently employees. To forecast future skill requirements. To provide control measures in order to ensure that necessary resources are made available as and when required. To anticipate redundancies and avoid unnecessary dismissals. To provide a basis for management development programmes. To deploy the manpower in upcoming new projects. To enable the organization to identify trouble spots. To study the cost of overheads. To decide whether certain activities need to be subcontracted. To achieve more effective and efficient use of human resources. To better recruit employees having the necessary skills and competences. To determine optimum training levels. To obtain fairly satisfied and developed workforce. To facilitate the roll-out of strategic plans



and missions. To achieve more effective and equal opportunity planning. To relieve the organization of unnecessary and unneeded labour. Human resources planning are human resource administration, quite similar to that of financial planning. But unlike financial planning, there are very few organizations that engage in any form of explicit human resource planning. However, if properly used, human resources planning can increase the prospects of an organization's management and of its resources by better coping with dynamic situations. Human resource planning aims at maintaining and improving the organization's ability to attain the goals by developing strategies, purporting to magnify the contribution of human resources. Objectives of HR planning are to ensure availability of the HR needs of the organization at specified times in the future. It is a systematic approach to help the organization to reach at its business objectives.

## **TRENDS AND BEHAVIOURAL FACTORS ON HRP**

### **Trends That Impact HRP**

A Personnel planner seeking to identify trends in Human Resource planning should include the following variables: The state of the economy of the organisation: The spectrum of economic activity of the organisation which largely depends upon the company's sphere of operations is a crucial factor that is to be considered while doing HRP. Demographics: The present and future age and sex composition, literacy level of the population of the organisation affect HRP. Employee losses or turnover: The retirements, deaths, promotions and resignation affect the current number of individuals employed at every level. New skill requirements: Obsolescence of current skills and its effects along with what new skills will be needed due to new

technology markets or products affect HRP. The availability of materials: The status of the availability of material and direction of materials prices is also considered while doing HRP. Technological changes: Rate of change of technology along with technology adoption by the organisation affects manpower planning. Social changes: Effect of up gradation of educational backgrounds of the people in a given society and the willingness of people to take lower level jobs affect manpower planning. Labour costs: The direction in which the labour cost move is given due consideration while doing human resource planning.

## **Behavioural Factors on HRP**

Behaviour can be defined as the observable and measurable activity of human beings. Activity of human beings under this category shows a great variety. It may include anything like decision making, a mental processor, handling a machine, a physical process. Behavioural factors of HRP include:

1. Understanding Human Behaviour
2. Controlling and directing Behaviour
3. Organisation Adaptation

1. Understanding Human Behaviour: - Understanding human behaviour in the organisation encompasses the following elements.

- (i) Individual Behaviour: - It is known as first behaviour of people and provides means for analyzing why and how an Individual behaves in a particular way.
- (ii) Interpersonal Behaviour: - It provides means for understanding the interpersonal relationship in the organization. Analysis of reciprocal relationship, role analysis, transactional analysis falls under the umbrella of interpersonal behaviour.
- (iii) Group Behaviour: - Group behaviour comprises of group norms, cohesion, goals, procedures, communication, and leadership.
- (iv) Intergroup relationship: - Intergroup relationships are in the

form of intergroup cooperation and intergroup co-ordination. 2. Controlling and directing behaviour: these are the different factors that need to be taken care of in while controlling and directing people behaviour at workplaces.(i) Organisational Climate: - it refers to total organizational situations affecting human behaviour i. e how people of an organisation interact with each other at workplace.(ii) Communication:-free flow of both way communications is inevitable in order to control and direct human behaviour because, it is through communication people come in contact with each others.(iii) Leadership: - leadership style is also very much crucial and plays vital role in order to control and direct people's behaviour at workplace.(iv) Employee empowerment: - It refers to the degree of autonomy provided to people of an organisation so that they can take certain decision on their own without waiting for the supervisor to direct and may be utilized in many ways. 3. Organisation Adaptation: Organisations have to adapt themselves to the environment changes by making suitable internal arrangements like Management of Change.

## **INFORMATION FOR HRP**

Information that forms the basis of Human Resource Planning include statistics from past years on all aspect of Human Resource programmes including turnover, recruitment costs, staff numbers both actual and forecasted, budgetary information, safety statistics, performance appraisal statistics and so on and so forth. Basically, any objective for the year should be the basis for information gathering. For example, if organisations seek to reduce turnover, which thereby reduces recruitment and selection costs, need to focus man power plan on retention strategies. These can be

identified by benchmarking from other successful companies, industry information, Human Resources Institutes, internet and so on and so forth. From anywhere organisation can find information and ways to keep people at the workplace and incorporate those strategies into the plan. Human Resources Plans also vary in their detail and this is determined by the need and priorities of the company. Some companies have very simple plans and others may have very complex plans.

## **STEPS , STAGES, FUNCTIONS , STRATEGIES OF HRP**

### **Steps in HRP/ Activities in HRP**

Forecasting future human resource needs/ Demand forecasting. Making an inventory of present manpower resources / Supply Forecasting. Anticipating manpower problems by projecting present resources into the future.

Planning and implementing necessary HR policies and programmes.

Evaluating human resources effectiveness

Forecasting future human resource needs/ Demand forecasting: 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 several factors both external as well as internal. The external factors are competition, economic climate, laws and regulatory bodies, changes in technology and social factors. Internal factors include budget constraints, production levels, new products and services, organizational structure and employee separations. Organizational goals and objectives serve as a starting point for forecasting human resource needs. The demand for labour is derived from the demand for an organization's goods and

services. If other factors are held constant, the increased demand for goods and services leads to an increased demand for labour. Inversely, a decreased demand for goods and services leads to decreased demand for labour.

Forecasts of the demand for Human Resources can be short-range, mid-range, or long-range, depending on how far the future goals are set. Some methods or approaches are more appropriate to short-range forecasting while others are designed for long-range forecasting. However, any human resource plan to be effective must be derived from the long-range plans of the organization. Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in concerned work units or departments. The Manpower Forecasting techniques commonly employed by most of the organizations are as follows: Expert Forecasts: This method of manpower forecast includes informal decisions, formal expert surveys and Delphi technique. Trend Analysis: Manpower needs of any organisation can be projected through extrapolation (projecting past trends into the future), indexation (using base year as basis), and statistical analysis (central tendency measure). Work Load Analysis: Work-load Analysis is a suitable technique when the estimated work-load of a department, in a branch or in a division is easily measureable. Work Force Analysis: It determines the rate of influx and outflow of employees. Job Analysis: Job Analysis is done to differentiate one job from other. Therefore it provides requisite information about the job and hence helps in determining future manpower need. Other methods: Several Mathematical Models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis etc. Making inventory of present manpower resources / Supply Forecasting: In this step the

management determines whether it will be able to procure the required number of personnel and the sources for such procurement. This information is provided by supply Forecasting. Supply Forecasting measures the number of people likely to be available from within and outside an organisation, after making allowances for absenteeism, internal movements and promotions, wastage and changes in hours and other conditions of work. It is basically refers to projecting human resource supply that estimates the number and kinds of employees that can be expected to constitute an organization's workforce at some future point in time. These projections are based on a careful assessment of an organization's current supply, with due consideration of employees movement into, through, and out of organization. Procuring competent personnel requires positive recruitment efforts and the development of a variety of recruitment sources. These sources not only consider the nature and conditions of the external labour market, but also the presence of qualified available personnel to fill up the vacancies through internal promotions or transfers. For analysis of current manpower inventory- the following factors have to be noted. Types of organization  
Number of departments  
Number and quantity of such departments  
Employees in these work units  
A well-designed skills inventory includes much information although all these are not directly related to on-the-job skills and performance. It includes many kinds of information for the start-up of Personnel Planning. Skills inventory include name, address, telephone number, date of birth, current position, skill level, years with the company, education, marital status, dependents and their ages, salary history, seminars and training completed, disciplinary actions, date of retirement, company planned future assignments, employee

preferences, future assignments, willingness to relocate, language abilities, restrictions on assignments, hobbies, published works, patents obtained, special qualifications, high-level skills and so on. For each group of employees as much of information is gathered. The information gathered from the employment application can also be supplemented by asking the employees to provide comprehensive personal history files after they have been on the job for a while. New items can also be added as they seem necessary. It is therefore very much necessary to keep up-to-date inventory incorporating all sorts of changes. Anticipating manpower problems by projecting present resources into the future: This step involves comparing forecast needs with projected supply to determine manpower adequacy both quantitatively and qualitatively. By subtracting the projected supply from the forecasted needs, planners can determine an organization's employee requirements for a future point in time. Number of employees' requirements should be determined for each job in an organization as well as for the organization as a whole. Demand > Supply = Shortages Demand < Supply = Surplus Demand = Supply = No action

Planning and implementing necessary HR policies and programmes: Implementation is all about converting an HR plan into action. After net employee requirements are determined, planners generate and evaluate alternative Human resource policies and programmes to handle anticipated shortages and surplus. A series of action programmes are initiated and evaluated as a part of HR plan implementation. Such programmes are recruitment, selection and placement, training and development, retraining and redeployment, the retention plan and the redundancies plan, utilization, transfer, promotion, motivation and compensation etc in order to ensure that future manpower requirements are

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properly met. Evaluating human resources effectiveness: Organizations should evaluate their Human Resources Planning efforts to determine their effectiveness in the context of achieving organization's goals and objectives. 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. These may simply report on the numbers employed against establishment or on the numbers recruited against the recruitment targets. HR plan should also report employment costs against budget, and trends in wastage and employment ratios and so on and so forth. Evaluating in terms of costs and benefit though difficult is an obvious measure of planning effectiveness which depict clearly and concisely how well human resources needs are anticipated and met.

## **HRP Process Outline/HRP Stages**

HRP process can be broadly delineated to four different stages as follows:

Investigation stage  
Forecasting  
Planning and Control of

Manpower  
Utilization  
Investigation stage: It is the primary stage of HRP in any organization. In this stage, organizations develop a sense of awareness about the detailed manpower scenario with a holistic view, looking at their current manpower. A SWOT analysis can reveal a better picture with due consideration of the external environment, performance and productivity trends, working practices, operational and strategic plans. Scientific homework at this stage can help in identifying the gaps between present and required skills. For a better result, SWOT analysis can proceed a cause effect diagram (fish bone diagram), which is simple to comprehend. While doing



external manpower review, micro level issues need to be understood with due cognizance to the relevant literatures like, Annual Economic Survey, Year Book on Indian Labour, various reports on planning commission on manpower etc. Internal manpower review has to be done with enterprise wide current marketing, finance, performance data, current employment practices and methods etc, with a futuristic view with due cognizance to strategic plans and objectives. Forecasting: After adequate investigation, the next phase of HRP process involves analysis of demand and supply of manpower. There are different models of demands forecasting, which will be discussed in detail in chapter 3. Manpower supply analysis is done considering both internal and external supply. While doing internal supply analysis, career planning and development, training and development, aspects of succession plan are taken into account along with corporate policies and procedures. For example ' promotion from within' as a corporate policy may or may not exist in a particular organization. If exist, it needs to find out whether it is time scale (seniority) promotion, or based upon merit. Many organizations have their documented promotional policy in order to avoid personal biasness. External supply analysis is done considering macro level issues to understand their availability. Employment status (permanent, temporary, part time, contractual, hourly paid) also needs to be assessed in terms of availability. Demand forecasting helps in identifying requirements of manpower for various positions at different points of time. Planning and Control of Manpower: At this stage forecasts of manpower are translated into HR policies, which encompass all HRP related issues like recruitment, training and development. While going for recruitment, it is necessary to understand the job descriptions, which precede job analysis and job roles.

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Also it is necessary to document the time period for which recruitment has to be made. Most of the organizations have their documented recruitment system decided by the HR managers. There are organizations, besieged with the problem of restructuring. Hence extent and scope of internal hiring, i. e redeploying in restructured jobs also need to be understood. Similar efforts should also be made in planning and documenting the training and development policies of the organization to address to the problems of knowledge and skill obsolescence in the context of changing technology. Hence the scope for redeployment through retraining also needs to be explored at this stage. While doing HRP, flexibility and interrelationship of all other policies also need to be considered. It is also obvious that, manpower redundancy in India and abroad is not only for inadequate business planning but also or inadequate human resource planning, which among others can be attributed to inflexible policies on redundancy, inflexible job description, inflexible employment conditions, absence of retraining and redeployment programmes. Mere planning and documenting the policies will not help. Control must be there to rectify any observed deficiency of such plans. For example offering VRS with additional benefits may be a costly decision than skill renewal of manpower through training and re-training. Similarly outsourcing manpower through a body shopper may be costly than direct recruitment on contractual terms. Giving overtime to employees to meet seasonal overload may be cheaper than recruiting extra people. Hence need for control is inevitable to optimize manpower cost. Utilization: This is final stage of HRP process. Success of HRP is measured in terms of achievement trend, both quantitatively and qualitatively. Quantitative achievement is achieved from increased in productivity trend, reduced manpower cost,

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qualitative achievement can also be studied in the context of prevailing industrial relations, level of motivation and morale, grievance pattern, rate of absenteeism, rate of turnover etc.

## **HRP Functions**

Human resource planning is an integral part of the process of setting and meeting corporate objectives. Explicitly, Human Resource Planning connotes preparation of schedule, indicating the number of various categories of employees required by the enterprise over a given period of time. As soon as a long-range strategy or corporate planning is devised, it becomes possible to determine the number of different types of individuals of required number over the forthcoming years. Thus, the function of Human Resource Planning is to indicate how many individuals would be selected, trained, promoted, and retired over the forthcoming years and accordingly to lay down an estimate of the personnel facilities. The manpower planners have to take several factors into account. These are the changing characters of the business, the rate of retirement and allied issues relating to manpower losses, variations in social and employment variables, changes in the educational system, changes in job components, and changes in the organizational structure and promotion system of the enterprise. This may incorporate personnel data common to payroll such as identification, sex, marital status, employees' address, position in organization, date of employment, date of birth, nature of employment and basic salary. This may also include data for personnel record purposes such as job code, educational qualifications, linguistic ability, and assessment of performance, training and career history. In addition, the central manpower record should

contain information on advertising research, pre-screening techniques and the validation of psychological tests. All these types of information can be effectively handled with the help of manpower information systems installed in the central manpower department. The decision-making process necessitates accurate and readily available information which is very difficult to ascertain in view of the changing situations. Despite these difficulties, attempts may be made to obtain different types of information needed for the Human Resource Planning. Human Resource Planning provides information in three dimensions: The estimated manpower requirements, The analysis of the external manpower market situation, The resulting estimate of manpower availability. An integrated manpower strategy consists of four factors i. e information relating to demand and supply, strategic evaluation of requirements, policy decisions regarding the Human Resources of the enterprise, and the operational decision related to manpower management. Every line manager has to perform some form of Human Resource Planning in his department to achieve organization's goals. The Human Resource Planning specialist of his department may assist him to discharge this responsibility. However, some Human Resource Planning has to be performed at the enterprise level because of several reasons. Different Human Resource Planning techniques demand a high level of expertise, and it would not be possible for the line managers to use them effectively without the assistance of the Central Human Resource Planning Department. It is advantageous to establish a Central Human Resource Planning Department and one or two specialists depending upon the size of the department assisted by the line managers of his department. Human resource planning is a highly complex process. Hence, the role of line and staff personnel in this

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process should be clearly distinguished. Usually, the staff unit is not responsible for estimating the manpower requirements. The line furnishes this type of information on the basis of estimates of operating levels. The staff may simply furnish supplementary data such as turnover rates, which may be incorporated in the ultimate estimations. In one way or the other, Human Resource Planning is related to almost every other personnel function. This is because it serves to link organizational goals and objectives to personnel policies and programmes. The personnel functional job analysis and performance appraisal provide important inputs to the Human Resource Planning process. Human Resource Planning is most closely related to those personnel functions whose purpose is to acquire, develop, and maintain qualified workforces. These functions include recruiting, selection, compensation, career planning training and development.