

Difference between human resource planning and business planning

[Business](#), [Human Resources](#)



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Human Resource or HR planning provides an entrepreneur or a manager with the opportunity to organise the workforce of his/her company or department, as the case may be. Consequently, areas of strengths and weaknesses are diagnosed, according to which recruitment policies can be formulated or reset as and when required. Moreover, HR planning also involves provisions for staff education and synchronise the different functions of HR management and development as a whole. (Foot and Hook 2008; Braham 1989)

Business planning is simply like making a blueprint for the future of an enterprise. Therefore, a business plan can be defined as a document which is utilised to describe the business along with its “ objectives, strategies, target market and financial forecasts” (Small Business Development Corporation 2014, paragraph 2). So business planning is a strategy level activity which is most vital while starting a business or embarking on a new venture.

An HR plan is oriented towards the workers of the enterprise. One of the direct concerns of HR planning is to chalk out the key industrial relationship management tactics (Planning for Staff Development: Fanning the Flame 1990). HR planning is closely related with human resource development. The process encourages talent hunt and consistent staff training, so that company or department specific highly skilled workforce can be developed. However, a business plan is based on a financier, banker, or shareholder oriented persuasive strategy (Chen, Yao, and Kotha 2009). Business plans

are more elaborate. Apart from HR planning, business planning is also related to other planning processes like marketing plan development, product planning, knowledge management, investment planning, etc. Again, an HR plan is specific; it handles matters related to the staff and recruitment processes (Braham 1989). It may also involve blueprint for staff training, payroll management, and educational programs. On the other hand, a business plan involves not only securing the staff, but also handling the investors, sponsors, suppliers, and clients (Butler 2000).

So it can be deduced that the stress of HR planning lies on business tactics where short term processes like staff selection, condensed training session, database management, etc. are given highest priority. That is why strategic HR is regarded as an enhanced branch of HR planning (Planning for Staff Development: Fanning the Flame 1990). At the strategic level, complicated HR planning with long term goals must be preceded by elaborate business planning (Foot and Nook 2008).

But this is not the case with business planning. Business planning involves vision and mission setting that culminates at long term strategy level goal setting. A good business plan should be preceded by a feasibility study, which helps the entrepreneur to understand whether or not his/her business can be run. (Butler 2000)

Consequently, HR planning should be aligned with the department's (or the company's) strategic/business plans. Activities like workforce specific goal setting, business organisation and gap analysis help in aligning the HR plan with business plan (Public Service Secretariat 2008). But a comprehensive business plan is highly likely to include an HR plan within its

workforce control and personnel management dimensions (Butler 2000).

List of References

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