

## **COURSE: PRINCIPLES OF HUMAN RESOURCE MANAGEMENT**

### **LECTURE 4: HUMAN RESOURCE PLANNING**

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#### **Lecture learning outcomes:**

**At the end of the lecture, you will be able to:**

- i. Understand the concept of Human Resource Planning
- ii. Discuss the nature of HRP
- iii. Examine objectives and factors affecting HRP

### **HUMAN RESOURCE PLANNING**

Human resource is the most important asset of an organization. Human resources planning is the important managerial function. It ensures the right type of people, in the right number, at the right time and place, who are trained and motivated to do the right kind of work at the right time. The enterprise will estimate its manpower requirements and then find out the sources from which the needs will be met.

Human Resources Planning is the process of assessing the organisation's human resources needs in light of organizational goals and making plans to ensure that a competent, stable work force is employed. The planning process includes an analysis of skill levels among employees and in the external labour market, of current and expected job openings, of plans for expanding or reducing staff throughout the organisation, and of the external legal environment. The planning process, then, is, closely related to the staffing process and depends also on the overall strategic plans of the organisation.

Manpower is the most vital factor for the survival and prosperity of the organization. The manpower asset in a firm has the potential to appreciate the value of the firm. Though all the firms buy the same material and machines, the people in a firm make the difference in the final product. So the success of any organization mainly depends upon the quality of its manpower and its performance.

The success of a manpower planning process not only helps the organization itself, but also helps the society's prosperity. The losses a firm suffers from inadequate manpower planning and utilization, is a loss to the nation. When these individual losses are added up, the total losses may be very significant to the economy of a nation.

Manpower may be regarded as the quantitative and qualitative measurement of labour force required in an organization and planning in relation to manpower may be regarded as establishing

objectives to develop human resources in line with broad objectives of the organization. Thus, manpower planning may be expressed as a process by which the management ensures the right number of people and right kind of people, at the right place, at the right time doing the right things. It is a two-phased process by which management can project the future manpower requirements and develop manpower action plans to accommodate the implications of projections. Thus, human resource planning is the process of developing and determining objectives, policies and programmes that will develop, utilize and distribute manpower so as to achieve the goals of the organization.

HR planning affects what employers do when recruiting, selecting, and retaining people, and of course these actions affect organizational results and success. The challenges caused by changing economic conditions during recent year's show why HR workforce planning should occur.

According to E.W. Vetter, human resource planning is "the process by which a management determines how an organization should make from its current manpower position to its desired manpower position.

Through planning, a management strives to have the right number and the right kind of people at the right places, at the right time to do things which result in both the organization and the individual receiving the maximum long-range benefit.'

Dale S. Beach has defined it as "a process of determining and assuring that the organization will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved."

In the words of Leon C. Megginson, human resource planning is "an integration approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organizational objectives and satisfy the individual's needs and goals of organizational members."

On the analysis of above definitions, human resource planning may be viewed as foreseeing the human resource requirements of an organization and the future supply of human resources and making necessary adjustments between these two and organization plans and foreseeing the possibility of developing the supply of human resources in order to match it with requirements by introducing necessary changes in the functions of human resource management.

Human Resource Planning aims at ascertaining the manpower needs of the organization both in right number and of right kind. It further aims at the continuous supply of right kind of personnel to man various positions in the organization. Manpower planning is a process of determining and assuring that the organization will have an adequate number of qualified per so, available at the persons times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.

Specific manpower planning duties include:

- Estimation of labour turnover for each grade of employee and the examination of the effects of high or low turnover rates on the organization's performance

- Analysis of the consequences of changes in working practices and hours
- Predicting future labour shortages
- Devising schemes for handling the human problems arising from labour deficits or surpluses
- Introduction of early retirement and other natural wastage procedures
- Analysis of the skills, educational backgrounds, experiences, capacities and potentials of employees
- Effective manpower planning should, result in the right people doing the right things in the right place at precisely the right time.

### **Nature of HRP**

Human resource planning is the process of analyzing and identifying the availability and the need for human resources so that the organization can meet its objectives. The focus of HR planning is to ensure that the organization has the right number of human resources, with the right capabilities, at the right times, and in the right places. In HR planning, an organization must consider the availability and allocation of people to jobs over long periods of time, not just for the next month or the next year.

HRP is a sub system in the total organizational planning. Actions may include shifting employees to other jobs in the organization, laying off employees or otherwise cutting back the number of employees, developing present employees, and/or increasing the number of employees in certain areas. Factors to consider include the current employees' knowledge, skills, and abilities and the expected vacancies resulting from retirements, promotions, transfers, and discharges. To do this, HR planning requires efforts by HR professionals working with executives and managers.

### **Features of Human Resource Planning**

#### *Well Defined Objectives*

Enterprise's objectives and goals in its strategic planning and operating planning may form the objectives of human resource planning. Human resource needs are planned on the basis of company's goals. Besides, human resource planning has its own objectives like developing human resources, updating technical expertise, career planning of individual executives and people, ensuring better commitment of people and so on.

#### *Determining Human Resource Needs*

Human resource plan must incorporate the human resource needs of the enterprise. The thinking will have to be done in advance so that the persons are available at a time when they are required. For this purpose, an enterprise will have to undertake recruiting, selecting and training process also.

#### *Keeping Manpower Inventory*

It includes the inventory of present manpower in the organization. The executive should know the persons who will be available to him for undertaking higher responsibilities in the near future.

#### *Adjusting Demand and Supply*

Manpower needs have to be planned well in advance as suitable persons are available in future. If sufficient persons will not be available in future then efforts should be made to start recruitment process well in advance. The demand and supply of personnel should be planned in advance.

### *Creating Proper Work Environment*

Besides estimating and employing personnel, human resource planning also ensures that working conditions are created. Employees should like to work in the organisation and they should get proper job satisfaction

### **Objectives of HRP**

- To ensure optimum utilization of human resources currently available in the organization.
- To assess or forecast the future skill requirement of the organization.
- To provide control measures to ensure that necessary resources are available as and when required.
- To link manpower planning with the organizational planning
- To determine recruitment levels.
- To anticipate redundancies.
- To determine optimum training levels.
- To provide a basis for management development programs.
- To cost the manpower.
- To assist productivity bargaining.
- To assess future accommodation requirement.
- To study the cost of overheads and value of service functions.
- To decide whether certain activity needs to be subcontracted
- To recruit and maintain the required number of HR of quantity and quality.
- To predict and foresee the employee turnover and to develop strategies that would minimize turnover and ways of filling up the vacancies.
- To provide information for the programmes of expansion, diversification etc.
- To establish what is required in the workplace like technology on work.
- To provide information on knowledge, skills required.
- To check the surplus or shortage of human resources and take actions accordingly.
- To ensure good industrial relations by maintaining optimum level and structure of human resource.
- To minimize imbalances that result from non-availability of human resources and ensure adequate human resources and maximum use of existing staff at any specified time
- To enable the best use of human resources.
- To understand the cost of human resources.
- Forecast the future HR required and requirements at different levels of skills.
- To enable manage the staff already deployed in the organization.
- Provide expected time to select and train the required additional human resource

HRP exists as a part of planning process of business. This is the activity that aims to coordinate the requirements for the availability of the different types of employers. The major activities are the forecasting, (future requirements), inventorying (present strength), anticipating (comparison of present and future requirements) and planning (necessary program to meet the requirements).

The HR forecasts are responsible for estimating the number of people and the jobs needed by an organization to achieve its objectives and realize its plans in the most efficient and effective manner.

The objective of HR is to provide right personnel for the right work and optimum utilization of the existing human resources.

### **Need for HRP in organizations**

**1) Employment-Unemployment Situation:** Though in general the number of educated unemployment is on the rise, there is acute shortage for a variety of skills. This emphasizes on the need for more effective recruitment and employee retention.

**2) Technological Change:** The changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their effect has been profound on the job contents and job contexts. These changes have caused problems relating to redundancies, retention and redeployment. All these suggest the need to plan manpower needs intensively and systematically.

**3) Demographic Change:** The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background has implications for HRP.

**4) Skill Shortage:** Unemployment does not mean that the labour market is a buyer's market. Organizations generally become more complex and require a wide range of specialist skills that are rare and scarce. A problem arises in an organization when employees with such specialized skills leave.

**5) Governmental Influences:** Government control and changes in legislation with regard to affirmative action for disadvantaged groups, working conditions and hours of work, restrictions on women and child employment, casual and contract labour, etc. have stimulated the organizations to become involved in systematic HRP.

**6) Legislative Control:** The policies of "hire and fire" have gone. Now the legislation makes it difficult to reduce the size of an organization quickly and cheaply. It is easy to increase but difficult to shed the fat in terms of the numbers employed because of recent changes in labour law relating to lay-offs and closures. Those responsible for managing manpower must look far ahead and thus attempt to foresee manpower problems.

**7) Impact of the Pressure Group:** Pressure groups such as unions, politicians and persons displaced from land by location of giant enterprises have been raising contradictory pressure on enterprise management such as internal recruitment and promotion, preference to employees' children, displace person, sons of soil etc.

**8) Systems Approach:** The spread of system thinking and advent of the macro computer as the part of the on-going revolution in information technology which emphasis planning and newer ways of handling voluminous personnel records.

**9) Lead Time:** The log lead time is necessary in the selection process and training and deployment of the employee to handle new knowledge and skills successfully.

### **Benefits of Human Resource Planning**

Human resource planning or manpower planning is important because of following reasons:

1. To meet up requirements of the organization: HR planning enables the personnel to have the desired skill, knowledge and experience. HR planning helps to define the number of personnel required at particular time to meet the organizations need.
2. Counter balance insecurity and change: Organizations experience changes therefore HR planning helps to take care of the uncertainties and ensure availability of HR at all times.
3. Checking labour imbalance: Human resource planning helps to foresee shortages and surpluses of HR in the organization. The shortage and surplus- shortages leads to overworking the staff, inefficiency, ineffectiveness and demotivation of employees while surplus remain under-utilized. Therefore, Human resource planning helps in correcting this imbalance.
4. Right-sizing the human resource: Human resource planning calculates the future requirements of the organization and helps the organization to have right human resources in number, right time and right place.
5. To meet expansion and diversification: HR planning helps the organization to carry out its future plans of the organization regarding expansion, diversification.
6. Training and Development: There is constant need of training and development of employees because of changes in organization. It provides training and development needs.
7. Needs of the Employees: It provides information that helps the organization to work towards satisfying needs of the employees which leads promotions, job design, transfer, compensation and benefits.
8. Helps in formulation of budgets: HR planning helps in anticipating the cost of human resources and formulation of human resource budget.
9. To Check Joblessness: It helps identify surplus. And to foresee the need for redundancy
10. Human resources planning helps to identify the best way to allocate resources and adapt to employment changes.
11. Talent management: HR planning helps to identify employee talents and how organization can deal with it.
12. Turn over: Human resource planning provides information that can help to reduce employee turnover. in many organizations.
13. Technological changes and globalization: Human resource planning enables organizations to cope with such changes.
14. Better way of managing employees: HR planning can provide useful information that lead better means for managing human resources. Thus, foreseeable pitfalls might be avoided.
15. Corrective measures: Human resource planning helps the management to assess strength and weaknesses of its employees and personnel policies on continuous to improve them.

### **Other factors**

HRP is the subsystem in the total organizational planning. Organizational planning includes managerial activities that set the company's objective for the future and determines the appropriate

means for achieving those objectives. The importance of HRP is elaborated on the basis of the key roles that it is playing in the organization.

**1. Future Personnel Needs:** Human resource planning is significant because it helps to determine the future personnel needs of the organization. If an organization is facing the problem of either surplus or deficiency in staff strength, then it is the result of the absence of effecting HR planning.

**2. Part of Strategic Planning:** HRP has become an integral part of strategic planning .HRP provides inputs in strategy formulation process in terms of deciding whether the organization has got the right kind of human resources to carry out the given strategy. HRP is also necessary during the implementation stage in the form of deciding to make resource allocation decisions related to organization structure, process and human resources. In some organizations, HRP play a significant role as strategic planning and HR issues are perceived as inherent in business management.

**3. Creating Highly Talented Personnel:** It is the discretion of HR manager that will enable the company to recruit the right person with right skills to the organization. Manpower planning in the form of skill development is required to help the organization in dealing with this problem of skilled manpower shortage

**4. International Strategies:** An international expansion strategy of an organization is facilitated to a great extent by HR planning. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business. With the growing trend towards global operation, the need for HRP will as well will be the need to integrate HRP more closely with the organizations strategic plans. Without effective HRP and subsequent attention to employee recruitment, selection,

placement, development, and career planning, the growing competition for foreign executives may lead to expensive and strategically descriptive turnover among key decision makers.

**5. Foundation for Personnel Functions:** HRP provides essential information for designing and implementing personnel functions, such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.

**6. Increasing Investments in Human Resources:** Organizations are making increasing investments in human resource development compelling the increased need for HRP. Organizations are realizing that human assets can increase in value more than the physical assets. An employee who gradually develops his/ her skills and abilities become an asset for the organization. Organizations can make investments in its personnel either through direct training or job assignment and the rupee value of such a trained, flexible, motivated productive workforce is difficult to determine. Top officials today acknowledging that quality of work force is responsible for both short term and long-term performance of the organization.

**7. Resistance to Change:** Employees are always reluctant whenever they hear about change and even about job rotation. Organizations cannot shift one employee from one department to another without any specific planning. Even for carrying out job rotation (shifting one employee from one department to another) there is a need to plan well ahead and match the skills required and existing skills of the employees.

**8. Uniting the Viewpoint of Line and Staff Managers:** HRP helps to unite the viewpoints of line and staff managers. Though HRP is initiated and executed by the corporate staff, it requires the input and cooperation of all managers within an organization. Each department manager knows

about the issues faced by his department more than anyone else. So communication between HR staff and line managers is essential for the success of HR Planning and development.

**9. Succession Planning:** Human Resource Planning prepares people for future challenges. The 'stars' are picked up, trained, assessed and assisted continuously so that when the time comes such trained employees can quickly take the responsibilities and position of their boss or seniors as and when situation arrives.

**10. Other Benefits:**

(a) HRP helps in judging the effectiveness of manpower policies and programs of management.

(b) It develops awareness on effective utilization of human resources for the overall development of organization.

(c) It facilitates selection and training of employees with adequate knowledge, experience, and aptitudes so as to carry on and achieve the organizational objectives (d) HRP encourages the company to review and modify its human resource policies and practices and to examine the way of utilizing the human resources for better utilization.

**Significance of Manpower Planning**

The failure in planning and in developing personnel will prove to be a limiting factor in attributing to the organizational objectives. If the number of persons in an organization is less than the number of persons required to carry out the organizational plans, there will be disruptions in the flow of work and the production will also be lowered. But if, on the other hand, some persons are surplus in an organization, they will have to be paid remuneration. The sound personnel policy requires that there should be adequate number of persons of the right type to attain its objectives.

Manpower planning is relatively a difficult task for the personnel management. It is particularly so in business enterprises which are often subject to forces outside their control such as social, political and economic changes. Manpower is a key resource required for the achievement of business objectives. Materials, equipment, power and other resources can be effectively and efficiently used, only if there is manpower capable of processing them into required goods and services. It takes a long time to develop the manpower of right type to use these resources. Therefore, decisions concerning manpower development must be taken many years in advance. However, management may stick to short periods for rank and file employees, but it will have to concentrate upon the problems of replacing key professional and managerial personnel on a long term basis. In as-much-as many big organizations do prepare long-range forecasts in production, marketing and capital investment, it should not be surprising if it makes long term projections in regard to its personnel. However, manpower plans cannot be rigid or static, they can be modified or adjusted according to the change in the circumstances.

**Advantages of Manpower Planning**

An organisation must plan out its manpower requirements well in advance so that it could complete effectively with its competitors in the market. A well thought-out-manpower plan provides adequate lead time for recruitment, selection and training of personnel. It becomes all the more crucial because the lead time for procuring personnel is a time-consuming process and in certain cases one may not always get the requisite type of personnel needed for the jobs. Non-availability of suitable manpower may result in postponement or delays in executing new projects and

expansion programmes which ultimately lead to lower efficiency and productivity further. To be specific, the following are the advantages of manpower planning:

1. **It Reduces Personnel Costs:** It reduces personnel costs, because of management's ability to anticipate shortages or surpluses of manpower and correct these imbalances before they become unmanageable and expensive.
2. **To Plan the Development of the Employees:** A better basis for planning employees development that is designed to take optimum use of worker's attitudes within the organisation.
3. **Manpower Inventory:** Personnel or manpower inventory can provide information to management for the interval succession of managerial personnel if there is a turnover which is not anticipated.
4. **It Helps in Formulating Managerial Succession Plans:** Manpower planning helps in formulating managerial succession plans as a part of the replacement planning process which is necessitated when job change plans for managers are formulated.
5. **Thorough Performance Appraisal and Identification:** Manpower planning enables thorough performance appraisals, identification of gaps of the existing manpower so that corrective training could be imparted. Thus, the training programme becomes more effective.
6. **Improvement in Business Planning Process:** Further, it leads to the improvement of business planning process.
7. **Employment Opportunities:** More employment opportunities including women and minority groups in future growth plans and identifying the specific development or training programme needed today to make specific skills available tomorrow.
8. **Greater Awareness Among Workers:** Greater awareness among workers is the importance of sound manpower management throughout at all levels of the organisation.

### **Process of manpower planning**

#### **1. Job Analysis**

Job analysis is the qualitative aspect of manpower requirements since it determines the demands of a job in terms of responsibilities and duties and then translates these demands in terms of skills, qualities and other human attributes. It helps in determining the number and kinds of jobs and qualifications needed to fill these jobs because with the help of job analysis. It is known that what is the quantum of work which an average person can do on a job in a day.

It facilitates the division of work into different jobs. Thus, it is an essential element of effective manpower planning. At managerial levels, accurate job descriptions help in preparation of inventories of executive talent.

Job analysis may be defined as a process of discovering and identifying the pertinent information relating to the nature of a specific job. It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for successful performance of the job. The process of job analysis is essentially one of data collection and then analyzing that data. It provides the analyst with basic data pertaining to specific jobs in terms of duties, responsibilities, skills, knowledge, etc.

## **2. Skill Inventory**

The scarcity of talent, difficulty of discovering it and the time required to develop it fully have forced big organisations to think about their manpower in a systematic way. They attempt to know the inventory of man power resources, develop and appraise their executives, draw up management succession plans and calculate the replacements that will be needed because of retirements and other causes. To understand the nature of the recruitment and development problems, it is necessary to determine the inventory of different skills and talents existing in the organisation. The management must try to develop in advance the talented employees to occupy the managerial positions in the future. It cannot longer rely upon finding talented manpower just when it is needed. Systematic steps must be taken in order to ensure that a reservoir of talent within the organisation must be continuous. Thus, the identification of manpower potential within the organisation is a critical factor for the long range success of any organisation.

## **3. Personnel forecasting**

In order to forecast the number of personnel required at a particular plant ,the work load analysis will have to be done and on the basis of workload of the plant, work force analysis will have to be carried out.

- 4. Work-load Analysis:** In work-load analysis, the manpower planning expert needs to find out sales forecasts, work schedules and thus determine the manpower required per unit of product. The sales forecasts are translated into work performance for the various departments of the enterprise. In a manufacturing enterprise, one shall first find out the master schedule and then hours in terms of different skills required. Workload analysis is used to determine how many employees of various types are required to achieve total production targets. Similarly, plans are made concerning the amount of work that each other part (marketing department, purchase department, etc.) of the organisation is expected to accomplish during the coming year. It is essential to determine the work-load in some tangible units so that they may be translated into manhours required per unit. Past experience can, of course, be utilized for translating work-loads into manhours required.

## **5. Employment Plan**

This phase deals with planning how the organisation can obtain the required number of right types of personnel as reflected by the personnel forecasting. In other words, there is a need to prepare programme of recruitment, selection, training, transfer and promotion so that personnel needs of various departments of the organisation are met.

## **6. Training and Development of Personnel**

The preparation of skill inventory helps in identifying the training and development needs of the organisation. Training for learning new skills and for refreshing the memory is necessary not only for new employees but also for existing employees. Executive development programmes have to be devised for the development of managerial personnel.

## **Factors affecting HRP**

HRP is influenced by several factors. The most important of the factors that affect HRP are:

1. **Type and Strategy of the Organization:** Type of the organization determines the production processes , number and type of staff needed and the supervisory and managerial personnel required. HR need is also defined by the strategic plan of organization. If the organization has a plan for organic growth then organization need to hire additional employees. On the other hand If the organization is going for mergers and acquisition, then organization need to plan for layoffs, as mergers can create, duplicate or overlap positions that can be handled more efficiently with fewer employees.  
Organization first decides whether to be reactive or proactive in HRP. Organizations either carefully anticipate the needs and systematically plan to fill the need in advance (proactive) or can simply react to the needs as they arise (reactive). Likewise, the organization must determine the width of the HR plan. Organization can choose a narrow focus by planning in only one or two HR areas like recruitment and selection or can have a broad perspective by planning in all areas including training and remuneration.  
The nature of HR plan is also decides upon the formality of the plan. It can decides to have an informal plan that lies mostly in the minds of the managers and personnel staff or can have a formal plan which is properly documented in writing.  
The nature of HR plan is also depended upon the flexibility that is practiced in the organization. HR plan should have the ability to anticipate and deal with contingencies. Organizations frame HRP in such away that it can contain many contingencies, which reflect different scenarios thereby assuring that the plan is flexible and adaptable.
2. **Organizational Growth Cycles and Planning:** All organizations pass through different stages of growth from the day of its inception. The stage of growth in which an organization determines the nature and extends of HRP. Small organizations in the earlier stages of growth may not have well defined personnel planning. But as the organization enters the growth stage they feel the need to plan its human resource. At this stage organization gives emphasis upon employee development. But as the organization reaches the mature stage it experiences less flexibility and variability resulting in low growth rate. HR planning becomes more formalized and less flexible and less innovative and problem like retirement and possible retrenchment dominate planning.  
During the declining stage of the organization, HRP takes a different focus like planning to do the layoff, retrenchment and retirement. In declining situation planning always becomes reactive in nature towards the financial and sales distress faced by the company.
3. **Environmental Uncertainties:** Political, social and economic changes affect all organizations and the fluctuations that are happening in these environments affect organizations drastically. Personnel planners deal with such environmental uncertainties by carefully formulating recruitment, selection, training and development policies and programmes. The balance in the organization is achieved through careful succession planning, promotion channels, layoffs, flexi time, job sharing, retirement, VRS and other personnel related arrangements.
4. **Time Horizons:** HR plans can be short term or long term. Short term plans spans from six months to one year, while long term plans spread over three to twenty years. The extent of time period depends upon the degree of uncertainty that is prevailing in an organizations environment. Greater the uncertainty, shorter the plan time horizon and vice versa.
5. **Type and Quality of information:** The information used to forecast personnel needs originates from a multitude of sources. The forecast depends to a large extent upon the type

of information and the quality of data that is available to personnel planners. The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, structure, budgets, production schedule and so on.

6. **Nature of Jobs Being Filled:** Personnel planners need to be really careful with respect to the nature of the jobs being filled in the organization. Employees belonging to lower level who need very limited skills can be recruited hastily but, while hiring employees for higher posts, selection and recruitment need to be carried out with high discretion. Organization need to anticipate vacancies far in advance as possible, to provide sufficient time to recruit suitable candidate.
7. **Outsourcing:** Several organizations outsource part of their work to outside parties in the form of subcontract. Outsourcing is a regular feature both in the public sector as well as in the private sector companies. Many of the organizations have surplus labour and hence instead of hiring more people they go for outsourcing. Outsourcing is usually done for non critical activities. Outsourcing of non- critical activities through subcontracting determines HRP.
8. **Employment** -HRP is affected by the employment situation in any country. Some countries have greater unemployment others shortage of skilled labour which impacts on companies.
9. **Technical changes in the society** –Rapid changes in the business world like technological changes makes companies to train employees or send off existing to get new ones which has implications to the firm.
10. **Organizational changes** -Changes take place within the organization from time to time and most companies tend to diversify and in such case they are forced to remove some employees and employ new ones.
11. **Demographic changes** -Demographic changes refer to things referring to age, population, and composition of work force. Any organization will employee retire every year and employ new ones thus bringing in younger staff in the work place
12. **Labour turnover** –Industries keep losing staff and this makes HR planning to keep on alert in order to have the expected staff at all time.
13. **Multicultural workforce** –Organizations employee workers from different countries and HRP is supposed to put this into consideration.
14. **Pressure Groups**-There is no company that works in isolation and so any company should Company keep in mind pressure groups such as human rights media among others.
15. **Government Regulations** –All companies work within framework of policies and regulations which HRP should consider in its process and activities.
16. **Economic Conditions** – Economic aspect affects organization in terms in hiring and getting the best and talented staff.
17. **Culture**- Organizational culture defines the norms, values and way of life of that organization. Sometimes getting staff who fit in the culture is not easy.
18. **Organizational structure**- The structure determines organizations operation, divisions and tasks are divided and done according to the structure and this can challenge the HR planning in filling up the positions.

19. **Funding**-HR planning forecasts the HR cost and sometimes the organizations can have financial challenges to meet the required activities such as training and development.
20. **Competition in the industry**. The industry the company is operating can cause challenges of getting the best staff.
21. **Compensation and benefits**-Some companies offer competitive packages that cause challenge to other companies that are not able to cope thus making them not get the best staff.
22. **Employee Relations**-Company should implement industrial policies to avoid conflicts and should have internal policies and procedures in order to maintain good employee-employer relationship.

## HRP PROCESS

### 1. Environmental Scanning:

It refers to the systematic monitoring of the external forces influencing the organization. The following forces are essential for pertinent HRP.

Economic factors, including general and regional conditions.

- Technological changes
- Demographic changes including age, composition and literacy,
- Political and legislative issues, including laws and administrative rulings
- Social concerns, including child care, educational facilities and priorities.

By scanning the environment for changes that will affect an organization, managers can anticipate their impact and make adjustments early.

2. **Organizational Objectives and Policies:** HR plan is usually derived from the organizational objectives. Specific requirements in terms of number and characteristics of employees should be derived from organizational objectives. Once the organizational objectives are specified, communicated and understood by all concerned, the HR department must specify its objective with regard to HR utilization in the organization.

3. **HR Demand Forecast:** Demand forecasting is the process of estimating the future quantity and quality of people required to meet the future needs of the organization. Annual budget and long-term corporate plan when translated into activity into activity form the basis for HR forecast.

Demand forecasting is influenced by both internal factors and external factors: external factors include competition, economic climate, laws and regulatory bodies, changes in technology and social factors whereas internal factors are budget constraints, production level, new products and services, organizational structure and employee separations.

- Demand forecasting is essential because it helps the organization to quantify the jobs, necessary for producing a given number of goods.
- To determine the nature of staff mix required in the future.
- To assess appropriate levels in different parts of organization so as to avoid unnecessary costs to the organization
- To prevent shortages of personnel where and when, they are needed by the organization

- To monitor compliances with legal requirements with regard to reservation of jobs

Techniques like managerial judgment, ratio- trend analysis, regression analysis, work study techniques, and Delphi techniques are some of the major methods used by the organization for demand forecasting.

#### **4. HR Supply Forecast:**

Supply forecast determines whether the HR department will be able to procure the required number of workers. Supply forecast measures the number of people likely to be available from within and outside an organization, after making allowance for absenteeism, internal movements and promotions, wastage and changes in hours, and other conditions of work. Supply forecast is required because it is needed as it:

- Helps to quantify the number of people and positions expected to be available in future to help the organization realize its plans and meet its objectives
- Helps to clarify the staff mixes that will arise in future
- It assesses existing staffing in different parts of the organization.
- It will enable the organization to prevent shortage of people where and when they are most needed.
- It also helps to monitor future compliance with legal requirements of job reservations.
- Supply analysis covers the existing human resources, internal sources of supply and external sources of supply.

**5. HR Programming:** Once an organization's personnel demand and supply are forecasted the demand and supply need to be balanced in order that the vacancies can be filled by the right employees at the right time.

**6. HR Plan Implementation:** HR implementation requires converting an HR plan into action. A series of action are initiated as part of HR plan implementation. programs such as recruitment, selection and placement, training and development, retraining and redeployment, retention plan, succession plan etc when clubbed together form the implementation part of the HR plan.

**7. Control and Evaluation:** Control and evaluation represent the final phase of the HRP process. All HR plan include budgets, targets and standards. The achievement of the organization will be evaluated and monitored against the plan. During this final phase organization will be evaluating on the number of people employed against the established (both those who are in the post and those who are in pipe line) and on the number recruited against the recruitment targets. Evaluation is also done with respect to employment cost against the budget and wastage accrued so that corrective action can be taken in future.

## **BARRIERS TO HRP**

Human Resource Planners face significant barriers while formulating an HRP. The major barriers as indicated below:

1) HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business. The personnel plan conceived and formulated by the HR practitioners when

enmeshed with organizational plan, might make the overall strategic plan of the organization ineffective.

2) HR information often is incompatible with other information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting, often to the exclusion of other types of information. Financial forecasting takes precedence over HRP.

4) Conflict may exist between short term and long term HR needs. For example, there can be a conflict between the pressure to get the work done on time and long term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available on the market as long as wages and salaries are competitive. Therefore, long times plans are not required, short planning are only needed.

5) There is conflict between quantitative and qualitative approaches to HRP. Some people view HRP as a number game designed to track the flow of people across the department. Others take a qualitative approach and focus on individual employee concerns such as promotion and career development. Best result can be achieved if there is a balance between the quantitative and qualitative approaches.

6) Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an HR department function. Successful planning needs a co-ordinated effort on the part of operating managers and HR personnel.

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