
HUMAN RESOURCES PLANNING

NEED &
IMPORTANCE OF HRP

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Forecast future personnel needs: To avoid the situations of surplus or deficiency of manpower in future, it is important to plan your manpower in advance. For this purpose a proper forecasting of futures business needs helps you to ascertain our future manpower needs. From this angle, HRP plays an important role to predict the right size of manpower in the organization.

Cope with change: HRP enables an enterprise to cope with changes in competitive forces, markets, technology, products and government regulations. Such changes generate changes in job content, skills demands and number of human resources required.

Creating highly talented personnel: Since jobs are becoming highly intellectual and incumbents getting vastly professionalized, HRP helps prevent shortages of labor caused by attritions. Further technology changes would further upgrade or degrade jobs and create manpower shortages. In these situations only accurate human resource planning can help to meet the resource requirements. Further HRP is also an answer to the problems of succession planning.

Protection of weaker sections: A well-conceived personnel planning would also help to protect the interests of the SC/ST, physically handicapped, children of socially oppressed and backward classes who enjoy a certain percentage of employments notwithstanding the constitutional provisions of equal opportunity for all.

International strategies: International expansion strategies largely depend upon effective HRP. With growing trends towards global operations, the need for HRP further becomes more important as the need to integrate HRP more closely into the organization keeps growing. This is also because the process of meeting staffing needs from foreign countries grows in a complex manner. **Foundation of personnel functions: HRP provides essential information for designing and implementing personnel functions such as recruitment, selection, personnel development, training and development etc.**

Increasing investments in HR: Another importance is the investment that an organization makes in human capital. It is important that employees are used effectively throughout their careers. Because human assets can increase the organization value tremendously as opposed to physical assets

Resistance to change & move: The growing resistance towards change and move, self evaluation, loyalty and dedication making it more difficult to assume that organization can move its employees everywhere. Here HRP becomes very important and needs the resources to be planned carefully.

Other benefits: Following are the other benefits of HRP.

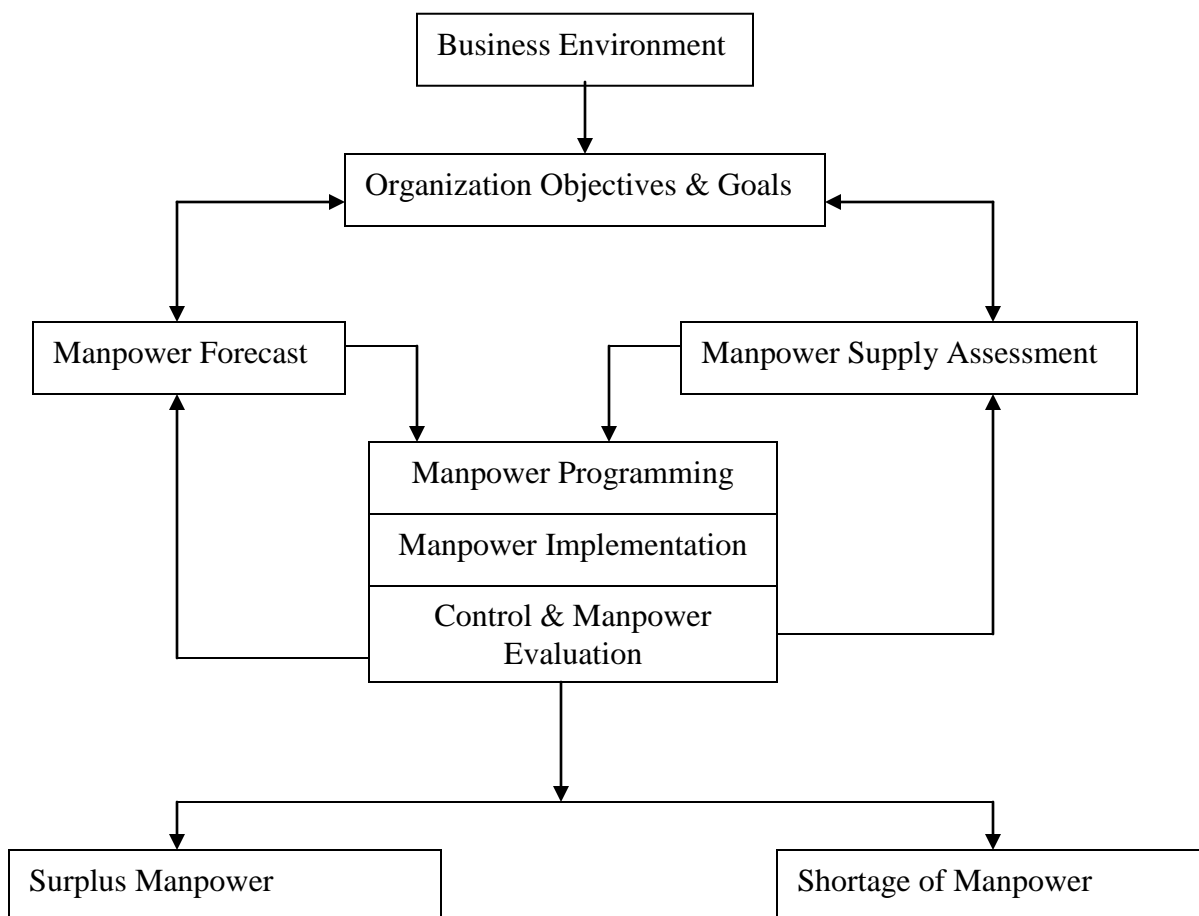
1. Upper management has a better view of HR dimensions of business
2. Management can anticipate imbalances before they become unmanageable and expensive.
3. More time is provided to locate talent
4. Better opportunities exists to include women and minorities in future growth plans
5. Better planning of assignments to develop managers
6. Major and successful demands on local labor markets can be made.

HRP SYSTEM

HRP System as such includes following elements or sets for planning

- Overall Organization Objectives
- Business Environment
- Forecasting Manpower Needs
- Assessing Manpower Supply
- Matching Manpower Demand-Supply factors

Based on these elements we can draw “HRP System Architecture” as under.



HRP PROCESS

Organizational Objectives & Policies: -

The objectives of HR plan must be derived from organizational objectives like specific requirements of numbers and characteristics of employees etc. HRP needs to sub-serve the overall objectives by ensuring availability and utilization of human resources. Specific policies need to be formulated to address the following decisions.

- Internal Hiring or External Hiring?
- Training & Development plans
- Union Constraints
- Job enrichment issues
- Rightsizing organization
- Automation needs
- Continuous availability of adaptive and flexible workforce

Manpower Demand Forecasting: -

It is the process of estimating the future quantity and quality of people required. The basis should be annual budget and long term corporate plans
Demand forecasting should be based on following factors.

Internal Factors: -

- Budget constraints
- Production levels
- New products and services
- Organizational structure
- Employee separation

External Factors: -

- Competition environment
- Economic climate
- Laws and regulatory bodies
- Technology changes
- Social Factors

Reasons for Manpower Demand Forecasting: -

- To quantify jobs
- To determine the Staff-mix
- To assess staffing levels and avoid unnecessary costs
- Prevent shortages of people
- Monitor compliances of legal requirements with regards to reservations

Manpower Forecasting Techniques: -

Management Judgment: In this techniques managers across all the levels decide the forecast on their own judgment. This can be bottom-up or top-down approach and judgments can be reviewed across departments, divisions and top management can conclude on final numbers of manpower required.

Ration-Trend Analysis: This technique involves studying past ratios, and forecasting future ratios making some allowance for changes in the organization or its methods.

Work Study Techniques: It is possible when work measurement to calculate the length of operations and the amount of manpower required. The starting point can be production budget, followed by standard hours, output per hour; man-hours required etc could be computed.

Delphi Techniques: This technique solicits estimates from a group of experts, and HRP experts normally act as intermediaries, summarizes various responses and report the findings back to experts.

Flow Models: This technique involves the flow of following components. Determine the time required, Establish categories, Count annual movements, Estimate probable transitions. Here demand is a function of replacing those who make a transition.

Manpower Supply Forecasting: -

This process measures the number of people likely to be available from within and outside the organization after making allowance for absenteeism, internal movements and promotions, wastages, changes in hours and other conditions of work.

Reasons for Manpower Supply Forecasting:

- Clarify Staff-mixes exist in the future
- Assess existing staff levels
- Prevent shortages
- Monitor expected future compliance of legal requirements of job reservations

Supply Analysis covers:

Existing Human Resources: HR Audits facilitate analysis of existing employees with skills and abilities. The existing employees can be categorized as skills inventories (non-managers) and managerial inventories (managers)

Skill inventory would include the following;

- Personal data
- Skills
- Special Qualifications
- Salary
- Job History

- Company data
- Capabilities
- Special preferences

Management inventories would include the following

- Work History
- Strengths
- Weaknesses
- Promotion Potential
- Career Goals
- Personal Data
- Number and Types of Subordinates
- Total Budget Managed
- Previous Management Duties

Internal Supply: -

Internal supply techniques help to assess the following

- Inflows and outflows (transfers, promotions, separations, resignations, retirements etc.)
- Turnover rate (No. Of separations p.a. / Average employees p.a. X 100)
- Conditions of work (working hours, overtime, etc.)
- Absenteeism (leaves, absences)
- Productivity level
- Job movements (Job rotations or cross functional utilizations)

External Supply: -

External sources are required for following reasons

- New blood,
- New experiences
- Replenish lost personnel
- Organizational growth
- Diversification

External sources can be colleges and universities, consultants, competitors and unsolicited applications.

HR Plan Implementation: -

A series of action programs are initiated as a part of HR plan implementation as under.

Recruitment & Selection: Employees are hired against the job vacancies. Based on the manpower demand and supply forecasts made, hiring of employees is initiated based on supply forecasts. For this internal and external sources of manpower are utilized. A formal selection board is established to interview and select the best of the candidates for the required vacancies. Finally the selected employees also need to be placed on proper jobs. Here some companies recruit employees for specific jobs

while others recruit fresh trainees in large number and train them for future manpower needs.

Training and Development: The training and development program is charted out to cover the number of trainees, existing staff etc. The programs also cover the identification of resource personnel for conducting development program, frequency of training and development programs and budget allocation.

Retraining and Redeployment; New skills are to be imparted to existing staff when technology changes or product line discontinued. Employees need to be redeployed to other departments where they could be gainfully employed.

Retention Plan: Retention plans cover actions, which would reduce avoidable separations of employees. Using compensation plans, performance appraisals, avoiding conflicts, providing green pastures etc, can do this.

Downsizing plans: Where there is surplus workforce trimming of labor force will be necessary. For these identifying and managing redundancies is very essential.

Managerial Succession Planning; Methods of managerial succession plans may vary. Most successful programs seem to include top managements involvement and commitment, high-level review of succession plans, formal performance assessment and potential assessment and written development plans for individuals. A typical succession planning involves following activities.

- Analysis of demand for managers and professionals
- Audit of existing executives
- Projection of future likely supply from internal and external sources
- Individual career path planning
- Career counseling
- Accelerated promotions
- Performance related training and development
- Strategic recruitment

Control & Evaluation of HRP: -

HR Plan must also clarify responsibilities for control and establish reporting procedures, which will enable achievements to be monitored against the plan. The HR Plan should include budgets, targets and standards. These plans may simply be reports on the numbers employed, recruited against targets etc.