**Human Resource Planning**

**Human Resources Planning Definition**

* **E.W Vetter viewed human resources planning as** ―*a process by which an organization should move from its current manpower position to its desired manpower position*. Through planning management strives to have the right number and right kind of people at the right places at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit‖.
* According to **Leon C Megginson** human resources planning is an integrated 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 needs and goals of organizational.

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**Components of Human Resources Planning**

             Estimating Manpower Requirement

* Workload Analysis
* Workforce analysis
* Absenteeism Labour turnover
* Recruitment & Selection
* Induction & development
* Personnel Development Ensuring quality to products & services
* Overall assessment & performance & fine- tuning

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* **Objectives of Human Resources Planning**

The important objectives of manpower planning in an organization are

1. To recruit and retain the human resources of required quantity and quality.

2. To foresee the employee turnover and make the arrangements for minimizing turnover and filling up of consequent vacancies.

 3. To meet the needs of the program of expansion, diversification etc.

4. To foresee the impact of technology on work, existing employees and future human resources requirements

 5. To improve the standards skill. knowledge, ability, discipline etc.,

 6. To assess the surplus or shortage of human resources and take measures accordingly.,

7. To maintain congenial industrial relations by maintaining optimum level and structure of human resources;

 8. To minimize imbalances caused due to non-availability of human resources of right kind, right number in right time and right place;

9. To make the best use of its human resources; and

10. To estimate the cost of human resources.

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* **Advantages of using HRP**

 Human resource planning can be defined as the process of identifying the number of people required by an organization in terms of quantity and quality. All human resource management activities start with human resource planning. So, we can say that human resource planning is the principle/primary activity of human resource management. The process of HRP plays a very important role in the organization.

The ***importance of HRP*** can be explained as follows.

1. **Anticipating future requirements**: - Thru this process of HRP, the company is able to find out how many people will be required in future. Based on this requirement the company could take further actions. This method also helps the company to identify the number of jobs which will become vacant in the near future.

 2. **Recruitment and selection process**: - The recruitment and selection process are a very costly affair for a company. Many companies spend lakhs of rupees on this process. Therefore, recruitment and selection must be carried out only if it is extremely necessary. HRP process helps to identify whether recruitment and selection are necessary or not.

 3. **Placement of personnel**: - Since the HRP process is conducted for the entire organization, we can identify the requirements for each and every department. Based on the requirement, we can identify existing employees and place them on those jobs which are vacant.

 4**. Performance appraisal**: - HRP make performance appraisal more meaningful. Since feedback is provided in performance appraisal and employee is informed about his future chances in same company, the employee is motivated to work better. Information for all this is collected from HRP process.

5. **Promotion opportunity**: - HRP identifies vacancies in the entire organization including all the branches of all the company. Therefore, when the company implements promotion policy it can undertake its activities in a very smooth manner.

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* **Limitations of human resource planning**

* **The future is uncertain**: - The future in any country is uncertain i.e., there are political, cultural, technological changes taking place every day. This effects the employment situation. Accordingly, the company may have to appoint or remove people. Therefore, HRP can only be a guiding factor. We cannot rely too much on it and do every action according to it.
* **Conservative attitude of top management**: - Much top management adopts a conservative attitude and is not ready to make changes.
* **Problem of surplus staff**: - HRP gives a clear out solution for excess staff i.e., Termination, layoff, VRS. However, when certain employees are removed from company it mostly affects the psyche of the existing employee, and they start feeling insecure, stressed out and do not believe in the company. This is a limitation of HRP i.e., it does not provide alternative solution like re-training so that employee need not be removed from the company.
* **Time consuming activity**: - HRP collects information from all departments, regarding demand and supply of personnel. This information is collected in detail and each and every job is considered. Therefore, the activity takes up a lot of time.
* **Expensive process**: - The solution provided by process of HRP incurs expense. E.g., VRS, overtime, etc. company has to spend a lot of money in carrying out the activity. Hence, we can say the process is expensive.

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**Reasons for increased importance for HRP**

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**Factors affecting HRP in the organization**

* **Employment:** - HRP is affected by the employment situation in the country i.e., in countries where there is greater unemployment; there may be more pressure on the company, from government to appoint more people. Similarly, some company may force shortage of skilled labour and they may have to appoint people from other countries.
* **Technical changes in the society**: - Technology changes at a very fast speed and new people having the required knowledge are required for the company. In some cases, company may retain existing employees and teach them the new technology and, in some cases, the companies have to remove existing people and appoint new.
* **Organizational changes:** - Changes take place within the organization from time to time i.e., the company diversify into new products or close down business in some areas etc. in such cases the HRP process i.e. appointing or removing people will change according to situation.
* **Demographic changes**: - Demographic changes refer to things referring to age, population, composition of work force etc. A number of people retire every year. A new batch of graduates with specialization turns out every year. This can change the appointment or the removal in the company.
* **Shortage of skill due to labour turnover**: - Industries having high labour turnover rate, the HRP will change constantly i.e. many new appointments will take place. This also affects the way HRP is implemented.
* **Multicultural workforce**: - Workers from different countries travel to other countries in search of job. When a company plans it’s HRP it needs to take into account this factor also.
* **Pressure groups**: - Company has to keep in mind certain pleasure. Groups like human rights activist, woman activist, media etc. as they are very capable for creating problems for the company, when issues concerning these groups arise, appointment or retrenchment becomes difficult.

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**Process of Human Resource Planning.**

1 **Analysing the Corporate Level Strategies**: – Human Resource Planning should start with analysing corporate level strategies which include expansion, diversification, mergers, acquisitions, reduction in operations, technology to be used, method of production etc. Therefore, Human Resource Planning should begin with analysing the corporate plans of the organization before setting out on fulfilling its tasks.

 2. **Demand forecasting**: – Forecasting the overall human resource requirement in accordance with the organizational plans is one of the key aspects of demand forecasting. Forecasting of quality of human resources like skills, knowledge, values and capabilities needed in addition to quantity of human resources is done through the following methods: -

a*.****Executive or Managerial Judgment***: – Here the managers decide the number of employees in the future. They adopt one of the three approaches mentioned below:

**Bottom-Up approach**: – Here the concerned supervisors send their proposals to the top officials who compare these with the organizational plans, make necessary adjustments and finalize them.

**Top-Down approach**: – Here the management prepares the requirements and sends the information downwards to the supervisory –level who finalizes the draft and approves it.

**Participative Approach**: – Here the supervisors and the management sit together and projections are made after joint consultations.

    Drawbacks The chief drawback of these methods is that estimation of manpower is made using guesswork.

 b. ***Statistical Techniques***: – These methods use statistical methods and mathematical techniques to forecast and predict the supply and demand of Human Resources in the future.

**Ratio-Trend analysis**: – In this method depending on the past data regarding number of employees in each department, like production department, sales department, marketing department and workload level, etc ratios for manpower are estimated. Past values are plotted and extrapolated to get fairly accurate future projections.

c. ***Work Study method***: – This technique is suitable to study the correlation between volume of work and labour i.e. demand for human resources is estimated based on the workload. Work study method is more appropriate for repetitive and manual jobs when it is possible to measure work and set standards.

d. ***Delphi Technique***: – Delphi’ Technique is named after the Greek Oracle at the city of Delphi. In this method, the views of different experts related to the industry are taken into consideration and then a consensus about the Human Resource requirement is arrived at. Delphi technique is used primarily to assess long-term needs of human resource.

3. **Analysing Human Resource Supply**: – Every organization has two sources of supply of Human Resources: Internal & External. Internally, human resources can be obtained for certain posts through promotions and transfers. In order to judge the internal supply of human resources in future human resource inventory or human resource audit is necessary. Human resource inventory helps in determining and evaluating the quantity of internal human resources available. Once the future internal supply is estimated, supply of external human resources is analysed.

 4. **Estimating manpower gaps**: – Manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of Human Resources in the future. Deficit suggests the number of persons to be recruited from outside, whereas surplus implies redundant employees to be re-deployed or terminated. Employees estimated to be deficient can be trained while employees with higher, better skills may be given more enriched jobs.

 5. **Action Planning**: – Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment. People may be persuaded to quit voluntarily through a golden handshake. Deficit can be met through recruitment, selection, transfer and promotion. In view of shortage of certain skilled employees, the organization has to take care not only of recruitment but also retention of existing employees. Hence, the organization has to plan for retaining of existing employees.

 6. **Modify the Organizational plans**: – If future supply of human resources form all the external sources is estimated to be inadequate or less than the requirement, the manpower planner has to suggest to the management regarding the alterations or modifications in the organizational plans.

 7. **Controlling and Review**: – After the action plans are implemented, human resource structure and the processes should be controlled and reviewed with a view to keep them in accordance with action plans .

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