



The Contribution of HR to Human Resource Planning

Dr. H. Rameshbabu, Ph.D.,

Assistant Professor in Management, Jothi's College, Vellore, India

***Corresponding Author:** Dr. H. Rameshbabu, Ph.D., Assistant Professor in Management, Jothi's College, Vellore, India

Abstract: Human resource planning determines the human resources required by the organization to achieve its strategic goals. As defined by Bulla and Scott (1994) it is 'the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements'. Human resource planning is based on the belief that people are an organization's most important strategic resource. It is generally concerned with matching resources to business needs in the longer term, although it will sometimes address shorter term requirements. It addresses human resource needs both in quantitative and qualitative terms, which means answering two basic questions: first, how many people, and second, what sort of people? Human resource planning also looks at broader issues relating to the ways in which people are employed and developed in order to improve organizational effectiveness. It can therefore play an important part in strategic human resource management.

1. INTRODUCTION

Conceptually, human resource planning should be an integral part of business planning. The strategic planning process should define projected changes in the scale and types of activities carried out by the organization. It should identify the core competences the organization needs to achieve its goals and therefore its skill requirements. But there are often limitations to the extent to which such plans are made, and indeed the clarity of the plans, and these may restrict the feasibility of developing integrated human resource plans that flow from them.

In so far as there are articulated strategic business plans, human resource planning interprets them in terms of people requirements. But it may influence the business strategy by drawing attention to ways in which people could be developed and deployed more effectively to further the achievement of business goals as well as focusing on any problems that might have to be resolved in order to ensure that the people required will be available and will be capable of making the necessary contribution. As Quinn Mills (1983) indicates, human resource planning is 'a decision-making process that combines three important activities: (1) identifying and acquiring the right number of people with the proper skills, (2) motivating them to achieve high performance, and (3) creating interactive links between business objectives and people-planning activities'. In situations where a clear business strategy does not exist, human resource planning may have to rely more on making broad assumptions about the need for people in the future, based on some form of scenario planning. Alternatively, the planning process could focus on specific areas of activity within the organization where it is possible to forecast likely future people requirements in terms of numbers and skills; for example, scientists in a product development division.

A distinction can be made between 'hard' and 'soft' human resource planning. The former is based on quantitative analysis in order to ensure that the right number of the right sort of people are available when needed. Soft human resource planning is concerned with ensuring the availability of people with the right type of attitudes and motivation who are committed to the organization and engaged in their work, and behave accordingly. It is based on assessments of the requirement for these qualities, and measurements of the extent to which they exist, by the use of staff surveys, the analysis of the outcomes of performance management reviews and opinions generated by focus groups.

These assessments and analyses can result in plans for improving the work environment, providing opportunities to develop skills and careers and adopting a 'total reward' approach which focuses on non-financial 'relational' rewards as well as the financial 'transactional' rewards. They can also lead to the creation of a high commitment management strategy which incorporates such approaches as creating functional flexibility, designing jobs to provide intrinsic motivation, emphasizing team working, de-emphasizing hierarchies and status differentials, increasing employment security, rewarding people on the basis of organizational performance, and enacting organization-specific values and a culture that bind the organization together and give it focus. As described by Marchington and Wilkinson (1996), soft human resource planning 'is more explicitly focused on creating and shaping the culture of the organization so that there is a clear integration between corporate goals and employee values, beliefs and behaviours'. But as they point out, the soft version becomes virtually synonymous with the whole subject of human resource management.

Human resource planning is indeed concerned with broader issues about the employment of people than the traditional quantitative approaches of manpower planning. Such approaches, as Liff (2000) comments, derive from a rational top-down view of planning in which well tested quantitative techniques are applied to long term assessments of supply and demand. She notes that 'there has been a shift from reconciling numbers of employees available with predictable stable jobs, towards a greater concern with skills, their development and deployment'.

Human resource planning is said to consist of three clear steps:

- Forecasting future people needs (demand forecasting).
- Forecasting the future availability of people (supply forecasting).
- Drawing up plans to match supply to demand.

But as Casson (1978) pointed out, this conventional wisdom represents human resource planning as an 'all-embracing, policy-making activity producing, on a rolling basis, precise forecasts using technically sophisticated and highly integrated planning systems'. He suggests that it is better regarded as, first, a regular monitoring activity, through which human resource stocks and flows and their relationship to business needs can be better understood, assessed and controlled, problems highlighted and a base established from which to respond to unforeseen events; and second, an investigatory activity by which the human resource implications of particular problems and change situations can be explored and the effects of alternative policies and actions investigated.

He points out that the spurious precision of quantified staffing level plans 'has little value when reconciled with the complex and frequently changing nature of manpower, the business and the external environment'. The typical concept of human resource planning as a matter of forecasting the long term demand and supply of people fails because the ability to make these estimates must be severely limited by the difficulty of predicting the influence of external events. There is a risk, in the words of Heller (1972), that 'Sensible anticipation gets converted into foolish numbers, and their validity depends on large, loose assumptions.'

Human resource planning today is more likely to concentrate on what skills will be needed in the future, and may do no more than provide a broad indication of the numbers required in the longer term, although in some circumstances it might involve making short term forecasts when it is possible to predict activity levels and skills requirements with a reasonable degree of accuracy. Such predictions will often be based on broad scenarios rather than on specific supply and demand forecasts.

Although the notion of human resource planning is well established in the HRM vocabulary, it does not seem to be commonly practised as a key HR activity. As Rothwell (1995) suggests, 'Apart from isolated examples, there has been little research evidence of increased use or of its success.' She explains the gap between theory and practice as arising from:

- the impact of change and the difficulty of predicting the future - 'the need for planning may be in inverse proportion to its feasibility';
- the 'shifting kaleidoscope' of policy priorities and strategies within organizations;

- the distrust displayed by many managers of theory or planning - they often prefer pragmatic adaptation to conceptualization;
- the lack of evidence that human resource planning works.

Be that as it may, it is difficult to reject out of hand the belief that some attempt should be made broadly to forecast future human resource requirements as a basis for planning and action. Heller refers to 'sensible anticipation', and perhaps this is what human resource planning is really about, bearing in mind that major changes in the operations of an organization can usually be foreseen. If that is the case, it does make sense to keep track of developments so that the organization is in a better position to deal with resourcing problems in good time.

On the basis of research conducted by the Institute for Employment Studies, Reilly (1999) has suggested a number of reasons why organizations choose to engage in some form of human resource planning. These fall into the following three groups.

- Planning for substantive reasons: that is, to have a practical effect by optimizing the use of resources and/or making them more flexible, acquiring and nurturing skills that take time to develop, identifying potential problems and minimizing the chances of making a bad decision.
- Planning because of the process benefits which involves understanding the present in order to confront the future, challenging assumptions and liberating thinking, making explicit decisions which can later be challenged, standing back and providing an overview, and ensuring that long term thinking is not driven out by short term focus.
- Planning for organizational reasons which involves communicating plans so as to obtain support /adherence to them, linking HR plans to business plans so as to influence them, (re)gaining corporate control over operating units, and coordinating and integrating organizational decision making and actions.

2. ANALYSIS

Human resource planning takes place within the context of the organization. The extent to which it is used, and the approach adopted, will be contingent on the extent to which management recognizes that success depends on forecasting future people requirements and implementing plans to satisfy those requirements. The approach will also be affected by the degree to which it is possible to make accurate forecasts. Organizations operating in turbulent environments in which future activity levels are difficult to predict may rely on ad hoc and short term measures to recruit and keep people. However, even these businesses may benefit from those aspects of human resource planning that are concerned with policies for attracting and retaining key staff.

The context for obtaining the people required will be the labour markets in which the organization is operating which are, first, the internal labour market - the stocks and flows of people within the organization who can be promoted, trained, or redeployed to meet future needs - and second, the external labour market - the external local, regional, national and international markets from which different sorts of people can be recruited. There are usually a number of markets, and the labour supply in these markets may vary considerably. Likely shortages will need to be identified so that steps can be taken to deal with them, for example by developing a more attractive 'employment proposition'.

As part of the human resource planning process, an organization may have to formulate 'make or buy' policy decisions. A 'make' policy means that the organization prefers to recruit people at a junior level or as trainees, and rely mainly on promotion from within and training programmes to meet future needs. A 'buy' policy means that more reliance will be placed on recruiting from outside - 'bringing fresh blood into the organization'. In practice, organizations tend to mix the two choices together to varying degrees, depending on the situation of the firm and the type of people involved. A highly entrepreneurial company operating in turbulent conditions, or one which has just started up, will probably rely almost entirely on external recruitment. When dealing with knowledge workers, there may be little choice - they tend to be much more mobile, and resourcing strategy may have to recognize that external recruitment will be the main source of supply. Management consultancies typically fall into this category. Firms that can predict people requirements fairly accurately may rely more on developing their own staff once they have been recruited.

The aims of human resource planning in any organization will depend largely on its context but in general terms, the typical aims might be to:

- attract and retain the number of people required with the appropriate skills, expertise and competencies;
- anticipate the problems of potential surpluses or deficits of people;
- develop a well trained and flexible workforce, thus contributing to the organization's ability to adapt to an uncertain and changing environment;
- reduces dependence on external recruitment when key skills are in short supply by formulating retention, as well as employee development strategies;
- improve the utilization of people by introducing more flexible systems of work.

The process of human resource planning as illustrated in Figure 25.1 is not necessarily a linear one, starting with the business strategy and flowing logically through to resourcing, flexibility and retention plans. It may, as Hendry (1995) suggests, be circular rather than linear, with the process starting anywhere in the cycle. For example, scenario planning may impact on resourcing strategy which in turn may influence the business strategy. Alternatively, the starting point could be demand and supply forecasts which form the basis for the resourcing strategy. The analysis of labour turnover may feed into the supply forecast, but it could also lead directly to the development of retention plans.

It cannot be assumed that there will be a well articulated business plan as a basis for the HR plans. The business strategy may be evolutionary rather than deliberate; it may be fragmented, intuitive and incremental. Resourcing decisions may be based on scenarios riddled with assumptions that may or may not be correct and cannot be tested. Resourcing strategy may be equally vague, or based on unproven beliefs about the future. It may contain statements, about for example building the skills base, that are little more than rhetoric.

3. CONCLUSION

There is much to be said for a systematic approach to developing resourcing strategy, scenario planning, demand and supply forecasting and labour turnover analysis as discussed in the rest of this paper. But because of the factors mentioned above, there will often be reservations about the extent to which this process can be formalized. What may emerge is simply a broad statement of intent, although this could be sufficient to guide resourcing practice generally and would be better than nothing at all. The degree to which human resource planning can be carried out systematically will depend on the nature of the organization. If the future is fairly predictable, then formal planning might be appropriate. If it is not, the approach to human resource planning might have to rely on broad scenarios rather than precise forecasts.

REFERENCES

- [1] Anthony, William P. (1993). "Strategic Human Resource Management", Dryden Press, New York.
- [2] Armstrong, Michael (1988). "A Handbook of Personnel Management Practice", Prentice Hall, New Jersey.
- [3] Beach, Dale S. (1980). "Personnel—The Management of People at Work", MacMillan, New York.
- [4] George Bohlander (2002). "Managing Human Resources", Therson, p. 24.
- [5] Jaffery, A. Mello (2003). "Strategic Human Resource Management", Thomson

Citation: Dr. H. Rameshbabu. "The Pro-Active Role of HR Managers - An Analytical Study" *International Journal of Managerial Studies and Research (IJMSR)*, vol 6, no. 6, 2018, pp. 36-39. doi:<http://dx.doi.org/10.20431/2349-0349.0606005>.

Copyright: © 2018 Authors. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.