

Semester VI

Human Resource Management

Unit 1: Human Resource Planning

****Meaning, objectives, Importance of Human Resource Planning, Human Resource Planning Process and Limitations of Human Resource Planning**

Planning is the primary and most important function of management. In commercial and industrial organization, planning has been focussed on every activity of the business, viz. production, marketing, quality control and man-power etc. Human resource planning is the process of determining the man power requirements and the means for meeting these requirements to carry out the integrated plans of the organization.

Manpower or human resource planning forms an integral part of corporate planning process. It may be defined as a strategy for the procurement, development, allocation and utilization of the enterprise human resources. One of the functions of the personnel management is the procurement of employees in sufficient numbers. The success of an organization depends upon the right type of persons placed on the right job. It is the responsibility of personnel management to see whether qualified personnel have been placed on the job is sufficient in number or not. This requires the human resource planning.

Manpower planning is the planning for manpower resources. It ensures adequate supplies, proper quality and quantity as well as effective utilization of human resources.

Thomas H. Patten defines manpower planning as “The process by which an organization ensures that it has the right number of people and the right kind of people at the right place and at the right time doing things for which they are economically most useful”.

In the words of Flippo, “An executive manpower planning programme can be defined as an appraisal of an organization’s ability to perpetuate itself with respect to its management as a determination of measures necessary to provide the essential executive talent”.

Thus, manpower planning is the process by which a firm ensures the right number of people and the right kind of people at the right place and at the right time.

Following are the features of manpower planning:

1. It aims at ascertaining the manpower needs of the organization both in the right time and the right number;
2. It assesses the future requirements of manpower;
3. Manpower planning must focus not only on the people involved but also on the working condition and the relationship in which they work, and
4. Manpower planning helps in both the selection and developmental activities as it ensures that adequate persons are selected well in advance. This would ensure smooth growth of the organization.

Objectives:

The following are the objectives of the manpower planning:

- a. Estimation of manpower requirements:** Its aim is to assess the future requirements of the man power or human resources. Accurate estimates of man power requirements are made in advance;
- b. Recruitment and selection:** It arranges to plan ways and means to meet these requirements. For this purpose, recruitment and selection of employees are made;
- c. Control over the employees:** It aims at to provide for such control measures which ensures the requisite personnel are available as and when required;
- d. Development of employees:** It desires to promote the development of the personnel;
- e. Utilization of manpower:** Its objective is to ensure the optimum utilization of man power resources;
- f. Maintenance of inter-relationship:** It aims to maintain good industrial relation among the employees;
- g. Achievement of target of production:** It aims at the fulfilment of the targeted production within the stipulated time schedule;

Significance or importance: The sound personnel policy requires that there should be adequate number of persons of the right type to attain its objectives. Personnel objectives

cannot be achieved without proper manpower planning. The importance of manpower planning can be judged from the following benefits:

- i) **Increase in the size of the business:** Manpower planning is very helpful when there is expansion of the plant. At the time of taking the decision for expansion of the planned, a large number of workers are required to be recruited. For this purpose, a stock of the existing manpower should be taken and future needs of the personnel should be assessed. It is very essential to know whether personnel are to be recruited from inside or from outside and how the training facilities are to be arranged.
- ii) **Effective recruitment and selection policy:** Manpower planning helps in formulating effective recruitment and selection policy. The planning is concerned with the right type of people from all the sources to meet the planned requirements. Manpower planning anticipates manpower needs to develop the existing manpower to fill up the future gaps.
- iii) **Effective employee development programme:** Manpower planning reveals the training needs of the working manpower with the results that training and development programmes become more effective. No effective employee development programme can be worked out unless it is linked with manpower requirements of the organization.
- iv) **Reduction in labour cost:** Manpower planning ensures recruitment and maintenance of better developed manpower resource which results in reduced manpower costs. Forecasting of manpower needs to help the management to determine the compensation cost involved.
- v) **Efficient workforce:** Manpower planning ensures on the one hand, development of personnel at work and, on the other hand, high morale of the personnel. Manpower planning motivates the existing employees and creates favourable psychological environment for motivation.
- vi) **Avoiding disruption in production:** Manpower planning helps the organization in procuring the skill and qualified workers for the future needs of the organization. The exact number of personnel may be estimated and they

are selected and trained on the basis of a well developed selection and training policy, which ensures uninterrupted production.

- vii) **Good industrial relations:** Manpower planning helps the management in developing the good industrial relations. With the help of proper manpower planning, the management may plan to absorb the redundant workers to some new jobs after training in case of redundancies of workers.
- viii) **National policy on employment:** National policy on employment does not allow any employer to leave the organization once he is employed by the organization. It is very essential to recruit the workers carefully according to the needs of the enterprise. Only proper manpower planning can help the organization in this regard.

Manpower planning process:

The process of manpower planning consists of the following steps:

1. **Analyzing organizational objectives and plans:** The first step in the process of human resource planning is to analyse organizational objectives and plans. The ultimate objective of this planning is matching of employees abilities as per the enterprise requirements with an emphasis on the future requirements instead of the present arrangements. Further, organizational plans concerning the technology, production, marketing, finance, expansion and diversification should be analysed in order to add an idea about the volume of future activities.
2. **Preparing manpower inventory:** The main purpose of human resource planning is to avoid the situation of over-staffing and under-staffing and for this purpose, a stock register of existing manpower is to be maintained. Manpower inventory refers to the assessment of the present and the potential capabilities of present employees qualitatively and quantitatively. It reveals the degree to which the capabilities are employed optimally and helps to identify the gaps that exists or that are likely to arise in the firms' human resources.

3. **Forecasting manpower needs or demands:** Forecasting of future manpower requirements is the most important part of manpower planning. The forecasting is made on the basis of corporate and functional plans, future activity levels and future needs for human resources in the organization. The number of people and the skill levels needed in future depends on production and sales budget, workload analysis, workforce analysis and labour turnover etc. For a given level of operation certain other factors like technology used, make or buy decision, job contents, behavioural pattern and control system. It is thus necessary to make projection for the new post to be created and the vacancies existing in current manpower.

The various techniques employed in manpower forecasting are:

- a) Managerial judgement;
 - b) Work study method;
 - c) Ratio-trained analysis;
 - d) Mathematical models.
4. **Expected loss of manpower:** From the present stock of manpower a discount should be made for the likely changes in manpower during the period of planning. Potential losses of human resources may be caused due to death, disabilities, dismissals, resignations, promotions, retrenchment or layoff, terminations, ill-health, and deputations, etc. The study of potential loss of workers should be studied in order to make an estimate of the future needs of the workforce.
 5. **Estimating manpower gaps:** A comparison between the existing workforce and projected workforce on manpower demands should be made to identify the gap between the demand and supply of workforce. It will reveal either surplus or deficit of workforce in future. The deficit suggests the number of person to be recruited from outside. Employees who are deficient qualitatively can be trained whereas employees with higher skills can be deployed to other jobs requiring higher skills.

6.Action Planning: Once the manpower gaps are identified, action plans are developed to bridge the gaps. Action plans to meet the surplus manpower may be prepared. The surplus manpower can either be redeployed in other department or can be removed.

6. **Monitoring and control:** Once the action plans are implemented, the human resource structure and systems need to be reviewed and regulated. Zero-based budgeting may be used to encourage managers to justify their plans. Monitoring and control phase involves allocation and utilization of human resources over time. Review of manpower plans and programmes reveal the surplus and deficiencies. Corrective actions taken immediately to remove the surplus or deficit.

Factors affecting Manpower planning :

Existing inventory of Manpower and analysis- It involves the appraising of present personnel along with their characteristics. The personnel manager has to study the position of total stock of manpower with reference to their age, qualification, date of retirement chances of promotion etc. This inventory provides present and potential abilities of the individuals and the suitability for specific jobs.

2. Wastage-The second factor of manpower planning is wastage. For a good planning appropriate adjustment in the existing inventory of manpower should be made for the possible wastage of manpower caused by any foreseeable change in the organisations. For this purpose, rate of labour turnover and the period of active management of the work should be studied.

3. Future manpower requirements- After evaluating the existing inventory of manpower and analysing the various factors of wastage caused one should also take of the possible changes in the techniques and methods of production in the near future.

Limitations of manpower planning:

- a) It becomes ineffective when the change in the future is not as per the expectation made at the time of planning.
 - b) It is an expensive planning process.
 - c) It is applicable for large-scale organizations only.
7. It is fruitless without adequate training