

What Is Human Resource Planning (HRP)?

Human resource planning (HRP) is the continuous process of systematic planning ahead to achieve optimum use of an organization's most valuable asset—quality employees. Human resources planning ensures the best fit between employees and jobs while avoiding manpower shortages or surpluses.

Human Resource Planning – Need and Importance:

The following points highlight the need and importance of HRP in the organization.

I. Assessing Future Personnel Needs: Whether it is surplus labour or labour shortage, it gives a picture of defective planning or absence of planning in an organization. A number of organizations, especially public sector units (PSUs) in India are facing the problem of surplus labour. It is the result of surplus labour that the companies later on offer schemes like Voluntary Retirement Scheme (VRS) to eliminate surplus staff. Thus, it is better to plan well about employees in advance. Through HRP, one can ensure the employment of proper number and type of personnel.

II. Foundation for Other HRM Functions: HRP is the first step in all HRM functions. So, HRP provides the essential information needed for the other HRM functions like recruitment, selection, training and development, promotion, etc.

III. Coping with Change: Changes in the business environment like competition, technology, government guidelines, global market, etc. bring changes in the nature of the job. This means changes in the demand of personnel, content of job, qualification and experience needed. HRP helps the organization in adjusting to new changes.

IV. Investment Perspective: As a result of change in the mindset of management, investment in human resources is viewed as a better concept in the long run success of the enterprise. Human assets can increase in value as opposed to physical assets. Thus, HRP is considered important for the proper planning of future employees.

V. Expansion and Diversification Plans: During the expansion and diversification drives, more employees at various levels are needed. Through proper HRP, an organization comes to know about the exact requirement of personnel in future plans.

VI. Employee Turnover: Every organization suffers from the small turnover of labour, sometime or the other. This is high among young graduates in the private sector. This necessitates again doing manpower planning for further recruiting and hiring.

VII. Conformity with Government Guidelines: In order to protect the weaker sections of the society, the Indian Government has prescribed some norms for organizations to follow. For example, reservations for SC/ST, BC, physically handicapped, ex-servicemen, etc. in the jobs. While planning for fresh candidates, HR manager takes into consideration all the Government guidelines.

VIII. International Expansion Strategies: International expansion strategies of an organization depend upon HRP. Under International Human Resource Management (IHRM), HRP becomes more challenging. An organization may want to fill the foreign subsidiary's key positions from its home country employees or from host-country or from a third country. All this demands very effective HRP.

IX. Having Highly Talented Manpower Inventory: Due to changing business environment, jobs have become more challenging and there is an increasing need for dynamic and ambitious employees to fill the positions. Efficient HRP is needed for attracting and retaining well qualified, highly skilled and talented employees.

Human Resource Planning – Objectives:

The main objectives of HRP are:

- (i) Proper assessment of human resources needs in future.
- (ii) Anticipation of deficient or surplus manpower and taking the corrective action.
- (iii) To create a highly talented workforce in the organization.
- (iv) To protect the weaker sections of the society.
- (v) To manage the challenges in the organization due to modernization, restructuring and re-engineering.
- (vi) To facilitate the realization of the organization's objectives by providing right number and types of personnel.
- (vii) To reduce the costs associated with personnel by proper planning.
- (viii) To determine the future skill requirements of the organization.
- (ix) To plan careers for individual employee.
- (x) Providing a better view of HR dimensions to top management.
- (xi) Determining the training and development needs of employees.

Human Resource Planning Process

The Human Resource Planning is a process of forecasting the organization's demand for and supply of manpower needs in the near future.

Human Resource Planning Process

HRP process

1.Determining the Objectives of Human Resource Planning: The foremost step in every process is the determination of the objectives for which the process is to be carried on. The objective for which the manpower planning is to be done should be defined precisely, so as to ensure that a right number of people for the right kind of job are selected. The objectives can vary across the several departments in the organization such as the personnel demand may differ in marketing, finance, production, HR department, based on their roles or functions.

2.Analyzing Current Manpower Inventory: The next step is to analyze the current manpower supply in the organization through the stored information about the employees in terms of their experience, proficiency, skills, etc. required to perform a particular job.

Also, the future vacancies can be estimated, so as to plan for the manpower from both the internal (within the current employees) and the external (hiring candidates from outside) sources. Thus, it is to be ensured that reservoir of talent is maintained to meet any vacancy arising in the near future.

3.Forecasting Demand and Supply of Human Resources: Once the inventory of talented manpower is maintained; the next step is to match the demand for the manpower arising in the future with the supply or available resources with the organization. Here, the required skills of personnel for a particular job are matched with the job description and specification.

4.Analyzing the Manpower Gaps: After forecasting the demand and supply, the manpower gaps can be easily evaluated. In case the demand is more than the supply of human resources, that means there is a deficit, and thus, new candidates are to be hired. Whereas, if the Demand is less than supply, there arises a surplus in the human resources, and hence, the employees have to be removed either in the form of termination, retirement, layoff, transfer, etc.

5.Employment Plan/Action Plan: Once the manpower gaps are evaluated, the action plan is to be formulated accordingly. In a case of a deficit, the firm may go either for recruitment, training, interdepartmental transfer plans whereas in the case of a surplus, the voluntary retirement schemes, redeployment, transfer, layoff, could be followed.

6.Training and Development: The training is not only for the new joiners but also for the existing employees who are required to update their skills from time to time. After the employment plan, the training programmes are conducted to equip the new employees as well as the old ones with the requisite skills to be performed on a particular job.

7.Appraisal of Manpower Planning: Finally, the effectiveness of the manpower planning process is to be evaluated. Here the human resource plan is compared with its actual implementation to ensure the availability of a number of employees for several jobs. At this stage, the firm has to decide the success of the plan and control the deficiencies, if any. Thus, human resource planning is a continuous process that begins with the objectives of Human Resource planning and ends with the appraisal or feedback and control of the planning process.

Human Resource Planning Process

