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# IMPACT OF HUMAN RESOURCE PLANNING FOR ORGANIZATIONAL IMPROVEMENT

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## ABSTRACT :

Human resource planning is a crucial practice for any organization, as it helps determine current manpower status and future workforce needs. This paper aims to highlight the significance of human resource planning by reviewing various literature sources on the topic. It covers the objectives, processes, and benefits of human resource planning for organizations. The findings indicate a strong connection between human resource planning and both manpower requirements and organizational performance. Consequently, the chapter recommends that organizations maintain and enhance their human resource planning practices, as these are essential for achieving organizational goals.

**Keywords:** Human resources Planning, Practice, human resource processes, Future HR Requirements and Organization.

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## INTRODUCTION :

Human resources are a crucial asset for any corporation, with the overall performance of companies heavily reliant on their effective utilization. To achieve organizational goals, it is vital to have a comprehensive human resource plan. Human Resource Planning (HRP), also known as employment or personnel planning, involves ensuring the right number of qualified individuals are in the right positions at the right times to meet the organization's objectives. This process involves aligning the supply of personnel with the anticipated organizational needs over a specific period.

The terms 'human resource planning' and 'manpower planning' are often used interchangeably, though they are not synonymous. Manpower planning is actually a subset of human resource planning, indicating that the two are integrated.

HR planning can mean different things to different people, but there is a consensus on its ultimate goal: to utilize scarce talent effectively. The importance of HR planning has increased due to technological advancements and the shortage of skilled labor. Replacing personnel is not as simple as swapping out a faulty part, since no two people are identical. Modern organizations need individuals with specialized skills, and HR must anticipate these needs to ensure the right individuals are selected for the appropriate roles. Thus, HR planning is a deliberate and systematic process that aligns the organization's manpower requirements with its demands through careful action.

### **HUMAN RESOURCE PLANNING (HRP)**

Human resource planning is vital for organizations and employees to anticipate and get ready for what lies ahead. Its primary aim is to forecast future needs and proactively create strategies to prevent potential issues. Essentially, it involves assessing upcoming human resource requirements, like the skills needed for future roles, and aligning them with existing capabilities. By doing so, it allows for the formulation of policies and practices, such as training initiatives, to mitigate potential skill gaps.

### **DEFINITIONS OF HUMAN RESOURCE PLANNING**

The following definitions will help to understand properly the concept of human resource planning: **According to Eric W, Vetter**, "Human resource planning is the process by which a management determines how an organization should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time to do things which result in both the organization and the individual receiving the maximum long range benefit."

**According to Leon C. Meginson**, "Human resource planning is an integration 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 members."

**According to Bruce P. Coleman,** "Manpower planning is the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organization."

**According to E. Geister,** "Manpower planning is the process including forecasting, developing and controlling by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful."

### ***NATURE OF HUMAN RESOURCE PLANNING***

Human resource planning involves assessing and recognizing the supply and demand of personnel to ensure an organization can achieve its goals. The central aim is to ensure the organization possesses the appropriate quantity of staff, possessing the requisite skills, available when and where needed. This process entails a long-term view, encompassing the continual assessment and allocation of personnel, rather than focusing solely on immediate or short-term needs.

Embedded within the broader organizational planning framework, HRP involves various actions such as redeploying staff internally, reducing headcount through layoffs, enhancing existing staff skills, or increasing recruitment in specific areas. Key considerations include evaluating the current workforce's competencies and anticipating vacancies due to retirements, promotions, transfers, or terminations. Executing effective HR planning necessitates collaboration between HR professionals, executives, and managers.

### ***FEATURES OF HUMAN RESOURCE PLANNING***

A review of various definitions reveals the following features of human resource planning:

1. ***Well-defined Objectives:*** The objectives of human resource planning should be clearly defined and aligned with the organization's strategic and operational goals. This includes goals such as developing human resources, updating technical skills, career planning for executives and employees, and enhancing employee commitment.
2. ***Determining Personnel Needs:*** Human resource planning involves anticipating the organization's personnel requirements. This requires proactive thinking to ensure that the necessary personnel are available when needed, which includes undertaking recruiting, selecting, and training processes.
3. ***Current Manpower Inventory:*** This feature involves maintaining an inventory of the current workforce within the organization. Managers need to be aware of the employees who can be promoted or take on higher responsibilities in the near future.
4. ***Balancing Demand and Supply:*** Planning for manpower needs to be done in advance since suitable candidates may not be immediately available. If a shortage of personnel is anticipated, the recruitment process should be initiated early. It is essential to forecast the demand and supply of personnel in advance.
5. ***Creating a Proper Working Environment:*** Beyond estimating and employing personnel, human resource planning ensures the creation of suitable working conditions. Employees should enjoy working in the organization and achieve job satisfaction.

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## **OBJECTIVES OF HUMAN RESOURCE PLANNING**

The primary aim of a human resource plan (HRP) is to accurately estimate the number of employees needed, with the necessary skills, to achieve the organization's goals. This plan provides insights into how current employees are utilized, the skills required for various job categories, and the future human resource needs in alignment with organizational objectives. It also indicates the lead time available to recruit and train additional staff.

Specifically, HR planning is needed to achieve the following objectives:

- ***Forecast Personnel Requirements:*** HR planning is crucial for determining an organization's future manpower needs. Without such a plan, it would be challenging to ensure the availability of the right personnel at the right time.
- ***Adapt to Changes:*** HR planning helps the organization respond effectively to changes in market conditions, technology, products, and government regulations, which may necessitate personnel with specific technical skills and training. Without an HR plan, securing these services in a timely manner might not be possible.
- ***Optimize Existing Manpower:*** Maintaining an inventory of current employees by skills, levels, training, educational background, and work experience allows for better utilization of resources in relation to job requirements, ultimately reducing wage and salary costs over time.
- ***Systematic Promotion of Employees:*** HR planning provides valuable information that aids management in making decisions about the promotion of eligible employees. Without an HR plan, ensuring fair and regular promotions for competent personnel would be challenging.

### ***IMPORTANCE OF HUMAN RESOURCE PLANNING***

Human Resource Planning (HRP) constitutes a vital component within the broader scope of organizational planning, encompassing managerial endeavors aimed at setting future objectives and delineating the most suitable pathways for their attainment. The significance of HRP is underscored by its pivotal roles within the organization, as outlined below:

1. ***Anticipating Future Personnel Needs:*** HRP is instrumental in forecasting the future staffing requirements of the organization. Failure to engage in effective HRP may result in either a surplus or a deficiency in workforce, a predicament exemplified by many public sector enterprises that found themselves overstaffed due to a lack of prior planning. Conversely, a robust HRP system enables proactive management of workforce levels, thereby averting such imbalances and facilitating effective succession planning.

2. **Integration into Strategic Planning:** HRP has seamlessly integrated into strategic planning processes. It provides indispensable insights during strategy formulation, ensuring alignment between organizational objectives and the availability of requisite human capital. Moreover, HRP informs resource allocation decisions pertinent to organizational structure, processes, and human resources, thereby enhancing strategic implementation. In certain contexts, the strategic significance of HRP rivals that of traditional strategic planning, with human resource considerations permeating business management practices.
3. **Cultivating a Highly Skilled Workforce:** Despite India's abundant pool of educated individuals, the discernment of HR managers is paramount in recruiting personnel possessing the requisite skills and attributes. Additionally, high turnover rates among existing staff necessitate proactive manpower planning to address shortages and promote skill development initiatives within the organization.
4. **Facilitating International Strategies:** HRP plays a pivotal role in facilitating the international expansion endeavors of organizations. The ability of HR departments to address challenges such as staffing key positions with foreign nationals and orchestrating employee reassignments across national borders is imperative in the context of global operations. Effective HRP is indispensable for integrating human resource considerations into overarching strategic initiatives, mitigating turnover risks among key decision-makers in the face of heightened competition for international talent.
5. **Foundational Support for Personnel Functions:** HRP serves as an indispensable foundation for designing and implementing various personnel functions, encompassing recruitment, selection, training, development, and personnel movement. By providing essential insights into workforce dynamics, HRP enables organizations to optimize their human capital management practices.
6. **Justifying Investments in Human Resources:** The burgeoning investments in human resource development underscore the heightened importance of HRP. Organizations increasingly recognize the potential for human assets to appreciate in value, surpassing the returns on physical assets. Consequently, investments in personnel development, whether through training or job assignments, are prioritized to cultivate a skilled, motivated, and adaptable workforce essential for sustained organizational performance.
7. **Addressing Resistance to Change:** HRP aids in mitigating employee resistance to change by facilitating structured approaches to job rotation and departmental transfers. By aligning employee skills with organizational needs, HRP minimizes disruptions associated with workforce transitions, fostering organizational agility and adaptability.
8. **Fostering Collaboration between Line and Staff Managers:** HRP serves as a catalyst for aligning the perspectives of line and staff managers. While HRP initiatives are typically spearheaded by corporate staff, their success hinges on the active involvement and collaboration of managers across all organizational departments. Effective communication channels between HR personnel and line managers are indispensable for the seamless execution of HRP initiatives.
9. **Enabling Succession Planning:** HRP plays a pivotal role in grooming talent for future leadership roles through succession planning initiatives. High-potential employees are identified, nurtured, and groomed to assume leadership positions seamlessly, ensuring continuity and resilience in the face of organizational transitions.
10. **Additional Benefits:** HRP serves as a yardstick for evaluating the efficacy of manpower policies and management programs, fostering awareness regarding the optimal utilization of human resources for organizational development. Furthermore, it facilitates the selection and training of personnel possessing the requisite knowledge, experience, and aptitudes to advance organizational objectives. HRP also encourages ongoing review and refinement of human resource policies and practices, fostering continuous improvement in workforce utilization and organizational performance.

### ***NEED FOR HRP IN ORGANIZATIONS***

Primary factors driving the focus on Human Resource Planning (HRP) at the macro level include:

1. The employment-unemployment scenario shows a growing trend of educated individuals facing joblessness, yet there's a significant shortage of specific skills, underscoring the necessity for more effective recruitment and employee retention strategies.
2. Technological advancements have led to extensive and rapid changes in production, marketing, and management practices, profoundly impacting job roles and environments. These shifts pose challenges such as redundancies, retention issues, and the need for strategic manpower planning.
3. Demographic shifts, including changes in workforce composition regarding age, gender, literacy, technical expertise, and social background, have implications for human resource planning (HRP).
4. Despite unemployment, the labor market isn't always advantageous for employers. Organizations increasingly require specialized skills that are in short supply, leading to challenges when employees possessing such expertise depart.
5. Governmental regulations, including affirmative action policies, working condition standards, and restrictions on employment practices, compel organizations to engage in systematic HRP.
6. Legislative changes have made it harder for organizations to downsize quickly and inexpensively. Recent labor laws restrict layoffs and closures, necessitating long-term planning by manpower managers to anticipate and address workforce challenges.
7. Pressure from various groups such as unions, politicians, and individuals affected by industrial developments complicates enterprise management decisions, influencing factors like internal recruitment, promotion policies, and preferences for certain demographics.
8. The rise of system thinking and the integration of macro computers in information technology revolutionize personnel record management, emphasizing the importance of planning and innovating approaches to handle large volumes of data in HR processes.
9. **Lead Time,** The duration required for selecting, training, and deploying employees to effectively manage new knowledge and skills is essential.

## HUMAN RESOURCE PLANNING PROCESS

Human Resource Planning (HRP) entails predicting the need for staff, evaluating the available workforce, and aligning these supply-demand factors through various personnel programs. This process is shaped by the company's overall goals and the business environment.

**Environmental Scanning:** This involves systematically monitoring external factors that influence the organization. Key factors include:

- Economic conditions, both general and regional.
- Technological advancements.
- Demographic changes, such as age distribution, composition, and literacy levels.
- Political and legislative developments, including laws and regulatory decisions.
- Social issues, such as childcare, educational facilities, and societal priorities.

By monitoring these changes, managers can foresee their effects on the organization and make timely adjustments.

**Organizational Objectives and Policies:** The HR plan is typically derived from the organization's objectives. The specific needs regarding the number and characteristics of employees should align with these objectives. Once the organizational objectives are defined, communicated, and understood by everyone involved, the HR department must establish its own objectives related to the utilization of human resources within the organization.

**HR Demand Forecast:** Demand forecasting involves estimating the future quantity and quality of employees required to meet the organization's upcoming needs. This process is based on the annual budget and long-term corporate plans, which are translated into specific activities. For example, in a manufacturing company, the sales budget informs the production plan, specifying the number and type of products to be produced each period. This, in turn, determines the number of hours needed from each category of skilled workers. With this information, the organization can assess the necessary quantity and quality of personnel.

Demand forecasting is influenced by both external factors (such as competition, economic conditions, laws and regulations, technological changes, and social factors) and internal factors (including budget constraints, production levels, new products and services, organizational structure, and employee turnover).

Demand forecasting is crucial because it helps the organization:

1. Quantify the jobs needed to produce a given number of goods.
2. Determine the future staff mix required.
3. Assess appropriate staffing levels across different parts of the organization to avoid unnecessary costs.
4. Prevent personnel shortages where and when they are needed.
5. Ensure compliance with legal requirements regarding job reservations.

Common techniques for demand forecasting include managerial judgment, ratio-trend analysis, regression analysis, work study techniques, and Delphi methods.

**HR Supply Forecast:** Supply forecasting assesses whether the HR department can obtain the necessary number of workers. It measures the number of people likely to be available internally and externally, considering factors such as absenteeism, internal movements and promotions, employee turnover, changes in working hours, and other work conditions.

Supply forecasting is essential because it:

1. Quantifies the number of people and positions expected to be available in the future, helping the organization achieve its goals.
2. Clarifies future staff mixes.
3. Assesses existing staffing levels in different parts of the organization.
4. Prevents staff shortages where and when they are most needed.
5. Monitors future compliance with legal requirements for job reservations.

Supply analysis examines existing human resources, internal supply sources, and external supply sources.

**HR Programming:** Once the organization's personnel demand and supply are forecasted, it is crucial to balance these to ensure vacancies are filled by the right employees at the right time.

**HR Plan Implementation:** Implementing the HR plan involves converting it into action through various programs such as recruitment, selection and placement, training and development, retraining and redeployment, retention plans, and succession plans. These programs collectively form the implementation phase of the HR plan.

**Control and Evaluation:** Control and evaluation mark the concluding stage of the HRP process. Every HR plan encompasses budgets, targets, and standards. The organization's performance will be assessed and monitored against these plans. In this final phase, the organization will evaluate the number of employees compared to the established targets (including both current employees and those in the pipeline) and the number of hires against recruitment goals. Additionally, evaluation considers employment costs versus the budget and accrued wastage, allowing for corrective actions to be taken in the future.

## FACTORS INFLUENCING HUMAN RESOURCE PLANNING

Human Resource planning is influenced by three main factors, which form the foundation of the planning process. These factors are summarized as follows:

1. *Current Workforce Inventory:* The first step in human resource planning is to assess the current workforce. This involves categorizing the workforce based on functions, occupations, skill levels, or qualifications. A detailed report is then created for each group, outlining the number of workers, their ages, qualifications, retirement dates, and promotion prospects.
2. *Employee Turnover:* The second factor is employee turnover, which requires adjustments to the current workforce to account for any foreseeable changes within the organization. Analyzing turnover rates and active employment periods helps in understanding potential

losses. Other causes of turnover include plant expansion and modernization, retirements, promotions, transfers, and training. These factors must be considered to adjust personnel needs accordingly.

3. *Future Workforce Needs*: After evaluating the current workforce and turnover factors, the future manpower requirements can be assessed. This involves considering the company's future plans, government policies, employment trends, future supply and demand of labor, productivity levels, and other production factors. Anticipated changes in production techniques and methods should also be taken into account.

### **BARRIERS TO HUMAN RESOURCE PLANNING**

Human Resource Planners encounter several substantial obstacles when developing an HR plan. The primary obstacles are detailed below:

1. *Perception of HR Practitioners*: HR professionals are often seen as experts in managing personnel matters but not in running the business. When the personnel plan created by HR professionals is integrated with the organizational plan, it can render the overall strategic plan ineffective.
2. *Incompatibility of HR Information*: HR data often does not align with other information used in strategic planning. Strategic planning has historically focused on financial forecasting, often sidelining other types of information. Financial forecasting is prioritized over HR planning.
3. *Conflict Between Short-term and Long-term HR Needs*: There can be a conflict between the need to meet immediate work demands and the long-term need to prepare employees for greater responsibilities. Many managers believe that immediate HR needs can be met by hiring from the market if wages and salaries are competitive, thus they focus only on short-term planning.
4. *Quantitative vs. Qualitative Approaches*: There is a conflict between quantitative and qualitative approaches to HR planning. Some view HR planning as a numbers game tracking employee movement across departments, while others focus on individual employee issues like promotions and career development. The best outcomes are achieved when there is a balance between these approaches.
5. *Non-involvement of Operating Managers*: HR planning is ineffective without the involvement of operating managers. Successful HR planning requires a coordinated effort between operating managers and HR personnel, rather than being solely an HR department function.

### **CONCLUSION:**

Today, human resource planning is recognized as the mechanism through which management tackles the complex and ambiguous human resource challenges that organizations encounter. It involves assessing the human resources necessary for the organization to meet its objectives. Additionally, human resource planning encompasses broader considerations regarding how individuals are recruited, utilized, and developed to enhance organizational effectiveness. It entails decision-making processes that involve identifying and acquiring the right talent with appropriate skills, motivating them for high performance, and establishing connections between business goals and resource planning activities. Human resource planning delineates requirements both quantitatively and qualitatively. Despite the ideal of achieving precise manpower planning being elusive, a common managerial mistake is fixating on short-term replacement needs instead of aligning plans with the organization's long-term strategies. Various approaches to human resource planning address key issues and trends in today's workforce, including examining internal and external factors, forecasting organizational capabilities and needs, and implementing programs to tackle anticipated challenges. Despite the rapid pace of change in the workplace, continuous monitoring of issues and events is vital for organizations and employees to anticipate and address potential impacts.

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