Factors Affecting Human Resource Planning (HRP)

Semester- II (UG)

Subject- Human Resource Management

By- Dr. Sushita Chakraborty

Lecture no-1

[Human Resource Planning](https://www.managementstudyhq.com/importance-of-human-resource-planning.html) (HRP) is influenced by several considerations. The more important of them are: (i) type and strategy of organization, (ii) organizational growth cycles and planning, (iii) environmental uncertainties, (iv) time horizons, (v) type and quality of forecasting information, (vi) Nature of Job being filled and (vii)off-loading the work.

Fig 1.1- Factor Affecting HRP

**Type and Strategy of Organization:**

The type of organization is an important consideration because it deter­mines the production processes involved, number and type of staff needed, and the supervisory and managerial personnel required. Manufacturing organizations are more complex in this respect than those that render services.

The strategic plan of the organization defines the organization’s HR needs. For example, a strategy of organic growth means that additional employees must be hired. Acquisitions or mergers, on the other hand, probably mean that the organization will need to plan for layoffs, since mergers tend to create, duplicate or overlapping positions that can be handled more efficiently with fewer employees.

Primarily, the organization decides either to be proactive or reactive in human resource planning. It can either decide to carefully anticipate the needs and systematically plan them to fill them far in advance, or it can simply react to needs as they arise. Of course, careful planning to fill HR needs better helps ensure that the organization obtains the right number of HR people with proper skills and competencies when they are needed.

Similarly, the organization must determine the breadth of the plan. Essentially, the organization can choose a narrow focus by planning in only one or two [HR areas](https://www.managementstudyhq.com/hrm-models.html), such as recruitment or selection, or it can choose a broad focus by planning in all areas including training, remuneration and so on.

The organization must also decide upon the formality of the plan. It can decide to have an informal plan that lies mostly in the minds of the managers and personnel staff. Alternatively, the organization can have a formalized plan which is clearly spell out in writing, backed by documentation and data.

Finally, the organization must make a decision on flexibility- the ability of the HR plan to anticipate and deal with contingencies. No organization likes high levels of uncertainty. Organisations seek to reduce uncertainty by planning, which includes forecasting and predicting possible future conditions and events. Human resource planning can contain many contingencies, which reflect different scenarios thereby assuring that the plan is flexible and adaptable.

**Organization growth cycle and Planning:**

The stage of an organization’s growth can have considerable influence on human resource planning. Small organizations in the embryonic stage may not have personnel planning.

Need for planning is felt when the organization enters the growth stage. HR forecasting becomes essential. Internal development of people also begins to receive attention in order to keep up with the growth.

A mature organization experiences less flexibility and variability. Growth slows down. The workforce becomes old as few younger people are hired. Planning becomes more formalised and less flexible and innovative. Issues like retirement and possible retrenchment dominate planning.

Finally, in the declining stage, human resource planning takes a different focus. Planning is done for layoff, retrenchment and retirement. Since decisions are often made after serious financial and sales shocks are experienced by the organization, planning is often reactive in nature.

**Environmental Uncertainties:**

HR managers rarely have the privilege of operating in a stable and predictable environment. Political, social and economic changes affect all organizations. Personnel planners deal with environmental uncertainties by carefully formulating recruitment, selection, and training and development policies and programmes. Balancing mechanisms are built into the HRM programme through succession planning, promotion channels, layoffs, flexitime, job sharing, retirement, VRS and other personnel related arrangements.

**Time Horizons:**

Yet another major factor affecting personnel planning is the time horizon. A plan cannot be for too long on a time horizon as the operating environment itself may undergo charges. On one hand, there are short-term plans spanning six months to one year. On the other hand, there are long-term plans -which spread over three to twenty years. The exact time span, however, depends on the degree of uncertainty prevailing in an organization’s environment.

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| **Degree of uncertainty and Length of Planning Period** |
| ***Short Planning Period-Uncertainty/Instability*** | ***Long Planning Period-certainty and stability*** |
| Many new competitors | Strong competitive position |
| Rapid changes in social and economic conditions | Evolutionary, rather than rapid social, political and technological change |
| Unstable product/services demand patterns | Stable demand Patterns |
| Small organisational size, poor management Practices (crisis management) | Strong Management Practices |

Table 1.1 Source-Elmer H Burak and Nicholas J. Mathis, Human Resource planning-A Programatic approach to Manpower Staffing and development. Illinious, Brace-Park press, 1987, p.129

Plans for companies operating in an unstable environment, computers for example, must be for a short period. Plans for others where environment is fairly stable, for example a university plan, may be long-term. In general, the greater the uncertainty, the shorter the plan’s time horizon and vice-versa. Table 1.1 summaries the degree of Uncertainty and length of plan period.

**Type and Quality of Information:**

The information used to forecast personnel needs originates from a multitude of sources. A major issue in personnel planning is the type of information which should be used in making forecasts. Table 1.2 illustrates the type and levels of forecasting information useful to personnel planners.

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| **Levels of HRP Information** |
| ***Strategic Information*** | ***General Organizational Information*** | ***Specific Information Necessary for HRP*** |
| Product Mix | Organisational structure | Job analysis |
| Customer mix |  Information flows | Skills inventories |
| Competitive Emphasis | Operating and capital budgets | Management Inventories |
| Geographic limits of market | Functional area objectives | Available training and development programs |
|   | Production schedules | Recruitment Sources |
|   | Distribution channels | Labour Market Analysis |
|   | Sales territories | Compensation programmes |
|   | Production processes | Constitutional Provisions and labour law |
|   | level of Technology | Retirement Plans |
|   | Planning Horizons | Turnover data |

Table 1.2 Source- Leap & Crino, Personnel/Human Resource Management, p.161

Closely related to the type of information is the quality of data used. The quality and accuracy of information listed in table 1.2, depend upon the clarity with which the organizational decision makers have defined their strategy, organizational structure, budgets, production schedules and so forth. In addition, the HR department must maintain well-developed job-analysis information and HR information systems (HRIS) that provide accurate and timely data. Generally speaking, organizations operating in stable environments are in a better position to obtain comprehensive, timely and accurate information because of longer planning horizons, clearer definition of strategy and objectives, and fewer disruptions.

**Labour Market:**

Labor market comprises people with skills and abilities that can be tapped as and when the need arises. Thanks to the mushrooming of educational, professional and technical institutions adequately trained human resource is always available on the market. Nevertheless, shortages do occur. For example, the Confederation of Indian Industry (CII) estimates that by 2015, India will be requiring 30 million additional skilled workers in sectors such as health care, banking and financial services, retail, auto and construction. It is doubtful whether so many skilled workers would be available in the country.

When one talks about labor supply, the following deserve due consideration:

• The size, age, sex and educational composition of the population

• The demand for goods and services in the country

• The nature of production technology

• Employability of the people

**References book: “ Human Resource Management” compiled by Prof Tushar Marwaha for IMT- Gaziabad, content taken from “Aswathappa: Human Resource Management,6e”**