

HUMAN RESOURCE PLANNING (HRP)

Dr. Bruce Fortado

MAN 4301

University of North Florida

Human resource planning has two major components. In a general sense, we are talking about getting the right people, in the right numbers, in the right place, at the right time.

(1) Why is this the hot new topic in HRM?

* There is a growing recognition of the importance of quality people to an organization's success. Human asset assessments are often done in expansions and acquisitions. In expansions, plans over the number of people and their skills are just as critical to success as a capital purchases. If you cannot get the right people, in the right numbers, in the right place, at the right time, you will be shut down just like you would have from a lack of inputs or equipment. In acquisitions, one should assess the human assets just like one assesses the equipment, buildings, land, and inventory. After a takeover, however, many companies remove the top managers to assert control. This effectively divorces the new leaders from the past, shakes up the troops, and makes room for a new loyal team. Other good managers may leave due to the turmoil. Hence, a key part of the human assets are lost.

* There is also a growing recognition that people and their expectations are changing. People expect more than pay and say so (interesting work, participation, etc.). Families may be a higher priority today (child care, etc.). Some people, for example engineers, may want to remain in their technical field rather than entering management late in their careers. Hence, alternative career paths may be needed. Moves have become more difficult with two spouses working. Transfer and relocation plans must be altered. Life crises at various ages have been recognized. Employee Assistance Programs (EAPs) may be offered to salvage rather than discard struggling employees.

These factors make planning more difficult, but also more essential. For years HR managers have been complaining about their mediocre status, and the lack of attention and support they receive. Currently, they are getting more attention. Are they going to deliver the goods?

(2) Conducting HRP depends on having a good Human Resource Information System (HRIS). The HRIS is a centralized information base concerning employee characteristics, which can include a wide variety of information: pay roll records, personal data, work experience, education/skills, performance evaluation results and promotability assessments.

The Potential Benefits

(a) It is easier to access and analyze information. The costs of a potential change in pay/benefits can be quickly calculated. One could also scan the qualifications inventories (education, training, skills, past experience, and promotability ratings) to produce a list of qualified candidates.

(b) The effectiveness of HR programs can be evaluated. For example, a tuition reimbursement program could be analyzed to determine the costs and benefits. One could compare those in the program to those who are not in the program. One might also look before, during and after to see what impact the program had. One would be interested in looking at variables like promotions, performance appraisals, and turnover rates. Some organizations, however, have quite different strategies. One would think that a tuition reimbursement program would lower turnover by supporting employees' efforts to take advantage of internal opportunities. If the employees in question could not obtain promotions after completing a college degree, they might take their subsidized education and go elsewhere. You would want to monitor this potential loss.

(c) In HRP forecasting, varied scenarios can be run. One can examine an optimistic, pessimistic and expected set of outcomes. This might be termed a sensitivity analysis. This gives the organization a better idea of what can be expected when any of these trends begins to develop. People from varied backgrounds can be involved (Finance, Marketing, HR, etc.). Yet, in practice this seldom takes place.

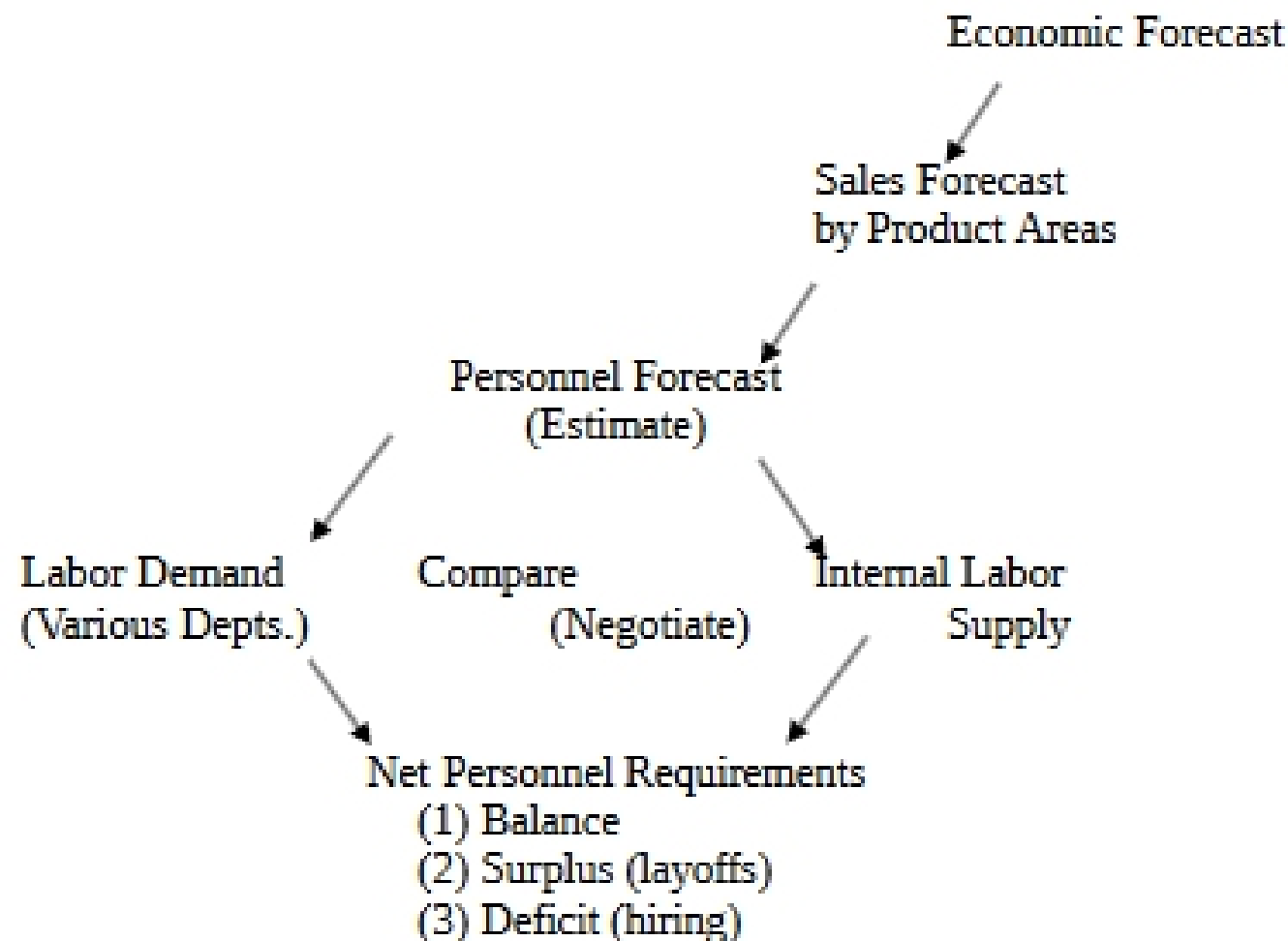
Potential Problems/Concerns

(a) How much information should be stored? Is the "bigger the better?" The answer to this question is probably "no." Larger databases are harder to create and update. One should not try to be all things to all people.

(b) User friendliness is critical in getting people to utilize a system. User manuals, simple formats and help functions are critical.

(c) The confidentiality of information is also an issue. Access codes may be used to secure pay levels, performance appraisal results, EEO data and the like. Some recent literature warns about the dangers of "data rape." This stands for unauthorized eavesdropping and the manipulation of data. This seems more applicable to financial information than HR information. Some local organizations, like one chain of quick-stop grocery stores, keep computerized blacklists of former employees who the managers do not want another outlet of the chain to inadvertently hire. How good are the reasons for placing a person on such a list? Had a theft been documented, or was it merely a personality conflict? The secret nature of the list certainly raises some interesting issues. Since people are unaware of the list, they cannot challenge the accuracy of the charge.

(3) Human Resource Planning (HRP)



Specify the jobs to be filled via recruitment/selection, and those to be emptied via outplacement, early retirements, and attrition.

Taken from H. G. Heneman III and D. P. Schwab (eds.) (1986). *Personnel Planning. Perspectives on Personnel/ Human Resource Management*, 115-118. Homewood, IL: Irwin.

Problems/Challenges

(a) It is hard to forecast economic fluctuations and sales by sector. Since the personnel forecast must depend on these inputs, the HRP process is very difficult. One also has to forecast the supply of inside candidates and the supply of outside candidates (Dessler, 2002:73). The best weather forecast is today/tomorrow will be like yesterday. You miss all the turns, but more times than not you will be correct. It is the turns, of course, that are what one needs to predict. The economy can be quite erratic at times. It is obviously easier to forecast in the short term than the long term. The past five years are often examined as the basis for projecting what will happen. How similar will the next year be? This depends on whether you are in a time of stability or change. Adjustments can be made based on what the planner expects to change (Dessler, 2002: 73). One reason people pay considerable amounts for consultants' forecasts is that this politically covers them. If things do not go well, they can say "we bought the respected XYZ forecast, what more could we do?"

(b) Suddenly shifting corporate plans also make HRP a virtually impossible task. In the mid-1980s, Mobil Oil initiated a takeover attempt of Marathon Oil. The managers of Marathon Oil did not like the idea. A great deal of front office duplication could mean Marathon's managers' jobs would be in jeopardy. Within a week, U.S. Steel entered the picture as a "white knight" that