

Investigating the Strategies to Achieve Success in Human Resource Planning

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Abstract: Human resource planning has traditionally been used by organizations to ensure that the right person is in the right job at the right time. Under past conditions of relative environmental certainty and stability, human resource planning focused on the short term and was dictated largely by line management concerns. Increasing environmental instability, demographic shifts, changes in technology, and heightened international competition are changing the need for and the nature of human resource planning in leading organizations. Planning is increasingly the product of the interaction between line management and planners. In addition, organizations are realizing that in order to adequately address human resource concerns, they must develop long-term as well as short term solutions. As human resource planners involve themselves in more programs to serve the needs of the business, and even influence the direction of the business, they face new and increased responsibilities and challenges.

[Masoud GhorbanHosseini. Investigating the Strategies to Achieve Success in Human Resource Planning. Journal of American Science 2011;7(6):435-439]. (ISSN: 1545-1003). <http://www.americanscience.org>.

Keywords: Human Resource, Planning, Organizations, Line Management Concerns.

1. Introduction

Human resources planning refer to classic HR administrative functions, and the evaluation and identification of human resources requirements for meeting organizational goals. It also requires an assessment of the availability of the qualified resources that will be needed. Human resources planning should be a key component of nearly every corporation's strategic business planning. To ensure their competitive advantage in the marketplace, organizations must implement innovative strategies that are designed to enhance their employee retention rate and recruit fresh talent into their companies. Effective human resources planning strategies are those that include having sufficient staff, with the right mixture of talent, and who are in the appropriate locations, performing their jobs when needed. It moves beyond the traditional role of human resources as primarily an administrative control function. (DeLuca, J. R., 1988) In today's corporate environment, it is viewed as a valuable component for adding value to an organization. Both employees and the company will often realize many benefits of planning over the long-run. In uncertain business settings, the significance of strategic human resources planning can become obvious very quickly. A company that reacts to circumstances by cutting staff as a measure to reduce short-term overhead can create unwanted repercussions. What initially looked like a smart and necessary move to economize in lean times can end up costing the company much more in the long-run. The resources that will be needed to subsequently recruit, hire, and train new employees may well exceed any short-term cost savings.

Forward-looking human resources planning typically anticipates future staffing requirements. It can help organizations avoid cost errors. Strategies are formulated to not only anticipate their needs over time, but to consider optimal solutions for the long term and under challenging economic conditions. This approach minimizes the chance of short-sighted and reactive choices being implemented by decision-makers. Organizations with a plan in place, and a keen understanding of their long-range objectives, may instead decide to weather the economic storm and keep trained, talented, and dedicated staff in place for the inevitable business uptrend. (Dyer, L., 1982).

2. Practical benefits

When it concerns human resources, there are the more specific criticisms that it is over-quantitative and neglects the qualitative aspects of contribution. The issue has become not how many people should be employed, but ensuring that all members of staff are making an effective contribution. And for the future, the questions are what are the skills that will be required, and how will they be acquired. There are others, though, that still regard the quantitative planning of resources as important. They do not see its value in trying to predict events, be they wars or takeovers. Rather, they believe there is a benefit from using planning to challenge assumptions about the future, to stimulate thinking. For some there is, moreover, an implicit or explicit wish to get better integration of decision making and resourcing across the whole organization, or greater influence by the centre over devolved operating units. (Fleishman, E.

A., & Quaintance, M. K., 1984) Cynics would say this is all very well, but the assertion of corporate control has been tried and rejected. And is it not the talk of the process benefits to be derived self indulgent nonsense? Can we really afford this kind of intellectual dilettantism? Whether these criticisms are fair or not, supporters of human resource planning point to its practical benefits in optimizing the use of resources and identifying ways of making them more flexible. For some organizations, the need to acquire and grow skills which take time to develop is paramount. If they fail to identify the business demand, both numerically and in the skills required, and secure the appropriate supply, then the capacity of the organization to fulfill its function will be endangered.

3. Planning: A business strategy

There are numerous considerations that the human resources professionals must take into account. For instance: "Inconsistencies between culture and strategy can severely impair the successful pursuit of a given course of action." Often the political aspects of producing a viable plan are insurmountable obstacles to overcome; as are other primary factors such as the process itself or the plan measurements. Only the most seasoned corporate politician often has enough sensitivity and negotiating skill to achieve the pre-planning buy-in of the critical powers. The concept of planning boiled down is that in order to determine the direction for human resource plans you must have "a series of questions that your organization needs to answer in order to predict and perhaps control some of the major change areas for the future. This means that you begin by asking the right questions – the questions which, if asked regularly and systematically, will force you to produce answers of maximum value in shaping your future human resources."

It is also important to look at the planning activity from an activity standpoint. From an operational view human resources planning is the analysis of human resource requirements of organizations and the related needs for management policies, programs and resources to satisfy these requirements. (Odiorne, G. S., 1981, July) As is shown by Figure 1, human resources planning is critically interdependent with all aspects of the business. "A human resource strategy is a critical component of the firm's corporate and business strategies, comprising a set of well-coordinated objectives and action programs aimed at securing a long-term, sustainable advantage over the firm's competitors. A human resource strategy should be consistent with the firm's corporate and business strategies, as well as with the other managerial

functional strategies." The primary objective of people responsible for doing human resources planning is to acquire, develop and implement the technology, tools, expertise and resources necessary to effectively do Human Resource Planning and Development as an integral part of the business planning processes. It must not be done in a vacuum. "Human resource strategies should be developed within a company's strategic business planning process." The strategy that is often the basis for the planning process is to build networks of internal human resources professionals and external human resources professionals that will promote the sharing of information, technology and tools to be applied to the Human Resource Planning and Development activities; Collect, evaluate and implement tools, processes and resources; integrate tools and resources into a consistent strategy which uses existing resources whenever possible. Again and again it is important to make sure that the process is a legitimate piece of the company plan. "Human resource strategic planning takes place within the overall corporate / total organization strategic planning model. "They will consult with and to human resource managers and line management to achieve a high utilization of tools and resources to achieve functional goals. Those goals include creating and implementing a workforce inventory and forecasting tool customized for Line Organizations; and creating and consulting on custom management planning tools and strategies for line Organizations. (Walker, J. W, 1988)

Figure 1 is an overview of human resource planning from a strategic planning viewpoint. The model shows the relationship of internal factors and external factors as they relate to the human resources issues. They are factors that not only create; but also shape and change the issues. The business plan usually establishes the basic environment within which other variables impact in order to determine those issues. Out of those issues grow the human resources strategies and plans that are most often developed and implemented by and with the assistance of the human resources department. (Hay Group, 1988, April 3).

4. Long-Term Planning for Short-Term Success

Often, however, operating pressures move all of the planning from a longer-term focus to a short-term one. That normally tends to create an environment within which the plan cannot be fully successful. "Over-reliance on short-term planning can be quite costly. Ample lead time is required to recruit or develop talented personnel, and reaction management that responds to short term events or needs will usually limit the choices of options or

endanger longer-range economic plans.”As most planning models would indicate, the planning processes need to be circular and connected dynamically. “The link between human resource planning and business strategic planning is vital if personnel programs and systems are to be attuned to the changing needs of an organization.”The relationship between short and long-term planning goals and activities are shown in Figure 2. This is a dynamic model. If you consider each of the four boxes as analogous to the legs of a four-legged stool, you can see the impact of removing one leg of the process. The impact of not doing long-term human resources planning is to cause the overall business plan to be limited to current human resources in trying to accomplish the plan. To achieve most long-term business plans requires some change in human resources from current state to the necessary state. The business goals achieved are often less than those possible with successfully implemented human resource plans.

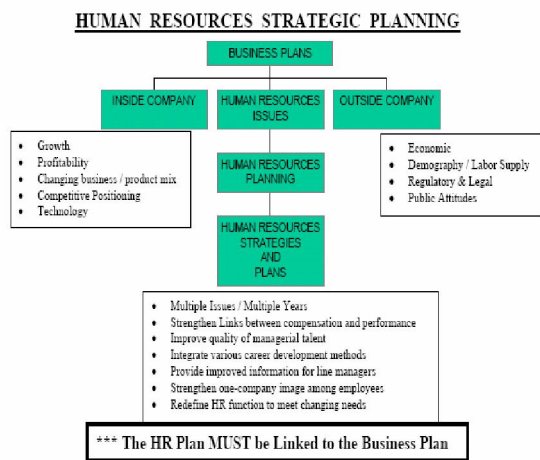


Figure 1: an overview of human resource planning

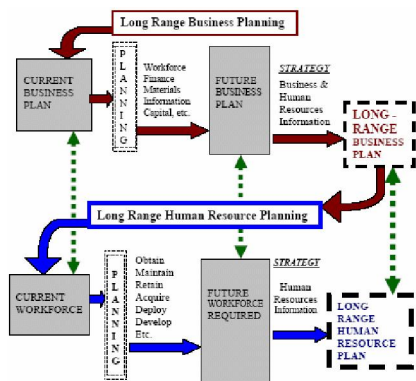


Figure 2. The relationship between short and long-term planning goals and activities

6. Factors Underlying Increased Interest in Human Resource Planning

Undoubtedly, there are many factors that account for the increased attention directed to human resource planning, but environmental forces-globalization, new technologies, economic conditions, and a changing work force-seem particularly potent (Dumaine, 1989; Dyer & Heyer, 1984; Greenhalgh, McKersie, & Gilkey, 1986). These create complexity and uncertainty for organizations. Uncertainty can interfere with efficient operations, so organizations typically attempt to reduce its impact; formal planning is one common tactic used by organizations to buffer themselves from environmental uncertainty (Thompson, 1967). The changing characteristics of the work force, which is but one important environmental factor, make the need for planning evident. Between 1976 and 1980, the labor force grew an average of 2.8%, but between 1991 and 1995, the rate of growth will drop to 1.1%. Additionally, whereas more than 3 million people joined the labor force in 1978, less than 2 million people are projected to enter the labor force each year from 1987 to 1995. Comparatively, the proportion of younger people (aged 16 to 24) and older people (aged 55 and over) in the work force will decline. People aged 25 to 54 will constitute a greater percentage of the labor force, increasing from 61% in 1975 to 73% in 1995. The number of mothers in the work force with children under one year old increased from 42% in 1980 to 55% in 1989. The ethnic mix of the labor force is also changing. The Bureau of Labor Statistics estimates that ethnic minorities will account for 57% of the growth in the labor force between now and the year 2000. Of the approximately 25 million workers added to the work force between 1985 and 2000, 42% are expected to be native White women and only 15% are expected to be native White men. Fully 22% are expected to be immigrants (Glickman, 1982; Johnston & Packer, 1987; "Managing Now," 1988; "Needed," 1988; Nelton, 1988). All of these demographic projections have significant implications for managing human resources, thereby increasing the importance of human resource planning (Coates, 1987; Davis & Associates, 1986) (Hennecke, M., 1984).

7. Short-Term Human Resource Planning

Many psychologists work on activities related to designing and implementing programs (e.g., recruitment, selection systems, and training programs) to meet short-term organizational needs. Such activities generally involve an element of planning in that they are future-oriented to some extent. Even projects for which objectives are

expected to be achieved in as little time as a few months have, ideally, been designed with an understanding of how the short-term objectives are linked to the achievement of longer term objectives. For example, an aeronautics company engaged in a recruitment campaign to hire 100 engineers should have a clear understanding of how this hiring goal will help the company achieve long-term goals such as becoming the world's most innovative company in that industry. This hypothetical company also might have a college recruiting drive designed to find 75 college graduates to enter a training program in recognition of the fact that a growing company needs to prepare for the middle managers it will need 5 to 7 years hence, as well as the top level managers it will need in 10 to 15 years. As this hypothetical example highlights, in order for a clear linkage to exist between human resource planning and strategic business planning, it is essential that an organization's top executives have a fully articulated vision for the future, which has been communicated and accepted by managers throughout the organization. (Milkovich, G. T., & Phillips, J. D., 1986)

8. Intermediate-Term Human Resource Planning

As we have noted, planning is used by organizations to buffer production or service delivery processes from sources of uncertainty. Human resource programs for the recruitment, selection, training, and motivation of employees help reduce uncertainty by ensuring that a sufficient number of people with the required characteristics and skills are available at all levels in the organizations. When the planning horizon is short, there is little uncertainty about which skills and how many people will be needed, and it is relatively easy to predict supply. (Page, R C., & Van De Vroot, D. M., 1989).

However, rapid and ongoing changes in today's business environment mean that the future cannot be easily anticipated by simply projecting past trends. As the focus of planning moves from short term to intermediate term, the question "What will we need?" is less easily answered and so becomes more dominant. For intermediate-term planning, there is also more uncertainty related to the question, "What will be available?" Consequently, human resource planning for the more distant future quickly raises the question, "How can we determine what will be needed and what will be available?" In other words, more technical attention must be given to the problem of forecasting. As in short-term human resource planning, the twin problems, of forecasting, demand and forecasting supply both must be addressed before objectives can be established and programs developed. With increased uncertainty, interaction between the human resource planner and

line managers is even more critical for making accurate demand and supply forecasts.

10. Conclusion

Human resource planning is probably one of the most critical elements in linking the work of the human resources function to the business goals of the company. "It is important to recognize that certain aspects of human resource management tend to have potentially high strategic consequences." Especially in the areas of policy development and implementation it is "obvious and difficult to refute advice that effective human resource policies require human resource planning, which in turn, requires effective integration with an organization's strategic planning process." It is evident that human resources planning is becoming more and more important in business circles. "Because business profits are squeezed by inflation and a weakened economy, management is also concerned with personnel costs and is seeking to achieve increased output with the same or fewer staff." Productivity concerns and material constraints also add to the emphasis on the ability to plan and fully utilize all of a company's resources. The human resources are right on the top of the list in most enterprises. (Burack, E. H., 1988) "The current demands on the world's material resources and their spiraling cost are building pressure to increase the productivity of human resource." Government at all levels both nationally and internationally (Federal, state, local, etc.) is interested in how employers treat their employees. They, therefore, add factors that must be considered in any human resource plan (work and wage laws, labor laws, etc.). (Dyer, L., & Heyer, N. D., 1984) "The net impact of the expanding government intervention has been an increase in the attention given to human resource planning in all of the problem areas." So, while the principles and processes of planning have not changed much, the complexity and timeliness have. Information technology enables the collection and analysis of more data than was even dreamed of in the 1980s. The complexity of planning across countries, cultures, economies, and new technologies is almost infinite. This makes the art, the gut feeling, the best guess, that much more important. The best that can be accomplished is to predict the probability of multiple successful solutions. Because the purpose of human resource planning is to ensure that the right people are in the right place at the right time, it must be linked with the plans of the total organization. Traditionally, there has been a weak one way linkage between business planning and human resource planning. Business plans, where they exist, have defined human resource needs, thereby making human resource planning a reactive exercise.

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1- This article is abstracted from the PhD dissertation of the author in Punjab University (INDIA) entitled "Human Resource Management in SAFA Industrial Group, Iran".

5/23/2011