

# Human Resource Planning: Panacea to Organisational Performance, Strategic Impact on Employee's Efficiency and Competitive Advantage

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## Abstract

The challenges caused by changing economic conditions in 21st century organisation, and the pace for technological advancement in recent years show why human resource planning (HRP) should occur. Staffing an organisation is an HRD's activity that is both strategic and operational in nature. As the HR headline indicates, HR planning is important in a wide variety of industries and firms, including government establishments. HR planning affects what employers do when recruiting, selecting, and retaining people, and, of course these actions affect organisational outputs and success. In this regard, therefore, it is of note in human resource management that the success and failure of any organisation will depend on the calibre of human resources employed. And, in spite of many studies carried out by scholars and practitioners in the area of human resources planning over the years, much still need to be done about HRP processes and factors affecting it. This paper is builds on previous theoretical and empirical studies to determine the extent to which contextual factors and HRP impact on organisation performances, job performance and sustained competitive edge. The author concludes that sound HRP programme will enhance human resources' job performance, and employee's efficiency and competitive edge on the overall business performance.

**Keywords:** Organisational performance, employee's efficiency, job motivation, and sustained productivity.

## Introduction

*"Of all the decisions an executive makes, none is as important as the decisions about people because they determine the performance capacity of the organisation". Peter F. Drucker*

The 21<sup>st</sup> century organisations need to know how many people and, or what sort of people they should have to meet the present and future business requirements. This is actually the function of human resource planning, or workforce planning as it is sometimes called especially in the public sector. HRP is a process in which an organisation attempts to estimate the demand for labour and evaluate the size, nature and sources of the supply, which will be required to meet that demand. Human resource policies on the other hand, provide guidelines on how key aspects of people management should be handled. The aim is to ensure that any HR issues are dealt with consistently in accordance with the values of the organisation in line with certain defined principles. All organisations have HR policies.

Some however, exist implicitly as a philosophy of management and an attitude to employees that is expressed in the way in which HR issues are handled.

According to analysts, human resource planning has traditionally been used by organisations to ensure that the right person is in the right job and at the right time. In this paradigm, and under past conditions of relative environmental certainty and stability, therefore, human resource planning focuses on the short-term as well as long-term and was dictated largely by both line management, and top management concerns. Also, the increasing environmental instability, demographic shifts, changes in technology, and heightened international, and or global competition are changing the need for and the nature of human resource planning in most leading organisations.

In addition, organisations are realising that in order to adequately address human resources concerns, they must develop long-term as well as short-term solutions. HR can make a major contribution to developing the resource capacity of the organisation and therefore its strategic capability by systematically reviewing the organisation's strategic objectives and by ensuring that plans are made, plans that will ensure that the human resources are available to meet those objectives. As human resource planners involve themselves in more and more proactive programmes to serve the needs of the business, and even influence the direction of the business, they face new and increased responsibilities and challenges.

Human resource planning is important for helping both the organisations and employees to prepare for the future. The basic goal of human resource planning, however, is to predict the future and based on these predictions, implement programmes to avoid anticipated problems. Very briefly, human resource planning is the process of examining an organisation or individual's future human resource needs, for instance, what types of skills will be needed for jobs of the future compared to future human resource capabilities (such as the types of skilled employees you already have) and developing human resource policies and practices to address potential problems, for example, implementing training programmes to avoid skill deficiencies.

### **Human resource planning defined**

Human resource planning (HRP) determines the human resources required by the organisation to achieve its strategic goals and objectives. Human resource planning is based on the premise that people (HR) are an organisation's most important strategic assets. According to Armstrong, M (2011), HRP is generally concerned with matching resources to business needs in the longer term, although, it will sometimes address shorter-term requirements. "HRP is the process by which management determines how the organisation should move from its current man power position to desired manpower position. Through planning, management strives to have the right time, doing things which result in both the organisation and individual receiving maximum long run benefits" (Vetter). Human resource planning is the process of forecasting, developing, and controlling human resources in an organisation.

According to Stone, "Human resource planning is the process by which an organisation attempts to ensure that it has the right number of qualified people in the right jobs at the right time." But Scott & Bulla (1994), succinctly defined "human resource planning as a process for ensuring that the human resource requirements of an organisation are identified and plans are made for satisfying those requirements." Really (2003), defined workforce planning as "A process in which an organisation attempts to estimate the demand for labour and evaluate the size, nature and sources of supply which will be required to meet the demand. Collectively, human resources planning is concerned with broader issues about the employment of people than the quantitative approaches of manpower planning. Such approaches as noted by Liff (2000) is however, derive from a rationale top-down view of planning in which well tested quantitative techniques are applied to long-term assessments of supply and demand.

In consonance with the prevailing literature, therefore, Casson (1978) pointed out that the conventional wisdom represents human resource planning as an all-embracing, policy-making activity producing on a rolling bases, precise forecasts using technically sophisticated and highly integrated planning systems. He stress further that it is better regarded as a regular monitoring activity through which human resource stocks and flows and their relationship to business needs can be better understood, assessed and controlled, problems highlighted and a base established from which to respond to unforeseen events, and secondly, an investigatory activity by which the human resource implications of particular problems and change situations can be explored and the effects of alternative policies and actions investigated.

Furthermore, human resource planning, like production planning, financial planning and marketing planning, etc. needs to be comprehensive, unified and integrated for the entire organisation and human resource manager provides inputs like key HR areas, HR environmental constraints, HR capabilities and HR capability constraints to the corporate strategists. Thus, the corporate strategists further communicate their needs and constraints to HR manager.

### **Aims of Human Resources Planning**

The position of human resources in 21<sup>st</sup> century organisations makes it impossible for an organisation to discard the unique status of an effective and efficient HR planning in this competitive business community. However, Michael Armstrong (2006) gave the following aims of HRP, which depends on its context but in general terms. The typical aims might be to;

- \* Attract and retain the number of people (human resources) required with the appropriate skills, expertise, and competencies;
- \* Anticipate the problems of potential surpluses or deficits of people;
- \* Develop a well-trained and flexible workforce, thus, contributing to the organisation's ability to adapt to an uncertain and changing environment;

- \* Reduces dependence on external recruitment when key skills are in short supply by formulating retention, as well as employee development strategies;
- \* Improve the utilisation of people by introducing more flexible systems of work.

### **Why human resources planning in an organisation?**

Every management's decision stems from a clear definition of its corporate strategic plans for the entire establishment. Planning in this context is a process, which equally we'd expect taking place at all levels in the organisation, and should encircle all the factors that aids effective decision. Planning bridges the gap between where we are now, and where we want to be. Planning is forecasting our desired objectives, anticipating problems and developing solutions. It is the practical thinking, dreaming and scheming-that it takes to isolate, determine and schedule the action (s) and the achievement required in order to attain our objectives. Planning is the formation and development of the blue print we expect to follow to attain organisation's objectives.

Human resource planning is needed for foreseeing the human resource requirements of an organisation and supply as it becomes inevitable in modern competitive business community. Contemporary business community today is facing harsh competition in recent years and result-oriented organisations must make effective utilisation of its human resources. It is of note that the success and failure of an organisation depends on the calibre of personnel employed; it therefore, means that the human resources department must forecast or know the kinds of employees, their qualifications, experience, etc. of those to engage. Viz;

- \* Replacement of persons: A large number of persons are to be replaced in the organisation because of retirement, old age, death, resignation, etc. There will be a need to prepare persons for taking up new positions in such contingencies.
- \* Labour turnover: There is always labour turnover in every organisation. The degree of labour turnover may vary from organisation to organisation, but it cannot be eliminated altogether. There will be a need to recruit and place new persons to take up the positions of those who have left the organisation. If the organisation is able to forecast turnover rate precisely, then advance efforts are made to recruit and train persons so that work does not suffer for want of capable staff.
- \* Expansion plans: Whenever there is a plan to expand or diversify the organisation's operations, then more persons will be required to take up new positions. Human resource planning is essential under these situations.
- \* Technological changes: The 21<sup>st</sup> century organisations are today operating under changing technological environment, and there may be a need to give fresh training to personnel. In addition, there may also be a need to infuse fresh blood into the organisation. Human resource planning will help in meeting the new demands of the organisation.
- \* Assessing needs: Human resource planning is also required to determine whether there is any shortage or surplus of persons in the organisation. If there are fewer people than

required, it will adversely affect the work. On the other hand, if more persons are employed than the requirement, then it will increase labour cost, etc. Human resource planning ensures the employment of proper workforce.

Human resource planning requires considerable amount of financial resources besides time and staff. Small firms may not go for it but large organisations prefer human resource planning as a means of achieving greater effectiveness and long-term objectives. J.W. Walker is of the opinion that, "In making a projection of manpower requirements, selecting the predictor-the business factor to which manpower needs will be related is the critical first step. Selecting the right predictor in relation to the business is a difficult process.

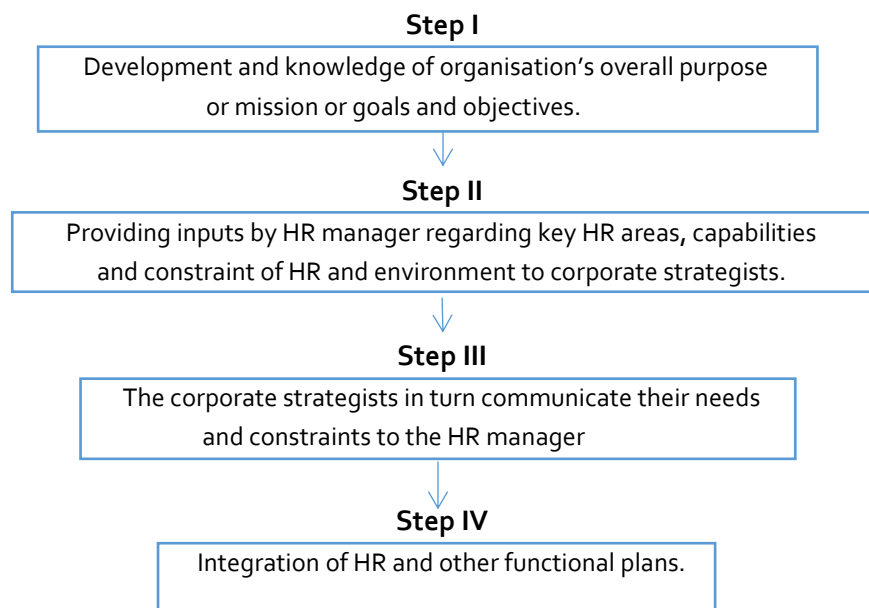


**Fig. 1:** Steps in Human Resources planning

**Source:** Researcher's Construct

To be useful, however, the predictor should meet two requirements; first, it should be directly related to the essential nature of the business so that business planning is done in terms of the factor. The second requirement is that changes in the selected factor be proportional to changes in the manpower required in the business." Thus, the human resources structure and system should be controlled and reviewed with a view to keep them in accordance with the plan.

### **Human resource planning vs succession planning**

Organisations today are faced with so much challenges due largely to inability of managers to incorporate both succession planning and human resource planning programmes. Planning, in this platform means plotting the use of our time, resources and effort towards the realisation of what we want to accomplish. Wanting, however, constitutes the motives that propel our planning, and it projects our thinking towards what we expect to do, who is

going to do what, and how it will be done. Today is the realisation of yesterday's plans, or lack of plans. Tomorrow's realities will tend to become the realisation of today's plans, and we can deduce planning also as the investigating, forecasting, foreseeing, projecting, foretelling, and endeavouring to penetrate tomorrow's invisible challenges and, lack of planning is like riding a rudderless ship that goes hither and you, with every business breeze that or sailing in a fog without a chart or compass. This, therefore, denotes enshrining effective succession planning and a well-coordinated human resources planning that will usher in competitive edge. In this regard, however, we see succession planning as a conscious decision by an organisation to foster and promote the continual development of employees, and ensure that key positions maintain some measure of stability, thus enabling an organisation to achieve business objectives.

At this juncture, therefore, the identification and development of potential successors for key position in an organisation in 21<sup>st</sup> century organisations is inevitable, and which is done through a systematic evaluation process and training. Unlike replacement planning, as argued by experts, succession planning is largely predictive in judging an individual for a position he or she might never have been in.

On the other hand, human resource planning has for centuries taken a centre stage in the world of work. According to French (1998), human resource planning is described as the process of assessing an organisation's human resource needs in the light of organisational goals and changing conditions and making plans to ensure that a competent workforce is employed.

Bulla and Scott (1994) affirms that human resource planning is the process of ensuring that the human resource requirements of an organisation are identified and plans are made for satisfying those requirements. Armstrong M. (2011) observes that Quinn (1983), refers to human resources planning as a decision-making process that combines three important activities: identification and acquisition of the right number of people with the proper skills; stimulating them to attain high performance, and creation of interactive relationships between business objectives and people planning activities.

Contemporary human resource planning, however, occurs within the broad context of organisational and strategic business planning, which involves forecasting the organisation's future human resource needs and planning for how those needs will be met. It includes establishing objectives and then developing and implementing programmes (staffing, appraising, compensating, and training) to ensure that people are available with the appropriate characteristics and skills when and where the organisation needs them. It may also involve developing and implementing programmes to improve employee performance or to increase employee satisfaction and involvement in order to boost organisational productivity, quality, or innovation (Mills, 1985b). Finally, human resource planning includes gathering data that can be used to evaluate the effectiveness of ongoing programmes and inform planners when revisions in their forecasts and programmes are needed.

In a nutshell, both human resource planning and succession planning are vital to any organisation and that overlooking any of them opens an organisation to harsh human resource problems. Prospective organisation leadership possibly constitutes a very fundamental part of its potential and persisting accomplishment and development.

### **Organisation performance**

Organisation performance refers to ability of an enterprise to achieve such objectives as high profit, quality products, large market shares, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 1993). Organisational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organisation. Moreover, an appropriate definition of performance is a prerequisite for the feedback delivery and goal-setting process. In short, a performance theory is needed to stipulates;

- \* the relevant performance dimensions,
- \* the performance standards or expectations associated with alternative performance levels,
- \* how situational constraints should be weighted (if at all) when evaluating performance,
- \* the number of performance levels or gradients (see Cardy and Keefe 1994), and
- \* the extent to which performance should be based upon absolute vs. relative comparison standards (Austin and Villanova 1992; Wagner and GoYn 1997).

Campbell et al's theory defines performance as behaviour or action relevant to the attainment of an organisation's goals that can be scaled, that is, measured. Moreover, job performance is defined as what one is paid to do, or what one should be paid to do. The theory states that the measurement options; be it ratings from a supervisor, peer, or self, a simulated work sample, or hard criteria (e.g. tallying revenue generated, costs saved, customer complaints, or some variant of a computerised performance assessment) besides being valid, reliable, and not deficient should be free of contamination from sources of variation that are not under the control of the individual (e.g. differences in technology impacting a person's performance). Situational enhancers or constraints, if not taken into account in an appraisal can contaminate the mean, variance, or both with regard to an individual's performance.

At the same time, effectiveness here is the capacity of producing a desired result, which is defined as the degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, however, effectiveness is determined without reference to costs and, whereas efficiency means 'doing the thing right'. Effectiveness means 'doing the right thing'. Management effectiveness is the art of influencing people

(employees) to follow in the achievement of a common goal by aligning their personal objectives with the company's objectives.

Human resource planning in 21<sup>st</sup> century organisations today have become extremely inevitable because the mix of HR employed in many organisations have shifted towards the high-talent occupations-managerial and professional personnel. There is often scarcity of high talent people. The lead time required to hire and develop such personnel is long. Much effort has to be devoted to long range career development, counseling, planned work assignments and appropriate rewards. Highly specialised technical persons employed in modern complex organisations, and with these people performing functions that are highly interdependent, the organisation becomes vulnerable if any shortage of talent occurs hence, planning is necessary to prevent shortages. Another fact about the high talent personnel problem is the matter of management succession planning.

Effective human resources planning increases organisational productivity. Productivity is one of the concerns of managers of the 21<sup>st</sup> century. According to Heihrich, Mark V. Cannice & Harold Koontz (2011), productivity is concern in many years of the world total economy, and that even Japan, which is admired for productivity improvement, is now concerned about remaining competitive in the world market. Thus, productivity issue is a serious issue. Productivity however, implies measurement, which in turn is an essential step in the control process. It therefore, means that there must be general agreement within the organisation for managing and improving productivity. Productivity in this regard also means the output-input ratio within a time period with due consideration for quality. This definition can be applied to the productivity of organisations, managers, personnel, and other workers. It is evident in modern organisation that productivity improvement is achieved by the good management practices advocated through this work and other management books. In the same vein, organisations cannot achieve high performance standard without effective, efficient and well-coordinated HR planning and implementation.

### **Summary and conclusion**

Human resource planning, being one of the major functions of human resource management is becoming very useful aspect of organisation practice and important for helping both organisations and employees to prepare for the future-particularly in organised private and public sectors of the economy. The basic goal of human resource planning is to predict the future and based on these predictions, implement programmes to avoid anticipated problems. That is, having a clearer picture of when the organisation has surplus or shortage of human resources.

Very briefly, humans resource planning is the process of examining an organisation or individual's future human resource needs. For instance, what types of skills will be needed for jobs of the future compared to future human resource capabilities (such as the types of skilled employees you already have) and developing human resource policies and practices to address potential problems, for example, implementing training programmes to avoid

skill deficiencies. And, in consonance with the prevailing literature, analysts pointed out that the conventional wisdom described human resource planning as an all-embracing policy-making, activity producing on a rolling bases, precise forecasts using technically sophisticated and highly integrated planning systems. A closer look at the subject matter, however, affirms that human resource planning is the process of ensuring that the human resource requirements of an organisation are identified and plans are made for satisfying those requirements. Also, Armstrong M. (2011) refers to human resources planning as a decision-making process that combines three important activities:

- \* identification and acquisition of the right number of people with the proper skills;
- \* stimulating them to attain high performance, and
- \* creation of interactive relationships between business objectives and people planning activities.

To better compete in the global market, therefore, 21<sup>st</sup> century organisations should create and implement corporate strategies to promote itself as a “preferred employer”—investing in progressive HR policies and programmes with the goal of building a high-performing organisation to engage people, and fostering and creating a work environment where people want to work, not where they have to work. And, at this juncture, therefore, an organisation implementing a proactive and progressive human resource planning policies are prone to not just attracting and retaining talent, but it also bring about researching, developing, and implementing a series of human resource initiatives and looking at how these initiatives fit together to manage the talent exhibited by the workers.

Conclusively, building and enhancing employee potential will not only benefit employees, it will also support the organisation in meeting its goals and objectives while focusing on the provision of excellence in the organisation. To meet with this policy also, an organisation must build an attractive employer brand so that the perception of the organisation to both potential and existing employees is one of a progressive employer that is focused on achieving organisational priorities and excellence, and recognises the value of employees to organisational efforts.

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