

## Human Resource Planning as an Important Practice to Anticipate Future Human Resource Requirements of the Organization – Literature review.

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### ABSTRACT

*Human resource planning is one of the most important human resource practice in the organization. Organizations rely much on human resource planning to determine their current position and future needs of manpower. The purpose of this paper is to examine the importance of human resource planning to the organization by reviewing different literature on human resource planning. This paper reviews the literature relating to human resource planning and it focuses on the objectives of human resource planning, the process of human resource planning and importance of human resource planning to the organization, The findings depicts that there is a significant relationship between human resource planning and organizational manpower requirements and between human resource planning and organizational performance, therefore this paper recommends that organizations should continue to practice and maintain effective human resource planning as it plays fundamental role in achieving the objectives of the organizations.*

**Keywords:** *HR Planning, Practice, Future HR Requirements and Organization.*

### INTRODUCTION

Organizations are formed by people and the same people are the most important strategic resource in the organization, there is no organization that can achieve its objectives without people. There must be a proper utilization of human resource in organizations in order to achieve high-performance standard (Lunenburg, 2012), and all the objectives of the organization are achieved through effective human resource planning, effective human resource planning is a mechanism for building long-term capacity to meet the workforce challenges (Choudhury, 2007), therefore, human resource management has the opportunity to enable organizations to survive, grow, be competitive and profitable (Werner, Jackson & Schuler, 2012).

Human resource planning plays an important role in human resource management because it translates the objectives of the organization into a number of workers needed by determining the human resource required by the organization to achieve its strategic goals. In order for an organization to manage its human resource, it must ensure effective human resource planning.

Human resource planning is a key to manpower requirements in the organization. Human resource planning is one of the most important elements in a successful human resource management program (De Cenzo & Robbins, 1988). An organization that implements its human resource planning effectively is likely to prosper in a competitive environment, studies showed about 80 % of the middle sized and larger companies now perform human resource planning on a regular basis (Craft, 1988). The optimal utilization of human resources is an important success factor contributing to long-term competitiveness (Zülch, Rottinger & Vollstedt, 2004). Human resource planning is vital in organizational unstable periods like during mergers, amalgamation, consolidation and when labour market settings are studied or when joblessness is low (Mello, 2001).

Human resource planning is a core human resource management process that seeks to prepare organizations for their current and future workforce needs by ensuring the right people are in the right place at the right time (Jacobson, 2010). Human resource planning can

be used to achieve organisational objectives by understanding and planning for people needs in the short, medium and long-term (Colley & Price, 2010).

## **LITERATURE REVIEW**

### **The Concept of Human Resource Planning**

It is the work of the organization to determine its current and future manpower requirements that will help to meet its objectives. According to Bulla and Scott (1994), human resource planning is a process for ensuring that the human resource requirements of the organization are identified and plans are made for satisfying those requirements. Milkovich and Boudreau (1993) outlined that human resource planning is the process of collecting and using information on the base of which it can be discussed as the number of resources spent on personnel activities. Mondy and Noe (2006) advocated that human resource planning is the entry point of human resource management concerned with the determination of human resource requirements, job analysis, recruitment, selection and socialization. Reilly (2003) defined workforce planning as a process in which an organization attempts to estimate the demand for labor and evaluate the size, nature and source of supply which will be required to meet the demand. Anyim, Mba and Ekwoaba (2012) were of the opinion that Human resource planning is a first and most basic, activity of the human resource management function.

Khadka (2009) stressed that human resource planning must be linked to the overall strategy of the organization. Koubek (2007) stated that personnel planning serves to achieve the goals of the organization by development prediction, setting the targets and realizing arrangements leading to current and future ensure of business tasks with adequate manpower.

Dessler and Varkkey (2009) affirmed that personnel planning embrace all future positions and planning flows from the firm's strategic plan. Mullins (2003) condemned that human resource planning as the process of planning for the work- force needs of an organization to ensure that the personnel needs are constantly met and this is achieved through demand and supply analysis. Dwevedi (2012) saw human resource planning as a process which helps out in properly performing important human resource functions such as true and timely information which is provided about when to do

recruitment of employees. Cascio (1992) narrated that human resource planning can be defined as an effort to anticipate future business and environmental demands on an organization, and to provide the employees to fulfil that business and satisfy those demands. Walker (2002) affirmed that human resource planning is the process of identifying and responding to the issue of workers and charting new policies, systems and programs that will ensure effective human resource management under changing conditions. Mursi (2003) postulated that human resources planning is a process of guiding activities related to the human resources management. Human resource planning is a process that put one organization in suitable place by having the correct number and desired human resource that meets the purpose of the organization (Jahanian, 2009). Forecasting manpower demand involves the estimation of the number and type of human resource required at different levels in different departments in an organization (Pradeesh, 2011). Randal (2000) was of the view that human resource planning is the process that consists of developing and implementing plans and programs to ensure that the right number and type of individuals are available at the right time and place to fulfil organizational needs.

### **Objectives of Human Resource Planning**

Reilly (1999) highlighted that there are several reasons why organization chooses to engage in human resource planning. Michael (2006) contended that, the aims of human resource planning in any organization will largely depend on its context. The purpose of human resource planning is to forecast organisational needs for employees taking into account the internal and external supply of labour to meet staffing requirements; that is, identifying the gap between what is needed and what is available (Santos, Zhang, Gonzalez & Byde, 2009). Noe (2012) highlighted that other factors that influence forecasting demand for personnel include budget constraint, turnover due to resignations, contract terminations, transfers and relocations, retirement, new technology in the field, decisions to upgrade the quality of services provided and minority hiring goals. That when it comes to the human resource planning context, a mathematical formula is used to project future demands of human resources based on an established relationship between an organization's employment level and some measurable factors of output such as

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revenue, sales or production level. Walker (1980) established that human resource planning occupies an important role to forecast future demands of business and environmental factors in the organization and it also helps to generate and manage the human resource demands as required and as conditions depict. Imison, Buchan and Xavier (2009) contended that getting the balance right between labour demand and supply is the most common objective of human resource planning.

Ulrich (1987) advocated that human resource planning is recognized as a source of development of organizational functions based on missions and objectives of the business. Like most organizational practices, the effectiveness of human resource planning depends on the perspective within which it is utilized (Walker, 1990).

### **Process of Human Resource Planning**

Human resource planning captures all actions involving continuous environmental scanning and reviewing of organizational strategies, objectives, and policies in order to ensure that the right quality and quantity of human resources are available when and where they are needed.

(Randhawa, 2007). Dessler, (2001) opined that human resource planning is an ongoing process that is not static involving many interrelated activities which must be modified and updated as conditions require.

Randall (2000) asserted that human resource planning involves making an inventory of current human resources in order to determine the human resource status, for example, the current size and kind of the human resources as well as work scope, the inventory involves examining the available employees skills and number of employees, the experience and age structure span of control.

Harbison (1973) argued that, human resource planning consists of various activities which include forecasting human resource requirements, making an inventory of present human resources and assessing the extent to which these resources are employed optimally, anticipating human resource problems by projecting present resources into the future and comparing them with the forecasts of requirements to determine their adequacy and planning the necessary programs of requirements, selection, training and development, utilization, transfer promotion,

motivation, and compensation to ensure that future human resource requirements that are properly met.

Relatively, John (2008) advocated that five steps process is used for creating a linkage between human resource or workforce planning and departmental planning to regulate the current and future requirements and demands of the human resource include determination of business goals, environmental scanning, performing gap analysis, deciding human resource priorities and measure, monitor and report the progress. Edwards (1983) discussed three pillars of manpower planning which are the prediction of the future demand in human resource, the prediction of the future supply of the human resource and closing the gap between the first and second pillar and making policies for that. Izueke (2009) pointed that human resource planning requires detailed analysis of the present and the future to ensure that the organization has the right number of people available who possess the right kinds of skills to perform the jobs required by the organization when the work is needed. Butter, (2002) advised that it is important to note that the quality of human resource planning depends on personal records. Ghazala & Habib, (2012) contended that the process of human resource planning should ensure that, an organization's employees have the requisite skills and competencies an enterprise needs for it to succeed.

### **Importance of Human Resource Planning to the Organization.**

Armstrong (1992) postulated that the importance of increasing productivity is one of the most critical goals in business and Human resource planning is essential for the achievement and attainment of this productivity. Parker and Caine (1996) mentioned that it is important for organizations to have the right number of manpower in order to avoid the unwanted situation such as the issue of shortage and excess of manpower. Cole (2002) said that human resource planning is critical to the success of an Organization's strategy and planning is tied to the nature of organizations. Reilly (2003) concurred that human resource planning practices enable a firm to estimate the demand for labour and evaluate the size, nature, and sources of supply which will essentially be required to meet the demand. Craft (1980) observed that human resource planning influences the calibre and type of applicants who choose to

join an organization, that firms that practice human resource planning are more likely to know what specific characteristics they are looking for applicants and this helps them to increase the quality of decisions. Katua et al (2014) discovered that human resource planning strategies can enhance the performance of a firm; that firms ought to develop and document strategies for human resource planning with the object of enhancing both employee and organizational performance. Hassan (2003) pointed that failure to properly articulate and implement the three fundamental functions of human resource planning which include labour forecast, managing demand for employees and available supply in market and keep a balance between labour supply and demand predictions will pose a great problem to firms in terms of cost and expertise which in turns reduce their competitiveness. Walker (1990) narrated that planning for human resources is more important than ever as competitive advantage is sought through superior service, quality, lower costs and organizational effectiveness; that with increased emphasis on productivity, quality and service, executives now recognize that attention to the financial and technological side of business must be balanced by attention paid to planning for human resources. The need for human resource planning has become an ever more important aspect of the business planning process (Meehan et al, 2002). Aslam et al (2013) elaborated that organizations which consider human resource planning as the significant and essential part of their human resource management turn out to be very helpful in terms of dealing with its human resource capital which could possibly make the organization to stand out of the competition prevailing in the market.

A study by Edwards and Pearce (1988) on a high technology businesses revealed that human resource planning is particularly important for emerging, rapid-growth and high tech business.

A study conducted by Gifford (2011) on the development of human resource revealed that Human resource planning identifies the skill requirements for various levels of jobs. A study by Mursi (2003) revealed that there is a significant and positive relationship between human resource planning and organizational performance. A study on coping with change conducted by Bogdan (2012) in the northern province of France highlighted that Human resource planning is important to cope with the

change associated with the external environmental factors. Ogunrinde (2001) examined the application of human resource planning and its relationship with organisational performance and found that organisations engaged in human planning performed better than those that did not. A study by Mildred (2012) on the influence of Human Resource Management practices on financial performance of commercial banks in Kenya concluded that the major human resource management practices that affect the financial performance of commercial banks include human resource planning. A study by Hiti (2000) found that human resource planning has a positive relationship with organizational performance. A study by Cakar (2012) revealed that one of the importance of human resource planning is that effective human Resource planning fulfils the organization needs for a quality workforce, that a proper human resource plan reduces labour costs substantially by maintaining a balance between demand for and supply of the human resource. Arsad (2012) in his study of manpower planning effect on organizational performance found that there is a positive relationship between manpower planning an organizational performance.

Moreover, a study by John (2009) indicated that human resource planning plays an important role in organizational performance by providing team players. A study by Chand and Katou (2007) in their study in the Indian hotel industry revealed that manpower planning has a strong relationship to productivity and productivity impact on organizational performance.

A study by Amaratunga (2012) on how human resource planning can Assuring Adequate staff levels found that a primary function of human resources planning is making certain that various company departments have sufficient staff to complete all the work required to meet the organization's goals. Anya, Umoh and Worlu (2017) studied human resource planning and organization performance in oil and gas firms in Port Harcourt Nigeria and found that human resource planning has a strong influence on organizational performance in forecasting future demand of business and environment which helps to manage human resource demand as required. A study by Ngui et al (2014) on the effect of employee resourcing strategies on the performance of commercial banks in Kenya found that employee resourcing strategies have a significant positive effect on performance of the aforementioned banks, that banks should

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develop and document strategies for human resource planning so as to enhance employee and organizational performance. Leng (2005) examined the importance of human resource planning on a construction project and found that human resource planning plays a significant role in improving the project's performance, addressing skilled labour shortages, a transient workforce, and a lack of effective training and performance appraisals. Katua et al. (2014) discovered that human resource planning strategies can enhance the performance of a firm. According to their findings, the scholars recommended that firms ought to develop and document strategies for HRP with the object of enhancing both employee and organizational performance. Chan et al (2006) advised that reliable manpower demand and forecasts can provide a basis for making better decisions for avoiding redundant investments, achieving efficient and balanced growth of an industry and in developing the economy.

### CONCLUSION AND RECOMMENDATION

Based on the fact that the literature reviewed focused much on effective supply and demand of manpower, it is vividly that the importance of human resource planning in the organization cannot be overlooked as the heart of organization rests on effective human resource planning. It is recommended that human resource managers should continue to value and practising human resource plannings in their organizations because it leads to the effective and efficient achievement of the organizational results.

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