

Summary

Chapter Three: Manpower Planning

3.1 Manpower planning

Manpower planning is a process of forecasting an organization's future demand for, and supply of, the right type of people in the right number. HR activities like recruitment and selection, training and development, compensations, appraisal and labour relations are derived from manpower planning. Manpower planning is important for organization as well as employees who wish to fully utilize their capabilities and potential.

Manpower planning results in maximum use of human resources, lesser labour turnover, lower absenteeism, improved productivity, smooth, uninterrupted work flow and increased job satisfaction.

3.2 Factors affecting manpower planning.

Type and strategy of an organization, Growth cycle of an organization, Environmental uncertainties and Labour market are important factors that influence manpower planning.

3.3 Process of manpower planning

Objectives of the HR plan are first derived from the business plans defined by the top management. To meet these objectives HR needs to determine number and characteristics of the employees. Organization chart is an excellent tool available to HR. HR then decides how many vacancies can be filled from within, how will union constraints be handled, how much automation can be practiced and how continuous availability of skilled labour be ensured.

Demand forecasting is the process of estimating the number and quality of people required in the future to meet the needs of the organization. Demand forecast considers external factors

like Competition Economic Climate, Technology and Laws / Regulations. It has also to consider internal factors like Budget Constraints, New products/services, Organizational structure and Employee Separations.

HR supply forecasting is the process by which management determines whether it will be able to procure the forecasted number of employees and the various sources. Hence Supply analysis is undertaken that covers a) study of skills of present employees, b) internal source of supply - employee referrals, children of retired employees and c) external source of supply.

To find whether demand is equal to supply, HR compares the Demand & Supply forecast to understand the Gap. If demand is more than supply [Shortage] HR action covers recruitment & selection, training and development and retention plan. If demand is less than supply, [Surplus] then HR action covers Layoffs, Voluntary Retirement Schemes, Lesser working hours and most dreaded Pay cuts.

3.4 Importance of manpower planning.

- Future manpower needs are determined through manpower planning.
- Jobs are getting highly specialized and intellectual. Retaining talented manpower for these jobs is essential and this is achieved by manpower planning.
- Manpower planning provides foundation for HR activities like recruitment and selection, training & development, job analysis, compensation administration, performance appraisal & feedback, employee welfare etc.

3.5 Barriers to manpower planning

Inaccuracy: changes in economic conditions, technology, market and labour force together make long-range plans unreliable.

Bias: Most of the times operating managers are not involved in the planning, this makes plans ineffective. Successful manpower planning needs participation from HR as well as non-HR managers.

Imbalance: managers tend to focus on near term requirements at the cost of long term needs and fail to carry grooming and training of employees.

Forecasting manpower requirements.

Job market uncertainties & thrust on cost cutting mandate that manpower supply and demand forecasts are planned by HR managers as accurately as possible. HR should be able to fill in vacancies from ready pool of candidates without much loss of time efforts. In the current competitive scenario, robust talent forecasting provides an edge over competition and a means for survival.

Supply and demand forecasts are driven by annual business plans and should be joint responsibility of Business/ Function head and the HR. Key Results Areas of each role must be established in advance. Next, cost of the organization structure that will deliver the desired Return on Investment must be reckoned. Forecasts should address men to volume/revenue targets and geographic distribution points.

The greatest challenges in manpower forecasting are resistance by people, business uncertainty and lack of clear vision. Too high and unachievable forecasts often render the forecasting process meaningless. HR must revisit and review forecasts from time to time to make them realistic and relevant. Clearly forecasting, both an art and science, is a continuous and a joint exercise!