

## Chapter 4

# Human Resource Planning

### Chapter Highlights

Introduction, Definition of HRP, Need For Human Resource Planning, Objectives/Purposes of HRP, Importance of HRP, HRP at Different Levels, The Process of HRP, Matching Demand and Supply, Special Case in HRP : Retrenchment, Strategies of HRP, Types of HRP, Responsibility for HRP, Limitations of HRP, Problems in HRP, Environmental Influences on HRP, Approaches to HRP, The Quantitative Approach, The Qualitative Approach, Tools for Forecasting the Supply of Internal Human Resources, Need for Comprehensive HRP in Bangladesh, Manpower Planning, Environment in Bangladesh, Case Study, Questions to Answer, Indicate True or False.

### 4.01 Introduction

The theme of the word "manpower planning" or HR planning is inherent in the term "management" when it is defined as the force which leads, guides and drives the activities of an organization for accomplishing some predetermined objectives. Planning task is also apparent when the word, "organization" comes in our mind conceptualising the organization as our hand, management as our eye and administration as our brain. In general management, one defines planning as the determination of a future course of action. In the area of human resource, planning implies future course of action relating to the mobilisation of required number of human beings of the right quality and competence for performing planned task. Infact, effective manpower determines the success of a firm.

Manpower planning relates to thinking about assembling and utilizing human resources of the right kind and in right number capable of performing the right job. Human resources constitute long-lived assets and should be selected by matching the man and the job (here men or women are not indentified separately). Stainer's opinion is that human resource planning grows out of the human resource policy of the firm since a firm assembles, uses, develops and maintains such human resources which will contribute to its progress. Geisler suggested identification of the functions and the work processes to be required to be performed after an individual joins the firm.

Apparently planning for manpower is a major managerial responsibility. Today none can take for granted that desired kind of manpower will be available easily and readily. Prudent business entrepreneur develops his own manpower in the same way he educates and develops his son, daughter and daughter-in-law. A prudent entrepreneur, whatever his area of specialization may be, first considers people who run his enterprise as important.

*In general management, one defines planning as the determination of a future course of action.*

*Manpower planning relates to thinking about assembling and utilizing human resources of the right kind and in the right number capable of performing the right job.*

*Today none can take for granted that desired kind of manpower will be available easily and readily.*

One may inherit huge parental property including bank balance, company share or ICB units. He may have sound health, charming personality and army of well wishers and sycophants to encourage him to jump into business to become richer quickly. He may have a vague idea of buying and selling but little practical experience and technical knowledge which require smartness, intelligence and analytical capacity to make market study and demand analysis. As a result he may try to supplement his capability by sharing authority with someone from within the family. Thus there was an advertisement in a German newspaper, "Wanted educated, trained, smart and forward looking bridegroom capable of running an established business enterprise located in the city of Berlin."

*"If you plan for one year, grow paddy, if you plan for one decade plant tree but if you plan for one century cultivate human resource."*

American firms have developed the habit of growing own manpower after initial education, so that the new recruits can be groomed for performing specific jobs in future. We have before us a Chinese proverb highlighting the significance of long term perspective of manpower planning : "If you plan for one year, grow paddy, if you plan for one decade plant tree but if you plan for one century cultivate human resource."

*Human resource planning is a strategy for matching future manpower with the activities of the organization.*

Big powers like Japan, United States, Germany, France, England or Russia invested in a big way in human resource development. After long experience of trial and error, these countries realized that investment in human asset offers very high rate of return. In these countries, human resource is now planned through the integration of manpower policy with the overall development policy for the recruitment of right number of people in the right jobs at the right time. Human resource planning is now accepted as the process by which an organization ensures that it has the efficient employees doing things for which they are professionally and economically most qualified. S.A. Huq has appropriately termed human resource planning as a strategy for matching future manpower with the activities of the organization.

#### **4.02 Definition of HRP**

Human resource planning is one of the most important elements in a successful HRM program. A survey of chief executives of the U.S.A., for example, found that 85 percent listed human resource planning as one of the most critical management undertakings. But what does the term human resource planning mean?

Specifically, human resource planning is the process by which an organization ensures that it has the right number and kinds of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives. Human resource planning, then, translates the organization's objectives and plans into the number of workers needed to meet those objectives. Without clear-cut planning, estimation of an organization's human resource need is reduced to mere guesswork. In many organizations, few employees outside of the top executive group really know the short-and long-range objectives. It is not surprising, therefore, that management may find itself without the necessary human resources to fill unexpected vacancies, make replacements created by natural attrition, or meet opportunities created by the growth or development of new products or services because critical human resources are unavailable.

*Human resource planning is the process by which an organization ensures that it has the right number and kinds of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.*

To ensure that people are available to provide the continued smooth development of an organization, management engages in human resource planning. The purpose of human resource planning is to assess where the organization is, where it is going, and what implications these assessments have on future supplies of and demands for human resources. Attempts must then be made to match supplies and demands, making them compatible with the achievement of the organization's future needs.

*Attempts must be made to match supplies and demands, making them compatible with the achievement of the organization's future needs.*

### 4.03 Need For Human Resource Planning

In the recent past, human resource planning has caught the imagination of policy planners and decision makers because of several reasons such as :

#### **a. Human resource requires planning because of its four critical features :**

i. for higher level of skills, a long period of time is required to get exposed to full level productivity.

ii. More a person achieves higher level productivity the longer he remains on the job.

iii. A person's mental satisfaction affects his productivity and investment in human resource belongs to the individual himself / herself who may take his /her skills wherever he / she goes, and

iv. Mobility of labour is also mobility of his /her productivity which is under his control.

*A company trains a man just to lose him.*

**b. Supply of skilled manpower is scarce compared to demand :** Demand for skilled manager has been rising due to increased growth process. Skilled hand is a mobile commodity and can be transferred from one country to another. Question of brain drain is being seriously discussed. According to Shafiullah, a company trains a man just to lose him. Many underdeveloped countries accepted financial support from the developed countries to get their youths trained in superior management know-how but many of these youths did not return to their motherland. This is true for Bangladesh also. The government seems happy because of the remittances sent by these immigrants. As a matter of fact, youths are sent because of the need for foreign exchange.

**c. Human resource planning is also required because of rapid technological changes :** Jobs and job requirements are changing faster, pace of technological change is being accelerated. Direction of technological change has been decreasing the job demand for unskilled workers. So there is demand for newer skills requiring new training and retraining.

**d. Human resource planning minimizes cost of recruitment and training :** Training has a cost. There is also cost of pension, gratuity, provident fund and other fringe benefits. Higher recruitment cost encourages upgrading from within. As a result, the time during which an employee's net contributions are not less than his/her net cost of employment, he / she is most likely to be retained.

**e. Increased mobility of human resources has created management problem to retain qualified employees :** In a democracy one can leave his present organization and join another where more facilities are offered. This is happening even in the banking and insurance sectors. Sometimes trained people are allured by holding out more facilities. There was a time when the banking sector in this country had a non-piracy agreement, but it did not succeed. At the middle of 1990 when several new private banks were permitted and these new banks offered very high salary to allure executives from their parent banks, the old banks had to give several pay raises in order to retain their own employees.

**f. Human resource planning can reduce wastage rate caused by labour turnover or executive turnover.** Some writers have categorized this wastage as voluntary and involuntary. Voluntary wastage includes departure on account of marriage, running after more money, more convenient posting, more promotion, better prospect, better working environment and lucrative facilities. Involuntary wastage takes place through death, invalidity by illness, etc. In Bangladesh turn over rate is going up.

**g. Profit sharing system plays the role of a magic :** Profit comes out of efficient work. More profit means more bonus, more expansion and more growth prospect and also higher image of the company as a place to work. In Bangladesh default culture has plagued the banking industry. There are commercial banks which according to newspaper reports earn crores of taka as profit but do not declare dividend for which shares are being sold in the stock market at price much below the face value.

#### 4.04 Objectives of HRP/ Purpose

The basic purpose of having a manpower plan is to have an accurate estimate of the number of employees required, with matching skill requirements to meet organisational objectives. It provides information about the manner in which existing personnel are employed, the kind of skills required for different categories of jobs and manpower needs over a period of time in relation to organisational objectives. It would also give an indication of the lead time that is available to select and train the required number of additional manpower.

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More specifically, manpower planning is required to meet the following objectives :

**a. Forecast personnel requirements :** Manpower planning is essential to determine the future manpower needs in an organisation. In the absence of such a plan, it would be difficult to have the services of right kind of people at the right time.

**b. Cope with changes :** Manpower planning is required to cope with changes in market conditions, technology, products and government regulations in an effective way. These changes may, often, require the services of people having requisite technical knowledge and training. In the absence of a manpower plan, we may not be in a position to enlist their services in time.

**c. Use existing manpower productively :** By keeping an inventory of existing personnel in an enterprise by skill level, training, educational qualifications and work experience, it will be possible to utilise the existing resources more usefully in relation to the job requirements. This also helps in decreasing wage and salary costs in the long run.

**d. Promote employees in a systematic manner :** Manpower planning provides useful information on the basis of which management decides on the promotion of eligible personnel in the organisation. In the absence of a manpower plan, it may be difficult to ensure regular promotions to competent people on a justifiable basis.

### 4.05 Importance of HRP

Human Resource Planning is a highly important and useful activity. If used properly, it offers a number of benefits :

**a. Reservoir of Talent :** The organisation can have a reservoir of talent at any point of time. People with requisite skills are readily available to carry out the assigned tasks.

**b. Prepare People for Future :** People can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees quite easily. Likewise, manpower shortages can also be met comfortably (when people quit the organisation for various reasons) through proper human resource planning.

**c. Expand or Contract :** If the organisation wants to expand its scale of operations, it can go ahead easily. Advance planning ensures a continuous supply of people with requisite skills who can handle challenging jobs easily.

**d. Cut Costs :** Planning facilitates the preparation of an appropriate manpower budget for each department or division. This, in turn, helps in controlling manpower costs by avoiding shortages / excesses in manpower supply. The physical facilities such as canteen, accommodation, school, medical help, etc., can also be planned in advance.

**e. Helps Succession Planning :** Human Resource Planning, as pointed out previously, prepares people for future challenges. The 'stars' can be picked up and kept ready for further promotions whenever they arise. All multinational companies for example, have this policy of having a 'hot list' of promising candidates prepared in advance. Such candidates are rolled over various jobs and assessed and assisted continuously. When the time comes, such people 'switch hats' quickly and replace their respective bosses without any problem.

### 4.06 HRP at Different Levels

Different institutions make HRP at different levels for their own purpose, of which national level, sectorial level, industry level, unit level, departmental level and job level are important.

**a. National level :** Generally government at the centre plan for human resources at the national level. It forecasts the demand for and supply of human resource, for the entire nation.

**b. Sectoral level :** Manpower requirements for a particular sector like agricultural sector, industrial sector or tertiary sector are projected based on the government policy, projected output / operations, etc.

**c. Industrial level :** Manpower needs of a particular industry like cement, textile, chemical are predicted, taking into account the operational level of that particular industry.

**d. Unit level :** This covers the estimation of human resource needs of an organisation or company based on its corporate / business plan.

**e. Departmental level :** This covers the manpower needs of a particular department in a company.

**f. Job level :** Manpower needs of a particular job family within a department, like that of accountants, salesmen etc., are forecasted at this level.

#### 4.07 The Process of HRP

There is no single right approach to HRP. As pointed out by Keith Davis, "all organisations should identify their short-run and long-run employee needs by examining their corporate strategies." Short range plans point out job openings that must be filled over a one-year time frame and long range plans estimate HR need over a three-to-five year time period. Each organisation must find a blend of practice that work within the company culture and the realities of business.

*All organisations should identify their short-run and long-run employee needs by examining their corporate strategies.*

The process of HRP, usually followed in a large organisation, consists of the following steps:

##### A. Forecasting the Demand for Human Resources

Most firms estimate how many employees they require in future. The demand for human talent at various levels is primarily due to the following factors :

**1. External challenges :** These challenges arise from three important sources :

**a. Economic development :** Liberalisation, gearing up of banking sector, capital market reforms, introduction of on-line trading systems etc. have created huge demand for finance professionals in developing economies.

**b. Political, legal, social and technical changes :** The demand for certain categories of employees and skills is also influenced by changes in political, legal and social structure in an economy. Likewise, firms employing latest technology in construction, power, automobiles, software, etc. have greatly enhanced the worth of technicians and engineers during the last few years. Technology, however, is a double-edged weapon and hence, its impact on HR plans is difficult to predict. For example, computerisation programme in banks, railways, post and telegraph departments may reduce demand in one department (book keeping, for example) while increasing it in another (such as computer operations). High technology with all its attendant benefits may compel organisations to go lean and downsize workforce suddenly. Employment planning under such situations becomes complicated.

**c. Competition :** Companies operating in fields where a large number of players are bent upon cutting each other's throat (with a view to improve their market position) often change their workforce. Competition is beneficial to customers but suicidal for companies operating on thin margins. Such companies have to necessarily go 'lean' by reducing their workforce (e.g., Bata, Philips, etc.). On the other hand, companies that are doing well and progressing smoothly (e.g., Toyota, BMW, Adidas) will always look for people with critical skills.

**2. Organisational decisions :** The organisation's strategic plan, sales and production forecasts and new ventures must all be taken into account in employment planning. If Bengal foods expects higher demand for biscuits and bread, the long-term HR plan must take this into consideration. Likewise, if it tries to venture into other lucrative fields such as milk based products, confectionery items etc. the demand for people possessing requisite skills in those areas in the next couple of years should be looked into carefully.

**3. Workforce factors :** Demand is modified by retirements, terminations, resignations, deaths and leaves of absence. Past experience, however, makes the rate of occurrence of these actions by employees fairly predictable.

## **B. Forecasting Future Supply of Human Resources**

Estimating changes in internal supply requires the organization to look at those factors that can either increase or decrease its human resources. As previously noted in the discussion on estimating demand, the forecast must cover every level within the organization. Similarly, forecasting supply must also concern itself with the micro, or unit, level. For example, if one individual in Department X is demoted to a position in Department Y, and an individual in Department Y is promoted to a position in Department X, the net effect on the organization is zero. However, if an individual must be demoted, it is only through effective human resource planning that a competent replacement will be available to fill the recently vacated position.

### **1. Increase in Internal Supply**

An increase in the supply of any unit's human resources can come from a combination of three sources: a. new hires, b. transfers-in, and /or c. individuals returning from long leaves. The task of predicting these new inputs can range from simple to complex.

*Estimating changes in internal supply requires the organization to look at those factors that can either increase or decrease its human resources.*



*New hires* are easy to predict, since they are self-initiated. A unit recruits to meet its needs, and hence, at least in the short term, the number and types of new hires that will be added can be determined with high accuracy.

*New hires are easy to predict*

It is more difficult, however, to predict *transfers-in* to a unit, since they often depend on concurrent action in other units. While the net effect to the total organization by a lateral transfer, demotion, or promotion may be zero, there are clear effects on individual departments and the mix within departments. If Mr. Smith is to be promoted from Department A to Department B, the disposition on the incumbent in Department B must be known.

*It is more difficult, however, to predict transfers-in to a unit, since they often depend on concurrent action in other units.*

Finally, the net effect on internal supply by people *returning from leaves* must be considered. This would include absences due to maternity, study, or sabbatical leaves. Such increases, however, are usually easy to estimate, since they are usually for some fixed duration—two months, six months, two years, and so forth.

*Such increases, however, are usually easy to estimate, since they are usually for some fixed duration.*

## 2. Decrease in Internal Supply

Decreases in the internal supply can come about through

- a. retirements, b. dismissals, c. transfers-out of the unit, d. layoffs,
- e. voluntary quits, f. sabbaticals, g. prolonged illnesses, or h. deaths.

Some of these occurrences are easier to predict than others.

The easiest to forecast are *retirements*, assuming that a specific age criterion exists within the organization. If mandatory retirement occurs at age sixty, there is no difficulty in forecasting. Those individuals reaching their sixtieth birthday will be required to terminate their ties with the organization. In some organizations, this can be modified by allowing the individual one-year delays—for example, up to age sixty one. However, this can only be done with the agreement of both the employee and the organization. It is therefore totally controlled by management and easy to forecast accurately.

*The easiest to forecast are retirements*

At the other extreme, *voluntary quits, prolonged illnesses, and deaths* are difficult to forecast. *Deaths* of employees are the most difficult to forecast because they are usually unexpected. Although very large organizations can use probability techniques to estimate the number of deaths that will occur, such techniques are of course useless for forecasting the exact positions that will be affected. *Voluntary quits* can also be predicted by utilizing probabilities when the population size is fairly large.

*Voluntary quits, prolonged illnesses, and deaths are difficult to forecast.*

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In other words, in a steel plant employing three thousand workers, one can estimate the approximate number of voluntary quits during any given year. In a department consisting of two or three workers, however, probability estimation is not a very effective tool. Weak predicative ability in small units is unfortunate, too, because voluntary quits have a major impact on supply in these units and are, therefore, a major concern to management.

*In between the extremes, transfers, layoffs, sabbaticals, and dismissals can be forecast within reasonable limits of accuracy.*

In between the extremes, *transfers, layoffs, sabbaticals, and dismissals* can be forecast within reasonable limits of accuracy. Since all four of these types of actions are controllable by management—that is, they are either initiated by management or are within management's veto prerogative—each type can be reasonably predicted. Of the four, *transfers out* of the unit, such as lateral moves, demotions, or promotions up, are the most difficult to predict because they depend on openings in other units. *Layoffs* are more controllable and forecastable by management, especially in the short run. *Sabbaticals*, too, are reasonably easy to forecast, since most organizations' sabbatical policy requires a reasonable lead time between request and initiation of the leave. *Dismissals*, based on inadequate job performance, can usually be forecast in the same method as voluntary quits, using probabilities where large numbers of employees are involved. Additionally, performance evaluation reports are a reliable source for isolating the number of individuals whose employment might have to be terminated due to unsatisfactory work performance.

*Dismissals, based on inadequate job performance, can usually be forecast in the same method as voluntary quits*

### 3. Estimated Change in External Supply

The previous discussion on supply considered internal factors. We will now review those factors outside the organization that influence the supply of available workers.

Recent graduates from colleges and universities expand the supply of available human resources. This market is vast and includes everyone from college graduates to individuals who have received highly specialized training at the university level. Entrants to the work force from sources other than colleges /universities include housewives who are seeking full-time or part-time work to supplement the family income, women returning to work on a full-time basis in the capacity of primary bread-winner, students seeking part-time work, and individuals returning from study leave. Of particular importance in this category are women. Past high levels of inflation as well as changing attitudes, aspirations, and career expectations, have all acted as forces to increase the number of women entering the labor market.

*Recent graduates from colleges and universities expand the supply of available human resources.*

Migration into a community, increases in the number of unemployed, and employed individuals who are seeking other employment opportunities all represent additional sources for the organization to consider as potential expanders of its labor supply.

*Migration into a community represents an addition to supply of external manpower.*

Traditionally, it should be noted that consideration of only those supply sources identified above tends to understate the potential supply because many people can be retrained (formal or on-the-job training). Therefore, the potential supply can differ from what one might conclude by looking at the obvious sources of supply. For example, with only a small amount of training, a journalist can become qualified to perform the tasks of a book editor. Thus an organization that is having difficulty securing individuals with skills and experience in book editing could consider those candidates who have had recent journalism or similar experience and were interested in being editors. In similar fashion, the potential supply for many other jobs can be expanded.

*Retraining of displaced employees also helps increase in external supply of manpower.*

#### 4.08 Matching Demand and Supply

The objective of human resource planning is to bring together our forecast of future demand and supply. The result of this effort will be to pinpoint shortages both in number and in kind; to highlight areas where overstaffing may exist (now or in the future); and to keep abreast of the opportunities that exist in the labor market to hire good people, either to satisfy current needs or to stockpile for the future.

*The objective of human resource planning is to bring together our forecast of future demand and supply*

Obviously, the most important concern must be given to the determination of shortages. Should an organization find that the demand for human resources will be increasing in the future, then it will have to hire additional staff or transfer people within the organization, or both, to balance the numbers, skills, mix, and quality of its human resources.

*Obviously, the most important concern must be given to the determination of shortages.*

An action that is often overlooked, but may be necessary because of inadequate availability of human resources, is to change the organization's objectives. Just as inadequate financial resources can restrict the growth and opportunities available to an organization, the unavailability of the right type of people can also act as such a constraint.

*Inadequate availability of human resources may require to change organizational objectives.*

#### 4.09 Special Case in HRP : Retrenchment

HRP aims at growth and development of organization. But many organizations today are facing a very different environment—one of decline. Not surprisingly, retrenchment carries with it different implications for HRP.

The late 1970s were difficult for many organizations in the U.S.A. There was a marked shrinkage of the once strong smokestack industries—steel, auto, and rubber. Competition in the high-tech industries soared, giving rise to massive layoffs at such companies as Apple, DEC, and Wang. Conglomerates were shedding less-profitable business units or closing down altogether. And foreign competition steadily increased, causing more problems for U.S. manufacturers.

The most recent devastating recession, taking birth in the U.S.A. and engulfing the whole world, has caused irreparable damage to innumerable organizations thereby creating huge problems of unemployment.

Human resource planning tends to ignore issues resulting from managing in a declining organization, going bankrupt that are not prevalent in a growing enterprise. As such, these activities, divesting holdings, or eliminating unprofitable product lines are activities having a major impact on the employee population. HRP, accordingly, must take a different focus.

Under retrenchment, certain topics associated with additional HRP become irrelevant—recruitment and selection. Both recruitment and selection become moot points. Finding the most productive workers for critical jobs that may need to be filled becomes a problem. Many candidates will rule out the possibility of working for an organization that is declining. Thus, at a time when the best employee is needed, a declining organization is in no position to be leading the industry in recruiting efforts.

Selection, too, has a much different focus. Job offers are seldom made. Little if any hiring is done; in fact, the converse is more prevalent—outplacement, layoffs, leaves of absence without pay, loaning, work sharing, reduced work hours, early retirements, and attrition. It is these areas that become critical HRP elements in organizations operating in a retrenchment mode.

Let us look at these further.

**1. Outplacement :** Although outplacement services differ, they are intended to provide career guidance for displaced employees. Guidelines for such an activity include communicating what is to come; identifying the displaced employee; retraining those productive employees who can be placed elsewhere in the organization; and assisting with c.v. writing, interviewing techniques, career counseling, and job searching.

*Many candidates will rule out the possibility of working for an organization that is declining.*

*Outplacement services are intended to provide career guidance for displaced employees.*

**2. Layoffs :** Layoffs can take many forms. They can be temporary or permanent. Temporary layoffs usually occur during slack periods when the work-loads do not warrant such a large work force. As soon as the work resumes to its normal level, workers are recalled. Although this is a cost-cutting measure, it can result in turning workers into cyclical employees.

*Temporary layoffs usually occur during slack periods when the work-loads do not warrant such a large work force.*

Proper human resource planning, leaving the work force at the proper staffing level, can help reduce uncertainty. However, proper staffing may mean a permanent layoff for other employees. When this occurs, it is hoped that outplacement services are available. Unfortunately, many workers have been placed on permanent layoff and have joined countless others in periods of long unemployment.

*Permanent layoff may occur in periods of long unemployment.*

**3. Leaves of Absence Without Pay :** One means of cutting labor costs temporarily is to give workers the opportunity to take leaves of absence without pay. This may provide time for an employee who is financially capable to leave the organization temporarily in pursuit of personal interests. These could range from attending college (to increase the employee's marketability and mobility) to engaging in a plethora of other endeavours. Individuals offered this leave are usually those whose jobs may be eliminated in the future. Thus this concept serves as a proactive method to help employees prepare for upcoming changes.

*Individuals offered leave without pay are usually those whose jobs may be eliminated in the future.*

**4. Loaning :** The loaning of valuable human resources to other organizations is a means of keeping the "loaned" employees on the organization's payroll and bringing them back after the crisis has subsided. Under the loaning activity, usually higher-level managers are sent on special projects with government or quasi-government agencies (e.g., bank boards, corporations). The parent organization pays these "loaned" managers a reduced salary, with the difference usually paid by the agency. While an organization may ultimately lose some of these managers, some that have been "loaned" do return.

*Under the loaning activity, usually higher-level managers are sent on special projects with government or quasi-government agencies*

**5. Work Sharing :** Sharing one job by two persons is the idea. One example may be that Mr. Mizan, since becoming a father, has had child-care responsibilities. To meet these responsibilities, some organizations offer employees the opportunity to share jobs, or two people working one-half time, together constituting one full-time employee. Let us assume that Mizan and his wife, Munni, are equally trained and skilled and hold the same job. Mizan may work the first part of the day, go home, and fix lunch; and Munni then returns to the job to finish the day. While work sharing rarely consists of a husband-and-wife team, the concept is the same.

*Two people share an eight-hour workday, with the remaining time being spent on individual pursuits.*

Two people split an eight-hour workday, with the remaining time being spent on individual pursuits. Here two people hold one job, and the cost to the company is no greater than if only one person held the job. In retrenchment, this option may keep good employees from leaving the company. They may use the time to do some things they have wanted to do. And if the company recovers, it has not lost a valuable employee.

**6. Reduced Work Hours :** The retrenchment involving reduced work hours is based on the concept that there is only so much pie (payment to labor) and how it is split is up to the workers. For simplicity's sake, let us assume that we have Tk.100,000 per year to spend for labor costs. We originally had ten workers with an annual income of Tk.10,000 each. Now, as the company is experiencing economic hardships, only Tk. 80,000 per year is available to pay the workers. With no change in the hours worked, two employees would have to be laid off. To eliminate this dilemma, each worker agrees to work fewer hours, receiving less pay, so that the two jobs are saved. In this simplified case, instead of a forty-hour workweek, each employee is paid for only thirty-two hours of work. By working thirty-two hours each week, these ten employees will continue to be employed, but each will earn Tk. 2,000 less per year.

*Each worker agrees to work fewer hours, receiving less pay, so that none of the colleagues is retrenched.*

*Like work-sharing, reduced work hours also help companies to offset problems brought about by economic downturns.*

While the example is exaggerated, it does reveal an effort on behalf of employees to forego some of their benefits in order to keep all the workers employed. The rationale is that receiving less is better than receiving nothing at all. However, it takes a strong personal conviction to accept that philosophy unless you are one of the two about to be laid off.

The work-sharing technique gained much popularity in the early 1980s. Many Japanese firms, as well as many progressive U.S. companies such as Hewlett-Packard, have used this technique to offset some of the problems brought about by economic downturns. The employees' morale flourishes in such cases, as the employees recognize the commitment that management has made to them. Again, similar to work sharing, in a retrenchment mode, it is possible to maintain an employee's skill and loyalty should the organization recovers.

**7. Early Retirement :** Another retrenchment issue is the use of early retirement. Many of the industry giants have resorted to using early retirement inducements to reduce the number of workers, especially higher-level management personnel. Regardless of the specifics contained in these offers, the purpose is clear : buy out some of the highest-paid individuals in the organization and delegate their responsibilities to other employees paying less money.

*Usually the prime candidate for early retirement is an individual who is two or three years away from retiring.*

Usually the prime candidate for early retirement is an individual who is two or three years away from retiring. For this individual, the company offers a reduced retirement benefit until he or she reaches the normal retirement age or years of service.

Also, the option of buying the years of service remaining until normal retirement, for a sum of money equal to the amount that would have been contributed to the individual's retirement, may be available. In either case, the result is the same; a reduction in the cost of paying exorbitant salaries to those individuals. Although in retrenchment this is an effective cost savings plan, an organization may lose some key executives who just decide to "bail out."

**8. Attrition :** Attrition is a process whereby as incumbents leave their jobs for any reason (retirement, resignations, transfers, etc), those jobs will not be filled. Usually accompanying the process of attrition is a hiring freeze. Hiring freezes dictate that no recruiting will take place for jobs that are to be eliminated.

*Attrition is a process whereby as incumbents leave their jobs for any reason whatsoever those jobs will not be filled*

Attrition and hiring freezes can be implemented organizationwide (used to reduce overall employment numbers) or can be directed toward particular departments or jobs that may no longer be needed. The bottom-line result is that attrition with a hiring freeze is a short-term means of redressing a surplus of employees.

#### 4.10 Strategies of HRP

*Strategies usually followed in HRP are :*

**1. Recruitment plan :** It will indicate the number and type of people required and when they are needed; special plans to recruit right people and how they are to be dealt with recruitment programme.

**2. Redeployment plan :** This indicates the programmes for transferring or retraining existing employees for new jobs.

**3. Redundancy plan :** It will indicate who is redundant, when and where; the plans for retraining, where this is possible; and plans for golden handshake, retrenchment, lay-off, etc.

**4. Training plan :** This indicates the number of trainees or apprentices required and the programme for recruiting or training them; existing staff requiring training or retraining; new courses to be developed or changes to be effected in existing courses.

**5. Productivity plan :** Will indicate reasons for employee productivity or reducing employees costs through work simplification studies, mechanisation, productivity bargaining; incentives and profit sharing schemes; job redesign, etc.

**6. Retention plan :** It will indicate reasons for employee turnover and show strategies to avoid wastage through compensation policies; changes in work requirements and improvement in working conditions.

**7. Control points :** The entire manpower plan be subjected to close monitoring from time to time. Control points be set up to find out deficiencies, periodic updating of manpower inventory, in the light of changing circumstances, be undertaken to remove deficiencies and develop future plans.

#### 4.11 Types of HRP

Human resource planning may be undertaken on a short term or long term basis. Short-term manpower planning is done to find a temporary match between the existing individuals and the existing jobs. It aims at quick removal of anomalies in posting and placements. It tries to take care of the immediate requirements. Usually, there are three problems in the short run : the weak incumbent, the strong incumbent and an unexpected vacancy. The following steps need to be taken in short term manpower planning :

- (i) Identify the weak and strong incumbents. Weak ones fall short of their job needs; strong ones exceed their job needs
- (ii) Set the anomalies right.

In case of weak incumbents, this can be done by assigning difficult parts of their jobs to others; improving them through short term training and replacing them by other individuals. In the case of strong ones, the anomaly can be set right by giving them more skilled and difficult jobs. They may be asked to assume higher positions and handle a difficult job. The contents of the job may be increased. In the final step every organisation has to think of persons who can be given additional charge of posts falling unexpectedly vacant due to sudden death, resignation or transfer of the original incumbent.

Long term manpower planning is done to find a proper match between the future jobs and their future incumbents. They are prepared for a period of 5 years or more. In the long run it is quite possible to develop managerial talent for existing as well as new jobs.

#### 4.12 Responsibility for HRP

Top level executives are responsible for manpower planning as it is one of the important factors influencing the success of an organisation. The plans are usually prepared by the Human Resource Division in consultation with other corporate heads. The responsibility and accountability for manpower aspects of various divisions lie on their respective heads. They should undertake their own appraisal of future needs in such a way as to provide a concrete basis for organisation-wide forecasting and planning. The Human Resource Division must offer counsel and advice to various divisional heads and coordinate the various

*Manpower planning may be undertaken on a short term or long term basis.*

*Long term manpower planning is done to find a proper match between the future jobs and their future incumbents.*

*Top level executives are responsible for manpower planning as it is one of the important factors influencing the success of an organisation.*



manpower estimates from time to time. Prof. Geisler outlined the responsibilities of Human Resources Department in respect of manpower planning thus :

- \* Assist and counsel operating managers to plan and set objectives.
- \* Collect and summarise manpower data keeping long-run objectives and broad organisational interests in mind.
- \* Monitor and measure performance against the plan and keep top management informed about it.
- \* Provide proper research base for effective manpower and organisational planning.

### 4.13 Limitations of HRP

The problems faced by human resource professionals while preparing or administering HR Plans may be summarised thus :

**1. Lack of Accuracy :** Projecting manpower needs over a period of time is a complex one. It's not possible to track the current and future trends correctly and convert the same into meaningful action guidelines. Factors such as absenteeism, labour turnover, seasonal trends in demand, competitive pressures, technological changes and a host of other factors may turn the rest of manpower plans as fashionable, decorative pieces.

**2. Absence of Support :** Planning is generally undertaken to improve overall efficiency. In the name of cost cutting, this may ultimately help management weed out unwanted labour of several levels. The few efficient ones that survive such frequent onslaughts complain about increased workload. Support from management is equally missing on more than one occasion. They are unwilling to commit funds for building an appropriate human resources information system. The time and effort involved—with no tangible, immediate gains—often force them to look the 'other way'.

**3. Numbers' game :** HRP, in the final analysis, may suffer due to an excessive focus on the quantitative aspects. The quality side of the coin (consisting of employee motivation, moral, career prospects, training avenues etc.) may be discounted thoroughly.

### 4.14 Problems in HRP

Though HRP is beneficial to the organisation, employees and trade unions, some problems crop up in the process of HRP. Important among them are :

*Many employers resist HRP as they think that it increases the cost of manpower*

*Trade unions and employees also resist HRP as they view that it increases the workload of employees*

*Labour turnover, technological changes, etc. cause uncertainties*

*Information system regarding human resources has not yet fully developed*

*Eight hindrances to HRP are :*

- i. Absence of strong commitment.*
- ii. Lack of top management support.*
- iii. Overcomplicated initial effort.*
- iv. Absence of co-ordination.*
- v. Absence of interaction.*

**1. Resistance by employers and employees :** Many employers resist HRP as they think that it increases the cost of manpower as trade unions demand for employees based on the plan, more facilities and benefits including training and development. Further, employers feel that HRP is not necessary as candidates are /will be available as and when required due to unemployment situation. Employers' version may be true about unskilled and clerical staff but it is not true in the case of all other categories as there is shortage for certain categories of human resources.

Trade unions and employees also resist HRP as they view that it increases the workload of employees and prepares programme for securing the human resources mostly from outside. The other reason for their resistance is that HRP aims at controlling the employees through productivity maximisation, etc.

**2. Uncertainties :** Uncertainties are quite prominent in human resource practices in the third world countries due to absenteeism, seasonal employment, labour turnover etc. Further the uncertainties in industrial scene like technological change, marketing conditions also cause uncertainties in human resource management. The uncertainties make the HRP less reliable.

**3. Inadequacies of information system :** Information system regarding human resources has not yet fully developed in industries of the third world countries due to low status given to HR deptt. and less importance attached to HRP. Further the reliable data and information about the economy, other industries, labour market, trends in human resources, etc. are not available.

#### **4.14a Stumbling Blocks in the way of HRP**

C.B. Mackey identified eight stumbling blocks coming in the way of HRP.

(i) Often many managers and human resource specialists do not fully understand the HRP process. Suffering from an identity crisis they fail to develop a strong sense of purpose and consequently flounder.

(ii) Sometimes, HRP activities do not enjoy top management support and continued blessings. In the absence of support from one senior executive in the organisation, human resource specialists find it difficult to obtain information on various vital inputs.

(iii) Many HRP programmes fail because of an overcomplicated initial effort. Successful HRP programmes start slowly and gradually expand as the programme blooms to flourished levels.

(iv) Achieving coordination with other management and human resource functions, sometimes, seems to be an impossibility.

(v) There is a tendency for HRP specialists to become absorbed in their own world and not interact with others.

(vi) The question of striking a happy and harmonious balance between quantitative and qualitative approaches to HRP, sometimes, poses several impediments—if not looked into seriously initially. Some people view HRP as a numbers game designed to ensure the flow of people and resources in, out, up, down and across different organisational units. Such an exclusive focus on quantitative routes may force the organisation to discount, the more important, qualitative route emphasising individual concerns such as individual promotability and career development.

(vii) In order to succeed, further, HRP requires active participation and coordinated effort on the part of operating managers. However, this is easier said than done where operating managers look at the whole exercise with scepticism and growing mistrust.

(viii) Finally, HRP people should not try the forceful introduction of certain sophisticated techniques just because many companies have started using them. Such a tendency to adopt one or more of these methods (explained earlier) not for what they can do, but rather because 'everyone is using them' may not yield fruitful results.

#### 4.15 Environmental Influences on Human Resource Planning

As part of the total planning process, human resource planning must consider the environmental influences on the organisation, its objectives, culture, structure and human resource management. This is because human resource planning must reflect the environmental trends and issues that affect the organisation's management of its human resources. Government regulations relating to occupational health and safety, equal opportunity and superannuation, for example, must be integrated with the organisation's human resource management objectives and activities.

Similarly, changes in the demographic composition of the population can affect the type and availability of labour. This in turn can have an impact on the organisation's equal employment opportunity (EEO)/affirmative action (AA) objectives. The growing role of women in the work force, for example, is dependent on improved child-care facilities, availability of part-time work, job security after an absence for child-rearing, maternity leave and special parental leave.

According to Dr Christabel Young, a research fellow in the Department of Demographics at the Australian National University, one of the most important issues is whether Australian men would accept more of the responsibility of sharing child-care and household tasks with women. 'Perhaps', says Dr Young, 'some men might also choose part-time work during one stage of their life cycle, rather than leaving the full burden of family responsibilities on women.'

*vi. Lack of balance between quantitative and qualitative approaches*  
*vii. Absence of active participation by operating managers.*  
*viii. Forceful introduction of sophisticated techniques.*

*Human resource planning must reflect the environmental trends and issues that affect the organisation's management of its human resources.*

*Demographic composition of the population can affect the type and availability of labour.*

*Work-sharing between husband and wife is also important.*

### 4.16 Approaches to Human Resource Planning

The human resource manager needs to be able to forecast what the organisation's future human resource requirements will be and from where the human resources will be obtained. To do this, three sets of forecasts are required :

- a forecast of the demand for human resources
- a forecast of the supply of external human resources
- a forecast of the supply of human resources available within the organisation.

These forecasts are an attempt to predict changes in the organisation's needs for human resources. Although sophisticated techniques have been in use, the approach usually followed in HRP may be shown diagrammatically as under :

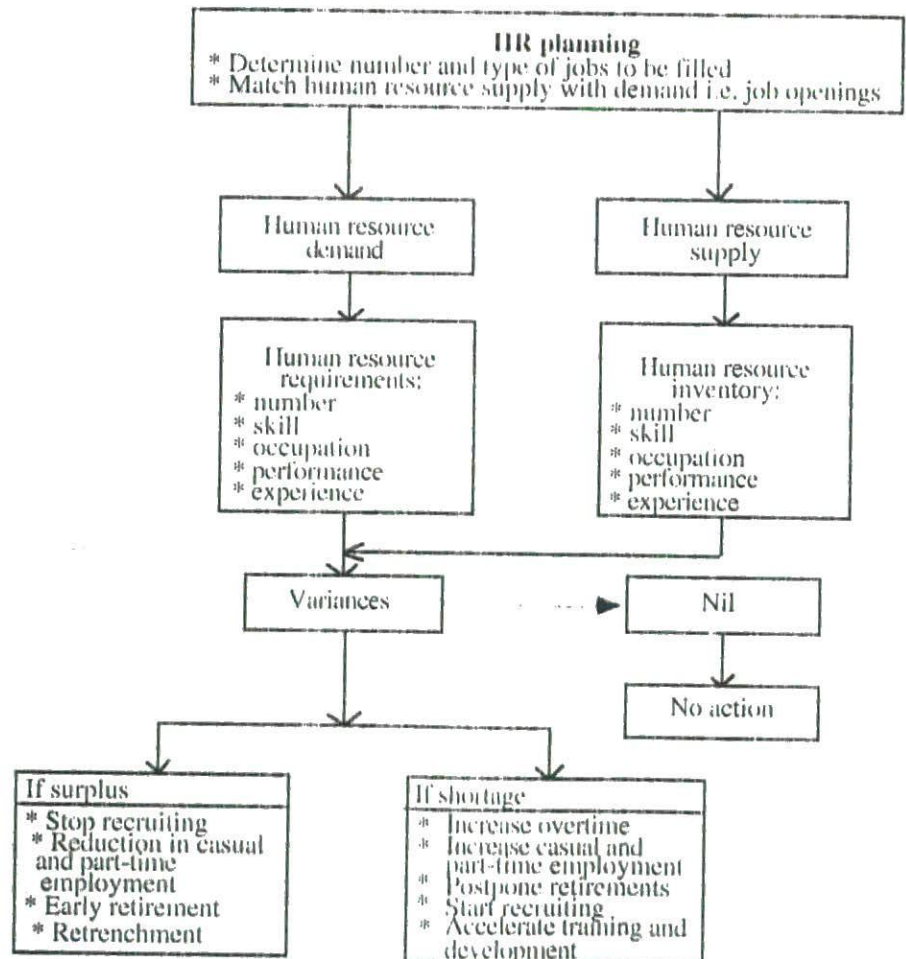


Figure 4.1 : Human Resource Planning

Moreover, human resource forecasting techniques used within organisations are extremely varied. Two approaches to human resource planning can be identified: quantitative and qualitative.

□ **The quantitative approach :** The quantitative approach to human resource planning uses statistical and mathematical techniques and is primarily used by theoreticians and professional human resource planners in larger organisations.

In a report by Professor Roger Collins of the Australian Graduate School of Management on the complexity of the techniques used in human resource planning, more complex techniques were found in larger organisations. Examples of basic techniques are *succession planning charts* and *manual records*, and examples of advanced techniques are computerised *workforce audits*, *work force supply* and *demand analysis*.

**Table :** Showing Complexity of Human Resources Planning Technologies (expressed as % of organisations which undertake planning)

Complexity of technologies		% of organisations undertaking planning	
		1989 N = 423	1993 N = 481
Basic	1	27	27
	2	39	39
	3	24	33
	4	8	8
Advanced	5	2	2

(Source : Table reproduced from the Human Resources Management Service with the permission of CCH, Australia Limited.

The quantitative approach sees employees as numerical entities and groups them according to age, sex, experience, skills, qualifications, job level, pay, performance rating or some other means of classification. The focus is on forecasting human resources shortages, surpluses and career blockages; its aim is to reconcile the supply and demand for human resources in the light of the organisation's objectives.

Quantitative forecasting includes trend projection, econometric modelling and multiple predictive techniques. Because such techniques require specialised know-how, the human resource manager may have to rely on staff experts or outside consultants.

*Quantitative approach is aimed at reconciling supply and demand for HR.*

*Quantitative forecasting includes trend projection, econometric modelling and multiple predictive techniques.*

*Trend projection or time series analysis makes predictions by projecting trends of the past and present into the future.*

Trend projection or time series analysis makes predictions by projecting trends of the past and present into the future. Sales or production levels, for example, can be related to the organisation's demand for human resources. This technique is based on the assumption that the future will be a continuation of the past. Time series analysis is relatively simple and, if historical data are available, it can be performed quickly and inexpensively.

*Predictions are based on the statistical relationships discovered among the variables included in the models.*

Econometric modelling and multiple predictive techniques involve the building of complex computer models to simulate future events based on probabilities and multiple assumptions. Predictions are based on the statistical relationships discovered among the variables included in the models. Human resource forecasts generally become more accurate when additional variables are considered. The cost of simultaneously considering numerous variables, however, may be prohibitive. Furthermore, no matter how sophisticated the technique, forecasts of human resource needs are only estimates. The human resource manager may, therefore, be better advised to use simpler and more economical approaches to human resources planning unless the time, effort and expense can be clearly justified.

*The qualitative approach to human resource planning uses expert opinion to predict the future.*

□ **The qualitative approach :** The qualitative approach to human resource planning uses expert opinion to predict the future. The focus is on evaluations of employee performance and promotability as well as management and career development. Although not as sophisticated as the quantitative approach, estimates based on expert opinion are popular among smaller firms because of their simplicity and speed.

A refinement of this basic approach is the Delphi technique. This calls for a panel of experts, such as key line managers, to make independent, anonymous predications in answer to questions relating to human resource planning. The responses are analysed by the human resource department and the confidential results are fed back to the experts along with another series of questions. The managers then revise their original estimates in the light of this new information. This process is repeated until a consensus forecast is obtained.

*The aim of the Delphi technique is to integrate the independent opinions of experts by eliminating personal influence and discussion.*

The aim of the Delphi technique is to integrate the independent opinions of experts by eliminating personal influence and discussion. Many US organisations have successfully used the Delphi technique for various types of projections .

There are two major criticisms of the Delphi technique; that it is time consuming and that it is costly. Nevertheless, the popularity of the technique appears to be increasing.

## 4.17 Forecasting the Supply of Internal Human Resources

Once the human resource manager has estimated the personnel needs of the organisation, the next challenge is to fill the projected vacancies. Present employees who can be promoted, transferred, demoted or developed make up the internal supply. In contrast, the external supply consists of personnel who do not currently work for the organisation. Techniques for forecasting the internal supply of personnel include turnover analysis, skill inventories, replacement charts and Markov analysis.

*Existing employees who can be promoted, transferred, demoted or developed make up the internal supply.*

**1. Turnover analysis :** To make an accurate forecast of the demand for labour, the human resource manager must know how many people will leave the organisation. Labour turnover in an organisation may result from employee retirement, death or disability, resignation, retrenchment or termination. Consequently, a detailed analysis of why people leave the organisation is essential if meaningful information is to be obtained. For most organisations, labour turnover rates from past years are the best source. Turnover for each job classification and department should be calculated, as turnover can vary dramatically among jobs and departments.

*Turnover for each job classification and department should be calculated.*

**2. Skills inventory :** A common method used to evaluate the internal supply of labour is the skills inventory. This consolidates basic information on all employees within the organisation and permits the human resource manager to identify qualified employees for different jobs. Information that can be listed in a skills inventory includes :

*Skills inventory consolidates information that permits HR manager to identify qualified employees for different jobs.*

**a. personal data :** age, sex, marital status

**b. skills :** education, job experience, training

**c. special qualifications :** membership in professional groups, special achievements

**d. salary and job history :** present and past salary, dates of raises, various jobs held

**e. company data :** benefit plan data, retirement information, seniority

**f. capacity of individual :** scores on psychological and other tests, health information

**g. special preferences of individuals :** geographic location, type of jobs.

*Skills inventory should provide a quick and accurate means of evaluating the available skills within an organisation.*

*Skill inventories can simultaneously satisfy both the organisation's human resource objectives and employee needs*

Skills inventories can be quite simple and kept manually, or very detailed and computerised. The method chosen depends on the human resource objectives established for the system. Either way, the skills inventory should provide a quick and accurate means of evaluating the available skills within an organisation.

Employees can also benefit from skills inventories. Firstly, they provide a mechanism for filling positions by internal promotion and ensuring that existing employees are not overlooked. Secondly, being chosen for a more challenging position can provide the opportunity for employees to better fulfil their security, achievement, power and recognition needs. Skill inventories thus can simultaneously satisfy both the organisation's human resource objectives and employee needs. However, the skills inventories to be successful should satisfy some preconditions which are detailed below :

#### □ **Preconditions for Successful Skills Inventories**

*a. Clearly defined objectives.* If the skills inventory is not achieving the purposes for which it was designed, it should be revamped or scrapped, otherwise it will degenerate into a wasteful and time-consuming activity.

*b. Top management support.* If top management ignores the system and does not give it support, it will become a cosmetic activity that lacks credibility.

*c. Employee acceptance.* Employees must perceive the system to be of benefit to them through its ability to open up job opportunities within the organisation.

*d. Current information.* Out-of-date information quickly makes a nonsense of any skills inventory system. Because of the time and cost involved in updating, only essential data should be utilised. Information overload can make a system unworkable, as it may encourage managers to specify too many factors with the result that many qualified employees are not considered.

*e. Assured confidentiality.* Employees must be confident that all information in the system will be treated confidentially and accessed only by authorised personnel.

*f. Accurate input.* All information must be checked for accuracy. Inaccurate information will quickly destroy the credibility of the system.



*g. Use.* If managers do not use the system, it will quickly become a clerical exercise without benefit to the organisation or the individual employees. On the other hand, overuse by managers making requests for information simply because it would be 'nice to know' can make the program uneconomical and increase the risk of loss of confidentiality.

*h. Constant monitoring.* The performance of the system against its stated objectives must be constantly monitored to ensure that it remains efficient and effective.

**3. Replacement charts :** The replacement chart is less sophisticated than computerised skills inventories and is primarily used with technical, professional and managerial employees. Skills inventories are the sources of data used in replacement charts. Typically, this information includes name, age, present position, performance rating, experience and an indication of promotion potential. Replacement charts summarise this information in visual form for key managers so that they can easily identify both the present incumbents and potential replacements (or lack of) for given positions. Appropriately designed and updated, replacement charts can thus give the human resource manager and line managers a visual review of the organisation's human resources, and facilitate the identification of potential problems in succession planning. (Figure-4.2)

*Replacement charts summarise information of skills inventories in visual form*

**4. Markov analysis :** This is a mathematical technique used to forecast the availability of internal job candidates. It requires the development of a matrix to show the probability of an employee moving from one job to another. The underlying assumption is that the movement of personnel among various job classifications can be predicted from past movements. Because of the specialist expertise in quantitative techniques demanded, and the requirement for at least 50 employees in any one job classification, the use of Markov analysis is restricted to large organisations.

*Markov analysis is a mathematical technique used to forecast the availability of internal job candidates.*

**5. Succession planning :** Succession planning is concerned with the filling of management vacancies. It stresses the development of high-potential employees and takes a long-term view of the organisation's human resource needs. Succession planning makes use of replacement charts but generally expands on these to include information on current performance, promotability, developmental needs and long-term growth potential.

*Succession planning is concerned with the filling of management vacancies.*

A Sample Replacement Chart is Shown below :

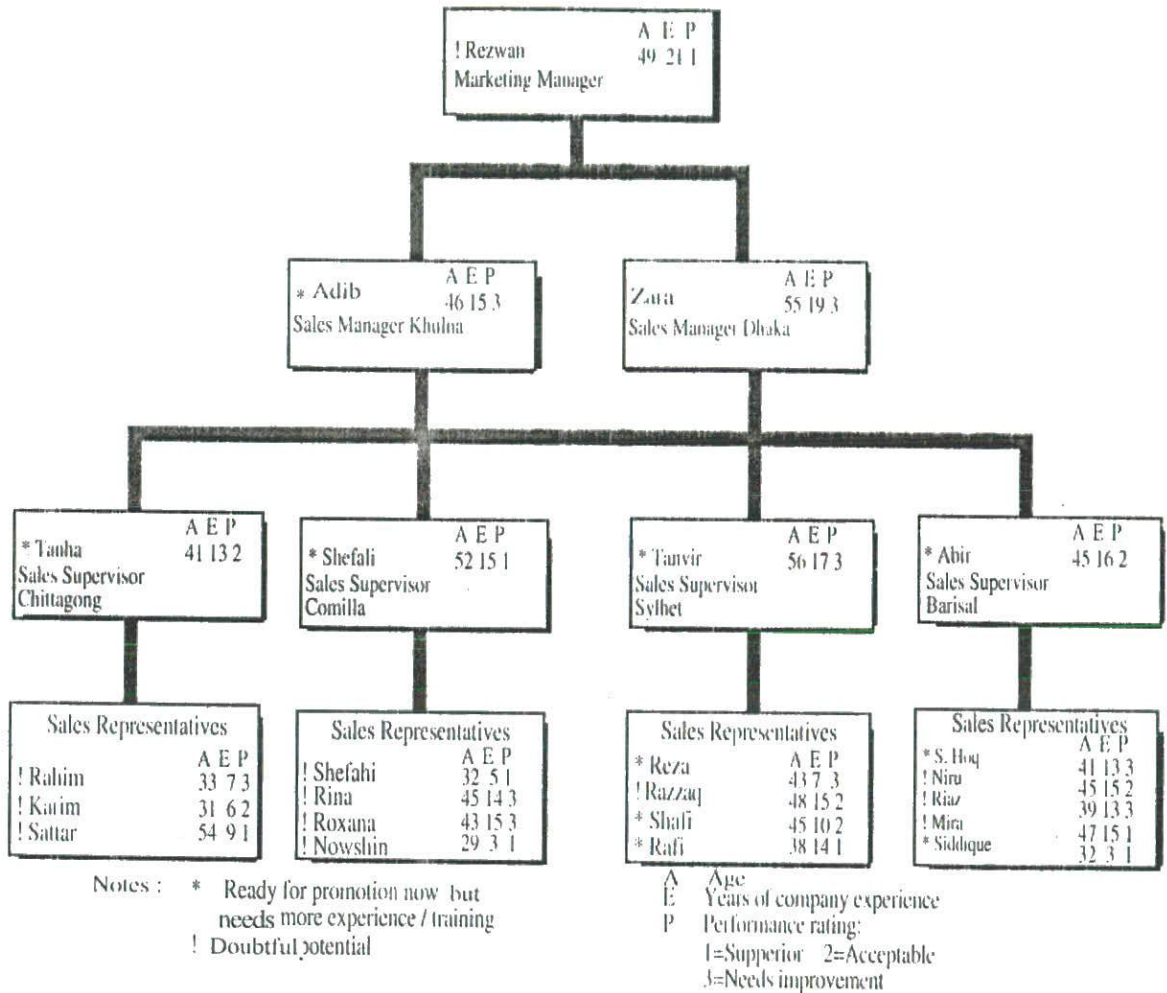


Figure-4.2 : Replacement Chart for Marketing Department

Traditionally, managers have developed their own replacements, but this approach is often found wanting because of its adhoc and subjective nature. Effective development requires a systematic analysis of the manager's training and development needs; the identification of appropriate learning experiences via job assignments; special projects, and formal training programs. As a result, organisations increasingly use assessment centres in conjunction with line management input to identify future senior managers and assess their development needs.

### ► A Sample Succession Plan

<b>Name : Sharmin Ahmed</b>	Division: Pharmaceutical Location : Chittagong
Age : 49	Marital status: Not married Dependants: Nil
Date started	3 June 1982
Present position	Human Resource Manager, Chittagong Factory. Promoted 2 April 1986
Current job size	Grade 8
Previous position	Compensation and Benefits Manager, Appointed 3 June 1982
Other experience	2 years as executive personnel with Beximco. 2 years' industrial relations experience with Liver Brothers
Qualifications	BBA (IBA) 1975, majors in Accounting and Economics MBA (IBA) 1980, ranked 16th in a class of 41 students
Professional association	Chartered Member, Bangladesh Human Resources Institute
Current performance rating	Superior
Previous performance rating	Superior
Promotability	At least 2 levels above present position
Experience required	Needs international exposure and HO experience in Dhaka. Requires experience outside HR if to be considered for the position of General Management
Training and development	International management program at University of California
Comments	Sharmin has general management potential. She has expressed interest in marketing and in working overseas. Awarded special performance bonus in 1985, 1988, 1989, 1990, 1993 for outstanding achievement.
Action	Transfer to Dhaka within 6 months. Arrange special 12 month project assignment in marketing at Sylhet office and enrolment in international management program at IBA. List as a candidate for product marketing manager at Rajshahi office on transfer of present incumbent. High potential committee to review within 6 months of being transferred to Dhaka.
Executive responsible for implementation	DMD, Chittagong Region

*Succession planning provides the organisation's future managers with the necessary preparation to successfully fill potential vacancies.*

*Work efficiency and caliber of executives to be needed tomorrow are not determined carefully.*

*Planning work becomes effective if the country has a strong manpower department indicating different types of manpower available and the kinds of manpower required.*

The human resource manager's role is to ensure that succession planning provides the organisation's future managers with the necessary preparation to successfully fill potential vacancies. This means having an effective performance appraisal system, needs-oriented training and development programs, and a corporate culture which fosters individual growth and promotion from within. Otherwise succession planning will become an academic exercise producing only static charts and unnecessary paperwork.

#### **4.18 Need for Comprehensive Human Resource Plan in Bangladesh**

Human resource planning is the key stone of a sound corporate manpower management process. But in the developing countries this is often ignored. Work efficiency and caliber of executives to be needed tomorrow are not determined carefully. This is an old practice. Recruitment was made monthly on an adhoc basis. This accounts for over manning of the public sector enterprises for which Privitisation Board is experiencing difficulty in selling them out.

Bangladesh has a planned economy. Development programmes are prepared and accepted in the 5-year plan which is co-ordinated with the annual development plans. Planning requires correct information about resource availability, country's development requirement and people's consumption need. Bureau of Statistics is supposed to supply the planning commission with accurate data including demographic information indicating people's age structure, educational background and training qualification. The government has 20 broader sectors such as industry and agriculture. Each sector is divided into several sub-sectors. Industry sector is an example. Industry sector is again subdivided into jute, cotton, sugar and other sectors. Each sector has a particular manpower requirement. Planning work becomes effective if the country has a strong manpower department indicating different types of manpower available and the kinds of manpower required. A proper manpower plan is deemed essential in order to ensure the benefits described below :

- (a) Labour cost may come down from 40% to 25%.
- (b) Manpower development cost can be effectively controlled by influencing transfer and termination.
- (c) Taining cost can be reduced and quality of training can be improved.
- (d) Dependable manpower inventory information can be made available readily and managerial succession can be handled effectivily.

#### 4.19 Manpower Planning Environment in Bangladesh

Our policy makers are found busy forecasting future manpower requirement, making inventory of available human resources, anticipating manpower problems caused by technological changes in the economy and the probable actions of employers about recruitment, selection, training, deployment, utilization, transfer, promotion, development, motivation and compensation projected for the future. Leaders are thinking of a national manpower plan whose indication is reflected in the educational policy. Professor Habibullah worked in several public sectors including Bangladesh Bank, Uttara Bank, Shadharon Bima Comporation, Jeeban Bima Corporation, Social Marketing Company and Minimum Wage Board. He observed both external and internal environment to be highly active at micro level. Internal environment is influenced by the attitude of top management and the activities of the manpower planning unit on the personnel department of the enterprises.

*Leaders are thinking of a national manpower plan*

The manpower planner at the corporate level has to consider the degree of uncertainty, political, social and cultural environment as well as technological influences that are penetrating into the country through the mass media. The influence of the Planning Commission, Planning Ministry and concerned ministers and heads of the departments are also factors to be considered. Production and sales data have to be furnished to the Bureau of National Statistics, concerned ministries and other official bodies.

*Corporate level manpower planners have to consider the external environmental factors*

Social and economic expectations of the people are undergoing rapid changes. Human resource head of the enterprise has got to do with this consciously and carefully. Human resource manager of enterprises has to keep in touch with the business plan of his firm. He has to be directly involved in the manpower audit plan of his organization. He has to watch how functions of the firm are being expanded, in which area the functions are being decreased or units being closed down. He has to study the mind of his chief executives about the kinds of reports preferred by them and the kind of technical reports they can digest easily and the time pressure through which they are going. The mind set of corporate people influences the kind of manpower plan that will be dear to them. We have known World Bank President Eisanhower and Macnamara. Eisenhower liked big reports while Macnamara was fond of tablet form reports. So human resource manager has to ensure that human resource information system becomes an effective plan of human resource planning process.

*Human resource managers of enterprises have to keep in touch with the business plan of their firm.*

**Case Study****The Managing Director's Problem**

Jane Teguchi, newly appointed HR Director for Global Containers Ltd, was looking intently at her Managing Director, Isabella Wong. 'Jane, now that you have joined us, I hope you will be able to relieve me of some of the personnel problems which keep bogging me down,' Jane smiled and nodded. 'For example, I have spent all of this week interviewing job candidates for the Controller's position and now Walter Chapman, the Treasurer, tells me that our two best accounting managers have quit because they weren't being considered. Apparently, they feel they have no future with us, which is ridiculous given our expansion plan. We're growing at 20 per cent per year and plan to open up two new plants in China within the next three years, and one in Thailand. How can they think there are no opportunities? Just because our business in Australia is stagnant doesn't mean we are not expanding. It just means the new opportunities are going to be in Asia. What's more, Walter now says he wants the job, to broaden his experience. What am I meant to do? We've spent a fortune on recruiting potential candidates, and now we're worse off than before. I don't want to move Walter into the position because I think he should take Gerry Weller's position as President of our Malaysian operations when Gerry retires next year. 'Is Walter interested in moving to Kuala Lumpur?' asked Jan. 'I don't know, but I guess so, because it would be a big promotion for him.' 'Isabell', asked Jane, 'have you ever thought about doing some basic human resource planning?' Isabella shrugged and said, 'Human resource planning—what's that?'

1. If you were Jane, how would you answer Isabella?
2. What would be required to introduce HR planning into Global Containers Ltd.?

**Role play**

Break into pairs, one taking the part of the HR Director and the other the part of the Managing Director. The Managing Director should request information from the HR Director explaining HR planning, its costs, benefits and how it could be established in Global Containers Ltd.

## QUESTIONS TO ANSWER

1. (a) Define HRP.  
(b) "HRP is a major managerial responsibility"—Discuss.
2. Human Resource Planning has caught the attention of policy planners and decision makers because of several reasons—what are those reasons? Discuss.
3. Elaborate the objectives and importance of HRP.
4. (a) What are the different levels at which HRP is done? Discuss.  
(b) Discuss in brief the process of HRP usually followed.
5. (a) Discuss the factors that determine the increase and decrease in the supply of human resources.  
(b) How would you estimate the changes in external supply?
6. "Matching demand and supply is an important task of HRM"—In which ways would you like to ensure its effectivity? Explain.
7. (a) Discuss the types of HRP.  
(b) What strategies are usually followed in HRP?
8. Elaborate the responsibilities, limitations and problems in HRP.
9. (a) Discuss in short the environmental influences on HRP.  
(b) What are the approaches to HRP? Discuss them in short.
10. What are the tools for forecasting the supply of internal human resources? Discuss them in brief.
11. (a) Write a brief note on the need for comprehensive HRP in Bangladesh.  
(b) Discuss the manpower planning environment in our country.
12. **Write short notes :**
  - a. Outplacement
  - b. Layoffs
  - c. Loaning
  - d. Worksharing
  - e. Reduced work hours
  - f. Attrition
  - g. Turnover analysis
  - h. Replacement charts
  - i. Markov analysis
  - j. Succession planning
13. **Indicate True or False.**
  - a. It is the only headache of the manager to assemble the right kind of people.
  - b. Right type of people can very easily be made available.
  - c. HRP is a short-run activity.
  - d. HRP is concerned with matching only existing manpower with the current activities of the organization.
  - e. More a person achieves higher productivity the shorter he remains on the job.
  - f. HRP maximises cost of recruitment.
  - g. HRP hinders succession planning.
  - h. Demand for human resources is inversely related to economic development.
  - i. Cut-throat competition often reduces demand for human resources.
  - j. Transfers in reduce supply of human resource.
  - k. Retraining of displaced employee can help increase supply of HR.
  - l. In attrition the job itself is kept vacant.