

X-Tray of Phases and Trends of Personnel Planning in Organizations

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Abstract

Personnel planning is important to an organization because it services so many purposes. A major purpose of personnel planning is to help the organization use human talent effectively and in the interests of the individual employee and the organization. Personnel planning can also reduce expenses associated with excessive turnover and absenteeism, low productivity, inefficient internal labour markets and an unproductive training programme. At this junction, the work x-trayed the phases and trends of personnel planning in organizations. The phases of personnel planning reviewed include (1) gathering, analyzing, and forecasting supply and demand data; (2) establishing human resource objectives and policies, (3) personnel programming, (4) personnel planning – control and evaluation. The paper suggest that personnel planning should help to ensure that organizations fulfill their business plans, that is, plans which will chart the organization’s future regarding financial objectives, output, goals, product mix, technologies, and resource requirements.

Keywords: Personnel, Planning, Organization, Phases, Trends, Management.

Introduction

This “Personnel in the News” feature illustrates the major changes that are taking place in the Nigerian population generally and the labour force specially. These changes are having and will continue to have a significant impact on many personnel activities in organizations such as recruitment, selection and training. The changes are also impacting the ability of companies to be competitive and to grow. Consequently, organizations are devoting attention to these demographic data and are developing personnel plans and programmes for dealing with their implications. This is the essence of personnel plan. Personnel planning is the base upon which effective personnel management is constructed. More specifically, personnel planning involves forecasting human resource needs for the organization and planning the steps necessary to meet these needs. Personnel planning consists of developing and implementing plans and programmes to ensure that the right number and type of individuals, are available at the right time and place to fulfill organizational needs. As such, personnel planning is directly tied to strategic business planning (Dyer, 1985). Also, personnel planning helps to ensure that organizations fulfill their business plans – plans that chart the organization’s future regarding financial objectives, output, goals, product mix, technologies, and resource requirements (Walker, 1980). Once their business plans are determined, often with the assistance of the personnel department, the human resource planner assists in developing workable organizational structure and in determining the numbers and types of employees that will be required to meet financial and output goals (Dyer, 1985). After workable structures and the requirements for needed individuals are identified, the human resource planner develops personnel programmes to implement the structure and to obtain the individuals. Line managers and supervisors, however, are responsible for providing the necessary information for personnel planning, and for working with the personnel manager to ensure that the organization’s human resources are used as effectively as possible and that its human resource needs are provided for, which is, important aspects in the four phases of personnel planning.

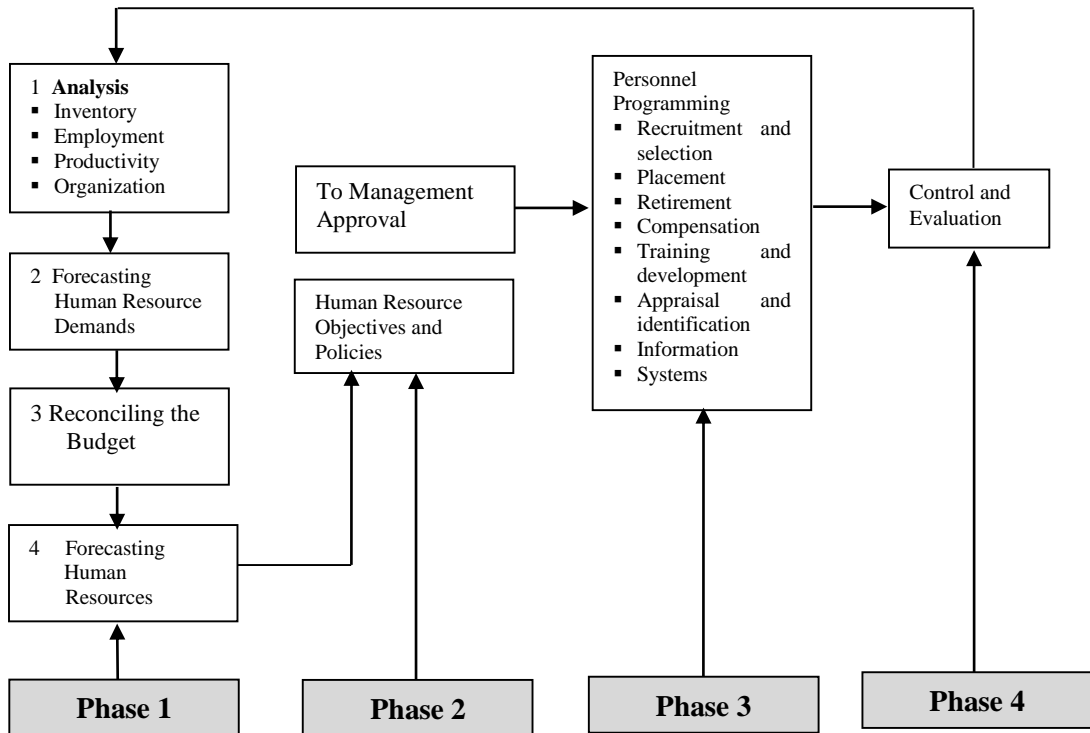
Phases of Personnel Planning

Personnel planning is based upon the determination of an organization’s human resource needs. This initial phase identifies both the human resource supply and the human resource demand. Although Mackey (1981), Smith (1982), Stybel (1982),

opined that these estimations are critical, until recently organizations have avoided making them or engaging in any of the subsequent phases of personnel planning.

Figure I Procedures and Steps for Personnel Planning and Programming

Figure 1:



Source: E. W. Vetter, *Manpower Planning for High Personnel* (Ann Arbor, Mich: Industrial Relations, Graduate School of Business University of Michigan, 1987), p 34.

Personnel planning is generally accomplished in four phases.

Phase I: Gathering, Analyzing, and Forecasting Supply and Demand Data

(A) Gathering Data: Personnel planning involves developing data that can be used in determining corporate objectives and policies. The human resource supply and demand forecasts are both influenced by corporate objectives and policies, and in turn influence human resource objectives and policies.

The interaction of these aspects of personnel planning helps to determine the current human resource situation and future human resource needs.

- (B) **Analysis:** A human resource analysis begins with an inventory of the current workforce and jobs in the organization. Both elements are necessary if the organization is to determine its capability to meet present and future human resource needs. Knowing the skills, abilities, interests, and preferences of the current workforce is only half of the inventory. The other half consists of knowing the characteristics of the current jobs and the skills required to perform them. An updated job analysis programme facilitates this half of the inventory and the matching of employees and jobs. The use of computers here is definitely helping to link personnel planning with the goals and objectives of the organization (Beutell, 1984). A human resource analysis also examines the probable future composition of the society's work force. Often this aspect is based on wage, occupational, and industrial group. Also, another aspect of human resource analysis is determining labour productivity and probable productivity in the future. Organizations can use their human resource information systems to measure performance for evaluating the productivity of specific programmes, offices, or positions. Related measures are projections of employees turnover and absenteeism. These influence an organization's workforce productivity at any one time and, thus, its future human resource needs. Finally, this step in personnel planning is the examination of projection of organizational structure. This helps determine the probable size of the top, middle, and lower levels of the organization for both managers and non-managers. In addition, it provides information about changes in the organization's human resource needs and about specific activities or functional areas that can be expected to experience particularly severe growth or contraction.
- (C) **Forecasting Human Resource Demands:** Organization's demand for human resources can be determined by a variety of forecasting methods both simple and complex. The quality of the forecast depends on the accuracy of information and the predictability of events. The shorter the time horizon, the more predictable the events and the more accurate the

information. For example, organizations are generally able to estimate how many undergraduates they may need for the coming year, but are less successful at forecasting their needs for the next five years. Two classes of forecasting techniques are frequently used to determine the organization's projected demand for human resources. These are judgmental forecast and conventional statistical projections.

The most common method of the judgmental forecast is the "Delphi-Technique". At a Delphi meeting, a large number of experts take turns presenting a forecast statement and underlying assumptions. An intermediary passes each expert's forecast and assumptions to the others, who then make revisions in their forecasts. This process continues until a viable composite forecast emerges. This composite may represent specific projections or arrange of projections, depending on the positions of the experts.

The Delphi technique has been shown to produce better one year forecasts than linear regression analysis. But it does have limitations. There may be difficulties, for example, in integrating the opinions of the experts. This technique appears to be particularly useful, however, for generating insights into highly unstructured or developed subject areas, such as human resource planning (Business Week, 1970). A related method is the "nominal group technique". Several people sit around a conference table and independently list their ideas for the group. As these ideas are presented, they are recorded on larger sheets of paper so that everyone can see all the ideas and refer to them later on in the session (Muringham, 1981; Lee, 1979). Another judgmental forecast is called the "managerial estimate". Estimates of staffing needs are made by the top managers of the organization (top-down version) and by lower-level managers who make estimates and pass them up for further revisions (bottom-up-version) in order to form an overall demand forecast (Walker, 1980). Although all of these judgmental forecasts are less complex and rely on less data than the statistical methods, these forecasts tend to dominate in practice.

The most common statistical procedures are simple and multiple linear regression analyses. In simple linear regression analysis, a projection of future demand is based on a past relationship between the organization's employment level and a

variable related to employment, such as sales. If a relationship can be established between the level of sales and the level of employment, predictions of future sales can be used to make predictions of future employment. While, multiple linear regression analysis is an extension of this simple analysis. Instead of relating employment to one related variable, several variables are used. For example, instead of using only sales to predict employment demand, productivity data may also be used. Because it incorporates several variables related to employment, multiple regression analysis may produce more accurate demand forecasts than the simple analysis. It appears, however, that only relatively large organizations use multiple regression analysis.

Reconciling the Budget: The third aspect of the first phase of personnel planning puts the whole activity into economic perspective. The human resource forecast must be expressed in terms of Naira, and this figure must be compatible with the organization's project objectives and budget limitations. Of course, this reconciliation process may also point up the importance of adjusting the budget to accommodate the human resource plan. This stage also provides an opportunity to align the objectives and policies of the organization with those of the personnel department.

Forecasting Human Resource Supply: Supply forecasts can be derived from both internal and external sources of information. Internal information is generally most crucial and more readily available. As in demand forecasting two kinds of techniques –judgmental and statistical, are used to forecast the internal labor-supply. Once made, supply forecast can be compared with its demand counterpart to help determine action programming for identifying human resource talent and balancing supply and demand forecasts. However, Frantzreb (1981) Zimmerer (1982), observed that most current forecasting of labor supply and demand is short-range and used for budgeting and controlling costs. Forecasts for longer than a five-year period, when done, are used in outlining corporate strategy, planning facilities, and identifying managerial replacements.

Two judgmental techniques used by organizations to make supply forecasts are replacement and succession planning. Replacement planning develops replacement charts to show the names of the current occupants of positions in the

organization and the names of likely replacements. These charts make it readily apparent where potential vacancies exist and what types of positions most urgently need to be filled. Potential vacancies can be estimated by the performance levels of employees currently in the jobs. Openings are more likely to occur in those jobs in which the incumbents are not outstanding performers. Incumbents are listed directly under the job title. Those individuals likely to fill potential vacancies are listed directly under the incumbent. Such a listing can provide the organization with a good estimate of what jobs are likely to become vacant and who will be ready to fill them. Succession planning is similar to replacement planning except that it is usually longer term and more developmental and offers greater flexibility. Although succession planning is widely practiced, Walker and Armes (1979), Carnazza (1982) averred that many employers using it tend to emphasize the characteristics of the managers and downplay the characteristics of the positions to which these managers may eventually be promoted. Less common in forecasting supply are the statistical techniques. They are now gaining popularity, however, because of adequate databases, existence of software computer programmes, and more professional trained to use them.

Phase 2: Establishing Human Resource Objectives and Policies: Phase two in the personnel planning process sets personnel objectives and policies (DeSanto 1983; Pakchar 1983; MacMillan 1984). The impact of the organization's overall goals on personnel planning is apparent by the fact that around 40% of the organizations in a recent survey indicated a strong link between personnel planning and business planning (Gehrman, 1981). Thus, a general linkage exists between corporate and personnel policies in many organizations. In a study, Davis (1980) discovered that 85% of the organizations surveyed were using Human Resource Information Systems but that about one third of them were operating at the departmental or division level rather than organization-wide. Most HRISs were used for payroll processing, personnel listing, and placement rather than for human resource forecasting and development planning.

Phase 3: The third phase in personnel planning is an important extension of personnel planning. After assessing an organization's human resource needs, action programming must be developed to serve these needs. Such programmes may be designed to increase the supply of the right employees in the organization,

if phase one forecasts show that demand exceeds supply, or to increase the supply of the right employees in the organization, if phase one forecasts show that demand exceeds supply, or to decrease the number or current employees, if the forecasts show that supply exceeds demand. Although many alternative programmes could be proposed and evaluated to address these purposes, however, only three are presented here: one to increase and two to decrease the supply of employees.

Attraction: New Organizational Structure: The personnel planner assists in developing workable organizational structure. Workable structure are those that can serve Effective Personnel Management's (EPM's) objectives, that is, to attract, retain, and motivate individuals. "Present organizational structure, however, may not be as workable as they once were: changes in our society, particularly in the values of the workforce, have seriously undermined the traditional relationship, between organizations and their members. This has led to a crisis for organizations that may only be resolved by the evolution of new organizational forms (Davis, 1980). Some apparent results of this crisis have been the decline in productivity, especially quality of performance, and increase in absenteeism. Consequently, organizations have been losing their ability to effectively use the human resources available to them. However, present organizational structures can be characterized by supervisory control, minimal employee in workplace decisions, top-down communications, an emphasis on extinct rewards to attract, retain, and motivate employees, such as pay, promotion, and status symbols, narrowly designed jobs with narrow job descriptions and a primary concern for productivity and fitting people to jobs. These characteristics reflect traditional assumptions about people. These primary concerns result in selecting and placing people solely on the basis of their skills, knowledge and abilities to meet the job demands. This practice is called "Match 1". Therefore, sensing that these organizational structure characteristics are no longer appropriate for attracting, retaining, and motivating individuals, some organizations, are engaging in alternative structures. These structures can be characterized by greater employee self-control, more employee participation in workplace decisions, bottom-up as well as top-down communications, rewards, more broadly designed jobs allowing for more worker discretion, and primary concerns for quality of work life, productivity, and fitting jobs to people. These primary concerns result in selecting and placing people on the basis of their

personality, interests, and preferences as well as knowledge, skills and abilities to meet job and organization characteristics. This practice is called by Schmidt and Schneider (1983) "Match 2".

Layoffs and Early Retirement: With the need for massive layoffs in the past few years, because of economic or technical conditions, organizations have become increasingly sensitive in dealing with the effects of layoffs on employees and are trying to either minimize these effects or eliminate the necessity for layoffs. Attempts to minimize these effects are reflected in redundancy planning. Redundancy planning is essentially personnel planning associated with the process of laying off employees who are no longer needed, that is, they are redundant. Involved in this planning may be outplacement counseling, buy-outs, job skill retraining opportunities, and job transfer opportunities. Although Bulleting to Management (1987) reported that redundancy planning has been limited to companies in a few industries, some suggest that the increasing level of international competition will require that this be done in all industries. In addition to using layoffs to reduce the total number of employees, organizations also use early retirement.

Phase 4: Personnel Planning – Control and Evaluation: Control and evaluation of human resource plans and programmes are essential to the effective management of human resources. Therefore, figure 1 depicts programme control and evaluation as the last phase of personnel planning. Efforts in these areas are clearly aimed at quantifying the value of human resources and recognizing them as an asset to the organization. On this note, a human resource information system facilitates programme control and evaluation by making possible more rapid and frequent collection of data to support a forecast. This data collection is important not only as a means of control but also as a method for evaluating plans and programmes, and making adjustments. The collection of data should be formalized to occur at the end of each year and at fixed intervals during the year. The evaluation should occur at the same time in order to hasten revisions of existing forecasts and programmes. It is likely that revisions will influence short-run, intermediate, and long-run forecasts. Also, evaluation of human resource plans and programmes is an important process not for determining the effectiveness of personnel planning but also for demonstrating its significance in the organization as a whole. When

personnel planning is effective, the entire organization benefits. Unfortunately, certain obstructions often hinder its success.

Roadblocks to Personnel Planning

One of the key roadblocks to developing personnel planning has been the lack of top management support. This has also prevented the personnel department from playing all the major roles. Another difficulty is integrating all the personnel activities so necessary to make personnel planning work. A challenge for effective personnel management managers is to create a personnel system in which all the functions and activities are coordinated in conjunction with the overall business plan of the organization. This will not only help remove a personnel planning roadblock, but also enhance the effectiveness of all the effective personnel management activities. A third barrier is the lack of involvement of line managers. Failure to involve line management in the design, development, and implementation of a human resource planning system is a common oversight for first-time planners. Personnel managers are often tempted to develop or adopt highly quantitative approaches in planning. These approaches often have little pragmatic value to line managers in dealing with problems such as reducing excessive turnover, identifying and training replacements for key positions, and forecasting staffing needs. To be effective personnel planning must serve the line manager's needs.

Trends in Personnel Planning

Personnel planning can make or break an organization, especially over the long term. Without effective personnel planning, an organization may find itself with a plant or an office without the people to run it. Organization can no longer assume that the right number of appropriately quantified people will be ready when and where the organization wants them. On a broad level, then, personnel planning can be assessed on the basis of whether the organization has the people it needs, that is, the right people at the right place, at the right time, and at the right salary. At more specific levels, personnel planning activities can be assessed by how effectively they are, along with recruitment, attract new employees, deal with job loss, and adapt to the changing characteristics of the environment.

Computer Technology and Human Resource Information System in Personnel Planning

Fast and effective personnel planning rests on using computer technology and an accurate, up-to-date human resource information system. Computer technology enables organizations to make human resource supply and demand forecast more rapidly.

Strategic Involvement of Personnel Planning

- **Gaining Competitive Advantage:** Increasingly, companies are being forced to think about using personnel planning to gain competitive advantage. Companies are taking note of recent census data, which indicate that the number of young workers in the labour force will drop. Another aspect of planning that companies are addressing is baby boom bulge that is, people aged twenty-five to fifty-four that is moving through the workforce. This is creating a rapid expansion of potential managers with narrowing base of managerial jobs. Add to this situation is the desire by many of those in this age category to be promoted and be successful. Meanwhile these changes are occurring in an environment that is becoming more turbulent and more demanding of change by the organization.

- **Linking With Organizational Strategy:** There are several personnel planning choices. The linkage of the choices with a given organizational strategy are shown below. Some of the choices in personnel planning are as follows:

Informal _____ Formal
 Loose _____ Tight
 Short Term _____ Long Term
 Low employee involvement _____ High employee involvement

The first choice in the planning menu is the extent or degree of formalization, which ranges from informal to formal. The more formal the planning activity becomes, the more attention and concern shown to explicit planning procedures and activities for human resource management. An advantage of this type of formalized planning is that it enables a company to provide employees with job security. Other examples of more formal planning include designing jobs to attract and retain the best people and to maximize their performance contribution to the organization, designing organizational structures to match the product needs of the organization,

and developing organizational climates that cultivate trust and openness. A second choice in the planning menu is the degree of tightness. Establishing a tight rather than a loose link between personnel planning and corporate planning is necessary to the implementation and success of a more formal planning policy. This necessity is most evident in the recent discussions of corporate strategic management and human resource management. However, since organizations can choose not to have a tight link between corporate planning and human resource planning, the degree of tightness of this linkage is another critical choice in planning. A third choice is the time horizon of the planning. As such organizations can choose to plan only for short-term human resource needs or to extend themselves much further into the future. Organizations apparently need to have a longer-term horizon, however, because an organization's human resource characteristics are slow in changing. Nevertheless because an organization's environments may be required. Thus, organizations may benefit from some long-range planning considerations with shorter-range flexibility. A final choice, and one common to all the effective personnel management activities, is the degree of employee involvement in the planning activity. Organizations can choose to allow employee involvement ranging from extensive to relatively limited. Extensive involvement can include line managers providing the personnel department with human resource demand forecasts, employees analyzing their own jobs, and employees participating in the design of programmes to attract needed job applicants.

These four choices in personnel planning offer organizations variety in how they want to do planning. The choices to make are likely to depend on several aspects of environment such as top management, corporate culture, and organizational strategy.

Conclusions

Personnel planning is accomplished in four phases. Because personnel planning is a derived function, the process cannot begin until the organizational goals and objectives are known. These four phases of personnel planning are meaningless unless linked to the overall goals and objectives of the organization. The four phases of personnel planning involve (1) determining a forecast of supply and demand for human resources over a future time period; (2) estimating projected surpluses or shortages of people based on human resource objectives of organizational

expansion or contraction; (3) planning specific human resources activities based on phase two forecasts, for example, recruitment if shortages are expected or attraction management/layoffs if surpluses are expected; and (4) evaluating both the implementation and administration of specific human resource programmes to assess whether their goals and objectives are being achieved.

Roadblocks exist that increase the challenge and difficulty of personnel planning. A primary barrier is the failure of top-management support. Because human resource planning is derived from corporate goals and objectives, this support is necessary as well as involvement of the human resource manager in corporate-level planning.

Recommendation

Based on the works reviewed and conclusions, the paper recommend the following:

1. Personnel planning should help to ensure that organizations fulfill their business plans, that is, plans which will chart the organization's future regarding financial objectives, output, goals, product mix, technologies, and resource requirements.
2. Organizations should take into consideration the procedures and steps for personnel planning and programming.
3. To management should support personnel planning.
4. Computer technology should be used in personnel planning.
5. Personnel planning choices should be linked with organizational strategy.
6. An organization's demand for human resources should be determined by a variety of forecasting methods both simple and complex.
7. Supply forecasts should be derived from both internal and external sources of information. Internal information is generally most crucial and more readily available.

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