CHAPTER II

MANPOWER PLANNING

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CHAPTER -"II"

MANPOWER - PLANNING .

2-1. CONCEPT OF MANPOWER PLANNING :

There is no doubt about the importance of - planning for the success of any firm.But it should be remembered that the plans made are to be executed by the men in the organisation only.So,we do not over--emphasis the importance of 'Manpower Planning' when we consider it to be a very important part of the overall planning of a business firm.The factors,like death,retirement,leaving the organisation by the - employees,etc.would cause the demand of manpower for an organisation.It is obvious that business could not proper if the right number of employees having required skill and qualifications is not available to it.In absence of proper manpower planning the organisation may have insufficient number of people with it.or, excess manpower than necessary.In the first case the output will be affected and in the second situation,it would mean more expenditure on the part of the firm.

2-2. NEED FOR MANPOWER PLANNING :

(1) Jobs and job requirements are changing

factor than in earlier periods.The place of techonological change-change in the way of goods and services are prepared and made available to consumers has acclerated.

(2) The occupational structure of the work force in Industralised economics has - shifted to meet changes in jobs.Occupations requiring the best skill and educational preparation show smaller growth;those that require more preparation are growing factor.

(3) Meanwhile,within existing occupations,rising jobs requirements make retrainning a must for many current jobholders.More time must be spent in preparation for work continued retraining makes alternate periods of work and refresher education a frequest pattern. Hence lead time getting people ready for jobs become longer.

(4) Less developed nations are finding that skill shortages are a major barrier to their progress towards industrilisation. They recognise the necessity for preparing

citizens for the new jobs that progress will create,and they seek to import the skill they do not have.These and advanced industralised nations compete with each other for existing supplies of skilled workers.The 'brain drain' is a matter of national concern not unlike the balance of payments in international trade.

(5) National concern about levels of employment and effective utilisation of manpower planning and development programms.

(6) Increased mobility of manpower resources has worked both to assist firms and nations in meeting new job requirements and to complicate manager efforts to retain - qualified employees,human resources have achieved greater geographic mobility.Workers go to the places where jobs appear most attractive.Movement from one employer to another,Industrial mobility has been increased by public programmes that provide more timely and reliable information about job openings.As a results indivisual - employees face greater difficulties in holdings prefered employees.

At the same time,occupational mobility may have been reduced by the higher or radically different skills required by may new jobs the former semiskilled packing house worker may find few opening they can utilise his skills.The operative skilled in running a newly developed machine may find such - equipment in only few localities such - changes create problems both employers and potential employees.

(7) Rising interest and activity in the total proces of managment planning has stimulated attention to the need for manpower planning consultants on planning have found the - field attractive with their assistance, small firm have undertaken formal planning.

(8) Change in both within the organisation and in its environment are existing pressures that necessitates more and better manpower planning.Managers face as responsibility for innovation in adapting their policy and practice to tomorrow's environment.At the same,they must be concerned about planning that can help in shaping that environment.

2-3. DEFINITIONS :

Manpower Planning is done on two levels.First,On national level (i.e.Macro Level) and Second at the - level of undertaking (i.e.Micro Level).Here we would look at manpower planning at Micro level.

Let us see the definitions given by different authors of Manpower Planning.

(1) According to E.B.Geisler*1

" Manpower Planning is the process including forecasting developing and controlling by which a firm ensures that it has the right number of people and the right kind of - people at right places at the right time doing work for which they are economically most useful."

(2) According to James J.Lynch

"Manpower Planning is the integration of manpower policies practices and procedures, so as to achieve the right number of the right jobs at the right time."

(3) According to Vetter

"Manpower Planning is the process by which Management determines how an organisation

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*1-Edwin B.Geisler "Manpower Planning An Emerging Staff Function".Management Bulletin No.101,Page 10-1972.

should move from its current manpower position to its desired manpower position. Through planning management strives to have right number of and right kinds of people, at the right places at right time, doing things which result in both the organisation and the individual receiving maximum long run benefits."

Manpower Planning could be seen as a series of activities, consisting of the following - *2

(1) Forecasting future manpower requirements, either in terms of mathematical projections of trends in the economy and development in the industry, or the judgemental estimates based upon specific future plans of the company.

(2) Inventorying manpower resources at present and analysing the degree to which these resources are employed optimally.

(3) Anticipating Manpower problems by projecting present resources into the future and - comparing them with the forecast of -

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*2-W.S.Wikstrom "Manpower Planning, Evoving Systems" Conference Board Report No.521, Page 2, 1970.

requirements to determine their adequacy, both quantitatively and qualitatively.

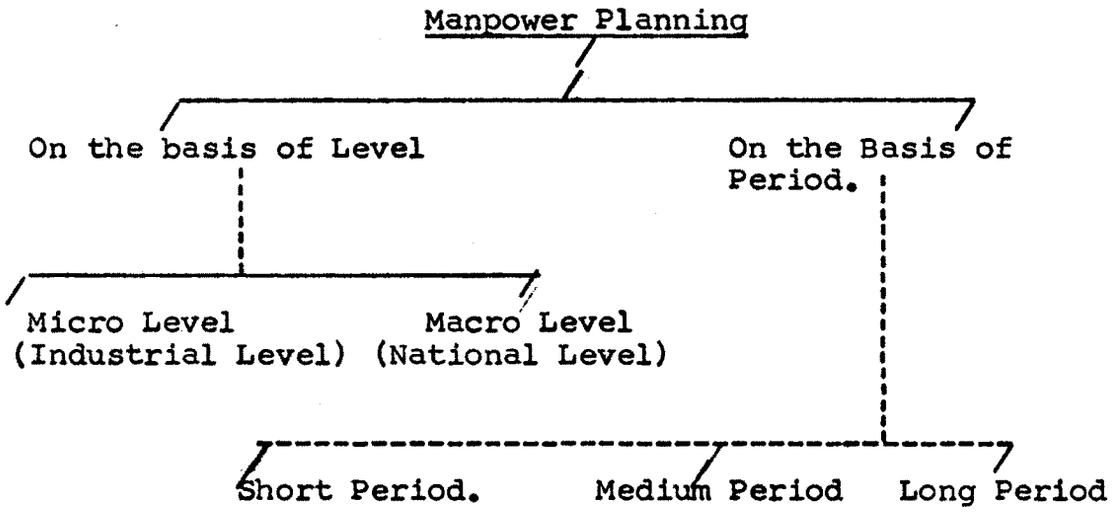
(4) Planning the necessary programmes of - recruitment, selection, training, development, motivation and compensation. So that future manpower requirement will be meet.

2-4. TYPES OF MANPOWER PLANNING :

Types of Manpower Planning can be distinguished by two criteria -

(1) On the basis of the level at which it is done.

(2) On the basis of the period for which it is done.



(1) Manpower Planning at Macro Level (i.e. National Level)

Manpower planning is done on the National

level as a part of the planning for overall economic development.The objective behind it is,to provide more and more opportunities of employment,while utilising the human - resources of the nation most efficiently.

It goes without saying that proper manpower planning a high necessity in a developing country like India.In Britain,manpower - research section of "Employment And - Productivity" department undertakes necessary stepsfor manpower planning.In India,manpower planning is a part of overall planning and so its responsibilities lie with the planning Commission.

Manpower Planning by the planning Commission covers - *3

(i) Population Projection.

(ii) Programme of Economic Development.

(iii) Education Facilities.

(iv) Occupational distribution and growth

(v) Industrial & geographical mobility of personnel.

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*3-Planning Commission Report-Second Five Year Plan, 1967.

(2) Manpower Planning at Micro Level

As manpower planning is important at national level for the maximum use of its manpower resources,it is also necessary at the level of a business unit.Manpower Planning is important because because it decides the various measures to be taken such as - recruitment,selection,promotion,transfer,etc. by a business unit.In order to fulfill - future manpower demands,this manpower - planning is possible at three levels in a unit. -

(i) At the departmental level.

(ii) If there are a number of factories of the company the planning can be done at the level of each individual - factory taken apart.

(iii) At the top level i.e. by the Board of Directors in a company.

If the manpower planning is done at departmental level,two advantages can be derived.Firstly,the - advantages of knowledge of those who are in direct contact with the workers can be taken.Secondly,if the people who are going to execute the plans take part in the planning process,the probabilities for success of the plans would be surely higher.A committee would make inspection of the manpower estimates put for the -

previous year and the actual manpower position of the previous year,and the actual manpower position of the previous year.The two records would be compared.Then on the basis of this comparision,estimates for the next year's manpower requirements and the sources available to fulfill these requirements would be made known.Then keeping in view the expected changes within next 3 to 5 years,the committee would sit with manpower planning experts and prepare a formate for future manpower - planning.This format would be presented before the top level and the final draft would be prepared on its - approval.

At the top level,such formats as sent by different departments are considered by an administration committee. A grand plan is prepared by co-ordinating manpower plans of different departments.This grand plan is then - co-ordinated with the overall planning of the business.

Here,let us see the classes of manpower planning as classified by taking into account the period for which they are formed.Three such divisions can be made, which are discussed in following paragraphs.

A) Short term Manpower Planning -

Short term planning is that which is done for the period of one year.Annual plans are made as a part of five years' plans at national level.These one year plans are short term plans,Short term planss are very useful at company level.For better results short term plans should be integrated with each other and should be considered as ingredients of a medium term plan.

(B) Medium term Manpower Planning -

Generally any plan of period from 2 to 5 years is considered to be a medium term plan.At national level,medium term plans are essentially prepared as a part of - financial planning.Medium term plans at national level,for manpower planning give special attention towards employment - opportunities.Such plans at micro level think much of training and development of employees.Thus it is possible to visualise the requirements of personnel possessing right type of skill for comming five years.

(C) Long term Manpower Planning -

The planning for a longer period such as 10 to 15 years is known as long term planning.This type of long term planning is generally done at national level.This is to estimate manpower needs of a nation are accordingly to raise educational and training facilities keeping in view long term interests of the nation. Such long term planning is not necessary at Micro-level except a long term development scheme has been visualised by the management of a firm.But in normal practice,such long term planning is not found at company level.

2-5. PROCESS OF MANPOWER PLANNING :

The study of manpower system at the level of - undertaking calls for the study of two important things viz.manpower demand and manpower supply.However,before a meaningful planning is done,it is important to - understand the basic company objective.

Determination of the objectives of the firm is very important.The Company's objective should be clearly defined.It will not any good to state the objectives in not so clear terms as they fail to provide any direction to the Company.

(1) Manpower Demand Forecasting -

Manpower demand forecasting at Micro level could be done in either of the two ways i.e. by ascertaining the total manpower requirement for the entire enterprise for a given period and then estimatimating requirements of each unit,division,or department or alternatively first determine the manpower requirement of each department and subsequently make a total projection.

Although a large number of forecasting techniques are available to a manpower planer all forecasts have at least three common elements.First,all such forecast deal with future and therefore,the futurity of forecast must clearly spell out the time period for which such forecast are made.Second,as forecast is made for future,it involves a certain degree of uncertainty.Thus same - errors in forecasting must be envisaged. Third,as all forecasts draws its basic input from historical date,it is quite possible to find it difficult in separating the relevent information from the tremendous amount of data available.

Never the less, even when such projections are rudimentary, it is useful to have this information, simply because business decisions are going to be made even in the absense of such in formation or planning. Thus, even if the planning is done at a rudimentary level, it will help to enhance the qualities of the decision made.

(2) Manpower Supply Forecasting -

Once the demand is estimated, the planner's next attempt should be to study the manpower supply. This would include both the internal supply (effected by promotion and transfer) and external supply (Study of the labour market).

There are many activities which give - significant information on which the manpower planer builds his supply plan.

(a) The manpower inventory sets out what the enterprise has in the stock or can except to have in stock in future. Comparision of this data, against the requirement gives us an immediate - picture of the shortfall.

(b) Appraisal of the existing performance level tells us the present level of manpower utilisation.

(c) Assessment of labour market situation tells us the availability of the - required manpower, from which the planner may like to draw to augment its manpower resources.

(3) Manpower Inventory -

If the manpower planning is to be realistic then it must be based on a sound foundation of factual information. Thus the planner must have as clear picture as possible of existing staff. The manpower inventary provides a clue to the planner.

One of the main requirements is to know how well the existing manpower is utilised. It helps the manpower planner a great deal by providing a sound basis for improving their performance, through proper training and development.

In addition, it also enables the planner to identify the individuals who are potentially able to take on bigger responsibility.

In order to make this exercise meaningful it

is important that the manpower inventary is as complete and detailed as possible.A man power inventary does not consist of just the head count but it takes into account many activities.

The head count attempts to answer the question,"How many employees do we have ?" It is not surprising that it has floored more than one personnel executive.The planner must know exactly how many there are in each piece of the organisation.To make the - picture complete,it must tell how many employees the organisation has -

(a) In each department.
(b) In each section.
(c) In each unit.
(d) Under each payscale.
(e) Of either sex (i.e.male or female)
(f) Of each age group and so on.

A collection of people contains an accumulation of individual skills and abilities,which enhance the total synergy effect.Hence the manpower inventary must provide a detailed analysis of these skills.

The skills inventary should provide valid information about professional and technical skills.The realisation of skills possessed

by individual employee increases the - opportunities for promotion and transfer.By providing a guide to individual growth it can assist in personnel growth.By gathering information on skills the planning could be made effective.A skills inventary reveals what skills are immediately required.It will also tell what skills are not available or should be developed further in order to meet a particular situation.

The planner may decide the mode of preparing its skill inventary.No matter which method is used,it should give the planner the following information :

(1) Education,qualification,and experience.

(2) Linguistic ability.

(3) Work experience.

(4) Expertise.

(5) Other skills and abilities.

At the first stage,this inventary may take the form of a summary of paper qualification and show the number of undergraduates,etc. A further breakdown - should separate a science graduate from a management graduate and so on.The purpose of such analysis is to provide answer to the question likely to be posed by the organisation.Hence,the information which is unlikely to be used is of little value.

The other factors which should be taken into account are :

(a) Age distribution analysis -

This would show an overall age distribution. Study of such analysis can point out the areas which have age distribution problem.

(b) Age structure in Man-agement -

With increasing number of younger men - reaching high managerial position, the age distribution within the man agement group may serve as a pointer to indicate the - trouble areas.

(c) Age group distribution-

Grade provides a basis for finer analysis against age group in the pattern may indicate succession problems likely to occure in - future.

(4) Manpower Audit -

Manpower Audit, the systematic examination, will produce descriptive statement of the manpower environment. The skills inventary calls for collection of data, while the manpower unit requires analysis or systematic - examination of the data. Manpower Audit describes the collection of data together

with its analysis.After this ratics and trends affecting the manpower rescources situation are calculated.

The Manpower Audit seeks answer to the specific question such as :

(1) What is the picture of starts and termination?

(2) What is the picture of absenses ?

(3) Which type of labour is difficult to recruit ? Easy to find ?Has this always been so ?

(4) What is the picture of salary and age distribution of termination and absences ?

(5) What are the trends in the labour market for the skills we need ? Are we paying the competitive rates ?

(6) Why do people leaves us to work else where ? Can we make our employment more attractive ?

(7) What is the situation in near by regions ? Where do our recruits come from ?

(8) Is local Government policy on housing development going to increase the - labour force in the area,or,is its policy on industrial development going to place an increased strain on local skills resources and so on.

(5) <u>Assessment of the Market Supply Situation</u>-

The manpower inventary is concerned mainly with existing employees.Knowledge of the availability of various types of manpower for employment is a valuable subsidiary aid,

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especially of the manpower plan which - follows ask for substantial additional help. Collection of data on a very wide range of employees catagories under this heading - would be difficult,although a large company may consider it worthwhile.More often they list those categories which have some - indication of recruitment difficulty and - those likely to be required in bulk.

Reports are compiled most easily by the recruitment officer as the individual - incloses touch with the manpower market,but many other people may add some intelligence report to the picture.For example,news of some redundancy may indicate that categories of staff normally in short supply are - temporarily available.

The report should be as specific as possible and should tell the planner when,where and at price the manpower would be available.For example,people may be available from another industry but need training before becoming effective.The type and length of training required must be known if the data are to be usable.

(6) Estimating Manpower Supply -

After determining manpower needs of a company, the manpower planner should think about the supply of manpower to fulfill the needs. There are two types of resources for manpower supply viz. internal resources and external resources.

i) Manpower supply from internal resources :

The manpower supply from internal sources depends upon two factors -

They are - (a) The extent to which the present employees survive in the organisa--tion and

(b) The rate of internal turnover(i.e. transfer, promotion, etc) of personal in organisation.

We thought much of stability of labour in a firm. But in a business internal movements of employees also go on continuously, for example, vacancies in a department may be created by transfer of a number of employees from that department to some other department. Similarly, a vacancies would be created when a person is promoted. These vacancies are to be filled up by new recruitments. So a manpower planner should give due importance to this internal movement of a labour.

ii) Manpower Supply from External Sources :

Manpower planner would have to think out the ways

and means to get the number and type of personnel as determined by forecasts of manpower needs of a firm.

If internal supply is inadequate for this purpose, external sources for supply of manpower should be - considered by him.Whether the requied manpower would be available to the area where the company is operating, will be thought out first.Then the manpower requirements of other companies should also be given attention.For this,the statistics made available by the Government - agencies like employment exchange,can be made use off.

Figures of educational facilities,number of - students studing in colleges,their number in different branches of knowledge etc. can be most useful to manpower planner.

To plan the necessary course of Action.

Now,it becomes necessary to implement a manpower plan after estimating manpower needs,supply etc.

The two estimates seldom match with each other. It would be necessary to bridge the gap between the two estimates.In case of manpower requirements estimate exceeding the estimate of manpower supply,efforts must be done to equate the two by recruitments.The two - factors controlling the supply of manpower should be appeared at this point.

They are labour supply position in the market and company's own budget.The distribution of income is made in the budget and thus it puts restriction on the - numbers of persons to be employed.However,provisions are made for finance keeping in view the manpower requirements of the company.Thus it is a two way traffic.While - budgeting,manpower requirements should be given consider--ation and at the time of manpower planning,the company's budget is to be constantly kept in mind.There should be, therefore,proper co-operation between budget and manpower plans.

*1Four determinants of the final manpower plan are -

(i) Manpower utilization.

(ii) Manpower supply.

(iii) Trainning.

(iv) Personnel Policies.

Let us see the effect of all these four factors on manpower planning.

I) Manpower utlization :

The present manpower should be used best for the advantage of the business.Maximum productivity should be

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*1 : Personnel Management and Industrial Relations. --- Dale Yoder.,Prentice Hall of India Pvt.Ltd. Page 135,1972.

achieved for this.This can be done it two factors are taken care of.

First,all the employees should be so placed that all the jobs are done most efficiently.For this job - analysis is necessary.Equilibrium should be maintained between what a job demands of an employees and what the employee can do.This is nothing but placing the right job.

Secondly,the jobs should be assigned to employees in such a way that they derive greatest job satisfaction. For this,factors like zeal of an employee,individual behaviour,group behaviour,leadership etc.should be - studied.

Manning ratio can be used to see whether maximum productivity is being achieved.This ratio takes - proporation of number of employees in the company to total productivity.Manning ratio can only show the level of productivity.For this,tests like time-study, motion study etc.are performed and the results are implemented.Manpower plan should show the means to increase the productivity of employees.

II) Manpower supply :

In manpower plan,the action necessary to equate manpower requirements and supply are given.Arrangements for internal supply are also mentioned.If there are

difficulties in obtaining manpower from external sources the steps to do away with these difficulties should be shown.

While thinking of inrernal supply,promotion policy is also formulated or modified,if necessary.In accordance with future requirements,suggestions to make promotions speedier or slower can be made.The fact that dissatisfac--tion may arise in employees promotions are delayed - should also be considered.

For development of employees manpower planner should also think of transfers.Transpers can be suggested keeping in view manpower requirements.

If employees in a department are found to be more than future requirements and if is not possible to - absorb them by transfer or promotion plan for dismissal of them should also be prepared in advance.

III) Training -

It is found that a certain type of trained - employee will be required in future,necessary training should be planned.New recruits should be imparted initial trainning.While development programmes should be undertaken for betterment of current and experienced employees.

IV) Personnel Policies :

Personnel Policies affect manpower supply.- Personnel Policies not only affect scopes for recruit--ment but also the survival rate of current employees salaries,perquisites,conditions of service etc.are important for this purpose.

Whether present employees would continue for a long time in the organisation depends upon personnel policies.The manpower planner should study present situation of personnel policies and suggest modificati--ons if necessary.

2-6. ADVANTAGES OF MANPOWER PLANNING :

The importance of manpower planning has been recognised by western countries.In India,much attention is not being given towards this section of planning.If manpower planning is practised in its true perspective, following gain can be achieved.

(1) Arrangements for recruiting new employees or training current employees can be made,keeping future manpower needs in mind as a result,the company's production or any work for that matter does not stop for lack of employees.

(2) When present employees are trained for some

higher positions, their spirits soar higher. Such psychological effects are much desired in as firm to keep up the worker's morale.

(3) While carrying on the process of menpower planning deficiencies of the personnel of the organisation can be noticed. Training programmes can be under taken to cover up these deficiencies. In this way present manpower can be made more efficient.

(4) *Though the employment is a burning problem of India, scarcity of skilled and efficient persons to occupy top management positions is always felt. In such a situation, manpower needs can be fulfilled by trainning intelligent and efficient people in the organisation.

(5) In some manfacturing concerns labour charges constitute 25 to 40 percent of total cost of production. In certain units engaged in proving services salaries from 50 to 60 percent of total expenditure. To control these costs effectively, manpower planning is must.

(6) Manpower planning can guarantee the availability of persons with required skills for long term plans.

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*Indian Planning Commission's Report on Second Plan-1967.

(7) Manpower planning tries to see that there is no excess or lack of manpower in future.

If there is excess manpower it would mean - additional costs for the company.Also,the company may not be in a position to retrench workers because of powerful trade unions.

On the other hand,lack of manpower would mean a fall in output and consequently fall in profitability of the firm.

2.7. LIMITATIONS OF MANPOWER PLANNING :

There is no dispute over usefulness of manpower planning,but a few limitations of manpower planning - should also be enlisted.

(1) Future is uncertain,change in techonology,social values,political ideologies,economic conditions etc.can not be forcast with certainty.We can only say that probability of happening a particular thing is more.The manpower planning based on this uncertain assumptions may prove dangerous at times. However,those who favour of manpower planning argue that it is better to try our best and plan, rather than leaving all our actions to luck.

(2) We can forecast how many vacancies would be - created at a future time.But we cannot show where particularly the vacancies would arise.So no - certain steps can be taken as far as new recruit- -ments are concerned.

(3) Many a time top management does not extend their co-operation when manpower planning is thought about.Conservating administrators think that there is no need of manpower planning in India because of high rate of unemployment and abundance of - labour in this country.The lack of interest on part of top managers is also a vital limitations to success of manpower planning.

We see that there are no intrinsic drawbacks of manpower planning.Its limitations arise from uncertainty of predictions,methods used and behaviour of management. As there continuous to be more and more research in this field manpower planning is due to become more accurate.

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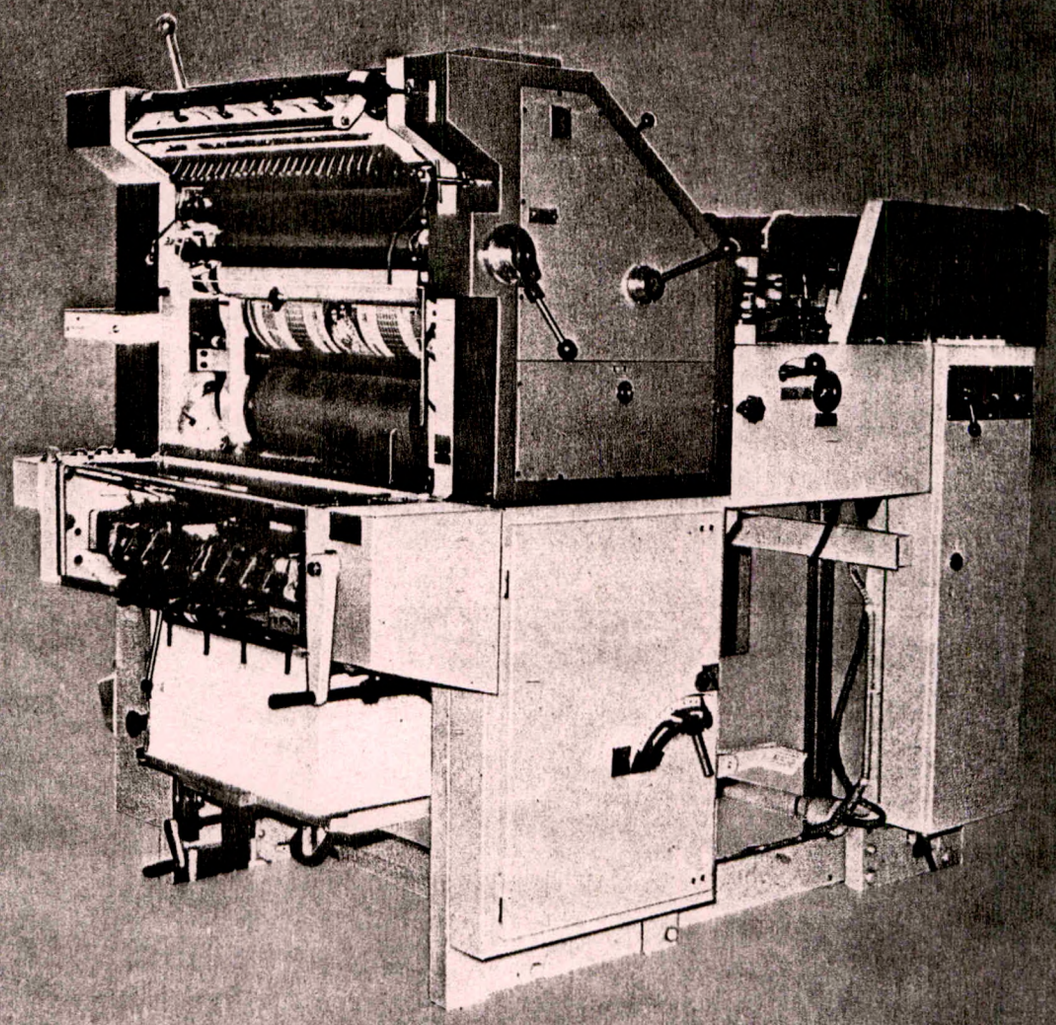

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