# Human Resource Planning (HRP): Do Public and Private Sector Managers Differ in their Practices?

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Abstract: Human resource planning as a strategic issue of business management has been a crucial and ever demanding activity on the part of management of people. HR functionaries from 57 companies in the twin cities of Hyderabad and Secunderabad participated in this research to raise their views on how they are practicing one of the most important issues of strategic HR in their concerns in a conference on HRD in Hyderabad city. Results reveal certain startling findings of their HRP orientation and practices when compared them across public and private type of organizations, while controlling for their levels of functions. Public sector HR functionaries were found to be little more active in their HRP activities than their counterparts. However, the variations in their HRP activities have not reached statistical levels of significance indicating that HRP orientation and activity profile are of global in nature. Implications are drawn for practice of the HRP activities.

## Introduction

In the face of growing expectations and technological innovations in business, and ever changing consumerism, decision makers are increasingly challenged to improve efficiency in the use of scarce resources. Part of this is done by changing the level and mix of employees producing and delivering goods/services and by ensuring there are an adequate number of employees to meet the needs of the consumers. Decisions about the level and deployment of human resources are often made in response to short-term financial pressures as opposed to evidence of the effect employees have on business outcomes.

Human resource as an integrating factor of production process has been much recognized for its significant role in transforming organizations these days than ever before. Further, owing to the changes in the business environment and the advances in technology, communication and consumerism, planning of human resources has become an incessant activity on the part of HR functionaries working in services and manufacturing organizations. Broadly, human resources planning (hereinafter referred to as HRP) is not only to maintain the people as resources, but also to enhance the capability of the organization through its competent people. Thus, HRP should be used efficiently and effectively in order to realize the main objective of organizational effectiveness.

## HRP – Concept

HRP means different things to different people. For an economist, it is a macro perspective analysis of the demand for and supply of human resources across length and breadth of the country over a period of time. For a sociologist, it assumes the connotation of size of population available in the form of individuals, groups and communities for the perpetuation of a society. For a manager, it is at a micro perspective

understanding as a process by which his/her organization determines how to move from its current human resource position to its desired position. There are a plethora of definitions detailing the contents of tasks, and activities to be performed by HR functionaries in carrying out HRP. One such definition which deserves attention is give by John et.al (1983) that included a series of activities to be performed. They are i) forecasting the human resource requirements through mathematical projections, judgmental estimates etc., ii) making an inventory of current HR and assessing its optimal utilization, iii) anticipating HR problems when the forecasted requirements are implemented, iv) planning necessary programs of recruitment, selection, training and development, etc. Thus, in this paper, it is conceptualized as the extent to which various activities related to the assessment of demand for and supply of human resources which are carried out by the HR functionaries in organizations for arriving at the reconciliation of the demand and supply side of human resources leading to their optimal utilization in organizations.

Determinants of HRP

There are various reasons for carrying out HRP. These reasons are categorized into i) external, ii) internal and iii) HR assessments. External environment includes those elements which are beyond the control of the management. For example, the liberalization, globalization and privatization processes initiated in the early 90's have triggered a greater sense of emergency for the HR functionaries to keep reconciling with the need for and supply of human resources in almost all kinds of sectors of business. Further, the ecological issues demanding adoption of automation and computer based production technologies, the scarce population of technical human resources and the migratory character of knowledge workers, the ever raising aspiration of competent people in the economy, the changes in lifestyles growing consumerism, demands for quality goods and services have all unleashed their clout on the HRP practices. The internal environments which include those issues that are under the control of the management were constantly altered in tune with the external environment. The long term and short term business planning, the financial commitments, the production planning and the strategic decisions have necessitated the resurgence of interest and intensive involvement in the HRP activities. Finally, the process of reconciliation of demand for and supply of HR has been influenced by the HR assessments of the number of people attaining superannuation; voluntary and compulsory separations like retirement, resignation, termination, dismissal, suspension, deaths, long term leaves, besides employee turnover,

absenteeism, accidents and so on have made the HRP functionaries job incessant and crucial for their day to day act of balancing the HR needs.

The Present Study

In a recent provocative column, Thomas Stewart (1999) says "We as HR professionals have a terrible indictment of the HR function, and more importantly, of the profession we practice". In rush to reduce the costs, organizations are taking very hard look at HR function. They are critical in their assessment of large staff that appear to do nothing related to either core competencies or added value or unresponsive, non-strategic. Eventually HR functionaries subscribed to the policing personnel approach in their day to day decision making, besides their expression of disillusionment with the democratic process of partnership by the line and participation from the staff. On the other hand, organizations have been downsizing and outsourcing the HR function owing to the relative importance attached to the people management processes. Therefore, there is a need to look at the HR functions in a renewed manner in these times of competing economies. The value of operating functions of HR has been questioned many a time in the context of the budgetary provisions by the corporations. Therefore, the professionals are compelled to be careful in redesigning

their functions in order to attract the provisions of funds. One such function is acquisition function under which the HRP activity is carried out drawing significant attention across the world and also in our context. Thus, the first axe that falls on any budgetary provisions is on the HR budgets, more so, on the specifics of downsizing which eventually leads to the design of compensation packages. To that extent this study intends to explore the activity profile of HR functionaries of select organizations in the twin cities of Hyderabad and Secunderabad. It further attempts to understand to what extent the activities of HRP are carried out by the HR functionaries in the study organizations. However the other operative functions of HRM are beyond the confines of this paper. The HRP activities suggested by Dale Yoder (1984) have been adopted as the standard activity profiles. For more details about the HRP activities, conceptualization, and scale for their assessment, please refers to table 1. The research question raised in this paper is "are public and private companies' executives different in their HRP activity profile?" This question forms the guideline for the entire discussions in this paper.

Method

This study is part of a larger study on HRM practices in select organizations. HR executives from 57 public and private sector companies in the twin cities of

Hyderabad and Secunderabad, while attending a national conclave on HRD participated in this study. Structured questionnaire which includes a 79-item standardized 4-point scale to assess frequency of HRP activities carried out by the HR executives and questions regarding their demographic profile were administered to them. Data were processed with the help of statistical software and analyzed using means, standard deviations and f-values to present the results of the study. Details of the HRP dimensions, scale items, reliability coefficients are presented in table 1.

It is evident from the table above that in all, there were 79 items used to assess the extent to which the HRP activities were carried out by the HR functionaries from the select public and private sector undertakings. The coefficient of alpha computed for the sub-scales of the HRP activities scale show that all the scales have higher internal homogeneity.

## Profile of the Executives

The average age of the senior functionaries is 40 years, with 18 years of service. Their average span of control is 6 with an average of 2 promotions utilized by them. As regards the middle level functionaries, the average age of them is 34 years with 10 years of service having supervised four subordinates. They were promoted on an average for two times. Lastly, with regard to the lower level functionaries, the average age of them is 29 years with six years of service, followed by around three subordinates under their supervision. On an average, they were promoted once so far. Half of the executives from public sector undertaking are post graduates. Whereas a large number of (45 percent) of their counterparts are post graduates.

## Results and Discussion

Table 2 presents the results pertaining to the research questions " are public and private sector manager different in their HRP activity profile?". Therefore, means, standard deviations and f values were computed to understand the activity profiles of the HR functionalities who are overseeing the HRP activities per se.

Formulating Human Resource Strategies : As per the norm evolved, if respondents obtain an arithmetic mean of 7.5, they are assumed to be formulating the HR strategies on an average frequency. It was interesting to note from table 2 that both the public and the private sector executives have stated that they formulate HR strategies more than the expected standard as evident from their uniform mean scores. This indicates that HR strategies are being devised by both of them irrespective of their ownership. This is also supported by the f-value presented

in the table. In other words, the corporations today have a global orientation with regard to the formulation of human resource strategies irrespective of the type and sector with which they are identified. This may also be due to the impact of globalization which has necessitated the efforts to keep crafting their HR strategies.

Managing Relationships with Managers :The norm for assessing how frequently HR functionaries manage relationship with line and staff managers is 15.0 scores. Therefore, if they obtain a mean score above 15, they perform the said activity more than expected. As it is evident that all the executives have obtained mean scores more than the expected mean scores indicating that they have been practicing the activity of managing relationships with line mangers more than expected. It is also found that the executives of public companies reported that they have been managing relationships with the line and staff mangers more frequently than their counterparts. Surprisingly, the lower level executives were found less practicing such activity than their superiors. Nevertheless, the variations in their mean scores have not reached statistical level of significance as evident from the f value presented in the table. The internal structural adjustment is triggered by the external reform of the economy, have

brought the HR functionaries more closely to the line and staff than earlier times.

Personnel Professional Activities: As regards this activity, 13.5 scores is the norm. All the respondents have obtained the mean scores on this activity more than expected, indicating that this activity of HRP is also practiced more frequently than expected. It is also found that the seniors and middle level executives of public sector undertakings obtained more scores on this activity than their counterparts. However, in both cases, the lower level executives were found to be practicing this activity just on an average. Moreover, such variations in their means scores have not reached statistical level of significance as indicated by the f-value. This means, the seniors and middle mangers only are taking care of the most important professional activities in the domain of managing human resources, though the lower level executives are just average in their involvement in personnel professional activities.

Manage the Human Resource Planning Function: It was established for interpretation that the standard norm is 15.0 scores. It was found that though all the senior and middle level executives from public and private sector undertakings have obtained uniform mean scores which are above the expected mean scores, indicating that the 'managing the human resource planning

function" is carried out more frequently. However, the mean scores obtained by lower level executives have not reached the expected mean score of 15.0. This shows that the lower levels of executives are not practicing more of this activity than expected. The f-values also suggest that the variations in their mean scores are not statistically significant. This shows that this particular activity is a global activity of HR functionaries in all types of companies, but exists among top and middle levels only. The reasons may be that the executives in lower levels generally meant to provide information for the executives in higher levels who use such information in the decision making process. There, they can not be expected to partake overseeing the function of HRP.

Collecting and Analyzing Data: The norm for understanding this activity is 15.0 scores. It is noticed that the executives in public sector undertaking have been carrying out this activity more than the expected frequency though their lower lever executives have just reached the expected frequency. Whereas, in case of private companies' executives, though they just surpassed the expected mean scores, their lower level executives have not reached such expected mean score. This indicates that the private sector companies are relatively less in carrying out this activity. Nevertheless, the f-value also suggests that the variations in the means scores of their activity have not

reached statistical level of significance. In other words, the "collecting and analyzing data" is a uniform practice as part of HRP amongst both sectors. Normally, collecting and analyzing such data is the task of lower levels. When compared across two sectors, it could be sent that PSU's lower level executives are found performing this activity more than private sector executives.

Designing and Using Forecasting Systems: As regards this activity, the norm is 15.0 scores. In public companies, the top and the middle executives were involved in designing and using forecasting systems more frequently than expected. Where as, the lower level executives have not reached the expected score of 15.0. Interestingly in case of private company executives, even the lower level executives were involved in carrying out this activity more than the frequency expected. However, the mean variations in their activity scores have not reached statistical level of significance. This indicates that though the public sector executives are more frequently using this activity than their counterparts, yet their lower level executives are not involved in this activity like their counterparts. Nevertheless, the mean variation in their scores has not reached statistical level of significance, indicating that the designing and using forecasting systems has been a uniform experience of all the executives. By and large, the PSUs'

are expected to use forecasting system as a matter of compulsion owing to the impact of fierce competition caused by the participation of foreign companies and more aggressively by the Indian firms in the economy. They need to use such forecasts in order to downsize or upsize the workforce. Interestingly, the senior and middle levels are using such systems. However in private sector, the executives in lower levels are encouraged to involve in forecasting system.

Managing Career Development: In this regard, the norm is 16.5 scores indicating average practice of such activity. It is interesting to note from the table that the private companies' executives at middle and lower levels, have surpassed their counterparts in managing career development of their employees by scoring above expected standard scores. Whereas, among the public companies, only the top level executives were found practicing this activity more than expected. The f-value shows that such variation in their mean scores has not reached statistical level of significance. This shows that the senior executives of the public sector undertakings were found concentrating on this activity more than other levels in their companies. This shows that the economic reforms may have also compelled PSU executives to provide career development options to all employees unlike the situation in private companies where the scope for advancement is based on performance and merit.

Other Allied Activities: These activities are those that are interrelated to HRP. For example, job analysis, recruitment and selection, training, wage and salary administration etc. The norm evolved for interpreting this activity is 22.0 scores. It is very surprising to note that all the executives irrespective of their type of company and levels of functioning were found to have surpasses the standard score, indicating that the allied activities which support HR planning are carried out more than the expected frequency. Further the public sector executives in senior levels were found to be more involved in such activities than their counterparts and other levels in their own organizations. Nevertheless, the f-value also suggests that the executives are uniform in their practice.

Implications

As the results pertaining to the activity profile of HR functionaries from the public and private companies with regard to Human resource planning, reveal that though in most of the HR planning activities, the executives were found to be practicing more frequently than expected, none of the activity has noticed any variations when it comes to the cross-organizational and cross-functional comparisons. This indicates that HRP

activities in these times of post liberalized environment have been more of global concerns for all the corporations irrespective of their organizational forms and structural arrangements. Secondly, the HRP activities are more linked to strategic function of the business entities, therefore, the top and the middle level executives were found to be more frequenting in using these activities. This trend is quite consistent with the need for structural adjustment adopted by the public sector and private sector in response to the economy created by the participation of foreign companies and the consequence of resurgence of the native corporate bodies.

Thus, what doe these results convey to the corporations and to the theory building. It is suggested that since HR planning influences corporate strategy, firstly, the HRP should be a continuous activity with provision for control and review. Secondly, the lower level functionaries should be extensively involved in collecting, analyzing and projecting the data for making HRP activities more accurate and effective when carried out by the top and the middle level executives. Thirdly, since, the forecasting activities forms the most important of all in the gamut of HRP activities, usage of computers and customized software packages could be encouraged. Predicting the right number and quality of human resources will be done with more precision and accuracy when software are utilized. This way, corporations with their tight budgets will be able to have the right people for the right positions in the right time across all companies among all sectors.

From a research context, there is a need for replication of this kind of studies so that theory could be strengthened with new forecasting techniques based on mathematical models and judgmental models, though this study never attempted to look into such issue of HRP, such models of greatly in need. Further, these kind of studies need to be carried out in order to know, not only the frequency of activities in HRP domain carried out, but the intensity of such activities also need to be studied. More specifically, using non traditional methods like focused group discussions, participative appraisal also could be more useful in understanding the domains of HRP activities in the years to come. As the science of cybernetics has been ubiquitous in all functions of management today, therefore the future research could also consider use of Human resource information system with focus on HRP activities.

Conclusion

Human resource planning is a strategic function of HR functionaries. In the wake of post liberalized business environment, this function has become a serious concern for all at the top levels of

management, compelling the HR functionaries to re-look into this activity with more rigour. This study attempted to answer a research question "are public and private companies' HR executives different in their HRP activity profile? The study revealed that the public and private companies' HR executives are not significantly different in their HRP activities profile as revealed by the statistical exercises. This means that HRP activities, though important, their execution is global in nature. Whether the companies are of public or private in nature, the external business environment compels these companies to carry out this function with special concern. Every organization needs to reconcile the demand for and supply of human resources for its effective and efficient performance. Therefore, HRP becomes an all important issue among all business contexts. But the question of who carries out this activity more religiously as far as levels of functioning is concerned? This question has not given clear cut answer as generally expected to be the prerogative of the senior most levels. One negative trend that has emerged from this study is that the lower level functionaries are not adequately equipped to perform HRP activities by and large across all sectors. This also seems to be a senior issue as far as the future leadership in the HR domain in the organizations of this study. Implications for corporations and future research considerations have been drawn in the light of growing realization of HRP and its global application besides the focus of HRP in the light of strategic function of the business.

References

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TABLE 1 : HRP DIMENSIONS, SCALE ITEMS, RELIABILITY COEFFICIENTS

| SN | HRP Activities | Conceptualization | Items | Alpha |
|----|----------------|-------------------|-------|-------|
| 1 | Formulating human resource strategies | Extent to which the quantitative and qualitative status of human resources maintained in the light of business strategy | 5 | 0.73 |
| 2 | Managing relationships with managers | Extent to which the line managers were contacted while obtaining the status of quantitative and qualitative aspects of hr | 10 | 0.74 |
| 3 | Personnel professional activities | Extent to which the hr functionaries are conscious of the status of human resources on a day to day basis | 9 | 0.80 |
| 4 | Manage the human resource planning function | Extent to which the function of assessing quantitative and qualitative status of human resources in a company is carried out | 10 | 0.89 |
| 5 | Collecting and analyzing data | Extent to which executives are involved in collecting and analysis human resource data pertaining to surplus and losses on a day to day basis | 10 | 0.79 |
| 6 | Designing and using forecasting systems | Extent to which the mathematical, and assumptive forecasting models evolved, adopted and utilized | 10 | 0.88 |
| 7 | Managing career development | Extent to which the career policy, path and counselling and development activities initiated in order to retain the employees | 11 | 0.93 |
| 8 | Other allied activities | Extent to which the associated hr activities balanced in the light of managing HRP activities. | 15 | 0.84 |

# TABLE 2: MEANS, SDS AND F-VALUES OF THE HRP SUB SCALE SCORES

| Type | Level Of Functioning | | Formulating Human Resource Strategies | Managing Relationships With Line Managers | Personnel Professional Activities | Manage The Human Resource Planning Function | Collecting And Analyzing Data | Designing And Using Forecasting Systems | Managing Career Development | Other Allied Activities |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Companies | Senior | Mean | 12.83 | 24.33 | 20.00 | 19.67 | 18.67 | 18.17 | 25.83 | 35.17 |
| | | SD | 3.49 | 6.28 | 5.18 | 8.43 | 8.24 | 7.57 | 7.99 | 6.31 |
| | Middle | Mean | 12.80 | 25.00 | 17.80 | 22.20 | 18.00 | 17.00 | 21.20 | 32.40 |
| | | SD | 2.49 | 3.80 | 5.83 | 6.16 | 5.78 | 7.00 | 9.91 | 13.17 |
| | Lower | Mean | 10.22 | 18.78 | 13.00 | 12.33 | 15.22 | 11.00 | 15.22 | 24.22 |
| | | SD | 3.15 | 5.32 | 5.90 | 7.79 | 6.24 | 7.94 | 10.07 | 11.03 |
| Private Companies | Senior | Mean | 11.71 | 22.29 | 18.00 | 19.71 | 16.57 | 16.00 | 23.71 | 30.43 |
| | | SD | 2.87 | 4.54 | 4.28 | 7.93 | 7.23 | 5.72 | 6.05 | 4.72 |
| | Middle | Mean | 11.21 | 22.95 | 17.79 | 21.32 | 17.53 | 17.37 | 23.00 | 33.16 |
| | | SD | 3.84 | 2.97 | 3.38 | 6.43 | 5.27 | 6.74 | 7.90 | 7.56 |
| | Lower | Mean | 9.00 | 18.82 | 13.82 | 12.18 | 13.73 | 16.09 | 22.45 | 26.73 |
| | | SD | 3.44 | 5.21 | 3.74 | 8.20 | 5.87 | 3.59 | 6.12 | 3.93 |
| | F_Values | | 1.07 | .09 | .07 | .33 | .19 | 1.31 | 1.84 | 0.24 |
| | D.F | | 1,56 | 1,56 | 1,56 | 1,56 | 1,56 | 1,56 | 1,56 | 1,56 |
| | P= | | .30 | .75 | .79 | .56 | .66 | .25 | .18 | .61 |