PLANNING & MANAGING HUMAN RESOURCES

Strategic Planning For Personnel Management

2nd Edition

William J. Rothwell & H.C. Kazanas

PLANNING AND MANAGING HUMAN RESOURCES

STRATEGIC PLANNING FOR HUMAN RESOURCES MANAGEMENT

Second Edition
Completely Revised and Updated

WILLIAM J. ROTHWELL ✧ H. C. KAZANAS

HRD Press **Amherst, Massachusetts**

Copyright © 2003 HRD Press, Inc.

Published by Human Resource Development Press, Inc.
22 Amherst Road
Amherst, Massachusetts 01002

1-800-822-2801 (U.S. and Canada)
1-413-253-3488
1-413-253-3490 (fax)
http://www.hrdpress.com

ISBN 0-87425-718-2

All rights reserved. *It is a violation of the law* to reproduce, store in a retrieval system or transmit, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, any part of this publication without the prior written permission of HRD Press, Inc.

Production services by CompuDesign
Cover design by Eileen Klockars
Editorial services by Suzanne Bay, Robie Grant, and Sally Farnham

CONTENTS

List of Figures ix
List of Activities xiii
Preface xv

Chapter 1 **Introduction to Planning and Managing Human Resources: Strategic Planning for Human Resources Management** 1
What Is Strategic Planning for Human Resources (SPHR)? 2
How Did Human Resources Planning (HRP) Evolve? 3
What Do We Mean by *Strategy*? 4
Why Is Strategic Planning for Human Resources Needed? 6
What Makes Strategic Planning Difficult in Organizations? 20
How Can the SPHR Process Be Described? 22
What Are the Roles of HRP Practitioners? 24
What Is Role Theory? 26
What Do We Know about HRP Roles? 28
How Can HRP Roles Be Conceptualized? 29
How Are the Roles of HR Planners Related to the SPHR Model? 31
How Is This Book Structured? 31
Activities 33

Chapter 2 **The Human Resources Organizational Coordinator** 41
What Does the HR-Organizational Coordinator Do? 41
Why Is It Important to Link Organizational Plans and HR Plans? 42
What Are the Purposes, Goals, and Objectives of the Organization? 42
What Are the Purposes, Goals, and Objectives of Strategic Human Resource Plans? 46
Alternative Methods of Linking Strategic Business Plans with HR Plans 48
Activities 54

Chapter 3 **The Human Resources Work Analyst** 63
What Does the HR Work Analyst Do? 63
What Specialized Terms Are Associated with Work Analysis? 64

Why Is Work Analysis Important? 66
What Should Be Analyzed? 68
How Is Work Analysis Traditionally Conducted? 71
How Is General Background Information Collected? 71
What Results Do Analysts Hope to Obtain? 73
What Are Some Approaches to Work Analysis? 73
What Are Some Data-Collection Methods for Work Analysis? 77
How Can the Work Analysis Process Be Carried Out? 87
How Are Results Verified? 87
How Are Internal and External Conditions Monitored? 88
How Are Competencies Identified, and How Are Values Assessed? 89
Activities 91

Chapter 4 **The Human Resources Workforce Analyst** 103
What Does the HR Workforce Analyst Do? 104
What Specialized Terms Are Associated with Workforce Analysis? 104
Why Is Workforce Analysis Important? 106
What Should Be Analyzed? 106
How Is Workforce Analysis Traditionally Conducted? 107
How Are Job Specifications Prepared? 109
What Is the Link Between Workforce and Work Analysis? 110
Why Are Employee Performance Appraisals Important? 112
What Should Be Evaluated? 113
How Should Evaluation Be Carried Out? 119
What Problems Exist with Traditional Employee-Appraisal Methods? 123
How Can Problems with Employee Appraisals Be Overcome? 125
How Are Appraisal Results Used in Human Resources Planning? 128
Activities 133

Chapter 5 **The Human Resources Auditor** 137
What Does the HR Auditor Do? 137
How Is the HR Audit Conducted? 138
Deciding on Issues to Examine 139
Deciding, Tentatively, How to Conduct the Audit 142
Selecting People to Assist with the Audit 143
Collecting Background Information 144
Finalizing the Audit Plan 148
Collecting Audit Information 149
Compiling Audit Results 160
Activities 163

Chapter 6 **The Human Resources Environmental Scanner** 175
What Does the HR Environmental Scanner Do? 175
Why Is Environmental Scanning Important? 176

How Is the Environmental Scanning Process Conducted? 176
Identifying Future Trends 177
Problems with Environmental Scanning 179
Assessing the Effects of Future Trends 186
Conducting Future-Oriented Work Analysis 187
Selecting a Means to Conduct Future-Oriented Work Analysis 196
Verifying Results of Future-Oriented Work Analysis. 197
Conducting Future-Oriented Workforce Analysis 200
Scanning for the HR Department 203
Determining Desired Effects of Environmental Factors 205
Activity 207

Chapter 7 **The Human Resources Forecaster** 209
What Does the HR Forecaster Do? 209
What Are Some Models of Forecasting? 210
What Are Some Reasons for Demand Forecasting? 215
Forecasting Methods 216
What Are Some Reasons for Supply Forecasting? 221
Supply Forecasting Methods 223
Forecasting External Labor Supply 226

Chapter 8 **The Human Resources Planning Formulator** 229
What Does the HR Planning Formulator Do? 229
Bringing It Together: Conceptual Models for Strategic Planning for HR 230
Four-Factor Condition/Criteria Analysis 231
Other Methods of Analysis 236
The Range of HR Grand Strategies 242
Weighing Strategic Alternatives 245
Selecting an HR Grand Strategy 253
Activities 255

Chapter 9 **The Human Resources Integrator** 267
What Does the HR Integrator Do? 267
Developing HR Objectives 269
Providing Leadership 271
Matching Rewards and Controls to HR Strategy 274
Devising HR Policies Consistent with Strategy 277
Coordinating HR Practice Areas 280
Matching Structure to Strategy, and Strategy to Structure 284
Activities 292

Chapter 10 **Career Planning and Management** 301
The Role of Career Planning and Management in Implementing
HR Grand Strategy 301

The Traditional Approach to Career Planning 304
The Traditional Approach to Career Management 305
Problems with Traditional Approaches to Career Planning and Management 312
Strategic Career Planning 312
Strategic Career Management 323
Activities 328

Chapter 11 Recruitment and Selection 333
The Role of Recruitment and Selection in Implementing HR Grand Strategy 333
The Traditional Approach to Recruitment and Selection 335
Problems with the Traditional Approach to Recruitment and Selection 347
Strategic Recruitment and Selection 348

Chapter 12 Training 353
What Is Training? 353
The Role of Training in Implementing HR Grand Strategy 354
The Traditional Approach to Training 356
Problems with the Traditional Approach to Training 367
Strategic Training 368

Chapter 13 Organization Development 373
The Role of OD in Implementing HR Grand Strategy 374
The Traditional Approach to OD 379
Problems with the Traditional Approach to Organization Development 389
Strategic OD 389

Chapter 14 Job Redesign 393
What Is Job Redesign? 394
The Role of Job Redesign in Implementing HR Grand Strategy 394
Organization and Job Design 395
Traditional Approaches to Job Redesign 396
Problems with the Traditional Approach to Job Redesign 409
Strategic Job Redesign 409

Chapter 15 Employee Assistance Programs 415
The Role of Employee Assistance Programs (EAPs) in Implementing HR Grand Strategy 417
The Traditional Approach to EAPs 418
Problems with the Traditional Approach to EAPs 429
Strategic EAPs 429

Chapter 16 Labor Relations 435
The Role of Labor Relations in Implementing HR Grand Strategy 437
The Traditional Approach to Labor Relations Programs 438
Problems with the Traditional Approach to Labor Relations 445
Strategic Labor Relations 446

Chapter 17 Compensation and Benefits 451
Key Terms in Compensation and Benefits 452
The Role of Compensation/Benefits in Implementing HR Grand Strategy 453
The Traditional Approach to Compensation/Benefit Programs 454
Problems with the Traditional Approach to Compensation/ Benefit Programs 464
Strategic Compensation/Benefit Programs 466

Chapter 18 The Human Resources Planning Manager 477
What Does the HR Planning Manager Do? 477
How Is the HR Planning Manager's Role Carried Out? 478
Establishing HR Department Goals and Objectives 478
Creating Department Structure 480
Staffing the HRP Department 484
Issuing Orders 489
Resolving Destructive Conflicts 490
Communicating within and between Departments 492
Planning for Needed Resources 495
Dealing with Power and Politics 497
Activities 503

Chapter 19 The Human Resources Planning Evaluator 507
What Does the Human Resources Planning Evaluator Do? 507
How is Evaluation Carried Out? 507
Purposes of HR Evaluation 508
Control Systems 513
Criteria 518
Carrying out the Evaluation Process 522
Feeding Back the Results of Evaluation 525
Activities 533

References 539

Index 551

This page intentionally left blank

LIST OF FIGURES

Figure 1 Strategic Planning for Human Resources Management: The Plan of the Book . . . xx
Figure 1-1 Occupations with the Largest Job Growth, 1994–2005 (*in thousands*). . . . 8
Figure 1-2 Fastest Growing Industries (*in thousands*). . . . 10
Figure 1-3 Change in Employment by Education and Training Category, 1994–2005. . . . 11
Figure 1-4 Major Laws and Cases Dealing with Human Rights. . . . 13
Figure 1-5 The Aging U.S. Population . . . 15
Figure 1-6 A Simplified Model of SPHR (Strategic Planning for Human Resources). . . . 25
Figure 1-7 A Model of Variables Involved in Organizational Roles. . . . 28
Figure 1-8 The Many Roles of the HR Planner . . . 30
Figure 1-9 The Relationship between the Steps in a Simplified SPHR Model and the Roles of an HR Planner. . . . 32
Figure 2-1 Strategic Four-Factor Diagram . . . 45
Figure 3-1 Selecting the Appropriate Focus for Work Analysis . . . 69
Figure 3-2 How to Conceptualize Differences in Perceptions about Work Activities, Using the Johari Window . . . 70
Figure 3-3 Steps in the Traditional Work-Analysis Process . . . 72
Figure 3-4 A Summary of Approaches to Work Analysis. . . . 78
Figure 3-5 A Summary of General Data-Collection Methods for Job Analysis . . . 79
Figure 4-1 Selecting the Appropriate Focus for Workforce Analysis . . . 107
Figure 4-2 Steps in Traditional Workforce Analysis . . . 108
Figure 4-3 The Process of Converting a Job Description to a Person Specification . . . 110
Figure 4-4 A Behaviorally Anchored Rating Scale for an Auditor . . . 117
Figure 4-5 A Sample Employee Performance-Appraisal Form. . . . 131
Figure 5-1 A Simplified Model of the HR Auditing Process . . . 140

Figure 5-2 A Simple HR Audit Plan 149
Figure 5-3 Steps in Carrying Out a Document Review Using Content Analysis . 152
Figure 5-4 A Conceptual Model for Diagnosing HR Discrepancies 156
Figure 5-5 A Findings Sheet 159
Figure 5-6 A Summary of HR Department Strengths and Weaknesses 162
Figure 6-1 A Simplified Model of the Environmental Scanning Process 178
Figure 6-2 Identifying a Strategic Gap in HR 181
Figure 6-3 The Internal and External Environments. 183
Figure 6-4 Internal and External Factors Influencing the HR Subsystem 186
Figure 6-5 Linkage of Events in a Cross-Impact Analysis for Work Analysis 191
Figure 6-6 Advantages and Disadvantages of Data-Collection Methods for Future-Oriented Work Analysis 198
Figure 6-7 An Interview Guide for HR Department Scanning 204
Figure 6-8 Key Questions to Consider in Strategic Planning for HR. 206
Figure 7-1 A Simplified Model of the HR Forecasting Process 211
Figure 7-2 Methods of Forecasting Supply 224
Figure 8-1 A Simplified Model of the HR Formulation Process 231
Figure 8-2 Four-Factor Condition/Criteria Analysis: A Model 232
Figure 8-3 A BCG Growth/Share Matrix. 239
Figure 8-4 A Performance/Potential Matrix for Classifying Employees 240
Figure 8-5 A Summary of HR Grand Strategies 244
Figure 8-6 The Relationship between the Corporate Strategy and Human Resource Grand Strategy 249
Figure 9-1 A Simplified Model of the HR Integration Process 268
Figure 9-2 Objectives and Levels of HR Planning 270
Figure 9-3 The Time Frames, Change-Orientation, and Focus of HR Practice Areas 281
Figure 9-4 A Functional Structure for the HR Department 288
Figure 9-5 Divisional Structures for the HR Department: Some Alternatives . . . 290
Figure 10-1 The Four Environments Faced by Individuals in Career Planning and Management 315
Figure 10-2 A Summary of Career Strategies as They Relate to Different Environments. 319
Figure 10-3 A Sample Outline for a Career Planning Workshop 326
Figure 11-1 The Recruitment/Selection Process 336
Figure 12-1 The Training Process. 357
Figure 12-2 The Role of Instructional Objectives 361
Figure 12-3 Training Delivery Methods and Strategies 365
Figure 13-1 Driving and Restraining Forces 377

Figure 13-2 Steps in Action Research in OD Interventions . . . 380
Figure 13-3 A Summary of OD Interventions . . . 387
Figure 14-1 The Job Redesign Process . . . 396
Figure 14-2 Components in a Simplified Model of Performance . . . 400
Figure 14-3 Job Enlargement: Add More of the Same Kind of Tasks . . . 403
Figure 14-4 Job Enrichment: Add More Tasks of a Higher Level . . . 404
Figure 14-5 Work Flow Rearrangement: Rotate Tasks . . . 405
Figure 14-6 Steps in Strategic Job Redesign . . . 412
Figure 15-1 The Employee Assistance Process . . . 420
Figure 15-2 Pointers for Planning and Conducting a Counseling Interview with a Problem Employee . . . 424
Figure 16-1 The Role of Interpretation in Contract Administration . . . 443
Figure 17-1 The Compensation Process . . . 455
Figure 17-2 Methods of Communicating about Compensation: Advantages and Disadvantages . . . 465
Figure 17-3 Steps in the Strategic Compensation Process . . . 467
Figure 17-4 Strategic Approaches to Job Evaluation . . . 470
Figure 17-5 Forecasting Compensation/Benefit Trends . . . 472
Figure 17-6 Incentive Plans . . . 474
Figure 17-7 Types of Rewards . . . 476
Figure 18-1 The HRP Management Process . . . 479
Figure 18-2 Steps in Implementing Management-by-Objectives in an HR Department . . . 481
Figure 18-3 Goal and Value Differences . . . 491
Figure 19-1 Steps in the HRP Evaluation Process . . . 508
Figure 19-2 Human Resources Planning Evaluation . . . 510
Figure 19-3 Meetings Associated with Strategy . . . 525
Figure 19-4 The Strategy Hierarchy . . . 527
Figure 19-5 The Evaluation Cycle in Strategic Human Resources Planning . . . 532

This page intentionally left blank

LIST OF ACTIVITIES

Activity 1-1 Case Study 33
Activity 1-2 A Self-Diagnostic Survey of HRP Skills 34
Activity 2-1 Case Study 54
Activity 2-2 A Worksheet for Identifying the Purpose of Strategic Planning for Human Resources 55
Activity 2-3 Case Study 56
Activity 2-4 A Self-Diagnostic Survey on Linking Strategic Business Planning to Strategic HR Planning 58
Activity 3-1 Work Analysis Role Play 91
Activity 3-2 An Interview Guide Form for Job Analysis 99
Activity 4-1 Conducting an Appraisal Interview 133
Activity 4-2 Case Study 135
Activity 5-1 Issues to Consider in a Stakeholder Analysis for an HR Audit 163
Activity 5-2 An Initial Diagnosis Worksheet for an HR Audit 165
Activity 5-3 An Interview Guide for Assessing the Strengths and Weaknesses of the HR Department 171
Activity 5-4 An Interview Form to Collect Information about Critical Incidents Pertinent to HR Department Strengths and Weaknesses 172
Activity 5-5 Case Study 173
Activity 6-1 Future-Oriented Work Analysis 207
Activity 8-1 Worksheet for Summarizing, Using Four-Factor Condition/Criteria Analysis 255
Activity 8-2 A Worksheet For Four-Factor Condition/Criteria Analysis 257
Activity 8-3 A Worksheet Based on WOTS-Up Analysis 258
Activity 8-4 A Worksheet for Classifying Jobs, People, and the HR Department 259
Activity 8-5 A Worksheet for Considering an HR Grand Strategy 260
Activity 8-6 A Worksheet for Evaluating an HR Grand Strategy 262

Activity 8-7 Case Study 264
Activity 8-8 Case Study 265
Activity 9-1 A Worksheet for Developing HR Objectives 292
Activity 9-2 A Worksheet for Assessing Management Support for the HR Grand Strategy 293
Activity 9-3 A Worksheet for Matching Rewards to the HR Grand Strategy 294
Activity 9-4 A Worksheet for Assessing the Influence of a New Program Initiative in One HR Practice Area on Other Areas 296
Activity 9-5 A Worksheet on HR Department Structure 297
Activity 9-6 Case Study 298
Activity 10-1 A Worksheet for Assessing Career Strengths and Weaknesses 328
Activity 10-2 A Worksheet for Scanning the Career Environment 329
Activity 10-3 A Worksheet for Identifying the Range of Career Strategies 330
Activity 10-4 A Worksheet for Implementing an Individual Career Strategy 331
Activity 10-5 A Checklist for Evaluating a Career Strategy 332
Activity 18-1 The HRP Department Structure 503
Activity 18-2 Reducing Resistance to Implementation of HR Plans and Grand Strategy 505
Activity 19-1 Success Factors and HR Strategy 533
Activity 19-2 Evaluative Measures 534
Activity 19-3 An Interview Guide for the Evaluation of HR Practice Areas 535
Activity 19-4 Case Study 536

PREFACE

This book is intended for human resource (HR) practitioners, HR or personnel managers, specialists in HR planning, and students interested in this field. We saw a need for a book, designed for practitioners, that would go beyond traditional and heavily quantitative approaches to HR planning. This book is focused on HR as a tool for implementing organizational strategic plans. We define **strategic planning for human resources** (SPHR) as *the process of anticipating long-term HR supplies and demands relative to changing conditions inside and outside an organization, and then crafting HR programs and other initiatives designed to meet the organization's needs for knowledge capital.*

The broad goal of this book is to help practitioners improve their skills in strategic thinking and planning. Top managers want HR practitioners who anticipate problems, rather than merely react to them. Some authorities in the HR field believe that the future career success of practitioners will increasingly hinge on how skilled they are at strategic thinking and planning. Others note that firms that develop and implement workforce strategies consistently outperform their more short-term, crisis-driven competitors.

The approach we have taken is to (1) describe a simple but generalizable model of SPHR and (2) derive practitioner "roles" from each step in the SPHR model. Some readers might object that the model and the roles we describe are not found in practice. In part, at least, they are right. The reader seeking practitioners who bear job titles like "HR Scanner," "HR Policy Formulator," or "HR Organizational Coordinator" will not find them. Nor will it be easier to pinpoint specific organizations using all steps in the SPHR model.

However, individual pieces of the SPHR model we describe can no doubt be found in some organizations. Regardless of job titles, HR practitioners do try to:

1. Help link the long-term purpose, goals, and objectives of the HR function (department) and/or HR plans with organizational plans.
2. Examine what people are presently doing in their jobs in the organization.
3. Examine what kind of people are doing the work at present.
4. Analyze the HR department and/or HR practices in the organization to identify present strengths and weaknesses.
5. Identify future trends, the likely impact of those trends, and the desired impact of those trends.
6. Estimate numbers of people and jobs needed by an organization to achieve its objectives and realize its plans.
7. Compare present and future jobs, people, and HR department practice areas.
8. Implement HR Grand Strategy, a long-term direction for all HR efforts in the organization.
9. Lead the HR department, unit, or function.
10. Monitor whether HR Grand Strategy will work, is working, and has worked.

Each activity we link to a role or function of the HR Planner, defined here as one who is involved in the SPHR process.

The chapters of this book are sequenced to lead the reader through steps in SPHR:

1. Chapter 1 provides background information about strategic business planning, explains the need for SPHR, and describes roles of the HR practitioner in a strategic context.

2. Chapters 2 through 9 and 18 through 19 focus on how HR practitioners enact their roles, and how they and their organizations can carry out the steps in the SPHR model.
3. Chapters 10 through 17 treat HR "practice areas" of career planning, career management, recruitment and selection, training, and organization development as ways to implement an HR Grand Strategy (see Figure 1 for a depiction of the plan of this book).

We have attempted to make the content of this book as practical and concrete as possible. We provide many case studies and exercises for readers to use in practicing, discussing, and carrying out the SPHR process. The result, we hope, is a book that will at once be useful to HR practitioners and to college students enrolled in courses in HR planning, management, and development.

Acknowledgments

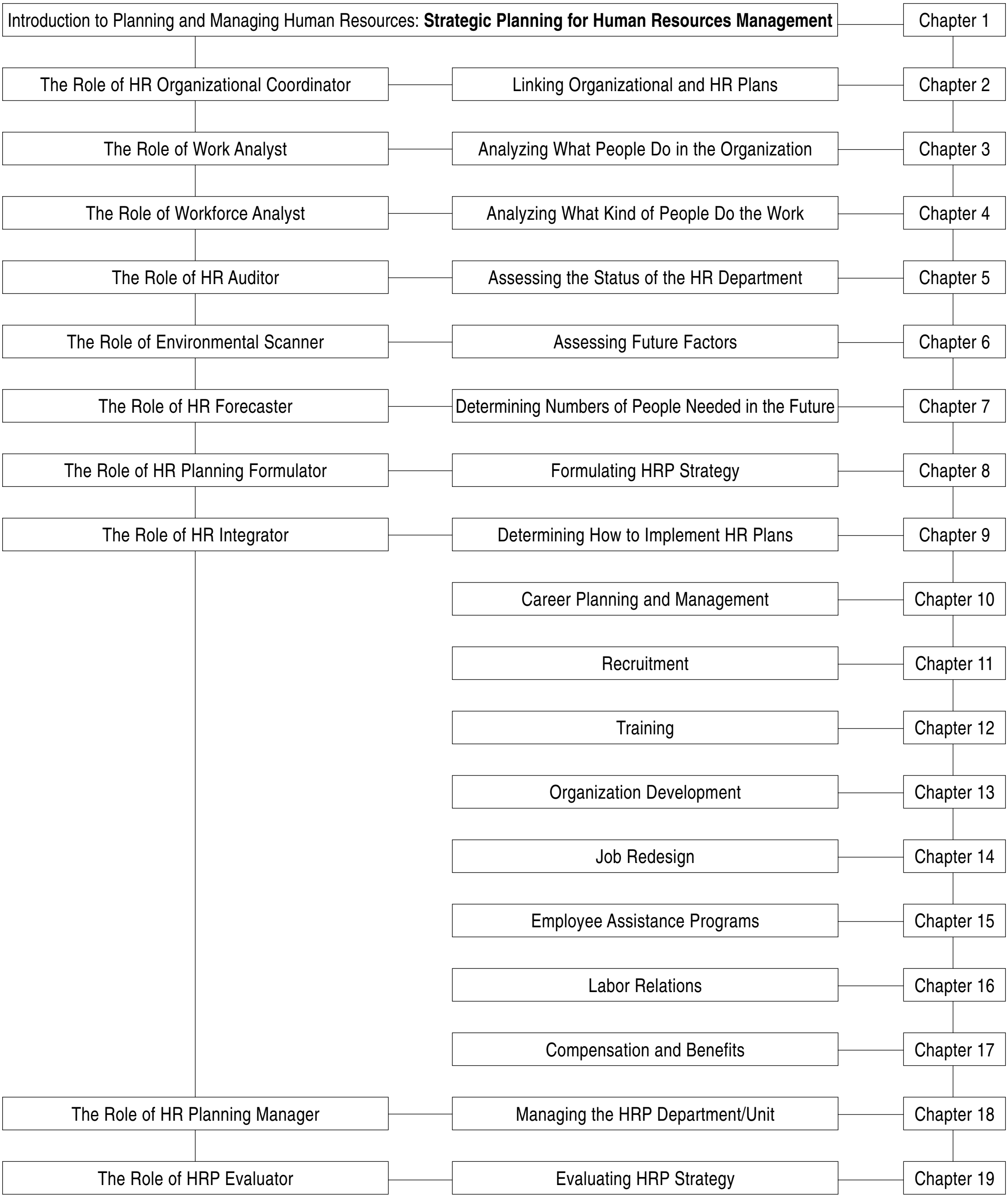
Few books are the work of a single author. This book is no exception to that rule. The authors would like to acknowledge the assistance of many individuals and institutions who have given freely of their time and information during the preparation of the manuscript. The authors also extend their sincere appreciation to Hong Lin and to Yu Zhanghai for their assistance with this book.

Finally, the authors would like to acknowledge the understanding and support of their family members, who have stood firm in their commitment to see their work completed. We want to thank our spouses, Marcelina Rothwell and Nuria Kazanas, particularly because they sacrificed their time with us as we devoted our attentions to this book.

William J. Rothwell, Ph.D.
State College, Pennsylvania

H. C. Kazanas, Ph.D.
Naples, Florida

Figure 1: Strategic Planning for Human Resources Management: The Plan of the Book


Introduction to Planning and Managing Human Resources: **Strategic Planning for Human Resources Management**
Chapter 1
The Role of HR Organizational Coordinator
Linking Organizational and HR Plans
Chapter 2
The Role of Work Analyst
Analyzing What People Do in the Organization
Chapter 3
The Role of Workforce Analyst
Analyzing What Kind of People Do the Work
Chapter 4
The Role of HR Auditor
Assessing the Status of the HR Department
Chapter 5
The Role of Environmental Scanner
Assessing Future Factors
Chapter 6
The Role of HR Forecaster
Determining Numbers of People Needed in the Future
Chapter 7
The Role of HR Planning Formulator
Formulating HRP Strategy
Chapter 8
The Role of HR Integrator
Determining How to Implement HR Plans
Chapter 9
Career Planning and Management
Chapter 10
Recruitment
Chapter 11
Training
Chapter 12
Organization Development
Chapter 13
Job Redesign
Chapter 14
Employee Assistance Programs
Chapter 15
Labor Relations
Chapter 16
Compensation and Benefits
Chapter 17
The Role of HR Planning Manager
Managing the HRP Department/Unit
Chapter 18
The Role of HRP Evaluator
Evaluating HRP Strategy
Chapter 19

CHAPTER 1

Introduction to PLANNING AND MANAGING HUMAN RESOURCES: STRATEGIC PLANNING FOR HUMAN RESOURCES MANAGEMENT

Practitioners and academicians are devoting increasing attention to strategic planning for human resources.* (See, for instance, Becker and Huselid, 1999; Brockbank, 1999; Fields, Chan, and Akhtar, 2000; Gratton et al., 1999; Chew and Chong, 1999; Wagner, 1999.) Some contemporary observers of the business scene attribute this stepped-up interest to a desire by HR professionals to become more involved in strategic business planning (SBP) as a way of increasing their own importance. At the same time, however, top managers often say they want proactive HR professionals who can participate meaningfully in strategic business planning and who can play a strategic leadership role in helping their organizations attract, retain, and develop the intellectual capital and human talent that is increasingly important to business success in a fiercely competitive global marketplace (Rothwell, Prescott, and Taylor, 1998). While other resources can be acquired easily, it is human talent that has emerged as the most difficult to acquire, yet it is key to competitive success and is the energy that founds new businesses, invents new products, discovers new markets, and serves customers.

---

* We shall use the terms *SPHR, HRP,* and *HR* planning synonymously throughout the text. We recognize that not everyone will agree that they are—or should be—the same.

What is **strategic planning for human resources** (SPHR)? How did human resources planning (HRP) evolve? What is strategy? Why is SPHR needed? What makes SPHR difficult in organizations? How can the SPHR process be described? How is this book structured? This chapter addresses these questions and thereby introduces the book.

What Is Strategic Planning for Human Resources (SPHR)?

There is no single definition of human resources planning (HRP) with which everyone agrees. Many definitions and models of HRP exist. Many HRP practitioners* prefer to focus on the *technical side*—that is, the mathematical and behavioral methods of forecasting HR needs. Others prefer the *managerial side*—that is, the way decision-makers tackle human resource issues affecting an organization. Still others distinguish between *strategic HRP,* undertaken to formulate and/or implement an organization's long-range plans, and *operational HRP,* undertaken to guide daily HR decisions. To complicate matters even more, some HR practitioners distinguish between *HRP for an organization,* which focuses on planning solely to meet organizational demands, and *HRP for individuals,* which focuses on the implications of such plans for individual career planning.

Despite these differences, most HR practitioners would probably agree that Human Resources Planning focuses on analyzing an organization's HR needs as the organization's conditions change, and then supplying strategies to help respond proactively to those changes over time. HRP helps ensure that the right numbers of the right kinds of people are available at the right times and in the right places to translate organizational plans into reality. This process becomes *strategic* when some attempt is made to *anticipate* long-term HR "supplies and demands" relative to changing conditions facing the organization, and then to use HR department programs in an effort to meet these identified HR needs. There is good reason to pay attention to this issue: organizations that manage HR strategically tend to outperform competitors who do not do so (Lam and White, 1998).

---

* We shall use the terms *personnel practitioner*, *HR planner*, and *HRP practitioner* synonymously throughout this book.

How Did Human Resources Planning (HRP) Evolve?

In the early days of industrialization, managers rarely had to think ahead about the numbers and kinds of people required to get the work out: Conditions outside organizations were relatively stable. Most work demanded little by way of specialized training and expertise. And managers could find all the people they needed on short notice, provided they were willing to pay competitive wages.

However, there must have been some HR planning going on, even in earliest times. It is hard to imagine that the builders of the Great Pyramids or of Stonehenge completely disregarded planning those superhuman exertions that were required to erect these monuments of antiquity over many generations. Yet records from that time do not exist to reveal how managers planned for their human resources.

The origin of *manpower planning,* the predecessor of modern HR planning, predates the beginnings of twentieth-century management theory. Among the first to raise the manpower-planning issue was the Frenchman Henri Fayol (1841–1925). His famous fourteen points of management are still considered valid today. One point had to do with what Fayol called *stability of tenure of personnel*. For Fayol, administrators bear responsibility to plan for human resources, ensuring that "human and material organization is consistent with the objectives, resources, and requirements of the business concern" (Fayol, 1930, p. 53). This point resembles some modern definitions of HRP.

A deep recession in the late 1950s sparkled the need for a new way of thinking about management. People were increasingly viewed as assets—*human resources*—that could be either developed or wasted. This way of thinking became even more pronounced during the 1960s and 1970s, when the focus was on finding ways to design organizations and jobs to permit individuals greater latitudes of self-expression. Human creativity and job satisfaction are still two of the most important concerns of management.

The 1960s also spawned the term *manpower planning*. Initial manpower planning efforts were typically tied to annual budgeting, as is still the case in some organizations. The implication was that people are expense items, since wages, salaries, and employee benefits constitute a major cost of doing business. Early planners were more often found in planning and budgeting departments than in personnel or HR departments, but they did manage to devote some attention to forecasting manpower demands. However, it was a need to budget, not a desire to stimulate creativity or increase productivity, that spurred them.

As the Human Resources school of management thought grew in importance throughout the 1970s, manpower planning activities gradually shifted to personnel departments. At the same time, the term *human resources planning* supplanted *manpower planning*. Likewise, personnel departments were renamed *human resource departments,* reflecting a new and more pronounced emphasis on the *human* side of the enterprise.

Human resource practitioners and other contemporary observers of the management scene have expressed a growing awareness ever since the 1990s that people represent a key asset in competitiveness. While Western nations have long placed enormous faith in the power of technology to enhance productivity, the fact is that the greatest competitive gains stem from the exercise of human creativity to identify new products and services, find new markets and applications for existing products and services, and make use of the possible gains to be realized from technology. Without the creative application of human knowledge and skill, organizations would not be formed and would not thrive for long. Human beings thus represent intellectual capital to be managed, just like other forms of capital (Brown, 1998).

What Do We Mean by *Strategy*?

The new way of thinking about people and people planning that took place in the 1960s and 1970s coincided with a new way of thinking about the role of top managers and the nature of long-range organizational planning.

Organizations before 1980 tended to operate in relatively stable external environments. Most of them offered a single service or product line to a clearcut group of customers in a geographically limited sphere of operations. Planning for changes in the external environment was less important then than coordinating such *internal functions* as finance, marketing, operations/production, and personnel. Top managers therefore devoted most of their time to *policy making,* an activity intended to ensure coordination inside an organization. Long-range planning, to the extent that it was carried out at all, was based on the assumption that the future would resemble or even represent a mere continuation of the present or past.

In the early 1950s, organizations began to diversify into new businesses, expanding their range of products and services. They served increasingly diverse customers and increased the geographical scope of their operations into other countries and cultures. It soon became apparent that policies suited for a single-product organization were not necessarily well-suited to a diversified corporation that operated simultaneously in different industries, faced a range of contrasting environmental factors, dealt with diverse and more demanding customers, and handled multiple product lines. Nor were policies appropriate to firms limited to domestic U.S. operations necessarily appropriate to a company operating in several nations with varying laws, social customs, and economic climates. Simple policy-making proved inadequate for coordinating functions and activities across a corporate portfolio of businesses. Long-range planning based on an assumption of environmental stability likewise proved inadequate for dealing with an increasingly dynamic external environment where the uncertain future was often nothing like the present or past. At this point, strategic business planning emerged as a way of coping with increasing environmental and organizational complexity. Top managers discarded older notions of planning and policy-making in favor of a strategic view.

The word *strategy* means “general” in Greek and, in a military sense, is linked to the planning of battles and military campaigns. It differs from *tactics,* which refers to more limited planning to achieve immediate objectives. Though people continue to argue about the meaning of “strategy” in a business setting, most would probably agree that it has to do with long-term, large-scale plans for future-oriented, competitive success. Strategic issues are mostly the concern of top managers. These issues involve allocation of organizational resources. They exert significant influence on the organization’s success or survival; they

To'liq qismini
Shu tugmani
bosish orqali
sotib oling!