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Chapter Two

Review of Literatures

This part of the thesis conceptualized based on different authors and scholars view, attitude and philosophy of what it should be, how it is designed in integration with total corporate strategy, and the proposed theoretical model for HRP. The theoretical bases like HR management, strategic HR management, and directly related theories assessed for common understanding of the topic. All managers are HR managers but not the specialist in HR management. Therefore, for such kind of individuals some grassroots topics are included.

Strategic HR management cannot exist on sterile environment. Change never happen in vacuum. Therefore total organizational culture and climate has to yield the leadership, value, attitude and sentiment towards this large fact. Organizational culture and climate in synergizing strategic HR planning in companies conceptualized based on different theoretical facts and experiences about organizational culture and climate. The literature described in the following description including the core elements of the study HRP and peripheral issues in HRP.

As mentioned in the study statement of purpose, this study believe that or hypothesize that the existence of strategically bounded institution or institution only with strategic management orientation can think about strategy linked HRP to forecast their manpower demand and availability by well developed and appropriate manpower planning models. The study also believe that the foundation for any motivated innovation like obtaining competitive advantage from HRP practices are functional strong organizational culture, positive management attitude and philosophies, good leadership stewardship to strategy linked HRP, organizational power and politics. Plus
this HR unit development in terms of motivation, skill, ability and strategic HRM orientation is fundamental to strategy linked HR planning.

HR planning is a critical component of corporate strategy and SHRM. It is the process of analyzing and identifying the need for and availability of HR to meet the organization’s objectives. Forecasting is used to assess past trends, evaluate the present situation, and project future demand and events. Forecasting and planning are complementary in that forecasts identify expectations while plans establish concrete goals and objectives (Payne, 2004).

You cannot wish about integrated HRP in traditional institution without vision, and you cannot think about SHRP by unconcerned management to see HR unit as strategic partner. Therefore the theoretical framework describes these facts following their respective flow. In general the literature part had broken down in to the following sub parts that include HRP and parts important for realizing HRP alignment with institutional strategy.

Part One: Developments and Theorizing HRM
Part Two: Concepts of Strategic HRM
Part Three: Integrating HRP Practices with Institutional Strategy
Part Four: Forecasting HR of Institutions
Part Five: Enabling Factors of Strategizing HRP Practices
Part Six: Related cases, studies and Experiences
Part Seven: Development of HRM in Ethiopia
Part One

1. Developments and Theorising Human Resource Management

1.0 Introduction

Human Resource Management (HRM) as a body of knowledge is full up with obvious contradictions and unexplored disagreements (Cullinane, 1998, Aswathappa, 2009). Yet, if practical application is any kind of indicator, the theoretical incongruity of HR management has not held back its uptake. Academic calls for the growth of a theory of HR Management have (for various reasons) failed to deliver frameworks with practical capacity (Balunywa 2007; Greer, 2001). While some academics lament the lack of a grand theory, practitioners are apparently unconcerned by similar suspicions (Balunywa 2007; Cullinane, 1998). But at different times different scholars described the theory and development of HRM in the following manner.

Balunywa (2007) put the following organized description of HRM historical development. The subject of managing people has been with us since time immemorial and it is acknowledged today that people are the most important resource in any organization because they supply things that are unique, that cannot be supplied by any other resource (Drucker, 1992; Stoner, 1989 and Stoner, 1996 as cited in Balunywa, 2007). This management function is intended to ensure maximum utilization of people as a resource, enlisting peoples full commitment to work and facilitating quality work to enable the organization achieve its numerous goals and objectives. Unlike other resources, it is the people who can achieve the purposes of the organization (Greer, 2001 and Ingham, 2007). No other resource can do this.
According to Balunywa (2007) people plan the utilization of resources, organize them and get them to work. If people work conscientiously with full engagement they perform their tasks well and achieve the goals of the organization. It is only people among the other resources of the organization that can be creative, as work is done; a human being finds different ways of doing it. He/she can change the pattern of work; he/she can improve on the process and can add value. This is creativity. No other resource can be as creative as people in the organization (Balunywa 2007; Ingham, 2007).

Besides these, people supply drive, energy and intellect in a work situation. People can be resilient unlike any other machine. Even in the moments of problems, people can go on and on, of course within physical limits (Balunywa, 2007; Greer, 2001; Rao, 2010; Armstrong, 2006; Torrington et al., 2006; Ingham, 2007). There is no substitute to using people as a resource. Balunywa (2007) stressed further that even the latest technological advances are mere duplications of what people can do. Having this as introduction in subsequent topics we will see how people management evolved and become value adding element in organizations set-up.

1.1 Evolution of Human Resource Management

The study wants to repeat the HR views of Aswathappa (2009) that witnessed the “organizations as old as the human race itself Archaeologists have discovered massive temples dating back to 3500BC that were constructed through the organized action of many people. The fact that these impressive monuments were built suggest that not only did complex organizations exist, but that people in them worked cohesively for
common cause.” However, HR management as a specialized function in organizations began its formal emergence shortly before 1900 (Balunywa 2007). The growth of organizations also led to the establishment of the first personnel departments about 1910 (Balunywa, 2007). Balunywa (2007) indicated that the work by individuals such as Frank and Lillian Gilbreth dealt with task design and efficiency. The Hawthorne studies, conducted by Elton Mayo in the mid-1920s, revealed the impact of work groups on individual workers. Ultimately, these studies lead to the development and use of employee counselling and testing in industry (Balunywa 2007; Torrington et al., 2005; Ingham, 2007).

But HRM as distinct order according to Balunywa (2007) borrowed from Hendry & Pettigrew (1990) at some time in the mid 1960s a writer first used the term HR to differentiate between employees and physical capital as factors of production. During the 1970s, the term HR became part of the vocabulary of (British) academics. According to Ezzamel, Wilkinson & Willmott (1996) during this initial phase, developments were championed by academic entrepreneurs and consultants’ who saw HR management as a means of achieving ‘a comprehensive, strategic approach to the management of people or a means of gaining competitive advantage.

During the early 1980s, the use of the term and the uptake of the discipline of Human Resource Management (HRM) have spread, becoming a significant focus of ‘conceptual and empirical analysis’ (Guest, 1991). Later in the mid-to-late 1980s and the opening years of this decade there has been a movement towards the creation of a HR management ‘infrastructure’ (Blyton & Turnbull, 1992 cited in Balunywa, 2007).
Alongside this developing infrastructure has been a widening interest in HR management as a focus of academic inquiry (Storey, 1992).

Now, the term HR management is used to refer to a philosophy of, and approach to, management of employees with its own distinct identity (Balunywa, 2007, Cullinane, 1998). It is a discipline taught in business schools around the world and in the arena of management, it has become the lead practice (Cullinane, 1998) of employee management. To a large extent, it could be argued that HR management has attained a status equivalent to that of an icon in the world of management (Balunywa, 2007). Along the way, ‘the familiar categories of what represented ‘industrial relations’ or ‘personnel management’ or ‘manufacturing management’ that lessen strategic function of HR may have begun to dissolve’ (Storey, 1992). And, there has been a shift in terminology from ‘personnel management’ to ‘HR Management’ (Storey, 1992; Stone, 1998 and Stone, 1992).

Balunywa (2007) and Cullinane (1998) also noted that the widespread adoption of HR management in management disguises some unpleasant realities. HR Management has no defining theory. HR management has no core practices and its own identity. HR management has an unclear philosophy conceptual framework and an apparently mixed agenda. Surely these unpleasant realities must undermine the relevance of HR management and resulted attitude that reject HR manager from strategic table (Cullinane, 1998; Balunywa 2007; Ingham, 2007). Why then does the icon remain essentially untainted? Why does the uptake of management practice under the ambit of HR management continue? How can a practice that is devoid of defining theory
maintain its practical validity? These were fundamental question listed by Balunywa (2007).

The practice of HR management is often described as a ‘series of seemingly disjointed activities’ that separate HR from the whole corporate strategy (Townley, 1996 cited in Balunywa, 2007). The practices that are carried out under the influence of HR management often each have a theoretical basis in their own right but borrowed. Most of these lower level theories are adopt from disciplines like industrial psychology and organisational behaviour (Cullinane, 1998). The eclectic ensemble of practices drawn from many different disciplines is often ‘excused in terms of Human Resource Management’s reflecting the ad hoc and reactive nature of its origins’ (Cullinane, 1998, Balunywa, 2007). This tagged HR management a field without its own identity and distinct theory (Greer, 2002; Aswathappa, 2009; Bhattacharyya, 2006).

Given the heterogeneity of practices, a defining theory of HR management (Cullinane, 1998, Balunywa, 2007) would seem to be an unavoidable necessity in sustaining the mien of coherence and rationality (Ingham, 2007; Aswathappa, 2009). This ordering principle should provide order and structure so that the “bits” which make up HR management practice and “which have limited significance on their own” are turned “into an intelligible whole” (Turner, 2002). However, to date, there have been few attempts to define Human Resource Management (Storey, 1996) or to develop a theory of HR management practice (Townley, 1996 cited in Balunywa, 2007).
Through time the confusion in defining HR management became clear and taking the HR unit and its working principles to strategic directions. To show its development clearly for Balunywa (2007) “the subject has evolved overtime going in three different stages including changes in label. For some time it was simply known as the staffing function. It later developed into the personnel function and has been transformed into human resources management (Balunywa, 2007) . These labels are really a matter of semantics.” Some researchers, (Storey, 1992; Legge, 1989; Guest, 1989) attempt to construct what they call a HR model and in fact some differences between personnel and HR management are identified. For Balunywa (2007) this is splitting hairs. True there has been some change in this function but the fundamental one is described in the various management theories that have been evolved over the last 150 years or so.

Scholars show different phase of development of HRM. For instance (Torrington et al, 2005) classified development of HRM by five themes named as social Justice, human bureaucracy, negotiated consent, and organization and HR management. But Balunywa (2007) described models that show HRM development as the Traditional Model, Transitional Model and the Dynamic Model of HR management. This literature part preferred to describe Balunywa’s HRM development model due to its comprehensive and organized nature.

1.1.1 The Traditional Model

The first systematic study of this function is best identified with Adam Smith with his principle of division of labour and specialization (Stoner et al., 1986 cited in
In 1776, Adam Smith advocated a new form of organizational structure based on the division of labour. Building on this principle later, researchers, consultants and practitioners proposed some kind of theory. This is expressed in the proposals by Fredrick Taylor in his scientific management theories in 1890s (Pugh, 1998 cited in Balunywa, 2007). Taylor and others made certain assumptions about people leading to the famous rational economic man approach (Stoner et al., 1986 cited in Balunywa, 2007) to the study of the subject.

Taylor and others basing their work on science argue that workers will work if the working conditions are conducive (Balunywa, 2007, Cullinane, 1998). They argue for a scientific selection of workers, remuneration of workers on the basis of output and indeed Taylor proposes the differential wage system as a method of remunerating staff (Pugh, 1998 and Stoner et al., 1996 cited in Balunywa, 2007). The conclusions drawn from Taylors work are that people are selected for their skills. They are deployed on the basis of their specialization and are motivated by pay. Workers are willing to work with good pay and under good conditions but do not measure the strategic contribution of HR.

HR management deals with people, the process of selection, deployment, motivation, development and appraisal of staff (Balunywa, 2007). The traditional model can be said to be based in the works of Frederick Taylor and others. This is expressed beautifully in what is famously known as the concept of Fordism (Womack Jones and Roos, 1990 and Starkey and McKinaly, 1993 cited in Balunywa, 2007). Fordism represents a culture in an organization that prescribes a practice of dealing with
people in organizations along with other aspects of organizations.

It was at the turn of the century with influence of Taylor’s (1856-1915) work that this practice developed. Ford perfected the assembly line (Womack et al., 1990 cited in Balunywa, 2007) where the principles of dealing with people were based on specialization, good working environment, motivation by salary, training of specialized skills and a hierarchy, workers were workers and managers were managers (Balunywa, 2007). This view treated workers as givens. Organizations design specialized and efficient jobs and workers are simply plugged into the job. They are kind of appendages to the machine (Dessler, 1982 cited in Balunywa, 2007). Efficiency come first and the workers second (Balunywa, 2007). This development did not consider HR as an asset.

This approach to HR management did not allow for flexibility in the production process (Balunywa, 2007). Each person did a single job and the system was obsessed with quantity rather than quality. It tolerated defects on the assembly line and encouraged over specialization by individuals. It is described as mass production when division of labour and specialization were central to the organization (Balunywa, 2007). Later researchers and writers on the subject depart from Taylor’s position basing their work on sociology, psychology and anthropology (Stoner et al., 1996 and Dessler, 1982 cited in Balunywa, 2007). They bring an alternative view to the subject. This view takes us to transitional model of HR management that transformed HR management practice to strategic direction.
1.1.2 Transitional models: the Behavioural Scientists and the Japanese Model

This phase can be considered as Torrington et al. (2005) fourth phase known as “organization”. According to them this is late 1960s development saw a switch in focus among personnel specialists, away from dealing principally with the rank-and-file employee on behalf of management, towards dealing with management itself and the integration of managerial activity it was the starting point seen HR as strategic contributor. The transitional models (Balunywa, 2007) in HR management are constituted by the works of behavioural scientist and the Japanese management practices which are also based on behaviour (Cullinane, 1998). To Balunywa (2007) these models move away from rigid model that does not create conditions for motivation of people.

The Behavioural Scientists, notably McGregor, Maslow, Argyris and Herzberg make people as priority rather than the job (Balunywa, 2007). They emphasize the importance and complexity of motivating people and urged that jobs should be designed with that in mind (Cullinane, 1998, Rao, 2010). While the traditional model urges for control of people and following a rigid chain of command, the behavioural scientists argue for autonomy to workers and involvement in decision making(strategy formulation) (Balunywa, 2007; Torrington et al., 2005). These models include Abraham Maslow’s Hierarchy of Needs, McGregor’s Theory X and Y, Likerts’ System 4, and others (Balunywa, 2007). The prescription of the models are to handle from a behavioural approach. Their conclusions are the principles of social man and self actualizing man that contribute to organization objectives.
Elton Mayo and the Human Relations School focus on people rather than the tasks (Pugh, 1985 and Stoner et al., 1996 cited in Balunywa, 2007). Mayo and fellow researchers conclude that man is a social man motivated by social needs and while they do not dismiss specialization and remuneration, they think emphasis should be placed on the relationship between people. But Mayo and the Human Relations School are dismissed by others as being manipulative (Stoner et al, 1996 cited in Balunywa, 2007) but their contribution on changing HR management behaviour should be taken as step forward.

Later researchers, notably McGregor, Maslow, Likert, Herzberg grouped together as the behavioural scientists use a different approach to explain the concept of managing people. Their work is still based on the behaviour of people and they come to the conclusion that man is motivated by needs and they use Maslow’s self-actualization need as being the primary need that guides people’s actions. Later studies especially those of Japanese management styles (Balunywa, 2007) put in perspective the various models of dealing with people. Studies of Japanese management styles show that the Japanese styles are based on Human Behaviour. Worth of further discussion is the Japanese Theory Z (Balunywa, 2007).

The Japanese Managerial style (Balunywa, 2007) commonly known as Theory Z also draws heavily on the behavioural scientists. Specific attention is given to this theory because of what is formerly known as the Japanese Economic miracle achieved in the 1970s and 80s. In the early 70s with the oil crunch, many economies slowed down and experienced tremendous economic difficulties. Japan however, has been able to
record positive growth in her GNP. William Ouch’s observations led him to describe a Theory Z management style to explain Japanese management practices. What (Balunywa, 2007) amazed most management theorists and practitioners it that Japanese managers and practices. It is characterized by strong work culture, participatory HRM and proactive manpower planning deeply considered HR management in strategic line.

1.1.3 The Dynamic Model
As Balunywa (2007) noted this model has foundations in the works of the behavioural scientists and was perfected at the Toyota Assembly Line by the engineering genius, Engineer Ohio (Womack et al., 1990 cited in Balunywa, 2007). Ohno studied the production system at the Ford Assembly line and knew that Toyota could not compete with Ford so they didn’t. Instead Ohno devised a production system that took care of the unique conditions existing at that time in their factories in Japan (Balunywa, 2007). The system allowed for flexibility in tasks. Everybody on the assembly line was responsible for all the tasks. People worked in groups. Each one took care of maintenance and quality. In the process Ohno initiated techniques that the Japanese pursued successfully to confront competition in the market place. This includes Just- in-Time production techniques, quality circles, product churning, and other techniques that the Japanese have used with tremendous success (Balunywa, 2007).

The Japanese management style and the works of the behavioural scientists constitute the foundation to the dynamic approach to human resource
management. In the approach, nothing freezes in place. People must be understood in their diversity and taken as an asset. Change must be accepted as the only constant not only outside the organization but also within. The total circumstances of above yield the discipline HRM and its elements including HR planning. Some of the practices called as traditional still in practice in developing countries by hampering the value adding function of HRM. The emphasis to take HR as competitive advantage still at infant stage. Toran (1998); Armstrong (2006) and Whipp (1992) picture of HR development briefly summarized below based on HR development in different time scope.

- **1930s TO 1950s:** As Toran (1998) described in the 1930s, the passage of several major labour laws, such as the National Labor Relations Act of 1935, led to the growth of unions. The importance of collective bargaining and union/management relations following the labour unions’ rise to power in the 1940s and 1950s expanded the responsibilities of the personnel area in many organizations, especially those in manufacturing, utilities, and transportation. Such work as keeping payroll and retirement records, arranging stockholder visits, managing school relations and organizing company picnics was often the major role of personnel departments (Toran, 1998).

The role of the HR department in the organization as a staff function to support operational (line) departments expanded during this period, and line/staff issues grew to influence HR departments in the following decades. This period (Prior to the 1960’s) described as File Maintenance (activities considered as non strategic) – emphasis on screening applicants, training or orienting
employees and data collection and storage (Toran, 1998; Armstrong, 2006; Torrington et al., 2005).

- **1960s TO 1980s**: Increased legal requirements and constraints arising from the social legislation of the 1960s and 1970s forced dramatic changes in the HR departments of most organizations (Toran, 1998). HR departments had to become much more professional and more concerned about the legal ramifications of policies and practices. Also, organizations took a new look at employee involvement and quality of work as a result of concerns about the impact of automation and job design on worker productivity.

During the 1980s, the strategic role of HR management became essential as organizations reduced staff, closed plants, or “restructured.” Out placing employees and retraining the rest became prime concerns of HR departments. Containing the costs of health-care benefits also grew in importance (Toran, 1998). By HRM proponents the period (1960’s to 1980’s) described as Government Accountability: Laws, court rulings, and accountability proliferated. It dealt with equal employment opportunities, environmental protection, employee health and safety, urban renewal and development and community relations (Torrington et al., 2005; Toran, 1998; Armstrong, 2006).

- **1980s TO 1990s**: according to HR professionals from USA and scholars from different nations, the period named as “organizational accountability” in Mid-1980 and “Strategic Partner” in late 1980’s. Organizational Accountability: Mid-1980’s to present is a period of gaining and sustaining a competitive advantage (Toran, 1998; Wright and Snell, 1999; Whipp, 1992). Emphasis on
social consciousness, controlling costs, enhancing competitiveness, adding value to organizational products, and balancing use and conservation of natural resources. Strategic Partner in late 1980’s to Present: Development and implementation of mission, vision and goals for the organization. Human resource professionals participate in the assessment of internal strengths and weaknesses and external opportunities and threats affecting the organization (Toran, 1998; Torrington et al., 2005; Armstrong, 2006).

According to Toran (1998) during the 1990s, organizational restructuring continued. HR executives involved in reengineering the HR management in their companies found that the traditional HR function began shifting its emphases. Changing demographics and increasing shortages of workers with the needed capabilities have grown in importance. Related to the demographic shifts, HR management has had to address the issues and implications of workforce diversity to firms’ success. Both the outsourcing of HR activities and the computerization of the administrative aspects of HR activities, even in small firms, have received attention as well. The shift in HR management described using the following figure.
1.2 Glimpse of Human Resource Management

This study target is to conduct research on integrating human resource planning practices with corporate strategy in Ethiopian institutions. The existing organizational culture and climate conducive for partnering HR as strategic concern; strategic manpower forecasting practices, models and trends; consistent development of objectives, programs, and their implementation and monitoring mechanisms, finally integration between corporate strategy and manpower planning will be assessed as study basic questions or study destiny will be tested through empirically gathered data. All these aspects are elements of people management in organization. Therefore defining HR management is important.
1.2.1 Human Resource Management (HRM)

Different terms are used to denote human resource management. Labour management, labour administration, labour-management relations, employee-employer relations, industrial relations, personnel administration, personnel management, human capital management, human asset management, human resource management and this day knowledge management becoming common term (Rao, 2010; Balunywa 2007). Rao put the following definition of HRM adopted from personnel management in the U.K. and subsequently adopted by Indian Institute of personnel management. “Human resource management is a responsibility of all those who manage people as well as being a description of the work of those who are employed as specialists. It is that part of management which is concerned with people at work and with their relationship within enterprise. It is not only to industry but also all fields of employments”.

According to Aswathappa (2009) HRM is also a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations. As Bhattacharyya (2006) noted it is the discipline replaced traditional concept of Labour welfare and personnel Management search for competitive advantage, model of excellence, failure of personnel management, decline in trade union, change in workforce and nature of work. Because personnel management manly concerned with utilization of human resource and complying with statutes and copying with challenges of trade unions; and led to the development of HRM as another form of response for sustaining better employer-employee relation(Armestrong,2006; Wright, Smart and McMahan,1995; Wood,1996). This philosophy and thinking today revealing itself in strategic paradigm and taking
prominence in the world. The following part conceptualizes strategic HR management briefly and its place within this study.
Part Two

2. Strategic Human Resource Management

2.0 Introduction

The modern competitive world in which we live in requires being so conscious about what is going on around the world. You can have your own target but it has to be better than from your companion that compete with you in the same field. Besides this, setting goal or achieving target without observing environment in this globalized world is so traditional. Companies not only compete with local companies but also with rivals from international world with better competitive advantage. Therefore looking what you have internally and impacts of external world and then finally putting better objective and implantation plan is so contemporary. But all this targets will be set by using people mental model. People put their vision and people realize their vision by their knowledge, skill and motive.

Critical to a corporations’/institutions’ growth and prosperity is gaining and retaining competitive advantage. Although corporations may pursue many paths to this end, one that is frequently not recognized is capitalizing on superior HR management. Currently, many companies recognize the growing importance of their human resources, but few are conceptualizing them in strategic terms—in ways to gain a competitive advantage (Becker, Huselid and Ulrich, 2001; Daft and Weick, 1984; Day, 1997). As a result, many companies forego the opportunity to seize competitive advantage through human resource practice initiatives. However, there are a few companies that do not forego the opportunity (Schuler and MacMillan, 1984; Delery and Doty, 1996). Strategic HR management and strategy-linked human resource
planning emerge from understanding strategic management. The following topics will give you brief conceptualization of these concerns. As result people could easily understand what was taken place by other scholars and researcher in the study topic.

2.1 Strategic Management

It would be difficult to deal with integrated human resource planning practices with companywide strategy without understanding the concept of strategy and strategic management. The adoption of this complex activity starts from having deep wisdom of strategic management. Institutions are collection of people categorized under different groups. For instance marketing, production, finance and administration, human resource management etc. These units must have their own strategy derived from the total corporate strategy. Managing people is central challenge in every organization, and when these challenges extend across geographical borders the differentiator for success lies in ability to link explicitly an organization’s strategy and key process factors to its HR policies and practices (Aswathappa and Dash, 2008; DeSanto, 1983). For Aswathappa (2009) strategic management refers to the process of formulating, implementing and evaluating business to achieve organizational objective.

Armstrong (2006) defined the formulation of corporate strategy as a process for developing and defining a sense of direction. It has often been described as a logical, step-by-step affair, the outcome of which is a formal written statement that provides a definite guide to the organization’s long-term intentions. Strategic plans is the process of thinking through the current mission of the organization with due cognizance to current environmental condition-both external and internal. Such plans therefore, set
guidelines for future decisions and results (Bhattacharyya, 2006). Rao (2010) define strategic management as “a continuous, interactive, cross-functional process aimed at keeping an organization as a whole appropriately matched to its environment.”

2.1.1 Potential Benefits of Strategic Management

Greenley (1986), Choo (1992) and Johnson and Scholes (1993) as cited in Dhar (2008) described numerous benefits of strategic management such as: A capacity to be proactive and to respond positively to changes in the environment; optimise organizational performance results; institutionalise a rigorous process of decision-making and environmental analysis; different levels and types of strategic options can be identified; the identification, prioritisation and exploitation of opportunities and threats, a framework for improved co-ordination and control of activities; a reduction in bureaucracy and the duplication of work; a base for clarification of individual responsibility and finally encourage forward thinking and increased responsiveness to change and the empowerment of employees.

2.2 Hierarchy of Strategy

Another aspect of strategic management in the multi-divisional business organization concerns the level to which strategic issues apply (Rao, 2010; Aswathappa, 2009). For Dhar (2008) wisdom identifies different levels of strategy – a hierarchy of strategy (See figure below adapted from Dhar, 2008). The figure below describes three levels of strategy which are fundamental to integrate HR planning (Bhattacharyya, 2006). These are: Corporate level (CL) or grand strategy, Business level strategy (BLS), and Functional level strategy (FLS)/operational strategy.

*Figure 2.2 Hierarchy of strategic decision making*
Corporate level strategy describes a corporation’s overall direction in terms of its general philosophy towards the growth and the management of its various business units. Such strategy determines the types of business a corporation wants to be involved in and what business units should be acquired, modified or sold (Doty and Glick, 1994; Porter, 1990).

For Bhattacharyya (2006) and Dhar (2008) corporate level strategy addresses the issues of overall scope of an organization, how to run in structural and functional terms and how resources are allocated at different operations. Dhar (2008) and Porter (1995) suggested that this strategy addresses the question, “what businesses we are in?” devising a strategy for multidivisional company involves at least four type of initiative. The first one is establishing investment priorities and steering corporate resources into the most attractive business units. The second one is initiating action to improve the combined performance of those business units with which the corporation first become involved (Rao, 2010; Douglas, Klein and Hunt, 1985). The third initiative is finding ways to improve the synergy between related business units in order to increase performance. The last one is making decision dealing with diversification (Dhar, 2008; Porter, 1995).

**Business-Level Strategy:** Business-level strategy deals with decisions and actions pertaining to each business units, the main objective of business-level strategy being to make the unit more competitive in its market place. For Bhattacharyya (2006) this strategy includes the issue of how to compete in a market. Which product/service should be developed and offered to which market determined by this strategy.
According to Rao (2010) and Porter (1995) strategy designed to each sub-system consistent with corporate level strategy described as Business-Level Strategy. This level of strategy addresses the question, “how do company compete?” although business level strategy is guided by “upstream or top level or grand strategy” business unit management must create a strategy that is appropriate for its own operating situation. According to Dhar (2008, p.30) companies may design three kind of business level strategy:

**Cost leadership** - attempts to increase the organization’s market share by having lowest unit cost and price compared with competitors. Following this direction human resource department plan to address this need by preparing people available for this assumption. Make people so conscious about this strategy and people produce by this attitude. The second strategy would be

**Differentiation strategy**: this strategy assumes providing product or service different or unique than competitors’ interims of size, quality and quantity. The service strategy would be providing service at the lowest possible time that satisfy customer.

**Focus strategy**: managers focus on specific buyer group or regional market. Any selected strategy determines HR strategy from planning up to implementation phase.

**Functional level strategy**: functional strategy named as operational strategy by Bhattacharyya (2006) adopted at functional unit and the success at functional or operational level ultimately enable an organization to achieve the corporate level and competitive strategy. Functional level strategies according to Dhar (2008) include research and development, manufacturing, marketing, finance and human resource. For Dahr this strategy level is primarily concerned with maximizing resource productivity and addresses the question (Rao, 2010; Porter, 1985) “how do we support the business level competitive strategy?” consistent with this, at these level, HR management policies and practices support the business strategic goals.

### 2.3 The Strategic Management Process

Strategic planning allows agencies to map out where they are, where they want to go, and how they plan to get there (US-Office of Personnel Management, 1999). Therefore, strategic management process follow different step for different scholars.
The next step described by Dhar (2008) and substantiated by other scholars listed in the following manner:

**Step One-Agreement on the Process and Shaping Organisational Culture:** The first step in strategic management process is to get agreement—not only to carry out the process but also to get agreement on how and when and by whom it will be carried out (Rao, 2010; Dahr, 2008). It also requires building the attitude and assumption of individual about the essence of strategic management and its process (Dhar, 2008; Porter, 1995). This create helps the organization to obtain commitment from each hierarchy in continues base because strategic management is not one time process or one shot exercise. This procedure works in similar way to bring strategic management atmosphere with in human resource department to link it with total grand strategy of organization (Dyer, 1983; Dyer and Holder, 1988; Dyer and Shafer, 1999).

**Step Two-Identification of the Organization’s Future Intents:** For Dhar (2008) once the organization has agreed on to engage on strategic process by sharing similar value with staff the first step is to determine what and where of the organization is. This would be explaining in terms of mission, vision, and objective of the organization. Vision: describes what the institution wishes to achieve in the future. It has to be stated for three or five or more year. It has to be inspirational not to be written and it must be communicated (Bhattacharyya, 2006; Porter, 1995). For Dhar (2008) and Aswathappa (2009) vision gives long-term direction and directs the total commitment of HR towards this intent.

According to Bhattacharyya (2006) mission include the element such as viewing the future, competitive arena or scope in terms of geographic or business arenas, the skill that the company will develop, a description of how the company intended to succeed, suggests standard of individual behaviour, mission cut across functional areas. Objective/goal: mission statement tries to define vision in to meaningful unit. Goal makes the mission statement more specific. According to Dhar (2008) goal should be specific time bounded statements that provide the benchmarks for measuring success in terms of cost, time, and amount.

**Step three-SWOT analysis:** SWOT refers to analysis of organization internal strength and weakness and the impact of opportunity and threat. This is observing company internal strength and weakness in terms of management philosophy and commitment, skill base, capital or financial resource etc (Dhar, 2008; Porter, 1990). According to these scholars not only resources organizational climate has to be observed. These may include assessment like adaptability of participants to the designed target, nature and flexibility of organisational structure (is it rigid, have significant changes been made in the past, and what has been the reaction?), is their
informal structure and incentive structure ready for employees performance. For Rao (2010) and Porter (1980) internal environments include functional areas, organizational resources, organizational structure and stakeholders.

According to Dhar (2008) and Bhattacharya (2006) opportunity and threat analysis involves assessments of macro and micro environments. This involves critical assessments of impacts of political/legal, economic, social cultural and technological environment prevalent around the company. Political support and stability of country, cultural acceptability of your service by keeping exiting status quo, availability of creditors and country economic profile and finally availability of the technology and resource you need are issues to be considered within this process. External environment analysis reveals the opportunity provided by and the threats posed by the environment (Rao, 2010; Porter, 1995; Dhar, 2008).

**Step four-Identifications of Key Constituent and stakeholders:** The expectation and demand of constituents are key ingredients for decisions about what an organization will do and how it goes about carrying out its tasks (Rao, 2010). Stakeholders or constituents are those who have a direct interest in and are capable of influencing in some measure the outcome or action of institutions (Dhar, 2008; Greer, 2001; Aswathappa, 2009). The stakeholders would be political parties, donors, competitors; beneficiaries etc directly or indirectly affect operation of institution. This individual has to be addressed during strategy formulation to create common awareness (Dhar, 2008; Bhattacharyya, 2006).

**Step Five-Identification of key strategic issues:** The above steps provide as critical information that shows our fitness to environment and priority areas to be focused (Rao, 2010; Porter, 1990). In this stage key problems sorted out or key process areas that are helpful to meet our vision taken out to be changed in to action. They would be selected based on economic, social, political, cultural, and technological fitness to institutions (Dhar, 2008; Bhattacharyya, 2006).

**Step Six-Selection of Strategic Alternatives:** Once the issues or problems identified strategies to solve the problems need to be identified. More than one option or alternatives would be identified but the best option fit to environments will be selected for implementation (Dhar, 2008; Bhattacharyya, 2006; Porter, 1990, 1995).

**Step Seven-Implementation strategy:** According to Dhar (2008) implementation strategy is not an automatic process; there are two major parts to the process. The first step is the development of an action plan, which is statement of what, who, when, and
how the actions necessary to carry out the strategy will be done. The second part of implementation consists of policy change, these actions may consist of changes in organization structure, shifts and reclassification of personnel, the establishments of new routines, tasks, and procedure; installation of incentive system; retooling of production for new products or service, marketing new services or creation of demand among new beneficiaries or consumers; development of new financing mechanisms; organizing coalition to maintain political, budgetary, and beneficiary support; and developing collaborative mechanisms with cooperating organizations (Porter, 1995).

**Step Nine-Monitoring and review of performance:** Strategic management assumes continual change. Therefore mechanisms must be developed for monitoring and analysing the performance of organization with respect to achieving the goals and objectives set in action plan (Rao, 2010). Any strength will be appreciated and the weakness in achievement will be corrected (Dhar, 2008 and Bhattacharyya, 2006).

All procedures and steps of SP can be effectively used in Strategic human resource management and strategic human resource planning. The total step told us there is no independent process in strategic management process. Every step is the prerequisite to one another. Every unit or corporate level strategy depends on other unit information, performance and commitment (Gomez-Mejia, 1992). Therefore linking corporate strategy with human resource strategy is mandatory. The absence of this may cause the total effort worthless. Because it is people who can implement all the steps in to tangible out comes. Through integrated HR planning value adding HR must be prepared for the designed grand strategy.

No machine can design strategy for institution by using mental model by analyzing environment and alternatives. It is true that no best technology can start to implement company selected strategy by putting and setting priorities fit for environment. It is only people brain can do this. Therefore integrated human resource planning is not an option it’s mandatory. Model of Strategic management adopted from Fombrun, N.M. Tichy and M.A. Devanna in Torrington et al. (2005) depicted below describes strategic management and environment pressure in which HR management considered as one factor that put pressure on institutional strategy. Next part of this study conceptualization going to discuss the core aspects of strategic human resource management and human resource planning issues based on the concepts laid as foundation above.
2.4 Strategic Human Resource Management

Koys (2000) as cited in Neiger et al. (2009) described that “many HR departments have informal, unwritten strategies that do not force HR departments to show how they contribute to organization goals”. It is traditional and difficult to leave HR unit by such practice. It has its own written formalities and conceptualization and procedure to be followed. Strategic HRM (Armstrong, 2006, Gould, 1984) is an approach, philosophy and thinking to the strategic management of HR in accordance with the intentions of the organization on the future direction it wants to take. This focus on the decisions of the organization on what needs to be done and what needs to be changed in particular areas of people management. Dash (2008) and Edvinsson and Malone (1997) perceived SHRM as a distinctive approach to managing people which seeks to achieve competitive advantage through the strategic development of a highly committed and able workforce add value to organization.
Adding on this Dash (2008) and Greer (2001) strategic HR management is largely about integration and adaption. Its concern is ensure that: (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work. It is the process by which organizations seek to integrate the human, social, and intellectual capital of their member to the strategic needs of the firm.

Walker (1992) in (Armstrong, 2006) defined strategic HRM as ‘the means of integrating the management of human resources with the strategic content of the businesses. Armstrong (2006) described strategic HR management form two perspectives such as Vertical and Horizontal integration. Vertical integration is necessary to provide congruence between business and human resource strategy so that the latter supports the accomplishment of the former and indeed helps to define it. Strategic HRM is also about horizontal integration, which aims to ensure that the different elements of the HR strategy fit together and are mutually supportive (Baron and Kreps, 1999 and Baron, Davis-Blake and Bielby, 1986; Greer, 2001).

The strategic management issues force institutions units to be so careful for what they own inside their operation to implement selected alternative strategies. People aspect has to be the centre of this issue as mentioned so many times in my conceptualization above. Therefore the outcome of this total integration yield strategic human resource management philosophy, thinking and practices. Aswathappa (2009) described SHRM in the following enumerated approach:

*It is not that the HR manager himself/herself formulates strategies. He or she will be the member of a core team which formulates company strategies and ensure their implementation. To be full-fledged strategic partner with senior management, HR executives should compel and guide serious discussion on how the company should be organised to carry out its strategy. Four roles of HR executives are relevant in this context. First HR should define organization architecture. In other words, it should identify the underlining model of company way of doing business. More specifically, the architecture is a judicious mix of structure, system, rewards, processes, people, styles, skills and shred values. Second HR need to be accountable for conducting an organizational audit. Audit helps to identify which components of the architecture should be changed in*
order to facilitate strategy execution. The third role of HR as strategic partner is proposing, creating and debating best practice that help to implement strategies. The fourth and finally HR must take stock of its own work and set clear priorities. Such as pay of performance, global team work, and action learning development experience. But to be truly tied business out comes; HR needs to join forces with line manager to continuously assess the impact and importance of each one of these initiatives (Aswathappa, 2009, p. 53).

In general designing HR strategy is the issue of success and competitiveness. According to Torrington et al. (2005) this is not to say that producing a strategy is an unhelpful act, and indeed research carried out by Price Waterhouse Coopers indicated that those organisations with a written HR strategy generated 35 per cent greater revenues per employee than those without.

2.5 Strategic HR Management versus Conventional HRM

Aswathappa (2009) indicated that the nature of SHRM becomes clearer when it is contrasted with traditional HRM. As table 2.1 below shows, in the traditional approach to human resource management, the responsibility for people management programme rests with staff specialists in an organization. But in strategic HRM, the task of managing people vests with the manager who interacts with people–line mangers that is totally decentralized (Greer, 2001; Rao, 2010; Armstrong, 2005; Torrington et al., 2005; Ingham, 2007).

In essence, strategic HRM would argue that any individual in a firm who has the responsibility for people is an HRM manager, no matter in which functional area the person works (Beer, Spector, Lawrence, Quinn and Walton, 1984, 1985). Similarly, for Aswathappa (2009) the focus in conventional human resource HRM is on employee relation, ensuring that employees are motivated and become productive and that the firm is in compliance with necessary employment laws. In strategic perspective, HRM goes beyond this and focuses on partnership with internal as well as external constituent groups. Likewise in other dimensions such as role of HRM, initiatives, job design and the like, there is a contrast between conventional HRM and strategic HRM.
Table 2:1 Traditionnel Versus Strategic Human Resource Management

<table>
<thead>
<tr>
<th></th>
<th>Traditional HRM</th>
<th>Strategic HRM</th>
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</thead>
<tbody>
<tr>
<td>Responsibility of HRM</td>
<td>Staff specialists</td>
<td>Line manager</td>
</tr>
<tr>
<td>Focus</td>
<td>Employee relation</td>
<td>Partnership with external and internal stakeholders</td>
</tr>
<tr>
<td>Role of HR</td>
<td>Transactional, change follower, and respondent</td>
<td>Transformational, change leader, and initiator.</td>
</tr>
<tr>
<td>Initiatives</td>
<td>Show, reactive, fragmented</td>
<td>Fast, proactive, integrated</td>
</tr>
<tr>
<td>Time horizon</td>
<td>Short term</td>
<td>Short, medium and long</td>
</tr>
<tr>
<td>Control</td>
<td>Bureaucratic role, policies, procedures</td>
<td>Organic-flexible, whatever is necessary to succeed</td>
</tr>
<tr>
<td>Job design</td>
<td>Tight division of labour, independence, specialization</td>
<td>Broad, flexible, cross training teams</td>
</tr>
<tr>
<td>Key instruments</td>
<td>Capital, products</td>
<td>People, knowledge</td>
</tr>
<tr>
<td>Accountability</td>
<td>Cost centre (view Human resource as cost)</td>
<td>Investment centre(view human resource as asset)</td>
</tr>
</tbody>
</table>


The philosophy of strategic HR management force institutions to build HR strategy and plan HR for any environment uncertainties. The following topics will take you to the study central issue integrated HR planning and strategic HR management culture force institutions to plan their HR of the future.
Part Three

3. Integrating HR Planning with Corporate Strategy

3.0 Introduction

Holding mega thinking of strategic HR management and following it with HR strategy totally yield integrated HR planning with corporate strategy. The ability to plan well at enterprise level supports the institution and country to set appropriate direction towards adequate and equitable development of value adding intangibles. The institutions as well as big universities of the country shape their training direction to fulfil strategic aggregate demand. There is no blind training or investment on HR or programs not required by institutions. Finally demand and supply become in balance. Full integration of HR planning with corporate strategy realizes country development and makes the institutions globally fit.

The study totally committed to see long-term HR planning at corporate or government institutions. The study emphasizes basic question that how institutions anticipate all future needs when business conditions change and as people join and leave the institution? The following themes will discuss facts, theories and practices related with these issues.

3.1 HR Planning Interpretations

According to Torrington et al. (2005) planning for human resources has experienced a long history. In the 1960s and 1970s it was herald as a critical tool for business success, as planning to get the right people in the right place at the right time was seen to be essential to achieving rapid growth. In the 1980s and 1990s planning was viewed as a suitable tool for managing downsizing and redundancies. Increasingly, long-term human resource planning (beyond three years) or strategic human resource planning is becoming critical to the effective functioning of organizations.

This is because the rapidly changing and highly competitive world wide marketplace is causing firms to turn to their human resources for survival and competitiveness. Parker (2004) stated that knowing in advance how to have the right people, the right skills, in the right place and at the right time, to meet your company’s business plans is not simple job. And a traditional manpower planning method which is reactive often doesn’t do the trick. HR planning involves integrating staffing practices with business
goals, assessing cost and risks, defining requirements, and measuring effectiveness of your decisions from the angle of value added from intangibles.

Because there is a greater understanding that an organization’s work force cannot be turned around on a dime, long-term HRP is gaining currency (Torrington et al., 2005, Lenz, 1980). It is an activity that demands integration of the skills and knowledge of HR planners and all the executives responsible for strategic planning (Jackson and Randall S. Schuler, 1990). According to Verhoeven (1991) “corporate manpower planning is planning for large organizations such as industrial firms, public services, hospitals, etc”.

According to (Bhattacharyya 2006, Leonard-Borton, 1992) strategic manpower planning is a dynamic, proactive, ongoing process of systematically attracting, identifying, developing, mentoring, and retaining employees to support current and future organizational goals through learning. O’Brien-Pallas et al. (2001) described the HRP from the point of HR planning that sees aggregate level resource planning process in long-term horizon. These scholars identify intermediate integrated HR planning should be concerned with the next 5-15 years and long term planning with 15-30 years.

Rao (2010) define HR planning as “an integrated approach by which an organization should move from its current manpower position to desired manpower position.” For Byars and Rue (2000) “is a system of matching the supply of people-internally (exiting employees)-and externally (those to be hired or searched for)-with the openings the organization expects to have over a given time frame”. This definition may pose challenge to HR unit to meet company scheduled requirement of manpower need of company according to future strategic intent. But this is the symbol of modernity or changing nature of HR function in institutions. The study fully noted the following conceptualization from Byars and Rue (2000, p. 230) truly supports the aim of this study.

One of the best ways to encourage genuine cooperation between HR managers and line managers is to use what is called Strategy-linked HRP. It is based on close working relationship between HR staff and line managers. HR managers serve as consultants to line managers concerning the people management implication of business objectives and strategies. Line managers, in turn, have a responsibility to respond to the business implication of human resource objectives and strategies.
Another important ingredient is the commitment of top management, which should be evident to other managers and employees.

To this study planning does not refer to traditional way of HRP concerned for employee hard number and skill, but (Torrington, 2005; Parker, 2004) for the softer issues of employee behaviour, organisation culture and systems; these issues have been identified as having a key impact on business success in the current environment. HR planning is not a simple practice to formulate and implement. It requires deep understanding of your organization status, different incidences and rationales, contexts of enterprise and labour market etc… to realize its integration with corporate strategy.

3.2 Organization Development Stages and HR Planning

Organization developments affect many activities in the organization (Nahapiet and Ghoshal, 1998; Morgan, 1986). Baird and Meshoulam (1988) described how HR planning can be integrated with business strategy following organization development. Five organization stages and corresponding human resource management responses was developed. To clarify and verify the existence of these stages and to provide examples, Baird and Meshoulam (1988) took managers and human resource professionals in 20 organizations ranging in size from 2,000 to 300,000 employees, and varying in industry from financial services to consumer products were interviewed and historical data was observed on their study. Baird and Meshoulams’ (1988) HR planning response and organization development described in the following manner.

Stage I- Initiation. A new organization is characterized by start up, entrepreneurship, management by the founder, informality, and limited products and markets (Davis, 1951; Filley & Aldag, 1980; Greiner, 1972; Scott, 1971 cited in Baird and Meshoulam, 1988). Management's attention is focused on a limited range of basic HR management and planning concerns such as salary administration, hiring, and terminations, although the owner/founder makes many of the decisions. To manage HR, managers need help maintaining and updating individual files, and keeping record of vacations, absences, and so forth. At this stage, it appears that most HR planning activities are handled by line managers who have administrative staff support and who focus on establishing basic recruiting and compensation programs. Here the administrative function of HR dominant over the strategic HR planning concerns.

Stage II- Functional Growth: is characterized by technical specialization, dynamic growth, expanded product lines and markets, and added formality in structure (Filley & Aldag, 1980; Mintzberg, 1979; Salter, 1968; Scott, 1971 cited in Baird and
Line managers need help finding and training the right people in order for the company to sustain growth. They no longer have the time, expertise or contacts to recruit all the employees who are needed. They need specialized help in the basics of HR management and planning, such as recruiting, compensation, and training. As a result, a formal personnel department is established with capabilities in the basic sub-functions of human resource activities. Those responsible for the sub functions build their own budgets and compete with others in the company for resources. A first step toward automation also takes place usually starting with computerization of payrolls and employee profiles.

**Stage III—Controlled Growth:** Stage III equates closely to Filley and Aldag's (1980) Stage III—Rational Administration and Chandler's (1962) Stage II—Rationalization. It is characterized by professional management, scarce resources, new acquisitions, and diversified product lines. In this stage competition for resources is stiff and pressure to control investment increases in all areas. The need for measurement and control, the growing diversity of employees, and the growing complexity of communication encourage investments in automation and the use of advanced analytical tools for human resource planning. Here, the focus is on productivity and cost effectiveness and the cost of newly proposed programs and added specializations must be justified. Specialized activities are added only if a clear return on investment can be shown.

**Stage IV—Functional Integration:** Stage IV is characterized by diversification, product groups or divisions, project management, and integration within functions. Here, the focus is on decentralization (Salter, 1968) and coordination (Greiner, 1972). At this stage, management focuses on the interdependencies among specialized activities. Corporate staffs face growing pressure both to decentralize and to focus on strategic issues. Although organizational, geographic, and product diversification create the possibility of redundant activities, they also create opportunities for greater efficiency through planning and coordination. It appears likely that in response, HR managers would be concerned with coordinating and integrating sub functions, such as training, compensation, and recruiting.

**Stage V—Strategic Integration:** This stage is best characterized by Greiner's (1972) description of collaborative teamwork. Here, management's focus is on flexibility, adaptability, and integration across business functions. The stage is characterized by team action, full integration of functional areas, strategic management, highly developed monitoring capabilities, and an ability to adjust to the environment. At this stage, HR management is recognized as everyone's job. Managers realize the importance of human resources in positioning the organization for the future (Lloyd and Rawlinson, 1992).
3.3 The Incidence of and Rationale for Human Resource Planning

For Armstrong (2006) although the notion of human resource planning is well established in the HRM vocabulary, it does not seem to be commonly practised as a key HR activity. As Rothwell (1995) suggests in (Armstrong, 2006), ‘Apart from isolated examples, there has been little research evidence of increased use or of its success.’ She explains the gap between theory and practice as arising from:

- The impact of change and the difficulty of predicting the future – ‘the need for planning may be in inverse proportion to its feasibility.
- The ‘shifting kaleidoscope’ of policy priorities and strategies within organizations.
- The distrust displayed by many managers of theory or planning – they often prefer pragmatic adaptation to conceptualization.
- The lack of evidence that HR planning works.

Be that as it may, it is difficult to reject out (Armstrong, 2006) of hand the belief that some attempt should be made broadly to forecast future HR requirements as a basis for planning and action. Heller refers to ‘sensible anticipation’, and perhaps this is what HR planning is really about, bearing in mind that major changes in the operations of an organization can usually be foreseen (Nonaka and Takeuchi, 1995; Noon, 1992; Olian and Rynes, 1984). If that is the case, it does make sense to keep track of developments so that the organization is in a better position to deal with resourcing problems in good time. On the basis of research conducted by the Institute for Employment Studies, Reilly (1999) has suggested a number of reasons why organizations choose to engage in some form of HR planning. These fall into the following three groups (Armstrong, 2006).

- **Planning for substantive reasons:** that is, to have a practical effect by optimizing the use of resources and/or making them more flexible, acquiring and nurturing skills that take time to develop, identifying potential problems and minimizing the chances of making a bad decision.
- **Planning because of the process benefits:** which involves understanding the present in order to confront the future, challenging assumptions and liberating thinking, making explicit decisions which can later be challenged, standing back and providing an overview, and ensuring that long term thinking is not driven out by short term focus.
- **Planning for organizational reasons:** which involves communicating plans so as to obtain support/adherence to them, linking HR plans to
business plans so as to influence them, (re)gaining corporate control over operating units, and coordinating and integrating organizational decision making and actions.

3.3.1 The Organizational Context and Labor Market Context of HRP

HRP can be seen from the enterprise level to national level of HR forecasting. Actually the gross can be described as labour market context—the cumulative sum of organizational level manpower forecasting. Armstrong (2006) and Verhoeven (1999) described the difference between organizational and labour market context in the following manner:

3.3.2 The organizational context of human resource planning:

Human resource planning takes place (Armstrong, 2006) within the context of the organization. The extent to which it is used, and the approach adopted, will be contingent on the extent to which management recognizes that success depends on forecasting future people requirements and implementing plans to satisfy those requirements (Bhattacharyya, 2006; Mangum, Mayall and Nelson, 1985). The approach will also be affected by the degree to which it is possible to make accurate forecasts. Organizations operating in turbulent environments in which future activity levels are difficult to predict may rely on ad hoc and short term measures to recruit and keep people. However, even these businesses may benefit from those aspects of HR planning that are concerned with policies for attracting and retaining key staff (Armstrong, 2006).

3.3.3 The labour market context:

The context for obtaining the people required will be (Armstrong, 2006; Battahcharaya, 2006) the labour markets in which the organization is operating which are, first, the internal labour market—the stocks and flows of people within the organization who can be promoted, trained, or redeployed to meet future needs—and second, the external labour market—the external local, regional, national and international markets from which different sorts of people can be recruited. There are usually a number of markets, and the labour supply in these markets may vary considerably. Likely shortages will need to be identified so that steps can be taken to deal with them, for example by developing a more attractive ‘employment proposition’ (Armstrong, 2006). This study target is examining the integrated HR planning at
enterprise level. But with no doubt this would have effect over HR planning of the country.

3.4 Integrating HRP with corporate Strategy

Human resource planning like production planning, financial planning and marketing planning should be a unified, comprehensive and integrated part of the total corporation (US Office of Personnel Management, 1999; Oliveira, 1999). HR managers provide decide on company fate, inputs like key areas, HR environment constraints and internal HR capability and constraints to the cooperate strategists (Torrington et al., 2005; Schwind et al., 2002). The corporate strategists in turn communicate their need and constraints with HR manager. The corporate strategic plan and HR plan thus incorporates both HR and functional plans (Greer, 2001; O'Reilily and Pfeffer, 2000; Osann, 2011; Lengnick-Hall and Lengnick-Hall, 1998). According to US OPM (1999) document description corporate plans fit four time spans: strategic plans that establish company vision, mission and major long-range objectives. The time span for strategic plan is unusually considered to be five or more years. Intermediate plans: cover about a three year period. These are more specific plans in support strategic plan. Operational plans cover about one year.

Verhoeven (1999); Greer (2001) and Bhattacharyya (2006) observed the goal of organizational or corporate planning as the matching of required and available resources (finance, raw materials, equipment and personnel). If the level of the resources changes, this has consequence for the level of the other resources. Therefore, for the planning of each of the resources one needs information about the other resource.

HR planning integration with corporate strategy passed through different stages (Lengnick-Hall and Lengnick-Hall, 1998). Finally Greer (2001) description of integrating HRP with organization strategy put the following stages or evolution in integration: There are probably four stages in the evolution of linkages between strategic business planning and HRM. The first stage is called an administrative linkage, although there is no real linkage. There is no place for HR unit in strategic table and it plays “separate” role (Lengnick-Hall and Lengnick-Hall, 1998).

Senior executives operate as if qualified personnel are always available in the labour market and the human resource unit is relegated to a paper work processing role. The second stage involves a one-way linkage in which the HR function becomes involved only in implementation. The HR still do not have seat on strategic table on corporate
decision but implement strategies and prepare HR strategies for preparing able manpower that add value. This stage named by Lengnick-Hall and Lengnick-Hall (1998) as alignment stage. In the third stage, there is a two-way linkage. This involves a reciprocal relationship in which the HR function helps implement strategic business plans and also provides input to strategy formulation. The final stage is called an integrative linkage. This stage goes beyond the reciprocal relationship to an equal involvement with other functional areas of business in the development of strategic business plans, including issues outside of the HR area.

3.5 A Strategic HR Planning Model

The above typology, rationale for HR planning and organization vs. labour market context analysis are big inputs when the HR room take its seat at corporate strategic planning room to start HR planning to come up with value adding intangibles. Greer (2001) mentioned the following planning processes; although a brief definition of HR planning was provided earlier, a more comprehensive definition is appropriate for in-depth treatment of the process. Human resource planning encompasses the following steps: (1) Interfacing with strategic planning and scanning the environment (2) Taking an inventory of the company’s current human resources (3) Forecasting the demand for human resources (4) Forecasting the supply of human resources both from within the organization and in the external labour market (5) Comparing forecasts of demand and supply (6) Planning the actions needed to deal with anticipated shortages or overages (7) Feeding back such information into the strategic planning process.

Canadian adaptation of the HRs management Guide for Information Technology Companies [QUÉBEC] (2004) described the following steps in HRP. Step one include analysis of the environment development of organizational objective, step two concerned about HR requirement forecasting, step three include HR availability forecasting, step four is about gap analysis and step five is designing planning HR initiatives. Figure 2.3 depiction below clearly describes this.

*Figure 2.4 HR planning steps*
USA Office of Personnel management [USA-OPM, 1999] document on strategic human resource management as well as European organization for the Safety of Air Navigation HR planning practices by Mellett (2000) put the following broad six steps as HRP models and discussed deeply in subsequent section. There is no single approach (Byars and Rue, 2000; Payal and Young, 2003) to develop a HR planning strategy. The USA-OPM model put six and the Mellett model put nine. The specific approach will vary from one organisation to another. Even so, steps toward strategic HRP taken from USA-OPM document include: Setting the strategic direction; designing the human resource management system; planning the total workforce; generating the required human resources; investing in human resource development and performance and assessing and sustaining organisational competence and performance.

The Mellett (2000) model follow nine steps which is so detail: Step 1: Analyse strategic objectives; Step 2: analyse environmental and organisational influences; Step 3: examine the job structure and design: determine HRM Strategic objectives; Step 4: examine job skills; Step 5: match and estimate shortage or surplus; Step 6: gap analysis; Step 7: determine HRM strategic objectives; Step 8: establish specific plans for HRM; Step 9: monitor and evaluate HRM plans

The six broad interconnected components of USA-OPM (1999) system consist of three planning steps and three execution steps. The top three components represent the need for planning. Organizations must determine their strategic direction and the outcomes they seek. This is usually accomplished with some form of strategic planning. Classic strategic planning is a formal, top-down and staff-driven process. When done well, it is workable at a time when external change occurs at a more measured pace.

According to USA-OPM (1999) however as the pace and magnitude of change increases, the approach to strategic planning changes substantially: First, the planning process is more agile; changes in plans are much more frequent and are often driven by events rather than made on a predetermined time schedule. Second, the planning process is more proactive. Successful organizations no longer simply respond to changes in their environment, they proactively shape their environment to maximize their own effectiveness. Third, the planning process is no longer exclusively top-down; input into the process comes from many different organizational levels and segments.
This creates more employee ownership of the plan and capitalises on the fact that often the most valuable business intelligence can come from employees who are at the bottom of the organizational hierarchy. Lastly the strategic planning process is less reactive and more driven by line leadership. Once strategic planning is under way, a process must be undertaken by the organization to design and integrate its HRM policies and practices to provide for organizational success. The remaining step in planning is to determine the quality and quantity of human resources the organization needs for its total force.

The rest of the HR strategic system exists for and is guided by these plans, policies, and practices. These execution components contain mechanisms that generate the correct skill sets, invest in staff development and performance, and productively employ them in the organisation. The last component provides a means to assess and sustain the competence and performance of the organization and the people in it with regard to outcomes that the organization seeks.

This study preferred to combine the US OPM (1999), QUÉBEC (2004) and Mellett (2000) model. Nine steps divided it in to five main phases adapted from QUÉBEC (2004) HR planning model. The description is more comprehensive so that everybody could understand it.

**Phase One: Scanning the Environment**

This HR planning phase embedded the top four components represent the need for HR planning such as: analysis of organization strategic direction, analysis of environment and organization influences, auditing job skill and organization structure and finally assessing organization HR inventory.

**Step 1: Analyse Strategic Objectives /Setting the Strategic Direction:** According to Public Service Secretariat-Newfoundland [PSSN] (2008) “This step should consider whether or not strategic partnerships (to facilitate business and HR planning / workforce planning efforts) should be established and ensure that accountability requirements are met.” HR unit may have its own functional or operative plans (Verhoeven, 1999). But the total manpower requirement completely based on organizational vision or specific objectives to be achieved. The HR department is not islet. Its planning more than any department requires strategic partnership (Pateraf, 1993; Greer, 2001; Armstrong, 2006).
Supporting this notion Byars and Rue (2000) stated that the objective of HRP must be derived from organizational objective. Specific HR requirement in terms of number and characteristics of employees should be derived from corporate strategy. According to Bhattacharyya (2006) in practice, HR plans need to be based on organizational objectives. Once the organizational objectives are specified, communicated and understood by all concerned, the HR department must specify its objectives with regard to HR utilization in the organization.

Both Mellett and USA-OPM started their SHRP form total organization strategic intents assessments to integrate the strategic manpower plan with the organizational strategy and analyse objectives and business influences to ensure that the correct premises or factor operation requirements are incorporated in the strategic HR plan. For example, a growth-orientated business strategy needs to be supported by a manpower strategy of aggressive marketing, recruiting, selection and training of staff (Mellett, 2000; USA-OPM, 1999; Lengnick-Hall and Lengnick-Hall, 1998). This process focuses on integrating human resource policies to support the accomplishment of the company’s mission, vision, goals and strategies.

The business' goals sit at the heart of any HR strategy and in order to align business and HR you need to answer one key question, “Can your organisation's internal capability deliver the organisation’s business goals?” Many organisations cite their people as their primary source of competitive advantage. Successful companies continuously identify and adopt innovative human resource management policies and practices to sustain that advantage. More importantly, they structure work and design training, performance management, pay, and reward policies to help members of the organization succeed in achieving desired organizational outcomes.

**Step 2: Analyse Environmental and Organisational Influences**: this is assessing national and international employment and economic policy influence on HR planning (Bhattacharyya, 2006; Mellett, 2000; PSSN, 2008). An assessment of the HR education and skill level of the labour market from which employee draws is critical. This assessment enables the prediction of future changes. Assess their effects and thus plan recruiting and training systems that take maximum advantage of the forecasted educational / skill mix. This part is taken as part of step one and not mentioned as unique step in USA-OPM (1999) document but they described it in the following important way.

They integrate HRM policies and practices to reinforce employee behaviours that can best realize the leaders' strategic intent in falling ways. In most successful
companies, the set of policies and practices that collectively make up a company's HRM system is the critical management tool for communicating and reinforcing the leaders' strategic intent. The document recommends the following actions as crucial HRP elements: Conduct an external environmental scan and evaluate its impact on the organisation; identify the organisation's vision, mission and guiding principles; identify the mission's outcomes and strategic goals; consult all relevant stakeholders and evaluate the impact of legislation on the organisation. This all practices refer to internal and external environment scanning for effective HRP to bring fit individuals to the system (Perry, 1986). Without understanding environment recognizing the past good practices and mentally processing the future is so difficult. QUÉBEC (2004) divide analysis environment in to the following key components.

Table 2.2 Factors to be considered in Analysing Environmental and Organisational Influences

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>External environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mission and values</td>
<td>• Labour market</td>
</tr>
<tr>
<td>• Products and services offered</td>
<td>• Competition</td>
</tr>
<tr>
<td>• Targeted clientele</td>
<td>• Future of the technology industry</td>
</tr>
<tr>
<td>• Financial situation</td>
<td>• Role of the government in the operation</td>
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<tr>
<td>• Company strengths and weaknesses</td>
<td>• IT companies</td>
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<tr>
<td>• Anticipated changes</td>
<td>• Client expectations</td>
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<tr>
<td>• Planned departures</td>
<td>• Labour mobility and profile</td>
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<td>• Profile of current employees</td>
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<td>• Etc.</td>
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Step 3: Auditing Jobs and Skills/the Job Structure and Design: Job structure and design is orderly study (Bhattacharya, 2006) of job requirements and involves systematic investigation relating to the organization and responsibilities including knowledge, skills and abilities requirements for the successful accomplishments of the job (Verhoeven, 1999). It provides information regarding work activities, job context, work equipment, tools, performance expected, required personnel attributes (education, skill, training, experience, physical strength). Job structure and design is done to differentiate one job from the other (Byars and Rue, 2000). It determines HR behaviour and competency required to organization at some point.
Job is defined as collection or aggregation of tasks, duties and responsibilities, which are assigned to individual employee. Job structure and design is the base for forecasting manpower demand and supply. Job analysis, therefore, provides requires information about a job. It is a process of determining the nature of specific job through a detailed and systematic study (Bhattacharya, 2006). The jobs generally should be designed and analyzed reflecting the future human resource (Rao, 2010).

According (Mellett, 2000) they examined technological change will likely result in job changes. This will impact selection, staffing, training, hiring and other aspects of the manpower plan. Another factor that needs to be examined in this step involves the aspirations and skill level of employees. This issue deals with motivation, work ethic, expectations and job skills employees bring to the job. Changes in employees aspirations, expectations and skills may require the redefinition and restructuring of jobs to some extent to reflect these changes and to plan manpower accordingly.

The starting point for evaluating internal strengths and weaknesses is an audit of the jobs currently being done in the organization. This internal assessment helps to position an organization to develop or maintain a competitive advantage (Duncan et al., 1998). A comprehensive analysis of all current jobs provides a basis for forecasting what jobs will need to be done in the future. Much of the data to answer these questions should be available from existing staffing and organizational databases. The following questions are addressed during the internal assessment:

- What jobs now exist?
- How many individuals are performing each job?
- What are the reporting relationships of jobs?
- How essential is each job?
- What jobs will be needed to implement the organizational strategy?
- What are the characteristics of anticipated jobs?

**Step 4: Organizational Capabilities Inventory/Examine Job Skills:** Once the new job structure and design is determined, the next step is to examine the skills required in each job category (USA-OPM, 1999). For Parker (2004) a launch point for human resource planning is a tabulation and analysis of current human resources in terms of composition, deployment and utilization-a human resource inventory. Forecasting
future skills needs and preparing to fill those needs today is a critical feature of the strategic approach to HR planning. It is estimations of how the skills will change need to be built into the manpower plan.

Explanatory job descriptions that specify the duties, skills and qualifications required for each job should be available, preferable computerised and easily assessed for personal and career development and training purposes. The above two steps bundled in USA-OPM document of 1999 and considered as step two. The general sense of dividing this step in to two steps as step three and four as stated above is to make the issue more clear. This stage for USA-OPM theoretical description focuses on the selection, design and alignment of HRM plans, policies and practices with corporate strategy.

As those doing HR planning gain an understanding of current jobs and the new jobs that will be necessary to carry out organizational plans, they can make a detailed audit of current employees and their capabilities. The basic source of data on employees is the HR records in the organization. By utilizing different databases in an HRIS, it is possible to identify the employees’ capabilities, knowledge, and skills (Parker, 2004). Planners can use these inventories to determine long-range needs for recruiting, selection, and HR development. Also, that information can be the basis for determining which additional capabilities will be needed in the future workforce that may not currently exist, but will be needed (Summers & Summers, 1997; Parker, 2004; Pucik, 1988).

This inventory of organizational capabilities often consists of (Parker, 2004; Greer, 2001): Individual employee demographics (age, length of service in the organization, time in present job). Individual career progression (jobs held, time in each job, promotions or other job changes, pay rates). Individual performance data (work accomplishment, growth in skills). These three types of information can be expanded to include: education and training, mobility and geographic preference, specific aptitudes, abilities, and interests, areas of interest and internal promotion ladders, promotability ratings and anticipated retirement.

**Phase Two: Forecasting Periods**

This phase for USA-OPM (1999) is the phase at which quantity and quality HR needed and way of filling it determined. This includes planning the total workforce and matching or estimating shortage or surplus.
**Step Five: Planning the Total Workforce:** HR forecasting (Bhattacharyya, 2006; Mellett, 2000) should be done over three planning periods: short range, intermediate, and long range. The most commonly used planning period is short range, usually a period of six months to one year. This level of planning is routine in many organizations because very few assumptions about the future are necessary for such short-range plans. These short-range forecasts offer the best estimates of the immediate HR needs of an organization. Intermediate and long-range forecasting are much more difficult processes (Verhoeven, 1999). Intermediate plans usually project one to five years into the future, and long-range plans extend beyond five years (Aswathappa, 2009; Rao, 2010; Ragburam and Arvey, 1994; Verhoven, 1999; Batacharyaa, 2006).

This study determined to take this USA-OPM step of MP planning step as independent step due to its perceived value. Once the Job structure and design is known and each job skill is determined as job description it is easy to plan workforce both qualitative and quantitative way. Determining future business requirements, especially those relating to manpower requirements, represents one of the most challenging tasks facing human resource practitioners (Bhattacharya, 2006, Rowland and Summers, 1981).

The development of a (Verhoeven, 1999) workforce plan is a critical component of any human resource strategy and one of the expected outcomes of human resource practitioners’ activities. Despite this, manpower or workforce planning, as well as succession planning, has only recently enjoyed resurgence in popularity. To some extent this has been prompted by the need to develop employment equity and workplace skills plans and set numerical employment equity targets. The failure of many organisations to develop and implement workforce planning is rather indicative of the lack of strategic planning itself (Byars and Rue, 2000; Sanchez, 1995).

HR planning is (Verhoeven, 1999; Bhattacharyya, 2006; Trist, 1963) a systematic process of identifying the workforce competencies required to meet the company's strategic goals and for developing the strategies to meet these requirements (Rao, 2010). It is a methodical process that provides managers with a framework for making HR decisions based on the organization’s mission, strategic plan, budgetary resources, and a set of desired workforce competencies. HR planning is a systematic process that is integrated, methodical, and ongoing. A workforce plan can be as simple or as complex as the organisational requires (Verhoeven, 1999).
According to USA-OPM (1999) HR planning can be conducted for a department, division or for the organisation as a whole. Whatever the level or approach being adopted, it must be integrated with broad-based management strategies. In addition to workforce planning, ensure that organisational structure and jobs ensure the efficient delivery of services and effective management of the organisation as a whole.

**Forecasting HR Demand:** The main emphasis in HR forecasting to date has been on forecasting organizational need for human resources, or HR demand. Forecasts of demand may be either judgmental or mathematical (Verhoeven, 1999; Bhattacharyya, 2006; Greer, 2001; Rao, 2010). The next unit summarizes judgmental and mathematical approaches to forecasting HR demand. Even when mathematical methods are used, human judgments are also needed to confirm the conclusion of the mathematical models. The demand for employees can be calculated on an organization-wide basis based on the needs of individual units in the organization (Byars and Rue, 2000).

QUÉBEC (2004) described that anticipation of labour requirements requires determining how the strategic objectives will be achieved. This step entails clearly identifying the type of skills, competencies and resources required by the company. It also involves determining the most appropriate time to hire staff in order to accomplish business plans and established schedules. The following questions can be asked to identify the requirements (USA-OPM, 1999): What positions do we need to fill? How will the existing positions evolve? What types of competencies are necessary? How many people do we need to do the work? When and for how long? Is there anyone among the existing staff who could do the job? Do we currently have any employees who could do the work, with training?

**Forecasting availability:** Once the need for human resources has been forecasted, then their availability must be identified. Forecasting the availability of human resources considers both external and internal supplies. Although the internal supply may be easier to calculate, it is important to calculate the external supply as accurately as possible. These may include internal transfer and promotion or external requirement (Summers & Summers, 1997; Parker, 2004). QUÉBEC (2004) noted that before hiring new resources, it is wise to first analyze the availability of the current workforce. By evaluating the available competencies and the mobility of the staff already in place, it is possible to identify those employees who are qualified to satisfy the new requirements, or who, following appropriate training, would be able to satisfy them. To do this, you must be familiar with the skills and competencies of all existing employees.
QUÉBEC (2004) and Parker (2004) noted consideration of the following information on internal supply analysis: each employee’s professional experience, current age structure as basis for forecasting age-retirement loss, termination to assess future wastage pattern, length of service profile to examine wastage levels, internal promotion and transfer as indicators of potential through flows, each employee’s performance, each employee’s training and qualifications, each employee’s areas of expertise, each employee’s interests, aspirations and career plans and each employee’s completed education. This analysis can be conducted during the employee’s performance evaluation. This occasion presents an ideal opportunity for the manager to spend time with each employee to discuss their career paths.

**Step 6: Match and Estimate Shortage Or Surplus:** your work force planning will tell you the number and type of HR required. Then you become aware of the gap between what you have and planned. From the comparison between (Verhoeven, 1999) the number of employees required and employees available a shortage or surplus will be detected. Decisions are required as to how to deal with surpluses and shortages in view of the organization objectives (Verhoeven, 1999). If a surplus is predicted the manpower plan needs to consider whether individuals should be transferred, retired etc. If a shortage is predicted, the management must be aware that the time horizon, in many instances, is up to five years to recruit, select, and train and license workers (Mellett, 2000).

**Phase Three: Gap Analysis**

This stage wary about understanding the quantitative and qualitative variance exists between what is needed by the institutions and available manpower internally and externally.

**Step 7: Analysis of variance:** this step is further addition or division created to USA-OPM and QUÉBEC general step naming of generating the required work force. A gap analysis is used to reconcile the forecasts of employees demand and supply. The process involves MPs developing several scenarios of various environmental forecasts with alternative supply and demand forecasts. Gap analysis is also used to match potential problems / opportunities and solutions in order to evaluate how employees might respond to the future (Verhoeven, 1999).

The gap analysis decision making process involves a search for alternative solutions, evaluation of alternatives, and the choice of appropriate solutions. QUÉBEC (2004) stated that once the labour requirements and availability have been clearly established,
the information must be analyzed to determine if there are any variances. This step involves comparing the number of anticipated positions (future demand) in each employment category, while taking into consideration the position requirements, with the number of employees qualified to satisfy them (through advancement or promotion). The analysis will make it possible to determine if the variance is quantitative or qualitative (QUÉBEC, 2004).

**Quantitative variance:** A quantitative variance occurs when there is a labour shortage, meaning that the number of vacancies in the company is higher than the number of individuals who are qualified to fill the position and there is a labour surplus, meaning that the number of qualified individuals is significantly higher than the number of vacant positions.

**Qualitative variance:** A qualitative variance occurs when employees do not have the competencies and qualifications required to fill the vacant positions as well as Staffs are overqualified with respect to the vacant positions.

**Phase Four: Planning Human Resources Initiatives**

Phase four concerned with taking action or considered as execution stage (USA-OPM, 1999). Real operational action plan by HR with flash and sprit come in to being. This includes analysis of variance, planning HR initiatives or action plans.

**Step 8: Determine HRM Strategic Objectives:** at this stage continues friction, discussion, and exchange of vital information with line mangers and HR officers yield two important outcomes. One is the HR be aware of the total strategic direction of each units and organization as a whole. Second the HR take it own stake to plan its activity and to prepare HR fit to each unit. The three phases above now ready to be implemented in to action. According to Mellett (2000) this stage well concerned for determination of strategic objective and establishing specific plans. The later will be discussed as step 9.

The HRM strategic objectives need to be specified in line with strategic objectives with regard to employee utilisation(USA-OPM, 1999; Mellett, 2000). In developing these objectives specific policies need to be formulated to address e.g. How to fill positions - from within the organisation or hiring individuals from the labour market? How to link training and development objectives with MP objectives? How to ensure that the organisation has a continuously adaptive and flexible value adding employee cohort?
Step 9: Establish Specific Plans for HRM: Specific objectives should be established for every HRM component from recruiting to termination of staff (Verhoeven, 1999). The overall HR plan should drive the specific objectives established for each HRM component (e.g. Recruitment, training, licensing, reward, performance etc.). And these then determine the development of specific policies and programmes (USA-OPM, 1999). This process focuses on recruiting, hiring, classifying, training and assigning employees based on the strategic imperatives of the organisation's workforce plan.

A comprehensive workplace (Mellett, 2000; USA-OPM, 1999) skills plan will identify appropriate training priorities based on the organisations workforce needs now and in the future. New recruitment practices may need to be adopted to increase the representation of designated groups, or securing essential skills in the organisation (Mellett, 2000). A comprehensive "learnership strategy" may assist in developing future workforce needs, identified either in terms of the organisations workforce plan or required in terms of industry black economic empowerment charters (USA-OPM, 1999).

Phase Five: Controlling

This phase considered as controlling stage so that the plan will be checked against results obtained in terms of the value added to organization in increasing effectiveness of organization performance or reducing cost. The intangibles contribution to institutions’ strategy merges from the planed intention of HR unit to holed employees with core competency.

Step 10: Monitor And Evaluate HRM Plans: The similar statements of last steps of both documents of USA-OPM (1999) and QUÉBEC (2004) theoretical distributions wind up by this step. Plans must be monitored and evaluated on an ongoing basis to ensure that they are meeting objectives (Byars and Rue, 2000). Plans must be redesigned as input data or forecasts change. Finally, few organizations effectively measure how well their different inputs affect performance. In particular, no measures may be in place for quantifying the contribution people make to organizational outcomes or, more important, for estimating how changes in policies and practices, systems, or processes will affect that contribution.

Implementing clear quantifiable measures, identifying milestones in the achievement of specific organisational goals, and using concepts such as a "balanced scorecard" will articulate the results of the HR strategic plan in measurable terms (Battacharyya,
2006; Ingham, 2007). Regular evaluation of the plan will also assist in fine-tuning the HR strategic plan itself. Action tips described as suggestion by USA-OPM (1999) document are: evaluate organisation culture and climate, implement succession planning, evaluate HR strategy using quantifiable measures, e.g. balanced scorecard and revise and adapt HR strategy. See the last summery of the total process below.

**Figure 2.5 Integrated HRP Practice with Corporate Strategy: Frame Work for Ethiopia**

Institutions

![Diagram of Integrated HRP Practice with Corporate Strategy]


3.5 The Multi-Category Approach In Human Resource Planning

This topic added as summery to make HR planners cautious about in their planning activity. Verhoeven (1999) noted that confusion in forecasting manpower whether to project at individual level or group of employees. But this scholar has definite answer that group of employees’ consideration in manpower planning approach as an appropriate option (Verhoeven, 1999). Different aggregation levels can be chosen in planning. In financial planning, for instance, the investment level for the next ten year
may be expressed in investment level for the next four years may be expressed in amounts of investment for each year per operation area (some aggregation).

In HR planning, the level of aggregation corresponds with the degree of heterogeneity of the considered personnel group. If manpower planning is executed for the total number of employees, a heterogeneous group, one has the strongest degree of aggregation (Verhoeven, 1999; Greer, 2001; Torrington et al., 2005). Some aggregation exists if manpower plans for groups of employees are considered such as top-level engineers, middle-level engineers, lower level engineers, etc. Manpower planning for individual employees, this for homogenous “group”, is an example of no aggregation. According to Verhoeven (1999) the choice for degree of aggregation depends on the following factors. One the desired degree of detailedness of the planning and the other is practicability of the detailedness of planning (Verhoeven1999).

The desired degree of detailedness determined by the planning horizon and the organizational level on which the planning is executed (Verhoeven1999; Armstrong, 2006). Planning horizon: for long period planning horizon one is not interested in high degree of detailedness. For short term planning horizons a high degree of detailedness is desired. The second fact the organization level on which planning is executed: refers to units and sub sections interest on planning. For instance if the planning is totally implemented by top officials their aggregate planning of manpower is important (Verhoeven1999).

The other concern for aggregating HR planning approach is practicability issue. The practicability of the detailedness of the planning depends on the available information. Available information is determined by the organizational level on which the planning is executed. If a great distance exists between that level and the level of the considered personnel, then there will probably be insufficient information to make a detailed planning possible (Verhoeven, 1999).
Part Four

4. Manpower Forecasting

4.0 Introduction

The estimation of future (Verhoeven, 1999; Greer, 2001; Torrington et al., 2005) personnel requirement is a very important and also a very difficult phase of the manpower planning process. Wong (2004) and Cooksey and Gate (1995) expressed that forecasting manpower requirement useful for economic planners, policy makers and training providers in order to avoid the imbalance in the labour market. In this part we will consider manpower demand forecasting, assuming that it is independent of the manpower availability forecast. In this way one obtains a good starting point for matching phase, which may result in adaptations of both manpower requirement and availability forecasts. Future manpower requirement or demand mainly depends on the organization activities plan. Of course, many factors will influence the operation of the organization, e.g. changes in the demand for products or services, technology, the economic situation (Torrington et al., 2005).

The degree (Verhoeven, 1999) in which these factors play a role, depends on the type of organization and the considered personnel group. In manufacturing industries, for instance, changes of technology and competition effects are essential. For public services, however, the government policies may be much more important. Direct personnel strength, i.e. the number of employees directly involved in the production or in the service delivered by the organization, will usually depends more on competition and technology changes, than is the case with the number of supporting staff (Verhoeven, 1999; Greer, 2001; Torrington et al., 2005). Therefore, no general method for manpower requirement forecasting exists which is valid for all organization and all type of personnel categories.

As noted by Greer (2001) a paradox of planning is that it is difficult to conduct when it is most needed. The turbulent business environment in which companies currently operate is obviously a difficult time in which to plan. Nonetheless, there is substantive evidence that companies have increased their emphasis on human resource planning (Armstrong, 2006). It is evident that some corporate-wide planning objectives require centralized, sophisticated HR planning processes (Bhattacharyya, 2006). However, as noted earlier, there has been a trend toward the use of simple planning and forecasting techniques on a decentralized basis by line managers. This trend has developed at a time when planning has been difficult and long-term planning horizons seem to some like a relic of a foregone era (Verhoeven, 1999).
The science underpinning HR forecasting is young. Approaches to estimation human resource requirement have been few and plagued with methodological and conceptual limitations (Verhoeven, 1999; Greer, 2001; Torrington et al., 2005). One key challenge has been the lack of easily accessible data basis to conduct the complex modelling (Armstrong, 2006) activities such as the use of data based on human resource needs, systems as well as management information system which reflect utilization and costs (O’Brien-Pallas et al., 2001).

Even though so many difficult facts mentioned above the following scholars’ works are described in deep and wide consideration of each element showing possibility of forecasting HR. The dominant view of Bhattacharyya (2006) more precise issues from Byars and Rue (2000) and Rao (2010) are conceptualized. Since no many publications have appear (Verhoeven, 1999) it is so difficult to provide HR forecasting methods and tools that totally resolve individual problem.

Individuals at enterprise level use various approach to forecast manpower requirement (Armstrong, 2006) from traditional method to most sophisticated tools (Greer, 2001). Different approaches have been developed; many disciplines have added unique design and analytical method to the array of tools available to researchers. By some authors general statically techniques have been proposed and applied for requirement forecasting. This part vastly describes subjective or statistical techniques described by Verhoeven (1999). The descriptions here are not detail or exhaustive but they could guide the reader to references and specialized professional writers in the areas.

4.1 Human Resource Demand Forecasting

Demand forecasting is the process of estimating the future quantity and quality of people required (Aswathappa, 2009). The key here is not to look at the skills and abilities of present employees but to determine skills and abilities required to meet the future strategic objective of organization (Byars and Rue, 2000). For Rao (2010) this includes existing job design and analysis may thoroughly be reviewed keeping in view the future capabilities, knowledge and skills of present employees. The following topics provide us with tools how to process manpower requirement forecasting.

4.1.1 Manpower Demand Forecasting Techniques

Serious analysis of jobs and consideration of different relevant factors taken as variables to plan strategic human resource. According to Aswathappa (2009) demand
forecasting must consider several factors—both external and internal environments. Among the external factors are competition, economic climate, laws and regulations, changes in technology, and societal factors. Internal factors include budget constraints, production levels, new products and services, organization structure, market growth and employee separation (Armstrong, 2006). Techniques to forecast manpower demand described as scientific and subjective mentioned below.

4.1.1.1 Management Science Techniques

Techniques such as (Greer, 2001) linear programming, integer programming, and network optimization techniques are generally considered as operations research or management science techniques. Such techniques can be used to determine optimal personnel flows through organizations (Bhattacharyya, 2006, Janert, 2006). These flows can be managed through specification of time-in-grade requirements for promotions, rates of turnover, and the like.

Managed flows can produce desired stocks of personnel in various positions or ranks at points in the future. A further extension of linear programming, called goal programming, allows HR planners to take into consideration sequential and multiple managerial goals or constraints, such as maximum head counts, budgetary limitations, and so on (Verhoeven, 1999). For Verhoeven goal programming has been used in HR planning models that also can factor in equal employment opportunity considerations.

According to Verhoeven (1999) the use of such planning techniques runs counter to the trend toward more reliance on less sophisticated approaches. However, such techniques are still very important in that they affect the service capability and profitability of major corporations and governmental organizations. HR planning systems based on these techniques require mathematical sophistication and complex computer programs (Bhattacharyya, 2006).

They also are expensive to develop. Nonetheless, they are often key systems in large organizations, which produce savings of millions of dollars in labour costs. Such systems are developed by HR planning specialists. Although they are developed and maintained on a centralized basis, they may be used on computerized networks by line managers for applications such as the development of optimal workforce schedules (Bhattacharyya, 2006).
Forecasting manpower may depend on trend projection, use of advanced statistical tools and qualitative methods. Schwind et al. (2002) described all these approaches in to three categories of forecasting manpower demand. The expert forecasts (qualitative way of forecasting manpower requirement), trend projection (extrapolation and Indexation) and other forecasting method. Based on Schwind et al. (2002), Bhattacharyya (2006), Greer (2001), Armstrong (2006) and Verhoeven, 1999) this study described different forecasting techniques in the following manner.

**Trend Projections**

According Schwind et al. (2002) the two simplest methods are extrapolation and indexation. Extrapolation involves extending past rates of changes into the future. Indexation is a method of estimating future employment needs by matching employment growth with some index. These issues described in the following common methods (Greer, 2001).

a. **Indexation Methods**

**Analysis of productivity:** Bhattacharyya (2006) stated that manpower demand forecasting is influenced primarily by two important factors i.e. volume of output/speed of service and level of productivity. Manpower requirement may change due to change in output volume or mix, which calls for analysis of performance (Armstrong, 2006). Similarly, as the level of productivity alters over time, it also affects manpower requirements. This calls for analysis of productivity.

A simple model might relate people demand to production, using a constant relationship, without making any assumptions about economies of scale (Torrington et al., 2005). Productivity has two major components’, technological change and manpower utilization (Bhattacharyya, 2006). As technological change require huge capital investment, organizations look for better manpower utilization to achieve increased productivity. With better human relation, productivity can be increased. Again rates of productivity substantially vary the level of performance. Manpower demand forecasting can be made more effectively, once we consider both the variable, i.e. the performance and productivity (Bhattacharyya, 2006).

**Analysis of workload factor:** workload or work study method is based on analysing the numbers of people required to undertake individual tasks or processes effectively and efficiently. It is most commonly associated with long run production or process operations where the work is easily broken down into discrete tasks (Parker, 2004; Mellett,2000).Work study techniques can (Torrington et al., 2005; Battacharyaa,2006)
be used when it is possible to apply work measurement to calculate how long
operations should take and the number of people required. Work study techniques for
direct workers can be combined with ratio trend analysis to calculate the number of
indirect workers needed (Armstrong, 2006; Torrington et al., 2005; Bhattacharyya,
2006).

To forecast manpower requirements at different points of time, workload analysis is
extremely important. Analysis of present and future workload depends on the
possibility of the work content in every area of an organizational activity (Torrington
et al., 2005; Mellett, 2000). Work study is usually classified as an objective measure;
however, it is often accepted that since the development of standards and the grouping
of tasks is partly dependent on human judgement, it could be considered as a
subjective method (Torrington et al., 2005; Armstrong, 2006; Bhattacharyya, 2006).

Bhattacharyya (2006) described the following procedures of work study or work load
technique: (1) Classification of work: this is done by identifying the work or job
continent and time requirement for each job or work unit. Work or job classification
helps in breaking jobs in different components, which together completes an operation.
Time requirement analysis for each such job components can be done by deciding the
standard time, using work measurement techniques.

This may not work jobs like service handling such customer handling, administrative
or managerial job etc... This can be measured by using past experience and bench-
marking. (2) Forecasting the number of jobs: quantitative aspect of number of job
done is computed for a time period. (3) Converting the projected job in to a man hour:
multiplying the time requirement of each job with the number of projected jobs, man
hour for jobs is computed. (4) Converting the man-hour into manpower requirement:
in the final step the aggregate man-hour are converted into manpower requirements.
This is done considering leave reserve, normal fatigue allowance, etc...

b. Extrapolation Methods

Time series Analysis: According to Armstrong (2006) and Parker (2004) this is
carried out by studying past ratios between, say, the number of direct (production)
workers and indirect (support) workers in a manufacturing plant and forecasting future
ratios, having made some allowance for changes in organization or methods. Wong
(2004) and Parker (2004) stated the basic characteristics of time series extrapolation
on the forecasting manning levels is its restriction on the stochastic information by
examining a relationship solely between the past behaviour and time and then
extrapolating the trend to in to the future. Activity level forecasts are then used to
determine (in this example) direct labour requirements, and the forecast ratio of
indirect to direct would be used to calculate the number of indirect workers needed (Parker, 2004).

It is not single model of computing manpower requirement of the future. It is group of much independent computation mechanism (Bhattacharyya, 2006). Fluctuation in level of employment (Parker, 2004) over a time period, changes in employment in relation to some particular event, seasonal fluctuation, sudden changes in employment level due to economic environment or increase in market share, and random fluctuations (fluctuation follow not obvious pattern) used to forecast manpower strategically. Moving average and exponential smoothing methods here described as an example below.

**Moving Average Method:** Hyndman (2009) noted a moving average as a time series constructed by taking averages of several sequential values of another time series. It is a type of mathematical convolution. Hyndman also point out that more generally, weighted averages may also be used. Moving averages are also called running means or rolling averages. They are a special case of “filtering”, which is a general process that takes one time series and transforms it into another time series.

The term “moving average” for Hyndman (2009) is used to describe this procedure because each average is computed by dropping the oldest observation and including the next observation. Bhattacharyya (2006) mentioned that under this method, average of the combined employment level data for the recent past is considered as the forecasted employment level for the next period. This technique is useful to guard against random fluctuation. However it requires careful selection of time periods, which may be a 6-period, 10-period, 12-period moving average. If time period chosen too few, we may get wide variability in our forecast. Therefore, considering more time periods, we get better results.

**Exponential Smoothing:** Janert (2006) and Bhattacharyya (2006) described that whenever we want to follow the development of some random quantity over time, we are dealing with a Time Series. In moving average method, we need to carry forward a large volume of historical data. We cannot eliminate the need for such past records by adopting this method. Smoothing describes a decision maker’s tendency to gradually react to changes in information. Stange (1999) and Bhattacharyya (2006) stated that “smoothing appears frequently in human decision making”.

When decisions are based on smoothed information, action is delayed. Delay results
when perceptions upon which a decision is based require time to adjust to changes in incoming information. Additionally, information smoothing filters out fluctuations. It smooths random errors by giving exponentially decreasing weights to historical data. Such weight factors are indicated by alpha (α), which is a smoothing constant, a non-linear decimal value which lies between 0 and 1. The formula for the exponential smoothing model is (Bhattacharyya, 2006):

\[ F_m = f_t - \alpha (A_{t-1} - f_{t-1}) \]

- \( F_m \) = Forecasted Manpower
- \( f_t \) = Forecasted Demand for the Previous Period
- \( \alpha \) = Smoothing Constant
- \( A_{t-1} \) = Actual Manpower Required For the Previous Period

4.1.1.2 Subjective (Qualitative) Method of Manpower Demand Forecasting

Subjective methods are those forecasting methods which use directly the experience and judgements of experts (Greer, 2001). The application of subjective methods for manpower requirement forecasting may be useful to estimate directly the future manpower requirement, but also to forecast explanatory variables by collecting the views of management on the organization’s activities in the future, technological changes, organization structure etc. The study conceptualized this in to:

- Heuristics and Rules of Thumb
- Collecting management opinion
- Delphi method
- Nominal Group Method

**Heuristics and Rules of Thumb:** Rules of thumb (Greer, 2001) are simple guidelines that are used to predict demand for human resources. For example, a retailing chain may have developed a heuristic that specifies that for every 12 new stores, another regional manager will be hired. Heuristics are conceptual frameworks, often expressed as diagrams, which help human resource forecasters organize relevant conceptual relationships and trace through the outcomes of various personnel action alternatives. Using the retail chain example, forecasters might consider the strategic plans for the
number of new stores the next year, and then apply the heuristic to forecast the number of regional managers that will be needed. One common qualitative approach for forecasting the demand for human resources is the “bottom-up” approach in which unit managers estimate their specific human resource needs for the next period (Greer, 2001). These estimates are then combined into aggregate forecasts for the whole company.

**Managerial judgement:** This is the most typical method of forecasting and may be linked to some form of scenario planning. It simply requires managers or specialists to sit down, think about future workloads, and decide how many people are needed (Armstrong, 2006; Torrington et al., 2005). This can be no more than guesswork unless there is reliable evidence available of forecast increases in activity levels or new demands for skills. Forecasts can be made on top management level for the total organizational on the level of division managers for their department (Verhoeven, 1999; O’Brien-Pallas et al., 2001; Torrington et al., 2005). In the latter case, if the figures have been given without commitment, the forecasts might be overestimating in order to ensure certain manpower strength in the future.

According to Bhattacharyya (2006) a manager has to make a judgement about the future employment level. Such judgemental decision is based on his past experience, which they relate to past occurrences of some events and its effects on manpower plans (Torrington et al., 2005). He has to use his judgements considering contingencies. Combining quantitative tools with managerial judgement yield better result (Bhattacharyya, 2006).

**Delphi method:** The word “Delphi” has come from Greek. In Athens of Greece during ancient time, it was a convention to consult an oracle representative of God Apollo who was believed to have contacts with God. The advice of the oracle at that time could only be interpreted by the priest (Cuhls, 2003). In modern times this method is essentially a group process to achieve a consensus forecast (Torrington et al., 2005, Green et al., 2007).

This method calls for selection of a panel of experts either from within or outside the organization, whose comments are crystallized from a series of questionnaires response and then used as the basis of forecast (Bhattacharyya, 2006; Torrington et al., 2005; Armstrong; 2006; Parker, 2004). An interactive judgment refinement technique based on the collection of expert opinion is sometimes categorized as a qualitative demand forecasting technique. This technique can approach the accuracy of quantitative techniques and does not require a historical database. Nonetheless, the
Delphi technique is used for such purposes by only a very small number of organizations (Greer, 2001, Skulmoski, Hartman, and Krhan, 2007).

According to Cuhls (2003) the initial work was performed at RAND Corporation after 1948 or 1940s (Verhoeven, 1999; O’Brien-Pallas and et al., 2001). In 1964, for the first time, a huge Delphi survey in the civil sector was published. Shortly after this, the lead in further development and broader application of the Delphi technique was taken over by Japan (Cuhls, 2003).

Cuhls (2003) defined the Delphi method is based on structural surveys and makes use of the intuitive available information of the participants, who are mainly experts. Therefore, it delivers qualitative as well as quantitative results and has beneath its explorative, predictive even normative elements. There is agreement that Delphi is an expert survey in two or more 'rounds' in which in the second and later rounds of the survey the results of the previous round are given as feedback (Cuhls, 2003; Parker, 2004). Therefore, the experts answer from the second round on under the influence of their colleagues' opinions. Thus, the Delphi method is a 'relatively strongly structured group communication process, in which matters, on which naturally unsure and incomplete knowledge is available, are judged upon by experts' (Häder and Häder, 1995).

Delphi method consists of (Verhoeven, 1999; O’Brien-Pallas et al., 2001) the collection of experts’ information in a structured way. The Delphi method is special procedure to obtained management opinion. A research team formulates some concerning the future development with respect to a certain subject. This subject is in our case the manpower requirement. The questions may concern, for instance, the expected evolution of the labour productivity, technology change, output levels, etc.

The participants in this procedure answer the questionnaire anonymously: each participant knows neither the other participants nor their answers (Verhoeven, 1999).

In every following round, each participant obtain answers given by the group in the previous round; including the most important argument as well as the response he gave himself. This procedure is continued until the answer agrees. It is expected that convergence of the opinion occurs if every experts is confronted with the opinion of his/her colleagues. One advantage of Delphi method is experts do not need to be (O’Brien-Pallas et al., 2001) present at the same time and they can study the problem in detail. On the other hand it should not take too much time to answer the questions which must be formulated clearly and the number of participants may be not be to large (20-30 persons). The number of rounds until agreement is achieved will usually be two or three (Greer, 2001; Cuhls, 2003; Bhattacharyya, 2006).
Nominal Groups method: For Schwind et al. (2002) this method refers to “Structured meeting that identify and ranks problems or issues affecting a group”. Like Delphi method, nominal group method also involves a panel of experts. However, the major difference between the two is that while under Delphi techniques, experts are not allowed to discuss among themselves, for assessing the questions, under nominal group method experts are given the opportunity to discuss among themselves (Parker, 2004; Cuhls, 2003). Under this method, the coordinator assumes the role of facilitator, allowing the experts to sit together to discuss their ideas and records of such discussions are made on flipchart. After this, round table discussion on idea, experts are asked to rank their idea according to their perceived priority (Bhattacharyya, 2006).

4.1.2 Forecasting Manpower Availability/Supply

According to Torrington et al. (2005) employees will change, primarily how many will leave, be internally promoted or transferred. These changes are forecast by analysing what has happened in the past, in terms of staff retention and/or movement, and projecting this into the future to see what would happen if the same trends continued. The impact of changing circumstances would also need to be taken into account when projecting analyses forward. Bell (1989) provided an extremely thorough coverage of possible analyses, on which this section is based. Behavioural aspects are also important, such as investigating the reasons why staff leaves, the criteria that affect promotions and transfers and changes in working conditions and in HR policy. Analyses fall broadly into two categories: analyses of staff leaving and analyses of internal movements (Hirschman, 1998).

External Supply: the external supply of potential employees available to the organization needs to be estimated. Extensive use of government labour force population estimates, trends in the industry, and many more complex and interrelated factors must be considered (Hirschman, 1998). Here are some of the factors that may be considered: net migration into and out of the area, individuals entering and leaving the workforce, individuals graduating from schools and colleges, changing workforce composition and patterns, economic forecasts for the next few years, technological developments and shifts, actions of competing employers, government regulations and pressures and factors affecting persons entering and leaving the workforce (Greer, 2001; Armstrong, 2006).

Internal Supply: figure 2-12 shows in general terms how the internal supply can be calculated (Greer, 2001). Estimating internal supply considers that employees move from their current jobs into others through promotions, lateral moves, and terminations.
Also, it considers that the internal supply is influenced by training and development programs, transfer and promotion policies, and retirement policies, among other factors (Torrington et al., 2005).

Internally, succession analysis is one method used to forecast the supply of people for certain positions (Torrington et al., 2005; Greer, 2001; Bhattacharyya, 2006). It relies on replacement charts, which are succession plans developed to identify potential personnel changes, select backup candidates, promote individuals, and keep track of attribution (resignations, retirements) for each department in an organization. A Transition Matrix, or Markov Matrix, can be used to model the internal flow of human resources (Torrington et al., 2005).
Figure 2-6 Calculation of Internal Supply

- Source of inflowes
  - Transfer
  - Promotion
  - New hires
  - Recall

The Unit

- Source of out flows
  - Promotions
  - Quits
  - Termination
  - Retirement
  - Deaths
  - Layoffs

Current Staffing Level

Employees In

Projected Outflow This Year

Projected Inflow This Year

Employees Out

Current Staffing Level

Unit Internal Supply This Time For Next Year

Analysis of manpower supply at enterprise level is also done using some quantitative techniques for accurate HRP (Bhattacharyya, 2006; Torrington et al., 2005). Some of most important techniques are discussed below.

The first mathematical models for medium and long term manpower availability forecasting were given by Seal (1971) and Vajda (1979) in Verhoeven (1999) in the late fourteens. Based on facts cited in Silcock (1974) and Young and Almond (1994) in Verhoeven (1999) described that many early papers on human resource availability forecasting consider in particular, the effect of the personnel distribution. The first application of Markov models are described in the paper of Young and Almond (1994) as cited in Verhoeven (1999). The following manpower availability forecasting techniques can be used in institutions.

4.1.2.1 Wastage analysis

Manpower wastage is element of labour turnover (Bhattacharyya, 2006). Therefore, it is not labour turnover by itself. Wastage is severance from the organization, which includes voluntary retirement, normal retirement, resignation, deaths and dismissals (Parker, 2004). Marginal recruitment decision without wastage analysis may lead to inaccuracies in HRP (USA-OPM, 1999). Different methods of wastage analysis in manpower supply forecast (Bhattacharyya, 2006; Torrington et al., 2005; Parker, 2004) are described. Labour turnover index, stability index, cohort or length of service analysis, and census analyses are mentioned below.

Annual Labour turns over index: The analysis (Armstrong, 2006; Torrington et al., 2005; Greer, 2001) of the numbers of people leaving the organization (labour turnover or wastage) provides data for use in supply forecasting, so that calculations can be made on the number of people lost who may have to be replaced. Armstrong (2006) indicated that rates of labour turnover provide a graphic illustration of the turbulence within an organization. According to Torrington et al. (2005) and Parker (2004) this measure has been criticised because it gives only a limited amount of information. If, for example, there were 25 leavers over the year, it would not be possible to determine whether 25 different jobs had been left by 25 different people, or whether 25 different people had tried and left the same job. Length of service is not taken into account with this measure, yet length of service has been shown to have a considerable influence on leaving patterns, such as the high number of leavers at the time of induction (Batcharayaa, 2006).
For (Bhattacharyya, 2006) this index indicates the number as percentage to average number of employees. Average number of employees in a given time period is decided by adding the employees at the beginning and end and then dividing the same by two. Assume that at the beginning of the year a firm has 250 employees while at the end it has 230. Assume no recruitment made in between. Labour turnover index would be (Bhattacharyya, 2006; Parker, 2004) computed using:

\[
\frac{\text{Number of leavers during period}(t,t+1)}{\text{Average number employed during}(t,t+1)} \times 100
\]

**Stability Index**: The stability index is considered by many to be an improvement on the turnover index (Armstrong, 2006; Parker, 2004; Batacharyaa, 2006). Armstrong noted that this index provides an indication of the tendency for longer service employees to remain with the company, and therefore shows the degree to which there is continuity of employment. But this too can be misleading because the index will not reveal the vastly different situations that exist in a company or department with a high proportion of long serving employees, in comparison with one where the majority of employees are short service. This index indicates stable workforce percentage for a given period and can be computed as under (Bhattacharyya, 2006; Torrington et al., 2005; Parker, 2004).

\[
\frac{\text{Number of employees with one or more years service now}}{\text{Total Employed one year ago}} \times 100
\]

**Cohort or length of service Analysis**: disadvantage of the stability index can be partly overcome if an analysis is also made of the average length of service of people who leave (Armstrong, 2006; Torrington et al., 2005; Parker, 2004). Cohort means homogeneous groups (Bhattacharyya, 2006). Cohort analysis takes in to account the lengths of service, which are important variables of wastage analysis. Cohort analysis tracks what happens as some people leave a group of people with very similar characteristics who all joined the organisation at the same time this therefore eliminates the defect of labour turnover index (Torrington et al., 2005).

Cohort analysis is more accurate for small homogenous group and the disadvantage of (Torrington et al., 2005) this method of analysis is that it cannot be used for groups other than the specific group for which it was originally prepared (Verhevoen, 1999). However, changing social and economic conditions can invalidate this analysis. It is
computed by dividing number of remaining at a given time over number engaged at the start multiplied by hundred (Bhattacharyya, 2006; Parker, 2004).

\[ \text{Number of employees remaining after } t \times 100 \]

\( \text{Number recruited at start of time } t \)

Census Analysis: One of the major (Bhattacharyya, 2006; Torrington et al., 2005) deficiency of cohort analysis is that holds good for a small homogenous group. Census analysis can eliminate this problem, taking into account a cross-section of the organization, i.e. all the age specific wastage rates at given time and applying a smoothing algorithm to the resulting data to identify a general pattern (Battacharyya, 2006). “Census analysis involves taking a snapshot of different cohort at a point in time and combining them to estimate survival by length of service” (Parker, 2004). Census analysis requires three sets of data as under (Bhattacharyya, 2006). First the number of employees at the beginning of the census has to consider. Second the number of employees at the end of the census and finally the number of leavers during the census period.

4.1.2.2 The Markov Models

According to Greer (2001) and Škulj et al. (2007) in the past, some researchers observed that companies tended to have greater expertise and placed greater emphasis on forecasting the demand for human resources than for their supply. However, the application of Markov analysis to HR forecasting changed the situation by providing a practical and versatile technique for forecasting internal supply (Greer, 2001; Škulj et al., 2007). As such, the techniques can serve the strategic purpose of evaluating the availability of HR required for different strategies. Markov models have an advantage of being relatively simple to understand, although they can be quantitatively sophisticated (Škulj et al., 2007).

According to Bhattacharyya (2006) hierarchical systems of Markov MP routes for the employees, which are the promotion ladder, are well defined. He also noted that employees elevates in the organization through a well defined career path. All employees start in organization at bottom rung and climb up the ladder one at a time. For Greer (2001) and Škulj et al. (2007) such moves include moves into the organization, moves from one job to another, and exit moves. Moves between jobs can be upward moves in hierarchical level as well as moves across functions. Any wastage is falling off the ladder.

The Markov model mentioned here is by the assumption of employees in a particular
grade or status group has a fixed chance of promotion in a given year, independent of
vacancy (Verhoeven; 1999). Thus number receiving promotion depends on the
number of eligible staff in the grade below, subject to fulfilment of eligibility criteria,
which may be age, seniority, qualification or experience. Bhattacharyya, (2006) put
the following central equation:

\[ n(t+1) = n(t)P + R(t+1)r \]

Where, \( n(t) \) is the vector of stock at given time \( t \), i.e., number of employees in each
status group. \( P \) is the matrix of transaction probabilities between each of status groups.
\( R \) is the vector of probabilities of a recruit starting in particular status groups. \( R(t) \) is
the number of new recruits at time \( t \). If the number of employees \( n(t) \) in each status
group at a particular time is known, the equation may be used to predict the value of \( n(t) \)
i.e., number of employees in each status group at a later time \( t \). This is, however,
subject to the conditions that recruitment levels, i.e., \( R(t) \) during the period, i.e., \( t=0 \)
to \( t=T \), are already known or specified. Alternatively, the total number of staff in the
system, which is \( N(t) \) may be specified. The prediction question, therefore, may be
rewritten in the following form.

\[ n(t+1) = n(t)q + m(t+1)r \]

This is the more usual form of the Markov chain model than the earlier one. Here, \( m(t+1) = n(t+1) \) and includes not only transition within the organization but also the
effects of wastage and recruitment to maintain the balance in the organization. HRP
using Markov chain is considered mere probabilistic (Bhattacharyya, 2006). More
over the model allow too many fluctuations of the sizes of the status group, while in
practice sizes are tightly constrained. To avoid such problem renewal theory of HRP
was developed. We will see later this after thoroughly discussing Verhoeven (1999)
description of Markov models.

Verhoeven (1999) stated that the object of a Markov model is to forecast the number
of employees in each of the categories at equidistance points in time \( t= 0, 1, 2... \). In a
Markov model, the number of employees which makes a transition from one category
to other categories in a given period is assumed to be a constant fraction of the size of
the first mentioned category at the beginning of the period. These fractions are called
transition fractions (Verhoeven, 1999; Bhattacharyya, 2006). The actual number of
employees, in all categories, the transition fraction and the future requirement in all
categories has to be given. The future number of employees in all categories has to
given. The future number of employees in all categories (the future manpower
distribution) is forecasted (Verhoeven, 1999; Bhattacharyya, 2006).

Definitions:

\[ N_i(t) = \text{the number of employees in category } i \text{ at time } t; \]
\[ P_{ji} = \text{the transaction fraction from category } j \text{ to category } i; \]
\[ R_i(t) = \text{the number of recruits in category } i \text{ in the time interval } (t-1, t) \]

Then we have:

\[ n_{j(t)} = \sum_{j=1}^{k} n_j(t-1) \times p_{ji} \times r_i(t), \text{ for } i, j 1, 2, \ldots, k \text{ and for } t = 1, 2, \ldots \]

Where \( K \) is the number of categories if there are employees leaving the organization from category \( i \), the following formula is valid (Verhoeven, 1999):

\[ \sum_{j=1}^{k} p_{ji} < 1 \]

### 4.1.2.3 Renewal Model

Another category of human resource forecasting techniques consists of renewal models. These models reflect the movement or flow of employees through companies as they are “pulled” upward to fill vacancies in higher-level job categories. An advantage of renewal models is that they involve simple mathematics and are readily understood by managers. Renewal models, in their simplest form, can use age cohorts of employees as the focus of analysis (Greer, 2001).

The object of a renewal model is to forecast the manpower flows which are necessary to obtain given numbers of employees in all categories. In this model the number of employees which makes a transition from one category to another category in a given period, is assumed to be a constant fractions of the size of the first mentioned category at the beginning of the period the fractions known as transition fractions (Bhattacharyya, 2006). As in Markov models, the situation is observed at equidistance points in time (Verhoeven, 1999; Bhattacharyya, 2006). The actual manpower distribution, the desired manpower distribution in the future and wastage fractions have to be known. The promotion flows and recruitment are determined by filling the vacancies.
Therefore, renewal model, are also called pull models (Verhoeven, 1999; Bhattacharyya, 2006). Notice that in this type of model the availability forecasting and the matching process are integrated. We will only consider the renewal models for the deterministic situation. This means that wastage is also considered as a deterministic flow. This is, in general, a shortage of the model. With respect to the quality of the forecast, similar causes of the prediction errors can be distinguished (Verhoeven, 1999). Bhattacharya’s formula provides as base how to calculate various flows in the organization.

\[
L(T) = f(t) + \int_0^T L(T-t)dt
\]

Where \( f(t) \) = frequency by length of service or leaving
\( L(T) \) = leaving rate at time \( T \). It is assumed to that the post is filled at time 0.

### 4.1.2.4 Replacement Charts

Replacement charts describe a company’s organizational structure in terms of individuals occupying various managerial and professional positions (Greer, 2001). For each position incumbent, potential replacements are identified along with such information as their individual potential for advancement and numbers of years’ experience needed before being qualified for the next higher position (Byars and Rue, 2000). For these scholars the individual’s age also may be included for estimating retirement dates. For each replacement, the potential replacements for that individual also are listed with similar information. Thus, the replacement chart, which is likely to be computerized, provides a description of how vacancies can be filled from the internal labour market. It also shows the associated cascading effects (Byars and Rue, 2000).

In determining the time when potential managerial replacements will be ready to take on higher-level responsibilities, an assessment of their current skills must be conducted and matched against those required for higher-level positions. There are two organizational dimensions that should guide such assessments (Greer, 2001): (1) the hierarchical or vertical level of various jobs and (2) where the job falls in a continuum from basically individual contributions to managing the efforts of others.
Thus, the assessment should include not only the skills that will be required for vertical moves, but also the skills to move horizontally, typically toward the broader orientation and responsibilities of general management. Movement upward often entails a shift toward the managerial end of the continuum (Byars and Rue, 2000; Armstrong, 2006). For these scholars beginning with the individual contributor end of the continuum and moving toward the managerial end, employees would be assessed against skill requirements for the following tracks: technical development, technical application, technical management, operations management and business management.

Another aspect of the utilization of replacement charts to forecast supplies of human resources involves the assessment of the organization’s current employees’ abilities and qualifications to take on future position (Verhoeven, 1999). Before the number of qualified replacements for a current or future position can be determined, there must be a means of comparing potential replacement candidates with the position’s requirements (Byars and Rue, 2000). Byars and Rue (2000) noted that the job requirements, in terms of tasks and employees’ characteristics and capabilities to perform these tasks, are combined in a document called a talent bank, which is similar to a replacement chart. Self-assessments, instruments administered by the human resource staff, information from the talent bank, and assessment centre data are (Verhoeven, 1999) used to guide the training and developmental efforts needed to prepare employees for future and current needs. An interesting side benefit of the company’s system is that career paths have become better understood and the company now does a better job in career counselling (Greer, 2001).

4.1.2.5 Succession Planning

PSSN (2008) defined succession planning as a conscious decision by an organization to foster and promote the continual development of employees and ensures that key positions maintain some measure of stability, thus enabling an organization to achieve business objectives. Traditionally, succession planning has sometimes taken a replacement approach, often focusing on executive-level positions. One or two successors might be identified and selected, probably based on the exclusive input of their immediate supervisor, and then placed on the fast-track into a senior position (Armstrong, 2006; Rao, 2010). According to PSSN (2008) however, succession planning has evolved into a process that can be used to:

1. Replenish an organization’s HR at a broad or specific level;
2. Identify, assess and develop employee knowledge, skills and abilities to meet the current and future staffing needs of the organization; and

3. Ensure a continuous supply of talent by helping employees develop their potential, as successors for key departmental positions.

Although similar to replacement planning and the use of replacement charts, succession planning tends to be directed toward a longer-range time horizon and is more focused on development (Greer, 2001; PSSN, 2008). It is also more concerned with the development of pools of potential replacements, as opposed to individuals (Byars and Rue, 2000). Succession planning involves more elaborate planning for skill development of potential replacements, is more systematic in the assessment of potential replacements and their developmental needs, and generally applies to higher levels of managerial positions (PSSN, 2008).

In some companies, succession planning also incorporates developmental planning for high-potential managers while they are still in lower-level positions (Greer, 2001; PSSN, 2008). This is especially prevalent for minorities and women who are likely to become long-range successors. Additionally, succession planning also may be concerned with the future requirements of executive positions since the necessary personal skills and characteristics may differ substantially from current requirements. Given the growing interdependencies across functional areas in many companies, one promising approach for developing potential successors for positions of the future may be to assign them leadership responsibilities in cross-functional teams (Byars and Rue, 2000).

Succession planning (Torrington et al., 2005) has a very high profile at present. This has developed from the original process of replacement planning which tended to be an informal approach to promotion with a short-term focus on who would be able to replace senior people if they left suddenly, so that disruption and dislocation was minimised (Huang, 2001). In the 1980s more formal approaches were used which included careful analysis of the jobs to be filled, a longer-term focus, developmental plans for individuals who were identified as successors, and the possibility of cross functional moves (Torrington et al., 2005).

This approach was typically applied to those identified as having high potential, and was generally centred on the most senior positions (Greer, 2001). Larger
organisations would produce tables of key jobs on which were named immediate successors, probable longer-term successors and potential longer-term successors; all with attached development plans (Torrington et al., 2005; Armstrong, 2006; Greer, 2001; PSSN, 2008). Alternatively, high-potential individuals were identified with likely immediate moves, probable longer-term moves and possible longer-term moves. However, as Hirsh (2000) points out, this model is appropriate to a stable environment and career structure, and the emphasis in current succession planning has changed yet again.

Strategic HR management philosophies and practices may yield HR strategy of institutions. The HR strategy would be changed in to HR planning. So the HR planning is based on possible facts, incidents and rationales forecast HR of the future. Models of HR planning and forecasting techniques are fundamental tools to yield value adding HR. What are important here are this all activities and practices demand enabling factors that lay foundation for smooth functioning of these activities. These factors realize a proper play ground for HR unit to strategize its HR functions. The following parts of the study review provide conceptualization about enabling factors to strategize HR planning activities in institutions.
Part Five

5. Enabling Factors of Strategizing HR Planning

5.0 Introduction

Becker and Huselid (1999) as cited in Caldwell let al.(2010) noted that integrating key human resource functions to reframe an organization’s internal environment results in significantly higher organizational outcomes and financial performance that is superior to what firms can attain by implementing individual human resource program elements piecemeal. The three key functions that Becker and Huselid (1999) cited as most important were (1) a management culture aligned with the corporate strategy; (2) operational and professional excellence in conducting key tasks; and (3) a human resource structure focusing on human resource managers as business partners to other departments.

These three organizational factors are interrelated (Becker and Huselid, 1999; Paine, 2003) and organizational cultures can enrich human lives as well as increase profitability (Cameron, 2003; Senge, 2006). Torrington et al. (2005) added that the role of the HR function in strategic concerns include the overall philosophy of the organisation towards the value of its people, the mindset of the chief executive and the working relationship between the chief executive and the most senior HR person. The foundations for all this are organizational culture and leader’s stewardship (Lloyd and Rawlinson, 1992; Macduffie, 1995). Besides this organization life cycle also affect the HR strategic function. All these facts conceptualize below as the study embrace this fact in its basic question.

5.1 Organizational Culture

Neiger et al. (2009) and Matusik and Hill (1998) noted that supportive culture enables employees to attain their full potential. K’obonyo and Dimba (2007) described culture of a group refers to the collective mental programming that these people (Armstrong, 2006) have in common; the programming that is different from that of other groups. Culture in this sense of collective mental programming, is often difficult to change (Armstrong, 2006; Margolis, 2008). This is so because it is shared by a number of people and because it has become crystallized in the institutions these people have built together. In some agencies, the recognition that its people are its most important asset has traditionally been part of the culture (USA-OPM, 2000; Pynes, 2004; Margolis, 2008).
The concept “organizational culture” has become popular since the early 1980’s (Armstrong, 2006; Sechin, 1990). There is no consensus about its definition but most authors agree that it is something holistic, historically determined, related to anthropology, socially constructed, soft and difficult to change (Sechin, 1990). It is smoothing an origination has or in a different way it can also be seen as something an organization is. Organization cultures are different from national cultures manifest in symbols, heroes, rituals and values (Tarekegn, 2007; Sechin, 1990, 1995).

According to HRP facilities are development of an enabling culture in an organization (Bhattacharyya; 2006). In changing environment according to Bhattacharyya (2006) organizations are required to go for frequent restructuring and re-designing of activities. Without an enabling culture it is difficult for the organization to withstand the change requirements. Enabling culture is creating an environment where employees are motivated to take initiative and risk, they feel enthused to experiment, innovative and they make things happen(Tarekegn, 2007; Sechin, 1990, 1995). Thus HRP culture, which develops an enabling culture in an organization, is characterized by the following practices such as Openness, confrontation, trust, autonomy, proactiveness, authenticity and collaboration (Singh, Puskas, and Gupita, 2010). Organizational culture is so anthropological therefore day-to-day activity become customary and finally changed in to organization firm belief (Armstrong, 2006). Therefore managers day-to-day practice must be shaped in a way that teaches positive culture of long-term HRP to office fellows.

5.1.1 Organizational Culture and HR Strategy

As mentioned by different scholars above organizational culture is a pattern of shared values and beliefs giving members of an organization meaning and providing them with rules for behaviour. These values are inherent in the ways organizations and their members view themselves, define opportunities, and plan strategies. Much as personality shapes an individual, organizational culture shapes its members’ responses and defines what an organization can or is willing to do (Schein, 1990, 2004). The culture of an organization is seen in the norms of expected behaviours, values, philosophies, rituals, and symbols used by its employees. Culture evolves over a period of time. Only if an organization has a history in which people have shared experiences for years does a culture stabilize (Russell, 1997; Schein, 1990).

A relatively new firm, such as a business existing for less than two years, probably has not developed a stabilized culture (Russel, 1997). Managers must consider the
culture of the organization because otherwise excellent HR strategies can be negated by a culture that is incompatible with the strategies (Armstrong, 2006; Sechin, 1990; Russel, 1997). Further, it is the culture of the organization, as viewed by the people in it that affect the attraction and retention of competent employees (Russell, 1997).

Numerous examples can be given of key technical, professional and administrative employees leaving firms because of corporate cultures that seem to devalue people and create barriers to the use of individual capabilities and long term orientation. In contrast, by creating a culture that values people highly, some corporations have been very successful at attracting, training, and retaining former welfare recipients (Russel, 1997). The culture of an organization also affects the way external forces are viewed. In one culture, external events are seen as threatening, whereas another culture views risks and changes as challenges requiring immediate responses (Russell, 1997 and Aswathappa, 2009).

Therefore effective implementation of HR strategies depends on the involvement, commitment and cooperation of line managers and staff generally. There is too often a wide gap between the rhetoric of strategic HRM and the reality of its impact, as Gratton et al (1999) as cited in (Armstrong, 2006). This is due to corporate culture, organizational power and politics and finally management attitude and philosophy developed from these facts. Aswathappa (2009:40-42) described the following facts of culture forces on HR function to adapt any strategic action or any technological changes.

First culture creates the type of people who become members of an organization. Culture trains people along particular lines, tending to put personality stamp on them. Second, the attitude of workers towards work is the result of their cultural background. Our workers are known to have a deep-seated apathy towards work. Work is dissociated from results in the belief that results are pre-ordained. Thirdly, time dimension, which influence HRM, has its roots in culture. Time orientation refers to people’s orientation-past, present or future. In some societies, people are oriented towards the past, in others; they tend to be more focussed on the present. Still others are futuristic in the outlook. HRM people in society that focus on the present, care more for employees on the rolls.
To conclude, USA-OPM (1999) confirmed that finding the right opportunity to present a case for developing an HR Strategy is critical to ensuring that there will be support for the initiative and that its initial value will be recognised by the organisation.

5.2 The HR Score Card as a Tool to Integrate HRP with Corporate Strategy

Regarding the origin of balanced scorecard Niven (2002) described the following paragraph. For this scholar the Balanced Scorecard was developed by two men, Robert Kaplan, a professor at Harvard University, and David Norton, a consultant also from the Boston area. In 1990 Kaplan and Norton led a research study of a dozen companies exploring new methods of performance measurement. The impetus for the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise.

The study companies, along with Kaplan and Norton, were convinced that a reliance on financial measures of performance was affecting their ability to create value. Since that time the Balanced Scorecard has been adopted by nearly half of the Fortune 1000 organizations and the momentum continues unabated. Once considered the exclusive domain of for-profit world, the Balanced Scorecard has been translated and effectively implemented in both not for-profit and public sectors (Bhattacharyya, 2006). HR brought to any institution through planned effort to gain immense value must be measured to see its real effect on organization strategy.

Bhattacharyya (2006) and ASL Consulting (2003) confirmed that becoming a strategic partner to the organization requires an integration between HR and the enterprise level strategy. New management practices must be adapted to help position of HR as a strategic partner to the enterprise (US-OPM, 1999; Armstrong, 2006; Ingham, 2007; MacMillan and Jones, 1986). Achieving the status of a strategic partner to the enterprise require implementation of tools, and the adoption of practices not supported or readily available from majority of current HR management strategy suppliers. Implementation of HR score card will enable the HR organization to articulate and measure their strategic contribution to the enterprise in concert with overall corporate strategy (Rao, 2010; Tezera, 2010).

Balanced score card (Bhattacharyya, 2006, Torrington et al., 2005; ASL (Human Capital Management Solutions) Consulting, 2003) is the best seen as a management versus measurement tool. According to Niven (2002) the Balanced Scorecard assists organizations in overcoming two key issues: effective organizational performance...
measurement and implementing strategy. It is systematic frame work for communicating strategy and vision. Stressing the fact that the success of an organization is a holistic process, Bhattacharyya (2006) and Ingham (2007) described that the scorecard measures organizational performance across four balanced perspectives: financial, customer, internal business process, learning and growth.

Bhattacharyya further elaborated that The HR score card integrate support functions with the business strategy illustrating the strategic impact of HR services and projects and enables HR to demonstrate its value through more than short term financial outcomes. HR Score card would allow the HR organization to take the initiative, instead of being reactive to the demands of the enterprise. A comprehensive approach that creates strategic integration between HRP and the enterprise level planning including strategy, resource allocation, budgeting, reporting is absolutely essential (Tezera, 2010).

How you can achieve these objectives and implementation of Scorecard approach even determined and influenced by the able manpower that you brought to the institution through strategy-linked HRP. On whom or by whom you are going to apply this new concept? It is only by those workforce strategically brought to institution to accomplish cooperate strategy. Employee shoulder has to be strong to bear this impression. They have to be mental and physically able to carry this critical issue. Let see the Bhattacharyya (2006) description of HR Scorecard.

*Developing the HR scorecard as a new management process provides the foundation to make HR a true strategic partner and enable the enterprise to realize the full value of its human capital. The first step in establishing HR strategy focused organizations requires the development of a HR Scorecard that can be integrated to enterprise strategy and achieve perfect organizational alignment. The HR Scorecard includes development of the following methodology:* 

a. Development of a solid strategy: development of solid strategy that is integrated with the enterprise strategy is a keystone to success.

b. Starting Mapping: development of a strategy map, including selection, performance measures, establish targets, establish objectives, identify initiatives and identify ownership to deliver strategy

c. Establish measures to each objective: after translating strategy to objective, managers and employees must know if and when objectives are being achieved. Their fore each objective is given with at least
one measurement that is included in the key performance indicator.

d. Cascading of Scorecard: Keeping in mind operational, management and front line employees do the actual work that makes strategy happen. Organization must develop Scorecard at every level so that each person can see how his or her specific responsibility integrated and contribute to the higher level goals.

e. Scorecard implementation; finalizing scorecard design and developing an implementation plan.

f. Post implementation: after the scorecard is deployed, managers need to periodically re-examine their existing core process to ensure they are integrated to the corporate strategy.

5.3 Mapping an organization’s Human Capital Architecture as HRP Issue

The integration between strategy and HR planning should focus on the development of core competencies. As Rao (2010) stated core competency is portfolio of employee skills. Different skills of employees can be grouped based on “strategic value” they create and their distinctiveness to organization. As theories of strategic management have shifted toward resource-based and knowledge based view of the firm, researchers have increasingly looked inward for sources of competitive advantage and value creation. Hitt, Bierman, Shimizu, and Kichhar (2001); Wernerfelt (1984) as cited in kang, Morris and Snell (2003) stressed that the most distinctive and inimitable resource available for firms are its human capital. Therefore HR architecture should be seriously considered to make the organization complete and competent.

Rao based on strategic value, grouped the human capital in to four categories important in designing HRP these are: (1) core knowledge workers-individuals hold firm specific skill linked with company strategy. (2)Traditional job based employees-employees important to company but not unique like accounts, finance, marketing personnel. (3) Contract Labor-employees with less strategic value to companies such as drivers, receptionists, security etc... (4) Alliance partners: this are group of employees has unique skills, but not directly related to organizations core function like lawyers, auditors and consultants.

Rao (2010) and Ingham (2007) described that the human resource manager make decision with regard to whom to employ internally, whom to employ externally and the type of employment relationship to be maintained. HR has to also ensure fit and flexibility of the human resource architecture. Integration between strategic planning
and programs, policies and practices of HR is vital and need to achieve two types of fit—external and internal fit.

In addition to this Knag, Morris and Snell (2003) described the following important fact why institutions should so wary about HRP. These scholars borrowed from Lepak and Snell (1999) have established a framework that position HC as central to both value creation and asset specificity as well as to decisions about HR. Knag et al. (2003) and Ingham (2007) stated that the framework, referred as the HR architecture, is used to identify HR practices, employment modes, and employment relationships for different employee cohorts based on the degree to which their human capital is strategically valuable and unique, the architectural perspective makes clear that (1) employees do not all contribute in the same way based on their human capital, (2) that multiple HR configurations are used within firms for different skill groups depending on the nature of their contribution, and (3) that value creation and strategic positioning are derived from combinations of HC across these different cohort.

According to Knag et al. (2003) three relational complements of each elements of the HR architecture. The scholars describe these three dimensions in the following manner. The Cognitive Dimension: This is description of employees with knowledge and skills that are available and unique tend to be managed differently from others in the firm. It is seen as fundamental driver of firm level value creation and competitive advantage. Structural dimension: refers to context of organizational structure in which employees are managed. The Affective dimension: this is the type of trust and obligation and reciprocity that exist between the employer and employees. The SHRP thinks ahead to bring this environment to company and increase employee productivity.

5.4 Using the Information System to Formulate Proactive HRP Strategy

As already mentioned (Schwind et al., 2002; Verhoeven, 1999; Rao, 2010; Bhattacharyya, 2006; Aswathappa, 2009) HRP become increasingly sophisticated, it is able to provide an organization with valuable information that can be critical in strategic planning. Many successful organizations now have sophisticated human resource information system (HRIS) for this purpose (Pynes, 2004). HRIS is a system used to collect, record, and store, analyze and retrieve data concerning an organization’s HR. All good HR decisions require timely and accurate information (Rao, 2010).

Human resource plans, especially those concerned with ‘mapping’ future competence requirements and enlarging the skills base use HRIS (Armstrong, 2006; Pynes, 2004). A good HRIS is, hence, critical for the effective functioning of the HR department and the larger the organization. The larger the organization and the more dynamic an
organizations’ environments; the greater the need for a sophisticated HRIS. Information typically contained in a HRIS (Schwind et al., 2002, Armstrong, 2006; Pynes, 2004) in a large organization includes:

- Wage and salary data (pay structure, raises received by employees, wage histories of employees).
- Benefits (types, choices, used/accumulated by employees, choices by employee group).
- Staff profile (minorities, women, people with physical disabilities, managerial non managerial)
- Grievance (types, frequencies, decisions by adjudicator)
- Training and development (types, date offered, training record of employees, training needs of personnel, training costs).
- Health and safety (accidents, cost, tolerance limits for various dangerous substances)
- Succession plan (skills, specialities, work experience, performance record, and promotion capabilities of employees).
- Job families (jobs, number, training needs, salary).
- Employee information (all relevant data including those for tax and pension plan purpose).
- Organizational data (structure, levels, reporting pattern, major policies).
- Demographics (staff profiles including education, age etc.).
- Environmental and census data (population trend, economic indices).
- Productivity data.

Schwind et al. (2002) and Pynes (2004) point out that all HRISs produce some regular reports such as employee records, salary and benefit details, retirement benefits, and so on. However, as a firm’s HRISs increase in sophistication, they go beyond this
regular report and are able to produce special reports, answer questions interactively and play an important role in decision support. Today, even moderately sophisticated HRISs have number of models that perform specific functions such as applicant tracking, recruitment source evaluation and costing, performance appraisal recording, compensation and payroll, training records maintenance, and HR forecasts.

The decision on the proposed HRISs sophistication should be made only after a careful analysis of firm’s strategy, managerial decision needs, organizational size, and current technical capability and resources (Pynes, 2004; McNeilly, 2002). According to Pynes’ HRIS provides current and accurate data for decision making and broader applications such as producing reports, forecasting HR needs, strategic planning, career and promotion planning, and evaluating HR policies and practices. Having accessible data enables HR planning and managerial decision making to be based to a greater degree on information rather than on perceptions.”

The five parts conceptualized before are parts of this study seven core objectives. Definition and development of HR management, strategic HR management, integrated HR planning and enabling factors discussed briefly. But the related studies, experiences and practices described in the following part of the literature.
Part Six

6. Studies and Experiences of Integrating HR Planning with Corporate Strategy

6.0 Introduction

As Greer (2001) mentioned a number of examples in which the failure to plan for human resources has had a major adverse effect on organizations. For example, General Electric once encountered difficulties because of a mismatch between the skills of its engineering staff and the work that needed to be done. At the time, General Electric had 30,000 electromechanical engineers whose skills were becoming largely irrelevant because the company’s needs were shifting toward the skills possessed by electronics engineers.

Eventually, the company recognized that its difficulties were caused by a failure to plan in earlier years. Problems such as these prompted General Electric’s chairman to urge his managers to conduct human resource planning. A multinational corporation that planned a technologically advanced smelter for construction in Brazil was similar example. Because the company did not assess the availability of the computer technicians and service workers in the geographic area, it had to make expensive changes in its plans in order to match the plant with the available labour supply. This paragraph borrowed from Greer (2001) that provides glimpse importance of strategic HRP at different institutions and places. The following related topics provide you information regarding how institutions behaving in integrating their HR management and planning with corporate strategy in Europe, Asia, USA and Africa.

6.1 Integrated HR Management

Empirical evidence by an award-winning HRM article of Caldwell et al. (2010) demonstrated that high performance HRM systems had a significant positive impact upon overall financial performance, productivity, and turnover. Pfeffer (1998) has provided a comprehensive body of business evidence citing studies Huselid (1995) that demonstrate that strategically crafted HRM systems can generate organizational wealth when effectively integrated with organizational goals.

More importantly, Pfeiffer’s research and that of other scholars provides valuable
insight about how to implement those systems. Pfeffer (1998) noted that ‘‘enormous economic returns (can be) obtained through the implementation of what are variously called high involvement, high performance or high commitment management practices. ’Unfortunately, many Human resource professionals and organizational leaders have consistently lacked the know-how to design and implement systems and policies that mesh with organizational goals.

In fiscal year 1999, the USA-OPM (1999) embarked on a special study to determine how much progress federal agencies have made toward integrating HRM with agency strategic goals in support of HRM accountability and agency mission accomplishment. The findings and conclusions are summarized as follows. Many more agencies than expected included HR representatives in the agency planning process and integrate HR management goals, objectives, and strategies into agency strategic plans. However, most agencies are still struggling in this area. Therefore, the study recommended agency executives and HR leaders to work together to fully integrate HRM into the planning process so that it will become a fundamental, contributing factor to agency planning and success.

The study conducted online and by e-mail by International Telecommunication Union (ITU) from Harare and Geneva on English speaking Africa countries on 42 organizations located in 19 countries described the following strategic concern of HR in Africa. The study was the first benchmarking studies on HR management practices in the region (ITU, 2008). The study indicated that Fifty per cent of the respondents reported having strategic human resources plans that are linked to corporate strategic plans.

Considering the reporting relationship and the development of HR strategic plans ITU (2008) note the appearance that the HR function is assuming a more strategic role in telecommunication organizations, thus the HR unit moving beyond its traditional operational role. This development is critical for organizations that have realized that human resources make a major contribution to the competitiveness of an organization. According to this study only five organizations reported existence of HR visions and missions. In seven organizations, HR plans have strategic HR objectives, organizational values and key HR performance areas and targets (ITU, 2008).

ITU (2008) study also noted that only three organizations carry out a HR SWOT analysis. Based on the above facts, the study concluded that in at least 50 per cent of the responding organizations the HR function plays a strategic role, while in the other 50 per cent HR functions still perform the traditional roles of
recruitment, records management, discipline etc...(ITU, 2008).

Study made in Ethiopia on 2007 as blueprint for hospital management in Ethiopia supported by the main aim of William J. Clinton foundation did not put strategic human resource planning concern as its main concern on human resource management (Pashman, 2007). The study is broad and tried as initiative to change hospital management trend of Ethiopia. The HRM section of this document tried to mention the issue of performance appraisal, compensation, and other important operational and administrative issues of HR management.

Law, Tess and Zhou. (2003) investigated the significance of how firms manage their human resources within the confines of powerful social institutions in a transitional economy, the people's republic of china. On the study two dimensions, the role of human resource management and followers' perception of the leader (top) are important to contribute operation requirements to firm performance as are the influences of the regional economy and firm ownership. The study tested law et al. (2003) hypotheses with a survey of 180 firms from nine cities in china. The study concluded that both role of HRM and follower's perception of top-level management (top) are important to firm performance. The study confirmed that while social institutions remain powerful in a transitional economy, effective HRM is important to firm performance.

The study of Law et al. (2003) chooses to assess the impact of good HRM as a core component of a firm's strategy. HR management is an important management function in china because the HRM department is the one that sets the organizational norms and culture of a firm. With effective HRM, a firm would be able to build up strong organizational values, high employee commitments and team cultures, which are critical to firms’ performance.

Schuler and Macmillan (1984) on their article stating about gaining competitive advantage from HRM confirmed that critical to a corporation's growth and prosperity is gaining and retaining competitive advantage. Although corporations may pursue many paths to this end, one that is frequently not recognized is capitalizing on superior HR management. Currently, many companies recognize the growing importance of their human resources, but few are conceptualizing them in strategic terms-in ways to gain a competitive advantage. As a result, many companies forego the opportunity to seize competitive advantage through HR practice initiatives. However, there are a few companies that do not forego the opportunity.
In China, many MNCs - faced with a shortage of capable management talent (Ralston et al., 1999) as cited in Law et al. (2003) and a highly competitive market environment - resort to developing their local staff through intensive training programs. A firm's HR strategy is now commonly accepted as a top priority in China. For example, in the Korean context, Bae and Lawler (2000) as cited in Law et al. (2003) confirmed that the salience of HR management in Korean firms - that is, how HR is valued within an organization - affects firm performance. So the studies of Law et al. (2003) hypothesized that: in China, firms that recognize and emphasize the strategic role of the human resource department would perform better than those that do not. Law et al. (2003) on their final point of discussion and conclusion noted the HR management importance to firms' financial and operational performance.

The findings of Law et al. (2003) confirmed that, although some institutions may recognize the key role that HRM plays, their inability to execute HRM policies limits them from capitalizing on the benefits of such practices. This is reflected by the positive and significant correlations between the strategic role of the human resource department and a firm's return on equity. Many HR departments in China are still run like traditional personnel departments instead of being a component of a firm's strategy. The strategic role of HRM in a firm has been shown to affect a firm's productivity, and employee attitudes towards top have been shown to affect a firm's profitability. Yet such impacts are not universal across firms (Law et al., 2003).

6.2 HR Professionals Role in Integrating HR Management with Corporate Strategy

Pfeffer (1998) thoughtfully examined the consistent failure of HR professionals and organizational leaders to apply the best thinking and empirical research that affirms proven principles of HRM, and clearly identified the need for today's organizations to raise the standard of their performance in applying those principles. According to Baird and Meshoulam (1988) fitness of HRM depends on its growth must parallel that of the organization of which it is a part. It must: 1. Change and develop in a predictable sequence in response to pressures and opportunities. 2. Change in stages, each stage exhibiting a decidedly different orientation to human resource management. 3. Build each stage upon and incorporate previous stages. 4. Operate, proactively to fit HR management to the organization's needs.

Caldwell et al. (2010) indicate in their research that human resource professionals’ opportunity to play a greater role in contributing to organizational success if they are effective in developing systems and policies integrated with the organization’s values, goals, and mission. They suggested that HR professionals need to raise the standard of
their performance and that the competitive demands of the modern economic environment create implicit ethical duties that HR professionals owe to their organizations.

These studies indicating that the relationship between HR and management is becoming more collaborative. HR executives are beginning to earn a seat at the management table (USA-OPM, 1999). HR offices are becoming more consultative and involved in day-to-day line management activities. Nevertheless, there is still a long way to go for HR to be become a strategic partner at all levels. To do so, HR needs to build its own internal competencies to deal with organizational issues, educate itself on agency and program missions, and find ways to offer creative and innovative solutions to organization wide issues (Law et al., 2003).

Although many national performance review (now known as the national partnership for reinventing government) initiatives, such as downsizing, reorganizing, streamlining, and delegating HR authorities, were meant to improve HR professionals ability to focus on organizational issues, they have not taken hold as quickly or thoroughly as hoped (USA-OPM, 1999; Law et al., 2003). Therefore, HR is still doing most of the process work, and its ability to focus on alignment has been limited. However, as HR’s role in agency planning, activities, and decision-making advances -- and it is advancing -- so too will the alignment of human resources management with agency mission accomplishment (USA-OPM, 1999).

6.3 Strategic HRP Practices in Private Vs Public Organizations

US office of personnel management study on SHRP in private vs. public institutions revealed the following facts. For some reason USA-OPM (1999) mentioned people tendency thinking that the federal government has fallen far behind the private sector and even other public sector entities, when it comes to integrating human resource management with agency mission accomplishment. Although the study did not talk directly with private or non-federal public sector representatives, the study conducted a fairly in-depth literature search that tells a somewhat different story.

There were many conflicting views on where the private sector is in regard to HRM integration. For instance, the conference board recently conducted a poll of 155 private sector HR executives, and 63 percent responded that HR is “never, rarely, or only sometimes” a major player in the companies’ strategic process (USA-OPM, 1999). A Price Water House-Coopers poll indicated that although 75 percent of the responding 70 companies reported that HR’S effectiveness is measured by its
contribution to business results, only 27 percent included HR from the beginning of the business planning cycle (USA-OPM, 1999).

Further, 43 percent rated HR’s planning and policy effectiveness as only average while a mere 6 percent rated it as excellent. Six other private sector surveys and studies over the past few years, however, have found that HR has been integrated into the strategic planning process, HR executives and top company management are strategic planning partners, HR recognized for the importance of its role in implementing organizational change, and HR is viewed as critical to the success of the business is (USA-OPM, 1999).

Seven clearly stated that there are many private sector organizations that exemplify “best-in-class” integration strategies. They have implemented such integration approaches as the balanced scorecard, return on investment, activity based costing, Malcolm Baldrige award-type criteria, and more. They recognize the importance of their employees to business results, and HR is considered a valued strategic partner. However, even with a number of “best practices” out there, the research agreed that HR integration, even in the private sector, is still a work in progress (USA-OPM, 1999).

According to USA-OPM(1999) recent research, the non-federal public sector is in much the same boat as the federal sector. As the government performance project pointed out in its recent study state governments run into many of the same HR problems as the federal government rigid rules, lack of strategic management decisions, absence of state-wide HR data, lack of workforce planning or the ability to plan for the future, etc. State governments have begun making HR reforms, such as reducing job classifications and streamlining hiring procedures (USA-OPM, 1999). However, as with the federal government, states are focusing more on the efficiency and effectiveness of programs than how they support the bottom line. That is not to say that local, state, and even foreign governments have not been able to integrate themselves with mission accomplishment. A few cases can be most instructive for federal agencies as they ponder this issue (USA-OPM, 1999).

6.4 Manpower Planning

Regarding HR planning practices Schuler and Macmillan (1984) noted that companies increased force to link HR planning with strategic business planning. Companies are taking note of recent census data-those data indicate that the number of young workers in the labour force peaked at 37 million in 1980 and will drop to 24 million
by 1990. Meanwhile, each year 2.3 million 17-year-olds are added to the ranks of the functionally illiterate. Among Hispanic 17-year-olds, 56% are functionally illiterate while 47% of the black 17-year-olds are functionally illiterate. Therefore; institutions are in anticipation of a desperate need for literate young.

According to these scholars the intersection of these events is producing a company need for flexibility, current and up-to-date skills. Companies such as AT&T, bank America Corporation, Sun Company, and Eastman Kodak Company are trying to gain this flexibility and skill currency by offering attractive early retirement packages for carefully selected groups of employees. Since it seems as if all the current demographic, economic, and technological trends will continue, it is reasonable to assume that the companies that most systematically plan with their human resources in mind will be most likely to gain a competitive advantage by having “the right people at the right place at the right time” to produce quality products efficiently (Schuler and Macmillan, 1984).

Besides this as prominent case example United Airline strategic manpower plan, The Netherlands Police Department, New York Power Authority, European Air Terrific Control Office Manpower Planning, Studies in Africa and china HRP practices described below.

United Air Line station manpower planning study described by (Holloran and Byrne, 1986; Greer, 2001) showed manpower planning as competitive advantage and cost control tool and arsenal for hitting profit in companies. United Air Line has developed and implemented computerized station manpower planning system for scheduling shift work at its reservations office and air ports. The objective of the plan was to determine the needs for increased manpower, to identify excess manpower for reallocation, to reduce the time required for preparing schedules, to make manpower allocation more day and time sensitive and to quantify the costs associated with schedules (Holloran and Byrne, 1986).

The system utilized integer and liner programming and network optimization techniques and encompasses the entire scheduling process form forecasting HR requirement to printing employee schedule choices (Holloran and Byrne, 1986). Since its implementation in 1883, it has been used to develop work schedules for 4,000 employees on regular basis and is eventually expected to schedule 10,000 employees or 20 percent of United’s total work force. The system has produced direct labour cost saving off over $6 million annually while earning rave reviews from united upper management, operating mangers and affected employees (Holloran and Byrne, 1986).
In 1982, upper management of United Airlines Initiated (Holloran and Byrn, 1986) the station HR planning projects as part of cost control measures associated with the airline’s 1983-84 expansion. Expanded flight schedules and increased passenger volumes would require substantial planning to control labour costs and still maintain desired customer service levels. A manpower planning group was established directly under United’s senior vice-president of corporate service, tony Chaitin. It was headed by a former airport manger with over 20 years experience and consisted of only a few scheduling analysis’s.

The group targeted for attention those airports and reservations offices where workloads would be greatly increased by expansion. In a single month of 1984, for example, united would add 67 departure to its operation at Chicago’s O’Hare airport. Using accepted scheduling techniques, the manpower planning group found it difficult to produce future plans for all air ports and reservations offices in the required time frame, and therefore they began investigating methods of automating some of the more time-consuming manual procedures. In addition, their evaluation of the way in which days off was assigned brought in to question various shifts scheduling strategies and raised the possibility of using optimization techniques.

As confirmed by (Halloran and Byrn, 1986; Greer, 2001) study beginning with a few computer programs that automated manual scheduling techniques and a simple liner programming model, the study developed a station manpower planning system (SMPs) by adding functions and enhancements to the system to attain specific objectives. From mid 1982 through mid-1983 the study applied management science techniques to shift scheduling at united with an overwhelming impact not only on united management and member of the manpower planning group, but also for many who had never before heard of management science or mathematical modelling. This is the sign for shifting from traditional HR planning approach to the most sophisticated method of human resource planning to solve organizations strategic problems. The study reveal that HR is not neglected part it is strategic partner to make companies competitive by cutting cost and yielding productive employees (Holloran and Byrne, 1986).

An example noted by Greer (2001) of the use of regression analysis for predicting demand is provided by an application at the New York Power Authority (an electric power utility). In this application, regression analysis was used to predict such dependent variables as the overall staffing level and staffing levels for various categories of employees (e.g., professionals, managers, technicians, craft workers,
service and maintenance workers). The predictor or independent variables (Greer, 2001) used in the models include such variables as the number of kilowatt-hours produced, operating revenues, sales, and the capital budget. As Greer (2001) noted a limitation of this application is that the variables are only of a general nature. Therefore, they are inappropriate for predicting the demand for specific jobs, such as the various professional or managerial specialties. Another aspect of this application of regression analysis is the stability of the utility’s environment. Because utilities typically have stable environments, assumptions of stable relationships between the predictor variables and the dependent variable are more likely to be valid than in many environments characterized by turbulence (Greer, 2001).

Study on European Organization for the Safety of Air Navigation MP (Mellett, 2000) stated that the key characteristics of taking a strategic MP approach is a long range focus. A strategic MP sets the long-term direction of air traffic management officers, HRM policies and programmes. The time horizon is five years or more. Mellett put a practical list of integrated manpower planning characteristics or approach:

- **Integrated with strategic plan and HRM:** A strategic perspective to MP requires approaches where the business strategic planning of business areas are integrated with MP. The focus is on a synthesis of business strategic planning and MP, which highlights HRM programmes that are a priority to accomplishing the business results. Ideally, the two strategies should operate hand in hand so that any modifications to one strategy are reflected in the other and should support each other. Strategic MP also requires that all HRM programmes are planned for. Planning for only one or two activities such as recruitment and selection is ineffective.

- **Line managers and MPs to work in partnership:** An integrated linkage between business and manpower plans requires MPs and line managers to work jointly to develop business plans and determine manpower needs (qualitative and quantitative).

- **Recognises the impact of the external environment:** Strategic MP needs to
explicitly recognise the threats and opportunities posed by the external environment in the form of laws, economic conditions, social and demographic changes, domestic and international political forces, technology etc.

- **Recognises the impact of competition and dynamics of the labour market:**
  The factor operation requirements of competition in attracting, rewarding and using air traffic control officers has a major effect on an Air Traffic Management Officers manpower strategy. Forces are evident in local, regional, national and European markets. Labour market dynamics of wage rates, unemployment rates, working conditions, benefit level and competitor reputation all have an impact on and affect strategic manpower decisions.

- **Formalised:** The strategic manpower plan should be formalised which clearly indicates both quantitative and qualitative HRM programmes that are required to meet the Air Traffic Management Officers strategic plans. The necessary documentation and data should also support the plan.

- **Budgets and cost focus:** Today Air Traffic Management Officers are requiring much more transparency on how HRM affects budgets. Increasingly, MPs need to justify decisions and activities on a cost benefit basis. They are being held accountable in a financial sense for HRM programmes e.g. are the programmes and policies worth it? Do they produce the desired results? Competition and business restructuring will increase the demand for accountability. Therefore, MPs should be aware of the cost implications of proposed HRM in their strategic plans and endeavour to seek value for money whilst at the same time ensuring that quality is not hampered.
Figure 2.7 Integrated Strategic Human Resource Planning Process

**Inputs**

- **Strategic Plan**
  Mission, Vision, Goal and Objectives

- **Environmental influences**
  (Demographic, social, economic, political, technological)

- **Organizational influences**
  Management structure, HRM policies, HRM performance indicators, organizational culture

- **Changes InTechnology**

- **Changes in aspirations and skill level of employees**

- **Manpower Requirements** (demand of manpower)
- **Manpower Available** (supply)

**Steps**

1. **Step 1:** Analysis strategic Objectives of organization
2. **Step 2:** Analysis environmental and organizational influences
3. **Step 3:** Examine job structure design
4. **Step 4:** Examine job skills
5. **Step 5:** Match and estimate the shortage or surplus
6. **Step 6:** GAP analysis
7. **Step 7:** Determine HRM strategic objective
8. **Step 8:** Establish specific plans for each HRM components
9. **Step 9:** Monitor and evaluate HRM plans
• **Supported by adequate HR information system:** An effective HR Information system as a decision support system provides valuable information to decision-makers and alerts them to potential future problems or opportunities. Information should be available on, for instance: staff turnover, absences, quality and performance rating, salary levels, and rewards. The EOSAN integrated HR planning model depicted above on figure 2.7.

### 6.4.1 Manpower Planning Methodology

Since no many publications have appeared (Verhoeven, 1999) putting many integrated related models study as literature is difficult. Manpower planning models as described in pervious chapters they are many in number. Starting from subjective methods Verhoeven (1999) to more sophisticated statistical tools are in practice (Rao, 2010, Bhattacharyya, 2006, Byars and Rue, 2000 :).

To mention some Work load measurement, work study method, replacement chart, succession planning, Delphi subjective method and Markov chain MP planning models described in many books and used by many companies but observing experiences how they are used in different places is essential to have effective and simple method for developing countries. Even if some theoretical conceptualization used practical aspect is emphasized within this part related literature assessment.

Because the theoretical aspects of many issues here discussed in previous chapters.
For instance, in Japan, the Delphi method was selected for foresight activities, and the Science and Technology Agency in 1969 started to conduct a large study on the future of science and technology (Cuhls, 2003). Before, in a systematic attempt, foresight knowledge from the USA was invited. Although the first large Delphi study in Japan did not correctly describe the oil price shock and was conducted and published just before that happened, the Japanese Delphi process continued every five years. It is regarded as an update of data concerning the future. In 1997, the sixth study was finished, the seventh was published in 2001, and the eighth is in preparation (Cuhls, 2003).

Verhoeven (1999) described FORMASY (an interactive manpower planning system) one of Markov MP planning models used by Netherlands Public Work for Office. FORMASY has been first written by originally BEA (Burroughs’s Extended Algol) which is a version of Algol 60 and has been implemented on the Burroughs b7700 computer at Eindhoven University of technology. Know days many computer programs implemented to use it.

According to this scholar in a defence organization in the Netherlands a very detailed manpower requirement estimation procedure is applied. In this organization a function registration system is used in which all functions are denoted by numbers indication the activity group to which it belongs, for every activity group the department to which it belongs and for every department the number of each function. Verhoeven (1999) mentioned use of this MP system require some extra information belongs to the function. For all functions, also called positions the corresponding rank.
and a function name are attached. This registration system is continually assessed and analyzed by means of a function analysis procedure in which all functions are considered individually and the level and number of tasks for that function are judged. This detailed function registration system plays an important role in manpower requirement estimation.

In a rolling corporate planning procedure (Verhoeven, 1999) every two year a new ten year’s plan for the entire organization is laid. Rolling planning means that after each planning period a new plan is made for up-to dated figures. In the meantime, the plan is adjusted because of the governmental budget to be proposed every year. The corporate plan indicated organization development, the moment of introduction of new weapon system and the years in which obsolete equipment will be replaced (Verhoeven, 1999). In this long term plan the personnel planning and the planning of any other resources are linked together (strategic human resource planning duly practical here). The corporate plan has to correspond with the organizational goals.

Verhoeven (1999) noted that these goals are translated into an operation plan representing the task to be executed. From this operational plan the material plan, the personnel plan and financial plan are deduced in such a way that an interaction between these plans is possible changes in the organization structure which result from frequent efficiency studies. However, changes in the organization structure are usually consequences of changes in the level and type of activities and of technological improvements. In this way HR role integrated with organizational strategic intents. Man power requirement depends in short term, medium and long term plan of the organization.
Verhoeven (1999) also mentioned the second practical experience how company use work study technique of planning corporate manpower. For Rao (2010); Aswathappa, (2009) and Bhattacharyya, (2006) work study techniques are often employed to determine standards for the relationship between the number and quality of necessary employees and the workload. The personnel consequences of the introduction of new technologies are usually rather well known, because of foreign experiences, particularly from the United State.

Manpower requirements estimation is done for 10 years ahead, function by function in this defence organization and it is necessary to obtain a detailed matching of functions and employees (Verhoeven, 1999). Because of the speciality of this organization this matching is very important and may have consequence for the number and qualifications of recruits, the career policies, education and training programs and allocation patterns. A detail matching is necessary since all military unites have a fixed organization structure. Personnel requirement can be forecasted reasonable for a period of about ten years since the introduction of new weapon system can be foreseen and task some time.

Besides these experiences, described Emerson Electric provides a good example of replacement planning method for managers (Greer, 2001). The company, which has had 165 consecutive quarters of growth in its net income, has 117,000 employees in 60 divisions. While this example is displayed in physical format, it could be easily computerized. The example also indicates the confidentiality with which such
information is treated and the security measures that are applied to the end result of the process.

Wong (2004) described the following Hong Kong experience of forecasting manpower demand. The VTC (vocational Training Council) in Hong Kong produces forecasts of manpower requirements for 22 industry sectors using weighted exponential smoothing time series (see Part Four of this study) forecasting technique since 1970s. Briefly, in this trend method, the survey data are weighted. The weights used from a geometric series with heavier weights given to the more recent data. In addition, the weighted exponential smoothing is applied in order to smooth out the random fluctuation in past data so as to revel the trends. It has a basic assumption that results from n survey are available:

$$\bar{D}_n = \frac{D_n + D_{n-1}(1 - A) + D_{n-2}(1 - A)^2 + \cdots}{\sum_{m=0}^{n-1}(1 - A)^m}$$

For \( n>1 \) for all \( D \) where \( D_n \) is the manpower demand at the time of survey; \( 0\leq A\leq1.0. \) The larger the value \( A \), the more heavily will the recent data be weighted. The \( A \) value could be adjusted to give optimum curve fitting such that either the absolute error or the mean square error of the curve is minimum. The ratio of the weighted moving average

$$R_n = \frac{\bar{D}_n}{\bar{D}_{n-1}}$$
Bertrand (2004) description of HRP at higher education training and development institution to match demand and supply described using USA, Europe and developing country experience below:

USA HRP experience described as follows. The USA relies on market mechanisms and individual decision. It is felt, however, that if the market functions properly; all those concerned must be well informed, which means providing them with information on job prospects. For this reason, the USA was one of the first countries to produce scenarios of future trends concerning employment and occupations in connection with education and training. The Department of Labour statistics, which is allocated substantial resources, uses a microeconomic model to turn out regular forecast displaying the following characteristics: the period covered is approximately 10 years and projections are update regularly. An enormous volume of data is processed, with a highly detailed breakdown by economic sector and occupation (projection made for 698 occupations for period 2000 to 2010). Macroeconomic changes are the subjects of scenario relation to broad socio economic trends to plan HR of the future.

In Germany HRP approach based on the OECD model was used in the 1960s. This approach was subsequently abandoned as HR planning instrument, not only due to methodological objections but also because it seemed incompatible with individuals’ free choice. This did not prevent the development of forecasting studies, which were produced not only by the Institute for Employment Research, but also by other bodies. These studies use variety of methodologies while attempting to avoid the traditional
HR planning approach model, criticised for its lack of attention to the real levers of adjustment between education and employment.

In United Kingdom forecasts have been made regularly by Institute of Employment Research at the University of Warwick. However, they have been very little used and have merely served as a basis for debate on adjustment between education and employment and as a signal to draw attention to decision makers. In Sudan, Econometrics method were used to produce forecasting for the year 1976-1981, particularly for higher qualifications. Bertrand (2004) criticised the forecasting methods used by this institution to match employment and education. The author described that the method are abstract disconnected from socio economic environment and far removed from the decision making sphere.

Besides explaining the practice in USA, Germany, UK and Sudan in the above four paragraphs Bertrand (2004) also noted the shift in practice since 1980 that HRP take place in Europe consulting partners and stake holders. The methodologies of analysis tending shift from the study of tasks to the studies of skills and abilities, and the skills and abilities in which firms in the modern sector are interested are no longer what they were.

The last case would be mentioned here is European Organization for the Safety of Air Navigation MP (Mellett, 2000) system of manpower planning. The purpose of any staffing methodology in Air Traffic Management Officers is to determine
the number of air traffic control officers needed to perform the core task and possible additional tasks / duties in the air traffic management. The airspace managed by a ATs provider is usually divided into control sector operation requirements containing consoles for en route: executive; planning and assistant (if necessary) control positions. This combination of positions can vary depending on sector size. From these positions air traffic control officers organise a safe, orderly and expeditious flow of traffic.

Consequently, the air traffic demand drives the number of hours control positions must be open on the one hand. On the other hand the maximum number of aircraft that an air traffic control officer can handle drives the number of sector operation requirements in operation given the air traffic demand. Based on the actual opening and closing times of sector operation requirements various operation requirements profiles can be derived. Once the operational requirement (or) has been established, it forms the basis for the calculation of the number of air traffic control officers needed. This is the cornerstone of determining manpower needs and it needs to be established in an appropriate manner. The dynamic change in traffic demand over time and its consequent effect on the number of air traffic control officers required must be mapped onto the number of air traffic control officers available. The inflow, through flow and outflow of staff resources determine this availability.

One way to forecast manpower demand is analysis of work load and then manning this work load by appropriate individuals (Bhattacharyya, 2006). The core related
study of air traffic control officer’s used similar practice. Air traffic demand is the number of aircraft requiring ATC at a given time. The maximum number of aircraft that an air traffic control officer can cope with from his / her working position is defined as the sector capacity and is a function of air traffic control officer workload in that position Mellett (2000). In principle, the bottleneck is the sector with the lowest traffic handling capacity or the highest separation standards on a certain route. To analyse the traffic demand for the relevant airspace and the forecasted average flow of traffic to determine the opening and closing times for positions available in a sector.

Statistics on airspace capacity (e.g. the maximum number of aircraft to be controlled by an air traffic control officer per hour for that sector). This includes information on: control position characteristics which reflect local requirements e.g. Number and size of control positions, number of days per year a position is in operation, number of days of operation of the facility (per year); what positions need to be manned by an executive air traffic control officer supported by a planner and / or an assistant controller ; the hours a position is manned accordingly; historic data on opening and closing times of sector operation requirements /positions for previous time periods; statistics on air traffic demand; statistics on daily and seasonal variations; traffic growth/decrease projections for the planning period; strategy reports on new development concepts in airspace management; letters of agreement with adjacent centres; and manpower policies of adjacent centres.

Based on the analysis of traffic demand (volume, growth and available sector
capacity) the opening and closing times of sector operation requirements can be
determined. Operation requirement is the foundation for determining air traffic
control officer manpower requirements. The two calculation methods are used to
determine this. Firstly, the commonly known international civil aviation
organisation (ICAO) method calculating the minimum number of air traffic control
officers needed (Multiplication Factor) and secondly the calculation method based
on the actual number of duties to perform during a certain period of time (Manning
Calculation Method).

Based on different assessment and skill inventory and job analysis you find out total
position as well as total time each position required per year by analysis of work load
method of manpower demand determination (Bhattacharyya, 2006). Similarly
(Mellett, 2000) used the following formula to determine manpower demand to its
study. Total position time per year divided by the effective hours per air traffic
control officer per year gives the minimum number of air traffic control officers
actually needed (see formula 1 below).

**Formula 1: The Minimum Number of Air Traffic Control Officers Required**
**(Multiplication Factor)**

\[
\text{Total Position Time / year} = \frac{\text{Minimum number of Air Traffic Control Officers required}}{\text{Effective hours per EOSAN / year}}
\]

This formula indicates a simple way of calculating the number of air traffic control
officers needed (Mellett, 2000). It will lead to the minimum number of air traffic
control officers needed without taking into account e.g. Safety margins. The challenge to MPs resulting from this approach is to cope with unexpected staff shortages in operations and in staff requirements for operations in training and projects.

According to (Mellett, 2000) investigation Formula 2 shown below, is more ‘advanced’ since it takes into account the roster cycle and other roster-related factor operation requirements, leading to the maximum number of air traffic control officers. The challenge to MPs resulting from this approach is how to plan and allocate operational staff to other related duties outside operations in times of staff surplus in operations needed (Missault and Niesing, 1995).

| Formula 2: The Maximum Number of Air Traffic Control Officers Required (Manning Calculation Method) |
| No. of duties per day $\times 365 = \text{Maximum number of Air Traffic Control Officers required}$ |
| $\text{Effective working days}$ |

The task of MPs is to find the right balance between the two results (Bhattacharyya, 2006). Both calculation methods assume that all elements of the calculation are evenly spread over the year, like the leave and sickness days. It is also assumed that the regulatory number of weekly working hours will always be accommodated in the rosters, independent from the roster cycle in use. These assumptions do not reflect reality because of the following reasons: there will be time leakage because duties
cannot be perfectly fitted into an existing roster in a way that adheres to working conditions / regulations and, at the same time, that the regular number of working hours requirement is completely met (Mellett, 2000).

6.5 Enabling Factors for Strategizing HRP Practices

Organizational culture influence of SHRP: In this study theoretical conceptualization it is mentioned that change never happen in vacuum. It needs the cooperation of management and awareness and shared assumption by company members. Strategic human resource planning or strategic human resource management can be prompted to the higher stack only when the organization supports the practice by total sentiment of management and organizational politics and power. One of synergy to facilitate strategic orientation of HRP practice in organization is organizational culture.

ITU (2008) indicated importance of assessing the internal climate in an organization and assisting management to address issues of workers. Working on staff concerns can be a contributing factor to the attraction and retention of employees in an organization. According to ITU on the lower scale no more than three organizations, accounting for only 21.4 per cent, conduct leadership’s surveys and surveys assessing the impact of human resources in the organizations. Human resource functions (ITU, 2008) should consider conducting these two important surveys, as their input could assist in developing strategies for the improvement of competitiveness within the organization or the development of approaches to assess employees’ opinions on both.
It is unfortunate that only two organizations conduct surveys relating to how human resource policies and practices impacts on organizational performance. It is important for human resources to (ITU, 2008) undertake surveys relating to its functions in order to address negative personnel issues and ultimately create a positive working environment and improve human resources management in their organizations, so that they may continue to support organizational strategies.

**Leaders Ethical stewardship:** As Caldwell et al. (2010) mentioned in their article of stewardship behaviour of HR manager they put core substance that totally why SHRP or SHRM important to organizations or why modern articles are publicizing these issues. Caldwell et al. (2010) noted that today’s modern organizations desperately need leaders who they can trust if their organizations are to be successful in a highly competitive global market place (Cameron, 2003) as cited in Caldwell et al. (2010). Those leaders include highly competent, knowledgeable, and skilled Human resource professionals who understand how to align HRM/HRP programs with corporate objectives and strategic plans (Becker et al., 2001).

The willingness of organizations to pursue systematically the twin goals of achieving organizational mission and assisting employees to achieve their personal goals is an implicit obligation of ethical stewardship and organizational leadership (Barnard and Andrews, 2007; Caldwell et al., 2008; Rao, 2010). The resource-based view of the firm emphasizes the importance of meeting the needs of employees to
retain them as a resource-based source of competitive advantage (Caldwell et al., 2010). Scholarly research about successful organizations has increasingly suggested that the most successful companies are those that balance instrumental or outcome-based and normative or value-based objectives shared with HR unit (Collins, 2001; Pfeffer, 1998).

Measuring results and maintaining a commitment to people are well-respected elements of high performance systems that balance the instrumental and normative priorities of organizations (Pfeffer, 1998). Organizations that integrate principles of ethical leadership with a strategic approach to HRM optimize the maximization of values and outcomes and achieve results which pay off long-term (Collins and Porras, 2004). By honouring their duties as ethical stewards and incorporating principles of transformative leadership, Human resource professionals can make a major contribution to their organization’s financial success while helping their organizations honour the implicit duties owed to organization members (Collins and Porras, 2004).

This part of the study conceptualization provides you different studies in the area of strategizing HR planning and management and practise from different angles of the world. Few study findings as well as cases and experiences deeply discussed focusing on this study main theme such as strategic HR management, HR planning and enabling factors. The next part of this study conceptualization discussed development of HR management in this study area-Ethiopia.
Part Seven

7. HR Management Practices in Ethiopia

7.0 Profile of the study area-Ethiopia

Based on United Nations (June 2004) report, Wikipedia Encyclopaedia and Addis Ababa City Administration (2012) strategic documents the following study area-Ethiopia profile is described.

Ethiopia officially known as the Federal Democratic Republic of Ethiopia, is a country located in the Horn of Africa, and is the most populous landlocked country in the world. It is bordered by Eritrea to the north, Djibouti and Somalia to the East, Sudan and South Sudan to the west, and Kenya to the south. Ethiopia is the second-most populous nation on the African continent, with over 84,320,000 inhabitants, and the tenth largest by area, occupying 1,100,000 km². Its capital, Addis Ababa, is known as "the political capital of Africa."

Ethiopia is one of the oldest sites of human existence known to scientists. It may be the region from which Homo sapiens first set out for the Middle East and points beyond. Ethiopia was a monarchy for most of its history until the last dynasty of Haile Selassie ended in 1974, and the Ethiopian dynasty traces its roots to the 2nd century BC. Alongside Rome, Persia, China and India, the Kingdom of Aksum was one of the great world powers of the 3rd century and the first major empire in the world to officially adopt Christianity as a state religion in the 4th century. During the Scramble for Africa, Ethiopia was the only African country beside Liberia that retained its sovereignty as a recognized independent country, and was one of only four African members of the League of Nations.
Ethiopia then became a founding member of the UN. When other African nations received their independence following World War II, many of them adopted the colors of Ethiopia's flag, and Addis Ababa became the location of several global organizations focused on Africa. Ethiopia is one of the founding members of the Non-Aligned Movement, G-77 and the Organization of African Unity. Addis Ababa is currently the headquarters of the African Union, the Pan African Chamber of Commerce, UNECA and the African Standby Force.

Figure 2.8 Map of Ethiopia

![Map of Ethiopia](image)


Ethiopia’s population has grown from 33.5 million in 1983 to 84.32 million in 2012. The country's population is highly diverse, containing over 80 different ethnic groups. According to the Ethiopian national census of 2007, the Oromo are the largest ethnic group in Ethiopia, at 34.49% of the nation's population. The Amhara represent
26.89% of the country's inhabitants, while the Somali and Tigray represent 6.20% and 6.07% of the population, respectively. Other prominent ethnic groups are as follows: Sidama 4.01%, Gurage 2.53%, Wolayta 2.31%, Afar 1.73%, Hadiya 1.74%, Gamo 1.50%, Kefficho 1.18% and others 11%.

Ethiopia is the major source of the Nile. The country has begun to recover, and it now has the biggest economy by GDP in East Africa and Central Africa. Ethiopia follows a federal republic political system and EPRDF has been the ruling party since 1991. Ethiopia is the world's 27th-largest country. Ethiopia was the fastest-growing non-oil-dependent African economy in the years 2007 and 2008. Agriculture accounts for almost 41% of the gross domestic product (GDP), 80% of exports, and 80% of the labor force. Ethiopia produces more coffee than any other country in Africa.

Ethiopia is also the 10th largest producer of livestock in the world. Other main export commodities are chat, gold, leather products, and oilseeds. Recent development of the floriculture sector means Ethiopia is poised to become one of the top flower and plant exporters in the world. Even though the study that described the history of capability of Ethiopia leading industrial companies such as agribusiness, manufacturing and construction indicted that About 50 or so large and mid-size firms play a dominant role in the economy (Sutton and Kellow, 2010).

This study believed that it is appropriate to ask, the state of integrated HR planning practice in Ethiopia institutions following the following overall design of the study in 23 institutions from manufacturing, service, manpower planning and controlling organizations and HR resource training and development institutions.

7.1 History of HR management Practice in Ethiopia
Organizing Human effort to different activity is the early attempt in the world. The basic objective and the way people trained and developed may be similar with today arrangement of HR management but simple and unstructured. A family may train a boy how to hunt and fight to ascertain daily living. But today youth may be trained how to ascertain the life of society by providing goods and services through common objectives and efforts (Aswathappa, 2009; Bhattacharyya, 2006). For Drucker (1992); Stoner (1989) and Stoner (1996) as cited in Balunywa (2007) the subject of managing people has been with us since time immemorial and it is acknowledged today that people are the most important resource in any organization.

Ethiopia womb holds different civilizations that represent these realities. It is difficult to think the early architectural results of Ethiopia for instance the Kingdom of Aksum distinctive architecture exemplified by giant obelisks date from 5000–2000 BC and the rock-cut architecture built during the reign of Lalibela during the 12th and 13th centuries without the organized and structured effort of HR management and leadership. This all efforts demand structured and trained manpower. But we cannot talk about HR management 5000-2000 BC. Even the world literatures limiting our knowledge of the birth of HR management back to 1900s (Torrington et al, 2005, Balunywa, 2007). This literature tried to describe the development of HR management in Ethiopia since 1900 based on economic and political structure changes took place. It should be known that the conceptualization below tell all about the personnel administration face in government structure but not in private cell. This is because the land of Ethiopia gave right birth of private industries after 1991. This directly indicates the HR evolution in Ethiopia.

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during the 12\textsuperscript{th} and 13\textsuperscript{th} centuries (Pankrust, 2008) without the organized and structured effort of HR management and leadership. This all efforts demand structured and trained manpower to achieve the objectives stated whatever the objective is.

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7.1.1 HR Management from 1900-1974 in Ethiopia

Observation of 2009 human resource statistics (Ministry of Civil Service, July 2011) of Ethiopia indicated that government is the leading employer. Each unit of government cell requires competent manpower for today and tomorrow. This leading employer, government has been symbol and historical root for modern administration and management. Modern HR administration system in Ethiopia is believed to have been established on the return of the first decade of the 20\textsuperscript{th} century during the time of emperor Minilk II (Getachew and Common, 2007). The emperor is known to have appointed nine ministers. The time marks the beginning of modern administration of the European style in Ethiopia (Getachew and Common, 2007; Tegene, 2008; Almayehu, 2001).

The establishment of the modern administration had not been accompanied by personnel rules and regulation leads the administration of government offices to be based on the good will of each government official of the time. This situation prevailed for about half a century. In the subsequent years, the institution underwent a series of changes commensurate with a host of new needs and imperatives (Alemayehu, 2001). Emperor Haile Selassie's government, noted for a number of accomplishments shouldered the burden of persevering with the innovation of his predecessor (Getachew and Common, 2007).

The Emperor undertook a series of institutionalization and restructuring measures in the hope of bringing about an effective and efficient personnel management by specified rules and procedures of a uniform nature especially after the issuance of public service order No.23/1961 (Alemayehu, 2001). This was a landmark in the sense
of creating an enabling environment to withstand the effects of new challenges, which came to the fore as a result of modernization drives that took full swing after Haile Selassie's return from exile. Despite several Improvements regarding the operation of government mediated by periodic reforms, the Ethiopian personnel administration was fraught with problems that impeded the realization of expected outcomes (Getachew and Common, 2007).

According to Toran (1998) at this time the developed nations started to pass several major laws, such as the National Labor Act of 1935, led to the growth of union. Keeping payroll and retirement records, management school relations and arranging stockholders visit was the major role of personnel department and this period prior to 1960s named as “File maintenance”. But none these practices mature in Ethiopia HR room during this period where Ethiopia equally started thinking about HR management with the developed nations.

### 7.1.2 HR Management in Ethiopia from 1974-1991

The Imperial era, gave way to the Dergue/socialist system, which was characterized by a concerted drive to radically redesign the administrative machinery in line with the socialist/ central-planning ideological ethos of the new government (Tesfaye, 2007; Almayehu, 2001; Getachew and Common, 2007). The rule of the Dergue was consequently marked by intensive mobilization and politicization during the first few years of its incumbency (The Changing Features of Public Administration in Ethiopia, 2012).

According to Mehret and Paulos (2000) the nationalization measures, along with the proliferation of new government institutions and corporations led to a tremendous expansion of the public sector. The swiftness of the transition, dictated by the imperatives of revolutionary transformation, did not allow the personnel administration adequate re-spites to ponder on means and ways of adjusting to the new situation. The fluidity of political developments marking the post-revolutionary years did not enable the Personnel service prepares itself for effecting corresponding changes through the effort of strategic HR management thinking and philosophy.

Deprived of the preliminaries necessary for smooth transition in terms of institutional, manpower and statutory adjustments, the sector was, nonetheless, expected to cope with the burdens entailed by its tremendous expansion. This constituted one of the most formidable challenges that the personnel management encountered (The Changing Features of Public Administration in Ethiopia, 2012). Getachew and
Common (2006) noted this as military regime where totally banned private business ownership. When the situation necessitated the establishment of an organ of government that could define the right and obligation of government personnel and also a homogenous administrative order; the “central Personnel Agency” was established pursuant to order No.23 of 1961 and started functioning as of June 1963. The central personnel Agency was established to give central leadership under uniform rules and directives to all public servants in Ethiopia.

During the military regime its name was changed to public service commission (PSC) with a new organizational structure. This regime ruled Ethiopia for 17 years from 1974-1991. At this era the government was controlled all investment activities in Ethiopia. The command economy was the prominent behavior of Ethiopia economic structure. Therefore the total behavior of HRM practice in Public Service commission can be seen as the face of HRM practices in the country (Tegene, 2008; Getachew and Common, 2007).

During this period also the HR management did not advanced farther (Tesfaye, 2007). The personnel administration was at the infant stage of structuring and maintaining some rules and regulations to guide personnel management functions (Tegene, 2008; Getachew and Common, 2007; Tesfaye, 2007). But in USA and Europe in the Mid-1980s HR management started to be viewed as a tool to gain competitive advantage and in let 1980s the HR viewed as “Strategic Partner”. This is the status not achieved by Ethiopia HR room till now.

**7.1.3 Human Resource Management in Ethiopia from 1991-2001**

Upon its assumption of power in May 1991, the EPRDF came to grips with the deficiencies that featured as the hallmarks of the personnel administration. Dictated by the demands of the Structural Adjustment Program and the zeal to usher in new arrangements in accordance with its drives and preferences, the EPRDF introduced a Civil Service Reform Program (The Changing Features of Public Administration in Ethiopia, 2012).

According to Atkilt (1996) the adoption of the Structural Adjustment Program focused on two major areas, namely, macroeconomic policy reform, and institutional reform. One outcome of this was the formation of the Inter-Ministerial Task Force entrusted with reviewing and restructuring the sector. Six sub-committees dealing with pay, position-classification, institutional restructuring, personnel directives and
manuals, training, and efficiency and accountability were concurrently set up. Components of the Reform Program were diverse (Alemayheu, 2001).

After the downfall of military regime and the establishment of the provisional government, proclamation No. 41/93 which redefined duties and responsibilities of the commission was issued. Later on, with the establishment of the federal republic of Ethiopia, the Federal civil service commission was established by proclamation No. 8 of 1995 by the following duties and responsibilities:

1. Prepare and upon approval follow up the implementation of policies and laws concerning the civil service;
2. Issue general criteria on education and work experience necessary for civil service positions;
3. Ensure that the recruitment, placement, promotion, transfer, training and observance of discipline of employees of the federal civil service are effected in accordance with the law;
4. Give final decision on request to extend, in accordance with the law, the period of service of employees of the federal civil service beyond retirement.
5. Give final decision on appeals lodged in accordance with the law, by employees of the federal civil service;
6. Issue detailed directives relating to the performance evaluation of employees of the federal civil service and supervise the implementation of same;
7. In cooperation with the concerned organs to review existing organization structure and manpower utilization of the federal civil service and submit recommendations on its improvement and upon approval ensure the implementation of same;
8. Keep a register of the details of employees of the federal civil service compile data concerning all civil service employees within the country;
9. Give assistance and advice to regional governments with regard to civil service structuring and administration;

10. Own property enter into contracts, sue and be sued in its own name;

11. Perform such other duties as are conducive to the attainment of its objective.

These duties and responsibilities describe the HR management role given to the civil service in Ethiopia. The whole essence magnifies the administrative function dominant within the civil service and each HR units. This was the time Ethiopia adopted free economy structure that pave the way for private companies and enterprises. But it is too early to compare and discuss the integration of HR strategy with corporate strategy at this era in Ethiopia since HR strategic integration dependent on industry life cycle, company size and culture (Greer, 2001; Verhoeven, 1999; Torrington et al., 2005) adopted in organizations.

Therefore the whole essence of the topics must be seen as the picture development of HR management in Ethiopia. One can take this era as “File Maintenance” era of HR management where the developed nations were before 1960s (Toran, 1998) and characterized by training recruitment of employees and data collection and storage.

7.1.4 HR management in Ethiopia 2001 ONWARDS

Federal Civil Service Commission establishment proclamation No. 8/2002 also came out with administrative duties given to the HR management unit of Ethiopia institutions. Nothing different listed than 1995 proclamation. All administrative duties and maintaining rules and standards were top concerns of this proclamation. No place of the proclamation mentioned strategic thinking’s or integration of HR management with institutions strategy in the room of HR. If you see the prominent tool “employee performance evaluation” to integrate HR with corporate strategy tagged with the following purposes in Ethiopia civil service HR room. None of them were strategic. The performance management concern put no way to measure value added or strategic contribution of HR.

The purposes of performance evaluation listed were to enable civil servants: (a) effectively discharge their duties in accordance with the expected level quality, standards and time (b) identify their strengths and weaknesses: (c) improve their
future performances and develop self initiative. All this targets of performance evaluation cannot measure the value add by HR and cannot show the seat of HR in strategic table (ITU, 2008; Mwita et al., 2009).

According to Toran (1998) even in 1990s the HR strategic position better maintained in western society. For instance traditional HR function began shifting its emphases. Changing demographics and increasing shortages of workers with the needed capabilities have grown in importance. Related to the demographic shifts, HR management has had to address the issues and implications of workforce diversity. Both the outsourcing of HR activities and the computerization of the administrative aspects of HR activities, even in small firms, have received attention as well.

Form the structured maintained and proclamations set for HR management in Ethiopia above it can concluded that the HR management practice in Ethiopia can characterized by the following key points between 1900-2001:

- Dominated by traditional HR management and far from emerging HR functions:
  - Cultured by administrative focus but not strategic
  - Reactive not proactive
  - Production focused but not service oriented
  - Functional organization with vertical lines of authority but not generalist with horizontal responsibility and corporate team of specialists
  - View people as expense but not as an investment

7.2 HRM Reform in Ethiopia

The Ethiopian Civil Service was formed to serve as an executive organ to ensure and maintain homogeneous HR practice throughout the country (MoCS, 2012). The legal framework changed little since it was promulgated in 1962 and has not been able to benefit from important new human resource management concepts and practices. The Transitional Government of Ethiopia in its effort to transform the HR service appointed a Civil Service Reform Study Task force to diagnose problems and suggest ways and means of improving them (Getachew and Common, 2007; Tegene, 2008).
The Task force identified several key problems and made recommendations for their improvement which were accepted by the government and formed the bases for the Ethiopian Civil Service Reform Program (ECSRP). The Federal Civil Service Commission (FCSC) as a lead agency for the implementation of Human Resource Management (HRM) reform Sub-programme developed seven projects covering the following aspects (MoCS, 2012):

- Job Classification and grading.
- Performance Appraisal & Time Management
- Recruitment, Selection, Promotion and Transfer
- Remuneration and Conditions of Service.
- Human Resource Planning
- Civil Service Law & Grievance Systems and Procedures.
- HRM Information system.

FCSC's project proposals were accepted and work on the sub-programme which was expected to start in late 1996 was delayed until the last quarter of 1997 (Alemayehu, 2001; Getachew and Common, 2007). Some projects which needed less expatriate consultants input started a month or two earlier but it was after project teams were trained, a set of clear guiding principles developed and a strategy for achieving the programme designed that the work on the sub-program began to move (Getachew and Common, 2007).

In February 1998 a change in strategy from designing and documenting all policies and procedures centrally with limited user input to one of working closely with six designated pilot institutions was proposed. The change in approach affected the nature and timing of work on individual projects as most teams have to work on a matrix form of organization but will not affect the overall programme timing, as implementation should be achieved still from 2000 onwards (Getachew and Common, 2007; Tegene, 2008). The vision, mission and objectives of this reform described below that would provide the current face of HR management practice in Ethiopia civil service.
Vision

- The vision for HRM in the civil service was developed directly from the vision of the government for the civil service of the future at federal and regional levels.
- To develop and maintain a civil service which is adaptive, affordable, efficient, effective, sustainable and productive in delivering to the public the services required to support the government's priorities;
- To build and support a body of civil servants who are competent, client oriented, fully accountable for results and resources, authorized to decide and to act, and motivated to develop their own careers;
- To manage and reward these staff in a way that is fair and open and that recognizes true merit and actual performance in relation to agreed objectives.

Mission

- The mission of the HRM reform sub-program, and thus also that of the Federal Civil Service Commission in leading the program, is to achieve the following purposes:
  - To enable all concerned to manage HR in a fair, open and efficient manner that focuses on achieving the goals of the Government and satisfying the requirements of internal and external clients, whilst taking proper account of the needs of employees as individuals and as groups.
  - To achieve mission through the design, testing, development, documentation, user training, implementation, maintenance, review and development, of policies, systems and procedure that will cover federal and regional civil servant.
Objectives
The Human Resources Management Reform Sub-Programme has the following objectives:

- To improve the effectiveness, efficiency and productivity of the HR service.
- To ensure the affordability and sustainability of the HR service.
- To develop and introduce more efficient human resource management systems, procedures and manuals.
- To lay down a legal framework and establish fair and just systems and procedures for the realization of these objectives (i-iii)
- To organize and utilize human resource management information to support administration and decision making that improves effectiveness, efficiency and productivity of the Federal Civil Service Commission.
- To assist federal and regional institutions in building their capacities for the implementation of the new HRM system and sustainability of effective management practices.

This reform designed as the first footprint to increase strategic contribution of HR management in Ethiopia but the practicality is still in question. Here complete concern for integration of HR planning with corporate strategy not well mentioned. The reform did not mention about the decentralization of HR responsibility to line managers. In no place the line managers concern to accept and adjust HR duty clarified. This is the phase in which “thinking of strategic HR management” started. Because they want to measure strategic contribution HR to the government stated mission and vision through balanced scorecard and view people as an asset to realize institutions vision. This would be evidenced by some of the behaviour Ethiopia HR management wants hold in the future that can be mentioned as HR strategic behaviour (ITU, 2008; Mwita et al., 2009):
• The need to build core competency satisfy the requirements of internal and external clients, whilst taking proper account of the needs of employees as individuals and as groups.

• Commitment to set the vision for HRM directly from the vision of the institutions

• To develop and maintain employees which are adaptive, affordable, efficient, effective, sustainable and productive in delivering to services required to support the institutions’ priorities;

• Need to build employees who are competent, client oriented, fully accountable for results and resources, authorized to decide and to act, and motivated to develop their own careers.

• Need to build HR information system for informed management decision.

Finally this literature is foundation to assess integrating HR planning practices with corporate strategy in Ethiopia institutions. Literatures analysis described where the HR management is in the world and in Ethiopia now. Besides this, theoretical conceptualizations and related studies and practices well mentioned the issue of strategic HR management and integrated HR planning. Gaining momentum and wisdom from this the researcher gathered empirical data from primary and secondary sources to see these practices in Ethiopia. The methodology used, result of the study, discussion of findings and finally conclusion and recommendation presented in the following four consecutive chapters.