

# **Higher School of Business**

**ESC Algiers**

Final project for the award of the master's degree in management sciences

Major: Organization & companies Management

Theme:

**The Impact of Human Resources Planning on the  
Performance of organizations**

**Case of N.C.I.V**

**Presented by:**

Mr. DJABER Abdelghani

**Supervised by:**

Dr. CHENNOUFI Wassim

The period and location of internship: From 01/02/2019 to 30/05/2019.

Host institution : Enterprise National des Véhicules Industriels (SNVI)  
Central Sales Unit.

**2018/2019**

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## *Dedication*

This work is dedicated to my parents, who have always loved me unconditionally and whose good examples have taught me to work hard for the things that I aspire to achieve.

I also dedicated this to Ms. FELLA, Thanks for always being there for me.

This work is also dedicated to my best friends, who have always been a constant source of support and encouragement.

## **Abstract:**

The purpose of this work is to explore what factors motivate organizations and individuals to participate in HRP. Moreover, the study aims to identify and explore possible obstacles that might prevent secure developments of HRP implementation.

This work has been conducted seeking to establish a relationship between human resource (HR) practices and firm performance. While this research has demonstrated promising results, a significant number of problems exist. This work seeks to identify the theoretical and empirical challenges facing researchers who wish to further establish the impact of HR practices on firm performance.

For years organizations that have had what they thought were KPIs have not had the focus, adaptability, innovation, and profitability that they were seeking. KPIs themselves were mislabeled and misused. Examine a company with over 20 KPIs and you will find a lack of focus, lack of alignment, and underachievement. Some organizations try to manage with over 40 KPIs, many of which are not actually KPIs. The chapter one explains a new way of breaking performance measures into key result indicators, performance indicators, and key performance indicators. It also explains a significant shift in the way KPIs are used to ensure they do not create dysfunctional behavior.

Chapter two indicates that human resource planning in the business practice should represent generally used and key activity for human resource management because human resource planning helps to make optimum utilization of the human resources in the enterprise and it helps to avoid wastage of human resources. Human resource planning allows to forecast the future manpower requirements and to forecast the number and type of employees who will be required by the enterprise in a near future. In the long-term period, success of any enterprise depends on whether the right people are in the right places at the right time, which is the nature of human resource planning. The aim of this contribution is to explain the importance of human resource planning.

Human resource planning holds a huge role to play. Theoretical bases of HR planning practices have been investigated in detail in this work. Authors have tried to cover and present comprehensive literature on this important practice of HR. The importance of HR planning, its strategic objectives and factors influencing it are all covered in this literature study. Also, the study covers HR planning frameworks and models and tells the processes to retain and motivate the workforce of the organization.

Human resource planning (HRP) has received a considerable attention as a method of linking strategic organization objectives to human resource programs and policies. A large body of literature has evolved advocating the use of formal, comprehensive human resource planning approaches in organizations. The underlying assumption is that human resource planning applications can have a major positive impact in the areas of personnel cost-effectiveness, employee productivity, and management resource development. The chapter three of this work is to explore the impact of human resource planning on organizational performance. The intention of this chapter further goes beyond identifying human resource planning methods currently used by the organization and how they lead to increased organizational performance, to investigate benefits

associated with human resource planning to the organization, to identify challenges faced in implementing human resource planning and lastly to establish a board of knowledge that can be used by NCIV to improve organizational performance.

Human resource planning requires considerable amount of financial resources besides time and staff. Small firms may not go for it, but large organizations prefer human resource planning as a means of achieving greater effectiveness and long-term objectives.

**Keywords:** human resources management, human resources planning, organizational performance.

## **Résumé :**

Le but de ce travail est d'explorer les facteurs qui motivent les organisations et les individus à participer à HRP. En outre, l'étude vise à identifier et à explorer les éventuels obstacles susceptibles d'empêcher des développements sécurisés de la mise en œuvre de HRP.

Ce travail a été mené dans le but d'établir une relation entre les pratiques en matière de ressources humaines et la performance des entreprises. Bien que cette recherche ait montré des résultats prometteurs, il existe un nombre important de problèmes. Ce travail cherche à identifier les défis théoriques et empiriques auxquels sont confrontés les chercheurs qui souhaitent établir plus avant l'impact des pratiques en matière de ressources humaines sur les performances des entreprises.

Pendant des années, les entreprises qui avaient ce qu'elles pensaient être des indicateurs de performance clés n'avaient pas la focalisation, la capacité d'adaptation, l'innovation et la rentabilité qu'elles recherchaient. Les indicateurs de performance clés eux-mêmes ont été mal étiquetés et mal utilisés. Si vous examinez une entreprise avec plus de 20 indicateurs de performance, vous constaterez un manque de concentration, un manque d'alignement et une sous performance. Certaines entreprises essaient de gérer avec plus de 40 indicateurs de performance clés, dont beaucoup ne sont pas réellement des indicateurs de performance clés. Le premier chapitre explique une nouvelle façon de décomposer les mesures de performance en indicateurs de résultat clés, indicateurs de performance et indicateurs de performance clés. Cela explique également un changement important dans la manière dont les indicateurs de performance clés sont utilisés pour s'assurer qu'ils ne créent pas un comportement dysfonctionnel.

Le deuxième chapitre indique que la planification des ressources humaines dans la pratique commerciale doit représenter une activité généralement utilisée et essentielle pour la gestion des ressources humaines, car la planification des ressources humaines permet d'optimiser l'utilisation des ressources humaines dans l'entreprise et d'éviter le gaspillage de ressources humaines. La planification des ressources humaines permet de prévoir les besoins futurs en main-d'œuvre et également de prévoir le nombre et le type d'employés qui seront requis par l'entreprise dans un proche avenir. À long terme, le succès d'une entreprise dépend du fait que les bonnes personnes se trouvent au bon endroit au bon moment, ce qui est la nature de la planification des ressources humaines. Le but de cette contribution est d'expliquer l'importance de la planification des ressources humaines.

La planification des ressources humaines a un rôle énorme à jouer. Les bases théoriques des pratiques de planification des ressources humaines ont été examinées en détail dans ce travail. Les auteurs ont tenté de couvrir et de présenter une littérature complète sur cette importante pratique des ressources humaines. Cette étude traite de l'importance de la planification des ressources humaines, de ses objectifs stratégiques et des facteurs qui l'influencent. En outre, l'étude couvre les cadres et modèles de planification des ressources humaines et décrit les processus permettant de retenir et de motiver le personnel de l'organisation.

La planification des ressources humaines a fait l'objet d'une attention considérable en tant que méthode permettant de relier les objectifs stratégiques de l'organisation aux programmes et politiques en matière de ressources humaines. Un assez grand nombre de documents ont été développés, préconisant l'utilisation d'approches formelles et complètes de planification des ressources humaines dans les organisations. L'hypothèse est que les applications de planification des ressources humaines peuvent avoir un impact positif majeur dans les domaines de la rentabilité du personnel, de la productivité des employés et du développement des ressources de gestion. Le chapitre trois de ce travail consiste à explorer l'impact de la planification des ressources humaines sur les performances organisationnelles. L'intention de ce chapitre va au-delà de l'identification des méthodes de planification des ressources humaines actuellement utilisées par l'organisation et de la manière dont elles conduisent à une augmentation de la performance organisationnelle. Elle vise également à examiner les avantages de la planification des ressources humaines pour l'organisation, à identifier les défis rencontrés lors de la mise en œuvre de la planification des ressources humaines. Établir des connaissances pouvant être utilisées par NCIV pour améliorer les performances organisationnelles.

La planification des ressources humaines nécessite des ressources financières considérables en plus du temps et du personnel. Les petites entreprises ne s'y intéressent peut-être pas, mais les grandes organisations préfèrent la planification des ressources humaines comme moyen d'accroître leur efficacité et leurs objectifs à long terme.

**Mots clés :** Gestion des ressources humaines, Gestion prévisionnelle des emplois et des compétences, la performance organisationnelle.



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## LIST OF ABBREVIATIONS

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### List of abbreviations:

<b>Abbreviation</b>	<b>Meaning</b>
<b>ABP</b>	Annual Business Plan
<b>ATP</b>	the Annual Training Plan
<b>BSC</b>	balance scorecard
<b>CEO</b>	Chief executive officer
<b>CIPD</b>	Chartered Institute of Personnel and Development
<b>CSF</b>	critical success factor
<b>CSR</b>	Corporate Social Responsibility
<b>DMPF</b>	Dynamic Multidimensional Performance Framework
<b>DPM</b>	Dynamics of Personal Management
<b>DSN</b>	Dynamics of Successful Management
<b>EPS</b>	socialist public enterprise
<b>ESM</b>	Effective Supervisory Management
<b>FY</b>	the financial year
<b>HES</b>	hygiene and environment safety
<b>HPFM</b>	Holistic Performance Management Framework
<b>HR</b>	Human resource
<b>HR3P</b>	Human Resources Performance Potential Portfolio
<b>HRD</b>	human resource development
<b>HRM</b>	Human resource management
<b>HRP</b>	Human resource planning
<b>IDU</b>	Instream Doorstroom Uitstroom
<b>JIT</b>	Just-in-Time
<b>KPI</b>	Key Performance Indicator
<b>KRI</b>	KEY RESULT INDICATORS

## LIST OF ABBREVIATIONS

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<b>NCIV</b>	The National Company of Industrial Vehicles
<b>NLA</b>	the National Liberation Army
<b>NPA</b>	National People's Army
<b>OM</b>	Operation Management
<b>PI</b>	Performance indicators
<b>PMI</b>	Performance Measurement Matrix
<b>PMS</b>	Performance Measurement System
<b>RDF</b>	Result and Determinants Framework
<b>SBU</b>	Strategic Business Unit
<b>SHRP</b>	Strategic human resource planning
<b>SMART</b>	Strategic Measurement and Reporting Technique
<b>SME</b>	Socialist Management of Enterprises
<b>SPA</b>	joint stock company
<b>SPC</b>	Statistical process control
<b>TOC</b>	Theory of Constraints
<b>TQM</b>	total quality management

### **General Introduction:**

No doubt many would recognize and perhaps agree with: ‘those that say they make plans for thier works are liars. The term planning is imbecilic; everything can change tomorrow ‘. There is no doubt that change has become a byword of business. It is a sobering thought that in a recent survey, most of the larger organizations in Algeria had restructured sometime in the last five ten years, nearly always involving job loss. Furthermore, two-thirds of the same companies expect to restructure again in the near future. Besides downsizing, many organizations have altered their internal form through delayering or devolvement. There have been numerous take-overs, mergers and de-mergers as companies have responded to stock market pressures.

The reasons for this situation are various and affect different companies in different ways. There are however common pressures, intensified competition from home and abroad, the speed of information acquisition and dissemination, the globalization of economic activities, consumerism and the drive for quality at an acceptable price.

The public sector has been far from immune to these changes. The privatization process has transformed a number of organizations which have had to grapple with the pressures of working in a commercial environment. Compulsory Competitive Tendering and the impact of cash limits have profoundly affected employment in local government. The first steps initiative in the civil service has altered patterns of employment in the devolved departments and agencies.

The response of some organizations to this situation has been to abandon planning, or certainly manpower planning. Some share the view of the manager quoted above that planning at all in an uncertain world is doomed to failure.

Others admit that organizational change has removed the requirement for or the capability to do manpower planning.

Or thirdly, some believe that the human resources agenda has moved on or previous problems have disappeared, removing the impetus to plan.

Many of the criticisms of planning are understandable, but are they acceptable? Can we say that just because it is difficult to plan, we should not do so? Similarly, whilst organizational change and the loss of planning capability has rendered it harder, are these insurmountable problems? Finally,

does human resource planning have something to offer against the new agenda and does the concentration on quality deny a role for quantity in considering human resources issues?

No organization can afford the risk of a critical skills shortage. Human resource planning (HRP) helps to ensure that you have the right people on your team - those with the skills to compete, innovate, or grow your company. So, we can ask:

**How can human resources planning ensure the best fit between employees and jobs, while facilitating an organization`s performance?**

This is because we recognize that today's decisions will have an effect tomorrow whether we plan or not. Rather than leave it to chance, we think it better to develop a clear understanding of one's present situation, consider the key future issues and manage the interplay between the two. Which leaves us with the difficult questions:

- How can human resource planning ensure that we have the right people in your team?
- How can we avoid manpower shortages and surpluses?
- What is the principles of human resources planning and the areas in which can be used?

This aims to give readers an introduction to the principles of human resources planning and the areas in which it can be used, including those facing today's managers.

We have seen that there are circumstances that predispose certain organizations to plan their manpower. This has led some commentators to produce typologies of organizations based on their structural differences or on the varying way they pursue their business and resourcing strategies.

There is also the difficulty that human resources planning can be applied in a number of settings and for a variety of purposes. These include:

- Meeting the budgetary requirement for employee numbers.

This is necessary for cost and sometimes productivity estimates, usually over the following year. It may be based on an analysis of supply against demand, or it could be a headcount figure derived merely from average labor costs.

- Providing information on employee numbers to managers on an ad hoc basis.

## GENERAL INTRODUCTION

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This may be in response to third party or internal enquiries for data. The reasons will be various but may include those of a public relations nature.

An understanding of supply and demand can be used to assist such activities as recruitment, succession planning, restructuring etc. It may be carried out as part of daily work or it may be done on a project basis.

- Providing input to forecasts of manpower requirement for an occupation or industrial sector.

when relating human resource planning with organizational performance, it is imperative to consider some of other variables like efficiency and effectiveness, employee motivation, job satisfaction, trust on employees. Which can increase organizational performance:

**H1:** To increase the knowledge, skills and abilities among employees. HRP facilitates the rise in skills, abilities and potential of the workforce through training and development.

**H2:** To enhance their welfare for instance giving them employment security, safety of health and participation programs for employees.

**H3:** To give them motivation through both incentives means like giving them compensation, benefits packages and promoting.

The major objective of planning is facilitating an organization`s performance, it must be integrated with the organization`s short-term and longer-term business objectives and plans. Human resource planning comes as an element of HR, which should be aligned internally and externally with business realities.



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*Chapter one: organizational performance*

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### **Chapter one: organizational performance**

#### **Introduction:**

Performance Measurement System (PMS) is an important system in the purpose of improving the organization performance. PMS create a very significant connection between organizations due to measurement in the organization system directly related to the organization strategy. A well develop and implementation of comprehensive PMS helps the organization to develop and improvise the business environment thus improve better decision-making process. Therefore, there is multi comprehensive approaches of PMS has been applied in both quantitative and qualitative are significant to measure, predict and evaluate on current and future organization performance. The adoption of different models has had on various dimensions and measure give the difference result of organization performance. Therefore, this work discusses the different PMSs which have been developed to be used in companies. As one of the first comprehensive attempts in the performance management area, in this work almost all popular PMSs have been reviewed. Many of company managers have their own preferable performance management, but the least number of them is aware of different available PSMs. However, this paper found some of most favorable PMSs developed for adaptation by the organization recently; and concludes with a need for a comprehensive model.

Organizations that have had what they thought were KPIs have not had the focus, adaptability, innovation, and profitability that they were seeking. KPIs themselves were mislabeled and misused. Examine a company with over 20 KPIs and you will find a lack of focus, lack of alignment, and underachievement. Some organizations try to manage with over 40 KPIs, many of which are not actually KPIs. This chapter explains a new way of breaking performance measures into key result indicators, performance indicators, and key performance indicators. It also explains a significant shift in the way KPIs are used to ensure they do not create dysfunctional behavior.

Organizational performance has been the ultimate target for corporate managers over the years as it serves as a yardstick for assessing their individual and organizational performance and also useful for shareholders to assess the performance of the entity. Peprah and Ganu (2018) postulate that

human capital affects organizational culture, structure and impact positively on organizational sustainability<sup>1</sup>.

Irrespective of the uncontrolled nature of external forces, a competently managed organizational climate evidenced by the developed nature of its human capital can still sail organizations through unconformable external environmental forces into success. Therefore, focuses on examining how human capital development should be considered as the most vital process required to optimize organizational performance.

the need for HRM practices and specifically questions how HRM practices, such as the importance of HR department, objectives, recruitment, Promotion, Transfer and Staff Separation, performance appraisal and compensation, enhance organizational performance.

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<sup>1</sup> Peprah, W. K., & Ganu, J. (2018). The convergence of organizational culture, structure and human capital performance: A conceptual analysis. *rchives of Business Research*, 6(5), 212-221

### Section 01: performance concept

#### 1.1 Organizational performance:

Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political progress. Continuous performance is the focus of any organization because only through performance organizations are able to grow and progress.

Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance.

Although the concept of organizational performance is very common in the academic literature, its definition is difficult because of its many meanings. For this reason, there isn't a universally accepted definition of this concept.

In the '50s organizational performance was defined as the extent to which organizations, viewed as a social system fulfilled their objectives. Performance evaluation during this time was focused on work, people and organizational structure<sup>2</sup>.

Later in the 60s and 70s, organizations have begun to explore new ways to evaluate their performance so performance was defined as an organization's ability to exploit its environment for accessing and using the limited resources<sup>3</sup>.

The years 80s and 90s were marked by the realization that the identification of organizational objectives is more complex than initially considered. Managers began to understand that an organization is successful if it accomplishes its goals (effectiveness) using a minimum of resources (efficiency). Thus, organizational theories that followed supported the idea of an organization that achieves its performance objectives based on the constraints imposed by the limited resources<sup>4</sup>. In this context, profit became one of the many indicators of performance.

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<sup>2</sup> Georgopoulos, B., Tannenbaum, A. (1957), "A Study of Organizational Effectiveness", American Sociological Review 22, pp. 534-40

<sup>3</sup> Yuchtman, E. & Seashore, S. (1967), "Factorial Analysis of Organizational Performance", Administrative Science Quarterly 12(3), pp. 377-95

<sup>4</sup> Lusthaus, C., Adrien, M.-H. (1998), "Organizational assessment: A review of experience", Universalia, 31

The authors Lebars & Euske (2006) provide a set of definitions to illustrate the concept of organizational performance<sup>5</sup>:

- Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results.
- Performance is dynamic, requiring judgment and interpretation.
- Performance may be illustrated by using a causal model that describes how current actions may affect future results.
- Performance may be understood differently depending on the person involved in the assessment of the organizational performance (e.g. performance can be understood differently from a person within the organization compared to one from outside).
- To define the concept of performance is necessary to know its elements characteristic to each area of responsibility.
- To report an organization's performance level, it is necessary to be able to quantify the results.

Understanding organizational performance is one of the key factors for achieving the strategic aims of an organization. Further, it is also essential for surviving in a competitive and dynamic business environment. There is need to continuously and accurately assess and improve the performance of an organization. Performance management tools assist in taking the right decision for the business. The aim of this assignment is to investigate and understand the performance and the performance tools used by Companies for managing its performance.

Currently, performances of organizations are facing challenges due to rapid environmental changes, which could cause a serious problem and even the eventual failure of the business. This condition causes a number of needs associated with the performance measurement for organizations today. To improve business performance, measurement has been recognized as an important element.

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<sup>5</sup> Lebars, M., Euske, K. (2006), "A conceptual and operational delineation of performance", Business Performance Measurement, Cambridge University Press

### 1.2 Performance Measurement Systems:

There is a lot of Performance Measurement Systems (PMSs) model that are established in the business world. Meanwhile dissatisfaction with aspects of performance management in an organization has created numerous chances. This condition causes a number of problems associated with the performance measurement are used in organizations today. Based on Taticchi et al (2010), to improve business performance, measurement has been recognized as an important element<sup>6</sup>. So, to maintain stability in the performance measurement, some aspect has been taken into account.

#### 1.2.1 Theory of Constraint (TOC):

Theory of Constraints (TOC) established in 1980 by Goldratt to identify, analyze and eliminate the constraints identified that stop a firm's value adding process (Goldratt and Foz, 1986)<sup>7</sup>. An organization always has a constraint that retard the organization to achieve its goal. Therefore, Umble and Spoede (1991) come out that TOC is a whole management philosophy stress on constraint identification and management as the elements for focusing limited resources and time on area to achieve the whole goal of the organization<sup>8</sup>.

TOC approach can be clearly understood to other some significant techniques as contrast. In Just-in-Time (JIT) and TQM are focused on lead-time, market share, eliminating waste, management commitment, statistical process control (SPC), throughput and simplification as the element to achieve sustainable improvement. However, Jaiddep M., et al. (1996) claimed both excellence techniques apply any improvement will be practiced anywhere in the process to improve the whole organization performance. Jaiddep M., et al. (1996) stress in contrast the TOC is adapt the element of steel chain means the weakest link in the chain need to be identified in order to strengthen the chain overall. A chain here represents the multi-dimensions that involve in organization process. Thus, there is a interrelate chain in the organization to achieve a sustainable business performance

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<sup>6</sup> Taticchi, P., Tonelli, F., & Cagnozzo, L. (2010), Performance measurement and management: A literature review and a research agenda. *Measuring Business Excellence*

<sup>7</sup> Goldratt, E. M. and Fox, R.E., (1986) *The Race* North River Press, Croton-on-Hudson, New York, NY, 1986

<sup>8</sup> Umble, M. and Srikanth, M. (1991) *Synchronous Management: Profit Based Manufacturing for the 21<sup>st</sup> Century*, Vols I and II, Spectrum, Guilford, CT.

(Jaiddep M., et al., 1996). Therefore, TOC provides the technique that focuses all local efforts on improving the related links to achieve bottom line improvement effectively<sup>9</sup>.

TOC is a theory of “throughput orientation” together with three aspects: Mindset, Measures and Methodology (Boyd and Gupta, 2004)<sup>10</sup>. Mahesh C.G. and Lynn H.B. (2008) study to combine the TOC theory with four categories of operations decisions by which are processes, quality, capacity and inventory in order to build the relationship between TOC and conventional Operation Management (OM) concept<sup>11</sup>.

### **1.2.2 Performance Measurement Matrix (PMI):**

The PMI was first presented by Keegan et al. 1989. This performance measurement model will able to integrate the different dimensions of performance and employee generic terms. This matrix helps in defining the company strategic objectives and translates the objectives into performance measures using hierarchical and integrated approach that is simple and flexible. The external and internal perspectives combine with the cost and non-cost perspectives to form two-by-two approach<sup>12</sup>.

The PMI support improvement collaboration performance by evaluating the collaboration itself and it also helps in better understanding in company strength and weakness. To implement this performance measurement model, factual and experience- based information is required for the successful operation.

According to Andersen et al. (2001), Fitzgerald in 1991 developed the advance system of the PMI called Result and Determinant which based totally on the key assumption. The key assumptions have two basic types of performance measure related to results and determinants of results. This Result and determinant shows that the results obtained are a function of past business performance

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<sup>9</sup> Jaideep Motwani, Donald Klein, Raanan Harowitz, (1996). The theory of constraints in services. *Managing Service Quality* 6 (1), 53-56.

<sup>10</sup> Boyd, L.H. and Gupta, M. C. (2004) Constraints management: what is the theory? *International Journal of Operations & Production Management*, 24(4), 350-371.

<sup>11</sup> Mahesh C. Gupta & Lynn H.Boyd, (2008). Theory of constraints: a theory for operations management. *International Journal of Operation & Production Management*, 28 (10), 991-1012.

<sup>12</sup> Keegan, D.P, Eiler, R.G and Jones C.R. (1989) “Are your performance measures obsolete?” *Management Accounting*. 70 (12), 45.

with regard to specific determinants. Performance can be measured in terms of efficiency, effectiveness, collaboration, management skills and innovation aspects<sup>13</sup>.

### **1.2.3 Strategic Measurement and Reporting Technique (SMART) Performance Pyramid:**

The Strategic Measurement and Reporting Technique performance pyramid was introduced by Cross and Lynch in 1991. This pyramid model builds of four levels that show the link between corporate strategy, strategic business unit and operation. First level is a definition of the overall corporate vision which then will be translated into individual business unit objectives. Second level shows the short-term targets of cash flow and profitability and long-term goals of growth and market position. The third level is business operating systems which consist of customer satisfaction, flexibility and productivity. The last level, which is the fourth level is the business unit that consists four key performance measures (quality, delivery, cycle time and waste) which will then use in the department and work centers<sup>14</sup>.

The SMART performance pyramid is a balanced model which measures stakeholder satisfaction such as customer satisfaction, quality and delivery. It also measures the operation activity for example productivity and lead time. The main strength of the SMART performance pyramid is links between corporate objectives with operational performance indicator (Kurien, & Qureshi, 2011)<sup>15</sup>.

### **1.2.4 Result and Determinants Framework (RDF):**

Results and Determinants Framework (RDF) also known as a Performance Measurement System for Service Industries was developed by Fitzgerald et al. (1991) that were focused on a service business<sup>16</sup>. This framework followed three related elements such as model controlled in order to performance measurement determined; organizational analysis stages for measures of performance; and dimension to performance measurement. There are two basic types as related to

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<sup>13</sup> Andersen, H; Cobbold, L; and Lawrie, G (2001) Balanced Scorecard implementation in SMEs: reflection in literature and practice. 2GC Conference Paper, 1-12.

<sup>14</sup> Lynch, R. L. & Cross, K. F. (1991), Measure Up! Yardsticks for Continuous Improvement, Basilblackwell, Oxford.

Magnus Svensson, Bengt Klefsjö, (2006) "TQM based self-assessment in the education sector: Experiences from a Swedish upper secondary school project", Quality Assurance in Education, 14 (4),299 - 323

<sup>15</sup> Kurien. G. P, Qureshi. M. N. (2011). Study of performance measurement practices in supply chain management. International Journal of Business, Management and Social Sciences, 2(4),19-34

<sup>16</sup> L Fitzgerald (with T JBrignall, R Johnston and R Silvestro), Product Costing in Service Organizations, Management Accounting Research, ISSN 1044-5005, volume 2, number 4, pp 227-248, 1991.



RDF measurement dimension. The result is including competitive measure and financial measurement then determinants include quality, flexibility, resource utilization, and innovation. These elements become a very important dimension for the effective PMS. The strength of the RDF is that reaction with these factors.

RDF also acts as lagging and leading factor to measure the performance. Meanwhile, the result stands for lagging indicator and determinant become for leading indicators. Both of these factors are suitable for service performance measurement, but it just focuses on the financial and organizational strategy. According to Neetu, Sushil, and Mahim (2013) this framework failed to combine another non-financial performance measurement and also about stakeholders and behavioral aspects. Although it shows a strong specific measurement model for time-based competition that consider with any measures to follow the mission of time-based competition<sup>17</sup>.

### **1.2.5 Dynamic Multidimensional Performance Framework (DMPF):**

Dynamic multi-dimensional performance framework is a model that provides guidance to management to develop useful success metrics regarding different situations and environment. This framework uses balance scorecard (BSC) and Success Dimensions model as a basis. It discussed about the limitation of the BSC and Success Dimensions models (Yadav and Sagar, 2013)<sup>18</sup>.

The five dimensions of DMPF are financial, market, process, people and the future. Financial perspective involves measures such as sales and profits or return on investment. While market perspective shows the relationship between customers and an organization and process perspective shows the organizational efficiency and important view because successful companies often focused on process improvement. From people perspective, this model focuses on the critical role of stakeholders, while for future perspective, it is crucial to prepare a measurement for the future are clearly expressed of foresight (Maltz et al., 2003)<sup>19</sup>.

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<sup>17</sup> Neetu Yadav, Sushil and Mahim Sagar, DMS, IIT Delhi, (2013), □Performance measurement and management frameworks - Researchtrends of the last two decades□, Business Process Management Journal, 19(6).

<sup>18</sup> Yadav, N., Sagar, M..(2013). Performance measurement and management frameworks. Business Process Management Journal, 19(6), 947 –971.

<sup>19</sup> Maltz A.C, HESnhar A.J and Reilly R.R. (2003). Beyond the balance scorecard: refining the search for organizational success measures. Long Range Planning, 36, 187-204.

### 1.2.6 Performance Prism:

Performance Prism is a new development and conceptual system of PMS. It also considered as a second-generation after the old systems balance scorecard (BSC). Then, the Performance Prism is a measurement tool that was developed by the strengths of existing measurement systems on shareholder value and shows some innovation. Performance Prism enclosed with the five branches of a prism such as stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities<sup>20</sup>.

The introduction of the Performance Prism that gives placed greater emphasis on all about stakeholder. It has been shown that the Performance Prism is very concerned about the want and needs of stakeholders. Michaela S. and Marketa S. (2012), the fulfillment of want and needs on the other side is expected by stakeholder to contribute to the organization. While, five of the perspectives are consist related questions based on the indicators. The Performance Prism framework was shown that stakeholder satisfactions have contributed to achieve the success in the organization<sup>21</sup>. Although, the stakeholders as supporting by items of an indicator processes, organization strategies, and the efficiencies to provide a better measurement in the companies. Strengths and weaknesses of the Performance Prism in the PMS are also a common concern because the mark of Performance Prism is not truly proven as best measurement and it also works in practice.

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<sup>20</sup> Taticchi, P., Tonelli, F., & Cagnozzo, L. (2010), Performance measurement and management: A literature review and a research agenda. *Measuring Business Excellence*

<sup>21</sup> Michaela Striteska and Marketa Spickova (2012), Review and Comparison of Performance Measurement Systems, *Journal of Organizational Management Studies* , Vol 2012.

**Figure N°1:** performance prism.



**SOURCE:** Taticchi, P., Tonelli, F., & Cagnozzo, L. (2010), Performance measurement and management: A literature review and a research agenda. *Measuring Business Excellence*.

The strategies are put in place for measuring the performance of an organization and ensuring the fulfilment of wants and need of the stakeholders. The management under this tool asks vital questions and prepares strategies in order to answer them properly. It is beyond of what traditional performance measurement is.

### **1.2.7 Holistic Performance Management Framework (HPFM):**

According Bjorn Andersen (2006) believed that holistic position helps the company to consider the internal and external challenges. HPFM covers multiple connections of tools and concepts within the organization into a framework. It means that each element in the company designed to interact each other as a whole in the company process. Thus, in HPFM there are certain element play significant role in the framework while it also can be these elements are not relevant in some cases. However, the company cannot leave the design of each particular element and the entire framework must be clearly understood and designed to support each other<sup>22</sup>.

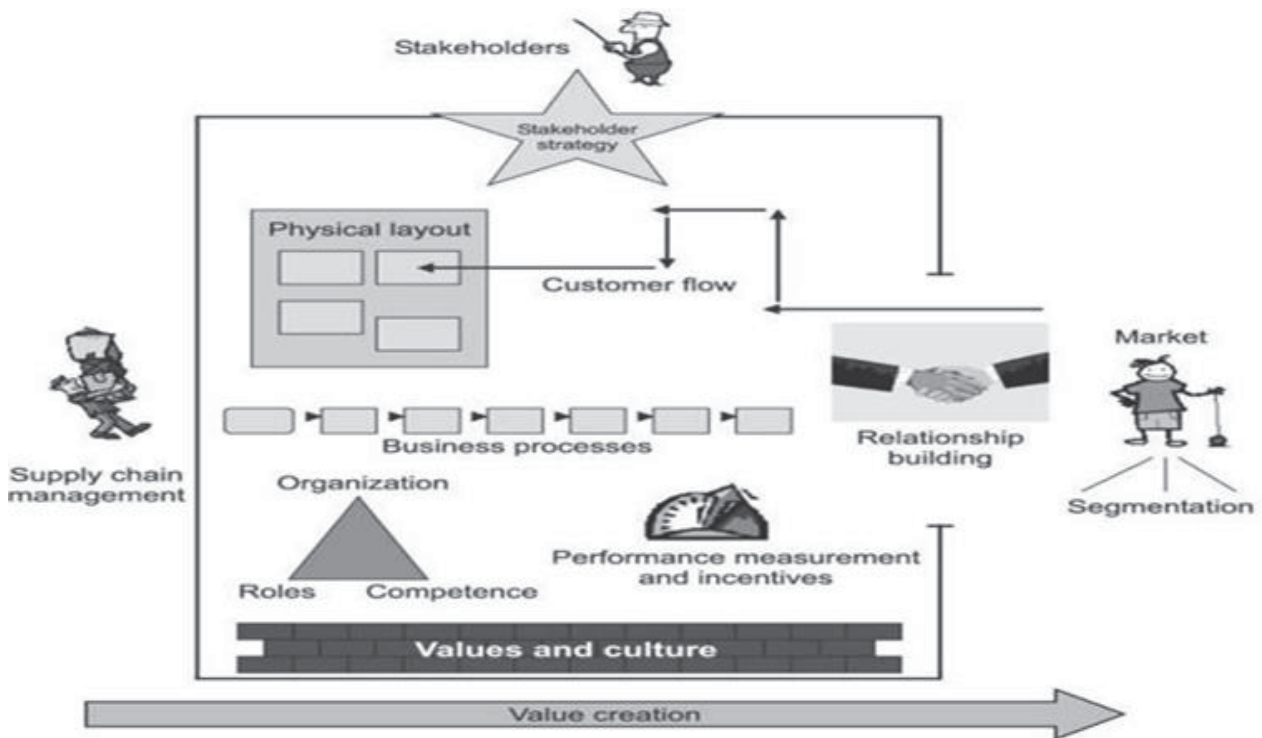
Bjorn Andersen explains (figure N°2) as stakeholder understanding and strategic planning are parts to elaborate the stakeholders' requirement and expectation. In strategic planning should consider the external stakeholder environment, internal resources and capabilities. Follow with the market

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<sup>22</sup> Bjørn Andersen, Bjørnar Henriksen, Wenche Aarseth, (2006). Holistic performance management: an integrated framework. *International Journal of Productivity and Performance Management*, 55(1), 61 – 78.

research and segmentation which cover as sub-activities of strategic planning. The company should undertake the customer satisfaction which related to a relation customer approach where both product and service company have to develop a good relationship with the customer. Move to the internal perspective which is developing the business process. The time must be fully utilized and the company should develop, and create value to avoid any waste time and recourses and the same time cannot maximize the customer and organization needs<sup>23</sup>.

**Figure N°2: A Generic Performance Management Framework.**



**SOURCE:** Bjorn Andersen Bjornar Henriksen Wenche Aarseth, (2006). Holistic performance management: an integrated framework. International

Some innovation has been created based on business process is a familiar approach. Thus, the business process should create simplicity, clear interface, avoid duplication and rework. The business process connected with the physical layout and facility design which it helps the business process to run effectively. In terms of physical infrastructure competency, roles and capacity of the organization must be clearly matched to each other. The role must be defined across the business

<sup>23</sup> Bjørn Andersen Bjørnar Henriksen Wenche Aarseth, (2006). Holistic performance management: an integrated framework. International Journal of Productivity and Performance Management, 55(1), 61 – 78.

process, the available recourses need in every part need to be determined and stated the type of competence. On the other hand, the core value of the company is based on company values and culture. A good value must be translated into the action follows the strategic goals and the company business process. Parts which relate to company values are incentives and performance management. Performance measurement, management is based on the employee behavior. Well employee behavior environments effect a good performance management. In terms of incentives, that incentives can influence people to act in certain ways which can motivate an employee to show a good performance on their task. Last but not least, leadership skill and management is the significant factors to bring the company successful.

However, the framework is inspired by the case company and the element in the HPFM is a natural place in the business performance management, although it is not exhaustive. Bjorn Andersen stated again that the element in the framework is flexible to the position and the background of the reader<sup>24</sup>.

### **1.2.8 Balanced Scorecard:**

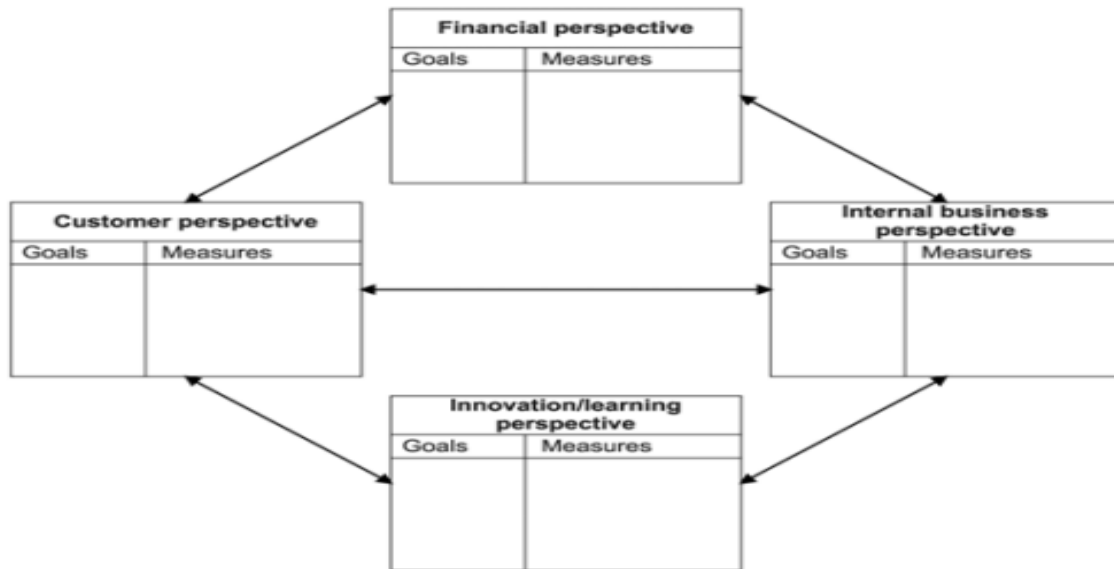
There are a variety of tools and techniques used in the performance measurement system. Among the tools and methods of model designs that succeed in the performance measurement system is balanced scorecard. Generally, the Balanced Scorecard (BSC) comes from United States in the late 1980s. The BSC was developed by Robert Kaplan and David Norton in 1992<sup>25</sup>. BSC was developed to provide a better measurement of the organization. It also to produce a measurement model in the performance management to overcomes the weakness of traditional financial. BSC does not only lead to a review of existing performance, but also find information related to the implementation of the organization in the future. In general, the BSC has been regarded as an important model in the company's performance management system because of the advantages inherent in the measurement system that focuses on the present and future generations.

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<sup>24</sup> Bjørn Andersen, Bjørnar Henriksen, Wenche Aarseth, (2006). Holistic performance management: an integrated framework. *International Journal of Productivity and Performance Management*, 55(1), 61 – 78.

<sup>25</sup> Kaplan, R. S. & Norton, D. P. (1992). *The Balanced Scorecard: Translating Strategy into Action*, Boston. Ma: Harvard Business School Press.

Figure N°3: balanced scorecard.



**SOURCE:** Kaplan, R. S. & Norton, D. P. (1992). *The Balanced Scorecard: Translating Strategy into Action*, Boston. Ma: Harvard Business School Press.

From the previous research BSC can be defined as to know the measurement ways of activities carried out, the process occurs, and the output obtained in the success of an organization. Balanced scorecard also is a tool to describe, implement, and manage the strategy at all levels, such as top level until bottom level management in the organization. While, the concept of BCS shows that organization's too achieve of the balanced alignment must be focusing on four perspectives indicator such as generally supported achievement of the vision of the company.

The BSC is combination financial and non-financial measure in a PMS. This combination is also known as a multidimensional model and measurement techniques procured from the vision and mission of the organization. Based on the performance measurement scope the BSC must be balanced to be successful in the future management. According to Michaela S. and Marketa S. (2012), the balanced is defined as two different aspects such as the short-term and long-term goals, required input and outputs, internal and external performance factors, and financial and non-financial indicators<sup>26</sup>. The term of balanced must be seen through some of measurement angles

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<sup>26</sup> Michaela Striteska and Marketa Spickova (2012) ,Review and Comparison of Performance Measurement Systems, *Journal of Organizational Management Studies* , Vol 2012.

with the assistance of the existing indicators. It is a tool that can measure the balanced between these two aspects and variables.

Mustafa C. and Damir F. (2008) stated that there are three stages in the development of BSC includes the BSC as a tool for performance measurement, systems for strategy management, and as a strategic system. This development also involved measurement of the four perspectives and ensure a balance indicator is achieved by evaluating two aspects of different dimensions. It also seems as a method of the cause-effect relationship between strategic vision and mission to achieve main aims. Then, the new development that is shown the BSC as a measurement system of developing strategic maps to provide strategic vision and mission and the innovation when it is implemented and development of the strategic management and supervise the strategic processes<sup>27</sup>.

Compared with other models, BSC has been widely demonstrated success in the PMS. The concept of BSC also has certainly made its mark since a decade. The BSC is a suitable model shows a balanced aspect in the PMS and this model has proven effectiveness of the company's performance measurement clearly by the researchers.

### **1.3 Key Performance Indicators:**

Many companies are working with the wrong measures, many of which are incorrectly termed key performance indicators (KPIs). Very few organizations really monitor their true KPIs. The reason is that very few organizations, business leaders, writers, accountants, and consultants have explored what a KPI actually is. There are three types of performance measures (see figure N°4):

- Key result indicators (KRIs) tell you how you have done in a perspective.
- Performance indicators (PIs) tell you what to do.
- KPIs tell you what to do to increase performance dramatically.

Many performance measures used by organizations are thus an inappropriate mix of these three types.

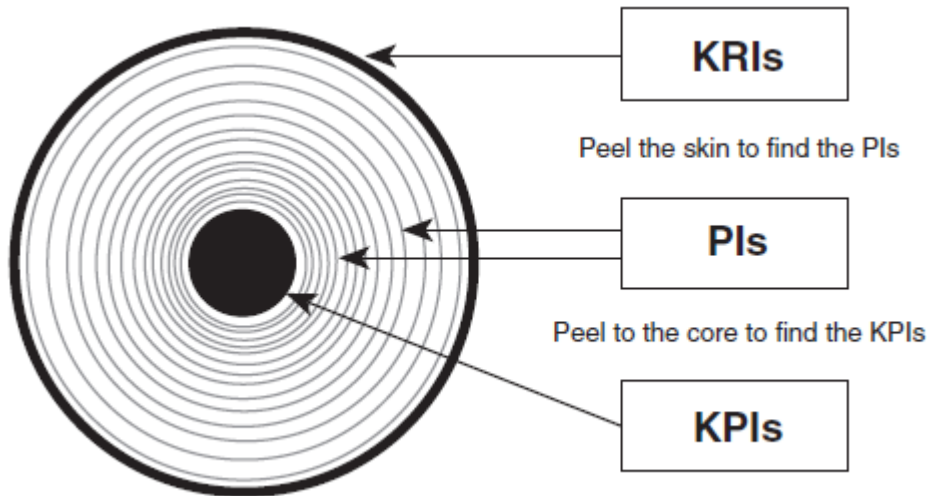
An onion analogy can be used to describe the relationship of these three measures. The outside skin describes the overall condition of the onion, the amount of sun, water, and nutrients it has received,

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<sup>27</sup> Mustafa Cengic, & Damir Fazlic, BALANCED SCORECARD vs. PERFORMANCE PRISM. 12th International Research/Expert Conference "Trends in the Development of Machinery and Associated Technology" TMT 2008, Istanbul, Turkey, 26-30 August, 2008

how it has been handled from harvest to supermarket shelf. However, as we peel the layers off the onion, we find more information. The layers represent the various performance indicators, and the core, the key performance indicators.

**Figure N°4:** Three Types of Performance Measures.



**SOURCE:** DAVID PARMENTER. (2007), “Key Performance Indicators: Developing, Implementing, and Using Winning KPIs”, Published by John Wiley & Sons, Inc., Hoboken, New Jersey

### 1.3.1 KEY RESULT INDICATORS:

What are *KRIs*? KRIs are measures that have often been mistaken for KPIs, including<sup>28</sup>:

- Customer satisfaction.
- Net profit before tax.
- Profitability of customers.
- Employee satisfaction.
- Return on capital employed.

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<sup>28</sup> DAVID PARMENTER. (2007), “Key Performance Indicators: Developing, Implementing, and Using Winning KPIs”, Published by John Wiley & Sons, Inc., Hoboken, New Jersey



The common characteristic of these measures is that they are the result of many actions. They give a clear picture of whether you are traveling in the right direction. They do not, however, tell you what you need to do to improve these results. Thus, KRIs provide information that is ideal for the board (i.e., those not involved in day-to-day management).

KRIs typically cover a longer period of time than KPIs; they are reviewed on monthly/quarterly cycles, not on a daily/weekly basis as KPIs are. Separating KRIs from other measures has a profound impact on reporting, resulting in a separation of performance measures into those impacting governance and those impacting management. That is, an organization should have a governance report (ideally in a dashboard format), consisting of up to ten measures providing high-level KRIs for the board and a balanced scorecard (BSC) comprising up to 20 measures (a mix of KPIs and PIs) for management. In between KRIs and the true KPIs are numerous performance indicators. These complement the KPIs and are shown with them on the scorecard for the organization and the scorecard for each division, department, and team.

Performance indicators that lie beneath KRIs could include:

- Profitability of the top 10% of customers.
- Net profit on key product lines.
- Percentage increase in sales with top 10% of customers.
- Number of employees participating in the suggestion scheme.

### 1.3.2 Key Performance Indicators:

What are *KPIs*?

KPIs represent a set of measures focusing on those aspects of organizational performance that are the most critical for the current and future success of the organization.

KPIs are rarely new to the organization. They have either not been recognized or were “gathering dust” somewhere unknown to the current management team.

**1.3.3 Seven Characteristics:**

Seven KPI characteristics<sup>29</sup>:

- Nonfinancial measures (not expressed in dollars, yen, pounds, euros, etc.)
- Measured frequently (e.g., daily or 24/7)
- Acted on by the CEO and senior management team
- Understanding of the measure and the corrective action required by all staff
- Ties responsibility to the individual or team
- Significant impact (e.g., affects most of the core critical success factors [CSFs] and more than one BSC perspective)
- Positive impact (e.g., affects all other performance measures in a positive way)

A KPIs should be monitored 24/7, daily, or perhaps weekly for some. A monthly, quarterly, or annual measure cannot be a KPI, as it cannot be key to your business if you are monitoring it well after the horse has bolted. When you look at most organizational measures, they are very much past indicators measuring events of the last month or quarter. These indicators cannot be and never were KPIs.

All good KPIs make a difference; they have the CEO's constant attention, with daily calls to the relevant staff. Having a "career-limiting" discussion with the CEO is not something the staff wants to repeat.

A KPI should tell you what action needs to take place. KPI communicated immediately to everyone that there needed to be a focus on recovering the losses.

A KPI is deep enough in the organization that it can be tied to an individual. In other words, the CEO can call someone and ask "why." Return on capital employed has never been a KPI, as it cannot be tied to a manager, it is a result of many activities under different managers.

A good KPI will affect most of the core CSFs and more than one BSC perspective. In other words, when the CEO, management, and staff focus on the KPI, the organization scores goals in all directions.

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<sup>29</sup> DAVID PARMENTER. (2007), "Key Performance Indicators: Developing, Implementing, and Using Winning KPIs", PubliHESd by John Wiley & Sons, Inc., Hoboken, New Jersey

A good KPI has a flow-on effect. An improvement in a key measure within the CSF of customer satisfaction would have a positive impact on many other measures.

**1.3.4 Lead and Lag Confusion:**

Many management books that cover KPIs talk about “lead and lag indicators”; this merely clouds the KPI debate. Using the new way of looking at performance measures, we dispense with the terms lag (outcome) and lead (performance driver) indicators.

Surely, this is enough proof that lead and lag labels are not a useful way of defining performance measures. KRIs replace outcome measures, which typically look at activity over months or quarters. PIs and KPIs are now characterized as either past, current, or future-focused measures. The new concept called current measures refers to those monitored 24/7 or daily, for example, sales made yesterday. You will find your KPIs in your organization are either current or future oriented measures.

The lead/lag division did not focus adequately enough on current or future oriented measures. If quality improvements are to happen, the number of initiatives that are about to come online in the next week, two weeks, or month must be measured.

**Table N°1:** Past/Current/Future Performance Measures Analysis.

<b>Past Measures</b>	<b>Current Measures</b>	<b>Future Measures</b>
<i>Last week/two weeks/ month/quarter</i>	<i>24/7 and daily</i>	<i>Next day/week/month/ quarter</i>
For example, number of late planes last week/last month	For example, planes over two hours late (updated continuously)	For example, number of initiatives to be commenced in the next month/two months to target areas that are causing late planes

**SOURCE:** DAVID PARMENTER. (2007), “Key Performance Indicators: Developing, Implementing, and Using Winning KPIs”, Published by John Wiley & Sons, Inc., Hoboken, New Jersey

### 1.3.5 10/80/10 Rule:

Kaplan and Norton<sup>30</sup> recommend no more than 20 KPIs. Hope and Fraser<sup>31</sup> suggest fewer than 10 KPIs. The 10/80/10 rule is a good guide. That is, there are about 10 KRIs, up to 80 PIs, and 10 KPIs in an organization (see figure N°5). Very seldom are more measures needed, and in many cases even fewer.

For many organizations 80 PIs will at first appear totally inadequate. Yet on investigation, you will find that separate teams are actually working with variations of the same indicator, so it is better to standardize them.

Many KPI project teams will also, at first, feel that having only 10 KPIs is too restrictive and may wish to increase KPIs to 30. With careful analysis these will soon be reduced to the 10 suggested unless the organization is made up of many businesses from very different sectors, in which case the 10/80/10 rule can apply to each diverse business, providing it is large enough to warrant its own KPI rollout.

**Figure N°5:** 10/80/10 Rule.

<b>Key result indicator (10)</b>	Tells you how you have done in a perspective
<b>Performance indicator (80)</b>	Tells you what to do
<b>Key performance indicator (10)</b>	Tells you what to do to increase performance dramatically

**SOURCE:** Jeremy Hope and Robin Fraser, *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap*. Boston: Harvard Business School Press, 2003.

### 1.3.6 Importance of Timely Measurement:

It is essential that measurement be timely. Today, a KPI provided to management that is in excess of five days old is useless. KPIs are prepared in real time, with even weekly ones available by the

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<sup>30</sup> Robert S. Kaplan and David P. Norton, *The Balanced Scorecard: Translating Strategy into Action*. Boston: Harvard Business School Press, 1996.

<sup>31</sup> Jeremy Hope and Robin Fraser, *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap*. Boston: Harvard Business School Press, 2003.

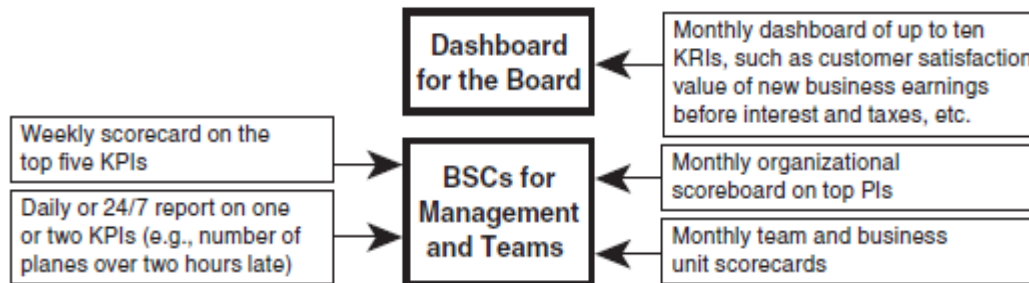
next working day. The suggested reporting framework of performance indicators is set out in figure N°6.

One or two KPIs should be updated daily or even 24/7.

Most organizations will have five essential KPIs, which must be reported weekly at least (excluding the daily or 24/7 KPIs identified above). Performance measures that focus on completion should be included. Projects that are running late and overdue reports should be reported to the senior management team each week. Such reporting will revolutionize project and task completion in your organization.

The remaining performance measures should be reported monthly and include a team and business unit BSC.

**Figure N°6: Suggested Reporting Framework.**



**SOURCE:** DAVID PARMENTER. (2007), “Key Performance Indicators: Developing, Implementing, and Using Winning KPIs”, Published by John Wiley & Sons, Inc., Hoboken, New Jersey

**1.1.1. Learned Reaction to Measurement:**

Measurement initiatives are often viewed as managerial control devices and solely for the benefit of management. As a result, employees often tend to respond with distrust to the implementation of performance measurement in their workplace.

Measurement can become a source of division and conflict between managers and their employees. It can even result in adverse results wherein employees circumvent intended outcomes. A classic example is provided by a city train service that had an on-time measure with some draconian penalties. Train drivers who were behind schedule learned to simply stop at the top end of each

station triggering the green light at the other end of the platform, and then carry on without opening the doors; the trains were then on time, but there were many unhappy customers both on the train and on the platform.

Such behavior suggests that a “better-practice” approach to performance measurement was not followed. There needs to be a new approach to measurement, one that is consultative, promotes partnership, and obtains behavioral alignment, empowering all the people who work in the organization.

## **Section 02: human resource and organizational performance**

### **2.1 Human Capital Theory:**

The fundamental claim of this principle is that human capital is the added value that people bring to an organization. Human capital is now an asset to any organization<sup>32</sup>.

The theory, therefore, requires organizations competitive advantage to be the direct function of its human capital depending on how valuable it is, how rare it is, how inimitable it is and how non substitutable it is. Thus, the more human capital passes this litmus test of a framework, the more it is considered as of critical importance.

Employees possess skills, knowledge, and abilities that have the potential of generating economic rent. Economic rent is the profits more than formal economic returns.

In that regard, human capital could transform into a human capital advantage when it emanates from employing people with competitively valuable knowledge and tacit skills that are very difficult to copy. This should, therefore, be one of the targets of corporate managers to ensure that their human capital facilitates the necessary advantages through value creation that it desires most.

Armstrong (2006) however differentiate between human capital advantage and human process advantage in the sense that, the latter is entrenched when inimitable, the high evolving process is instituted within a firm. Therefore, the ultimate attainment of competitive advantage at the corporate level is a function of human capital advantages and human process advantages.

As such, the human capital theory could be conceptualized in the diagram below (Figure N°7). In the diagram, it is observed that human capital which is considered an effective to achieving the goals of an organization would be the direct function of:

- Well instituted inimitable, high evolving process
- Rare Skill, knowledge, and abilities
- Capabilities that produces the highest value to key stakeholders of the organization
- Difficult to imitate Skill, knowledge, and abilities.

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<sup>32</sup> Armstrong, M. (2006). Human Resource Management Practice (10th ed). Kogan Page. London and Philadelphia.

### 2.2 Human Development:

To develop the means to make or become more mature, more advanced, more complete, more organized and more detailed. Thus, the term develop connotes an improvement on a previous state. This improvement should, however, be conceived from the point of the aspired position of that entity.

Harrison (2005)<sup>33</sup> stated that the development aspect of ‘human capital development concept’ would, therefore, require the enhancing of the human capital into a form that is more desired by an organization. In which case it refers to the identification of needed skills and the corresponding active management of learning in line with the corporate and business strategy of an organization.

Thus, human capital development could be further categorized into two based on the time horizons. These are tactical human capital development and strategic human resource development. Whereas the former focuses on meeting short-term business and corporate strategy objectives, the latter focuses on meeting long-range future corporate and business strategy objectives of organizations.

Armstrong (2006) therefore posits that development of human capital will require a combination of organizational learning strategies, strategies to enhance individual learning, effective execution of training workshops and formal off-the-job training as well as blended strategies consisting of all these<sup>34</sup>.

Development is the process used to build the capacity of the employees to achieve and sustain goals and desires to the benefit of the employee, firm, community and the world. Development requires the evaluation of the organization’s current environment external and internal and aiding people, teams, and the organization to identify and develop strategies that improve performance. Where the evaluation process brings out an issue or problem that requires attention or needs to be solved, the development process will seek to generate ideas and solutions that address the problem and can effectively return the unit to a state of high performance<sup>35</sup>.

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<sup>33</sup> Harrison, R. (2005). Learning and Development. CIPD Publishing.

<sup>34</sup> Armstrong, M. (2006). Human Resource Management Practice (10th ed). Kogan Page. London and Philadelphia.

<sup>35</sup> Garavan, T. N., Morley, M., Gunnigle, P., & Collins, E. (2001). Human Capital Accumulation: The role of human resource development. Journal of European Industrial Training. 25(2/3/4), 48-68



However, if no negatives are resulting from the evaluation, then the development process will seek ways of developing and enhancing existing relationships and performances. To this end, development can denote creating and sustain change and performance<sup>36</sup>.

Human capital development is, therefore, becoming an increasingly critical and strategic imperative for organizations in the current business environment. The following five variables of human capital development are more likely to affect employee performance. These include coaching, training, and development, empowerment, participation, and delegation<sup>37</sup>.

- **Coaching:** Is an intervention that seeks to bring an employee to his predetermined performance level in his current function within an organization. It is guided, structured and requires continues monitoring. The organization appoints a coach for the employee with the aim that, the coach will work with the employee to correct work-related defects and improve employee skills, knowledge and abilities to enhance performance. Individuals are allowed to take responsibility and are treated as partners<sup>38</sup>.
- **Training and Development:** Training and development is an activity aimed at imparting to employees the requisite skills, knowledge, and behaviors necessary for their jobs. Training is task related as it provides operational and technical employees with the specific knowledge and skills required for the completion of their assigned tasks. Development, on the other hand, is futuristic as it seeks to prepare employees for growth in their careers rather than immediate performance. It involves developing the abilities and potential through learning experiences. Training is the permanent change in behavior with employees being taught how to do a particular task whiles development is a long-term process<sup>39</sup>.
- **Empowerment:** Developing human capital through empowerment involves the transfer of responsibility and operational management from line managers to operational teams and individuals<sup>40</sup>. It increases the capacity of the employee and also provides freedom of work

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<sup>36</sup> Marimuthu, M, Arokiasamy & Maimunah I. (2009). Human capital development and its impact on firm performance: evidence from developmental economics, *The Journal of International Social Research*,2(8); 265-272

<sup>37</sup> HESri-Lynne, L. & Parbudyal S. (2007). Leadership development: learning from best practices. *Leadership and Organization Development Journal*, 28 (5)

<sup>38</sup> Agarwal, R., Angst, C.M., & Magni, M. (2006). The performance effects of coaching: A multilevel analysis using hierarchical linearmodelling. Robert H. Smith School of Business Research Paper Series

<sup>39</sup> Cole, G. A (2005) *Personnel and Human Resource Management*, 5th Edition, Padstow Cornwall T.J International

<sup>40</sup> Kamal, B., Clegg, C., Patterson, M., Robinson, A., Stride, C.B., Wall, T.D., & Wood, S.J. (2008). The Impact of Human Resource and Operational Management Practices on Company Productivity: A longitudinal study: *Personnel Psychology*

which builds the confidence among the employees and motivates them to work harder thereby enhancing the individual and organization's performance. Empowering employees enhances their ability to take initiatives, be proactivity, reduces the costs of supervision and other indirect costs, and provides the opportunity for individuals to develop and use new knowledge and skills<sup>41</sup>.

- Participation: The involvement of employees in firms' decision-making and policies creation can lead the workers to enhance the performance.
- Delegation: If managers delegate authority to the employees to perform the task, what they want can also lead to enhancing performance. It will lead to achieving organizational goals and thus enhance organizational performance.

Relatedly, Harrison (2005) asserts that organizations are required to set their priorities when developing their human capital. In his view, the following steps should be followed in setting priorities for human capital development<sup>42</sup>.

- Raise awareness of the need for a learning culture that leads to continuous improvement
- Develop the competence of managers to become actively involved in learning that leads to knowledge creation.
- Expand learning capacity throughout the organization
- Focus on all the organization's knowledge workers, not just the critical personnel
- Harness e-learning to knowledge sharing and creation.

### **2.3 Human Capital Development Impact on Organizational Performance:**

The impact of human capital on organizational performance is discussed from the individual and organizational perspectives as these two forms the essential components of human capital, there are four attributes of human capital, flexibility and adaptability, enhancement of individual competencies, development of organizational competencies; and individual employability, that create value and enhances individual and organizational outcomes.

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<sup>41</sup> Parker, S.K., Williams, H., & Turner, N. (2006). Modelling the antecedents of proactive behavior at work. *Journal of Applied Psychology*, 91, 636–652.

<sup>42</sup> Harrison, R. (2005). *Learning and Development*. CIPD Publishing.

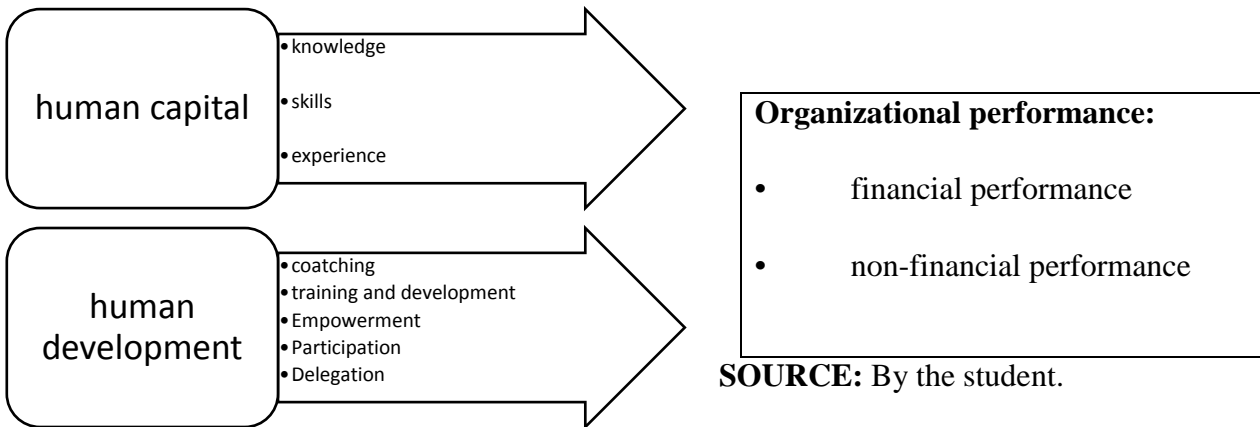
Organizations with higher general and specific human capital qualities regarding the relevance of knowledge, skill, and abilities to the industry of an organization can be expected to show higher levels of performance than those with lower levels of such general and specific human capital qualities<sup>43</sup>.

There exists a strong positive relationship between human capital and firm performance. Human capital is the most valuable, inimitable, rare and non-substitutional asset of any organization. It helps the firm to grow and achieve its objectives more effectively and efficiently. It also shows that education, training, and skills influence the company performance in any way.

Training and teamwork practices turned employees into superstar performers and their increased productivity enhanced organizational performances. We concluded that human capital indicators had a positive relationship with organizational performance. Marimuthu et al. (2009) conducted a study on human capital development and its impact on firm performance with evidence from developmental economics. The study concluded that the infusion of human capital enhancement elements in organizations promotes innovativeness and higher performance<sup>44</sup>.

There is no doubt that human capital development is a critical element required for the growth of an organization such that it is traceable to the financial and non-financial performance of an organization.

**Figure 1.7:** Human Capital Development Impact on Organizational Performance.



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<sup>43</sup> Fatoki, O.O (2011). The Impact of Human, Social and Financial Capital on the Performance of Small and Medium- Sized Enterprises (SMES) In South Africa. Journal of Social Sciences, Vol. 29(3); pp. 193-204.

<sup>44</sup> Marimuthu, M, Arokiasamy & Maimunah I. (2009). Human capital development and its impact on firm performance: evidence from developmental economics, The Journal of International Social Research,2(8); 265-272

## **2.4 Human resource practices and organizational performance:**

### **2.4.1 Human resource management and organizational performance:**

Performance of any organization largely depends on the performance of its employees. Successful organizations are increasingly realizing that there are a number of factors that contribute to performance but human resource is clearly the most critical.

Human Resources Management is the process of developing, applying and evaluating policies, procedures, methods and programs relating to the employment, motivation, maintenance, and management of people in the organization. Human resources management include activities like strategic HRM, human capital management, corporate social responsibility, human resource planning, recruitment, selection, training and development, reward management, performance management, employee relations, health safety and employee well-being as well as provision of employee services. It comprises a set of practices and policies designed to maximize organizational integration, employee commitment, flexibility and quality of work (Armstrong, 2009)<sup>45</sup>.

Effective human resource practices relate to company performance by contributing to employee and customer satisfaction, innovation, productivity, and development of a favorable reputation of the firm, HR practices are positively linked with organizational and employee performance.

### **4.2 Human Resource Management Practices:**

#### **4.2.1 Recruitment and Selection :**

Recruitment is the process of announcing job vacancies with a view to attracting a pool of qualified applicants to fill up vacancies in an organization. It is regarded as a positive process. Taylor (2008) posits that “recruitment involves actively soliciting applications from potential employees which is considered a positive activity that requires employers to sell themselves in the relevant labor markets so as to maximize the pool of well-qualified candidates from which future employees can be chosen”<sup>46</sup>.

Selection is the process of evaluating those who have been searched for and obtained through recruitment with a view to deciding whether they can be employed or not. It is also the process of

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<sup>45</sup> Armstrong, M. (2009). *Armstrong's Handbook of Human Resource Management Practice* 11<sup>th</sup> Edition: Kogan Page: London.

<sup>46</sup> Taylor (2008) : *The International Journal of Human Resource Management*, Vol. 19, No. 7, July 2008, 1278–1297

choosing the individual or individuals who best meet the job-related criteria. Taylor (2008) posits that “selection techniques are used to decide which of the applicants is best suited to fill the vacancy in question.”

### **2.4.2 Compensation and Reward Management:**

Most conflicts at work could be explained by poor pay and other pay-related issues. The outcome of pay dissatisfaction may include lower job performance, increase grievance, incessant absenteeism as well as labor turnover. On the other hand, excessive compensation costs can reduce an organization's competitiveness and its ability to provide jobs (Pattanayak, 2010)<sup>47</sup>. Sound compensation policy should create a balance between satisfaction and competitiveness.

Staff remuneration otherwise called compensation refers to the totality of both the financial and non-financial rewards that an employee receives in return for his/her labor or services to an employer or organization. It includes the basic pay, incentives and numerous financial and non-financial benefits. Compensation is what employees receive in exchange for their contribution to the organization.

### **2.4.3 Training and Development:**

Training is the process that involves developing skills and learning concepts, rules or attitudes in order to increase effectiveness on a particular job. Armstrong (2001) defines training as the formal and systematic modification of behavior through learning which occurs as a result of education, instruction, development and planned experience<sup>48</sup>.

Development is a long term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose. Thus, development is generic, non-directional and all encompassing. Armstrong (2001) views management development as being concerned with improving manager's performance in their present roles and preparing them for greater responsibilities in the future<sup>49</sup>. Thus, from the above we can confidently conclude that while training is designed for non-managerial personnel, development is designed for managerial personnel.

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<sup>47</sup> Pattanayak, B. (2010). *Human Resource Management* (3rd ed). New-Delhi: PHI Learning Private Ltd

<sup>48</sup> Armstrong, M (2001). *A Handbook of Human Resource Management Practice* (8th ed.). U.K: Kogan Page Ltd

<sup>49</sup> Armstrong, M (2001). *A Handbook of Human Resource Management Practice* (8th ed.). U.K: Kogan Page Ltd

### 2.4.4 Promotion, Transfer and Staff Separation:

Promotion refers to a shift from a level of lesser responsibilities to that of higher responsibilities, oftentimes with increase in pay. Rao (2005) views promotion as an upward movement of an employee from current job to another that is higher in pay, responsibility and organizational level<sup>50</sup>.

Dry promotion is where an employee is moved to a higher level job without increase in pay. Dry promotions do not involve a higher remuneration. Higher remuneration when implemented as a result of general adjustment in wages/salaries does not imply a promotion. This could be termed up-gradation. Promotion is slightly different from up-gradation which implies minor enhancement in pay in tune with the limits imposed within a particular grade. Mamoria, Gankar & Pareek (2007) opine that dry promotions are those which are given in lieu of increases in compensation. Promotion encourages employees to remain committed and loyal to their jobs and organization<sup>51</sup>.

### 2.4.5 Performance Appraisal:

Performance appraisal is a method of evaluating the behavior of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Dessler (2008) views performance appraisal as any “procedure that entails setting work standards, assessing employee’s actual performance relative to those standards, and providing feedback to the employees with the aim of motivating him/her to eliminate performance deficiencies or to continue to perform above par”<sup>52</sup>.

Manoharan, Muralidharan and Deshmukh (2009) Performance appraisal (PA) is an important management tool to assess employees’ efficiency in the workplace, and may be defined as a structured formal interaction between a subordinate and supervisor that usually takes the form of a periodic review which could be annual or semiannual to evaluate work performance<sup>53</sup>.

### 2.4.6 Health and Safety at Work:

Health and safety policies and programs are concerned with protecting employees and other people affected by what the company produces and does against the hazards arising from employment or their links with

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<sup>50</sup> Rao, V.S.P (2005). *Human Resource Management: Text and Cases*. (2nd ed.). New Delhi: Excel Books.

<sup>51</sup> Mamoria, C. B; Gankar, S.V & Pareek, U. (2007). *Personnel Management: Text & Cases*. (27th ed.). Mumbai-India: Himalaya Publishing House.

<sup>52</sup> Dessler, G. (2008). *Human Resource Management* (11th ed). New Delhi: Prentice-Hall of India Private Ltd.

<sup>53</sup> Manoharan, T. R., Muralidharan, C. & Deshmukh, S.G. (2009). “Employee Performance Appraisal Using Data Envelopment Analysis: A Case Study”. *Research and Practice in Human Resource Management*, 17(1), 92-111.

the company. Safety programs deal with the prevention of accidents and minimizing the resulting loss and damage to people and property.

Written health and safety policies are required to demonstrate that top management is concerned about the protection of the organizations employees from hazards at work and to indicate how this protection will be provided.

### **2.4.7 Communication at Work:**

In all human endeavors communication plays pivotal roles. Miscommunication or misunderstanding can have deadly consequences.

Communication refers to the process by which employers and employees or managers and manages interact and transmit information to one another for the effective performance of their duties and to further the basic purpose of the organization.

## **2.5 Objectives of Human Resource Management**

Human Resource Management core objective is corporate survival through the achievement of personnel satisfaction. Ivancevich (2004) affirmed that the contributions HRM makes to organizational effectiveness include the following<sup>54</sup>:

- Helping the Organization Reach its Goal.
- Efficiently Employing the Skills and Abilities of the Workforce.
- Providing Well-Trained and Well-Motivated Employees.
- Increasing Employee's Job Satisfaction and Self-Actualization.
- Achieving Quality of Work Life.
- Communicating HRM Policies to all Employees.
- Maintaining Ethical Policies and Socially Responsible Behavior.
- Managing Change.

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<sup>54</sup> Ivancevich, J.M., (2004). Human resources management (9th ed). New York: McGraw-Hill Irwin.

### Conclusion

The Performance Measurement System (PMS) which is designed to evaluate and measure the level of performance exhibited by a company. It aims to achieve maximum satisfaction level in the company's performance. However, the suitability of PMS should be viewed in detail to ensure every stage measurement can be identified and analyzed in the overall business environment. Hence, in this context PMS should be discussed in more detail the aspects of criteria, technique, tool, method, and model design used for measuring the success performance in each organization. Furthermore, fifteen existing models were selected to identify a lot of criterion that have in the PMS model approach. There is a lot of argument to compare the all performance measurement models, but most of them preferred Balance Scorecard (BSC) which introduce in 1992 which focused to achieve the strategic goals. Performance prism on the other hand is the newest model that has been introduced in 2001. This model constructed based on the BSC but focus more on the stakeholder. Theory of Constraint (TOC) is far from being the complete performance system, hence this model is least popular performance measurement. Compare PMI to BSC, performance matrix does not as packaged as the BSC. This shows the weakness of PMI. The SMART performance pyramid does not explicitly integrates the concept of continues improvement, hence does not as good as BSC.

Human capital development is indeed a vital element required to achieve sustained higher performance in any organization. The human capital of an organization is so dynamic that when well developed it does not suffer obsolesce, redundancy or irrelevance. Rather it can engineer human process advantages and human capital advantages that propel increased productivity among employees, enhance strong client relationship the generate loyalty to the brand of that organization leading to a sustained increase in revenues which translates positively in Return on Assets, Return on Investment and positive perception among the clientele of the organization.

Indeed, human capital development plays a significant role in securing the attainment of the organization's objectives; hence associated investment in human capital benefits all stakeholders of the organization. To make the process more effective, it should be performance-related-designed to achieve specified improvements in the corporate, functional, team and individual performance towards influencing the bottom-line results.



## **CHAPTER ONE: ORGANIZATIONAL PERFORMANCE**

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Effective human resource management practices influence company performance by contributing to employee and customer satisfaction, innovation, productivity, and development of a favorable reputation of the firm.

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*Chapter two: human resource planning*

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## **Chapter Two: human resources planning.**

### **Introduction:**

Organizations need people just as they need raw materials, equipment, and other materials in order to function successfully. In fact, it is not uncommon to hear managers acknowledge: "Our people are our most important asset". Organizations undertake human resource planning to enable them to meet their future people needs in the same way in which they plan for other operational activities. An organization that engages in human resource planning is preparing for its future so that it may not face challenges associated with lack of human resources.

The organizations should be able to timely respond to future changes with the present personnel file. Human resource planning (HRP) will assist the organization in creating a strategic long-term view. In this way, the present personnel file can be updated and completed with necessary information to handle coming situations.

Human resource planning is described as achieving a fit between an organization and her environment through analyzing the quantity and quality of its personnel. In this way, a human capital gap can be analyzed to be able to take the right actions to accomplish human resource objectives and strategies, and in the end to respond to organization-wide strategic goals.

Human resource planning must be an integral part of business planning because it is the core of all planning processes of the enterprise. The human being is the most important factor in the operation of the enterprise. A human resource plan must ensure that there is the right number and structure of people in the right jobs at the right time. These people should meet the required company objectives. Based on the mentioned above can be said that the well processed personnel plan is one of the assumptions at increasing sustainable performance and competitiveness of the enterprise.

Human resource planning or manpower planning is a systematic process of identifying the workforce competencies required to meet the company's strategic goals. It is a systematic, integrated and an ongoing process in the organization. It provides managers with a framework for making human resource decisions based on the organization's mission, business strategies and budgetary resources. The primary objective of manpower planning is to identify the human capital requirements to meet organizational goals.

Human resource planning consists of a series of activities, which include:

- Forecasting future manpower requirements, either in terms of mathematical projections of trends in the economic environment and development in industry, or in terms of judgmental estimates based upon the specific future plans of a company;
- Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally;
- Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively;
- Planning, the necessary programs of requirement, selection, training, development, utilization, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

The objectives of HRP are to maintain the required quantity and quality of human resources required for smooth and efficient functioning of the organization.

Strategic human resource planning (SHRP) is an instrument focused at achieving the right personnel file through analyzing the organizations internal and external environment and by timely responding to changes. Quality and quantity of the personnel file can be adapted through educating current employees, through stimulating through-flow and outflow or by hiring new employees.

With the implementation of SHRP the detected gaps should lead to recommendations concerning the achievement of HR and organizational goals to reach the company's strategy. This will lead to the measurements to have the right amount of people at the right place in the organization.

The SHRP process is exemplified by listing the most common strategic human resource planning modelling techniques. These techniques, advantages and disadvantages are listed to comment on the pros and cons for applying these techniques.

## **Section 01: conceptual framework of human resources planning**

### **1.1 Defining Human Resource Management (HRM):**

According to Armstrong (2006)<sup>55</sup> Human Resource Management (HRM) is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. From this definition, we can deduce that HRM or simply HR is a function in organizations designed to maximize employee performance in service of their employer's strategic objectives (Johanson, 2009)<sup>56</sup>. HR is primarily concerned with how people are managed within organizations, focusing on policies and systems (Collings & Wood, 2009)<sup>57</sup>. HR departments and units in organizations are typically responsible for a number of activities, including employee recruitment, training and development, performance appraisal, and rewarding (e.g., managing pay and benefit systems) (Paauwe & Boon, 2009)<sup>58</sup>. HR is also concerned with industrial relations, that is, the balancing of organizational practices with regulations arising from collective bargaining and governmental laws (Klerck, 2009)<sup>59</sup>.

HRM is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, ethical considerations, diversity and inclusion. These, among other initiatives contribute to the understanding of Human Resource Management as a contemporary issue owing to their sustained evolutionary nature.

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<sup>55</sup> Armstrong, M. (2006) *A Handbook of Human Resource Management Practice*, (10th ed.) Kogan Page, London.

<sup>56</sup> Johnason, P. (2009). HRM in changing organizational contexts. In D. G. Collings & G. Wood (Eds.), *Human resource management: A critical approach* (pp. 19-37). London: Routledge.

<sup>57</sup> Collings, D. G., & Wood, G. (2009). *Human resource management: A critical approach*. In D. G.

<sup>58</sup> Paauwe, J., & Boon, C. (2009). *Strategic HRM: A critical review*. In D. G. Collings & G. Wood (Eds.), *Human resource management: A critical approach* (pp. 38-54). London: Routledge.

<sup>59</sup> Klerck, G. (2009). *Industrial relations and human resource management*. In D. G. Collings & G. Wood (Eds.), *Human resource management: A critical approach* (pp. 238-259). London: Routledge.

## **1.2 Defining Human Resource Planning (HRP):**

The whole Human Resource planning is an evolving process as it is a part of Human Resource management; it is an evolution from scientific management developed in the late 19th century by Frederick Winslow Taylor and the System Theory by Niklas Luhmann. The concept of HRP was drawn upon from these classical approaches, thus the core consideration while developing a HRP is theory-based, as the guidelines and the framework are set. These approaches were sufficient and commonly used in the late 19th and early 20th century as the majority of the workforce was engaged in productions and factories.

Human resource planning is defined by different authors in various manners. So before we go any further it would seem helpful to clarify what we mean by human resource planning (HRP).

Cascio (1992)<sup>60</sup> stated that human resource planning can be defined as effort to anticipate future business and environmental demands on an organization, and to provide the employees to fulfil that business and satisfy those demands.

According to Milkovich and Boudreau (1993)<sup>61</sup>, human resource planning is the process of collecting and using information on the base of which it can be discussed the amount of resources spent on personnel activities.

Human Resource Planning (HRP) may be defined as a process to forecast an organization's labor demand and internal labor supply for the acquisition, utilization, improvement and preservation of organization's human resource (HR).

According to Koubek (2007)<sup>62</sup>, personnel planning serves to achieve the goals of the organization by development prediction, setting the targets and realizing arrangements leading to current and future ensure of business tasks with adequate manpower.

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<sup>60</sup> Cascio, W. F. *Managing human resources: Productivity, quality of work life, profits*. 3rd Ed. New York: McGraw-Hill, p. 119, 1992.

<sup>61</sup> Milkovich, T.G., Boudreau, J.W. *Human resource management*. Praha: Grada Publishing, pp.190-191, 1993.

<sup>62</sup> Koubek, J., *Human resource management: the basics of modern human resource management*. 4th ed. Praha: Management Press, p. 93-100, 2007.

HRP is a vital tool for organizations to achieve business success because it is considered a strategy to identify gaps and surpluses in capabilities, poor utilization of people and develop a talent pool in the workforce (Torrington, et al., 2008)<sup>63</sup>.

Human Resource Planning is a long lasting process organized in a way that properly employs the human resource of the organization. In order to create and maintain the best fit between the job and employee, planning is given special attention.

Based on the definitions from different authors mentioned above, it can be said that each definition is a little different in its nature. Although they have common that the enterprises must have human resources necessary in the future in order to ensure the business objectives and requirements. This leads the enterprise to the competitiveness and prosperity.

### **1.3 Elements of Human Resource Planning (HRP)**

Based on the Workforce Planning model, there are four basic elements of HRP (Heneman III, et al., 2012)<sup>64</sup>. Firstly, organizations have to forecast labor requirements and make comparisons with the labor availabilities based on the labor market supply to determine the extent which the labor demand for can be fulfilled. Then a gap analysis is done to determine shortage and surpluses in capabilities in order to reconcile requirement and availabilities. After the reconciliation process, an appropriate action plan is developed based on the collection of HR data and information that serves as an input. The Workforce Planning Model and its considerations and strategies is a useful framework as it can be modified to suit companies' respective to their industry.

### **1.4 Significance of Human Resource Planning:**

Speamerfam (2011)<sup>65</sup> describes that hiring the best talent for the organization is the job of HR department. Significant amount of planning is required for all this in order to put attractive advertisement to attract talented candidates. Afterwards, job descriptions and job specifications are put forward to provide details relevant to the work, the responsibilities to handle in a particular job, required qualifications, technical and other needed skills. In human resource planning, turnover

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<sup>63</sup> Torrington , . D., Hall, L. & Taylor, S., 2008. Human Resource Management. 7th ed. Harlow: Financial Times/Prentice Hall.

<sup>64</sup> Heneman III, H. G., Judge, A. T. & Kammeyer-Mueller, J. D., 2012. Staffing Organizations. 7th ed. New York: McGraw Hill.

<sup>65</sup> Speamerfam, G. (2011) "What is human resource planning and the level of importance to an organization"?

rate of employees is also forecasted. Lastly, interviews are done and candidates are selected to whom training is provided so that they conduct all their job activities very well. This effective working motivates the employees and reduces the turnover rate of employees. Also, the administrative activities of HR department such as performance appraisal, employee compensation management need proper planning and management of all the functions.

The significance of human resource planning process by mentioning that objectives of the organization are achieved when planning is done properly. Therefore, organizations at first collect data about the goals and objectives, afterwards it arranges people, resources and other competencies required to meet the objectives.

### **1.5 HR planning at different levels:**

Human Resource Planning (HRP) may be done at different levels and for different purposes.

National planners may make a HR plan at the national level whereas the strategists at a company may make a HR plan at the unit level. The HR Planning thus operates at five levels.

#### **1.5.1 HRP at National Level:**

HRP at the national level helps to plan for educational facilities, health care facilities, agricultural and industrial development and employment plans, etc.

The government of the country plans for human resources at the national level. National plans for HR forecast the demand and supply of human resources at the national level. It also plans for occupational distribution, sectoral and regional allocation of human resources.

#### **1.5.2 HRP at the Sectoral Level:**

HRP at the sectoral level helps to plan for a particular sector like agriculture, industry, etc. It helps the government to allocate its resources to the various sectors depending upon the priority accorded to the particular sector.

#### **1.5.3 HRP at the Industry Level:**

HRP at the industry level takes into account the output/ operational level of the particular industry when manpower needs are considered.



**1.5.4 HRP at the Unit Level:**

HR Planning at the company level is based on the estimation of human resource needs of the particular company in question. It is based on the business plan of the company. A manpower plan helps to avoid the sudden disruption of the company's production since it indicates shortages of particular types of personnel, if any, in advance, thus enabling the management to adopt suitable strategies to cope with the situation.

**1.5.5 HRP at the Departmental Level:**

HRP at the departmental level looks at the manpower needs of a particular department in an organization.

**1.6 How human resource planning performs effectively to organization plan?**

Human resource planning involves applying the basic planning process to human resource needs of the organization. To be effective, any human resource plan must be derived from the long term and operation plans of the organization. In essence, the success of the human resource planning depends largely on how closely the human resource department can integrate effective people planning with organization's business planning process<sup>66 67</sup>. Unfortunately, human resource planning is often tied to over-all corporate planning.

Strategic business planning seeks to identify various factors critical to the success of the organization can become better positioned and equipped to compete in the industry. To accomplish it, the planning process should provide:

- A clear statement of the organization's mission and a commitment from staff members to mission.
- An explicit statement of assumption.
- A plan of action in the light of available resources, including trained and talented people

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<sup>66</sup> Byars, Lloyd L. and Rue, Leslie W., Human Resource Management, 7th ed, 2004.

<sup>67</sup> NGFL Wales Business Studies A Level 2008 Spec. Issue 1 Sept. 2008.

## 1.7 Integrated strategic planning and HR:

### 1.7.1 Corporate strategic planning involves four time spans:

- **Long period (5 or more years):** Strategic plans that establish company's vision, mission and major long-range objectives. The time span for strategic plans is usually considered to be five or more years.
- **Intermediate period (3 years):** Intermediate-range plans cover about a three-year period. These are more specific plans in support of strategic plan.
- **Operation period (1 year):** Operating plans cover about one year. Plans are prepared month-by-month in sufficient detail for profit, human resources, budget and cost control.
- **Short period (day-to-day or week-by-week):** Activity plans are the day-to-day and week by week plans. These plans may not be documented. Appendix N<sup>o</sup>2. Presents the link between strategic plan and human resource plan.

### 1.7.2 The strategic plan vs. HR plan can be at four levels:

- **Corporate-level plan:** Top management formulates corporate-level plan based on corporate philosophy, policy, vision and mission. The HRM role is to raise the broad and policy issues relating to human resources. The HR issues are related to employment policy, HRD policies, remuneration policies, etc. The HR department prepares HR strategies, objectives and policies consistent with company's strategy.
- **Intermediate-level plan:** Large-scale and diversified companies organize Strategic Business Units (SBUs) for the related activities. SBUs prepare intermediate plans and implement them. HR managers prepare specific plans for acquiring future managers, key personnel and total number of employees in support of company requirements over the next three years.
- **Operations plan:** Operations plans are prepared at the lowest business profit centre level. These plans are supported by the HR plans relating to recruitment of skilled personnel, developing compensation structure, designing new jobs, developing, leadership, improving work life, etc.
- **Short-term activities plan:** Day-to-day business plans are formulated by the lowest level strategists. Day-to-day HR plans relating to handling employee benefits, grievances, disciplinary cases, accident reports, etc. are formulated by the HR managers.

## **1.8 Linkage and alignment of HR/workforce planning and departmental planning:**

John (2008)<sup>68</sup> elaborated that usually a steps process is used for creating a linkage between HR or workforce planning and departmental planning to regulate the current and future requirements and demands of the human resource. These steps include:

### **1.8.1 Linking organizational strategy to employment planning:**

For smooth running of business, organizations need to identify and determine their business goals and prepare government documents including budget speeches and other necessary documents including strategic and business plans.

A variety of HR planning applications arise from the linkage to business strategy while both the strategic planning and the long range perspective might highlight the organization's philosophy, environmental scanning helps in determining the objectives, goals, strengths and constraints of the organization.

### **1.8.2 Environmental scanning:**

Environmental scanning helps HR planners identify and anticipate sources of problems, threats, and opportunities that should drive the organization's strategic planning. Scanning provides a better understanding of the context in which HR decisions are/will be made. Both an external and internal environment scan is critical for effective planning.

#### **1.8.2.1 External scanning:**

Many factors in the external environment affect human resource planning, including the level of education, the prevailing attitude in society (such as the attitude toward work), many laws and regulations that directly affect staffing, the economic conditions, and the supply of and the demand for managers outside the spectrum of an enterprise. Effective staffing, then, certainly requires recognition of the internal and external situational factors.

Barnard et al. (2006)<sup>69</sup> advised that external analysis should not be a time consuming process. All the potential changes that may occur and their influences may be reviewed by the planning team.

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<sup>68</sup> St. J. (2008). Human Resource Planning: New Found land Labrador. Shadare Duseyi A., Hammed, t. Ayo (2009).

<sup>69</sup> Barnard, W. (2006) "seven steps of effective workforce planning".

Also, team should look at the how the changes impact the organization, its work and recruitment and selection patterns, process of training, retaining and developing the required workforce.

### **1.8.2.2 Internal scanning:**

Internal factors influence the concern for dealing with the staffing requirements for managerial positions within and outside the firm, it also shows the staffing needs of employees and responsibility of management.

Competent employees identified from inside and outside the organization. Also, competent employees are identified for potential promotions by conducting performance appraisals. Therefore, instead of creating any hindrances in career development of employees, this guarantees the productive competition between the employees and promotes advancement of employees.

Internal scan mainly looks at identifying the factors that have an effect on the organization's work force capabilities necessary to meet the departmental goals. Barret et al. (2006)<sup>70</sup> mentioned that internal analysis gives attention to workforce trends including their age distribution, and portion of positions filled by internal candidates.

Each department is responsible for identifying the internal opportunities and challenges. It is necessary for the organization to make and retain strengths to face and reduce the risks and challenges to attain success.

### **1.8.3 Forecasting demand for HR Planning:**

Demand forecasting (Manpower Forecasting) is the process of estimating the future numbers of people required and the likely skills and competences they will need. Forecasting human resource demand is the process of estimating the future human resource requirement of right quality and right number. As discussed earlier, potential human resource requirement is to be estimated keeping in view the organization's plans over a given period of time. Analysis of employment trends; replacement needs of employees due to death, resignations, retirement termination; productivity of employees; growth and expansion of organization; absenteeism and labor turnover are the relevant factors for human resourced forecasting<sup>71</sup>.

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<sup>70</sup> Barrett, K., Richard, G. (2006) "seven steps of effective workforce planning" "When Boomers retire," Governing Magazine.

<sup>71</sup> Gupta, C.B. (2009).MANAGEMENT THEORY AND PRACTICE. Sultan Chand&Sons.

The purpose of HR forecasting is to estimate labor requirements for future time period. Many times businesses report shortage of skilled or qualified workers. Technological changes, demands of consumers, etc are also responsible for preparing a demand forecast. A forecast of labor demand derives from a projection of how business needs will affect HR. Hence, the HR manager should be in a position to anticipate the needs and set priorities from among conflicting goals. The forecasting methods may be broadly classified under two categories: Quantitative and Qualitative.

### **1.8.3.1 Quantitative approach:**

Concerned with determining the number of employees required in a future period of time, under that approach there are uses of statistical or mathematical techniques which will be useful in estimating the quantity of man power through work load analysis and workforce analysis.

- Work load Analysis is the total work load of each department estimated on the basis of sales forecasts, work schedules, gross rate and expansion plans. As far as possible, the work load of each department should be estimated in tangible units.
- Workforce Analysis is concerned with all existing workers are not likely to be available for work throughout the year, due to absenteeism and turnover. It is ,therefore ,necessary to make a provision for loss of current manpower due to these factors

### **1.8.3.2 Qualitative approach:**

Skills analysis, the quality of manpower required varies from job to job. Therefore the quality of employees required for a job can be determined only after determining the job requirements. Under that approach there is less statistical mathematical, which will attempt to reconcile the interests, abilities and aspiration and individual employees with the current and future staffing needs of an organization but it rely on experts who assist in preparing forecasts to anticipate staffing requirements.

- **Managerial Estimate:** Under this method, the managers or supervisors who are well-acquainted with the workload, efficiency and ability of employees, think about their future workload, future capabilities of employees and decide on the number and type of human resources to be required. An estimate of staffing needs is done by the lower level managers who make estimates and pass them up for further revision.

- **Delphi Method:** A survey approach can be adopted with the Delphi technique. The Delphi process requires a large number of experts who take turns to present their forecast statement and underlying assumptions to the others, who then make revisions in their forecasts. Face-to-face contact among the experts is avoided.

### **1.8.4 Forecasting for supply to HR:**

A good starting point for projection the firm's future supply of labor. The simplest method of internal supply forecast is succession planning or the career plans orchestrated by the organization. This step is vital as it conveys an inventory of the firm's current and projected competencies. The database can be generated with the help of payrolls, skill inventories, job profiles, job families, age distributions or qualification and experiences. Markov Analysis is used for long range forecasts in large companies. It uses historical information from movements of internal labor supply to predict what will happen in future. An estimate is made of the likelihood that persons in a particular job will remain in that job or be transferred, promoted, demoted, terminated, or retired using data collected over a number of years<sup>72</sup>.

Supply forecasting is concerned with human resources requirements from within and outside the organization. The first step of forecasting the future supply of human resource is to obtain the data and information about the present human resource inventory. The supply forecasting includes human resource audits; employee wastage; changes due to internal promotions.

#### **1.8.4.1 Human Resource Audits:**

These are analysis of each employee's skills and abilities. This analysis facilitates the human resource planners with an understanding of the skills and capabilities available in the organization and helps them identify manpower supply problems arising in the near future. These inventories should be updated periodically otherwise it can lead to present employees being ignored for job openings within the organization.

#### **1.8.4.2 Employee Wastage:**

The second step of supply forecasting is estimation of future losses of human resources of each department and of the entire organization. This is done to identify the employees who leave the

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<sup>72</sup> NGFL Wales Business Studies A Level 2008 Spec. Issue 1 Sept. 2008.

organization and to forecast future losses likely to occur due to various reasons. Employees may leave the organization for reasons like retirements, layoffs, dismissals, disablement, ill health, death, etc. Reasons for high labor turnover and absenteeism should be analyzed and remedial measures taken. Management has to calculate the rate of labor turnover, conduct exit interview, etc. This helps to forecast the rate of potential loss, reasons for loss and helps in reducing the loss.

### **1.8.4.3 Internal Promotions:**

Analysis is undertaken regarding the vacancies likely due to retirements and transfer and the employees of particular groups and categories who are likely to be promoted. The multiple effect of promotions and transfers on the total number of moves should be analyzed and taken into consideration in forecasting changes in human resource supply of various departments. For example, if the personnel officer is promoted as personnel manager, 2 more employees will also get promotion. The senior clerk in the personnel department will become personnel officer and the junior clerk will become senior clerk. Thus, there are 3 moves for one promotion.

### **1.8.5 Gap analysis:**

John (2008)<sup>73</sup> explained how to recognize the business goals and requirements and how these may help forecast the future hiring needs, in terms of the number of employees, skills, and work experiences required.

On the basis of departmental goals, priorities and environmental scanning, McGraw-Hill Ryerson (2000)<sup>74</sup> determined the current and future HR requirement. Following questions are found to be helpful in identifying the HR needs and requirements for gap analysis.

- Do the organization have succession plans for critical positions?
- In order to bring changes in delivery system, do acquiring new skills necessary?

The existing number of personnel and their skills (from human resource inventory) are compared with the forecasted human resource needs (demand forecasting) to determine the qualitative and quantitative gaps in the workforce. A reconciliation of demand and supply forecasts gives us the

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<sup>73</sup> St. J. (2008). Human Resource Planning: New Found land Labrador. Shadare Duseyi A., Hammed, t. Ayo (2009).

<sup>74</sup> Edwards, G., Pearce, E. (1988 to 2000). "Inevitable Forces for Change in America".

number of people to be recruited or made redundant as the case may be. This forms the basis for preparing the human resource plan.

### **1.8.6 Implementation of human resource planning:**

McGraw-Hill Ryerson (2000)<sup>75</sup> explained that after looking at the results of gap analysis, some HR priorities must be decided and strategies to attain the desired outcomes should be developed that must be acknowledged by the department.

Based on the gap analysis, any of the following action programs is used depending upon the situation.

#### **1.8.6.1 Recruitment plans:**

Recruitment plans indicate the number and type of people required at the specified time period. The recruitment plan will have a direct link with human resource plan and the management will develop strategies accordingly.

#### **1.8.6.2 Selection and promotion plans:**

Organization's strategy will always be to select employees who have already developed the skills necessary to perform competently.

#### **1.8.6.3 Training plans:**

Training plans indicate the number of employees at all levels who will undergo training and identify the need for training. This is directly linked to organizational growth plans and future strategies.

#### **1.8.6.4 Retention plans:**

These indicate reasons for employee turnover and show strategies to avoid wastage through compensation policies or changing working conditions.

#### **1.8.6.5 Redeployment plans:**

Redeployment plans identify the employees who need to be transferred, trained, or relocated because of technical obsolescence or overstaffing.

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<sup>75</sup> Edwards, G., Pearce, E. (1988 to 2000). "Inevitable Forces for Change in America".



**1.8.6.6 Downsizing plans:**

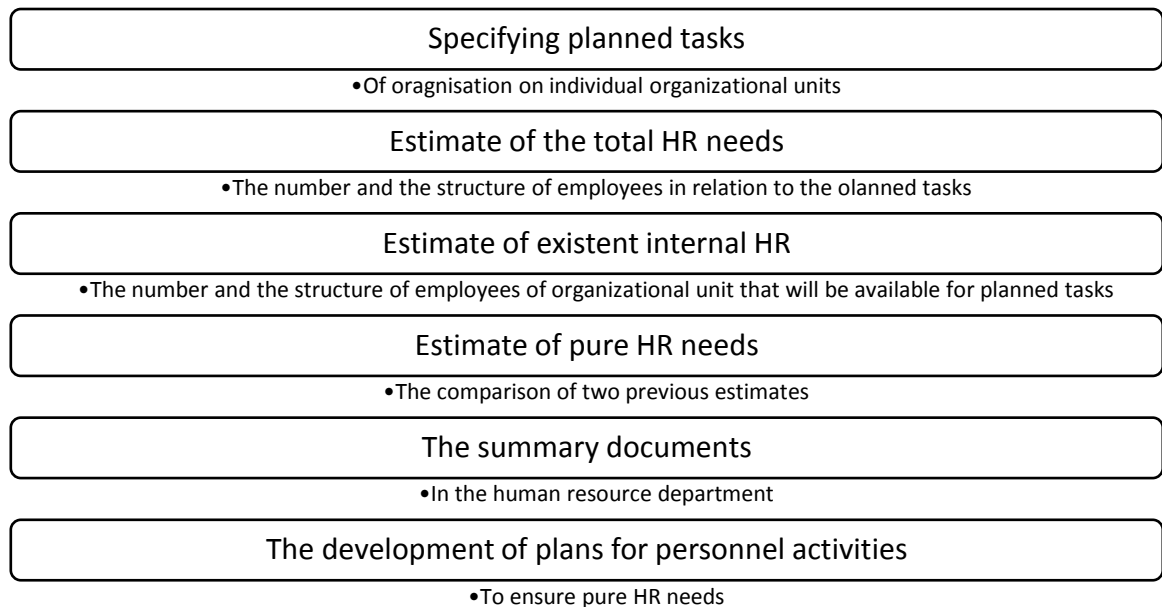
Downsizing is a step taken by the management to offload overstaff by identifying redundancies and resorting to voluntary retirement schemes, golden handshake, layoff etc.

**1.9 Process of human resource planning:**

The basis of every planning process is based on the following key questions:

- Where are we now? (Evaluate the external and internal conditions and conditions for employees)
- Where do we want to be? On the basis of strategic forecasting (set the objectives in personnel area which reflect the pursuit of efficiency and maintain a corporate culture)
- What should be done to ensure this transition? Use plans (select appropriate activities and allocate resources)
- How did we do it? Where are we now? Evaluate the results in terms of the original objectives. The whole process begins again.

**Figure N°8:** human resource planning process.



**Source:** International Journal of Innovations in Engineering and Management, Vol.4 (2015)” Conceptual Framework of Human Resource Planning: A Key Indicator for Industrial Development

### **1.10 Aims of human resource planning:**

The aims of human resource planning in any organization will largely depend on its context but in general terms<sup>76</sup>, the typical might be to:

Attract and retain the number of people required with the appropriate skills, expertise and competencies.

- Develop a well-trained and flexible workforce, thus contributing to the organization's ability to adapt to an uncertain and changing environment.
- Reduce dependence on external recruitment when key skills are in short supply by formulating retention, as well as employee development strategies.
- Improve the utilization of people by introducing more flexible systems of work

When considering the appropriate HR strategies and systems to meet organizational objectives and goals, the aim of strategic HR management may also take into account of the interests and needs of employees and other stakeholders<sup>77</sup> As a result, HRP may help organizations to strike a balance between the interest of shareholders and stakeholders when Corporate Social Responsibility (CSR) is incorporated as an organizational business strategy.

### **1.11 Needs of human resource planning:**

Human resource planning is needed for foreseeing the human resource requirements of an organization and supply of human resources. Its need can be assessed from the following points:

#### **1.11.1 Replacement of Persons:**

A large number of persons are to be replaced in the organization because of retirement, old age, death, etc. There will be a need to prepare persons for taking up new position in such contingencies.

#### **1.11.2 Labor Turnover:**

There is always labor turnover in every organization. The degree of labor turnover may vary from concern to concern but it cannot be eliminated altogether. There will be a need to recruit new persons to take up the positions of those who have left the organization. If the concern is able to

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<sup>76</sup> Michael, A., Human Resource Management Practice. Cambridge University Press, 2006.

<sup>77</sup> Schwind, H. F., Das, H. & Wagar, T. H., 2005. Canadian Human Resource Management: A Strategic Approach. 7th ed. Canada: McGraw-Hill Ryerson Limited.

forecast turnover rate precisely, then advance efforts are made to recruit and train persons so that work does not suffer for want of workers.

### **1.11.3 Expansion Plans:**

Whenever there is a plan to expand or diversify the concern then more persons will be required to take up new positions. Human resource planning is essential under these situations.

### **1.11.4 Technological Changes:**

The business is working under changing technological environment. There may be a need to give fresh training to personnel. In addition, there may also be a need to infuse fresh blood into the organization. Human resource planning will help in meeting the new demands of the organization.

### **1.11.5 Assessing Needs:**

Human resource planning is also required to determine whether there is any shortage or surplus of persons in the organization. If there are less persons than required, it will adversely affect the work. On the other hand, if more persons are employed than the requirement, then it will increase labor cost, etc. Human resource planning ensures the employment of proper workforce.

## **1.12 Benefits of human resource planning:**

The institute of Employment Studies, Reilly<sup>78</sup> conducted a research suggesting a number of why organizations choose to engage in HRP. These reasons include the following:

- Planning for substantive reason; that is, to have a practical effect by optimizing the use of resource 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 benefit which involves understanding the present in order to confronts the future, challenging assumptions 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.

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<sup>78</sup> Reilly, P., Institute for Employment Studies, Human Resource Planning, 1996.

- 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, gaining corporate control over operating units, and coordinating and integrating organizations decision making and action<sup>79</sup>.

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<sup>79</sup> Reilly, P., Institute for Employment Studies, Human Resource Planning, 1996.

## **Section 02: Implementation theory on strategic human resource planning.**

### **2.1 Strategic HRP Linking Organization's Objectives:**

Strategic HRP links HR management directly to the objectives of the organization as it sets organizational priorities and guides HR management decisions to support future plans and strategies. HRP connects the whole organization because HR management will develop strategies and target action plans to meet organizational objectives based on strategic HR plans. For that reason, the responsibility for HRM is shared by human resource specialist and line management (Werner & DeSimone, 2006)<sup>80</sup>. HRP and the organizational objectives are interdependent as the resources are developed to match the requirement of each other. The development of resources influences the strategic plans to meet the overall operational goals and organizational objectives. Hence, strategic HRP cannot be a solo discipline.

Strategic HR management concerns with aligning the management of human resources with the strategic content of the business (Armstrong, 2006)<sup>81</sup>. Integrating HRP into the aspects of business planning is a strategy to improve the overall business performance through support activities in attracting and retaining employees, training and development and identify the need for organization restructuring or changes in approaches to support business plans.

When considering the appropriate HR strategies and systems to meet organizational objectives and goals, the aim of strategic HR management may also take into account of the interests and needs of employees and other stakeholders (Schwind, et al., 2005)<sup>82</sup>. As a result, HRP may help organizations to strike a balance between the interest of shareholders and stakeholders when Corporate Social Responsibility (CSR) is incorporated as an organizational business strategy.

As the nature of organizational objectives are diverse and changes with time, strategic HR management will therefore align its people-planning activities in conjunction to business strategy. However, organizations have to develop a contingency plan as there are several factors which influences HRP. A contingency plan would prepare an organization for unexpected situations and enable them to respond accordingly. Economic, political, technological and social factors such as

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<sup>80</sup> Werner, J. M. & DeSimone, R. L., 2006. Human Resource Development. 6th ed. Mason: South Western.

<sup>81</sup> Armstrong, M., 2006. A Handbook of Human Resource Management Practice. 10th ed. London: Kogan Page.

<sup>82</sup> Schwind, H. F., Das, H. & Wagar, T. H., 2005. Canadian Human Resource Management: A Strategic Approach. 7th ed. Canada: McGraw-Hill Ryerson Limited.

the labor market change, the growth of technology and compliance to regulations influences HRP. The type and changes of labor market are determinant factors of the approach and strategy which organizations should adopt. Technology have a positive impact on HRP as it helps in predict future trends through the collection of HR data and information which will provide a better insight for organizations to develop the most appropriate plans and strategies (CIPD, 2014)<sup>83</sup>.

### **2.2 Planning models and techniques:**

Until recently, researchers have examined manpower planning techniques which have been applied throughout the years.

One of the essential components of a manpower planning system is manpower forecasting “the process of anticipating the future size and nature of the manpower force”.

“Manpower planning techniques have become an essential tool for the modern manager, especially in a climate of economic recession and government cut-backs” (McClellan, 1991, p. 179)<sup>84</sup>.

Many authors have done an excellent job in displaying many manpower planning techniques. All authors created their personal selection of most practical techniques. All the techniques are of a descriptive nature and vary in which way the internal flow runs. To be able to make decisions about recruitments, layoffs, and retraining the workforce, “the personnel manager should have a notion of the available personnel in the future”<sup>85</sup>.

This is also influenced by employees developing their skills within the organization and in this way can handle a broader range of tasks or higher position within the organization. Within manpower planning, manpower stocks are divided into factors of age, length of service, grade, sex, qualification and location. These stocks are then laid next to internal flows like recruitment, promotion, wastage or for example demotion. It is expected that the manpower planner makes a prediction based on current stocks to evaluate future stocks.

Predicting the future is then the aim of manpower planning with the underlying necessity of controlling flows within the organization to eventually achieve the desired situation. Manpower

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<sup>83</sup> CIPD, 2014. Make Workforce Planning Work. People Management, Issue May, p. 36.

<sup>84</sup> McClellan, S. (1991). Manpower planning models and their estimation. European Journal of Operational Research 51, 179-187.

<sup>85</sup> De Feyter, T. (2007). Modelling mixed push and pull promotion flows in Manpower Planning. Annals of Operations Research, 25-39.

planning involves a long-term view and according to De Feyter (2007) it is obvious that the manpower planner should take into account the effects of its recruitment strategy on other aspects like future opportunities, financial consequences, ethical or psychological problems.

According to Ward<sup>86</sup> “the difficulty with manpower resources is that employees cannot be directed and controlled in the predictable way that financial and material resources can be”. Also depicts how manpower models can help personnel manager’s deal with key issues like:

- The organization’s ability to expand or contract its work force.
- The long-term effects of employee turnover.
- Likely shortages of skilled employees.
- Oversupplies of particular types of employees.
- Promotion policies.
- The number and mix of future recruits.

Organizations which should be focusing on these outputs should have some characteristics in common which prove that they are needing corporate manpower planning models. Organizations should have a large amount of employees, have a well-defined hierarchy, they should offer careers for life and should provide internal training and development of employees’ skills to acquire suitable high-skilled staff. If observations are frequently held, effort needs to be done to convince managers of the added value of manpower planning. The following models aim at describing the entire manpower system and predicting future situations. This paragraph describes the mentioned models as ‘manpower planning models’ as they originate from the early years and do not all have a strategic character.

### **2.2.1 Markov chain model (Push model):**

Markov chain models can come into practice when proportions are assumed to be probabilities (McClellan 1991; Purkiss, 1981)<sup>87</sup>. They are called push models “since the state vector at a particular point in time is determined by the number of people ‘pushed’ from the previous state vector into

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<sup>86</sup> Ward, S. C. (1987). How to computerize Your Personnel Planning. Long Range Planning, Vol. 20, No. 4, 88-101.

<sup>87</sup> Purkiss, C. (1981). Corporate manpower planning: a review of models. European Journal of Operational Research 8, 315-323.

the various states by the Markov matrix” (Price, Martel, & Lewis, 1980, p. 640)<sup>88</sup>. This means that it is assumed that the dynamics of a workforce are predictable and that it is pushed into a certain direction by the Markov model. The grades of the manpower model are described as states within the Markov chain. Flows of personnel are used as the input for the model to be able to analyse flow structures for the future.

According to Ward (1987)<sup>89</sup>, “the manpower structure at the end of a time period is calculated from the initial structure by applying the matrix of transition probabilities and adding any recruits”. One thing the model doesn’t keep in mind is the number of vacancies available. The Markov model owes its popularity to the ease of use and its straightforward character. “Markov chain models (just like simulation models) model individual time periods and calculations can simply be repeated as often as necessary to cover the planning period”.

### **2.2.2 Semi-Markov model:**

The semi-Markov model is an extension of the Markov chain model and is a more flexible tool and “allows the inclusion of number of desirable features, but tends to be mathematically intractable”. Estimates of the semi-Markov model are used to predict future stock sizes based on current stock based on people moving from one state to another. This can result in a simulation model for the manpower system to function as a management tool. The semi-Markov model estimators which are applied in a Markov framework, and therefore the semi-Markov model is an approach which combines flexibility and computability.

### **2.2.3 Renewal models (Pull model):**

Renewal models come into existence when flows in the Markov model are derived from pulls instead of pushes. For example promotions are occurring because of vacancies in higher grades within the organization. These vacancies result from wastage (including retirement), expansion and promotion and should be fulfilled by employees functioning at lower levels in the organization or through recruitment. The Renewal model assumes that vacancies are fulfilled by internal staff and in this way fills vacancies by employees moving from one job to another resulting in a pull-flow.

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<sup>88</sup> Price, W. L., Martel, A., & Lewis, K. A. (1980). A Review of Mathematical Models in Human Resource Planning. National Journal of Management Science Vol. 8, No. 6. pp. 639 to 645.

<sup>89</sup> Ward, S. C. (1987). How to computerize Your Personnel Planning. Long Range Planning, Vol. 20, No. 4, 88-101.



Compared to the Markov model, the Renewal model also deals with flows of people moving internally from job to job.

These pulls are described by Renewal models “which consider the times of successive occupancies of a job to constitute a renewal process” (McClellan, 1991, p. 182)<sup>90</sup>. Ward describes Renewal models as a way to produce a scenario of the future manpower structure which is easy to interpret, is flexible in use but requires large amounts of data input which have to be calculated by complex mathematical calculations.

#### **2.2.4 FORMASY:**

FORMASY is a combination model of both Markov and Renewal models. According to Verhoeven (1981) is the manpower planning system called FORMASY the answer to the growing need for medium to long term forecasting of personnel. This system ‘presents forecasts concerning the evolution of the personnel strength and makes it possible to assess the impact of alternative policies’.

The model helps to detect gaps between current situation, the future availability of employees and future requirement for personnel. It starts with classifying employees into classes (so called ‘states’) followed by the production of forecasts made of future personnel strength, “based on the transitions fractions between classes, the number of recruits and the actual manpower strength in each state”.

Also other factors like educational level or qualification can be included in the system. Other than in earlier mentioned models, the factor ‘age’ is used to predict future retirements and exact outflow numbers. Through the application of a computer program several output can be requested. To start with, expected manpower strength can be predicted, if inserted specified in the regarded characteristics as education, qualification, grade age, etc. The actual and future age distributions can also be requested per grade combined with numbers of promotions, recruitments, retirements, and turnover, for each grade in the planning period requested. The system can also give insight in

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<sup>90</sup> McClellan, S. (1991). Manpower planning models and their estimation. *European Journal of Operational Research* 51, 179-187.

development of careers, salary costs, and recruitment planning, as mentioned in Verhoeven (1981)<sup>91</sup>.

### **2.2.5 Mixed push-pull model:**

Because there might be several reasons within an organization for promotion of employees, both push and pull models can be combined with each other.

Pull flows exist when employees fulfil vacancies at higher levels of the organization through promotions and push flows exist when other reasons for promotions occur. This might be done to motivate employees to be able to keep them in the organization.

According to the pull model, vacancies are fulfilled by promotions or external recruitment. Push promotions are possible when the amount of people who had the opportunity to promote after all vacancies at higher levels were fulfilled is too small. This mixed model assumes that both push and pull flows can be executed at the same time (De Feyter, 2007)<sup>92</sup>.

### **2.2.6 Vlootschouw:**

The strategy of the organization needs certain qualities, roles, and skills from her personnel to realize its goals.

Planning and directing these factors is part of the Vlootschouw. Personnel planning, qualitative analyses, talent screening and development, training, handling lacking qualities per individual, team or organization, and development of organizational performance are goals and outcomes of the Vlootschouw.

Several models have been developed by authors, classifying employees to their qualities by grouping them as rising stars, solid citizens, eager learners, and problem children. The model of Breeveld<sup>93</sup> is the most common model applied in literature and has similar characteristics compared to the HR3P matrix as both models focus on performance and growth potential of employees.

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<sup>91</sup> Verhoeven, K. J. (1981). Corporate manpower planning. *European Journal of Operational Research* 7, 341 - 349.

<sup>92</sup> De Feyter, T. (2007). Modelling mixed push and pull promotion flows in Manpower Planning. *Annals of Operations Research*, 25-39.

<sup>93</sup> Breeveld, R. (2011). De missing link tussen performance- en competentie management (The missing link between performance- and competency management). Opgehaald van <http://www.team-care.nl/wat-doen-wij/business-intelligence-support>

The Vlootschouw is a simple and uncomplicated tool but results are often subjective outcomes. The Vlootschouw can be extended by other tools to support and strengthen the value of the Vlootschouw. In this way, a talent evaluation scan can be added to define the organizational talents, to guide and train them and to monitor their flow through the organization.

### **2.2.7 HR3P matrix:**

The Human Resources Performance Potential Portfolio (HR3P matrix) is a tool to calculate the internal offer of personnel through making a combination of performance and potential (Evers & Verhoeven, 1999).

There are four steps of the HR3P method:

- Determination of the extent of functioning.
- Determination of the development potential.
- Performing a background analysis.
- Choosing appropriate measurements.

As the steps define, growth potential of employees plays an important role. The original model was developed by Evers, Van Laanen and Sipkens in 1993<sup>94</sup> (as seen in Evers & Verhoeven, 1999).

The matrix consists of sixteen squares in which performance and growth potential of employees is scored. Employees can reach full potential, have growth potential based on the current job profile, can go up for promotion, or can be promoted.

Based on the outcomes of the matrix, decisions can be made. Just like the Vlootschouw, the HR3P matrix is easy to apply and is not involved with complex calculations like for example the Markov model. Therefore it is a fast method to measure performance although outcomes stay subjective and it is a tool which can help to assist in reaching a strategic personnel planning.

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<sup>94</sup> Evers, G. H., Van Laanen, & Sipkens. (1999). In G. H. Evers, & C. J. Verhoeven, Human Resources Planning: Even integral benadering van personeel planning. Deventer: Kluwer/ NVP.

### 2.2.8 IDU Matrix:

The IDU: inflow, through-flow, and outflow matrix generates personnel information concerning internal flows (Evers & Verhoeven, 1999)<sup>95</sup>.

Generally, a duration of a period is determined for which the matrix is going to predict how much personnel is going to flow through the organization. It is a quantitative method which applies probability numbers to predict the chance that one employee moves from one job to another. In this way a profile arises on amounts of employees and occupation for the current situation but need for personnel in the future is not kept in mind.

To expand this model with future focus on the need for personnel, extra columns can be added focused on future personnel occupation. The matrix can be adjusted and executed every year to keep the results reliable, if this is not done regularly results may not be up to date.

The IDU matrix is just like the HR3P method a tool which assists in achieving a strategic personnel planning. Only relying on this model will not be sufficient which means that a combination of tools could be made.

### 2.3 Implementation of strategic human resource planning:

Next to the previous presented models, a practical approach to implementing strategic human resource planning is described by several authors. These approaches could include methods or elements of methods presented in (Table N°2). The following mentioned authors give a clear view of how strategic human resource planning can be applied in a real-life situations.

Strategic human resource planning is essentially concerned with the demand and supply of personnel and the aim to detect and resolve existing gaps. To be able to implement strategic human resource planning, authors have examined the process and developed models as guidelines (Bramham, 1989; Armstrong, 2001; Gómez-Mejía, Balkin, & Cardy, 2004; Noe Hollenbeck, Gerhart, & Wright, 2007). (Table N°3) shows a summary of the models including characteristics.

For example, the model of Bramham responds to the several phases. The first phase involves an analysis of the internal and external labor market. An organization which develops a strategy to be

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<sup>95</sup> Evers, G. H., & Verhoeven, C. J. (1999). Human Resources Planning: Een integrale benadering van personeels planning. Deventer: Kluwer/ NVP.

better at gaining benefit from market developments than competitors has become an appealing organization to shareholders, clients and employees.

When these elements are analyzed, the present supply and demand are being evaluated through forecasting techniques. This results in an imbalance of human resources and should be tackled by the application of HR tools involved with personnel planning.

For example, recruitment and selection and retention should be evaluated and if necessary adjusted to the current situation. Also, training and development plays an important role just like reward. In the end, the implementation and control phase will establish the adjusted HR tools to be able to respond to the existing gap between supply and demand. It should be kept in mind that the strategic part behind the planning of human resources, is mainly determined by the guidance of the management.

The structure of Bramham<sup>96</sup> is still a structure which is representative for the HRP process today. The model of Armstrong (2001)<sup>97</sup> still shows elements of the ‘hard’ approach present in for example the balance between demands and supply forecasting. And it also focuses on the internal labor supply opposite to the traditional approach.

Another approach to human resource planning is described by Gómez-Mejía, Balkin, & Cardy (2004)<sup>98</sup> including two phases. Once these two factors have been examined, one out of three conditions are faced by the organization. In all three scenarios, advice is given on how to approach the problem. For example, in case that labor demand exceeds labor supply, training and recruitment from outside is recommended.

Planning human resources is necessary to meet future business objectives and to gain competitive advantage. To succeed in this, an internal analysis of the characteristics of the labor force is a must. Strengths and weaknesses should be mapped and the plan for the future of the organization should be clear. Together, this will help make estimations for the size and the characteristics of the workforce. “Human resource planning compares the present state of the organization with its goals

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<sup>96</sup> Bramham, J. (1989). Human Resource Planning. London: IPM.

<sup>97</sup> Armstrong, M. (2001). A Handbook of Human Resource Management Practice 8th edn. London: Kogan Page.

<sup>98</sup> Gómez-Mejía, L. R., Balkin, D. B., & Cardy, R. L. (2004). Managing Human Resources 4th edn. New Jersey: Pearson Education.

for the future, then identifies what changes it must make in its human resources to meet those goals” (Noe, Hollenbeck, Gerhart, & Wright, 2007, p. 137)<sup>99</sup>.

Outcomes may result in downsizing, training existing employees or hiring new personnel. Another approach to SHRP is the approach of Noe et al., 2007, three stages of the strategic human resource planning process are described.

**Table N°2: Practical approach to SHRP**

<b>(S)HRP applied</b>		
<b>Author(s)</b>	<b>Description</b>	<b>Important elements</b>
<b>Bramham (1989) developed in 1975</b>	Four phases of SHRP; analysis and investigation, forecasting, planning, and implementation and control.	Corporate capability, corporate strategy.
<b>Armstrong (2001) "contemporary approach"</b>	Complementation to traditional approach, focuses on "soft" side of HRP.	"Best practice" high commitment approach.
<b>Gómez-Mejía, Balkin, &amp; Cardy (2004)</b>	Practical, estimate labor supply,  Estimate labor supply resulting in one of three conditions:  1) Labor demand exceeds labor supply.	Advice given based on diagnosed condition.

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<sup>99</sup> Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2007). Fundamentals of Human Resource Management . New York: McGraw-Hill/Irwin.

	2) Labor supply exceeds labor demand. 3) Labor demand equals labor supply.	
<b>Noe, Hollenbeck, Gerhart &amp; Wright (2007)</b>	Three stages; 1) forecast labor demand, 2) forecast labor supply 3) Complementing stages 1 & 2 by looking at expected future changes.	Approach results in labor surplus or shortage.

**SOURCE:** By the student.

The first phase is based on internal and external analysis and includes details about changes in technology and trends in the composition of the workforce. The second phase is based on the existing personnel file. This file is then adjusted by looking at changes expected in the near future like retirements, promotions and voluntary turnover. Having executed the analyses, it turns out that there is a labor surplus or shortage within the organization. This can be examined per job category. According to Noe, Hollenbeck, Gerhart, & Wright (2007) the purpose of setting specific goals is to focus on the detected problem and to provide a basis for measuring the organization's success in addressing labor shortages and surpluses. Per job category, numbers should show changes in the amount of employees present within the coming years and timetables should be linked to the made forecasts. Every goal should be linked to a corresponding strategy. Finally, the HR plan is implemented and evaluate.

Many classical models which estimate manpower numbers are not able to meet current environmental changes. They pursue the subjects of models only analyzing quantitative numbers and the lack of attention for qualitative observations for example of development of potentials. Also agree on the fact that models are too complicated to be understood but when combining both the qualitative and quantitative models, both aspects can be illustrated and a strategic approach comes into practice.

**2.4 Summary and conclusion of implementing SHRP:**

(Table N°3) shows a summary of all the models mentioned including their advantages and disadvantages.

Apart from the fact that all the models have their pros and cons, it is of great importance to make a combination of methods to add the strategic character to human resource planning. To be able to accomplish this, quantitative and qualitative methods should be combined.

It should also be mentioned that the first presented methods including the Markov and Renewal models are dating back to 80's while from the Vlootschouw downwards, the models are much more modern. Assuming easiness of response to situations nowadays.

**Table N°3:** instruments SHRP.

<b>Method</b>	<b>Description</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Nature</b>
Markov chain model – Push model	Predicts future flows of personnel assuming that they are pushed in a certain direction.	Applied when future demand is unclear, easy to interpret results, clear picture of expected flows.	Requires large amount of data, complex statistical calculations, and mechanistic model.	Quantitative
Semi-Markov model	Variation on the Markov model but applies conditional transition probabilities.	More flexible than the Markov model.	Requires large amount of data, complex statistical equations, and mechanistic model, more complicated than the Markov chain model.	Quantitative



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Renewal model(s) – Pull model	Predicts future flows of personnel assuming that they are pulled in a certain direction because of vacancies.	Easy to interpret, flexible, includes internal job to job movements.	Requires large amount of data, complex statistical equations, and mechanistic model.	Quantitative
Mixed push - pull model (e.g. FORMASY)	Combinations of push and pull flows.	Keeps both flows in mind and is therefore more applicable to many cases.	Requires large amount of data, complex statistical equations; because of broad operational capability many assumptions regarding flow have to be made.	Quantitative
Vlootschouw	Planning and directing personnel processes to evaluate	Multi-functional model, simple and uncomplicated	Results are often subjective.	Qualitative but subjective.

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	organizational performance.	tool, easy to compute.		
HR3P Matrix	Displays the employees' level of performance and growth potential, can be part of the Vlootschouw.	Multi-functional model, simple to use in computation and interpretation.	Outcomes are subjective, assists in the process of personnel planning, cannot be applied on its own.	Qualitative but subjective, strategic.
IDU matrix	Provides inflow, through-flow and outflow numbers.	Clear overview, numerical presentation.	Requires large flows of detailed information assists in the process of personnel planning, cannot be applied on its own.	Quantitative/ strategic.

**SOURCE:** By the student.

Furthermore, the implementation of SHRP is seen as an innovation and change management. Conditions came up which can make the implementation process a success. This includes the following factors: culture, leadership, time to complete the innovation, amount of employee's necessary, financial means, and finally the role of the stakeholders.

The following list summarizes the key tasks of managers to effectively help implement strategic human resource planning:

- Encourage motivation and acceptance by employees to let them make the right decisions and deal with the change process.
- Grab employees' attention to create cooperation.

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- Share information on all involved hierarchical levels of the organization.
- Create a risk-free environment where employees can give their opinions.
- Make employees adopt SHRP in an early stage to create routinization and low resistance.
- Establish a long-term orientation towards the results of SHRP.
- Accept possible short-term losses.
- Keep managerial patience to avoid short-term disappointment.
- Play the role of chief architect or change agent.
- Show managerial dedication.
- Learn to work with resistance to change, through active participation and communication to create commitment.
- Work closely together with the HRM department.

When all these obligations of the managers are performed effectively, the implementation process of strategic human resource management leads to a success.

## **Conclusion**

Human resource planning is one of the major areas of human resource management. It allows the company to realize its goals, increase the effectiveness and competitiveness of enterprises in the labor market. Human resource planning helps to reduce future uncertainty and to better operate the organization. A human resource plan must ensure that there is the right number and structure of people in the right jobs at the right time. These people should meet the required business objectives. Otherwise, it is possible that business goals and plans may not be filled and also the competitors can dislodge the company from achieved market position.

HRP and the organizational objectives are interdependent as the resources are developed to match the requirement of each other. The components of HRP is link to an organization strategic objectives as enhances efficiency by supporting the organization in attracting and retaining employees, training and development and identify the need for organization restructuring or changes in approaches to support business plans.

Having evaluated the most important models, it has become clear that there are varies ways to measure an organizations personnel file to detect possible gaps in labor demand and supply. A combination of methods should be made to add the strategic character.

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*Chapter 03: study case*

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## **Chapter Three: Case study.**

### **Introduction:**

Organizations whether public/ private sector, regardless of size or strategy, function in an uncertain and changing environment. All managerial planning activities, including those involving human resource, must be fully co-coordinated. HRP must take place at every level including strategic plan. The same way organizations considers the financial structure, physical plant, available production technology, and levels of raw materials necessary to meet planned production, it must also consider the number of people and type of skills necessary to support the production, distribution and marketing of product. The reason for business to operate is to make profit, but it cannot operate without customers who purchase their products and services to achieve their financial perspective. Employees can achieve all business results through proper HRP, as a result all organizational goals can be achieved and it is only the organization`s HR that can drive and implement all other plans.

So in this chapter we will present NCIV and talk about its history, then give an over views of how this company`s facilitating organizational performance using HRP. And how can HRP affect organizational performance by providing employees effectiveness and efficiently.

## **Section 01: Presentation of the National Company of Industrial Vehicles.**

The National Company of Industrial Vehicles (NCIV), Public Enterprise Economic incorporated since May 1995, produces and markets industrial vehicles.

The National Company of Industrial Vehicles (NCIV) is dedicated to the design, manufacture, marketing and after-sales support of a wide range of products. With a registered capital of 2,200,000,000 DA, owned in full by the Algerian state, NCIV builds trucks and tractor trucks, coaches, buses, industrial bodywork equipment and railway equipment.

Three qualities distinguish this flagship of the national industry from its similar on the market and explain its success and strength. His organization first. "The organization of the company is backed by procedures". The mastery of technology allows "the company to design, manufacture, assembly of industrial vehicles and mechanical connection parts" is another quality of the company, the third quality of the NCIV lies in his human resource. "We have a potential human resource in terms of number, quality and diversity".

### **1.1 Real heavyweight of the Algerian mechanical industry:**

The National Company of Industrial Vehicles (NCIV) has succeeded since its inception to establish itself as a regional leader in its specialty and build a label with its high quality products and a powerful after-sales service.

Born in the early 1980s of a restructuring of the former National Society of Mechanical Engineering (SONACOME) which grouped eleven public companies within it, all paid into the mechanical industry, NCIV has since supplied the national market in trucks, buses and public works machines of all kinds. However, the start was hard because the challenge of maintaining the units of the French truck manufacturer "Berliet" in production after the departure of the French occupation in 1962 was not easy, especially for a newly independent country, lacking skilled labor and management. The settlers had relied at the time on the inability of Algerians to operate the industrial units and equipment after their final departure to the metropolis at the end of the occupation. But the miracle happened. Thanks to the determination of a handful of Algerian workers, who were already working for "Berliet", the machines were restarted again. The factories, once again one hundred percent Algerian, began to assemble the first industrial vehicles "made in Algeria". This exploit is the result of the strong will and exceptional nationalism of a generation of

Algerians who had not only succeeded in wresting the independence of their country, colonized for 132 years, but also in rebuilding it.

The NCIV brand was now visible on the majority of trucks and machines used in the hundreds of shipyards launched here and there across the country to build free Algeria. Whether they were for transportation, public works or military needs, the company's vehicles had become unavoidable. Who of the Algerians of the time did not take pride in taking the famous " Safir " buses or driving the indestructible K66 and K120 NCIV trucks that crisscrossed the country, ensuring the transport of people and goods.

During the 1970s and the beginning of the 1980s, the golden age of the firm, the national fleet of heavy goods vehicles consisted mainly of NCIV products, which at that time produced more than 6,000 units annually. The company's vehicles, all models combined, were of great benefit to the National People's Army (NPA), heir to the National Liberation Army (NLA), which remains one of the country's largest domestic customers. NCIV (more than 60% of the products of the firm are intended for the army).Local authorities were also important customers to whom NCIV provided vehicles adapted to the nature of their public service missions (transport of personnel and schools, collection of household waste, road maintenance, etc.).

## **1.2 An international label:**

NCIV had also managed to make a name in the world market thanks to the robustness and reliability of its products, and the availability of spare parts. Until the mid-1980s, the head office of the company and its factory in Rouïba (east of Algiers) did not fill up with foreign delegations come to inquire about the rapid evolution of the Algerian mechanical industry.

Many of them did not hesitate to place orders to purchase vehicles from the wide range offered by NCIV. To mark its difference and honor its reputation as a leader, the company launched, in the late 1970s, the manufacture of a series of new models of industrial vehicles. These trucks, buses and machines, defying all competition, were sold on the local market but also exported to many countries. Designed to ride on the roughest terrain, the robust vehicles of the NCIV were particularly appreciated by Maghreb, Arab and African customers. Countries such as Tunisia, Libya, Mauritania, Senegal, Gabon, Niger, Mali and Iraq remained for year's loyal NCIV customers, who even exported their products to France in 1986 to 1999. By winning the second



edition of the Rallye Paris-Dakar in 1980, thanks to the performance of his truck "M 210", NCIV had proved, once again, that its products had nothing to envy to those of Western or Asian builders. This great success achieved in such a tough competition had boosted the number of orders introduced by foreign customers.

### **1.3 A corporate citizen:**

Like other national companies, NCIV was affected by the black decade, during which it had experienced a recession of activity and an unprecedented drop in sales. Units in areas of high terrorist activity have been the scene of sabotage and vandalism.

Concerned about the safety of their personnel, the company's managers were forced to temporarily close the enclave units. This insecurity situation dealt a fatal blow to NCIV's financial health. In 1994, the annual production of the company was about 2,200 vehicles against more than 6,200 vehicles in 1981. Many observers, aware of the evolution of the entrepreneurial world in Algeria, consider the NCIV as one of the national companies the more citizen with regard to its mobilization in the difficult times and happiness that the country has gone through for fifty years.

A company specializing in the mechanical industry which is launched, as soon as it is requested by the government, in the manufacture of wooden chalets to relocate the victims of the Boumerdès earthquake in 2003 and those of the Ghardaïa floods in 2008, is a first in the annals of third world firms.

On the occasion of Algeria's historic qualification at the 2010 FIFA World Cup, NCIV had built a special bus at the height of the triumphal welcome reserved for the legendary national team on its return from Sudan, the November 19, 2009. While slowly furrowing the streets of Algiers, the bus had allowed many crowds to applaud the heroes of OumDourman he carried on board.

The company has also participated tirelessly in the development of a national fabric of outsourcing in the mechanical industry. This client, known and recognized, also encouraged the creation of a professional association bringing together all the specialists of the mechanical subcontracting and offered them a room within its factory of Rouïba.

## **1.4 An ambitious recovery plan:**

NCIV, which benefited in 2010 from an ambitious investment plan aimed at strengthening its competitiveness and consolidating its market share, is expected to contribute to the launch of a car manufacturing project in Algeria, a challenge that has been launched by governments to meet the strong local demand and reduce the cost of ever-growing car imports.

Despite its recurring problems of budget deficit and overstaffing (more than 6,500 workers), the company is likely to recover because of its popularity that has not taken a single ride. Even if the national market is flooded with import vehicles, sometimes not in conformity with the required standards, the products of the NCIV remain much appreciated by the connoisseurs.

Aware of the rich potential of this company, the State has charged in recent years to conduct "tight" talks with world leaders in the automotive industry, like the German Volkswagen and French Renault, all two interested in setting up factories in Algeria. It is therefore no coincidence that NCIV was chosen to take part in two of the projects that the Ministry of National Defense concluded last July with the Emirati fund "Aabar" and the German Daimler Benz (technology partner) for build industrial vehicles in Algeria.

The two projects, owned 51% by Algeria and 49% by the foreign partner, in accordance with the law in force, will produce annually, from the end of 2013, some 16,500 industrial vehicles, including 15,000 trucks, Mercedes-Benz brand. They will allow, according to estimates, to multiply by five the current production of NCIV which built more than 2,000 vehicles in 2011 with a global amount of 20 billion DA.

### **1.4.1 Statutory History:**

#### **1.4.1.1 From 1957 to 1966:**

Establishment of the French company BERLIET on the Algerian territory by the construction in June 1957 of a plant of assembly of vehicles "trucks" 30 km east of Algiers, more precisely in Rouïba.

**1.4.1.2 From 1967 to 1980:**

In 1967, was created the SONACOME (National Society of Mechanical Construction). The organization scheme adopted for the SONACOME grouping together ten (10) autonomous companies.

**1.4.1.3 From 1981 to 1994:**

The NCIV (National Enterprise of Industrial Vehicles) becomes a socialist public enterprise (SPE). The NCIV was born at the end of the restructuring of SONACOME and the decree of its creation gave it a status of socialist enterprise of an economic nature governed by the guiding principles of Socialist Management of Enterprises (SME).

**1.4.1.4 From 1995 to 2011:**

The month of May 1995, the NCIV changed its legal status to become a Public economic enterprise governed by common law: the NCIV is then set up as a joint stock company (JSC) with a registered capital of 2.2 billion dinars. NCIV became an industrial group.

**1.4.1.5 From 2011 to January 2015:**

The month of October 2011, the NCIV changed its legal status to become an Industrial Group composed of a Parent Company and four subsidiaries.

**1.4.1.6 Since February 2015 to date:**

Following the reorganization of the Public Sector State Trader dated 23 February 2015, the EPA FERROVIAL and all its holdings was attached to the 5<sup>th</sup> NCIV Group as Subsidiary company.

The NCIV Group consists of five (05) production subsidiaries:

- Foundry of Rouïba,
- Industrial Vehicles subsidiary of Rouïba,
- Subsidiary of Rouïba Industrial Bodies
- Subsidiary Industrial Bodyworks of Tiaret,
- Subsidiary Construction of Railway Equipment and Equipment "FERROVIAL" Annaba.

## 1.5 Human resources:

Since Man is the first investment to be taken into account, approaches to changing the workforce structure aim to connect, in the short term and gradually:

- An efficient organization by correcting the flowcharts to appropriate decision-making circuits and cycles
- Load plans, induced by the activity programs, which make it possible to calculate the direct staff, with setting of standards of performance,
- Qualifying training actions both internally and externally; measures of significant increase in productivity.

The realization of the programs of activities, better structured, will necessarily require a redeployment of the administrative staff and an upgrade of the technical strength of management and management, with reduction of the cycle of decision-making by lowering of the hierarchical levels and measures of multidirectional training.

**TABLE N°4:** Evolution of the enrollment structure.

Category	2014	2015	2016	2017	2018
Frames	868	1,034	967	1,088	825
Mastery	2,080	1,961	1,885	1,917	1,383
Execution	3,660	4,005	4,076	3,976	3,654
<b>Total</b>	<b>6,608</b>	<b>7,000</b>	<b>6,928</b>	<b>6,981</b>	<b>5,862</b>

SOURCE: By the student.

## 1.6 Commercial Units:

### NCIV Commercial Network:

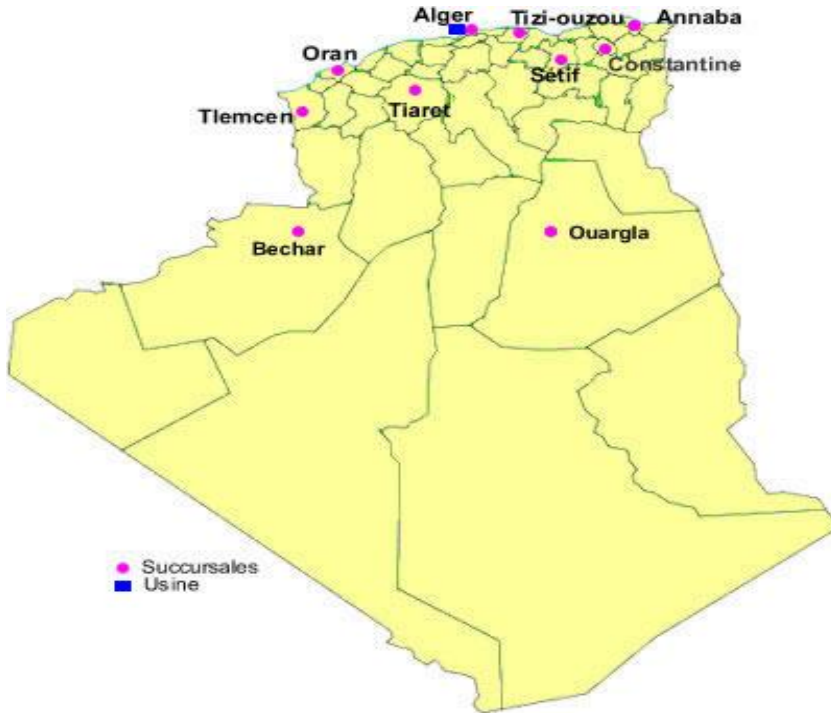
- Commercialization of Vehicles and Spare Parts.
- Provide after sales service for vehicles sold.
- Maintenance of the entire NCIV range.

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- Repair of the entire NCIV range.
- Our network is also committed to improving the satisfaction of our customers

**FIGURE N°9:** Commercial Network.



**SOURCE:** <http://snvigroupe.dz/index.php>

## **Section 02: human resource planning as a tool for improving organizational performance**

### **2.1 Problem statement:**

A lot of organizational success or failure is dependent on human resource management issues. One of the critical components of human resource management that has become relevant is human resource planning. The effectiveness of human resource planning determines how far an organization can go in terms of execution of strategies. The purpose of this research is to investigate how human resource planning can be used or is used by organizations in determining corporate performance.

Organizations need people just as they need raw materials, equipment, and other materials in order to function successfully. By the time it should have the right skills in right numbers to implement strategies. The primary purpose of the research is to investigate how N.C.I.V is engaging in human resource planning and how is human resource planning linked to the performance of the organization.

### **2.2 Objectives:**

- To identify human resource planning methods currently used by N.C.I.V company.
- To find out how HR plans assist the organization in meeting their HR needs.
- To determine how HRP affects organizational performance.
- To investigate benefits associated with human resource planning to the organization.

### **2.3 Justification of study:**

Despite a wealth of information and literature on HRP, the value of HRP process remains untapped due to a number of implementation issues that are hindering the effective use of HRP process. Organizational performance is attainable if an organization has a high caliber staff which will ensure that jobs are done efficiently and effectively. High caliber staff is attainable if an organization is able to plan, recruit and retain qualified personnel.

Studying and researching on the impact of human resource planning on organizational performance will enable organizations, to appreciate the benefits brought out by engaging and adopting in human resource planning applications. The study will also help the organizations in drafting

policies and procedures, which support full implementation of human resource planning system in order to maximize on HR deliverables, which then improves organizational performance.

The academic field shall benefit from the research study since findings from this study will bring out the consequences faced by organizations that have formal systems of human resource planning as well as suggestions for those organizations that are failing to maintain and manage the existing HRP systems. It is also highly that the results of this study will present the need for further research on some aspects there by providing future researchers with an area of study. The research shall generally add to the already existing body of knowledge with respect HRP on different contingencies.

### **2.4 Conceptual framework:**

HRP can help anticipate potential future difficulties while there is still a choice of action. Forward planning should enable the organization to develop effective personnel strategies related to such activities as recruitment and selection, training and retraining, management development and career progression, transfers and redeployment, early retirements, salary levels, anticipated redundancies, and accommodation requirements. If properly managed HRP is vital in achieving organizational goals and improves organizational performance.

Human resources should collect data and information, which is used to analyze and assess the internal and external scanning of the environment before making detailed projections. Internal scanning looks at the composition and diversity of the workforce, including what type of skills and job are available, what type of HR policies and programs already exist, what is the culture and structure of the organization and what are the trends concerning tenure, turnover rates. External scanning tracks trends and developments in the external environment, documenting their implications for HRM and ensuring they receive attention in HRP. This assessment looks at political, legislation/legal, economic, social and technological changes that could influence an organization strategies and goals. Planning horizons whether short or long term planning, the nature of jobs to be occupied should be critically examined before commencement of the HRP.

Five stages of HRP Process namely:

- Forecasting Human Resource Needs
- Assessing Human Resource Supply

- Reconciliation of Supply and Demand
- Action plans
- Evaluation of HRP Process

In the light of strategic organizational decisions and environmental uncertainties, HRP process starts by forecasting the future human resource needs. The focus for human resource becomes forecasting the number of currently available employees with the appropriate skills and educational levels to meet operational plans. This information is drawn from HR inventory and Skills inventory. The forecasting process highlights the supply and demand principle of the model. This is relatively important because it gives an organization a broad forward-looking insight into not just the number of employees but also the type, skills, and attributes of the people that will be needed in the future. This is also vital because an organization will be able to meet its future demands and achieve the desired level of output. Labor costs such as, recruitment costs are substantially maintained by keeping a balance between demand and supply of human resource, hence, organizational performance is not affected.

Reconciliation stage follows. It helps to identify those gaps that occur between supply and demand. The processes of reconciliation assists to identify what the major gaps are in managing human resources. In addition, through reconciling an organization is able to develop a sense of urgency and build commitment action regarding its “source of pain”. This is significant because it helps an organization to identify gap between human resources needed and their availability henceforth an organization will be able to identify whether there may be surplus of human resources or there may be shortage of human resources. This matching process is significant to the success of the organization because it gives knowledge about requirements and sources of human resources. Human resource planning is key in this sense, because it informs a company what course of action to take. If forecasting shows that supply of potential candidates is equal with demand, then the organization does not have to do anything. However, if human resource planning shows there will be a tight supply of talent, then an organization must increase recruiting efforts to secure employees. This as a result leads to improved organizational performance because action plans will be underway and less challenges.

Action of plans follows, these represent programs and policies needed to address the gaps identified in the reconciliation process. Under this, HR plan is executed through the designation of different



HR activities. These constitute succession planning, staffing, promotion, training and development, recruitment, employee leasing etc. This is beneficial to the organization because various action plans are devised to bridge the human resource gap, for instance if there is surplus of human resources action plans may be devised to reduce their size through layoff, voluntary retirement, etc. also if there is shortage of human resources, action plans may be devised to recruit additional personnel. This is significant in improving organizational performance in the sense that this will facilitate a pipeline of talented candidates ready to take on crucial jobs and the organization is guaranteed of staff that can handle unanticipated situations that arise as the company evolves.

Feedback and evaluation of the HRP systems raps up the process. Where feedback mechanism are designed to retrieve information so programs and policies can be evaluated to determine how well the process works providing an input updating strategic plans. This is significant in improving performance of the organization in the manner that it permits a comparison from the last evaluation with the current one to determine progress, as a result it gives autonomy to adjust areas that are not progressing well.

## **2.5 Research methodology:**

### **2.5.1 Research approach:**

The research was mainly qualitative Armstrong (2009) states that qualitative research aims to generate insights into situations and behavior so that the meaning of what is happening can be understood. Qualitative research focuses on the social process and how individuals shape and give meaning to the social world. Understanding and interpreting these meanings underpins qualitative methodology. Qualitative data is useful in supplementing and illustrating the quantitative data obtained from an experiment or survey. Qualitative research uses data derived from variables which yield non numeric responses.

The researcher used qualitative research method because the naturalistic enquiry of data associated with this approach meant that the researcher could study the real situation as it unfolded naturally without manipulating data.

However, quantitative techniques were also used in data presentation for example response rate because it enabled the researcher to make expressions. The quantitative research methods as an

inquiry into social problem, which explains phenomena by gathering numerical data that are analyzed using mathematically based methods.

### **2.5.2 Sampling frame:**

A sampling frame is “the list of elements from which the sample is actually drawn”. The research focused top management, middle management, junior management and non-managerial employees. By studying the sample the researcher was able to draw conclusions that generalized the population of interest.

**Table N°5:** Sample Frame.

<b>Category</b>	<b>Designation</b>	<b>Total</b>	<b>Target Sample</b>
Management	Top	5	5
	Middle	10	10
	Junior	10	10
Non-Management	General Staff	500	40
<b>TOTAL</b>		<b>525</b>	<b>65</b>

**Source:** By the student.

### **2.5.3 Sample size:**

The researcher used a total of fifty-two (52) participants which compromise of management and non-managerial. The researcher`s sample size of (52) respondents, consists of three (3) top management, seven (7) middle management, eight (8) junior management and thirty-four (34) non managerial employees. These respondents were chosen from different departments that are Human Resources, HES, Finance, General Administration, Sales, Supply Chain and Marketing. The number highlighted above of 52 respondents proved to be accurate as it met the quantity of resources available for the researcher to accomplish the task.

### **2.5.4 Sampling procedure:**

Sampling as a systematic selection of a smaller subset of cases from a larger pool of cases for conclusion in a research project. Sampling as a form of judgmental sampling where researcher picks the sample they think will deliver the best information in order to satisfy the research objectives in question. The researcher used purposive sampling for top management and

representatives from HR department. Purposive sampling uses judgment of the researcher as to who can provide the best information to achieve the objectives of the study. The researcher only went to those people who in his opinion were likely to have the required information and willing to share it. It was extremely useful in constructing a historical reality, describe a phenomenon or develop something about which only a little is well known. This method was significant to the researcher because there was certain information that he could only retrieve from HR and senior management pertaining human resource planning and could not be obtained from other employees, hence purposive sampling was a suitable application.

The researcher also used stratified random sampling. Stratified random sampling divides the population in different groups. Therefore the researcher divided the target population into two groups, that is, eighteen (18) management and thirty-four (34) non- managerial employees. The management representatives were further divided into three (3) top management, seven (7) middle management and eight (8) junior management. The method used was successful as it allowed the researcher to have control of the entire situation and be able to choose the normal sample to ensure equal number of representatives for management and employees than an unplanned random sampling. These groups were chosen using the positions held in the company, the departments they worked in, skills and gender. The advantages of this technique ranged from being cost effective and affordable. The researcher had the opportunity to study each groups. The groups used were determined by gender, race, skills, ethical background and position occupied, to mention a few. The respondents were selected from top management, middle management, junior management and non-managerial employees.

### **2.5.5 Research instruments:**

#### **2.5.5.1 Interviews:**

An interview is an interaction between two or more individuals with a specific purpose in mind. Semi structured interviews consists of several key questions that help to define the areas to be explored, but also allows the interviewer and interviewee to diverge in order to pursue an idea or response in more detail.

The researcher conducted semi structured interviews for top management, middle management and junior management. Semi -structured interviews were relevant because they enabled the researcher

to obtain feedback and offered the opportunity to explore all relevant issues. The interview also allowed researcher gain more knowledge and data as far as human resource planning is concerned. This improved quality of data.

### **2.5.5.2 Survey:**

Armstrong (2009) defines a questionnaire as a method of collecting data systematically by obtaining answers on the key issues and opinions that need to be explored in a research project. They are frequently used as a means of gathering information on matters of fact or opinion. Semi structured questionnaires were used to collect data from respondents (general staff) with a provision of maximizing on strengths of both open and closed-ended questions.

## **2.6 Data presentation and analysis:**

Data presentation was done in a descriptive manner with a combination of tables, graphs and figures. Data presentation process involved scanning and sifting the collected data, organizing it and summarizing it. The data collected has meaning in terms of interpretations that are made by the researcher.

### **2.6.1 Data presentation:**

#### **2.6.1.1 Response rate:**

Data was collected from both the managerial respondents and non-managerial respondents chosen by the researcher. The data presentation presents data gathered from non-managerial staff using questionnaires and data collected from management staff using semi-structured interviews. The presentation is based on major themes derived from the objectives of the study, sub themes emanated from these major themes and indicators also obtained from objectives. The data is presented as it is from the respondents and data analysis follows data presentation.

**Table N°6:** Response Rate.

<b>LEVEL</b>	<b>Target</b>	<b>Actual</b>	<b>%Response rate</b>
Top Management	5	3	60
Middle Management	10	7	70
Junior Management	10	8	80
Non Managerial	40	34	85
<b>TOTAL</b>	<b>65</b>	<b>52</b>	<b>80</b>

**Source:** By the student.

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The above Table shows the overall response rate, the targeted sample was made up of sixty-five (65) respondents and the actual people who responded were fifty-two (52). The researcher intended to carry out research on sixty-five (65) respondents. The researcher intended to conduct interviews on twenty-five (25) management representatives but the researcher was only able to conduct eighteen (18) interviews and the remaining seven (7) were not interviewed because they were not available during the interview time due to work commitments. The researcher distributed forty-(40) questionnaires for non-managerial employees and thirty-four (34) were returned, six (6) failed to respond as they had gone underground , had other business and commitments to deal with.

**Table N°7:** Response rate as per department.

<b>Department</b>	<b>Top Management</b>	<b>Middle Management</b>	<b>Junior Management</b>	<b>Non-Management</b>
<b>Human Resources</b>	2	3	2	2
<b>HES</b>	-	-	1	4
<b>Finance</b>	-	-	1	2
<b>General Administration</b>	1	1	2	10
<b>Sales</b>	-	1	1	8
<b>Supply Chain</b>	-	1	-	5
<b>Marketing</b>	-	1	1	3
<b>Total</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>34</b>

**Source:** By the student.

From the above table it can be seen that Seven (7) participants from Human Resources responded to the interviews and two (2) to questionnaires respectively. HES department had five (5) respondents, four (4) of them responded to questionnaires whilst one (1) was interviewed. Finance department had three (3) respondents whilst General Administration and Sales had a total of fourteen (14) and ten (10) respondents respectively. Supply Chain department had six (6) respondents and Marketing department had five (5) respondents.

2.6.1.2 Demographic characteristics of respondents:

Table N°8: Demographic Characteristics.

Category of Respondents	Gender		Qualifications				Length of Service in years				Age			
	M	F	M	L	Bac	BTS	0-5	6-10	11-15	16+	18-27	28-37	38-47	48+
<b>Top Management</b>	3	-	2	1	-	-	1	1	1	-	-	-	2	1
<b>Middle Management</b>	6	1	2	3	2	-	2	4	1	-	1	3	2	1
<b>Junior Management</b>	6	2	-	4	4	-	3	5	-	-	3	3	2	-
<b>Non-Managerial</b>	33	1	-	-	3	31	16	12	4	2	16	12	4	2
<b>Total</b>	48	04	04	08	09	31	22	22	6	2	20	18	10	4

Source: By the student.

The table above shows the total number of men and women who participated in the research. The total number of males who participated amounted to 48, of which three (3) were from top management, six (6) were from middle management, six (6) were from junior management and thirty-three (33) were non-managerial employees. The female representatives amounted to four (4) and were classified as follows; one (1) from middle management, two (2) from junior management and one (1) from non-managerial.

All three (3) top management respondents had a length of service of 0-5, 6-10 and 11-15 years, of which two (2) of them were of the same range of age 38-47 and 48+ respectively. Middle management were under the average age of 18-27 years, two (2) respondents had served the organization for a period range of 0-5 years and four (4) had served for a period of 6-10 years. One (1) middle manager served the organization for 11-15 years and was aged 48+. Three (3) junior management had a length of service of 0-5 years, aged between the ranges of 18-27 years. Five (5) middle management respondents had served the organization for a period of 6-10 years and were

aged between the ranges of 28-37 years. Under the average age of 18-27, sixteen (16) non-managerial respondents had served the organization for a period of 0-5 years. Twelve (12) non-managerial employees with an average age of 28-37 years had served the organization for a period of 6-10 years. Two (2) respondents who had served the organization for 16+ years were aged 48+.

### **2.6.2 Respondents views (management and employees):**

Summarize the data and facts gathered from both management and employees participants using interviews and questionnaires respectively.

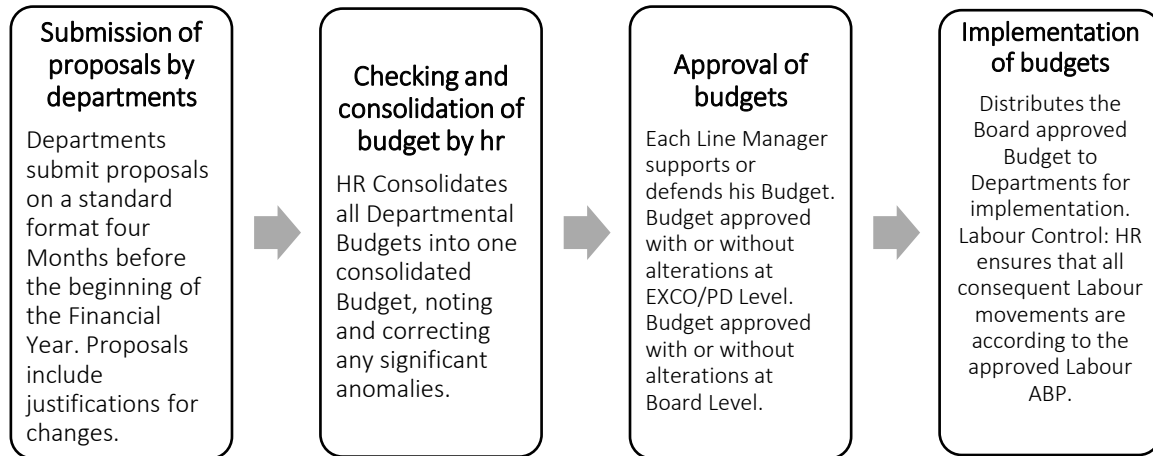
#### **2.6.2.1 Human resource planning methods used in the organization:**

Seeking to know the human resource planning methods used in the organization, the researcher asked whether there was any human resource planning practiced in the organization. Upon asking, two (2) junior managers. The purpose of HRP policy at the organization is to:

- To identify the current and future manpower needs
- To have a proper utilization of workforce which can help save money now, as you they plan for company`s future.
- To recruit quality manpower at all levels in terms of knowledge, skills, attitude and character.
- To increase work productivity.

Two (2) middle managers who had a length of service of 6-10 years further highlighted on how the human resource planning process was done at the organization. Out of eight (8) junior managers interviewed seven (7) of them explained that analysis of the organization`s existing human resources were done and development of plans were made to obtain organization`s future personnel needs in collaboration with every department. He further indicated that it was necessary to ensure that the right quality of people were available when the organization needed them.

**Figure N°10:** HRP Process.



**Source:** internal document.

Respondents during interviews about their understanding of HRP, why the organization engaged in HRP, this allowed the researcher to determine whether respondents were aware of HRP at the organization. Out of the eighteen (18) interviews conducted, fifteen (15) respondents indicated that they fully understood what was meant by HRP, what HRP entailed and why the organization engaged in HRP. One (1) female middle manager explained that through HRP the organization was assured that it had the proper number of employees with appropriate skills in the right jobs at the right time to achieve organizational objectives. Two (2) middle managers from HR and other three (3) middle managers from Supply Chain department, Sales department and Marketing department highlighted that human resource planning enabled them to anticipate and prepare for changing conditions. Thirty two (32) non-managerial understood the role of HR in planning their jobs. The table below represents the respondent’s number pertaining the following questions:

**Table N°9:** Knowledge of human resource planning process.

<b>Questions</b>	<b>Yes</b>	<b>No</b>
Understanding of HRP?	15	3
Purpose of HRP in the organization?	14	4
How HRP is done in the organization?	16	2

**Source:** By the student.



Below are human resources planning methods employed at N.C.I.V:

- **Succession planning:**

Two (2) middle managers and three (3) junior managers from HR department explained that the organization had developed adequate replacement and succession planning pools to ensure that the organization had people who were ready to fill current key technical & professional positions in case of an emergency. In addition, three (3) senior managerial respondents highlighted that a pool of people who were ready to take up senior roles as and when they became available in the future were present as per succession plans across all departments in the organization. Three (3) senior managers alleged that succession planning was a key imperator in the organization's People Development Strategy as it aimed to build leadership capacity for the next generation of managers who were to occupy vital senior management positions. Two (2) junior managers from General Administration department indicated that the talent pool from succession planning became the focal point for critical senior management positions in Engineering, Human Resources, General Administration, HES, Accounting, and other various disciplines. One (1) female respondent from middle management indicated that succession planning involved aspirations to rise and succeed in a more senior and critical role in the organization.

- **Training and development:**

Training and development was one of the human resources planning method at N.C.I.V. Seven (7) respondents interviewed from HR highlighted that training and development is a major process involved in HR planning. Three (3) middle managers from mine planning department, plant department and HES department indicated that N.C.I.V was committed to training and developing all its members in order to equip them with the necessary skills and knowledge necessary for them to improve organizational performance. Two (2) of the top management explained that training and development at N.C.I.V regarded business from both a performance improvement and a development point of view. One (1) of the male senior managers highlighted that the organization adopted programs designed to improve people's capacity to deliver on their jobs such dysfunctional team analysis programs, train the trainer.

The researcher also accessed the Annual Training Plan (ATP) and found out that N.C.I.V had an Annual Training plan. The Annual Training Plan presented the organization with a rare opportunity to strategically integrate people development practices with the overall Annual Business Plan (ABP) for the entire organization. The overriding goal of integration with the Annual Business Plan was to ensure the Annual Training Plan merges with the Business Plan. One (1) of the male senior manager pointed out that the central thesis of the training plan was the view that strategic human resources development interventions should be matched with the strategic management of the organization. Two (2) middle managers from HR department highlighted that once the training plan was crafted in that way, the training plan became the real mandate based on which training and development efforts were systematically deployed in the quest to provide strategic people capabilities required for organizational success.

One (1) female and two (2) male's middle managers explained that the goal of the (ATP) was to transform N.C.I.V employees into a formidable source of competitive advantage by systematically equipping them with the vital skills, knowledge and job related attitudes in order to improve their proficiency in both current and potential future jobs in the organization.

Seven (7) out of eight (8) of the junior management interviewed mentioned that the budget proposals for the financial year (FY) 2018/19 had already been crafted with training and development programs that were meant to close the gaps between individual capability and the role demands of the employee's current and/or potential future jobs. Five (5) junior management representatives highlighted that there were various training programs in place and were divided into categories. Two (2) junior managers from HR and Supply Chain departments indicated that the organization had soft skills training programs such as First Aid Training for all employees, Safety training for supervisors, Coaching and Mentoring training, Basic Business Appreciation.

Twenty-nine out of thirty-four (34) non-managerial employees indicated that the organization offered them training or refreshers courses and out of the twenty nine (29) that indicated, the organization offered them training or refresher courses twenty- four (24) highlighted that they were offered training programs 4-5 times per year. Four (4) non- managerial employees highlighted that it was not clear whether the organization was doing anything to develop them. Twenty-six (26) respondents from questionnaires highlighted that they acquired knowledge, skills and experience through multiskilling training, first aid training, full blasting license training, face rig lone drilling

training and firefighting emergency training. Eight (8) non-managerial employees did not respond on the question regarding whether they benefited as individuals from being trained by the organization.

- **Organizational Career Management Support Practices:**

Four (4) middle managers with a length of service of 6-10 years indicated that the organization invested in capacity development to ensure a constant supply of fresh skills into the employment stream. Two (2) senior managers from General Administration, finance departments also explained that the organization had robust coaching & mentoring systems in place to nurture talent and develop potential.

One (1) female and six (6) males from middle management indicated that apprenticeship training programs at the organization were an imperator to the success of the organization since the inception of apprenticeship program. One (1) of the female junior managers pointed out that apprenticeship program ensured that there was constant supply of labor in the organization. One (1) respondent from middle management highlighted that apprentices were enrolled in the organization for critical skills in disciplines such as electrical. Two (2) junior management representatives from Supply Chain department indicated that for the FY 2017 there were thirty (30) apprentices enrolled in various disciplines. Six (6) middle managers from the interview indicated that there were guaranteed of future supply of labor upon completion of four (4) years apprenticeship training program.

- **Retention programs:**

Three (3) middle managers and two (2) junior managers from HR department pointed out that retention of employees was difficult because of other employment opportunities that may attract employees. They further highlighted that as a measure to reduce the likelihood of employee departures HR came up with retention programs, which focused on employee recognition and benefits. They include rewards, career advancement and growth. Two (2) top management respondents highlighted that the organization implemented an effective Talent Management Model, which ensured specific programs were in place to keep the best people in the organization, including designing suitable career path plans for everyone across all functions. One (1) top

management respondent stressed the point that the organization constantly reviewed employee retention schemes to keep competition for talent.

One (1) junior management from finance department alluded that N.C.I.V had retention programs which were meant to retain its most valuable employees by giving its non- managerial employees attractive packages such as compensating, offering free accommodation, healthcare and childcare facilities etc. Two (2) middle managers indicated that the organization offered very high and competitive salaries for its key employees with critical skills, they further argued that salaries for employees who provided with technical skills were paid with an addition of 30% to their gross salaries. All thirty-four (34) non-managerial employees highlighted that the organization was helping them in terms of medical aid facilities, which covered them and their immediate families, free accommodation, etc.

- **Workforce analysis:**

One of the human resources planning method attributed by respondents was workforce analysis. One (1) female respondent from junior management explained that a detailed study of jobs were done to identify skills, qualifications and experiences required from employees, HES further highlighted that workforce analysis helped in finding out the skills or abilities required to do jobs efficiently. Two (2) respondents interviewed from Sales departments indicated that HR department and line managers did workforce analysis for respective departments. All seven (7) junior management respondents from interviews highlighted that supervisors from all departments worked in concerted ways with HR department in conducting job analysis. One (1) of the junior managers from HR department explained that after job analysis was done, results would be forwarded to HR department and HR will be able to determine whether employees had adequate and requisite knowledge, skills, abilities. Twelve (12) out of thirty-four (34) non-managerial employees who answered questionnaires indicated that HR helped them in identifying their training needs and areas where they needed development through workforce analysis.

### **2.6.2.2 How HRP affects organizational performance as measured by cost:**

The researcher asked ten (10) management representatives about how HRP affected organizational performance. Six (6) of them indicated that HRP helped the organization in reducing labor costs. Two (2) middle management representatives from Supply Chain and HR departments indicated

that through HRP they were able to anticipate imbalances before they became unmanageable and expensive. And maintaining costs was regarded as an imperator to the success of the organization. Ten (10) non-managerial employees indicated that the organization offered them with training programs on how to manage costs such as effective cost management courses, train the trainer etc.

All three (3) top management respondents interviewed highlighted that the organization embarked on a labor optimization initiative, which was premised on the need to improve efficiencies.

### **2.6.2.3 The link between HRP and organizational performance:**

Three (3) top management respondents indicated that human resource planning and organizational performance have a strong relationship. One (1) of the respondent from top management alluded that, human resource planning had a relationship with organizational performance because through assimilation of retention programs the organization was able to retain the best and critical occupations within the organization, he further stressed out that it was the employees who make the organization a success or failure. Two (2) middle managers from General Administration department indicated that through retention programs the staff turnover rate decreased from ABP 2014 to ABP 2017. One (1) male respondent with a 6-10 years length of service indicated that the actual staff turnover rate was stable from the period 2014 -2017 against the planned. The table below indicates the relationship between retention and organizational performance from FY 2014 to FY 2018.

**Table N°10:** Relationship between retention and organizational performance.

<b>Year</b>	<b>Labor Turnover</b>	<b>Lost working days</b>
<b>2014</b>	24%	87
<b>2015</b>	18%	64
<b>2016</b>	16%	58
<b>2017</b>	13%	47
<b>2018</b>	8%	29

**Source:** By the student.

Five (5) HR personnel who were interviewed highlighted that HRP had a link with the success of the organization because human resource planning methods that were in place ensured that the organization was always prepared for the future in terms of skills, the right numbers of employees.

Eight (8) line management employees from interviews indicated that HRP and organizational performance had a strong connection because through HRP they were able to identify training needs and came up with training initiatives that benefited individuals and the organization as a whole. Twenty-nine (29) non-managerial employees indicated that they benefited as a result of the organization training and developing them. Twenty four (24) employees from questionnaires highlighted that training helped them develop in other functional skills, through multi-skilling of tasks.

The pie chart below shows that eighty-five (85%) of the respondents felt that human resource planning had a link with organizational performance. This showed that more than three quarters of the respondents were benefiting as individuals from human resource planning process conducted with the organization. However the remaining fifteen (15%) indicated that they were not benefiting individually from human resource planning system being practiced.

**Figure N°11:** The link between organizational needs and career needs.



**Source:** By the student.

**2.6.2.4 Benefits associated with human resource planning to the organization:**

Management representatives and employees from different levels presented various opportunities and benefits of having human resource planning system during the interview process and from the questionnaires. Some of the benefits highlighted were as follows:

Twelve (12) out of eighteen (18) management representatives indicated that human resource planning ensured that people were available to provide the continued smooth operation of an organization. They further argued that through HR planning they were guaranteed of their future in terms of human resources availability to carry out organizational activities. Two (2) junior managers from HR department indicated that HRP helped in determining future needs of labor in terms of number and kind.

Two (2) middle managers and one (1) female respondent from HR highlighted that human resource planning was significant to the organization because it enabled recruitment and selection of the most capable people that were talented and competent enough to fill job vacancies. Six (6) middle managers attributed that human resource planning was beneficial because it assisted the organization to retain employees and optimize on the deployment of personnel needed to meet business objectives. One (1) female middle manager highlighted that retention programs such as offering free accommodation, monthly and quarterly production bonuses, medical health facilities, etc. helped in retaining employees at N.C.I.V. Eight (8) respondents indicated that retention programs significantly helped the organization in reducing labor turnover.

Five (5) junior management respondents highlighted that human resource planning helped the organization in anticipating problems of potential surplus or deficits of labor. They indicated that through HRP they were able to determine whether they had surplus labor or deficit in terms of skills and labor.

Seven (7) middle managers highlighted that organizational targets were met due to training and development of employees. They explained that HRP indicates areas where employees need training. Two (2) HES representatives alluded that training of employees on safety helped in reducing accident rates at N.C.I.V because of the knowledge and skills employees gained as a result of being trained.

Twenty-nine (29) non-managerial employees highlighted that they benefited individually from the training and development programs they were offered with the organization. Twenty-four (24) non-managerial employees indicated that HR played a significant role in planning their career such as identifying training needs and developing them in areas they lacked skills and knowledge. Twenty four (24) employees from questionnaires highlighted that training helped them in other functional skills, through multi-skilling of work.

### **2.6.3 Data analysis:**

#### **2.6.3.1 Overall response rate:**

The overall response rate of the targeted population that responded to the research process as far as analyzing human resource planning as a tool for improving organizational performance is concerned was 80%. An average response rate was achieved, thus the results of the research are deemed valid and reliable since they represent a larger proportion of the organization. Determining adequate sample in qualitative research is ultimately a matter of judgment, experience and the quality of information collected in light of the uses. The larger the sample, the more likely it is to represent the whole population. This means that the researcher used the sample that was sufficient to generate valid results and conclusions in terms of determining whether human resource planning leads to organizational performance at N.C.I.V.

#### **2.6.3.2 Demographics characteristics:**

The research was carried out in a heterogeneous population, in terms of sex, level of education, length of service and position held in the organization to mention but a few. Noted that N.C.I.V had a gender imbalance proportion of females and males in various positions, this is mainly because the organization is male dominated. The response rate of females was four (4) as compared to men who were forty-eight (48). This clearly indicates gender imbalance within the organization.

From the findings forty-eight (48) respondents at N.C.I.V. The higher rate of qualifications can be attributed to a solid recruitment and selection, training and development policies at N.C.I.V. From the findings thirty six (36) respondents had five years and above of employment at N.C.I.V. This indicates that there is low labor turnover at N.C.I.V as attributed with employees staying in the organization.



**2.6.3.3 Human resource planning methods used in the organization:**

- **Knowledge of the human resource planning process:**

N.C.I.V had successfully communicated its intention to carry a human resource planning exercise as well as educating employees on human resource planning as shown by 80% positive response. Information gathered from questionnaires indicated that a higher percentage of employees understood the role of HR in planning their jobs. Out of thirty four (34) respondents from non-managerial employees thirty-two (32) of the respondents highlighted that HR played a role in planning their jobs, where they explained that HR facilitated in training and development, implemented job rotation, multi-skilled their duties etc. From the research findings, it is apparent that all managerial and non-managerial employees had an understanding of human resource planning. This is mainly because N.C.I.V had successfully communicated its intention to carry a human resource planning exercise as well as educating employees on human resource planning as employees indicated that HR played a significant role in planning their jobs though job rotation, training and development, multiskilling training etc.

Research findings from management respondents indicated that HRP process was first done by analyzing the existing labor compliments in terms of number of employees present at the organization and development of plans were made to obtain organizations future personnel needs. This was more of a skills audit to determine the number of employees in the organization in terms of their skills, qualifications, experiences, abilities etc. A critical analysis of this would mean that HRP at N.C.I.V was imperative because assessment of the number of employees in the organization in terms of their skills, knowledge and abilities helps identify where gaps exist in the organization and determine what action plans to take for the success of the organization.

The researcher accessed the documented HRP process at N.C.I.V and found out that the HRP process was done with HR in collaboration with line managers from various departments in the organization. This entails how well HRP process was communicated within the organization and displays everyone's role in HRP.

The researcher found out that there was various human resource planning methods employed at N.C.I.V. The following were themes and indicators in analyzing human resource planning methods at N.C.I.V.

- **Succession planning:**

Succession planning is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement. The study reviewed that N.C.I.V had developed adequate replacement and succession planning pools, which ensured that the organization had people who were ready to occupy vital positions in the near future. Succession planning was vital to the overall performance of the organization because it ensured the organization had people in key positions with the ability to execute organizational strategies and priorities. Succession planning is vital in improving organizational performance at N.C.I.V because there is continued supply of qualified, motivated people, who are prepared to take over when current senior staff and other key employees leave the organization.

Succession planning is significant to the success of the organization because the organization would have a large pool of future leaders developed within their roles and as a result, organizational goals are achieved because of the people who would have the abilities to execute and implement strategies. Recruiting and retaining people with potential to move to key and critical positions through succession planning will eventually lead to an improved organizational performance. Succession planning is an effective tool in improving organizational performance because there is development of people to the specific specifications of the company, save money on recruitment costs, enhances career mobility and engagement within the existing workforce, the company already knows the employee's attributions. From research findings, it is apparent that N.C.I.V heavily depends on developing talent within the organization through their internal succession planning. However, there is less opportunity for injecting new knowledge and energy into the company, looking inward for future success can unlock undiscovered capabilities and talents of employees. These attributes may not have become apparent in their existing roles because of habit and complacency rather than a failure to invest in employee development.

- **Training and development:**

N.C.I.V is committed to training and development of all its members in order to equip them with the necessary skills and knowledge necessary for them to improve organizational performance. From research findings, it is apparent that all management representatives and employees highlighted that the organization extensively engages in training and development of all its

members. A majority of employees indicated that they were offered training programs such as firefighting and emergency training, first aid training, effective cost management training etc. to equip them with skills and knowledge in order for them to perform more efficiently and effectively. Training and development equips employees with various skills, knowledge, experience and job related attitudes, which improves their proficiency in both current and potential future jobs in the organization. As a result, there are no surprises to the organization because targets are met, quality of work improved and less accidents within the organization. Training and development is an imperator to organizational performance because it assists in analyzing important human performance gaps, planning for future improvements in human performance, designing and developing cost effective and ethically justifiable interventions to close performance gaps.

Having recruited outstanding talent, employers need to ensure that these people remain at the forefront of their field in terms of professional expertise and product knowledge gained through training which facilitates learning so that people can become more effective in carrying out aspects of their work. Training and development improves organizational performance because employees will be prepared for future uncertainties such as accidents. Training and development on other hand improves worker commitment which in turn improves organizational performance because a well committed individual is motivated to work which in turn will have a positive impact on the output.

- **Organizational career management support practices:**

It is essential that the career management support practices are aligned with organizational goals and strategy to ensure that organizations meet their objectives. Research findings revealed that organizational career management support practices are major contributors in achieving organizational objectives. Organizational career management support practices at N.C.I.V such as graduate development programs, apprenticeship, because they ensure the organization has constant supply of fresh skills, creates a reservoir for talent, prepares the organization for the future hence the organization is guaranteed of future supply of labor and troubles associated with lack of human resources are curtailed. These career management support practices will be sources of labor to the organization and the organization would not have to look for alternatives from outside but rather make use of the apprentices, graduate trainees.

- **Retention programs:**

The retention of employees is fundamental in achieving organizational performance. The study revealed that retention programs at N.C.I.V are significant as they reduced the likelihood of employee departure from the organization. These retention programs focus largely on offering competitive compensation and benefits packages as a measure to attract and retain best talent within the organization. N.C.I.V offers varied retention facilities such as free accommodation, monthly and quarterly bonuses, medical health facilities, school fees assistance and monetary rewards.

As a result of the organization's ability to retain talent, it would relatively benefit the organization retention of key employees will ensure that the job is done efficiently and effectively making a positive contribution to the overall performance of the organization.

However, the researcher noted that retention schemes increases labor costs to the organization even though they may retain and bring new employees into the organization over short term, but it won't retain them over time.

- **Management development programs:**

Another striking determinant for improving organizational performance is through management development programs. From the findings from middle managers, they highlighted that management development at N.C.I.V focused on the SMI programs for managers and supervisors and these had been in the form of Dynamics of Successful Management (DSM), Effective Supervisory Management (ESM) for middle managers and Dynamics of Personal Management (DPM) for junior managers. Management development programs are fundamental to the success of the organization because employees are developed in terms of skills, knowledge, abilities, experience etc. and as a result, employees will be competent enough to effectively manage change and sustain growth. Hence, these management development programs are of relevance because they are key determinants in ensuring that current employees at N.C.I.V had the special skills necessary to assume managerial positions in the future and are competent enough to execute business needs and this will directly influence organizational performance because managers would have acquired necessary knowledge, skills and abilities. From a functionalist perspective, it is generally agreed that management development refers to the process by which individuals improve their capabilities and learn to perform effectively in managerial roles.

- **Workforce analysis:**

Workforce analysis is one of the human resource planning methods at N.C.I.V. From the findings, junior management representatives indicated that workforce analysis was one of HR planning methods at N.C.I.V. They highlighted that with workforce analysis a detailed study of jobs is done in order to identify what qualifications and experience employees had, to find out the skills or abilities required to do jobs efficiently and improvise. Workforce analysis is significant to the organization because it provides with information about employees attributes in terms of education, skills, aptitudes and experience. This information is important because it allows HR to prepare plans, identify training needs and come up with action plans that improves employee competencies. Job analysis involves two processes that are:

- Job description
- Job specification

Workforce analysis is significant in improving organizational performance as it assess if an individual's attributes are suitable for execution of a job and determine his / her ability in executing a job. This is important for the organization as it helps in determining if the organization has the right skills and if there is full utilization of human resources.

### **2.6.3.4 The link between HRP and organizational performance:**

It is clear from information gathered through interviews and questionnaires that human resource planning has a positive link with organizational performance. In analyzing the link between HRP and organizational performance, the researcher interpreted that management and employees indicated that there was a link between these variables. Respondents indicated that retention programs which were meant to attract and retain employees played a significant role in improving organizational performance in the sense that through implementing HRP methods at the organization such as succession planning, training and development, retention programs jus to mention a few. The organization was able to attract and retain key employees due to retention programs. Response indicated that retention programs facilitated a stable staff turnover rate from ABP of 2014 up to ABP OF 2018, where the staff turnover rate was moderate for the period.

From the findings it is apparent that HRP has a link with organizational performance because through human resource planning methods the organization was always prepared for its future in

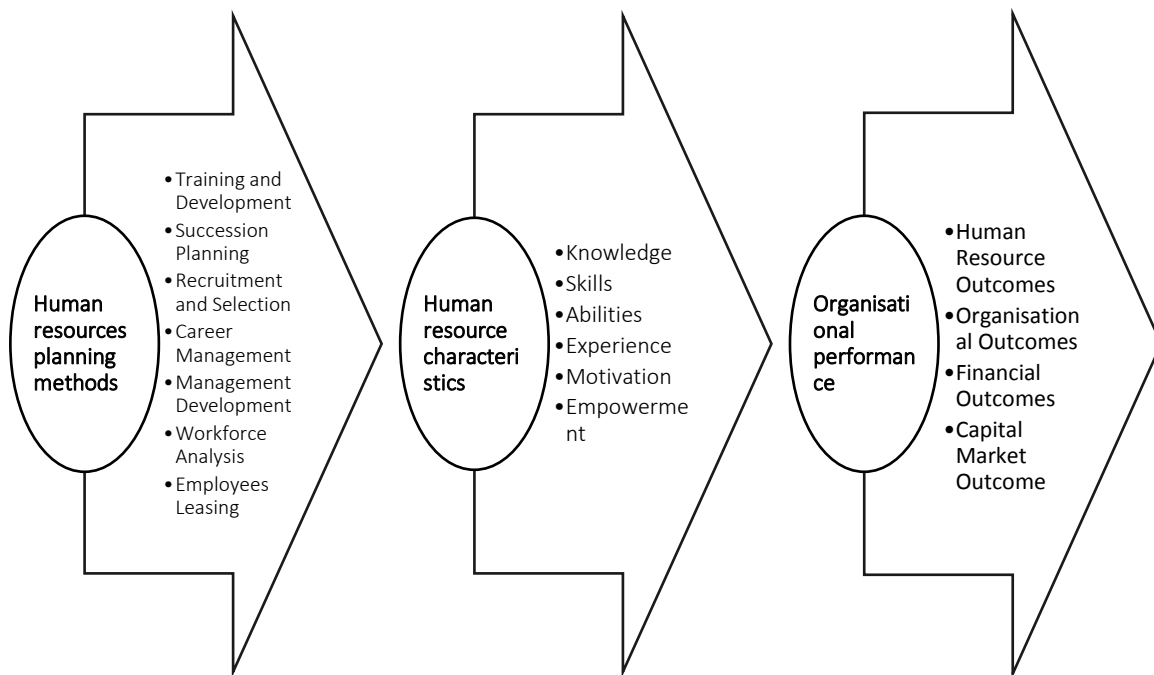
terms of skills, number of employees and competent people to occupy positions. Hence problems associated with lack of human resources were curtailed and the organization was always guaranteed of staff to execute duties. Respondents highlighted that HRP had a strong connection with organizational performance because through HRP, they were able to identify training needs and came up with training programs to train and develop employees on areas that lacked proficiency and improve their capacity to perform and enhance their skills, abilities and knowledge. This is important because it improves organizational performance because employee performance would have improved and as result improves organizational performance. Statistics provided indicated that safety training programs provided for employees led to a reduction in the rate of accidents. This on the other hand improved organizational performance because costs were reduced because there were no accidents.

The successful management of an organization to a larger extent revolves around the way people in an organization are managed. Human resource planning is a good investment for an organization and organizational success depends on people.

The model elaborates that HRP methods, individually and systematically, lead to Skills, Knowledge, abilities development, human resource motivated, and empowered to do the jobs. In this model it is proposed that HRP have the most direct influence on motivation, and empowerment of the human resources

The model of the relationship between human resource planning methods, human resource characteristics, and organizational performance is as follows:

**Figure N°12:** Model of the relationship between human resource planning methods, human resource characteristics, and organizational performance.



**SOURCE:** internal Company's document.

### **2.6.3.5 Benefits associated with human resource planning to the organization:**

Benefits associated with human resource planning to the organization. N.C.I.V is one of the organizations that integrate the concept of human resource planning as a business core strategy that is aligned with its overall business strategy. Respondents highlighted a number of advantages for engaging in human resource planning. Findings revealed that apprenticeship programs, development program were part of the initiatives to supplement labor for the future.

From the findings management and employees pointed out that human resource planning was significant for the success of the organization. They mentioned that through HRP competent and talented employees are recruited to fill job vacancies in the sense that when engaging in HRP they highlighted that plans were made pertaining what kind of employees to recruit, with what skills, qualifications and abilities that will meet business needs and demands and whether they add value to the organization.

The findings indicated that retention programs contributed largely in improving organizational performance in the sense that retention programs such as offering free accommodation, monthly and quarterly bonuses, medical health facilities, contributed in retaining employees. Respondents further argued that retention programs were significant in reducing labor turnover. This is imperative because without human resource planning, management may be unaware of how many good quality staff are being lost and this will cost the organization directly through recruitment, induction of new employees and also through loss of long term capability. Consequently through retention facilities the organization would then be able to reduce these costs and improve on efficiencies hence organizational goals are met.

Respondents highlighted that human resource planning helped the organization in anticipating problems of potential surplus or deficits of labor and this is largely significant to the success of the organization because labor costs are reduced in terms of ensuring that the labor compliment is always in parallel with the ABP and that there is no excess labor or shortage of labor. This however, ensures continuity of the organization in meeting objectives and targets will be met and organizational performance is improved because output would be high.

Findings from research indicated that N.C.I.V benefited as result of engaging in human resource planning because it attributed in meeting organizational targets due to training and development of employees. Respondents indicated that training of employees improved their performance which will in turn improve organizational performance. In addition, respondents highlighted that training of employees on safety helped in reducing accident rates because of the knowledge and skills employees gained as a result of being trained.

### **2.7 Recommendations:**

A number of issues that need to be considered for N.C.I.V to be able to fully utilize on human resource planning and enhance organizational performance.

- The author recommends management of N.C.I.V to engage employees from external market as an alternative for utilizing internal developing talent within the organization. This is significant because it keeps pace with changing market demands, the organization would acquire specialized skills and it brings in new ideas and fresh perspectives etc. and as a



result performance of the organization will improve through operational and executive knowledge gained.

- The author recommends N.C.I.V to develop plans about transfer of knowledge between department workers and co-workers through engaging in formal knowledge sharing practices, which leverages employee intellectual capital for business innovation and growth. These plans are designed to ensure that knowledge of older workers is captured, retained and transferred to younger workers as aged employees retire and leave the organization.
- The organization should developing voluntary mentoring programs, which facilitate the transfer of knowledge from experienced employees to their potential successors. This is significant because it facilitates the capture of knowledge and experiences necessary to maintain skill levels within the organization.
- It is imperative for N.C.I.V to have skills projections and ensure that training plans are drawn in anticipation of the business expansion so that they may not face troubles associated with lack of planning. Training of semi-skilled employees to upgrade their skills.

## **Conclusion**

Human resource planning plays a pivotal role in increasing organizational performance. The research explored and understood the various human resource planning methods that were being used by NCIV, and how they lead to improved organizational performance. Of the various methods of HRP used in the organization that is training and development, succession planning, management development programs, retention programs, career management support practices, job analysis just to mention a few have a consistent positive impact on employee performance and lead to improved organizational performance. From the findings, it is apparent that there is no direct relationship between human resource planning and organizational performance but HR planning moderates the relationship between HR strategy and organizational performance. HR planning is a precursor to organizational strategy because, when an HR strategy is developed out of effective HR plans it then responds to the needs of organizational strategy.

## **General conclusion**

In conclusion, the process of human resource planning is vital in assessing both the current and future personnel needs of an organization in terms of quantity as well as quality. It is a fundamental process that directly links human resource activities to the organizational plans and objectives. Furthermore, this process cushions organizations from different challenges by preparing it for different factors, external and internal that may affect its activities. It should thus be taken serious considering that it determines the successful implementation and achievement of an organization's objectives and goals.

This research focuses on **How can human resources planning ensure the best fit between employees and jobs, while facilitating an organization`s performance?**

We believe to have answered to our problematic which goal was the demonstration of the relationship between human resource planning and organizational performance at NCIV, and to have brought a quantity of information that will judge this work as a tool for understanding and appreciating human resource planning.

Human resource planning is one of the growing areas of academic research. Organizations regard its human resource as their core competency because it would lead towards better organizational performance. This research focuses on effect of human resource planning on the organizational performance. Objective of this research is to determine key determinants of formal human resource planning that contributes towards performance.

Having reached the end of this work, it now seems appropriate to summarize of all that has been seen throughout this study in order to present the results to which we have come and to arrive at the suggestions we consider just in this precise case.

Indeed, we managed to test the assumptions made:

- To increase the knowledge, skills and abilities among employees. HRP facilitates the rise in skills, abilities and potential of the workforce through training and development. Training employees helps employees improve in their working capacity and as a result, this develops a quality workforce in an organization, which aids in giving a company competitive advantage over its rivals and improves organizational performance.

- To enhance their welfare for instance giving them employment security, safety of health and participation programs for employees. HR planning is significant in this manner in the sense that it provides for welfare, health and safety, employment security of its employees hence this leads to an increase in productivity of employees in the long-term.
- To give them motivation through both incentive means like giving them compensation, benefits packages and promoting. An effective HR plan provides multiple gains to the employee by way of promotions, increase in salary and other fringe benefits. This definitely boosts employee at NCIV morale and improves organizational performance because employees are keen to work for the organization.

As to sum up this research, we observed how the HRP is being performed in big companies and how it can effect positively the performance of the organization, we can't help but questioning the effectiveness of applying HRP in smaller entities, so how does the HRP effect small businesses?

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# Appendixes

**Appendix 01:** Coordinates of business units.

**Appendix 02:** Strategic planning and HR.

**Appendix 03:** Survey for non-managerial employees.

**Appendix 04:** Interview Guide for HR Personnel and Senior Managers.

**Appendix 05:** Interview Guide for Middle and Junior Managers.



## Appendix N°1: Coordinates of business units

units	Areas of competence	E-mail address	Phone / Fax
<b>HUSSEIN-DEY</b>	ALGIERS - TIPAZA - BLIDA - MEDEA - BOUMERDES - AIN- DEFLA	HUSSEIN-DEY 95, TRIPOLI ALGER Street <a href="mailto:belmouloud.soufiane@snavigroupe.dz">belmouloud.soufiane@snavigroupe.dz</a>	TEL: 021 49 66 53 FAX: 021 49 66 51
<b>TIZI OUZOU</b>	TIZI OUZOU - BOUIRA	ZI AISSAT IDIR BP 44 TIZI OUZOU <a href="mailto:bouzelha.taous@snavigroupe.dz">bouzelha.taous@snavigroupe.dz</a>	TEL: 026 41 32 12 FAX: 026 41 32 08
<b>ANNABA</b>	Annaba - SKIKDA - SOUK AHRAS - EL TAREF	ZI RN 16 Route El Hadjar ANNABA <a href="mailto:zaidi.elhadi@snavigroupe.dz">zaidi.elhadi@snavigroupe.dz</a>	TEL: 038 52 44 83 FAX: 038 52 44 83
<b>CONSTANTINE</b>	CONSTANTINE - GUELMA - JIJEL - MILAN - BATNA - KHENCHELA - TEBESSA - OE BOUAGHI	ZI Lamoricière Neighborhood CONSTANTINE <a href="mailto:bouamama.djamila@snavigroupe.dz">bouamama.djamila@snavigroupe.dz</a>	TEL: 031 60 68 20 FAX: 031 60 68 20
<b>SETIF</b>	SETIF - BEJAIA - BBARRERIDJ - M'SILA	ZI BP 68 SETIF <a href="mailto:guezati.dahmani@snavigroupe.dz">guezati.dahmani@snavigroupe.dz</a>	TEL: 036 62 52 34 FAX: 036 62 52 34
<b>ORAN</b>	ORAN - MASCARA - MOSTAGANEM - CHLEF -RELIZANE -	ORAN City Center <a href="mailto:tab.sihem@snavigroupe.dz">tab.sihem@snavigroupe.dz</a>	TEL: 041 85 03 00

	SAIDA -TIARET - TISSEMSILT		FAX: 041 85 02 83
<b>TLEMCEN</b>	TLEMCEN - SIDI BEL ABBES - AIN- TEMOUCHENT- NAAMA -EL BAYADH	ZI BP576 Chettouane TLEMCEN <a href="mailto:drici.benali@snavigroupe.dz">drici.benali@snavigroupe.dz</a>	TEL: 043 27 74 35 FAX: 043 27 70 26
<b>BECHAR</b>	BECHAR - TINDOUF - ADRAR	ZI RN from Kenadsa BP27 BECHAR <a href="mailto:rahmane.mohamed@snavigroupe.dz">rahmane.mohamed@snavigroupe.dz</a>	TEL: 040 85 59 52 FAX: 049 20 01 61
<b>OUARGLA</b>	OUARGLA - EL OUED - BISKARA - LAGHOUAT - GHARDAIA - ILLIZI - TAMANRASSET - DJELFA	ZI BP52 OUARGLA <a href="mailto:lamouri.ameur@snavigroupe.dz">lamouri.ameur@snavigroupe.dz</a>	TEL: 029 71 45 20 FAX: 029 71 33 26
<b>UCAV</b> "After-sales Central Unit"	SNVI COMMERCIAL NETWORK	INDUSTRIAL ZONE "SOUTH" - BP 22 ROUIBA - ALGIERS <a href="mailto:bouras.kamel@snavigroupe.dz">bouras.kamel@snavigroupe.dz</a>	TEL: 023 86 40 25 FAX: 023 86 40 25
<b>UCVR</b> "Central Unit Sales ROUIBA"	Supports major markets at national level	INDUSTRIAL ZONE - Route N ° 5 ROUIBA - ALGIERS <a href="mailto:houchi.medlyamine@snavigroupe.dz">houchi.medlyamine@snavigroupe.dz</a>	TEL: 023 85 03 25 FAX: 023 85 03 25

**SOURCE:** <http://snavigroupe.dz/index.php>

**Appendix N°2: Strategic planning and HR**

<b>Planning level and horizon</b>	<b>Business planning process</b>	<b>links</b>	<b>Human resources planning process</b>
Strategic planning (5 years or more )	Corporate philosophy, value system and policies, goals and objectives, Key success factors. Product market scope competitive edge allocation of resources	Issue analysis	Analysis of issues raised by external factors. Employment demand projection. Manpower supply analysis and projection.
Intermediate range planning (3-5 years )	Organization evolution. Programs required to implement strategy. Acquisitions, divestments, and internal development of product lines	Programming requirements	Forecasting total staffing level. Forecasting number of managers and key personnel. Forecasting net changes in managers and key personnel year to year.
Operational planning (12 months )	Detailing of programs to specify actions. Responsibilities, cost-time schedules and organizational profitability Day-to-day and week-to-week. Plans and work schedule decentralized throughout the company.	Integrated control requirements	Planning P/HR support programs. Detailing of P/HR activities that are incorporated in the one-year business plan.
Activities planning (daily and weekly)		Implementation actions	P/HR day-to-day and week-to-week assignment in support of the objectives and plans of the P/HR department.

**Appendix N°3: Survey for non-managerial employees**

This survey seeks to gather information that will assist in the overall analysis of the research. The project is being undertaken by a student DJABER ABDELGHANI, in partial fulfillment of a master degree at high business school. You are therefore being kindly requested to answer all the questions on this questionnaire in the spaces provided. The information to be provided will be treated as confidential and used strictly for academic purpose only. This also serves to inform the respondents that this is not a company problem but a research for the completion of the above mentioned degree program.

**NB: Do not write names**

1. Age

18-27 [ ]    28-37 [ ]    38-47 [ ]    48-57 [ ]    48+ [ ]

2. Gender

Male [ ]    female [ ]

3. Educational qualifications

BAC [ ]    License [ ]    Master [ ]    BTS [ ]

Others Specify .....

4. What is your job title and which grade do you fall in?

.....

5. For how long have you been employed by this organization?

0-5 [ ]    6-10 [ ]    11-15 [ ]    16+ [ ]

6. What are the roles of HR in planning your career?

.....

.....

7. Do you think there are any benefits for you and the organization as a result of HR planning your job?

Yes [ ]    No [ ]

8. Give reasons for your answer? .....

.....

.....

9. Does your organization offer you training or refresher courses?

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Yes [ ] No [ ]

10. If yes, how often? .....  
.....

10. Has training helped you in other functional skills?

Agree [ ] strongly agree [ ] Neutral [ ] Disagree [ ]

11. Is your organization doing anything to develop you?

Yes [ ] No [ ]

If yes, explain.....  
.....  
.....

12. Are the provisions of career development encouraging you to perform?

Disagree [ ] neutral [ ] agree [ ] strongly agree [ ]

13. In what ways does HR plan for your career?

.....  
.....  
.....

**Thank You**

**Appendix N°4: Interview Guide for HR Personnel and Senior Managers**

- 1) What is your understanding of HRP?
- 2) Does an HRP policy exist in your organization?
- 3) When was HRP introduced in your company and who championed the process of HRP?
- 4) For what reason your company adopted the HRP?
- 5) Describe how HRP is done in your organization?
- 6) Which human resource planning methods are being used in this organization?
- 7) How are people responding to the HRP system currently used in the organization?
- 8) are there any benefits being received by the organization as a result of engaging in HRP?
- 9) Any other comments you would like to make relating to the above?

**Appendix N°5: Interview Guide for Middle and Junior Managers**

- 1) What is your understanding of HRP?
- 2) Do you know anything about HRP in your organization, if yes briefly explain?
- 3) Describe how HRP is done in the organization?
- 4) For what reason your company adopted the HRP?
- 5) What is the role of HRP in helping you achieve your departmental objectives?
- 6) Have you benefited from HRP as an individual, if yes explain how?
- 7) What improvements if any, should be made to the HRP?