



---

## **HUMAN RESOURCE PLANNING (HRP) AND BUDGETING: AN AGENDA FOR A FUNCTIONAL PUBLIC SERVICE**

**SULE AHMED; HADIZA USMAN KYARI; & ELIZABETH LUKA MUSSA**

*Department of Business Administration and Management, Ramat Polytechnic, Maiduguri, Borno State, Nigeria.*

---

### **ABSTRACT**

*For the public service to remain relevant and functioned, in the discharge of its responsibilities, the government needs to critically review its human resource planning and budgeting activities. A realistic budget, serving as both planning and control techniques, can enhance effective human resource planning and utilization in the public service. This paper begins by offering a conceptual clarification of HRP and budgeting, and notes the significance of developing and maintaining a functional public service. It further discusses the budget as a planning technique as well as budget premises, in HRP. The paper concludes by emphasizing the need for the public service, like the private sector, to develop realistic staff budgeting to be able to effect the HRP and achieve maximum efficiency and effectiveness. It is recommended that provision of adequate budget should be provided to ease planning execution and adequate supply of new technologies that will enhance efficiency, time wastage and quality planning.*

***Keywords:** Human, Resources, Planning, Budgeting, Public Service*

---

### **INTRODUCTION**

Planning is the fundamental and primary responsibility that involves charting and determining a focused course of action, which is meant to enhance the achievement of organizational goal. Without planning those things we want done would not happen or take place. According to Kast and Rosenzweig (1979:46) planning "involves determining overall

missions, identifying key results areas, and setting specific objectives as well as developing policies, programmes and procedures for achieving them". In fact, every aspect of organizational activity requires planning for. The human resource is one significant resource and a source of distinctive competence in the organization that requires planning for, in its totality, if the organization is to survive and grow. Oribabor (2000:12) argued that the "centrality of human resources to the survival and growth of organizations both private and public, can no longer be controverted. Human resource has become re-organized as a strategic resource to be managed in more explicit and proactive manner". Budgeting a? a planning tool is essential in helping the organization achieve effective planning of the human resource.

### **HUMAN RESOURCES PLANNING AND ITS ESSENCE**

The acquisition activity is effected through human resource planning or manpower planning. The managers must develop techniques or strategies for providing adequate and efficient work force or human resources in the organization at a particular point in time. The central objective of HRP is to help the organization use human resource talent effectively for the mutual benefits of the individual employee and the organization. Personnel planning therefore can contribute to help reduce expenses and costs associated with labour turnover, absenteeism, low productivity, inefficient training and development programmes.

Robbins (1982:75) defines HRP as the "the process by which an organization ensures that it has the right number and kinds of people, at the right places, at the right time, capable of effectively and efficiently completing those tasks that will aid the organization in achieving its overall objective". HRP therefore involves forecasting future need for employees of various types, comparing this need with the present workforce and determining the number and types of employees to be recruited or phased out of the organization. According to Banjoko (1996:23) "the viability, growth and survival of any organization are tied to the availability of competent and well-developed people within the organization at the right time". HRP therefore emphasizes the development of human competences, which constitute the tonic or engine for "organizational transformation" (Nnebe,

1997). People are essentially the most, active organizational resource, while other resources like money, machinery, capital are passive, and only to be activated by the human resource. The productivity capacity of human resource is no longer in doubt among organizational practitioners. The human resources are indeed "needed to make things happen- to combine other resources in the right mix through the formulation of appropriate strategies to guide the setting of things in motion, to direct, co-ordinate, monitor the implementation of functions, and control operations towards the cost-effective accomplishment of desired objectives" (Oribabor 2000:21).

### **SIGNIFICANCE OF HRP**

HRP is important for the same reason that planning, in general, is important and significant in the life of enterprise. The individual and the organization stand to gain immensely. Sikula (1976:147-148) considered the significant of HRP from three main levels-individual, organizational and national importance.

#### **(a) Individual Importance**

HRP is important to the individual employee because it can help him in improving Ms skills and using his capabilities and potentials effectively. In other words, it helps to achieve more effective employee development and greater employee satisfaction.

#### **(b) Organizational Importance**

HRP is intended to improve long-run organizational efficiency and productivity. The public and private sector organization must recruit and hire enough qualified personnel to provide themselves with the basic and essential human resources that add value to the enterprise.

#### **(c) National Importance**

Any country or even as state that needs to remain economically viable must plan to maintain effective supply of managerial, technical and skill personnel to meet the growing and changing needs for increased productivity and enhanced social responsibility. No organization and indeed nation of the world all through history has ever been known to develop faster than its human resources.

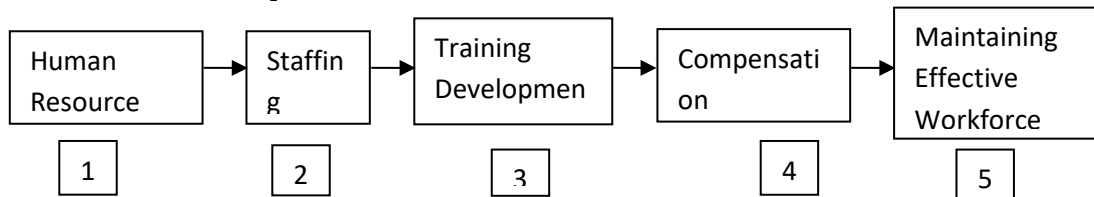
Beyond this significance there are specific benefits that the public service stands to gain from effective HRP. Some of these benefits are in:

1. Checking the corporate plan of the organization, for example, regarding expansion, diversification, technological change etc.
2. Providing scope of advancement and development of employees through training and development.
3. Offsetting uncertainty and change.
4. Helping to satisfy the individual needs of the employees for promotions, transfers, salary enhancement etc.
5. Helping in anticipating the cost of salary, benefits and all the cost of human resources thereby helping" in budget preparation.
6. Trying to foresee the need for redundancy and plan to check it.
7. Helping in planning for physical facilities, working conditions, for example, canteens, school, hospitals, child-care centers etc.
8. Helping to take steps to improve human resource contributions in the form of increased productivity, sales, turnover, service delivery etc.

## HUMAN RESOURCE MANAGEMENT

HRP is an integral part of the overall organizational planning process. It is an important aspect of the human resource management (HRM)- which is a composite of highly interrelated activities. By definition HRM is "a set of organization wide functions or activities that are designed to influence the effectiveness of employees in an organization" (Heneman et al, 1980:6).

Bartol and Martin (1991: 405) identified five areas of interrelated activities in HRM process thus:



1. HRP is the critical aspect, which assesses human resource needs of the organization.
2. Staffing activity involves attracting and selecting individuals with requisite skills and experience to fill job positions,

3. The training, development and evaluation process involves giving the organizational personnel additional, skills, knowledge, and attitude to improve performance. The performance is periodically evaluated to determine their progression, advancement or otherwise in the service or enterprise.
4. The compensation activity is concerned with providing employees with adequate reward, to enhance motivation and retain valuable employees to continually add value to the organization.
5. The final stage requires managers to respond to various issues that influence work-force perceptions of the organization and its treatment of employees.

**Specifically, in the HRP activity area, we are interested in:**

- a) The determination of organizational goals and objectives and what implications these have for the various types of human resources.
- b) Taking inventory of current stock of manpower by status, age, location etc. This is creating the manpower inventory'
- c) Forecasting future human resource needs bearing in mind available internal and external supply of human resource.
- d) Determination of the net manpower requirement.
- e) Fashioning out appropriate human resource planning strategies and action plans.
- f) Monitoring and reviewing human resource planning and utilization mechanism.

The last point is of particular interest because the activity enables the manager to know whether or not human resource performance is in conformance with organizational expectations. Furthermore, it is intended to ensure that human resource development and utilization is effected as planned. According to Banjoko (1996:38) the process of monitoring and reviewing in HRP includes the use of "manpower budget as a basis for control in initiating all human resource programmes in the organization".

**CRITICAL FACTORS LIKELY TO AFFECT HRP**

Manpower planning in a typical government department or establishment may be affected by certain critical factors such as:

### **Top Management Philosophy or Orientation**

In our current level of development the goal and determination of the present administration should be to see that the public service grows rapidly, and become dynamic, more functional result-oriented.

### **Government Policy**

Generally, government employment policy is toward creating equal employment opportunities for all her citizens. This is expressed in employment policies reflecting ethnic balancing, catchment area or federal character.

### **Conditions of the labour Market**

The conditions of the labour market, in terms of whether saturated or not, can affect the amount and type of employment that is done in the organization. Infact, when employment rate is high an employer is more flexible in hiring than when it is low

### **Types of Personal Employed and the Task they Do.**

This determines the type of HRP necessary. Unskilled employees need not be planned for but professionals, for example, system engineers, accountants, medical doctors, v, ho undergo many years of training-need to be planned for in the establishment

### **MANPOWER ANALYSIS SUPPLY AND ACTION DECISION**

One of the responsibilities of the manager in charge of HRP is to project the employment needs of the establishment, and to further determine the supply or the availability of those to work in the enterprise or presently at work in the organization. On the basis of management decision the human resource manager compares the demand for people needed to achieve the objective of the organization with the' present supply of people to determine the need to hire, lay off, promote or train. All these constitute the action decision.

#### **(a) Analysis of the Supply of Present Employees**

For a small government department it is easy to know how many employees are available, what they do and what they can do. But for large

corporations and parastatals with thousands of employees located in different areas, a different approach is required. The basic tool for assessing the supply of personnel and talent available with the organization is the skill inventory.

(b) Forecasting

Forecasting activity is concerned with determining human resource (man-power) need of the organization at a particular point in time in the future. Forecasting emphasizes the future and focuses on institutional adaptations resulting from external pressure and changes.

### **BUDGET AS A PLANNING AND CONTROL TECHNIQUE**

A budget is a planning technique that enables the manager to achieve operational efficiency in the organization. Gordon et al (1990:332) considered a budget as

a "statement of planned allocation of resources expressed in financial or numerical terms". In other words, it is a formal statement of organization's resources set aside for the purpose of carrying out certain functions or activities over a given period of time. The budget forms part of the planning and controlling processes, and provides the standard for which future organizational performance is measured. In effect, the manager of an industrial organization uses the budget for achieving control and co-ordination of organizational resources.

The manager has a responsibility to different units or sections or departments in the public service and thus faced with the problem of co-ordination or integration. The budget provides the essential element or tool to help him effect coordination and allocation of scarce organizational resources. Furthermore, a manager effecting operational planning can use the budget as a means of motivation. It is necessary and quite feasible to tie a reward system to a budget. This will motivate managers of particular sub-units to achieve levels of output commensurate to the overall goal of the organization. A budget tends to be a positive influence on the motivation of workers. People typically like to know what is expected of them in the organization, and the budget clarifies specific performance standards.

The Budget also facilitates communication in the organization. It serves as a means of subtly communicating information within an organization over

time. It can, especially, be useful for communicating expectations to lower officers, that, what results are expected of a subordinate, or how labour can be consumed from the allocation received from the budget. Infact, a budget will moreso serve as a communicator because without a written record, one might forget the goal that are planned for achievement during a future period. Therefore, frequent reference to the budget will remind us of our goals, and progress toward such goals.

### **BUDGETING PREMISES IN HRP**

Budgeting as noted is a planning tool, and HRP attempts to determine the number, quality, etc. of personnel or human inputs required by an enterprise to achieve maximum competence, efficiency and effectiveness. The budgeting needed here is to provide the basis for the determination of all cost implications associated with strategic human resource planning. The budgeting premises centre around the key activity areas of manpower planning. These key areas may be grouped under acquisition, training and development, maintenance, separation and replacement costs of human resources.

#### **Acquisition Premise**

This is an important cost centre in human terms and in terms of time and money, requiring effective budgeting. The acquisition activity involves recruitment, selection, hiring and placement of an additional or new human input to fill up a vacant position in the organization. It is a systematic activity which must be planned for a priori, and for example actual cost (benefits to those involved in the exercise), operational costs (advertisement, invitation letters, travels), administrative costs (incurred by additional employees), overhead costs (rent furniture, office equipment), potential costs (that might be incurred by additional employees), overhead costs (rent furniture, office equipment), potential costs )that might be incurred if wrong selection is made) etc.

#### **Training and Development Premise**

The budgeting activity should recognize the costs to be incurred from within and outside the organization for training and developing employees



to enhance their skills, knowledge and improve attitude. Training and development therefore, is a planned organizational effort aimed at facilitating employee learning of job related behaviours in order to improve his performance on the job.

### **Maintenance Premise**

The cost centre here is associated with maintaining the resources on day 10 day basis. This includes, wages, salaries, fringe benefits, welfare, etc. In short, the staff budget is what required her. According to Onasanya (1999:520), before a staff budget is prepared, consideration must be given to the following:

- a) "the total manpower needs of the enterprise for the period;
- b) the total payment package for labour having consideration for the provisions of the conditions of service and programmer of activities for the period.
- c) anticipated government intervention in labour matters;
- d) proposed training programmes; and.
- e) anticipated extra payments or overhead on welfare and similar programmes".

In preparing staff or personnel budget therefore, every labour cost must be allocated a cost center to enable you identify the expenditure incurred on each cost at the end of period of the budget. Examples of labour costs are, payment based on incremental salary, bonus award, commission, overtime-payment etc.

### **Separation Premise**

These costs requiring a budget are obligatory payments made to the individual employee when he leaves the service of the organization like gratuity payment, redundancy payment, severance payment, and other terminal benefits paid out. It also include the cost associated with loss of efficiency, if any, prior to the employee leaving the organization.

### **Replacement Premise**

Budgeting for replacement costs is very essential in HRR Replacement costs include the costs incurred in replacing an employee with a substitute

who can perform equivalent services and at a given time. This may also represent the cost of replacing the entire workforce or specific persons in the organization.

### VARIANCES AFFECTING HRP BUDGETS

Officers taking responsibility for budgeting, whether in the short-term or long-term budget perspective, need to be mindful of certain factors or variances that are likely to affect HRP or labour budgets. Where some of these factors anticipated, one is required to provide for them in the budget. Some of these variances of note are:

(a) **Idle Time Variance:** It is not uncommon to see employee spending more time to execute an assignment or idling away time during normal working hours and rather prefer to book for overtime for the same job, and by so doing increase his monthly take-home pay. This said situation often occurs where employees are not effectively supervised.

(b) **Efficiency Variance:** This factor is more noticeable in the technical job classification than in the clerical jobs. Most technical jobs have standard time for completing them, but it is possible to see some employees completing them on time, some before such stipulated time, yet others spent more organizational time on the same job.

(c) **Rate of Pay Variance:** During budget preparation, salary increases, rate of pay or allowances may be anticipated, and this will definitely have serious impact on the labour budget provisions.

(d) **High Labour Turnover:** This is likely to lead to rate of pay variance and possibly affecting staff training and other administrative costs associated with advertisement for job vacancies. This situation no doubt cause a budget variance

(e) **Government Intervention:** The government is the final arbiter on labour matters-intervening through labour legislation, policies, establishing national minimum wage-which consequently will affect the rate of pay and budgetary provisions by causing a variance. A dynamic public service, with forward looking HRP function, should be able to make contingent provisions-budget-wise -to accommodate the variance.

## METHODOLOGY

The methodology used for this study is secondary data which was gathered from the works of different authors on the topic.

## CONCLUSION

Human resource planning is an important organizational planning activity, which attempts to strategically position the human capital to add more value to the enterprise. To bring this about efficiently and effectively in the public service, the administrator needs a budget a planning technique for control and co-ordination therefore, organizational budgeting is a *sine qua non* to effective human resourced planning, hence the government is duty-bound to prepare and have a realistic budget to be able to-effect the manpower planning function in the service. Creating a functional public service through effective human resource planning, utilization and budgeting becomes a responsibility that needs to be taken more seriously to the government of the day. A part from the benefits the employees and organization, technological and political development are some of the benefits the country stands to get through effective planning and utilization of our abundant human resources.

## RECOMMENDATIONS

The following recommendations are made:

- i. Provision of adequate budget should be provided to make it easy for proper planning execution;
- ii. Adequate supply of new technology, as this will enhance efficiency, time wastage and quality planning.
- iii. Training exercise should be conducted for staff to bring them up-to-date for planning events, planning models that are in tune with modern reality.

## REFERENCES

- Banjoko, Simbo A, (1996). *Human Resources Management: An Expository Approach*, Lagos: Saban Publishers. Bartol, Karthryn M. and Martin, David C, (1991). *Management* New York: Bacon. Heneman, Herbert C. Ill, Schwab, Donald P, Possum, John A and Dyer, Lee D.(1980). *Personnel /Human Resource Management*. Homewood, Illinois:

- Kogakusha, Ltd. Nnebe, Hobson Emeka, (1997) "Human Resource Competence for Organizational Transformation", *Management in Nigeria* July-December, pp 28-33.
- McGraw-Hill Inc. Cole, G. A. *Management: Theory and Practice*. 4th Edition. London: DP Publications Ltd. Gordon, Judith R, Monday, R. Wayne, Sharplin, Arthur and Onasanya, S. A. B (1999). *Effective Personnel Management and Industrial Relations*. Lagos: Centre for Management Development.
- Oribabor, P. Ehi, (2000). "Human Resource Management: A Strategic Planning Approach", *Human Resources Management* Vol. 9, No.4, pp 21-27.
- Premeaux, Shane R\_ (1979). *Management and Organizational Behaviour*. Boston: Allynand
- Ray, Charles M. and Eison, Charles L. (1984). *Supervisor*.Tokyo: The Dryden Press;
- Robbins, Stephen P. (1982) *Personnel: The Management of Human Resources*. 2nd Edition New York: Prentice - Hall.
- Sikula, Andrew F (1976) *Personnel Administration and Human Resources Management* New York: Harcourt Brace Jovanovich, Publishers
- Richard D. Irwin Inc. Kast, Fremont E and Resenzweig, James E. (1979). *Organization and Management: A System and Contingency Approach* 3rd Ed Tokyo: McGraw- Hill