HUMAN RESOURCE PLANNING

A Case Study Based Analysis of the Extent to Which Organisations Plan for Human Resources in the Contemporary Business Environment

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“Every time I have prepared a battle, I’ve been forced to admit that the plan is useless...
...but planning is crucial”

Dwight D. Eisenhower
Abstract

Human Resource Planning (HRP) is a complex subject, particularly at the time of increasingly turbulent business environments delivering far more discontinuities, which increases the tensions between the greater need for planning and the greater difficulties of prediction. Although a complex subject, the underlying purpose is straightforward, HRP is concerned with having the right people, with the right skills in the right places at the right time.

The purpose of this study is to investigate the nature of, and to what extent companies are able to manage this complexity. For this study, eight case study companies from different industries have been used in order to identify if there are any industry-specific differences or trends regarding HRP aspects.

One of the results from our investigation of the studied companies shows that the degree of stability in their respective industries, in terms of employee turnover and economic fluctuations, clearly influences the way in which they approach HRP.

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1. Introduction

In this chapter we present the background of the subject and give an overview of the research problem. We also discuss the objectives of the study, our delimitations and the structure of the thesis.

1.1 Research Background

Organisations are under increasing pressure to find ways to implement their strategies in a rapidly changing business environment, in which planning lifecycles tend to shrink to reduce the ‘time-to-market’ intervals. At the same time, organisations are putting more and more emphasis on aligning the organisation and people in their attempt to achieve business goals. HRP is usually seen as an essential feature of the ideal-type model of human resource management, even if it does not always appear to be given high priority in practice (Rothwell, 1995).

The issue of effective planning for people was brought up long before the advent of human resource management. However, there has been little research evidence of its increased use or of its success. One possible explanation is presented by Storey (1995), who argues that as the developing business environment forces organisations to plan effectively for their human resources, the rapid changes in the business environment also makes it increasingly difficult for organisations to plan with accuracy. In the light of this we want to investigate to what extent organisations plan for HR in today’s business environment. We have identified two main concerns in order to arrive at a conclusion, namely what the underlying motives for conducting HRP are, and the prerequisites for fulfilling these motives.
1.2 Problem Focus

With the research background in mind we have formulated the following main research problem:

**Main Problem**

*To what extent do organisations plan for HR in contemporary business environments?*

This problem has been further divided into two research problems:

**Research Problem 1**

*What are the reasons and motives for conducting HRP among organisations today?*

The way in which organisations view HRP will have a great influence on the way it is carried out.

**Research Problem 2**

*How does the business environment in which the company operates affect HRP?*

According to theory, the increasingly turbulent business environment has had a great impact on organisations ability to plan.

The two sub-problems of the study aim to provide a gap analysis considering the expected outcomes of HRP, and the possibility to plan for HR, thus providing an analytical platform on which the main problem can be investigated.
Chapter 1

Introduction

1.3 Objectives of the Study

Our main objective with this study is to investigate to what extent organisations plan for HR. The aim specifically focuses on the increasingly turbulent business environment causing new prerequisites for companies’ ability to plan for HR. Furthermore, we aim at analysing the underlying reasons and motives among our companies of study in regards to HRP.

We argue that when these new conditions for planning are put into contrast with the reasons and motives behind HRP, an equilibrium between what is desired and what is feasible will ultimately decide to what extent HRP is possible in the specific organisation.

1.4 Delimitations

To limit the scope of our research was of major concern for us in the beginning of our work in order to arrive at some kind of starting point, on which we were able to build a realistic and feasible study. We have limited our study to include long-term HRP. Our definition of long-term corresponds with the definition we have found in literature, which refers to plans that extend over a period of two years into the future or more. This study is therefore not covering activities within the HR departments concerning shorter time aspects, such as the daily work with questions regarding salaries etc.

Our study relies heavily on empirical data, due to the specified timeframe and economic factors; it was not realistic to design our research to include visits to organisations outside of Sweden. However, most empirical data is collected from organisations with worldwide operations, thus representing additional markets.
1.5 Structure of Thesis

- Introduction
- Methodology
- Theoretical Framework
- Empirical Results
- Analysis
- Conclusions
2. Methodology

The aim of this section is to give the reader an insight into how the research was done. The section starts out by explaining what research strategy we have used, followed by research method. Thereafter follows a description of the data collection and data analysis. Finally, we discuss the credibility of our findings.

2.1 Research Strategy

The strategies that are of interest to our study are surveys and a multiple case study. As one intention is to investigate each organisation’s reality by using the interviewees as tools of information, we feel that using surveys will not reveal a clear and honest enough picture, as the respondents will be too much guided by our questions. Case studies are suitable for practical problems and they are often thought of as being problem-centred, small-scaled, and entrepreneurial. Moreover, one of the strengths of a case study is its unique ability to use a lot of different empirical evidence (Yin, 1994). Our main focus is to examine to what extent organisations plan for human resources. It is therefore not enough to study the case of a single organisation. The research strategy that is best suitable to our thesis is therefore a multiple-case study.

2.2 Research Method

We designed our study in such a way that the research findings will represent comparative cases. They are comparative in the sense that the interviews are semi-structured, thus inviting the interviewees to enlighten additional areas of importance. The cases are also comparative in the sense that all the interviewees possess equivalent positions. However, our intention with the design of the study is at the same time to use contrasting cases, i.e. organisations from different industries and of a different size. The purpose of such a design is to arrive at a basis on which we are able to draw comparisons and/or contrasts between organisations operating in different industries with varying levels of turbulence in their surrounding business environments. Our research includes cases from the following industries: aviation, engineering, restaurant, banking, telecom, hospital, and manufacturing. The manufacturing
industry is represented by two organisations, one operating within transport and the other producing single use surgical products.

Our research method is clearly qualitative, as we conduct in-depth interviews from a relatively small sample of organisations. A qualitative approach enables us to gain an extensive understanding of each case that we have studied, which we feel is necessary in our attempt to find answers to our research problems.

2.3 Data Collection

Our data collection involves several different strategies such as conducting interviews and identifying comparable theories through various books and journals. Moreover, annual reports from the various cases are reviewed in order to have a more detailed understanding of the case study companies. There is no single source of information that can provide a comprehensive and complete perspective on the study (Merriam, 1998). It is therefore important for case study research to use multiple sources of data to get as broad a view as possible about each specific case.

By collecting primary data we ensure our information to be relevant from a time and real-life perspective. The secondary data provides us with a deeper understanding of the subject as well as the subject’s history and development. By gathering internal secondary data, i.e. annual reports, we learned how each organisation was structured etc., which in turn provided us with a sound platform for each case that we built our interviews upon.

2.3.1 Interviews

Conducting interviews represents one of the essential sources of gathering information for a case study, which is true in our case study as well. The kind of interviews that we used is what Merriam (1998) refers to as semi-structured interviews, i.e. a mix of more or less structured questions where the interview is guided by a set of questions and issues to be explored.

Aware of some of the pitfalls of conducting interviews in this manner, such as response bias and reflexivity (Yin, 1994), we had neither predetermined the
exact questions nor the order of the questions. We had a set of topics to be 
explored common for each interview in order to be able to cross-analyse the 
answers. However, the interviews were designed so that the respondents were 
free to bring up other issues they felt were of interest to the subject. This 
created a “discussion-friendly” atmosphere in which we were able to ask 
follow-up questions.

Our intention with the interviews was to explore factual data, observed by the 
people interviewed, regarding how their organisation works with long term 
HRP, both in the present and historically. As we are unable to explore reality 
within each organisation ourselves, we aimed at interviewing people who 
possess the most factual data possible and people who have a good insight into 
the subject of interest. The goal was therefore to interview the Vice President of 
the HR function in each case company. Unfortunately, this could not be 
realised in three of the cases, however we feel that these three interviewees 
possess the adequate knowledge legitimate to our study. This will further be 
discussed in section 2.5.

The following persons have been interviewed:

*Andersson, Tove.* Human Resources – Sahlgrenska Universitetssjukhuset  
*Forslund, Mikael.* Manager Human Resources – McDonald’s Sweden  
*Krohn, Bo.* Human Resource Manager, Region West – Handelsbanken  
*Leinar, Carl-Gustaf.* Vice President Human Resources Sweden - Ericsson  
*Ling, Magnus.* Vice President, Head of Human Resources Services – SAS  
*Pollnow, Claes.* Deputy Managing Director – SKF  
*Svensson, Kjell.* Vice President Human Resources – AB Volvo  
*Sällström, Björn.* Vice President Human Resources – Mölnlycke Health Care

### 2.4 Data Analysis

In our attempt to collect and organise data in such a way that we later will be 
able to conduct an analysis, we structure our analysis according to the steps 
presented by Merriam (1998). The first step is to organise the data in topical or 
chronological order so it can be presented in a descriptive manner. The next
step is to classify the data into categories, themes, or types. The final step involves making conclusions, developing models, or generating a theory.

All empirical data was organised in topical order according to the design of the interviews and presented case by case. The classification of the empirical findings constituted the next step, which we also based on the questions found in the interviews conducted. This truly enhanced our ability to cross-analyse the eight cases, since the comparable data were organised and classified in advance. In the final step, our aim was to enlighten factors that are general across the eight cases. However, individual findings that we felt were of interest and of importance to our study were stressed as well.

In the analysis we classify our findings into five categories:
All of = 8 companies
A majority of = 5 – 7 companies
Half of = 4 companies
A few = 2 – 3 companies
One of = 1 company

Also, in the analysis the following abbreviations will be used for our case companies:
Ericsson = LME
Handelsbanken, Western Region = HWR
McDonald’s Sweden = MCD
Mölnlycke Health Care = MHC
Sahlgrenska Universitetssjukhuset = SU
Scandinavian Airlines System = SAS
SKF = SKF
AB Volvo = ABV

2.5 Research Credibility

Our eight case study companies were selected based upon one criterion, which was that they operate in different industries. As we are not intending to map HRP within the different industries but rather to examine different industries’ prerequisites and their affect on HRP, we argue that one case company from
each industry is adequate for our study. Also, as the focus is put on industry prerequisites we have not emphasised the issue of finding representative companies for their respective industries, as each company is affected by its industry’s prerequisites no matter how they differ compared to its competitors.

The time aspect of our study forced us to delimit ourselves in the research. Not only did we have to consider the time aspect of the study but also the difficulties for potential interviewees to find time for us. Our aim with the interviews was to interview persons whose opinion, no matter how subjective it may be, have the main influence on the ways in which their organisation conducts HRP. Rather early in the interviewing process, we learned that the higher the position possessed by the interviewee the better the ability to answer our questions. The best potential interviewees therefore narrow down to only one person in each organisation, namely the person responsible for the HR function. As in the case of Sahlgrenska Universitetssjukhuset where the interviewee holds a middle management position, all of our questions could not be sufficiently answered. We therefore complemented the answers with information from strategic company publications regarding HRP. At Handelsbanken we interviewed the HR manager for the western region, which is one of the seven regions in the Nordic area. Handelsbanken is a decentralised company and every region is operated with great autonomy.

In the other six cases, we have interviewed the person with the main responsibility for the HR function in each case study company. We considered them to be the only persons with enough in-depth knowledge and hence, most appropriate for answering our questions regarding HRP. We considered the option to interview more than one person in each company to get a wider perspective on the matter. However, it was soon realised that it was of no augmenting value for our study since there are so few people within the organisation with overall knowledge to sufficiently answer our questions.
2.6 Research Model

PROBLEM FORMULATION

GATHERING OF THEORETICAL DATA

Ericsson
Handelsbanken, Western Region
McDonald’s, Sweden
Mölnlycke Health Care
Sahlgrenska Universitetssjukhuset
SAS
SKF
AB Volvo

GATHERING OF EMPIRICAL DATA

ANALYSIS

CONCLUSIONS
3. Theoretical Framework

This chapter constitutes the theoretical framework on which we have focused our research. The first three sections deal with defining the concept HRP, as well as explaining its origins. These sections are the foundation necessary for examining HRP in depth. Without a profound understanding of the concept, we would be at the risk of losing our problem focus. Since HRP is a relatively vast and complex concept, the purpose of the remaining sections is to break the concept down in order to get a more detailed insight of the different parts that constitute HRP.

3.1 Human Resource Planning – Concept Clarification

As in so many areas of personnel management, there is some confusion about the precise meanings of the terms used to describe the human resource planning function. Here, as elsewhere, developments in terminology have moved on at different speeds and in different directions than developments in the activities themselves, leading to something of a mismatch between the concepts and the labels used to describe them. In this section we want to clarify what we mean by the concept HRP.

According to Taylor (1998), the main distinction is between those who see the term ‘human resource planning’ as having broadly the same meaning as the longer established terms ‘workforce planning’ and ‘manpower planning,’ and those who believe ‘human resource planning’ to represent something rather different.

According to Bramham (1994), there is a big distinction between the two terms. He argues that ‘manpower planning’ is essentially quantitative in nature and is concerned with forecasting the demand and supply of labour, while ‘human resource planning’ has a far wider meaning, including plans made across the whole range of personnel and development activity. These activities include soft issues such as motivation, employee attitudes and organisational culture (Ibid). The opposite opinion is that, the term ‘human resource planning’ is simply a more modern and gender-neutral term with essentially the same
meaning as ‘manpower planning.’ Both are concerned with looking ahead and using systematic techniques to assess the extent to which an organisation will be able to meet its requirements for labour in the future (Taylor, 1998). They are thus undertaken in order to assess whether an organisation is likely to have ‘the right people, with the right skills, in the right places at the right time’ (Ibid). According to this definition, human resource planning is a relatively specialised sub-discipline within the general activity undertaken by personnel managers.

There are different views of the specific meaning of HRP. We argue that it is more than a quantitative approach, as we believe that issues such as employee retention, attitudes and motivation are essential features for having the right people, with the right skills, in the right places at the right time. Thus, we agree with Bramhams’s view that HRP has a wider meaning, encompassing “soft” HR issues and it is the one that is accepted for the purpose of this text.

### 3.2 The Evolution of HRP

To get a better understanding of what human resource planning is and how it has emerged, this section will describe the evolution and development of HRP. In order to be able to determine if the changes in the business environments regarding turbulence have had any impact on HRP, it is essential to examine the evolution of HRP.

Since the origins of the modern industrial organisation, human resource planning has been a management function (Walker, 1980). Division of labour, specialisation, organisation of management into levels, work simplification, and application of standards for selecting employees and measuring their performance were all principles applied early in industrial management (Ibid).

Planning for the staffing of work to be done is not something that has become popular in recent years. This is something that has grown to become what it is today. The relatively sophisticated techniques available to management today are outcomes of a long period of evolution in practices, which started decades ago with simple, pragmatic, short term planning. The techniques used by management tended to fit contemporary conditions and events (Storey, 1995).
During the first part of the 20th century, for example, the focus in manpower planning was upon the hourly production worker. The aim of improving efficiency through work engineering and early industrial psychology applications was consistent with the need to improve productivity and introduce greater objectivity to personnel practices (Ling, 1965; Merril, 1959; Yoder; 1952).

During the Second World War and the post war years, the focus intensified on employee productivity. There was also greater concern regarding the availability of competent managerial personnel, as there was a talent shortage in combination with significant demand for goods and services. New technologies and interests in behavioural aspects of work also added complexities to the manpower planning task.

In the 1960’s the demand for high talent personnel increased due to high technology programmes, rapid corporate expansion and diversification. In order to handle this increase, manpower planning practices were focused on balancing supply with demand, particularly demand for managerial, professional and technical personnel. According to textbooks written during the later part of the 1960’s, manpower planning was viewed as a system linking the organisation with its environment (Patten, 1969; Vetter, 1967).

Walker (1980) argues that the most common view of manpower planning at that time, which also dominated the literature until the 80s, was that “companies forecast their needs for manpower into the future, forecast their internal labour supply for meeting these needs, and identify the gaps between what will be needed and what will be available.” Further, manpower planners develop plans for recruiting, selecting and placing new employees, provide for training and development and anticipate necessary promotions and transfers (Buráck et al, 1972; Geisler, 1967; Henemann et al, 1968; Wikstrom, 1971).

The 70s came with new legislation, court decisions and governmental regulations. Management attention then turned to affirmative action planning and other aspects of compliance. While many companies adopted the techniques that had been introduced by leading companies during the previous
decades, other experimented with new tools such as career planning, activity analysis, and reshaping of work (Walker, 1980).

The majority of companies, however, were mainly concerned about the compliance with the significant new regulations governing discrimination, safety and pensions. Generally, it was an unsettled decade, during which managers had to deal with the energy crisis, uncertain costs and profits, the slowing of business expansion and the increased concern regarding women’s liberation and reverse discrimination (Bramham, 1994).

However, according to Bramham, it was during this time or decade that “manpower planning” was broadly being termed “human resource” planning and became widely established as a staff activity in major business and governmental organisations (Ibid). The term “human resource planning” implied a scope broader than just supply-demand balancing or quantitative forecasting. Human resource planning shifted focus from being a quantitative approach, although recognising its importance, to a more comprehensive view of the process encompassing both needs forecasting and program forecasting (Ibid).

During the 80s and early 90s, human resource management researchers and professionals tended to place greater emphasis on employee attitudes and on the development of personnel strategies to search for the enhancement of positive employee feelings and commitment (Zeffane and Mayo, 1994). Generally, these strategies lacked sufficient concentration on the need to control the flow of personnel within and across organisational boundaries (Walker, 1989). According to Richards-Carpenter (1989), this meant that human resource planning took a backward step in priority placing within the overall human resource management system. However, due to the increasingly uncertain socio-economic climate during the 90s, it was anticipated that the HRP function was to become the focal activity, as it was increasingly becoming an essential function across the organisation (Zeffane and Mayo, 1994). As such, the function underlined the importance and crucial role of dealing with the necessary changes in volume and make-up of the workforce. Zeffane and Mayo (1994) further state that HRP during the early 90s fundamentally consisted of a range of tasks designed to ensure that the appropriate number of
the right people are in the right place in the right time. HRP was seen as a way to plan for the future demand for people, which was carried out by certain dynamic processes, designed to manage the flow of people into, through and out of the organisation.

Damm and Tengblad (2000) argue that in the future, the role of the HR personnel is to provide and develop an attractive organisational environment in which the individual feels inspired to grow and develop his/her competence. Furthermore, they say that individual organisations will not necessarily be responsible for the individuals’ competence development; it is rather the individuals’ responsibility to make sure that they develop their competencies in order to attract future employment relationships. The ultimate situation is when the individual feels that the organisation provides the best resources available in order for them to grow and develop their competencies. Damm and Tengblad also argue that two very important future working areas, for individually focused personnel work, will be guidance consulting and employee brooking. There will be a need for people who work with professional career service to assist the individuals with their career planning if the individual will be responsible for their own careers. In a labour market that is increasingly characterised by time limit employment rather than life long contracts, there will be a constant requirement to link competence demand with competence supply. The employee brokers can assist in the process of identifying the different potentials and overlapping between demands since they have a better overview than the individuals have. This could mean that it will still be necessary with employees working with personnel-related questions, however, much of the “strategic personnel work” will not be as important since individuals will be responsible for their own competence development (Damm and Tengblad, 2000).
3.3 The Contemporary Purpose of HRP

In contemporary contexts, HRP can be a complex subject, especially in times of rapid changes in the business environment, thus increasing the tensions between the greater need for planning and the greater difficulties of prediction. It seems relevant to investigate what the organisational purposes underlying the planning of human resources are and also what the expected outcomes are from such planning. This section will present the contemporary purposes behind HRP as argued by theory.

Mullins (1996) argues that effective HRP can help anticipate potential future difficulties while there is still a choice of action. Forward planning should enable the organisation 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.

Bramham (1987) presents a more detailed view of six basic objectives, which are quite similar to those mentioned by Mullins (1996) that are thought to constitute the purpose of HRP.

The first objective and a major purpose behind the use of HRP is to give an organisation 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. HRP provides the information on which recruiters base their activities and it reveals what gaps there are between the demand for and supply of people with particular skills (Bramham, 1987; Storey, 1995; Mullins, 1996).

The second objective aims to reveal what training and development activities need to be undertaken to ensure that existing employees and new recruits possess the required skills at the right time. The longer and more specialised the training is, the more significant accurate HRP is to the organisation’s effective operation (Bramham, 1987).
Manpower costing is listed as the third objective and explains how HRP assists in cost reduction by aiming to work out in advance how organisational operations can be staffed most efficiently. This is of even more importance when new ventures or projects are considered because it provides information on which to base vital decisions (Bramham, 1987).

The fourth objective presented by Bramham (1987) is redundancy. HRP is an important tool in the anticipation of future redundancies and therefore allows remedial action to be taken, such as recruitment freezes, retraining, and early retirements so as to reduce the numbers involved.

Another advantage associated with HRP, presented as the fifth objective, is collective bargaining. In organisations with a strong trade union presence, HRP provides important information for use in the bargaining process. It is particularly significant when long-term deals are being negotiated to improve productivity and efficiency. In such situations, the information provided by HR forecasts enables calculations to be made concerning how great an increase in pay or how great a reduction in hours might be conceded in exchange for more productive working methods and processes (Bramham, 1987).

The sixth and last objective presented as a purpose of HRP deals with the planning of accommodations, such as future need for office space, car parking, and other workplace facilities. Such considerations are of great importance, especially to organisations expecting fast expansion or contraction of key operations. As with the other five objectives described above, HRP also here aims at controlling costs over the long term by forecasting the future (Bramham, 1987).
Chapter 3

3.4 The Case for and against HRP

This section starts out with presenting the theoretical arguments against HRP, followed by the case for HRP. We find it crucial to examine both cases in order to have a balanced view in our attempt to analyse our findings in regards to the problem focus.

3.4.1 The Case against HRP

Concerns raised about the feasibility of human resource plans focus on the nature of the human resource, the nature of the planning in an uncertain environment and the difficulty of implementing plans. Hussey (1982), in a book about corporate planning, argues that the human resource is far more complex to plan for than financial resources. He comments on the critical differences between people, the difficulty of moving them around, the costs of over-staffing, and the importance of treating people as people and not an inanimate resource.

These concerns are not unique for only HRP but are problems found across all types of planning. Minzberg says (1994) that almost everything written about planning stresses the importance of accurate forecasting. Short of being able to control the environment, planning depends on an ability to predict where that environment will be during the execution of the plans. Part of the problem, of course, is to predict what kind of change will come, let alone, predict the changes in itselfes. According to Allaire and Firsirotu (1989), uncertainty is the real weakness of strategic planning.

While most literature emphasis the essence of short and long term HRP (Bell, 1989, Walker, 1992, Rothwell, 1994, Torrington and Hall, 1995), some authors have developed different arguments (Mintzberg, 2000, Smith, 1996, Untermann, 1974). These arguments are all based on the simple proposition that it is impossible to forecast the demand for and the supply of labour with any accuracy. This case against the long term planning of human resources seems to have more and more resonance as the business environment becomes increasingly turbulent. Mintzberg (1976, 2000) has advanced this view saying,
in practice, most forecasts turn out to be wrong and that, as a result, the planning process tends to impede the achievement of competitive advantage. The underlying argument is that the new and more turbulent business environment delivers far more discontinuities than the business environment did during the 70s and 80s. Not only is the discontinuity difficult to predict itself, but there is also a whole set of problems associated with assessing its likely impact on the organisation over time. As a result, except in situations where the organisation itself is able to exercise control over future developments, all forecasts are inevitably based on questionable assumptions. This could in turn mean that the preparations undertaken to meet inaccurate predications might well cause greater harm to the long-term interests of the organisation than it would have if the organisation had taken a less definite view of unfolding developments (Mintzberg, 2000).

Competitive advantage today, according to critics of strategic planning, comes from generating responses to fast-changing circumstances that are swifter, more creative, more innovative and more flexible than those of key competitors – qualities that are stifled by the bureaucratic characteristics of planning processes (Smith, 1996). Mitzberg (2000) argues that planning itself breeds basic inflexibility in organisations, and so a resistance to significant change. Furthermore, Newman (1951) attributed the inflexibility of planning to several psychological factors. Firstly, making the “executive feel too secure and thus inattentive to changes.” Secondly, “a tendency, having once prepared a plan, to ‘make it work.’ Finally, “psychological resistance” due to the establishment of “mind-set” and fear of “loss of face” if plans are changed. Unterman (1974) after reviewing the popular “Stanford method” of strategic planning concluded from his own consulting experience that “he has yet to see any drastic or major corporate revisions resulting from it.” Thus, it is claimed that, as the world is increasingly complex and unpredictable it is not worth trying to predict what will happen more than a year ahead. Any plans that are made will, in all likelihood, have to be revised several times in the light of changing environmental developments (Taylor, 1998).
3.4.2 The Case for HRP

According to Taylor (1998) HRP involves considerable uncertainty, it is not a science, and mistakes are bound to occur. However, the use of HRP can assist organisations to foresee changes and identify trends in staffing resources, and to adopt personnel policies, which help to avoid problems. The point is that HRP has never been intended to produce blueprints that determine the direction that recruitment and development policy should take years to advance (1998). Instead, it is viewed as a less deterministic activity, in which plans are continually updated in the light of environmental developments.

Taylor (1998) argues that in practice changes in the environment rarely occur as suddenly as Mintzberg (1994) suggests. As a result, when unforeseen developments do occur, there is time for plans to be adapted and updated to enable the implications to be met. However, Taylor stresses the point that Mintzberg’s arguments concern business planning in general and are not related to only the management of people. This means that Mintzberg’s arguments could prove to be more valid from a general management perspective and may have less relevance to HRP.

Taylor (1998) continuous to say that because the business environment is becoming increasingly turbulent and unpredictable, due to the threat from potential discontinuities, there is an even greater need for organisations to develop the capacity to plan accurately. However, according to Hedberg et al. (1976), an organisation should plan its future but not rely on its plans. Plans and long-run goals allow an organisation to anticipate what will be required tomorrow, and the more realistic the organisation’s problem solving processes are the more future scenarios they can accurately plan for (Vickers, 1959).

According to many authors (McNulty, 1962, Newman and Logan, 1955, Starbuck, 1965, Wickesberg, 1961), an organisation needs to have balanced criteria for developing plans and goals. Because every organisation fails to predict some events, extremely detailed plans or plans that are extending very far into the future waste problem-solving capacities and also discourages responsiveness. Moreover, plans and goals are frequently too systematic and
rational, useful goals are somewhat unclear, and useful plans are somewhat disorganised, erratic and uncertain (Moore and Tumin, 1949; Schneider, 1962). A realistic organisation keeps itself ready to replace its plans and goals in order to match and exploit environmental unpredictability (Beer, 1972, 1974; Starbuck, 1965, 1975).

Bramham (1988) argues that the modern manager must develop the systems and controls, which increase the likelihood of the environment being controlled to a reasonable extent. Without an accurate awareness of his position, a manager will quickly lose his way in this rapidly changing environment. In effect, what is being argued for is that it is both possible and desirable to plan for uncertainty.

According to Taylor, supporters to HRP suggest that in order to maximise the organisations’ profits in times of great uncertainty, organisations should plan for a number of possible outcomes. The aim of this would not be to follow a plan rigorously but to create a flexible plan covering different possibilities, which can later be updated, as knowledge of the future environment becomes clearer. According to Torrington and Hall (1995), the balance between visioning and planning will be different depending on the environment. In a highly uncertain environment the emphasis needs to be put on the visioning process, and where things are slightly less chaotic, planning has a greater contribution to make. Plans need to be viewed as flexible and reviewed regularly, rather than seen as an end point in the process. They further argue that plans should not be seen as isolated events, but rather something that has to be continuously monitored, refined and updated. Walker (1992) argues that human resource plans are becoming more flexible and short-term, with a clear focus on human resource issues, simpler data analysis and an emphasis on action planning and implementation.

Manzini (1984) claims that in spite of the difficulty of developing a plan, imperfect though it may be, will generally get us closer to the target than if we had not planned. Taylor (1998) argues that to achieve maximum potential competitive advantage, HR planners need to ensure that they have committed people with the right skills to exploit whatever opportunities arise. Further, it is
therefore the uncertainty that provides the rationale for increased attention to thinking ahead.

### 3.5 Techniques for Managing Supply and Demand of Competence

As HRP to a great extent is concerned with the planning of competence, this section will examine some aspects on the supply and demand issue of competence that are brought up in theory.

An ideal type feature of HR management is the assumption of a developmental approach to employees, which appears to imply some form of systematic management of the assessment and augmentation of their ability, in relation to business needs. Moreover, the other major feature or output of the HR management model is the emphasis on commitment to the goals of the organisation, in which techniques of reward and career development may play a significant part, and for which HRP may be important (Rothwell 1995).

Some awareness of the techniques available is important for appropriate policy choices to be made. According to Taylor (1998), HRP is principally concerned with assessing an organisation’s position in relation to its labour markets and forecasting its likely situation in years to come. Estimates of supply usually start from a scan of the external environment. Either to get a feel for the likely trends and changing patterns of skill availability for the established company, or to serve as a more precise guide for a start-up firm or one seeking a new location. It can also be of assistance when recruiting a particular type of employee where more detailed information is needed. Taylor (1998) further argues that details of education, skill and experience, though not always easy to acquire, are more straightforward than those of attitude, which may be more important in human resource terms. Information on this may derive largely from stereotyped hearsay, but can be more accurately assessed through appropriate recruitment techniques (Taylor, 1998).

Rothwell (1995) argues that data on the internal supply of labour are much more readily available, in terms of age, job history, pay and conditions, qualifications, sex, race, etc. Information on attendance, discipline and performance may also be available, where relevant, and as the result of other
forms of assessment. From these data, predictions can be made of likely staffing levels and of retirement patterns by projecting forward current age profiles by three years, five years, or ten years, to see if they match a normal distribution curve, external population trends, or any other preferred pattern. Although this represents the simplest planning technique and can help to indicate likely forthcoming shortages, cost savings, or succession problems, such projections are neglected surprisingly often (Rothwell 1995).

The unknown aspect of internal supply is the weakness of all human asset accounting, the fact that people choose to leave. Certain patterns are generally known, such as that young people are more likely to leave than older, and people in low-level rather than responsible jobs. Increased levels of absenteeism may be a sign of impending dissatisfaction and intention to leave, but may also demonstrate patterns of workplace culture or managerial control systems (Edwards and Whitson 1989).

Estimation of internal labour demand, although apparently easier, is frequently the more difficult aspect, in view of many uncertainties of recession and the rapid changes that are taking place. Turbulence in the product or market environment may be the norm now, even for public sector organisations, which are increasingly subject to privatisation and market testing, as well as in many smaller businesses where once apparently stable markets were found (Taylor, 1998).

The ability of HR managers to predict accurately how many people will be required and with what skills depends on a number of factors. First, there is the time-scale that the forecast is intended to cover. Except in the most turbulent of environments, it is possible to look forward one or two years and make reasonable assumptions about what staffing requirements will be. It gets far harder when time-scales of three, five or ten years are contemplated. This is because relevant technological or economic developments that will have a profound effect on the level and kind of activity carried out by the organisation may not yet even have been contemplated (Taylor, 1998).

The other major variable is the nature of the activities carried out by the organisation. Organisations in relatively stable environments are able to
forecast their needs with far greater confidence than organisations operating in inherently unstable conditions (Taylor, 1998).

Storey (1995) argues that there are different approaches to forecasting demand; most mathematical and statistical techniques used in demand forecasting are concerned with estimating future requirements from an analysis of past and current experience. A number of distinct approaches are identified in the literature; including time series analysis, work study and productivity trends. Time series or ratio-trend analyses look at past business patterns and the numbers of people employed in different roles to make judgements about how many will be required to meet business targets in the future. Such an approach is straightforward and thus only suitable in relatively stable business environments. The work study approach has a different basis. Here, instead of assuming that the ratio of business to staff will remain broadly constant, special studies are undertaken of individual tasks or processes carried out by the organisation in order to establish the numbers required to complete them most effectively and efficiently. The method is thus suitable in situations where there are no clear trends in the past to examine (Rothwell, 1995).

A rather different approach to forecasting demand, presented by Rothwell (1995), is to base forecasts on the subjective views of managers about likely future human resource needs. Clearly, in situations where the business environment is highly volatile and where future staffing patterns may well bear little resemblance to past experience there is no alternative to using informed opinion as a basis for estimates (Rothwell, 1995).
3.6 External and Internal Influences on HRP

As argued in the theory presented earlier, the increasingly turbulent and more fast-changing business environment is affecting the ways in which today’s organisations conduct HRP. It is therefore of interest to investigate more specifically what not only the external factors are but also the internal factors influencing HRP.

3.6.1 External Influences on HRP

A lot of things have changed from when HRP first gained widespread popularity. The stability of the smooth sailing years, as Champy (1995) refers to the age of US corporate domination between 1948 and 1973 is gone. Today’s dynamic environment, filled with global competition and business discontinuities, define the arena in which HRP must flourish. The need for analysis of changing scenarios, therefore, has to be an integral part of the HRP process (Rothwell 1995).

The first step in HRP is usually the “environmental” scan. If this review has not already been carried out in some depth as part of the formulation of corporate strategy, consideration of critical trends may be a major contribution, which the HRM function can make to the organisation (Institute of Personnel Management 1992).

The growing internationalisation of business in the face of changing patterns of world trade, the emergence of new competitors and new markets and changes in the older industrialised countries, all have some impact on the labour markets of even the smallest firm trading in national market (Taylor, 1998).

Most larger and medium-sized companies are, however, likely to be trading internationally (Rothwell 1995) in some way and will need to understand the labour markets in those countries, if they are to recruit staff abroad or if they expect to send their own staff to work there. The whole issue of international management development has major implications for strategic planning and for human resource forecasting and implementation. Evidence so far suggests that
there are many inadequacies in both planning and implementation of management mobility, and that there is a widespread reliance on ad hoc use of expatriate managers (Ibid. 1995).

International and political issues are clearly closely linked, the move towards greater European unity, the unification of East and West Germany, the opening of Eastern Europe, The World Trade Centre bombings etc., are just a few examples of events with implications for business planning. The political complexion of a government tends to affect the type of economic policy in place, the attitude to full employment, trade union and employee rights, as well as the level of support for private or public sector enterprises. External political factors, especially the broader social and regulatory legacies of industrial relations, provide a socio-political context in which managerial strategies have had to develop, and by which they have been conditioned (Lucio and Simpson 1992). At a time of economic recession in particular, the costs of worker protection policies can be very costly for companies.

Rothwell (1995) argues that an awareness of population trends is critical in understanding labour markets, and national population statistics are readily available. Rothwell further states that planning to take account of demographic trends is not often done early enough. Also, a lack of advance planning tends to increase labour costs, as firms have to increase wages and salaries in order to retain staff or poach them from other firms.

Public policy emphasis on training, the co-ordination of a plethora of national vocational qualifications, and the setting of national education training targets all mean that some aspects of estimating external competence supply will be improved. Data on graduate qualifications are readily available, but interpreting likely trends in supply and demand is complex (Pike et al. 1992).

Demand-side factors stem mainly from business strategy, but need to take account of other skills that may be needed; for example in physical environmental awareness and the implications for products or processes and energy use; or in marketing, in concepts of relational marketing, customer education and general supply chain management. If mergers or acquisitions are expected, is new expertise needed to handle that? Or if organisation structures
are changing to create flatter organisations or new internationalised business market divisions, are there skills available in managing networks, managing projects or managing cross-culturally? Firms that use competence-mapping techniques may be able to provide data relevant to HRP, but where these activities are done by different people and/or at different locations, such linkage cannot be made (Rothwell, 1995).

The implications of new technology have been the object of intensive academic and policy debates for the last twenty years. The speed of recent change has been such that the applications of computerised technology in products and processes are now driving and facilitating much of the market, as far as the organisational and communication changes that are taking place. The scope for substitution of labour by capital, and the need for more creative and more relational uses of human skills, particularly those involving interpersonal relationships and the ability to relate ideas laterally, is growing considerably in many countries, industries and companies. The implications for numbers, skills, location and design of jobs and employment contracts are therefore more significant than is currently realised by many HR managers. Those managers are often too busy coping with the cost-cutting redundancies arising from what appear to be largely cyclical economic effects, but which may also be caused by real structural changes now taking place in employment (Rothwell 1995).

Consumer attitudes tend to be surveyed more regularly than those of employees, but shifts in employee preferences are perceptible, often on a generation basis. The generation of people born in the 70s and 80s are more individualistic, less likely to accept authority, expecting to have a say and be given a choice, and also to be putting more emphasis on quality of leisure and family life. The priority perks for those in work are those related to health and to education and training. Employees are also less likely to remain with one employer. These attitudes are found particularly among “knowledge-workers”, and may be modified over-time by experience of recession and widespread white-collar unemployment (Rothwell, 1995).

If a major difference between HRP and manpower planning lies in its emphasis on motivating people (Bramham 1989), understanding the starting point and changing the direction of employee attitudes could become more important.
The incorporation of both individual and organisational needs is therefore the major challenge for HR planners and should be reflected in the application of the planning process to the ways in which people are employed (Ferner and Colling 1991).

### 3.6.2 Internal Influences on HRP

Zeffane and Mayo (1994) argue that in the context of the supply-demand equation, a range of internal factors require consideration for the purpose of evaluating existing (or anticipated) supply from within the organisation. The supply side issues that HRP should address include the organisation’s policy on growth from within or by means of outside recruitment; the policy on pay and remuneration, and the organisation’s view on employee development. In this context, the conventional human resource plans take into consideration a series of supply side statistics, such as company growth, the age distribution of employees, skill levels, turnover ratios and the overall profile/distribution of employment across job categories. Zeffane and Mayo (1994) further state that among all these, age and retirement are emerging as important considerations in workforce planning in the current socio-economic climate. These factors (i.e. age and retirement) are strongly related in the sense that retirement takes place on the attainment of a certain age. Catering for age is necessary and is becoming increasingly the subject of a more elaborate mathematical modelling for workforce (Mohapatra et al. 1990). Additionally, HRP has to take into consideration the total corporate plan, which would incorporate, set out or anticipated productivity standards (Wilson, 1987).

The more contemporary approaches to HRP need to consider current (and anticipated/future) changes in the make-up and aspirations of the workforce. Long-term macro-level forecasts seem to suggest that people in the future will have even greater desire for self-development and discovery (Taylor, 1998). These aspirations may trigger requirements for changes in existing corporate structures and management systems. As a result, human resource professionals and their organisations may capitalise on the advantage of potential employees who may be creative and self-motivated, but they will also face the problem of developing an environment that will attract and hold such individuals (Taylor, 1998).
3.7 Different Types of Human Resource Planning

In the light of different aspects concerning supply and demand of competence as well as different factors influencing HRP, this section will present various methods for carrying out HRP. The aim of this section, combined with relevant findings, is to provide a sound foundation on which we can base the answer to the second research problem. In other words, is the choice of HRP method influenced by business cycles? Also, are the methods presented in theory relevant to organisations as of today?

3.7.1 Succession Planning

One adaptation of traditional HRP that takes place mostly in larger organisations is the development of a succession planning function. Storey (1995) argues that chief executives often see this function as the major rational for any form of HRP. While in some organisations it may be focused mainly on the few top positions, the need to consider at least a five-year-period can mean that it becomes a more significant operation, and eventually drives a whole management recruitment and development programme. According to Taylor (1998), succession planners are mainly interested in ensuring that their employer has enough individuals with the right abilities, skills and experience to promote into key senior jobs, as they become vacant. According to Jackson and Schuler (1990), succession planning differs from traditional HRP in the sense that the succession planning process covers a narrower group of employees but does so with a higher degree of intensity. As succession plans concern relatively few employees, they can be considerably more sophisticated. The time span is also longer than that of traditional HRP. Succession plans often involve forecasting and planning the progress of individuals 20 years ahead or more (Walker, 1992, Storey, 1995).

Storey (1995) argues that succession planning is most often associated with hierarchical organisations in which individuals develop careers by moving upwards and sideways over a number of years as they acquire the required skills and experience. The aim of this is to ensure that enough individuals with the potential to succeed to senior positions are available when an appointment
needs to be made. Rothwell (1994) states that three candidates are typically identified for each senior post: one who is ready now and could succeed immediately if necessary; one who will be ready, if needed, in two or three years’ time and one who will be ready in five years’ time. Taylor (1998) comments, in addition, succession planners have an input into decisions about the numbers of graduates that are employed on graduate training programmes each year. In technical terms, succession planning involves collecting and manipulating data about individuals and tracking their performance and progress as they move from job to job over a period of time.

### 3.7.2 Career Planning

This type of HRP is by some viewed as a more fashionable term to use than succession planning and ostensibly is more individually focused (Storey, 1995). Furthermore, like succession planning, broadly interpreted, it requires an understanding of processes that can integrate an individual’s characteristics and preferences with the implications of: organisational culture, values and style, business strategy and direction, organisational structure and change, reward systems, training and development system, appraisal and promotion systems.

According to Taylor (1998), career planning emphasises much more on the individual’s responsibility for his/her own career development. ‘Mentoring’ and ‘coaching’ systems, whether formal or informal, may be introduced to assist in this. Storey (1995) argues that common problems associated with this kind of planning are related to key people leaving, or to managers’ lack of broad experience. The requirements of different types of organisations (static; fast growing; international etc.) for detailed planning clearly vary (Ibid). Storey further states that the need for creating ‘bridges’ between different occupations and for the identification of ‘development positions’, are both significant techniques in career planning. The predominant influence of this type of planning is that of the organisation’s needs, as interpreted by particular managers, at certain phases of its development and it is said that career planning may be interpreted very differently by those who experience it (Storey, 1995). Storey continues to say that the ‘myths’ of the organisation in this sense may also be significant: “those who decode them appropriately are those who obtain advancement.”
3.7.3 Contingency Planning

Contingency planning is seldom given any attention by authors within the HR field, but according to Taylor (1998), it can be seen as an approach that is almost universally applicable. Contingency planning involves planning possible responses to a variety of potential environmental scenarios, and the result is that HRP effectively switches from being a reactive process undertaken in order to assist the organisation in achieving its aims. Taylor further argues that it becomes a proactive process undertaken prior to the formulation of wider organisational objectives and strategies. The main purpose of contingency planning in the HR field is the provision of information on which decisions about the future directions the organisation takes are made (Taylor, 1998).

3.7.4 Competency Planning

Another adaptation of traditional HRP is skills planning and is, according to Speechly (1994), particularly appropriate in situations where there is a variety of different methods by which employee needs can be met. The basic principle of this method is to shift away from a focus on planning for people and instead concentrate mainly on skills. Taylor (1998) argues that instead of forecasting the future supply of and demand for employees, skills planning involves predicting what competencies will be needed one to five years ahead, hence, leaving open the question of the form in which these will be obtained. Further, skills-based plans incorporate the possibility that skills needs are to be met either wholly or partially through the employment of short-term employees, outside consultants, as well as by permanent members of staff (Taylor, 1998).

3.7.5 Soft Human Resource Planning

There has been some disagreement in the literature over the term ‘soft human resource planning’ and its perceived meaning (Taylor, 1998). Marchington and Wilkinson (1996) give one broad definition as being ‘synonymous with the whole subject of human resource management.’ Torrington and Hall (1995) have a narrower definition involving planning to meet ‘soft’ HR goals –
particularly cultural and behavioural objectives. Torrington and Hall also use the label to give meaning to a distinct range of HR activities which are similar to hard HRP in approach, but with a focus on forecasting the likely supply and demand for particular attitudes and behaviours rather than people and skills. According to Taylor (1998) soft HRP can thus be seen as a broadening of the objectives associated with the traditional approaches of HRP. Soft HRP accepts that for organisations to succeed in the current environment they need more than the right people in the right place at the right time. In order to contribute to the creation of a successful organisational culture, they also need to make sure that people have an appropriate outlook and set of attitudes. Further, even more essentially argued by Taylor, by undertaking systematic soft HRP organisations will be alert to long-term shifts in attitudes to work among the labour force in general, allowing them to build these considerations into their general planning processes. Such issues are not taken into account by traditional HRP according to Taylor (1998).
4. Summary of Empirical Findings

In this section, the empirical findings that have been collected from the companies studied are presented. Each case study starts out with a presentation of the organisation, in which we will briefly describe their industries, whether they have an international presence or not and the size of the company in terms of employees. These are factors that we consider relevant to our analysis. However, due to recent turbulence in some of the industries that we have analysed, non-static information such as number of employees might have changed dramatically by the time of print.

4.1 Ericsson

Ericsson was established in 1876 and is the largest supplier of mobile systems in the world with a global presence in more than 140 countries. Ericsson is a Swedish company and their head office is located in Stockholm, Sweden. At the time of this research, Ericsson had around 70,000 employees globally, with approx. 40,000 in Sweden.

Reasons, Motives and Approaches to HRP

HRP at Ericsson consists of two main planning processes. One process is a short-term forecast that runs quarterly, stretching a year into the future. The other process is the long-term planning process, internally known as Ericsson Strategic Planning (ESP), constituting the general business strategy and stretches three to five years ahead. The ESP is done annually and includes a scenario part in which the organisation is looking at social trends in order to come up with a few potential futuristic scenarios. Another part of ESP concerns planning of personnel and competence, in which they plan for competence needed in the future, based on the technique required for producing the desired products.

At times when the telecom industry is in its ‘normal’ condition, without sudden and unpredictable shifts in the market, HRP consists of more or less the same model and progresses as it did ten years ago with one exception, today’s shorter cycles increase the speed of change.
Chapter 4
Summary of Empirical Findings

The people involved with HRP at Ericsson are top managers, responsible for decision-making concerning long-term planning, and business unit managers with the responsibility for short-term planning, such as recruitment requirements.

In order to reduce subjectivity in the recruitment process and HRP, the top management at Ericsson communicates a certain process that is to be followed wherever in the organisation the recruitment is taking place. This process implies that at least three persons are to be involved with equal decision-making power. A committee has been established in order to ensure that a number of objective aspects have been considered before a management position is filled. This committee consists of the deputy managing director, the HR director, and the person responsible for management support globally and a few business unit managers.

Ericsson is working after the Balanced Scorecard (BSC) concept in order to facilitate the linkage between HRP and the general business strategy. The BSC implies that employee issues are considered throughout the organisation and that, among each manager’s goals, there is always one goal connected to employees. Great emphasis is put on the linkage between HRP and the business strategy, but according to Ericsson, it is difficult to plan for HR more than three years ahead, thus reducing the linking ability somewhat. However, HR constitutes an equal share of the general business planning on a three years time span as does technique or sales.

Ericsson’s motive behind HRP lies in the planning process and not in the actual plan. The essence of HRP is to leave the daily work for a while by looking at the situation from a wider perspective. This enables them to better understand the surroundings and competitors, which in turn create a sound platform on which Ericsson can establish more accurate forecasts about the future. Thus, the planning process contributes more value to the organisation than the numbers in the final HR plan. The motive for having a scenario-based HRP is also to prepare for alternative ways instead of rigorously following a main scenario.
Chapter 4  Summary of Empirical Findings

Ericsson argues that flexibility is a necessary ingredient in times of great uncertainty with rapid changes in the business environment and when the organisation is having difficulties to plan with accuracy. Flexibility is achieved by freezing less internal costs regarding assets such as facilities, equipment, and personnel, in order to untie capital that may be invested elsewhere upon sudden need. According to Ericsson, it can be devastating, in times when the market is unstable, to follow a plan rigorously without any flexibility and to avoid such inflexibility they use a scenario planning approach.

In connection to the annual overview, Ericsson carry out a scanning process to analyse the business environment, the world economy, political trends, and relevant industries. The HR department does its own environmental scanning on an annual basis and look at factors such as shifts in people’s values, different trends, and evaluating the market according to customers and the world economy. These factors are all considered in the planning process.

As a global company, they are affected by a variety of laws and regulations. In order to map the potential affects they may have on the HRP process, these laws and regulations are under continuous coverage. Ericsson specifically raises the problematic issue of retaining the latest and often most relevant competence when dealing with the regulation “last in first out.”

Ericsson has the same HRP routines in times of downsizing as they have in times of growth and expansion. They say that to plan ahead does not necessarily mean to plan only for expansion and growth. Operating in such a turbulent environment as today’s telecom industry, it is necessary to plan for reductions and new competencies when inventions of new techniques have the potential to make special competence within Ericsson obsolete.

**External and Internal Influences on HRP**

According to Ericsson, the HR department is involved more in times of great growth, when competence requirements are shifting, during extensive recruitments and in times of competence development, than it is in times of less fluctuation and change. Ericsson argue that due to their core values (professionalism, human compassion, and long-term planning\(^1\)), they are less

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\(^1\) Own translation of Ericsson’s core values: professionalism, medmänsklighet och långsiktighet
sensitive to economic fluctuation compared to other organisations and no matter economical climate, the HR department is of equal value to the organisation. In other words, the short-term planning is affected by the long-term planning.

The gap between supply and demand for competence is clearly a problem that Ericsson is aware of. In their attempt to reduce the gap and in order to influence potential employees’ attitudes toward Ericsson as an employer they work together with different schools and organisations, such as Svenskt Näringsliv. According to Ericsson, the current recession in the telecom industry is likely to have a negative impact on students’ attitude towards the engineering profession.

The fluctuation in the world economy and political decisions world-wide affect Ericsson to a great extent. For example, the decision to impose taxes on the organisations within the telecom industry by assigning a fee to licenses means that Ericsson and other telecom companies have to make extensive investments with long payback time.

The employee turnover at Ericsson is strongly affected by the economic climate. In an economic recession the employee turnover rate is low and vice versa. The turnover rate also differ from one country to another. At Ericsson’s facilities in San Diego, USA the employee turnover rate is normally between 10 to 20%, while in Sweden it varies between 1.9-8%. This can be explained by the fact that Americans tend to be less loyal to the organisation than the Swedish employees. In China with its central governing system, the employee turnover rate is constant at 1-2%, thus the rate is not affected by economic climate at all. Ericsson can see some changes in behaviour from generation to generation but it is merely trends and no radical shifts. Ericsson says that the reason why the level of employee loyalty stays constant throughout generations is that each generation has the same need for safety and certainty in their lives. However, the IT trend a few years ago did increase the employee turnover for a while, but according to Ericsson, does not affect a whole generation’s attitude towards loyalty.
Technical developments such as automation and IT are factors that clearly affect HRP at Ericsson. The mobility of employees is seen as an important part of making the organisation flexible. Ericsson is therefore working with the development of more sophisticated networks that enables their employees to perform their work outside the office. Ericsson believes that the mobility of employees is a trend that will stay and therefore worth investing in.

Other external factors that affect the HRP process are the market and the customers. The internal factors such as organisational size and a complex structure have greater influence on the planning process and make it more difficult to plan than the external factors.

Ericsson believes that in the future it will be increasingly important to have employees with social competence as well as other generic competencies across the organisation.

4.2 Handelsbanken

Handelsbanken is a Nordic universal bank that offers all kinds of services within banking for both companies and private persons. Handelsbanken is a Swedish company, established in 1871 and the head office is located in Stockholm. Handelsbanken has about 540 offices in the Nordic region and 7 subsidiaries. Outside the Nordic region the bank is represented in nearly 20 countries. At the time of research Handelsbanken had around 9,200 employees globally and the western region had about 750 employees.

Reasons, Motives and Approaches to HRP

According to Handelsbanken they try to keep the organisation as tight as possible in order to avoid recruitments and redundancies. They believe that the banking industry will require fewer employees in the future; however, this is nothing that Handelsbanken plans for which means that they do not conduct long-term HRP. They argue that this type of long-term downsizing will take care of itself. Handelsbanken has dealt with HRP in this manner since the early 70s.
Handelsbanken say that long-term HRP is very difficult to conduct and they do not see any major reason for practising it and are therefore very ad hoc in their HRP. However, one of the core values in the organisation is long-term thinking, which is also relevant to employees and competencies. This means that some long-term HRP is considered even though there is no formal plan for it. The prediction that there will be a demand for fewer employees in the future is believed to be a result of improved IT and more competent personnel. Yet, it is merely a prediction and Handelsbanken does not plan for it and argue that once they get there, they assume they will employ the right people with the right competencies.

According to Handelsbanken, it is up to the office manager to decide whom he/she wants when recruiting internally. However, when recruiting externally it is the top management that makes the first selection even though it is the office manager that makes the final decision.

Handelsbanken states that they have certain recruitment criterias, for example all employees are required to have a university degree. They also state that every vacancy is advertised internally so that everyone has the same chance to apply for the job. In their attempt to avoid redundancies, Handelsbanken tries to restrict the redundancies to temporary workers only. Until today, Handelsbanken say that they have never discharged anyone due to the lack of workload, which means that they have a very low employee turnover rate.

According to Handelsbanken, the HR department works closely with the regional offices, which could be seen as a way to link the HR strategy with the business strategy. However, as there is no planning for HR evident in Handelsbanken, this linkage appears to be vague.

4.3 McDonald’s – Sweden

McDonald’s is one of the largest restaurant chains in the world, and has approx. 230 restaurants in Sweden. The Swedish head office is located in Stockholm and has about 250 employees and the total workforce in Sweden amounts to approx. 12,000. McDonald’s business idea is to offer a fully developed business concept to approved franchisees.
Reasons, Motives and Approaches to HRP

McDonald’s develops a HRP that reaches three years ahead and is reviewed quarterly and annually. Much of the HRP work at McDonald’s is focused on career planning and succession planning in order to develop individual plans for the employees. According to McDonald’s, the HR work consists mainly of education and development and they say that it is impossible to look further than three years ahead.

HRP at McDonald’s has taken a drastic change compared to what it used to be in the past. McDonald’s did not have an HR function up until 1994. In 2001, McDonald’s added a leadership program to its HRP with the motive to retain leaders within the company. Before the start of this program there were no descriptions or qualification criteria expressed for any of the positions in the organisation. Since the start of the program the turnover rate of leaders has decreased considerably. McDonald’s argues that the leadership program can explain the reduced turnover rate, as today’s leaders are able to forecast their futures within McDonald’s.

The HRP work and the recruitment process involve a top management team consisting of four people and a lower level management team consisting of ten to fifteen people. Each business unit manager leaves proposals based on their business unit’s needs, both for recruitment and the overall work for HRP. The recruitment work is to some extent influenced by the head office in Chicago, USA. For example, the Chicago head office decides how many employees the Swedish head office should have.

McDonald’s use different support instruments such as job profiles, developed by an outside expert, in their attempt to minimise subjectivity in the recruitment process. However, the continuous and most of the time sub-conscious work (the evaluation of an employee’s daily work by his/her manager) with finding potential successors to leadership positions is to a great extent influenced by subjectivity, but it is not perceived as a problem.

At McDonald’s, the linkage between the general business strategy and HRP is scarce, if any linkage at all. The competences profiles that are used in the
recruitment process are purely based on today’s reality and are not affected by the three-year plan.

According to McDonald’s, the purpose of HRP is to achieve a more competent workforce and to retain employees, especially leaders, by developing career plans for everyone in the organisation. McDonald’s say that, this plan should be presented as career possibilities and then provide the environment that facilitates those possibilities. By doing this, the employee is responsible for his/her own careers.

McDonald’s argue that it can be dangerous to follow a plan rigorously. They revise the three-year HRP annually and sometimes even quarterly in order to update and adjust the plan according to changes and current conditions.

According to McDonald’s, it is difficult to say whether or not it is possible to measure the outcomes of the planning. However, it is possible to measure the returns on investments made in the HR work and they are currently developing a system that measures the outcomes/returns from such investments.

McDonald’s scans the business environment annually by looking at trends in the society and the world economy in order to analyse customer purchasing power and recruitment opportunities. The market department does all the research and therefore the HR department must leave a proposal to the market department if they want any research for their own account to be carried out.

**External and Internal Influences on HRP**

When planning for HR, McDonald’s has to consider laws and regulations, especially those concerned with redundancy. McDonald’s argue that it is easier to plan for HR in the USA than it is in Sweden where stricter laws and regulations must be considered.

The HR department at McDonald’s achieves less attention and finds it more difficult to motivate investments in soft resources (human capital) in times of economic recession compared to times of economic boom. According to McDonald’s, this is due to the difficulty of measuring economic return on soft
investments. They therefore make efforts to develop a program that enables them to measure the economic return on soft investments.

McDonald’s recruit most of their leaders internally and their own business school, to some extent, reduces the gap between supply and demand for competence. They conduct appraisals with their leaders regarding career plans in order to retain as many leaders as possible.

According to McDonald’s, external factors such as worldwide political incidents have little impact on the HRP process. However, being the giant within the restaurant industry often means that McDonald’s receives a lot of attention when critique towards the industry is given in media. The economical climate almost has a reverse effect on McDonald’s; in an economic recession people tend to increase their purchase of fast food. Customers’ purchasing power and behaviour also differs depending on geographical location within Sweden and this is something that McDonald’s take into account when they plan ahead.

McDonald’s argues that the attitude among employees regarding loyalty towards the employer has changed a little. Job-hopping has become a trend and McDonald’s turnover rate of leaders has increased significantly even though it decreased somewhat when they introduced their leadership programmes in 2001. However, McDonald’s believe that the lack of career plans for McDonald’s leaders before 2001 is the greatest contributor to the increased employee turnover rate.

According to McDonald’s, IT has had a great impact on HRP and made it possible to develop a recruitment and succession system that truly improves the planning of human resources.

### 4.4 Mölnlycke Health Care

Mölnlycke Health Care is one of the worlds leading manufacturers of single-use surgical products. The company also has a strong international standing in the professional wound care sector. Mölnlycke Health Care has approximately 4,000 employees. Of these, about 3,300 are involved in production at factories.
Mölnlycke was established as an independent company in late 1997 through an acquisition and merger of the respectively clinical divisions of the SCA/Mölnlycke Group in Sweden and Tamrå OY in Finland. The head office is located in Gothenburg, Sweden.

**Reasons, Motives and Approaches to HRP**

HRP is considered to be very important at Mölnlycke and is one of their strategically most important key questions. This means that they try to, as far as possible, handle their global strategic key positions according to a plan. MHC does this in order to have employees ready to replace positions and stay alert. The strategic plan stretches three to five years ahead, however, it is continuously revised, at least once a year, in order to be flexible, react to changes and competence requirements.

According to MHC, the HRP today is different compared to ten to fifteen years ago. The current business environment is much more turbulent with rapid changes and they do not have as much time to plan as they did in the past. Furthermore, MHC is today an international company, which means that they have more fluctuations within the company and therefore have to be more flexible today and understand these forces.

According to MHC, it is the top management group that has the main responsibility for the strategic HRP questions. However, every department and line manager works continuously with this process. The different market company’s have meetings which they call organisational management reviews where they discuss issues such as key positions, what they are, who are in those positions now and possible candidates to replace these employees.

According to MHC it is easy to become subjective in the recruitment and planning process and it is therefore important to have many persons involved in the selection process. Even though it is the manager who has the overall responsibility for the selection process, more people are involved. For example, the HR department, especially when discussing key positions, often conducts some sort of an analysis with external support in order to get as many parameters as possible. MHC argues that it is easy to avoid subjectivity when checking the formal merits of candidates but the personality of candidates is a
subjective judgement and this is why MHC tries to have many people involved in the process.

MHC argues that it is up to the HR department, which is a support resource, to continuously synchronise its strategies with the overall business strategy. The task for the HR department is to let the organisation know the consequences of a certain business decision from a personnel point of view. This is considered important, when the company decides to expand. It is then up to the HR department to inform whether or not it is realistic to grow so rapidly, what the consequences are, how much the company has to recruit and if it is possible to get the necessary competencies required in the country in mind. According to MHC it is important that HR is represented in the top management group and does not report to some administrative unit because then the HR department will lose its influence.

According to MHC, the general purpose for conducting HRP is to be ready for changes and movements within the organisation so that you always have someone to replace vacancies.

MHC’s plan is to be able to appoint 75% of all key positions with internal resources but also believes that it is important to recruit externally. Another goal according to MHC, is to be able to assist employees in their career planning so that they can control the succession planning and it is therefore important to have some sort of agenda. By having an agenda, they have better prerequisites and it is the reason why they run their leadership development programmes continuously since it is a part of the process to get the succession planning to work.

MHC do not feel that they loose flexibility by planning, on the contrary they believe it is important to conduct HRP to stay flexible and get the knowledge and understanding of how reality looks like. However, they do not believe it is possible to plan after a strict system because it will fall apart fairly soon since the reality and human being do not fit into these strict systems. Employees have a free will and will act from that. The reason behind planning should be to realise where you have the gaps and what competencies- and investments on developments are required to move ahead.
By having the goal to appoint 75% of key positions with internal resources, it is possible for them to measure whether the goal is carried out over the year or not. MHC also measures the turnover rate in key positions and has three categories for this process. The first category is if the employee leaves of free will to another company, the second is when MHC has failed with the selection process and asks them to leave and the third is if they have left due to other reasons. According to MHC, they can see how they have replaced these key positions and how they have succeeded by using this process. However, this process must be carried out over a couple of years in order to become valid and effective in a statistic way so that they can establish a trend.

MHC is using various ways to scan its business environment for information. Much of the information comes from the different market companies around the world. Since they have organisational management reviews in all markets they do not only discuss one specific market but the whole organisation. They also have a department called business intelligence that works with different kinds of business scanning. However, the information comes mainly from the different market companies. MHC says that it is the HR department that conducts the organisational management reviews, which is based on the information collected.

**External and Internal Influences on HRP**

MHC argues that different kinds of policies are important and affects the planning process much more the employment laws do. According to MHC, it is very important that the company has good company ethics. It is important that the employees feel that they are treated with fairness, that MHC can present this and that they have a policy around the recruitment process regarding internal recruitment. The effects of not being careful with this issue could mean that you internally demoralise the whole organisation.

In the strategic plan MHC plans for growth, have goals for growth in different markets, which means that a strong recession obviously affects the plan. However, MHC argues that the HR department does not lose attention in a recession but that they deal with different kind of questions during an economic boom and an economic recession. During a recession they deal with issues such
as how they can make the organisation more cost-effective and in an economic 
boom they focus more on recruitment issues.

In order to manage competence supply and demand MHC tries to work closely 
with universities and focuses especially on the engineering side and research 
work within wound care because it is MHC’s greatest high tech area. They 
work a lot with Chalmers University of Technology and have different job fairs 
to market themselves. They argue that they try to influence and see different 
trends. MHC also look at what competencies they believe they need in the 
future and that it is very important that they have a close dialogue with the 
universities in order to get the right people with the right competence in the 
future.

According to MHC they are not very sensitive to political and international 
ocurrences since they are not affected by the business cycles as much as other 
industries. However, incidents such as the fact that Ireland (2002) voted in 
favour of expanding EU affected them positively in the sense that it is easier 
for them to go into new markets.

MHC say that they can see a change in attitudes in the workforce, not 
necessarily that people leave the company but employees have higher 
expectations on careers today compared to ten to fifteen years ago.

According to MHC, automation has influenced the way they conduct HRP, 
especially in the wound care area. The technological changes have forced them 
to look at what competencies are required ahead, particularly in the research 
area. They argue that it is important that top management has patience and not 
always look at quick returns. MHC says that, in that sense it might be an 
advantage that they are not listed on the stock exchange.

MHC argues that the internal factors influence HRP much more than the 
external factors do. The fact that they are internationally present with many 
small own market companies has influenced HRP and there are more issues 
such as different cultures and language barriers to consider.
In the future MHC believes that social competence will be increasingly important. They argue that it is complicated to develop social competence while technical competence is something that you develop naturally. With social competence MHC means the ability to understand yourself and others. This would mean that they could build more effective teams, take advantage of differences and be able to communicate more efficiently. It is not only important that the managers’ possess social competence but should work across the whole organisation. According to MHC this is an area that should be dealt with earlier, already in schools and universities.

4.5 Sahlgrenska Universitetssjukhuset

Sahlgrenska Universitetssjukhuset (SU) is the largest hospital in Northern Europe. The hospital has approx. 17,000 employees and is spread over several geographical areas in the Gothenburg region. Sahlgrenska was founded in 1899, but its current structure was established in 1997 when the emergency hospitals of Sahlgrenska, Mölndal and Östra were merged into one. SU is divided into ten operational areas and Sahlgrenska, Mölndal and Östra are three of these areas.

Reasons, Motives and Approaches to HRP

HRP and competence development are areas that are given high priority at Sahlgrenska and the region of västragötaland. Sahlgrenska says that they have an important role since they are a university hospital. Apart from running comprehensive research-, development and educational activities they should also contribute knowledge and methodology to other hospitals in the region. According to Sahlgrenska, this requires strategic and long-term work with HRP and competence development. One important condition is that the actions in the budget process are analysing and describing the demand for competence- and recruitment out of organisational assignments and the economical frameworks. The analysis should involve estimating demand for competence and recruitment three years ahead and according to this an action plan is developed.

SU has a three-year action programme, which is revised annually, for HRP and competence development. The purpose is to describe the structure of the personnel, describe a collected picture of the demand for recruitment and
suggest activities, which fosters HRP and competence development in the overall hospital activity plan.

According to SU, the goal is to have the right number of employees, with the right competencies and personnel composition that is required to achieve the vision of the hospital and accomplish the mission. The action plan also involves making SU an attractive employer to promote the organisation to graduates and potential employees.

SU says that it is more difficult to conduct long-term HRP today compared to ten years ago. Now they have to look at supply and demand for competence. SU says that they have a situation where there is a lack of competence in certain groups and that this is evidence that they have not been effective when conducting long-term competence planning up until today.

They also say that the requirements on HRP today have increased due to many other factors. In recent years the rapid developments in medical technology have contributed to an increase of specialists within many different occupational groups. The number of employees has increased during the past ten years and at the same time the different hospital organisations describes an increased demand for personnel with special competence. The number of employees with university degrees have increased as well as the average age, while compared to other industries the employee turnover is low. In general, the demand for recruitment until 2010 will increase in the health care industry. This is mainly due to a successive increase of retirements and more movements between industries and internationally. Furthermore, SU says that the education volume for doctors, nurses and medical secretaries have in recent years been under-dimensioned and does not live up to the demand for recruitment in the health care industry. These are all reasons to why HRP has become more important but at the same time increasingly complex compared to ten years ago.

SU has a HRP- and competence development group that is responsible for the HRP. They also work together with the personnel management group and the HR department in each operational area when they develop the action programme for HRP. Sahlgrenska is divided into different organisational (such
as ER, Orthopaedic psychology) and each area has a nursery department manager (which according to SU can be compared to line managers in a business organisation). These departmental managers have the responsibility for the personnel within their area with support from the HR department and are responsible for the planning of their personnel.

SU says that follow ups of the action programmes and action plans should be conducted in connection to the organisational planning and budget process. This will create the foundation for the planning of coming activities. SU says that by doing follow ups, it will enable them to analyse whether plans have been carried out and if they have had the desired effects. This can be seen as the linkage between the general strategy and the HR strategy.

It is the personnel political department within SU that collects all the information regarding supply and demand on competence and other overall hospital related information.

**External and Internal Influences on HRP**

SU says that they work closely with universities and that SU is closely linked to the Academy of Sahlgrenska and that SU is a research hospital. SU says that they are actively out on job fairs for all categories and have open house sessions to market SU as a brand name.

According to Sahlgrenska there are some factors, which makes the HRP process more complex. For example, they have representatives from the world of research, the university and the political organisation, which means that many different interests are involved. The politicians give directives to what SU should achieve which in turn has to be integrated with the research area. They do not always share the same opinions and these opinions can often be very contradictory thus, causing difficulties when conducting HRP.

According to SU the attitudes of the work force have changed a lot. They say that it is a completely new generation with other values and attitudes compared to 20 years ago. Today the younger workforce values completely different things and has more demands on the organisation, are more flexible and are not afraid to change employers. According to SU, the trend is that employees move
from one department to another to get experience and training and rarely stays in the same department for a long period of time anymore.

SU believes that it would be increasingly important in the future to have specialist competencies within many different occupational groups.

### 4.6 Scandinavian Airlines System

Scandinavian Airline System was established in 1946 through a merger of the 3 then national airlines DDL of Denmark, DNL of Norway and SILA of Sweden. The SAS group has about 31,000 employees according to the annual report from December 2001, however, this figure is probably much lower since there have been extensive redundancies during 2002.

**Reasons, Motives and Approaches to HRP**

SAS’s HR-department went through a restructure in 2001 and is now a business unit, which is called Human Resource Services (HRS), and sells HR services to the other units in the organisation. According to SAS, they only conduct HRP on a short-term basis and never plan for more than one year ahead and the plan is revised continuously. They argue that the HRP process is very ad hoc and that SAS have never felt the need to plan far into the future. They also argue that career planning can be dangerous because it gives the employees career expectations and when the company cannot meet these expectations the employee will be disappointed and thus experience dissatisfaction.

In the past SAS used a schematic planning and competence development process but are today conducting short-term HRP. According to SAS they have a very low employee turnover rate and that it has always been like that.

The SAS group is divided up into business units and every unit work individually with the recruitment and planning. However, there are some overall values and methods regarding recruitment and planning which is communicated from the top management group.
Chapter 4 Summary of Empirical Findings

SAS says that, since every business unit is responsible for their own recruitment and planning, the recruitment is based on qualities and criteria that match with the qualities of the unit manager. SAS argues that because of this reason there is a lot of subjectivity in the recruitment and planning process but it has never been considered as a problem.

SAS says that they have recently placed their HR executives in the top management group in order to get a clearer picture of what the purpose and what the HRS is supposed to deliver. SAS argues that it is important that HRS has a good understanding of the business strategy so that they can recruit, plan for redundancies and develop the right employees according to the general business strategy.

SAS argues that the purpose of the HRS unit is to make the organisation profitable and the overall HRP goal is to have the right persons in the right places. By planning one year ahead they aim to have the right resources allocated to secure that they have the right competencies available. They do this by estimating the demand for personnel and competencies for the coming year and then match current resources with the estimated demand.

According to SAS it is difficult to say whether all the HRP they conduct is meaningful. However, even though market changes are difficult to predict SAS argue that you have to plan for different scenarios to be ready for changes.

It is the HRS unit that undertakes the majority of business scanning but the company also buys external surveys, which is a part of the business scanning process. Furthermore, in order to predict work force demand they conduct demographic analyses.

External and Internal Influences on HRP

SAS states that law, customs, and political agreements affect the HRP at SAS a lot. There are sometimes rapid changes in laws and customs that are difficult to predict which complicates the planning process. They also say that laws, regulations regarding employment rights and the union have great affects to the management at SAS, especially the HRS unit.
Chapter 4
Summary of Empirical Findings

According to SAS they are extremely sensitive to changes in business cycles, which complicate the HRP outside the current economic phase. They say that they have much more time for HR issues during an economic boom while in an economic recession it is the first department that has to downsize. However, according to the SAS this is something that good HR managers should be able to avoid and it is at times of downsizing that you really need the HR department.

SAS say that until today there has not been a need to control the demand and supply for skills on the labour market. They argue that they have always been successful at recruiting the competent people and that they work intensively to market SAS as an attractive employer.

HRP at SAS is very influenced by political and international occurrences. Some examples of this are deregulation of the airline industry, the 11th of September and a potential war involving OPEC. It is often difficult to plan for these; however, the occurrences have a great impact on HRP.

According to SAS there has not been any remarkable change in the attitudes of the workforce. By tradition, SAS have always had very low employee turnover rates and in general, once you enter the company you stay for life. This means that SAS have had problems getting new blood into the company, however, it is never been considered as a big problem.

SAS says that, out of the external factors it is the political factors such as decisions regarding competition, which has the greatest impact on HRP. However, sometimes political decisions do not have the affect that you had planned for and this is mainly due to economical factors, the example given is that it is not profitable with more than one Airline Company on one route.

SAS argues that it is the internal factors that affect the HRP the most, especially for such a big, heavy and self-righteous company as SAS. By self-righteous SAS means a company, which lives on old qualifications and its history of being an attractive employer. According to SAS, this means that they do not need HRP and that the competence they need currently and will require in the future is always available. The self-righteousness also effects
benchmarking to a certain degree. New players on the market and new strategies to run business within the airline industry have forced SAS to listen to the customer requirements and be open to benchmarking.

SAS believes that in the future they will look for employees with general competencies and business-minded people.

4.7 SKF Sverige AB

SKF is a Swedish company and has its head office in Gothenburg. SKF was established in 1907 and is the leading global supplier of products, solutions and services in the rolling bearing and seals business. The company has around 40,000 employees with a global production in approx. 24 countries and has sales companies in 70 countries.

Reasons, Motives and Approaches to HRP

SKF sees HRP as a process concerned with competence development and ensuring that there is a renewal of competencies. According to SKF, they work with questions such as how to be flexible enough to make use of the existing competence, how to make individuals take responsibility for his/her own development and how to create the environment that stimulates such responsibility. SKF do not have a set strategy for the number of years ahead the plan should stretch. It is rather an internal process, which aims at creating and increasing the flexibility among the employees. They also conduct gap analysis by mapping their existing competencies and compare those with future competence requirements. SKF says, that there is not a great difference between different job categories anymore. This is partly because job tasks are increasingly complex but also because of the general improvement of educational standards among the work force, across the entire organisation. Thus, the HRP work is becoming more and more similar for all types of employees.

According to SKF, the difference between HRP today compared to how it was conducted in the past is that you cannot plan in such a rigid and militaristic fashion anymore. Today, changes occur more rapidly in much shorter time spans. SKF say that, for example, you cannot have a plan that says that X will
take Y’s job tomorrow if Y dies in an accident. If you plan in this way you tend to make little progress.

SKF say that, there is a mixture of people with the professional knowledge as well as someone from the top management group involved in the recruitment process. There is, for example, a team for supply chain, where the managers for the different supply chain departments are responsible for the recruitment. According to SKF, the HR department’s task is not to be involved in the actual recruitment process, but to make sure that the team that is responsible does their job.

SKF says that subjectivity concerning the recruitment process is something that companies always have to consider and work with. However, they claim that by working with recruitment the way they do, they at least have a systematisation of the subjectivity. They also try to involve more people in the recruitment process in order to lower the level of subjectivity.

According to SKF, the main reason for having HRP is that SKF is afraid that they will not have competent employees when it is required. Competence is not only knowledge but also experience and self-esteem. These are factors that SKF try to work with in order to create an environment where people plan for their own future. SKF argues that, if they manage to create an environment where people can grow and develop, HRP will take care of itself.

SKF say that they are a bit sceptical to having a formal planning process. They argue that, it is difficult to realise a three-year plan and that you should not decide what is going to happen in the future, but rather prepare for the future. SKF tries to have a flexible but yet systematic approach to HRP. The worst scenario when following a rigid plan is when you fulfil the plan even though you know that is the wrong way to go.

**External and Internal influences on HRP**

According to SKF, they do not consider employment laws and involvement by the trade union as any problems when conducting HRP. SKF say that this is mainly because they have a very knowledgeable union. However, one problem that they do identify is that employment laws can stifle the flexibility in the
way you utilise the workforce. SKF do not want to fire a lot of people in an economic recession, however, SKF cannot decrease their working hours just to meet the current work required when employees are under full time contracts. Thus firing employees in economic recessions becomes the most viable option.

Business cycles mainly affect HRP, which is tied to production, but SKF say that, they are in a stable industry and thus not very influenced by the business climate in general.

SKF does not actively scan the supply and demand for competence in the labour market. According to SKF, they do not employ a lot of people compared to many other companies, and therefore do not feel the same need to be updated in this field.

SKF say that they have seen some change in employee attitudes. Employees today are less patient and become nervous if nothing has happened to their careers in two years. SKF says that they need to work more with making people feel that the company has noticed them. They also note that people demand more from their employer than in the past. SKF’s HRP is affected by these changes, which means that they put more emphasis on working with the environment and try to create development possibilities.

One way in which new technology and IT has changed HRP at SKF is that the previously quite large group of administrators is almost completely gone, this is however not a problem, but more a logical development. The problem with technology in connection to HRP is rather how to find technicians and engineers that master both new and old technology. This is a narrow sector of competence.

SKF agrees that in their case, the internal factors such as organisational structure and management style influence their HRP more than the external factors. One obvious reason for this is that SKF is relatively insensitive to, for example, new technology and economic fluctuations and that they are a leading company in a stable industry.
SKF argue that knowledge is made obsolete quicker today than before. This means that SKF wants to recruit more attitudes and less knowledge in the future. They want people that are not afraid of changes and they will look for qualities that are hard to learn.

4.8 AB Volvo

Volvo is one of the world’s largest producers of trucks, buses and construction equipment and has a leading position in the fields of marine and industrial power systems and aircraft engine components. The company was established in 1927 and has its head office in Gothenburg, Sweden. Volvo has today about 71,000 employees globally and roughly 24,000 employees in Sweden, with production in 25 countries and operates in more than 180 markets. From 1999, the Volvo Group focuses exclusively on transport equipment for commercial use.

Reasons, Motives and Approaches to HRP
Volvo sees HRP as a place where the company wants to be and what they want to achieve within a couple of years, and based on this they decide what kind of competence is required to reach their goals. Then they compare the plan with where they are today and carry out a gap analysis. Volvo has a three-year plan which they revised every year and changed if necessary.

Volvo’s HRP today is very different compared to how it was conducted in the past. The HRP work ten years ago bares little resemblance to how it is carried out today, and if you go even further back there was hardly any HRP at all. According to Volvo, the planning at that time was more “militaristic,” for example, if X died Y would step in. However, this is not feasible today as things happen much faster and you cannot count on things being static.

It is generally the HR department and the respective line managers that are involved in the recruitment process in the lower level work categories and there is usually a group of people to choose from that have been recommended by the line manager when a job becomes available. However, the further up in the organisation you look the more individual and position-focused it becomes.
Chapter 4  

Summary of Empirical Findings

Volvo sees the issue of subjectivity in the recruitment process and succession planning as a great threat. The people that are involved in the HRP often tend to choose people that are similar to them, thus making the selection process somewhat subjective. There is a problem with the diversity in the top management at Volvo and this is something they work a lot with.

Volvo tries to involve the HR department in the general strategic planning and says that the linkage between HRP and the general business strategy is of great importance. The HR department is usually involved as a support unit and explains the consequences of any actions from a HR perspective.

The purpose with HRP at Volvo is to close the gap between what they have and what they want in terms of competence. Volvo expects HRP to enhance their competitive advantage by having the right competence.

Volvo fears that if they plan too far ahead and too strictly they will lose flexibility and ability to adjust and therefore become stuck in the plan. Thus, they want to make sure that the strategic plan is kept flexible so that they are able to adjust it when changes appear.

External and Internal influences on HRP

Volvo says that HRP are not very influenced by employment laws. However, those laws that do influence the work are those related to diversity and equality. These laws are especially apparent when planning for Volvo’s American companies, since such laws are especially rigid in America.

The HRP at Volvo is very affected by the ups and downs in the business cycles. They use something that they call business cycle management. Certain actions that are taken are based on the business climate. There are, for example, more temporary employed people in an economic boom and more focus on competence development in an economic recession. The planning programme for the top positions however, is not affected by the business cycles and is carried out as usual. According to Volvo, the HR department is not neglected in an economic recession, but their activities are different in different economic situations.
Volvo tries to keep track of the Swedish educational trends and also look at what companies’ students choose. Apart from that, they also try to influence students to study subjects that are related to Volvo’s industry, such as engineering and economics. Volvo also has their own upper secondary school where they foster future Volvo employees. However, the main problem according to Volvo is to keep track of and recruit good leaders and managers. The main part of Volvo’s managers is taken from within, but they try to recruit around 15 – 20% of the managers externally, something that has become more apparent the last couple of years.

The HRP at Volvo is affected in some ways by political and international occurrences. The general effects are for example that in time of war the world economy can be slowed down which in turn affects Volvo’s economy. Volvo can also be affected if countries, where Volvo has a large market share, are involved in a war. The ultimate result of a reduction in sales is of course that Volvo needs to either downsize their workforce or at least stop the recruitments.

Volvo can clearly see some changes concerning attitude among the younger employees. Before it was quite common that people starting their career at Volvo stayed there until retirement, but this is not the case anymore and people are more prone to change employer. Volvo offers various trainee programs in order to secure a constant flow of people to take over the positions that are made vacant.

According to Volvo, one of the effects that new technology has on HRP is that new technical competence is required among engineers; however this is not seen as a major problem. The real challenge that comes from technological changes is to recruit, train and develop sales staff that is capable to sell and explain new technology to the customers. Another problem is to find repairmen and service technicians that handle the constantly more advanced technology.

Volvo says that other external factors that have had an affect on HRP is the emergence of new lifestyle patterns and is an important factor to consider. It has become more difficult to recruit people to management positions than it was for 5 – 10 years ago. People question the time they have to put in and what
they get out of it. Volvo considers this a problem and are trying to find a balance and say that they need to attract good managers that are willing to sacrifice a lot for Volvo, but at the same time they need promote an atmosphere where having a family is seen as something natural.

According to Volvo, internal factors that influence HRP are such as the size of the company, management style, culture and the structure of the company. They mainly influence training and development capabilities. In this respect it is important to consider they way a company is organised and structured. It is important to have more responsibility at the lower ranks of the company, as this increases flexibility and more people can work with different tasks. If this is not considered you can end up with a majority of people that are specialised in certain areas, and these people are more difficult to replace if no one else works with the same tasks.

Volvo work with so called “high potentials” to make sure that they have people that can take over the 200 most important positions in the company. The high potentials should be able to take over the position within two years, and Volvo has around 275 high potentials. These people are offered programs for training, development and preparation for future management positions. There is a debate at Volvo concerning how many high potentials they should have. Some people in the organisation claim that they should have as many as 400, however, it is also argued that 400 young, ambitious and intelligent persons will not sit around and wait for their chance to come.

When Volvo considers the future they believe that competence development is going to become increasingly important. They will work a lot with having economists working in technical projects and technicians working in economical projects to increase the learning and development of people. According to Volvo it is expensive to conduct competence development but it is even more expensive with incompetence.
5. Analysis

In this section, we present the analysis of our empirical results. We aim to solve our research sub-problems by contrasting and making a comparison of the different companies. Firstly, we present and analyse the reasons and motives to conduct HRP among the case study companies. Secondly, we present and analyse the external and internal factors that influence the case study companies in their HRP, thus we aim to analyse the effect their current business environment has on planning.

5.1 Reasons and Motives for HRP among the Case Study companies

While there are many reasons for conducting HRP, the essential motive is, as presented in chapter 3.1, to have the right people, with the right skills, in the right places at the right time. All but one (HWR) of the case study companies specifically stated that this was the underlying motive for conducting HRP. Thus indicating that no matter what industry or organisational size, the old concept of having the right person at the right place is still a crucial aspect of HRM. There are many issues behind this concept, for example the costs of wasting resources on the wrong people, the cost of having the right person in the wrong place and undermining the development of a desired organisational culture.

Even though the above constitutes the essence of HRP, there are other reasons for planning ahead. As mentioned in chapter 3.3 effective HRP can help anticipate potential future difficulties and develop effective personnel strategies for activities such as redundancies and retaining employees. In this sense HRP can be a broader tool than just finding the right people, which is indicated by a majority of the case study companies. A few of the companies studied (LME, ABV) stress the importance of planning for redundancies in order to, at the time of extensive downsizing, make sure that you retain the right competence for the present as well as for the future. We notice that the companies that point out the importance of such planning are those with a history of extensive redundancies, while the companies with less experience of such scenarios do
not see the importance of that kind of planning. It is remarkable that there are still companies today that do not plan for anticipated redundancies, forcing them to be reactive rather than proactive in such an event. The reluctance to plan for redundancies could be affected by psychological factors, as mentioned in chapter 3.4, such as that the top management feels to secure, or that there is a reluctance to plan for scenarios that you do not wish to happen.

Furthermore, a majority of the case study companies see the retention of key competence as an important issue of HRP. This can be put in contrast with the fact that only a few of the companies studied plan for downsizing. We argue that it is important to make sure that you plan for retention of key competence no matter what situation. Thus, to plan does not necessarily mean to plan for expansion and growth.

5.2 Approaches to HRP

There are two different schools of theory concerning the validity of long-term HRP presented in chapter 3.4 and 3.5. In essence, the school of theory arguing against long-term HRP points out the impossibility of forecasting the demand for and the supply of labour with any accuracy. Mintzberg (2000) takes it even further saying that planning itself breeds basic inflexibility. The school of theory arguing for long-term HRP says that planning has never been intended as blue-prints of the reality to come. The planning is rather seen as a tool that can help managers to foresee changes and identify trends.

All of the case study companies, except HWR and SAS, have formal HRP stretching three years ahead. These plans are examined quarterly, and revised in depth annually. All of the companies that do plan formally say that planning for more than three years ahead does not add any value. The majority of the companies studied argues that planning needs to be flexible and adjustable to changes. A major threat identified among the companies is that if you plan too strictly and too far ahead there is a risk of getting stuck in the plan. One company (SKF) expressed that the worst scenario would be if you realised a plan even if you know that it is the wrong way to go. However, those companies that do plan argue that a flexible plan make them more prepared for changes and enhances their ability to faster adjust to these changes.
Even though the majority of the case study companies conduct HRP, there are a few companies that do not plan at all (HWR) or have an ad hoc approach to HRP (SAS). However, the reasons for not conducting HRP are based on other reasons than those presented by the school against HRP. Their reason for not planning comes from the fact that they have never had any difficulties finding the right competence when required and they claim that this is because they have always been attractive as employers.

This indicates that the theory against long-term HRP seems to have little relevance among the case study companies no matter what industry.

We disagree with some of the arguments presented in chapter 3.4 about the case against HRP, as we claim that these arguments are too general. For example, Unterman (1974) claims that because the world is increasingly complex and unpredictable it is not worth trying to predict what will happen more than a year ahead. While Unterman seems to focus on the potential outcome of the plan, we would rather stress the importance of the planning process itself. The planning process forces the companies to carry out an in-depth analysis of the current situation in terms of internal resources and how these resources are utilised. Furthermore, if the company scans its environment as a part of the planning process, this will provide them with a wider perspective in terms of their business environment and competitors. This has the potential, if carried out in-depth, to provide a solid foundation on which several realistic future scenarios can be based on, thus, keeping the company alert to changes.

According to the theory in chapter 3.2, it was due to the increasingly uncertain socio-economic climate during the 90s, that the HRP function was anticipated to become the focal activity as it was increasingly becoming an essential function across the organisation. This change is evident among the case study companies, where the nature of HRP has changed from being a militaristic and rigid way of planning some ten to fifteen years ago, to require more flexible planning today, forcing the companies to re-evaluate their HRP. According to the case study companies, more changes in shorter time cycles have forced this change to occur. Worth mentioning is that this evolution of HRP among the companies studied has been equally dramatic in traditionally stable as in
turbulent industries. Thus, one can argue that it is the speed of development itself that has caused the change in HRP, rather than the specific nature of the development.

As stated previously in the analysis the essence of HRP is to have the right people, with the right skills, in the right places at the right time. However, the case study companies differ in the methods and approaches used to fulfil this objective. When categorising the companies using long-term HRP, half of these (ABV, MHC, SU) tend to focus on the supply and demand issues of competence. These companies mainly base their forecast on a gap analysis. According to theory described in chapter 3.7, their focus leans towards competence planning. While it can be argued that they are mainly quantitative in nature, they have the intentions of becoming more qualitative, i.e. focusing more on creating a flexible workforce, providing possibilities for individual development and creating individualistic thinking.

A few of the companies studied (MCD, SKF) emphasise on the latter issues. These companies mainly focus on internal factors in terms of HRP. Their approach is leaning more towards a mixture of career planning and soft HRP, as described in chapter 3.7. The general idea of HRP among these companies is that by providing an environment that fosters personal growth and development, as well as emphasising the importance of individuals taking responsibility for their own career planning. The ultimate outcome should be that HRP takes care of itself.

One of the case study companies (LME) is focusing on scenario planning where the desired outcome is, through thorough environmental scanning, to end up with alternative forecasts of the future with the intention of making them more adjustable to changes. This method of planning is similar to what in theory, in chapter 3.7, is referred to as contingency planning.

We can see a trend indicating that the companies working after a more quantitative approach are the ones that have and/or are experiencing high employee turnover rates. Furthermore, companies that are more internally focused in their HRP have experienced low employee turnover rates for some time. Logically, the need for anticipating the demand and supply for
competence becomes greater in situations where the employee turnover rate is high, thus less time can be dedicated to internal issues. Whereas, in less turbulent environments in terms of employee turnover, there is not the same need for issues such as supply and demand forecasts, and more time can be dedicated to internal development.

**5.3 Internal and External Influences on HRP**

A lot of the contemporary theory concerning HRP talks about increasingly dynamic environments with more discontinuities, creating a turbulent arena in which HRP must flourish. In the light of this, one of our intentions was to investigate if this is the perceived reality among the case study companies and, if so, to what extent and in what ways they have been affected by this turbulence.

In times of economic fluctuations, the majority of the case study companies’ HRP concerning lower level employees is affected. During economic recessions, the general trend is to review the costs associated with, for example having too large a workforce than required, i.e. focusing on the hard aspects of HRM. With the exception of a few (LME, HWR) the companies plan and act in more similar ways during times of economic recession. During economic growth the differences in their HRP philosophy become more apparent. Arguably, this would mean that the respective HR departments are less restricted in their work during economical growth.

According to theory presented in chapter 3.8, the generation of people born in the 70s and 80s are more individualistic and less likely to remain with one employer. The majority of the case study companies, except LME, SAS and HWR, feel that there have been some changes in employee attitudes. The most apparent changes are that people are less likely to remain with one employer for life since they have higher demands on training, development and career possibilities. This change in attitude influences the HRP in the studied companies. The main issue to consider in terms of HRP is that more emphasis has to be put on retaining key employees. Among the case study companies, the general approach towards retaining employees involves working with the environment and providing development possibilities.
Chapter 5

Analysis

One unknown aspect of internal supply is the fact that people choose to leave, something that is becoming more and more common, thus making the planning for internal supply more difficult. Working with factors that increase the companies’ attractiveness as an employer, such as the ones mentioned above, is a way of trying to reduce the amount of unexpected leaves. However, this change in employee behaviour has also influenced the way in which a majority of the studied companies work with the external supply of competence.

Since people are more prone to leave their current employer, as well as the increasing mobility of the population, companies can not be as certain today that there is a constant supply of the right competence as they could before. Thus, a majority of the case study companies (LME, MCD, HWR, MHC, SU, ABV) are working closely with the universities in an attempt to influence students to educate themselves in areas that the companies can see a current as well as a future demand for.

As securing the availability of the right competence is a fundamental part in the work of having the right people, with the right skills, in the right places at the right time, we believe that this way of working will become increasingly important. For example in situations where students are reluctant to enrol on programmes leading to professions for which there is low demand at the moment, but for which the company can see a future demand. Worth mentioning, those companies working most actively with universities (ABV, LME, SU) also have relatively high employee turnover, which in turn implies that these companies have the greatest need to control the external supply of competence.

The theory in chapter 3.8 says that the speed of recent change has been such that the applications of computerised technology in products and processes are now driving and facilitating much of the market, organisational, and communication changes that are taking place. The implications for numbers, skills, location and design of jobs and employment contracts are therefore more significant than is currently realised by many HR managers.

There is a wide variety of opinions among the companies studied concerning the effects that technological development has had on HRP. A few companies
(MCD, LME) can see the benefits with new technology in terms of HRP, such as improved planning tools and improved possibilities for a more flexible workforce by having employees working at a distance. The implication of numbers, as mentioned in theory, is no longer an issue among the studied companies but one mentions that the previous large group of administrators is now almost completely gone. In terms of skills required, a few of the companies do not see a problem with the employees that are at the cutting edge of new technology, such as technicians and engineers. They do however see a problem with finding competence that handles both new and old technology as well as how to keep other parts of the workforce, like the sales department, updated with new technology so that it can be effectively explained and communicated to customers.

It is hard to see any trends in how new technology affects the HRP among the case study companies since their spontaneous reactions are quite different. However, the traditional problem areas with IT, such as redundancies caused by rationalisation, and lack of basic computer knowledge, are no longer important issues. Among the studied companies with product development departments the problem rather lies in finding the right competence in narrow sectors and, as mentioned, keeping the rest of the organisation updated with what is happening in terms of new product developments.

Even though the development of legislation has not been turbulent and rapid we wanted to see how laws affected Swedish companies in the way they plan for recruitment and redundancies, since employment protection is quite rigid in Sweden compared to, for example USA.

We were quite surprised to find that half of the case study companies (ABV, HWR, MHC, SKF) said that they were not influenced at all, or not to a great extent, by legislation when it comes to HRP. The companies that feel that they are affected by legislation say that it becomes more apparent in times of downsizing. One dilemma mentioned is that when downsizing the work force, you lose a lot of the competence that you hired last, i.e. the competence that in many cases is the most relevant for now and the future. Another problem is the inflexibility of work regulations, in times of less demand there is also less need
for fulltime employees but you can not control this in a great extent since employees have contracts with the company.

There might be different reasons why so many of the case study companies feel that laws in terms of HRP do not influence them. One reason could be that the employment legislation in Sweden is something that the companies are used to, thus something that has always been a part of the planning and is therefore not seen as problem. Another reason could be that companies with low turnover in employees (HWR, SKF) are not as affected by employment laws, since the effects of laws are more apparent in terms of downsizing. Furthermore, the companies studied are all quite large companies. The effect of laws is arguably more apparent in small companies, where hiring one person could be a huge investment and you really need to be certain that you have a demand for this new resource.

While external factors, such as the one mentioned above, do have various impacts on the HRP in companies, it is also important to consider the internal factors and how they affect HRP. We wanted to find out how and to what extent factors like organisational size and structure, management culture, growth and development policies etc. influence the way in which the case study companies plan.

When comparing the external and internal factors that influence HRP, a majority of the companies studied come to the conclusion that internal factors play a more significant role. For a few of these (HWR, SKF) companies it is because they have little demand for new competence and that they operate in stable environments, thus policies on growth and organisational structure becomes increasingly important concerning how HRP is conducted. However, even for companies that operate in turbulent environments (ABV, LME), the complexity of the organisational structure is seen as a very important factor when considering HRP. One company (MHC) argues that it is the level of involvement of the HR department in the overall strategic process that is the most important factor for conducting HRP successfully.

Not surprisingly, the companies in stable industries and/or with low employee turnover pay more attention to internal factors. This is, however, not the whole
truth, since companies in highly volatile industries also consider factors such as
organisational structure and cooperation between different departments as more
important for successful HRP than external factors. We argue that even though
the external factors, some more than others, influence the way of planning in
the case study companies these are factors that you rarely can exert any
influence over. Internal factors on the other hand, such as if the structure of the
company is inadequate for training, development and flexibility of the work
force, and to what extent the HR department is involved in the development of
business strategy, are issues that can be influenced. This fact does not mean
that they affect HRP more, but HR managers might consider them more
important.

5.4 Future Aspects of HRP

We asked the case study companies if they could make a prediction of what
competencies they think will be most relevant in the future, and among those
who answered a majority saw generic skills, such as social competence and the
ability to easily adjust to change, as becoming increasingly important. These
companies (ABV, LME, MHC, SAS, SKF) argue that knowledge becomes
obsolete quicker today and this is something that will become even more
apparent in the future, thus it will make more sense to recruit the right
“attitude” and provide the knowledge gradually, rather than vice versa. These
arguments are in line with the theory in chapter 3.8, where changing employee
attitudes is considered to become more important. The companies argue
however, that changing attitudes is very difficult, thus more emphasis should be
put on recruiting the right attitude.

If the case is that more emphasis will be put on desired generic skills in the
recruitment process, the issue of subjectivity needs even more consideration.
All of the companies studied stated that there is always a certain level of
subjectivity in the recruitment process, and this is something that you cannot
avoid as long as people are involved. We argue that if companies are to focus
more on generic skills the likelihood of subjectivity in the recruitment process
will increase, since the personality of candidates is a subjective judgement.
According to the theory in chapter 3.2, the future role of the HR department is to provide an attractive environment in which employees feel inspired and have the possibility to develop their competencies. Furthermore, it is claimed that the responsibility for individual competence development may not be with the company, but with the individual him- herself.

During our research we have only come across one company (SKF) that plans in accordance with the above theory, i.e. puts a lot of effort in creating an environment for personal growth, as well as promoting individual competence planning. SKF is a company in a very stable industry with low employee turnover. We argue that even though the scenario presented in the theory is a desired one, the turbulence in many industries force companies to focus on other issues. As we have mentioned before, companies with a high employee turnover operating in volatile industries needs to handle issues such as redundancies and the supply and demand of competence. In the light of this, we argue that working with the issues mentioned in the theory will be difficult for companies outside a safe and stable environment reserved for a few.
6. Conclusions

In this section we aim at highlighting the main findings observed throughout our research. By presenting and discussing findings concerning our two research problems, we hope, consequently, to find answers to our main problem.

Regardless of the organisational size and industry the underlying motive behind HRP is to have the right people, with the right skills, in the right places, at the right time. However, the ways to realise this motive do differ from one organisation to another depending on the individual prerequisites. This could be illustrated by breaking down the motive, where finding the right people, with the right skills is the essential condition for having them at the right place, at the right time. In times of organisational growth or downsizing organisations naturally focus on hiring or retaining the right people with the right skills. However, organisations with a modest employee turnover can focus more on having the people in the right place i.e. concentrating more on making sure that the existing workforce is utilised in the optimal way.

During our research we have found evidence supporting the above statement, where organisations with a high employee turnover tend to focus on the planning for supply and demand of HR, while organisations with low employee turnover lean more towards internal issues of HRP. Logically counting heads becomes more important in times of growth or downsizing, thus the nature of the HRP shifts towards a quantitative approach. Consequently organisations experiencing more stable periods can focus on softer HRP, i.e. concentrating on the creation of an environment that stimulates personal development and motivation among the employees.

Our impression during the research is that all companies have the intention to focus more on internal HRP, thus companies do not decide to be either quantitative or qualitative in their approach, and it is rather a natural selection based on the individual prerequisites. However, we can see a risk with not having a balanced view in terms of external and internal HRP. Among the companies with an explicit internal focus there is a lack of attention for external...
developments and trends, thus we can see an inherent risk of becoming “fat and happy” which in turn requires reactive actions in times of major change.

While there are different prerequisites between organisations, determining their approach to plan, we can also see a general change affecting the ability for all organisations to plan. Historically, there has been turbulence in the business environment such as technological developments and erratic economic fluctuations, however it is not these factors per se that has caused the change today, but rather the speeds in which discontinuities occur. This is made evident by the fact that companies no longer plan in the same way as they did ten to fifteen years ago when the more static conditions allowed the organisations to plan with more accuracy. Today organisations do not plan more than three years ahead and the plans are revised both annually and quarterly.

This development has put the organisations in a dilemma; the greater the need for planning the more difficult it becomes to plan. In the light of this, some theorists question planning since it is virtually impossible to foresee changes with any accuracy. However, this view appears to have little, if any relevance among the organisations, where planning is viewed as a less formal process. The common understanding among the companies is that it is impossible to follow a plan rigorously but they still plan. From this we draw the conclusion that planning is more than just forecasting the future, it is rather the planning process itself that adds value to the organisation. By incorporating plans made across the whole range of personnel and development activity the organisation becomes more alert to changes and prepares itself for future discontinuities regardless of their nature, thus admitting that change will occur is more important than foreseeing the future.

Organisations that embrace this way of thinking plan to a greater extent than in the past in the way that it involves a broader definition of HRP, incorporating not only quantitative measures but also soft issues. However, the fact is that environments vary across industries, organisations and over time. Some organisations occasionally experience disruption. But at the same time others are experiencing relative stability. Thus, organisations are very much
influenced by their individual prerequisites limiting their abilities to plan to the extent as described above.

Two findings concerning HRP seems to distinguish themselves, firstly we can see a general change among all companies in the way they plan for HR, secondly HRP is still very much based on individual prerequisites.
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8. Appendix

*Interview Questions*

1. What is your definition of HRP?
   a. What kind of HRP does your organization conduct?
   b. How many years ahead do you plan?

2. What is the purpose of your HRP and what are the expected outcomes?

3. Is there a difference in the way you conduct HRP today compared to before, if yes, in what way is it different?

4. Who in the organisation has influence over the recruitment and planning process?

5. Do you consider subjectivity in the recruitment and planning process to be a problem, if yes, what do you do to avoid this issue?

6. Is there a linkage between the HR strategy and the Business strategy?
   a. How closely do HR people work with business strategists?

7. Are there any negative aspects with planning? According to some theory you loose flexibility when you plan too rigorously, what is your opinion on this?

8. Is it possible to measure the outcome of HRP?

9. How often do you review your plan(s)?

10. Do you scan your business environment, if yes?
    a. How do you scan it?
    b. Who collects the information?
    c. How often do you scan the environment?
11. Does laws, policies and international regulations influence the way you plan?

12. Do fluctuations in the business cycle affect the planning?
   a. Does the HR department receive more or less attention depending on the economic climate?

13. Do you plan for potential downsizing in a long term perspective?

14. Are you considering external supply and demand of competencies in the HRP?

15. Do international and political occurrences affect the HRP?

16. Has the attitude among the workforce changed, if yes?
   a. In what way?
   b. Does it affect HRP?

17. Has technological developments had any influence on the way you conduct HRP?

18. Are there other external factors, beside the above, that influence the way you conduct HRP?

19. Do internal factors influence HRP, if yes?
   a. What are these factors?
   b. In what way do they affect the HRP?

20. Is it possible to say whether external or internal has more influence on HRP than the other?

21. What kind of employees and what competence do you consider to be desirable in ten years from today?

22. Do you have anything to add to what we have discussed?