UNIT 6 : EDUCATION AND MANPOWER PLANNING

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6.1 LEARNING OBJECTIVES

After going through this unit, you will able to

- define the concept of manpower planning
- explain the importance of manpower planning
- identify the relationship between manpower planning and economic growth
- evaluate the problems of manpower planning

6.2 INTRODUCTION

Manpower planning is also called human resource planning which implies an endeavour by a country to integrate economic development and educational planning. It is a deliberate attempt by the government to link the development of its educational system to the demand for educated manpower by the economies. In other words, it means placement of the right number of people and the right kind of people at the right place at the right time, doing the right things for which they are suited. This will lead to the achievement of goals of the organisation and hence, it would raise economic growth.

According to **Fadipe** (2011), manpower deals with human capital formation, allocation and utilisation etc. Manpower, also known as human resources, can be defined as the bulk of labour available for any particular kind of work. In more specific terms, it is the bulk of human beings with the relevant skills, energies, talents, knowledge and attitude that can be committed towards the production of goods and services.

Yesufu (2000) defines manpower planning as the process of determining and affecting a balance between the available or potential human resources of a nation and their effective disposition and utilisation.

Adiele (2006) defines manpower planning as a conscious and rational decision-making process geared towards defining the various courses of action that need to be carried out within an organisation. The ultimate purpose of manpower planning is to ensure regular and adequate supply and maintenance of relevant human resources in all sectors of the economy at all times.

6.3 IMPORTANCE OF MANPOWER PLANNING

The need of manpower planning in a developing countries like India is very important because of her rapid development of industrialisation and unprecedented growth of highly educated and skilled manpower. However, there are many reasons, which suggest for better manpower planning. Some

of the important reasons of manpower planning are-

- Manpower planning helps to identify the demand and supply gap in labour force and takes quick actions to bridge the gap wherever required. This technique is called manpower forecasting.
- It helps to reduce the production of unnecessary manpower and thereby avoid future unemployment.
- It also helps to identify the national and international demand for skilled manpower and therefore facilitates training programmes to meet those demands.
- The rapid urbanisation in the developing countries especially in India increases the rural-urban migration of the labour force. Proper manpower planning reduces this type of migration in the developing countries like India.

6.4 EDUCATION AND MANPOWER PLANNING

The concept of manpower planning became very important for the underdeveloped countries particularly after the Second World War. After the end of the War, particularly in the last couple of decades of the twentieth century, there has been a rise of worldwide interest in education and manpower planning. The tools of manpower planning offer great promises for the special needs and problems of educational development in these countries, which in turn may lead to economic development.

The main reasons of the attention to manpower planning are - very high demand of education and larger allocation of funds on education. Moreover, a large part of the interest in manpower planning and forecasting has risen from the recognition that labour markets are imperfect and that surpluses and shortages of different categories of manpower exists side by side at all levels of economic activity. Thus, these loopholes in an economy are solved with the support of the combination of education and manpower planning. The joint support of education and manpower planning attempts to eliminate the human and economic waste involved in such loopholes by

achieving a better matching between the outputs of the education system and the economic system.

6.5 MANPOWER PLANNING AND ECONOMIC GROWTH

Many economists and educationists supported the existence of positive relationship between manpower planning and economic growth particularly in the developing countries where different sectoral growth needs proper manpower planning in their path of expansion. High demand for technical and professional manpower should be fulfilled with proper manpower planning especially in the developing countries like India. However, many studies have accepted the importance and role of manpower planning in the rapid economic growth of a country.

6.5.1 Higher Growth through Labour Productivity

The high rate of economic growth measured in terms of higher growth rate of Gross National Product (GNP) is the sole goal of many developing countries. To attain this goal, many economists have examined the relative importance of investment in capital stocks, technical progress, changes in the quantity and quality of the labour force and other socio-economic factors. However, the contribution of manpower planning to economic growth is to increase the productivity or efficiency of the existing labour force. Proper distribution of labour force in exact quantity and quality in the different sectors of an economy raise the productivity of the labour and hence it may also lead to higher economic growth. The following are some of the contributions to economic growth:

6.5.2 Regulating labour market imperfection

One important role of manpower planning is that it reduces the negative impact of surpluses and shortages of the labour force by

regulating the demand for and supply of labour force in the different sectors of the economy. Thus, it corrects the labour market imperfections and hence raises economic growth.

6.5.3 Provision of Information of Future Manpower Requirements

Beyond the regulation of the labour market imperfection, manpower planning also provides future requirements of the labour force which address the issue of potential unemployment in an economy. Moreover, on the basis of the manpower forecasting, the different sectors of an economy adopts their developmental strategy accordingly.

6.5.4 Addressing the Problem of Rural-urban Migration

The rural-urban migration is one of the main reasons of transformation of occupation structure in the developing countries like India. This problem may be solved with proper manpower planning in the country which in turn may initiate the regional rural development and hence the overall national growth.



CHECK YOUR PROGRESS

Q1. What is manpower planning?

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6.6 APROACHES TO MANPOWER AND EDUCATIONAL PLANNING

Broadly speaking, there are three approaches to education and manpower planning. These are- Social objective approach, Rate of return ap-

proach and Target setting approach. These approaches are discussed below in detail.

6.6.1 Social Objective Approach

This is the most common approach that has been applied in the underdeveloped and developing countries such as Latin America. The social objective approach is based on some social objectives, which are more or less same for all the developing countries. Thus, it is nothing but some kind of social or political goals concerning the right of the population to education. This approach involves the projection and attempt to satisfy the social demand for education. Some of the most important social objectives of the developing countries are the eradication of illiteracy, the lowering of wastage rates, the need of increase of enrollment ratio in primary as well as secondary schools and the improvement of educational standards compared to other developed countries.

In this approach, the gap between the ideal state (the value required for the improvement) and the current state is estimated. Then, the cost of filling the gap is calculated and accordingly the government budget is determined for education. Thus, this approach heavily emphasises the non-economic factors and is supported by many educators.

However, there are many disadvantages of this approach. Firstly, it ignores all economic considerations-fiscal and occupational. Secondly, the social objective approach establishes no criteria for choosing between education and other socially desirable projects. Thirdly, the high social demand for universal literacy has led to a rapid expansion of the primary education system, which has left very few resources for the balanced development of secondary and higher levels of education.

6.6.2 Rate of Return Approach

The main objective of this approach is to maximise the rate of return of manpower planning. Rate of return approach estimates the human and financial resources and based on the available resources it attempts to maximise the objective function of rate of return. For example, Correa-Tinbergen-Bos Model, etc.

6.6.3 Target Setting Approach

As the name indicates, this approach firstly sets or forecasts some important developmental targets in the national level such as output and sectoral growth of the economy. These targets are based on the political, social and economic goals of a country. Focusing on the priority of the targets, this approach estimates the educated man-power based on the requirements of the economy. That is why; this approach is called target-setting approach. For example, Mediterrean Regional Project and Harbinson rule-of-thumb model etc. are some of the best examples of this approach.



CHECK YOUR PROGRESS

Q 2. What is social objective approach?

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Q 3. What is rate of return approach?

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Q 4. What is target-setting approach?

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6.7 PROBLEMS OF MANPOWER PLANNING IN INDIA

There are many obstacles in the manpower planning processes particularly in the developing countries. Some of the problems of manpower planning in India are given below:

- **Lack of experts and professionals:** The main problem of manpower planning in a developing country like India is the lack of experts and professional in this field of manpower planning.
- **Loopholes in forecasting methodology:** Another problem of man power planning in the country is the implementation of faulty methodology while forecasting future requirements of manpower in the economy.
- **Incidence of absenteeism:** Existence of absenteeism in the work place in the Indian context is another problem of manpower planning. Due to persistent and huge rural-urban migration of workforce in the country, the manpower planning process is facing many troubles. Moreover, illiteracy and paucity of skilled labour worsened the manpower planning process.
- **Lack of scrutiny and review:** Scrutiny and review of the methodology and implementation of manpower planning is very important for avoiding the loopholes in the future plan. However, manpower planning in India has no review and scrutiny system.
- **Rapid technological changes:** The technology used in every fields of life in the developing as well as developed countries is changing rapidly. In India, the parallel development of technology in the field of manpower planning is not satisfactory and sufficient.
- **Short-term goals:** Many of the goals and objectives of manpower planning in India are short term and hence the success of manpower planning is not satisfactory based on the allocation of resources.



LET US KNOW

Correa-Tinbergen-Bos Model:

The model was developed by Correa, simplified by Correa and Tinbergen and extended by Tinbergen and Bos. Hence, this model is popularly known as the Correa-Tinbergen-Bos model. This model relates the projected optimum growth stock of educated personnel to given rates of economic growth measured in GNP with the help of regression analysis. This model has been used in India and some African countries.

Mediterrean Regional Project

This project was undertaken by Organization for Economic Cooperation and Development (OECD) in 1960s in Greece, Italy, Portugal, Spain, Turkey and Yugoslavia. The main objective was to plan the long-term development of education in these six Mediterranean countries. This model was originally formulated by Herbert S. Parnes, which is based on input-output model. The model forecasts the final desired output of the economy some years hence to estimate the number of enrolments in each of the main branches of education needed to produce the forecast output.

Harbinson rule-of-thumb model

This model was developed by Harbinson and Myers. The main objective of this model is to estimate the manpower requirements for economic growth. However, the rule-of-thumb of the model is that if output of a country grows by 'x' percent per year, then the stock of high level manpower should grow by '2x' percent, second level by '3x' percent and total employment by '0.5x' percent.



6.8 LETS US SUM UP

- Manpower planning is called human resource planning which implies an endeavor by a country to integrate economic development and educational planning.
- The need of the manpower planning in the developing countries like India is very important because of her rapid development of industrialisation and unprecedented growth of highly educated and skilled manpower in the country.
- Many economists in the last couple of decades propounded the positive relationship between manpower planning and economic growth.
- There are many approaches to education and manpower planning. The social objective approach, rate of return approach and target setting approach are very common approaches to education and manpower planning.
- In the Indian context, there are many problems in the manpower planning process. Some of these problems are lack of experts and professionals, faulty forecasting methodology, incidence of absenteeism, short-term goals, etc.



6.9 FURTHER READING

1. Becker, G.S. (1964). *Human Capital.* New York: Columbia University Press.
2. UNESCO. (1968). *Educational Planning: A World Survey of Problems and Prospects.* Paris: UNESCO.
3. Bowles, S. (1969). *Planning Educational Systems for Economic Growth.* Cambridge, Massachusetts: Harvard University Press.
4. Johnes, Geraint & Johnes, Jill. (Eds.). (2004). *International Handbook*

on the Economics of Education. Cheltenham (UK): Edward Elgar Publishing Ltd.

5. Psacharopoulos, George. (Ed.). (1987). *Economics of Education: Research and Studies.* Oxford: Pergamon Press.



6.10 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q No.1:

Manpower planning is also called human resource planning which implies an endeavour by a country to integrate economic development and educational planning. It is a deliberate attempt by the government to link the development of its educational system to the demand for educated manpower. In other words, it means the placement of the right number of people, and the right kind of people at the right place at the right time, doing the right things for which they are suited for the achievement of goals of the organisation and hence it raises economic growth.

Answer to Q No.2:

The social objective approach is based on some social objectives, which are more or less same for all the developing countries. It is nothing but some kind of social or political goals concerning the right of the population to education. This approach involves the projection and attempt to satisfy the social demand for education. Some of the most important social objectives of developing countries are the eradication of illiteracy, the lowering of wastage rates, the need of increase of enrollment ratio in primary as well as secondary schools and the improvement of educational standards compared to other developed countries.

Answer to Q No.3:

The main objective of the rate of return approach is to maximise the rate of return of manpower planning. The rate of return approach estimates the human and financial resources and is based on the available resources it attempts to maximise the objective function of rate of return. For example, Correa-Tinbergen-Bos Model, etc.

Answer to Q No.4:

The target setting approach is the approach where forecasts of some important developmental targets are taken to be fulfilled in the national level such as output and sectoral growth of the economy. These targets are based on the political, social and economic goals of a country. Focusing on the priority of the targets, this approach estimates the educated manpower based on the requirements of the economy. That is why, this approach is called target setting approach. For example, Mediterrean Regional Project and Harbinson rule-of-thumb model etc. are some of the best examples of this approach.



6.10 MODEL QUESTIONS

Q 1. Define manpower planning?

Q 2. What is the importance of manpower planning?

Q 3. Write a note on education and manpower planning.

Q 4. Explain the role of manpower planning in economic growth.

Q 5. Write a note on different approaches of manpower and educational planning.

Q 6. Explain the problems of manpower planning in India.

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