

SESSION 4

Human Resource Planning



ANNOTATED OUTLINE

INTRODUCTION

HRP offers an accurate estimate of the number of employees required with matching skill requirements to meet organisational objectives. HRP is a forward looking function as human resource estimates are made well in advance. It is, of course, subject to revision.



Objective

The basic purpose of HRP is to decide what positions the organisation will have to fill and how to fill them.

Objectives of human resource planning

Forecast personnel requirements

Cope with changes

Use existing manpower productively

Promote employees in a systematic way



Importance

Organisations use HRP to meet future challenges, cut costs, and achieve greater effectiveness

Importance of human resource planning

Create a talent pool
Prepare people for future
Cope with organisational changes
Cut costs
Help succession planning



The Process Of HRP

The HRP is a four step process: demand forecasting, supply forecasting, estimating manpower gaps and formulating HR plans. The demand for human resources is influenced by several factors

Forecasting the demand for human resources

External challenges

Economic developments

changes Political, legal, social, technological

Competition

Organisational decisions

Workforce factors



The Process Of HRP

External Challenges: Liberalisation, privatisation and globalisation (LPG era) have created huge demand for people in software, finance marketing, and manufacturing fields.

Organisational Decisions: Decisions such as expansion, diversification, and relocation leading to demand for people possessing requisite skills

Workforce Factors: Such as retirement, resignation, and termination etc creating manpower gaps.



Forecasting Techniques

HR forecasts are an attempt to find out an organisation's future demand for employees

Forecasting techniques

Expert forecasts

Trend analysis

Workforce analysis

Workload analysis



Forecasting techniques

Expert Forecasts: These are based on the judgements of those who possess good knowledge of future human resource needs

Trend Analysis: This is based on the assumption that the future is an extrapolation from the past. Human resource needs, as such, can be estimated by examining past trends.

An example of trend analysis

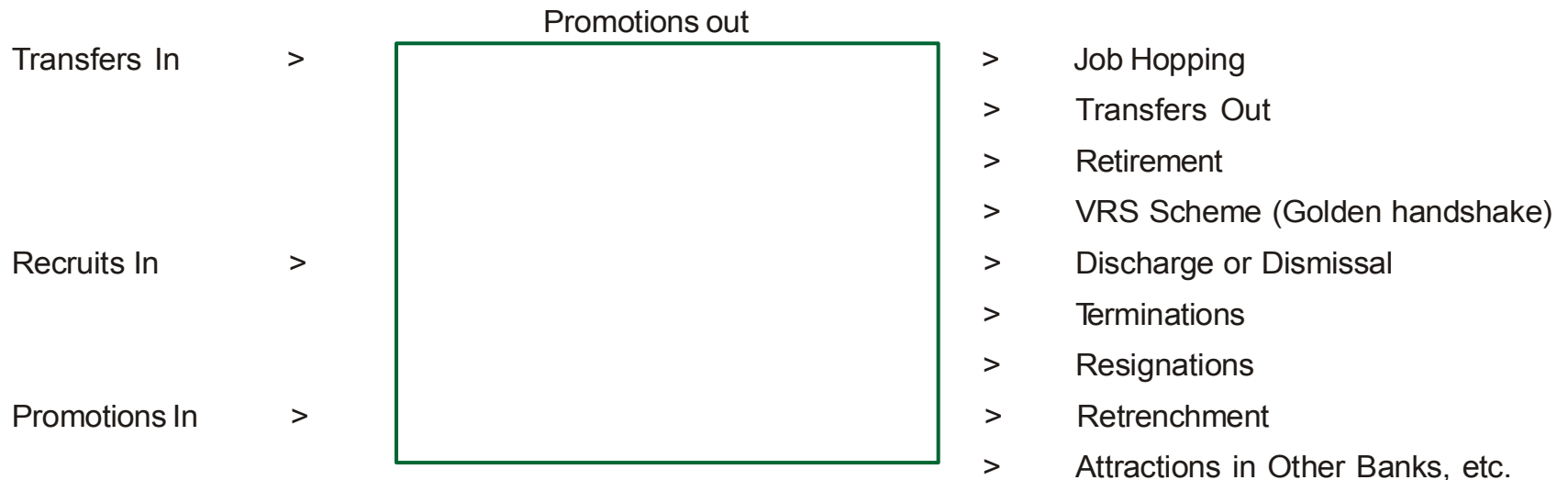
2002-03	Production of Units	:	5,000
2002-03	No. of Workers	:	100
	Ratio	:	100:5000
2003-04	Estimated Production	:	8,000
	No. of Workers required	:	$8000 \times \frac{100}{5000} = 160$
If supervisors have a span of 20 workers, 8 supervisors are also needed in 2003-04.			



Forecasting techniques

Workforce Analysis: All relevant factors in planning manpower flows in a firm such as transfers, promotions, new recruitment, retirement, resignation, dismissal etc are taken into account while estimating HR needs

Manpower flows in a bank



Forecasting techniques

Workload analysis: Based on the planned output, a firm tries to calculate the number of persons required for various jobs.

An example of workload analysis

Planned output for the year	10,000 pieces
Standard hours per piece	3 hours
Planned hours required	30,000 hours
Productive hours per person per year (allowing for absenteeism, turnover, idle time etc.)	1,000 hours (estimated on annual basis)
No. of workers required	30

If span of control in the unit is 10 per officer, then 3 officers are also required.

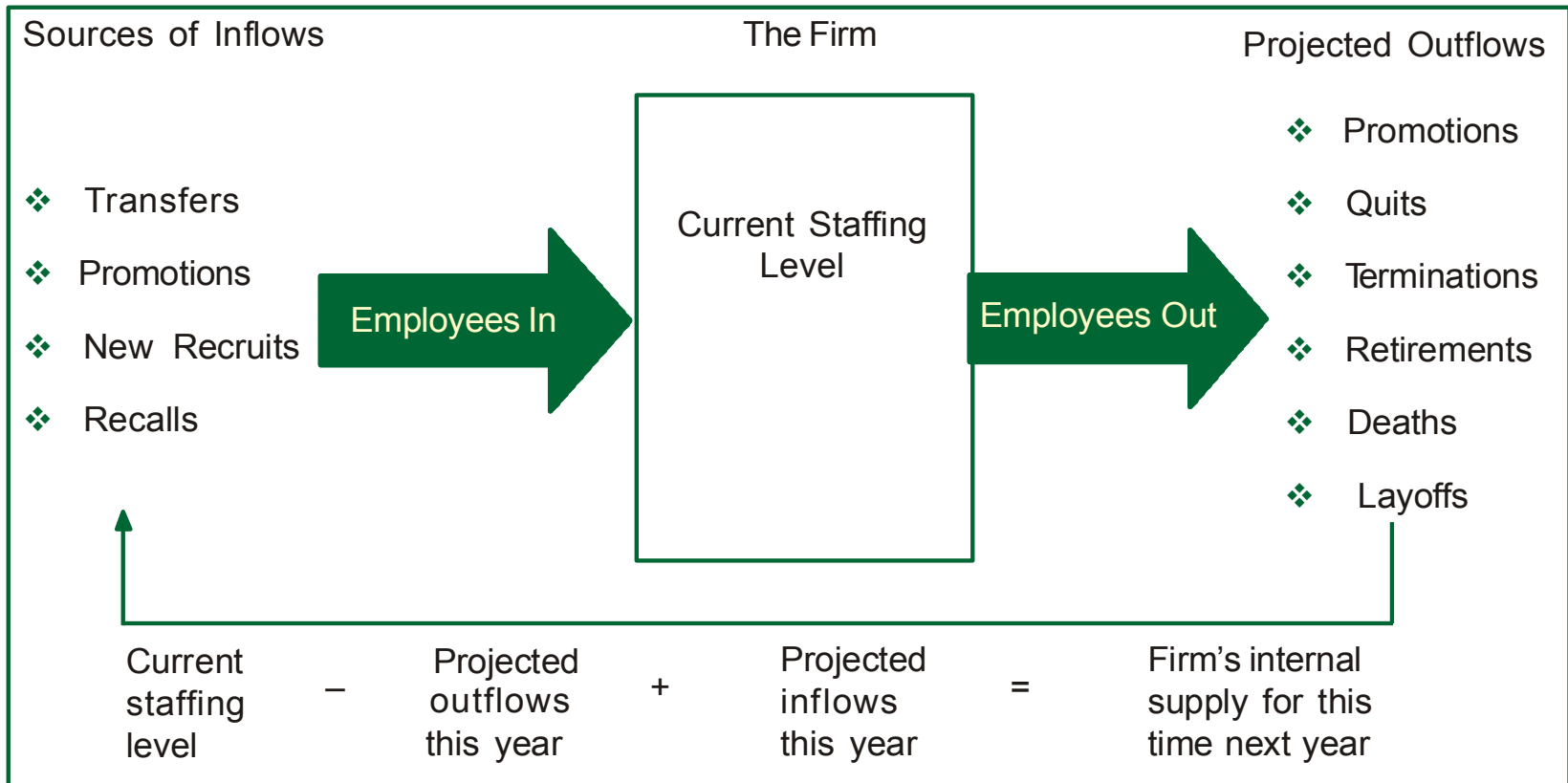


Supply Forecasting

A) Internal labour supply: a manpower inventory in terms of the size and quality of personnel available (their age, sex, education, training, experience, job performance, etc) is usually prepared by HR departments. Several techniques are used while ascertaining the internal supply of manpower (a supply of employees to fill projected vacancies can come from within the firm or from new hires)



Estimated internal labour supply for a given firm



Supply Forecasting

Staffing table: Shows the number of employees in each job, how they are utilised and the future employment needs for each type of job.

Marcov analysis: Uses historical information from personnel movements of the internal labour supply to predict what will happen in the future



Supply Forecasting

Skills inventory: It is a summary of the skills and abilities of non managerial employees used in forecasting supply.



Skills inventory: an example

Name : A.K. Sen			Date printed : 1-4-2004			
Number : 429			Department : 41			
Key words			Work experience			
Word	Description	Activity	From	To		
Accounting	Tax	Supervision and analysis	1998	2000	Tax clerk	ABC Company
Book Keeping	Ledger	Supervision	2000	2002	Accountant	XYZ Co.
Auditing	Computer records	Analysis	2002	2003	Chief Accounts Officer	TT Bank
Education			Special Qualifications		Memberships	
Degree	Major	Year	Course	Date		
MBA	Finance	1998	❖ DBF	1996	1. AIMA	
B.Com	Accounts	1995	❖ Risk Management	1999	2. ISTD	
					3. ICA	
Computer Literacy	Languages	Position preference	Location choice	Hobbies		
❖ Tally	❖ French	Accounting	❖ Kolkata	❖ Chess		
❖ Banking Software		Auditing	❖ Delhi	❖ Football		
			❖ Bangalore	❖ Boating		
Employees Signature _____			HR Department _____			
Date _____			Date _____			

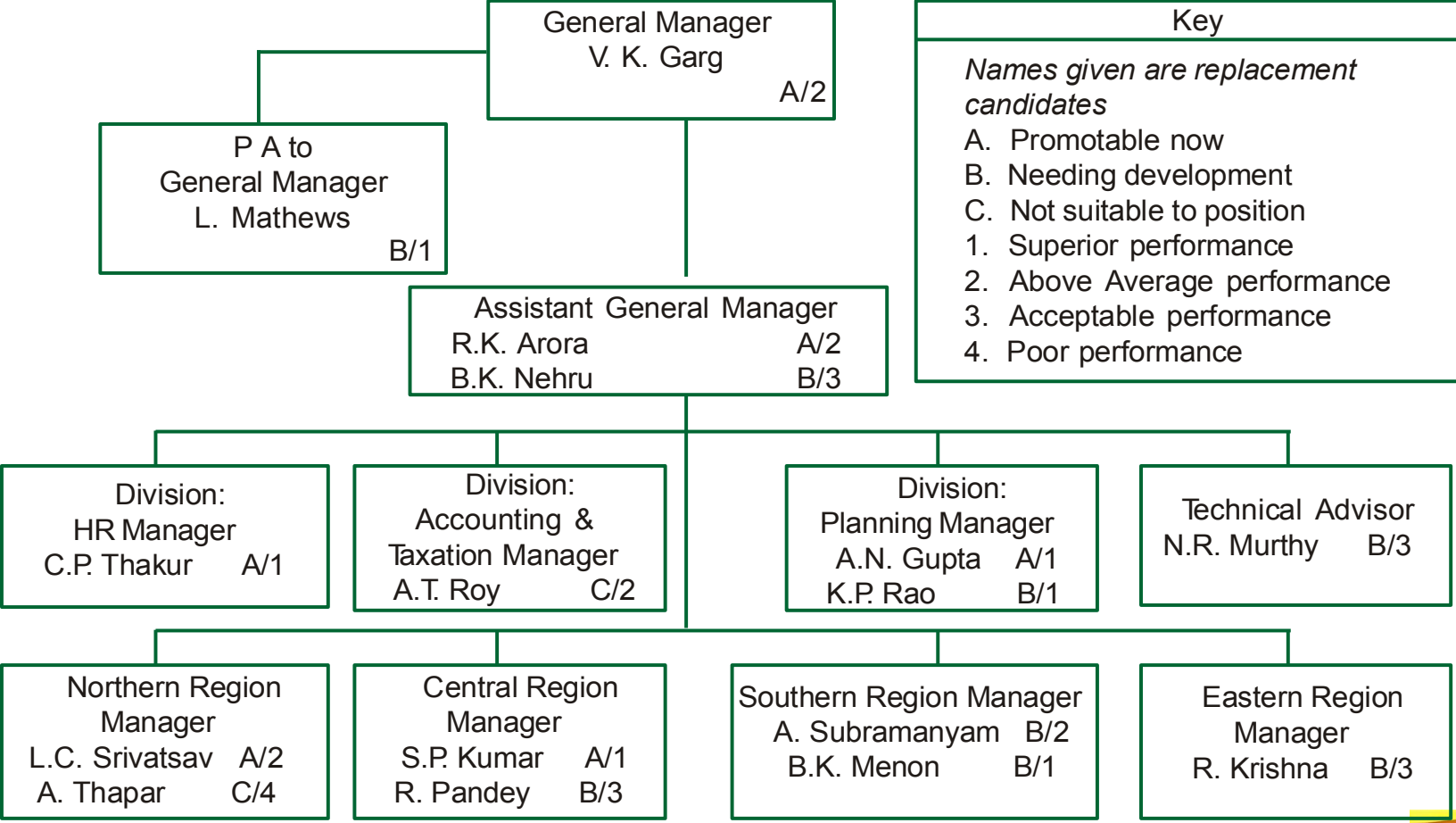


Supply Forecasting

Replacement chart: It is a visual representation of who will replace whom in the event of a job opening.



Replacement chart



Supply Forecasting

B) External Labour supply: External hires need to be contacted when suitable internal replacements are not available. A growing number of firms are now using computerised human resource information systems to track the qualifications of hundreds or thousands of employees. HRIS can provide managers with a listing of candidates with required qualifications after scanning the data base.



Important barometers of labour supply

1. Net migration into and out of the area
2. Education levels of workforce
3. Demographic changes in population
4. Technological developments and shifts
5. Population Mobility
6. Demand for specific skills
7. National, regional unemployment rates
8. Actions of competing employers
9. Government policies, regulations, pressures
10. Economic Forecasts for the next few years
11. The attractiveness of an area
12. The attractiveness of an industry in a particular place



Manpower Gap Analysis

This is used to reconcile the forecasts of labour demand and supply. This process identifies potential skill shortages or surpluses of employees, skills and jobs

Estimating manpower requirements

		Year		
		1	2	3
1.	Number required at the beginning of the year			
2.	Changes to requirements forecast during the year			
3.	Total requirements at the end of the year (1+2)			
		DEMAND		

4.	Number available at the beginning of the year			
5.	Additions (transfers, promotions)			
6.	Separations (retirement, wastage, promotions out and other losses)			
7.	Total available at the end of year (4+5+6)			
		SUPPLY		

8.	Deficit or surplus (3-7)			
		RECONCILIATION		
		OF THE ABOVE		
9.	Losses of those recruited during the year			
10.	Additional numbers needed during the year (8+9)			
		MANPOWER NEEDED		



Formulating HR Plans

Once supply and demand for labour is known adjustments can be made formulating requisite HR plans

A variety of HR plans

- ❖ Recruitment plan
- ❖ Redeployment plan
- ❖ Redundancy plan
- ❖ Training plan
- ❖ Productivity plan
- ❖ Retention plan



Responsibility For Human Resource Planning

HRP is a top management job. HR plans are usually made by the HR division in consultation with other corporate heads. Any deviations from the formulated plans and their causes must be looked into, from time to time in order to assess whether the plans require revision or modification.



Limitations Of Human Resource Planning

HR professionals are basically confronted with three problems while preparing and administering HR plans: accuracy, inadequate top management support, lopsided focus on quantitative aspects.



Effective Human Resource Planning

HR plans must fit in with overall objectives of a firm. They must get consistent support from top management. Computerised human resource information systems must be used for applicant tracking, succession planning, building skills inventories etc. The whole exercise must be carried out in coordination with operating managers.



Problems in HRP:

1. Resistance by employers and employees
2. Uncertainties
3. Inadequacies of information system



Recent Implications:

1. Over staffing
2. VRS/Golden Handshake
3. Delaying and Downsizing

