

## Unit 2: Human Resource Planning

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**Readings:**  
Adhikari, D.R. (2010). *Fundamentals of Human Resource Management Third edition* Budha Academic Enterprises Pvt. Ltd.  
Agrawal, G. R. (2007). *Foundation of Human Resource Management in Nepal* MK Publisher and Distributors

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## Content

- Human Resource Planning: Concept, characteristics, and importance.
- HR Process
- Major HRP activities
  - \* Assessment of current HR: HR inventory, HRIS, and succession planning
  - \* HR demand and supply forecasting: Techniques

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## 2.1 HR PLANNING: CONCEPT, CHARACTERISTICS, AND IMPORTANCE

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## HR Planning: Concept

- High quality product / service in low price
- Increased competition
- Ensuring the availability of quality manpower to compete in the market.
  - \* Right people in right place in right time
- *Process of acquiring and utilizing human resources in the organization*

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## HR Planning: Concept

- Preparation: by whom ? How ?
  - \* HR department
- In consultation with other line department
- Demand and supply of manpower
  - \* Demand: expansion, contraction
  - \* Supply: internal and external

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## HR Planning: Definition

“Personnel and HR planning involves **forecasting** human resource needs for the organization, and **planning** the step necessary to meet these needs”– Schuler, 1984

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## HR Planning: Definition

"It is a method for determining future staffing requirements and developing action plans for meeting them. HRP is the part of a company's total resources planning. It influences and is influenced by business plans, interacts with organizational plans, and contributes to business decisions concerning, for example, the development of new products, markets, facilities, and production process, as well as mergers and acquisitions." – Cash and Fischer, 1987

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## HR Planning: Characteristics

- HR planning based on organizations' **strategic planning**
- Estimating the **demand and supply** of manpower for the future to achieve a company's objectives
- Assuring **availability** of a sufficient number and quality of motivated manpower

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## HR Planning: Characteristics

- Assisting in **utilization** of HR in a cost-effective and efficient manner
- Development of **mechanism to monitor and evaluate** the implementation of HR planning

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## Importance of HR Planning

- Helps to implement the business strategy
- Minimizes future risks and uncertainty
- Succession and replacement plan
- Maximizes the benefits linkage with other organizational functions
- Promotes awareness of HR activities

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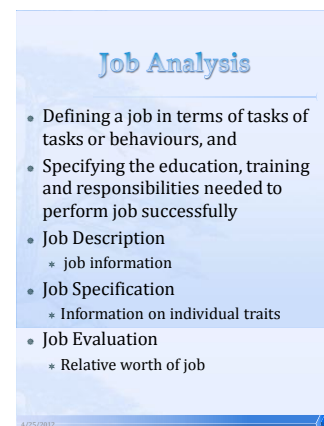
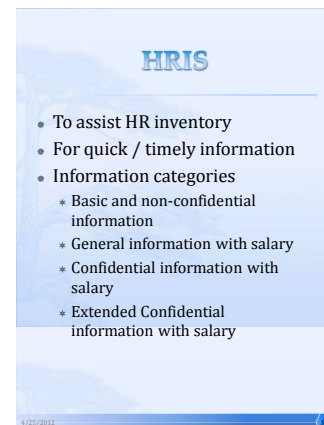
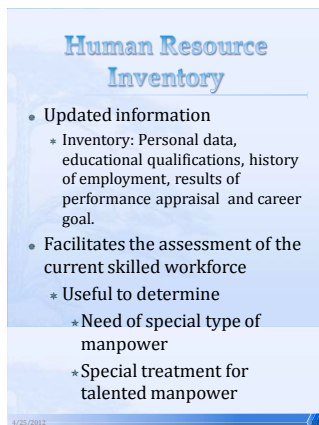
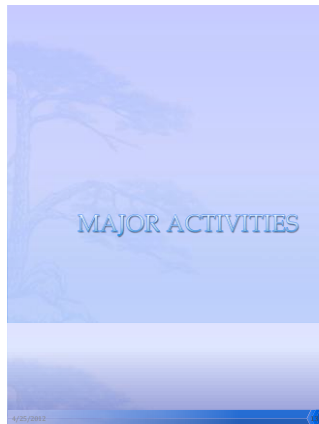
## HUMAN RESOURCE PLANNING PROCESS

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## HR Planning Process

Environmental Analysis	SWOT Analysis
Determining HR objectives and policies	Current HR skills and knowledge: HR Inventory and HRIS
HR Forecast	Determination of HR demand and supply
Action Plan	R&S, socialization, T&D, JA & JE, Transfer & promotion, career development
Control and Evaluation	Compare HR objective with achievement Monitoring the degree of attainment of HR objectives.

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### Forecasting HR Demand

- Strategic business plan and future business activities leads demand of HR
- Forecasting methods depends
  - \* Time frame
  - \* Size of organization
  - \* Accuracy of information

Techniques:

- Judgmental forecasting
- Statistical Techniques

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### Judgmental Forecasting

- Delphi Techniques
  - \* Accumulation of expert opinion / consensus with the help of intermediary
  - \* Experts' independent work.
- Nominal Group Technique
  - \* Team decision-making process
  - \* Writing independent idea – present to group – independently ranking (voting) ideas –
  - \* Ranking to reaching a consensus and to avoid dysfunctional conflicts.

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### Judgmental Forecasting

- Managerial estimate Technique
  - \* Used by top manager
  - \* Top – down approach
  - \* Bottom – up approach

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### Statistical Technique

- Simple linear regression analysis
  - \* Relationship is established with past level of activities.
  - \* Then future demand is predicted
- Multiple linear regression analysis
  - \* Extended version
- Ratio – trend analysis
- Work study
- Time series analysis

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### Forecasting HR Supply

- Internally and externally

**Methods of forecasting**

- Judgmental technique
- Statistical Technique

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## Judgmental technique

- Replacement planning
  - \* Prediction of internal supply
  - \* Replacement chart
    - \* Potential vacancies?
    - \* Positions to be filled urgently
    - \* Potential candidates
- Succession planning

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## Statistical Technique

- Markov Analysis
  - \* Markov matrix deriving transition rates helps to forecast the supply of HR
- Gain and loss Analysis
  - \* Estimating future supply on the basis of GAIN and LOSS

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## DISCUSSION SESSION

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## Brief Answer Question

- Point out any four tools for human resource forecasting in organizations. (2010)
- List out three tools while estimating human resource supply forecast. (2009)

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## Short Answer Question

- Define human resource planning. What are the steps in human resource planning?. Explain. (2009)

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