Unit 2: Human Resource Planning

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

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

2.1

HR PLANNING: CONCEPT, CHARACTERISTICS, AND IMPORTANCE

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*

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

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

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 to 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

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

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

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

HUMAN RESOURCE PLANNING PROCESS

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.

MAJOR ACTIVITIES

Assessment of current HR

- Human Resource Inventory
- Human Resource Information System (HRIS)
- Succession Planning
- Job Analysis

Human Resource Inventory

- Updated information
  - Inventory: Personal data, educational qualifications, history of employment, results of performance appraisal and career goal.
- Facilitates the assessment of the current skilled workforce
  - Useful to determine
    - Need of special type of manpower
    - Special treatment for talented manpower

HRIS

- To assist HR inventory
- For quick / timely information
- Information categories
  - Basic and non-confidential information
  - General information with salary
  - Confidential information with salary
  - Extended Confidential information with salary

Succession Planning

- Organization success ?
  - In past, only focus on other resource planning
- Forecasting potential managers for future promotion in the higher management levels
- Development of managers
- Thus management planning
- Why?

Job Analysis

- Defining a job in terms of tasks of tasks or behaviours, and
- Specifying the education, training and responsibilities needed to perform job successfully
- Job Description
  - job information
- Job Specification
  - Information on individual traits
- Job Evaluation
  - Relative worth of job

FORECASTING DEMAND & SUPPLY OF HR

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

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.

Judgmental Forecasting

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

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

Forecasting HR Supply

- Internally and externally

Methods of forecasting

- Judgmental technique
- Statistical Technique

Judgmental technique

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

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

DISCUSSION SESSION

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)

Short Answer Question

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