

# **HR PLANNING**

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# DEFINITION

- Process by which a company decides how an organisation should move from its current manpower position to its desired manpower position.
- “A process by which an organization should move from its current manpower position to its desired manpower position. Through planning management, strive to have the right number and right kind of people at the right place at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit.” E.W. Vetter

# PURPOSE OF HR PLANNING

- *Right people*
- *Right human capital*
- *Right place*
- *Right time*

# NEED FOR HRP

- To carry on work
- People need to be replaced
- People leave the organisation
- Companies expand
- Changing needs that cannot be met by old labour force
- To rightsize the company

## **RELATION BETWEEN ORGANIZATIONAL PLANNING & HR PLANNING**

- Organization's business or strategic planning process is the first planning process done by the company
- The organisational strategy should :
  - A clear statement of the company's mission
  - A clear statement of the company's purpose, plans
  - An action plan based on the available resources

- ⦿ Human resource planning depends on the organizational strategy or plan
- ⦿ Contributes a lot to the main organizational strategic plan

# **HR PLANNING**

- Should be aware of business strategy
- See that human resource programs satisfy the top management
- Convert business objectives into hr objectives

## STRATEGY-LINKED HRP

- HRP is not the responsibility of HR managers only
- Has to be done together with operating managers -a close working relationship
- HR managers provide with the structure and support
- Top Management support should be there

## TIME FRAME OF HRP

- Short term : (0-2) years
- Intermediate : (2-5) years
- Long Range :(beyond 5 years)

# SHORT RANGE

- **Demand:**

- ✓ Individuals leave,
- ✓ lay-offs,
- ✓ technological expansion,
- ✓ new regulations

- **Supply:**

- ✓ Departmental
- ✓ Expected Promotions

Number and Kinds of employees needed

# INTERMEDIATE

## ○ Demand

- ✓ Needs from plans and budgets
- ✓ Any expansion or adjustment of plan

## ○ Supply

- ✓ Hr vacancies expected
- ✓ Managerial and supervisor development plan

NUMBER OF WORKERS

KINDS OF WORKERS

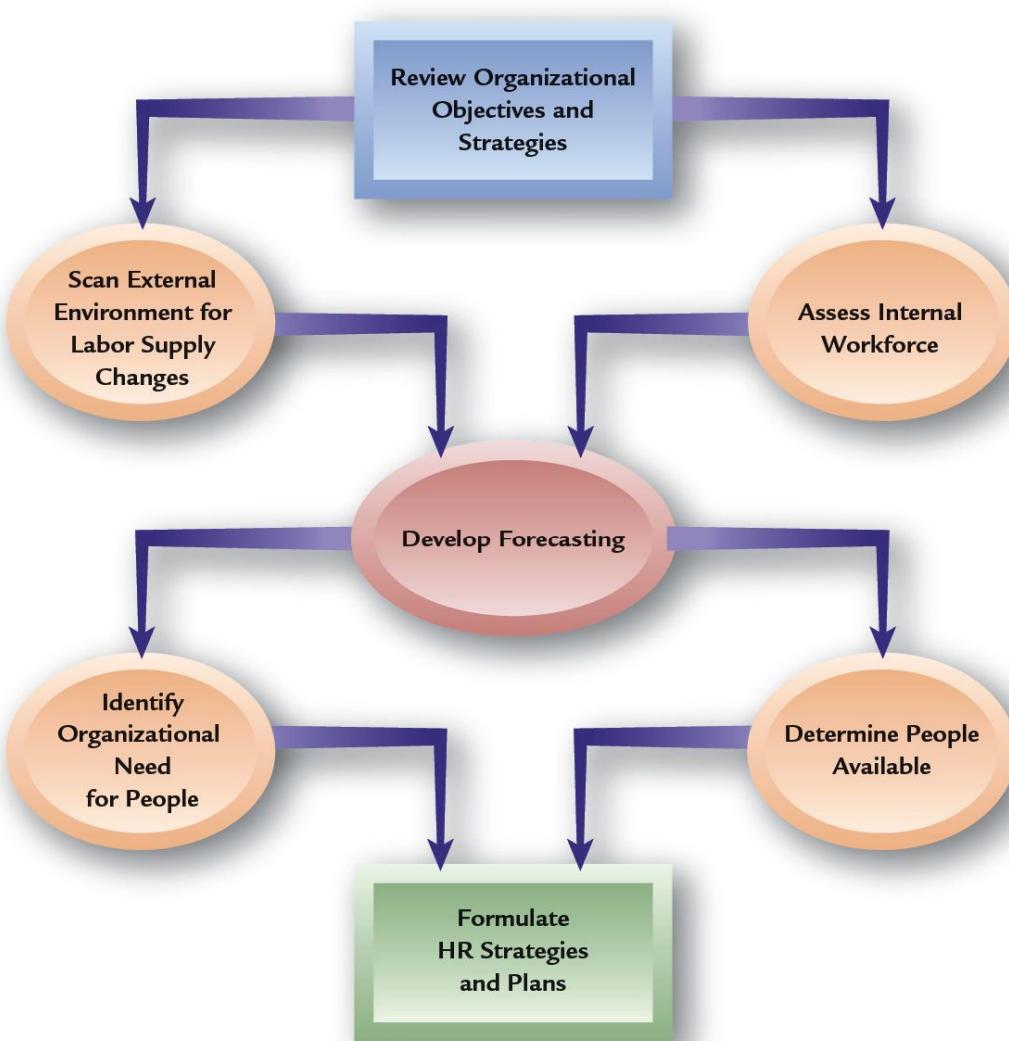
DATES WHEN NEEDED

LEVELS OF NEEDS

## LONG RANGE

- More focus on long term Environmental changes (technology or culture )
- Management expectations of changing characteristics of employees and future available human resources

# HRP PROCESS



# STEPS IN HRP

1. Determining organizational Objectives



2. Determining the skills and required



3. Determining Additional(Net) Human  
Resource Requirements



4. Developing Action Plans

## **DETERMINING ORGANIZATIONAL OBJECTIVES**

- The main organizational objectives needs to be taken in making human resource requirements
- Mission- goals and objectives of the organization needs to be determined
- There are both long term and short term objectives
- Long term objectives are based on the company's mission statement

- Short term objectives are based on Long term objectives
- Short term objectives have a time frame and are expressed in quantities ( in money -riyals or capacity like tonnes )

# ORGANIZATIONAL OBJECTIVES

- ◉ Cascade approach

- Objective-setting process designed to involve all levels of management in the organizational planning process

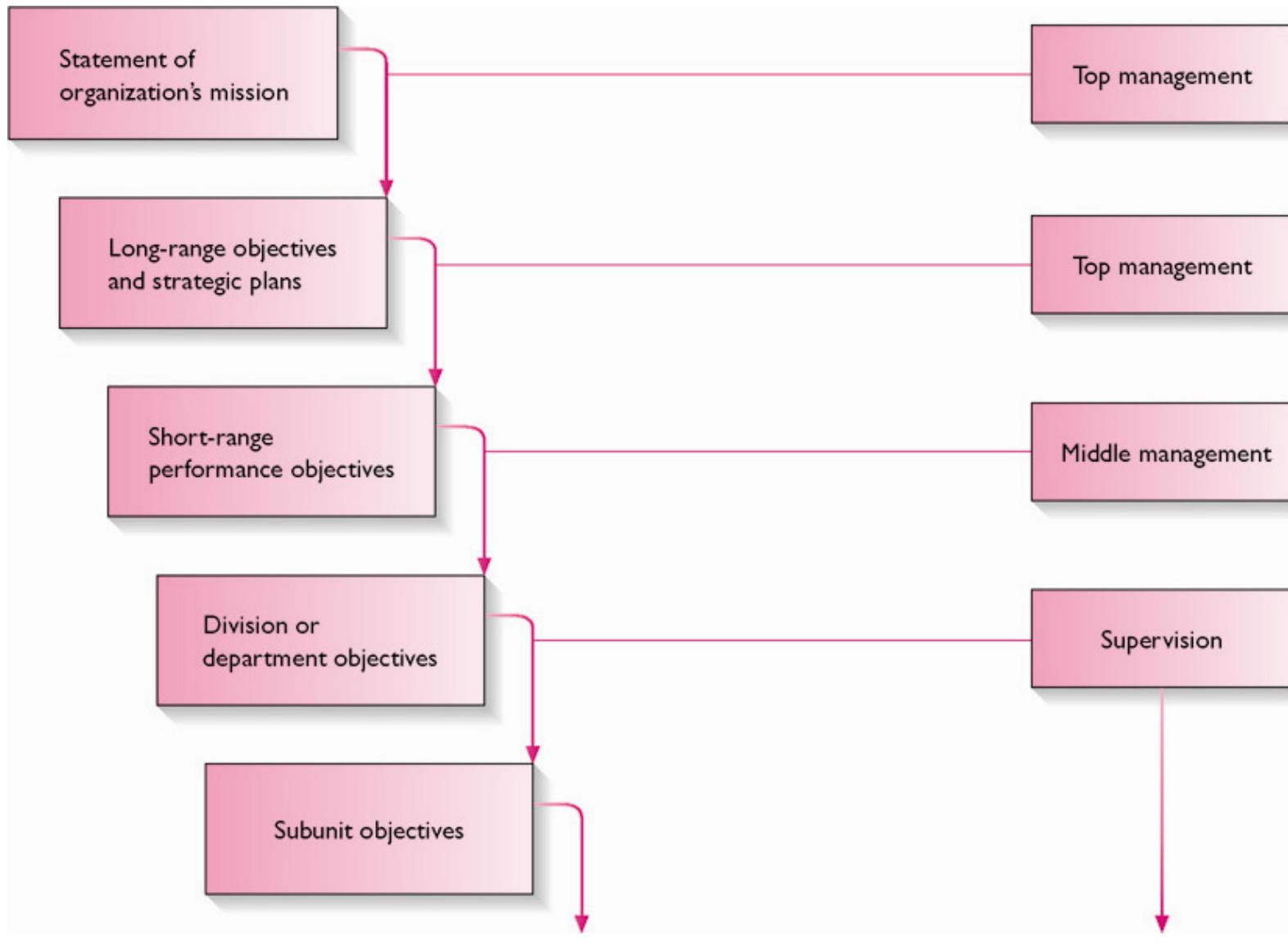
- ◉ It is not a form of top-down planning

- Ensures that the objectives are communicated and coordinated through all levels of the organization

- ◉ Involves both operating managers and human resource personnel in overall planning process

- In the early stages, human resource personnel can influence objective setting by providing information about organization's human resources

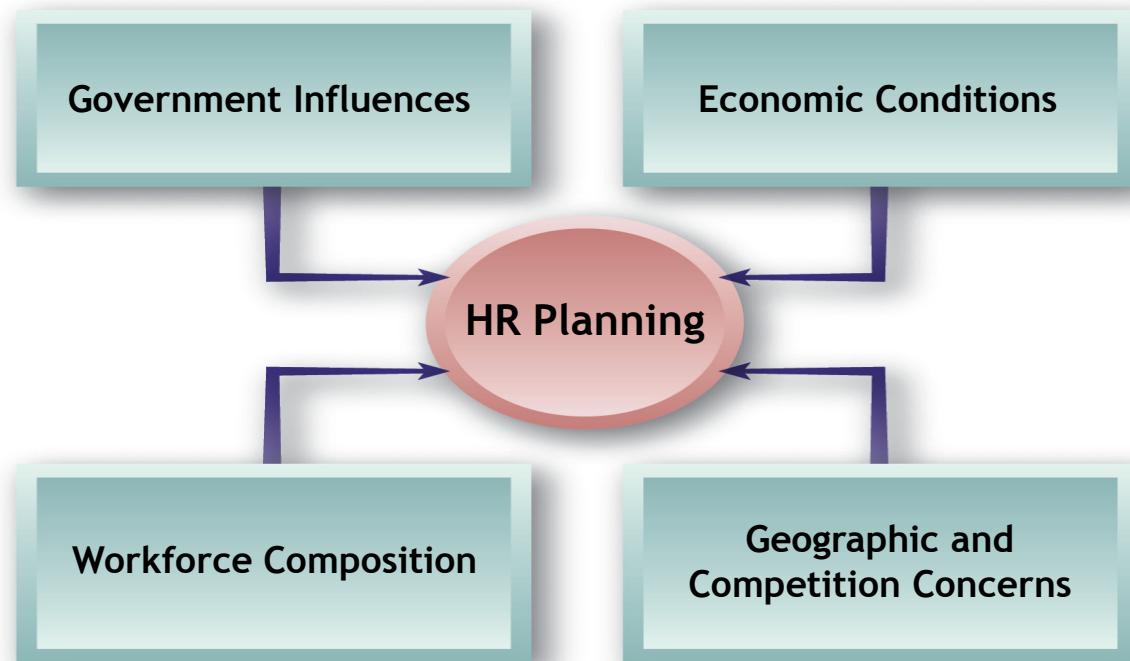
# CASCADE APPROACH



# SCANNING THE EXTERNAL ENVIRONMENT

## ○ Environmental Scanning

- Process of studying the environment of the organization to pinpoint opportunities and threats.



# ASSESSING THE INTERNAL WORKFORCE

## ○ *Jobs and Skills Audit*

- What jobs exist now?
- How many individuals are performing each job?
- What are the reporting relationships of jobs?
- How essential is each job?
- What jobs will be needed to implement future organizational strategies?
- What are the characteristics of anticipated jobs?



# ASSESSING THE INTERNAL WORKFORCE (CONT'D)

## ○ Organizational Capabilities Inventory

- HRIS databases—sources of information about employees' knowledge, skills, and abilities (KSAs)
- Components
  - Individual employee demographics
  - Individual career progression
  - Individual job performance data



# FORECASTING HR SUPPLY AND DEMAND

## ○ Forecasting

- The use of information from the past and present to identify expected future conditions.

## ○ Types of Forecasts

- HR Demand
- Internal Supply
- External Supply

## ○ Forecasting Periods

- Short-term—less than one year
- Intermediate—up to five years
- Long-range—more than five years



# **DETERMINING THE SKILLS AND EXPERTISE REQUIRED (DEMAND)**

- ⦿ Future human resource needs can be determined by some methods

## **Judgmental**

**Estimates**  
**Rules of thumb**  
**Delphi Technique**  
**Nominal Groups**

## **Mathematical**

**Statistical regression analysis**  
**Simulation models**  
**Productivity ratios**  
**Staffing ratios**

# JUDGEMENTAL METHODS

## 1. Managerial estimates:

- future staffing needs based on past experience
- made by top level management or middle level and lower level together

## **2. Delphi technique:**

- panel of experts
- each expert independently estimates future demand
- a mediator presents each expert's forecast to the others
- experts can revise their comments
- process continues till agreement between all experts

- **Scenario Analysis:**

- scenarios are developed in brainstorming sessions (by operating and hr managers)
- 5 or more years scenario is done

- **Benchmarking:**

- Deeply examines the company's internal practices and processes and measures them against successful company practices

## **MATHEMATICAL OR STATISTICAL METHODS**

- **Time-series analysis:**

- past staffing levels indicate future requirements

- (moving average, exponential smoothing or regression technique)

- **Regression analysis:**

- past study of work load indicators like sales, production levels are studied

- linked with staffing levels

- **Productivity ratios:**

Historical or past data are used to examine  
past levels of productivity index

$$P = \text{Workload} / \text{No. of People}$$

# DETERMINING ADDITIONAL HUMAN RESOURCES REQUIREMENT

- Analysis of present employees
- Forecast of employees required in future

Done through

- Skills inventory
- Management Inventory
- Expecting changes of people

# SKILLS INVENTORY

- Complete information about the organization's basic information on all employees
- Information are about:
  - a) **Personal data:** age, sex, marital status
  - b) **Skills:** education, job experience, training
  - c) **Special qualifications:** membership in professional groups, achievements
  - d) **Salary and job history:** present and past salary, dates of raises, different jobs held

- e) **Company data:** benefit plan data, seniority, retirement information
- f) **Capacity of individual:** test scores on psychological and other tests, health information
- g) **Special preferences of the individual :** geographic location, type of job

# MANAGEMENT INVENTORY

- ◉ Specialized and expanded form of skills inventory
- ◉ Only for managerial employees
- ◉ Contains details of manager's past performance, strengths, weaknesses
- ◉ Potential for growth and advancement

# **EXPECTING PEOPLE TO CHANGE**

- Some changes can be forecasted easily
  - Retirements
  - Other changes like transfers and promotions  
(from how long in the job, the need of the company)
- Changes difficult to forecast
  - death, resignations and discharges

**•PAST EXPERIENCE  
•HISTORICAL RECORDS**

# DEVELOPING ACTION PLANS

- Done after the actual or net human resources requirements is found it
- Factors which affect the planning are:

## ADDITION

- whether the requirement is permanent
- availability of the qualified recruits
- contingency hires
- outsourcing

# Downsizing

- lay-offs
- terminations
- early retirement incentives
- voluntary retirement inducement



Other approaches:- that do not result in employees leaving the organization

- reclassification
- transfer
- work sharing

# TOOLS AND TECHNIQUES OF HRP

- Succession planning
- Commitment manpower planning
- Ratio analysis

# SUCCESSION PLANNING

- Identifies specific people to fill key positions
- Organizational replacement chart is used
  - Shows incumbents
  - Shows potential replacements
  - Replacement charts needs to be updated from time to time

Incumbent

Director -Marketing

Mr. X

Backup

Mr. Y

Position

Sr Manager(Marketing)/Marketing Manager

Potential/ Promotability

PN

HP

# **COMMITMENT MANPOWER PLANNING**

- Systematic approach
- Managers and subordinates get involved in HRP

# RATIO ANALYSIS

- Measures the organization's human resource vitality
  - People with potential who can be promoted
- Measures organization's stagnancy
  - people who are not promotable and needs to be replaced

END PRODUCT OF RATIO ANALYSIS IS ORGANIZATIONAL VITALITY INDEX (OVI)