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Making Plans for Human resources

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Abstract

Human Resource Planning (HRP) is a continuous and systematic process for ensuring that an organization has the right people with the right skills in the right jobs at the right time. Far from being a purely administrative function, modern HRP is a data-driven, strategic process that aligns an organization's human capital with its long-term business objectives. The core goal is to achieve the optimal use of employees, avoiding talent shortages or surpluses while enhancing productivity and profitability.

The process typically involves analyzing current workforce capabilities, forecasting future talent needs, identifying gaps between supply and demand, and implementing a strategic action plan to close those gaps (Armstrong, 2020). Despite its importance, many organizations face challenges in its execution, including the difficulty of accurate forecasting, the need for investment in advanced analytical tools, and ensuring alignment with ever-changing business strategies (Reilly, 2018). In 2025, best practices in HRP are characterized by a heavy reliance on data analytics, the integration of artificial intelligence, a focus on upskilling and reskilling, and a deep commitment to diversity, equity, inclusion, and belonging (DEIB) principles (Deloitte, 2024).

The Strategic Imperative of Human Resource Planning

Human Resource Planning (HRP), also known as workforce planning, is the strategic and methodical process of managing an organization's most valuable asset: its people. It serves as a roadmap to ensure that a company's talent is sufficient in both quantity and quality to meet its evolving goals and challenges. By transitioning HR from a transactional function to a strategic partner, organizations can gain a significant competitive advantage

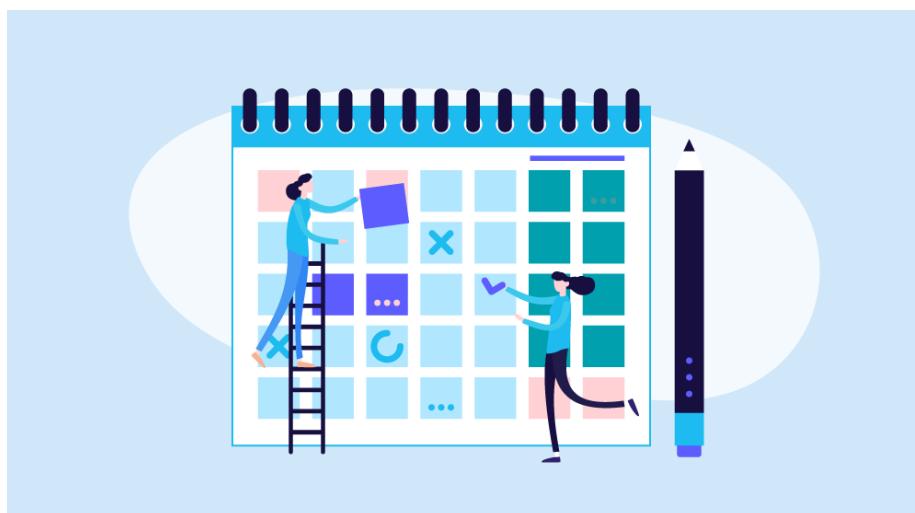


Figure 1

The fundamental purpose of HRP is to connect people-centric solutions with an organization's biggest challenges. It systematically plans for the future to avoid staffing excesses or shortages, ensuring that jobs are filled by appropriately skilled employees who can drive growth. This proactive approach allows companies to adapt to changing market conditions, address emerging skills gaps, and optimize HR budgets for maximum return on investment. Ultimately, a well-executed HRP strategy is critical for improving employee engagement, reducing turnover, and building a resilient, future-ready workforce.

The Human Resource Planning Process: A Step-by-Step Framework

Effective HRP is not a one-time event but a cyclical, ongoing process of planning, implementing, monitoring, and adjusting. While models may vary slightly, the process generally follows a sequence of logical phases designed to align workforce strategy with business objectives



Figure 2

1. Understanding Organizational Objectives

The process begins with a deep understanding of the organization's strategic goals and objectives. HR leaders must talk to people throughout the organization to grasp its past achievements, current products or services, and future ambitions. This alignment is critical; without it, HRP risks becoming disconnected from the business's core mission, leading to inefficient resource allocation.

2. Evaluating the Current Workforce (Supply Analysis)

This step involves a thorough assessment of the organization's current human resources supply.

HR professionals create a detailed inventory of the existing workforce, analyzing its strengths, weaknesses, and potential. Key areas of analysis include:

- **Structure and Demographics:** Analyzing headcount, roles, reporting relationships, and demographic data like age to project retirements. An organizational chart is a common tool for visualizing this structure.
- **Capabilities and Performance:** Assessing employee skills, competencies, qualifications, and past performance reviews to identify high-performers and existing skills gaps.
- **Engagement and Retention:** Using surveys and feedback to measure job satisfaction and reviewing turnover data to understand trends.

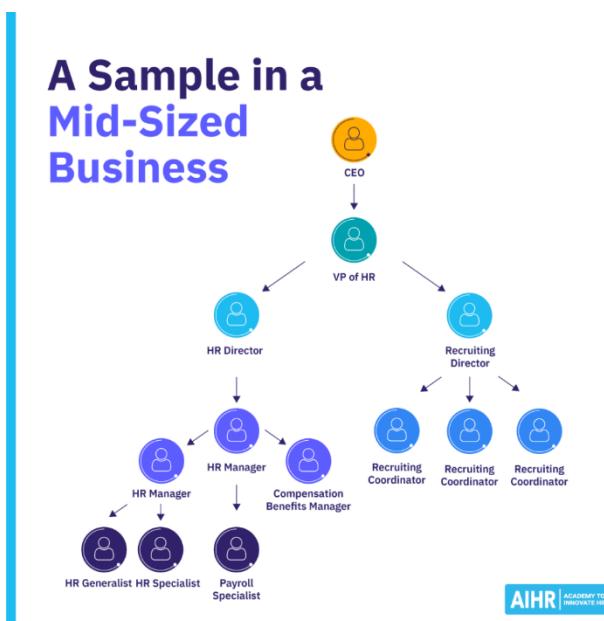


Figure 3

Tools like skills inventories, HR Information System (HRIS) data analysis, and replacement charts—which identify potential internal candidates for key roles—are essential for creating a clear picture of the current state.

A Sample Replacement Chart

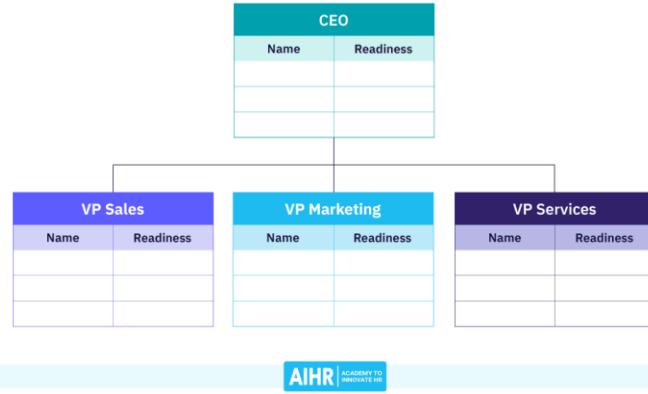


Figure 4

3. Forecasting Future Workforce Needs (Demand Forecasting)

The next phase involves forecasting the organization's future workforce demands, which should be directly linked to its strategic goals. This step determines the number of people and the specific skills and competencies that will be required to achieve future objectives. Demand forecasting considers both internal factors (e.g., promotions, transfers, planned expansions) and external factors (e.g., market trends, technological advancements, economic conditions). Techniques like trend analysis, which projects future needs based on historical data like turnover and hiring rates, are commonly used.

4. Conducting a Gap Analysis

Gap analysis compares the forecast of future demand against the analysis of current supply to identify discrepancies. This critical step pinpoints the specific talent gaps—or surpluses—that the organization will face. The analysis generates key questions that guide the action plan, such as:

- Do we have a shortage of specific skills needed for future projects?
- Is there a need for more managers or leaders?
- Are some departments overstaffed, leading to high salary expenses?
- Should current employees be reskilled to meet new demands?

5. Developing and implementing an HR Action Plan

Based on the gap analysis, HR develops and implements a comprehensive action plan to bridge the identified gaps. This plan integrates various HR functions and initiatives. Depending on whether a surplus or shortage is identified, strategies may include:

- **Talent Acquisition:** Recruiting and hiring new employees with needed skills.
- **Training and Development:** Upskilling or reskilling the existing workforce through targeted programs.
- **Succession Planning:** Identifying and preparing high-potential employees to fill future leadership vacancies.
- **Restructuring:** Transferring employees, renegotiating contracts, or adjusting roles to better align with needs.
- **Compensation and Benefits:** Auditing and adjusting compensation to attract and retain talent.

This plan must be supported by a realistic budget and have the buy-in of key stakeholders and senior leaders to be successful.

6. Monitoring and Adjusting the Plan

HRP is a dynamic process that must be continuously monitored and adjusted. Organizations should use key performance indicators (KPIs)—such as turnover rates, time-to-fill, and employee engagement scores—to measure the effectiveness of the HR plan over time. Regular reviews, whether quarterly or annually, allow the organization to assess the plan's impact on business objectives and adapt to emerging challenges or shifts in strategy.

Key Benefits and Inherent Challenges

While a strategic HRP process offers significant advantages, it is not without its difficulties. Understanding both sides is crucial for effective implementation.

Benefits of Effective HRP

A well-designed HRP process provides numerous strategic and operational benefits that drive organizational success.

Benefit	Description
Strategic Alignment	Ensures talent acquisition and management directly support overarching business goals, preventing misalignment and missed opportunities.
Optimized Budgets	Allows for efficient allocation of resources to HR functions, maximizing return on human capital investment and avoiding costly last-minute hiring.
Skills Gap Mitigation	Proactively identifies future skill needs and implements targeted training or hiring to ensure the workforce remains competitive.
Improved Engagement & Retention	Increases job satisfaction and loyalty by providing clear career paths and professional development opportunities.
Data-Driven Decisions	Leverages HR analytics to predict talent gaps, develop succession plans, and make more informed workforce decisions.
Enhanced Adaptability	Creates a more agile organization that can respond effectively to changing market conditions and staffing challenges.
Strengthened DEIB	Provides a framework for assessing and improving diversity, equity, inclusion, and belonging efforts, which broadens the talent pool and drives innovation.

Navigating the Challenges

Organizations must also be prepared to navigate several inherent challenges in the HRP process.

- **Inaccurate Forecasting:** Predicting the future is inherently difficult. Unexpected market shifts, rapid technological changes, and "black swan" events can render forecasts obsolete.
- **Data and Technology Costs:** Effective HRP relies on accurate data and robust analytical tools. The investment required for these resources can be a significant barrier for organizations with tight budgets.
- **Resistance to Change:** HRP can lead to restructuring, role adjustments, or new policies that create uncertainty and may be met with resistance from employees.
- **Complexity and Time:** The process is time-consuming and can be complex, especially in global organizations that must navigate different labor laws and cultural norms. The return on this investment is often long-term, not immediate.
- **Strategic Integration:** Ensuring HR plans remain tightly integrated with business objectives can be difficult, particularly when the organizational strategy itself is in flux.

Modernizing HRP: Trends and Best Practices for 2025

The field of Human Resource Planning is continuously evolving. To remain effective, organizations must embrace modern trends and best practices that address the complexities of today's business environment.

Data-Driven Decision Making

The use of HR analytics is no longer optional. However, while data is essential for predicting talent gaps and making informed decisions, many organizations struggle to use it effectively. Only 33% of HR leaders believe their organizations successfully utilize data in workforce planning. Mature planners are 4.4 times more likely to see revenue growth, highlighting the value of a data-centric approach.

The Rise of AI and Automation

Artificial intelligence is having a significant impact on HRP. AI tools are increasingly used for workforce management, predictive analytics, and skills-job matching. In 2024, 26% of HR departments leveraged AI, with that number expected to jump to 60% by 2025. This technology can enhance productivity and even improve inclusion when applied ethically.

Focus on Skills: Upskilling and Reskilling

With rapid technological change, skills gaps are a prominent concern. In response, 68% of companies now invest in upskilling and reskilling programs to future-proof their talent. HRP must include strategies for continuous learning, such as on-demand microlearning and mentoring programs, to ensure employees are equipped for both established and emerging roles.

Embedding Diversity, Equity, Inclusion, and Belonging (DEIB)

DEIB is now a central pillar of strategic HRP. Integrating inclusion systematically throughout talent processes is linked to better business outcomes. Companies with diverse executive teams are 33% more profitable than their peers, and organizations that integrate I&D into planning are 2.9 times more likely to make better talent decisions. This involves strategies like anti-bias hiring practices, representative succession planning, and tracking diversity analytics.

Adapting to Distributed Work Models

The rise of remote and hybrid work requires a re-evaluation of workforce planning. With 58% of the U.S. workforce offered hybrid work in 2022, organizations must establish equitable performance management processes and use data, not assumptions, to support productivity and engagement across distributed teams.

Conclusion

Human Resource Planning has evolved from a reactive, administrative task into a core strategic driver for organizational success. It is a dynamic and continuous process that enables businesses to align their most valuable asset—their people—with their overarching strategic goals. By systematically analyzing the current workforce, forecasting future needs, and implementing

targeted action plans, companies can navigate skills gaps, optimize budgets, and enhance employee retention.

While challenges such as forecasting uncertainty and resistance to change persist, modern HRP leverages data analytics, AI, and a deep commitment to skill development and inclusion to build a resilient and agile workforce. In the rapidly changing business landscape of 2025, a proactive, data-informed, and flexible HRP strategy is not just a best practice but an essential competency for achieving sustained competitive advantage and long-term profitability.

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