**Definition :-**

*HRP is the process of assessing an organization’s HR needs in relation to organizational goals and making plans to ensure that a competent and stable workforce is employed. (Wendell French)*

*HRP systematically forecasts an organization’s future supply of, and demand for, employees. (Werther & Davis)*

*HRP is the process for determining and assuring that the organization will have adequate number of qualified persons, available at proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved. (Dale S. Beach)*

*HRP is the part of a 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, and production process, as well as mergers and acquisitions. (Cash and Fischer)*

**Characteristics**

* *Ongoing and dynamic process*
* *Future-oriented*
* *Inter-related activities*
* *Goal directed*
* *Time horizon*
* *Part of corporate plan*
* *Part of acquisition function*

**Importance of HRP**

**a) Environmental adaptation:***assess competencies of current HR through HR inventory and matching skill with changing technological, political, legal, economic, social and cultural forces; need to plan recruitment and training in advance*

**b) Minimize future risks and uncertainty:** *uncertainties produced by globalization, technological changes, workforce diversity etc.; need to reduce the associated risks by predetermining HR needs, matching demand and supply forecasts to determine shortages and surpluses*

**c) Maximize benefits of linkage with other organizational functions:** *establish linkage and integration of HRP with planning of other business activities (line departments) and facilitate better coordination for objective achievement*

**d) Growth and size of Organization:***Manner, pace and direction of organizational growth (increasing/decreasing) calls for effective HRP; estimation of growth expectation; larger the size of the organization, greater the features of complexity and uncertainty.*

**e) Labour Cost:** *Labour cost constitutes major proportion of total cost; need to control labour cost by enhancing efficiency of manpower; ensuring right quality and quantity of manpower*

**f) Human Resource Decision-making Process:** *Reducing uncertainty; providing critical information for making decision and forecasting requirements and availability of HR in quality and quantity*

**g) Dealing with attrition and lead time:***Need to fill in gaps produced due to labour wastage, turnover, separations, retirement or mobility; need to anticipate skill requirements and levels of HR well in advance to provide adequate lead time for recruitment, selection and training*

**h) Making succession and replacement plans:** *succession planning and replacement plans required for timely availability of managers with appropriate skills and knowledge*

**i) Planning and Control:***Utility as a planning and control technique; enables to forecast and match HR requirements and to control quality and quantity of employees deployed (control wages and salary costs).*

**Human Resource Planning Process**

1. **Assessing current human resources**

*Looks at jobs currently being done and the people doing those jobs Based on*

*ü****Human Resource Inventory:****describes people and skills currently employed*

*ü****Human Resources Information System (HRIS):****database for HR information including skills inventory*

*ü****Succession Planning:****executive inventory report*

*ü****Job analysis:****defines jobs within the organization and the behaviors necessary to perform these jobs*2.

**2. Forecasting demand for human resources**

*Estimates future HR needs in terms of quality and quantity. Review organization’s overall objectives/strategies and revenue projections; translate revenue projections into forecast of manpower demand*

1. **Forecasting supply of human resources**

*Estimates likely future sources of supply of HR; internal and external sources .Concerned with filling projected job openings (vacancies)*

1. **Matching demand and supply forecasts**

*Determine future shortages or surpluses of HR; identifying the gap in terms of quality and quantity of HR*

1. **Formulation of action plans**

*Formulating action plans/programs to deal with shortages or surpluses of HR*

*Some examples of implementation  plans are*

*üRecruitment and Selection plan, Training and Development plan, Motivation and Compensation plan, Transfer plan, Promotion plan, Redundancy plan, Industrial relations plan, etc.*

**Major HRP Avtivities**

HR Inventory

* HR inventory is a skill inventory of human resources currently employed in the organization.
* It is based on Human Resource Information System)
* It tells management about what individual employees can do.
* It includes:- a) Management Inventory and

A) 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

B)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

**Human Resource Information System**

* *Human Resource Information System (HRIS) is a systematic way of storing data and information for each individual employee to aid planning, decision making, and submitting reports as required.*
* *HRIS is a database for systematically tracking HR information.*
* *It includes both qualitative and quantitative information about people and job to manage HR functions*
* *HRIS can be briefly defined as integrated systems used to gather, store and analyze information regarding an organization’s human resources.*
* *It includes: department, job title, grade, salary, salary history, position history, supervisor, training completed, special qualifications, date of birth, benefits selected, and more.*

**Succession Planning**

*Succession Planning can be defined as a purposeful and systematic effort made by an organization to ensure leadership continuity, retain and develop knowledge and intellectual capital for the future, and encourage individual employee growth and development.Succession planning is the process of forecasting demand for managerial human resources.It is generally done for middle and top level managers only.*

**Benefits of Succession Planning:**

*üEncourages steady flow of internal talent to fill in executive level positions; HR crisis is avoided; continuity ensured*

*üFacilitates career planning and development of employees*

*üPredetermining managerial shortages and skill deficiencies, and development of potential candidates to assume greater responsibility*

*üQualified candidates systematically placed in the right jobs; ensures talent management*

**Techniques of Forecasting Demand of HR**

**a) Management judgment/estimate**

*ü****Top-down approach:****Top management makes the estimates of HR demand and is sent to the middle or lower level managers*

*ü****Bottom-up approach:****HR demand is estimated by lower level managers (line managers or supervisors) for their units and the top management makes further revisions*

*ü****Participative approach:****Management and subordinates jointly estimate the HR requirements*

**b)Expert forecasts**

*ü****Surveys:****HR experts conduct a survey of line managers about HR needs, and based on its analysis, forecast is done*

*ü****Delphi technique:****systematic way of obtaining and refining opinions (pooling of judgments) about estimates of future HR needs by a group of experts; various rounds of responses solicited to arrive at group consensus about HR needs; experts do not come face-to-face*

*ü****Nominal Group Technique (NGT):****experts sit together but independently list their opinions/estimates in a paper and present them to the group; final forecasting of HR demand made by ranking or voting and not by consensus; (grouping is only for namesake)*

**c) Trend analysis:** *projects past trends in the future; different methods used*

*ü****Extrapolation:****past rates of changes are extended into the future*

*ü****Regression (Simple linear or Multiple linear) analysis:****projection of future HR demand based on relationships between variables such as past production, sales volume, business levels, productivity, technical equipment etc.*

*ü****Econometric models:****based on analysis of movements in various variables affecting HR needs; relationships among variables mathematically described*

***Markov analysis:****flow model for forecasting internal HR needs; tracks past employee movements to project future needs*

***Work study techniques:****based on work measurement; calculating the number of HR required to do a certain volume of work based on productive time taken (allowances for rest breaks, fatigue, absence, idle time), and work standards*

**d) Other forecasting methods**

*ü****Mathematical models:****based on mathematics; various methods used for forecasting HR needs*

*ü****Project/new venture analysis technique:****useful when new ventures demand employment planning; planners required to estimate HR needs in line with companies that perform similar operations*

*Example, a hydropower company that plans to open a new power generation plant can estimate its future manpower needs by determining employment levels of other power plants/projects.*

*ü****Computer forecast techniques (computer simulations):****used to create future scenarios; readymade/specialized software used to forecast employee requirements*