Human resource Planning

HR planning defination

- Human Resource planning is the process by which an organisation ensures that:
  - It has the right number and kinds of people,
  - At the right places,
  - At the right time,
  - Capable of effectively and efficiently completing those tasks that will help the organisation achieve its overall strategic objectives.

- It is the process of assessing the future supply of and demand for human resources.

- It also provides mechanisms to eliminate any gaps that may exist between supply and demand

- It is a process of determining what positions in the firm will have to be filled and when

- Human Resource planning translates the organization's overall goal into the number and types of workers needed to meet those goals.

- Without clear-cut planning, estimation of an organization's human resource need is reduced to mere guesswork.

Definition (cont..)

- Thus, HR planning determines the number and types of employees to be recruited into the organisation or phased out of it

Factors affecting planning

1. Organisation policy on recruitment, retirement, workforce mix etc

2. organizational values and strategies

- values - If it values longevity of employees, then the HR plan might adopt that a strategy to recruit and promote from within.

- Strategy - if an organisation is pursuing a diversification strategy, then the HR plan should ensure that it is prepared with staff that can help the firm achieve its strategy

3. Changing demographic - more young, more old, more educated

   If the markets of labour changes to more young, more old, more women or more educated people etc, then the job descriptions, compensations strategies and general way of working might have to change to suit these groups

4. Government policy. Requirement for gender balance, disability employment, mandatory retirement age

Factors affecting planning (Cont..)

- 5. The type of people employed and the task they perform.
  - An organization may not need to plan very far in advance for unskilled labor, since they will usually be in abundant supply.
  - Certain high skills job require planning activities that project a year or two into the future. Planning for executive replacement may need 10 years ahead

Process of HR planning

- Review your current organizational strategic plan

- Review the current human resources situation

- Forecast on the future HR needs (supply and demands)

- Planning on meeting HR needs

- Implement the plan – recruit, select, training , downsizing

Reviewing the current strategic plan

- HR planning goes hand in hand with the organizational *strategic planning*
- *Strategic planning* refers to the organizational decision about how it wants to accomplish its mission and strategies
- The first stage of HR planning is the point at which HRM and strategic planning initially interact.
- What is the future direction of the company and what are the implications of HR
- Future direction in terms of technology, markets, organizational structures, etc

HR planning and SP (cont..)

- the strategic planning takes into consideration the following:
    - Technological forecast
    - economic forecast
    - market forecast
    - organizational planning
    - investment planning
    - annual operational plans

A model for HR planning process (cont..)

- The role of HR is to ensure that the implementation of the strategic is successful, by putting in place the right HR

- The acknowledgement that HR policies and practices have a critical linkage with the overall organizations strategy is generally termed *strategic human resources management (SHRM*)

- Without an effective HR plan to support the recruitment and selection function in the organisation, it would be impossible to move fast enough to stay competitive

Review the current human Resource situation

- This is done by studying personnel records

- In studying personnel records one need to know the following:
  - How many do we have in what category? Quality and quantity
  - Who is leaving the organization and when (project turnover as result of resignation and termination)

Forecasting Future Human Resource Needs

I. Forecast Staff demand
II. Forecast Staff supply

Forecasting demand

- How many,what levels when
- The demand is closely tied to the strategic direction that the organisation has decided to take. – are we engaged in reengineering that will shrink the workforce in the coming years

Forecasting demand (cont…)

- Consider:
  - major customer requirements and hence forecast on revenue and seasonal fluctuations
  - Projected staff turnover (as a result of resignation or termination or retirement)
  - Strategic decisions to upgrade the quality of products or services or enter new markets
  - Technological and other changes resulting in increased productivity
  - Financial resources available to you
  - Staff movements and transfers

Techniques of forecasting demand

- Experts estimates
- Trend projections
- Statistical modeling
- Unit demand forecasting
  - All these require close collaboration between HR department and line management

SEMIs UoN

Seed Enterprises Management Institute

University of Nairobi

Experts estimates

- Expert(s) provide the organisation with demand estimates based on experience, guesses, intuition, and subjective assessment of available economic and labour force indicators

- This can be done an individual providing estimates, which are then revised based on estimates of other individuals estimates. This is called *Delphi technique*

- Or individuals develop estimates, followed by a group brainstorming sessions in the hope of generating one group decisions. This is called *nominal group technique (NGT)*

Trend projections

- This involves developing a forecast based on past relationship between a factor related to employment and employment itself

- E.g.. for many businesses, sales levels are related to employment needs. The planner can develop a table showing past relationship between sales and employment

Modeling and multiple-predictive technique

- This is using sophisticated forecasting and modeling techniques. This method uses many factors such as sales, GDP, incomes etc and develop mathematical models for forecasting

Unit demand forecasting

- The unit (which can be an entire department, a project team or some other group of employees) demand is forecast and the sum total of these units becomes the employment forecast.

- The unit manager analysis person by person, job –by-job needs in the present as well as in the future.

- By analyzing the present and future requirements of the job and the skills of the incumbent, this method focuses on the quality of workers

Forecasting supply

Internal supply.

- The main task is to determining which current employees might be qualified for the projected openings

- This determines how many, and what kind of employees are currently available in terms of skills and training necessary for the future.

- The major tool used to assess the current supply of employees is the *skills inventory*

- In some organisations, there will be a separate inventory just for managers called a *management inventory*

- Both of these serve the same purpose: to note what kind of skills, abilities, experiences, and training the employees currently have.

- By keeping track of these, the organisation can quickly determine whether a particular skill is available and when it will be needed

- Skills inventory are also useful in career planning, management development and related activities

Contents of a skills inventory

- Once a decision has been made to create a skills inventory, the HR manager must determine what information will be contained in the system.

- The only data available to the organisation for late use will be whatever has been designed into the system

Contents of a skills inventory (cont..)

- The list of data that can be coded into the skills inventories is endless and it must be tailored to the needs of each organisation.
- Some of the most common items include:
  - Name and Employees number
  - Present location
  - Date of birth, date of employment

Contents of a skills inventory (cont..)

- Job classification
- Specific skills and knowledge
- Education and field of education(formal education and course taken since leaving school)
- Knowledge of a foreign language
- Professional qualification
- Publication, licenses, patents, hobbies,
- A supervisors evaluation of the employees capabilities

Contents of a skills inventory (cont..)

- Salary range,

- Items often omitted, but become increasingly important

- Employees stated career goals and objectives, including geographical preferences and intended retirement date

Components of a skills inventory

- Components of a skills inventory are therefore as follows:

1. Data summarizing the employees past:
2. Data summarizing status of present skills
3. Data that focus on the future

Data summarizing the employees past

- a) Title and brief job description highlighting positions held in the last two to five years either in the organisation or previous organisations
- b) Critical skills needed or developed in these positions – manual, cognitive, creative

- C) Educational achievements – high school, job relevant classes, college (major minor)

- D) significant special project accomplished during the last three years (within this organisation or the previous organisation)

Data summarizing the status of the present skills

- A) skill related highlights last three performance appraisals
- B) Employee perception of what is done well on present job e.g. skill competencies, perception of how skills could be improved
- C) Employees supervisor perception of the same

3. Data that focus on the future

- A) personal career goals – one year, three years, identify specific positions and aspiration. Avoid global generalities like "higher up"

- B) view of the individuals present supervisors as to what he or she could be prepared to become. List specific position

- C) specify training and development efforts that the individual is motivated to undertake – on the job, off the job, classroom or experiential

- The above three components are just a sample and some organisations may have a skill inventory cataloguing different job classification

Maintaining the skills inventory

- The skill inventory is maintained by continuous gathering, handling and updating data. Decisions to be made include:

- Method of data gathering: The two principle method of gathering data are interviewing and questionnaire

- When to update: Updating must be planned – e.g. annual update, or where changes are frequent, monthly update

- Manual or computerizes: A decision will also have to be made on whether to store data manually or to computerize it

Forecasting external supply

- From the labour market
- Consider: economic indicators – competition and wage levels, cost of living, education levels, unemployment levels
- Forecast on the availability of potential job candidates in specific occupation e.g. IT administrator, HR personnel, is there an under or over supply.

Action decisions in HR planning

- After HR planning system has analyzed both the supply and demand for future workers, these two forecasts are compared to determine what if any actions should be taken.

- Whenever there is a discrepancy between the two estimates, organisations need to choose a course of action to eliminate the gaps

Action decisions on a shortage of employees

- When the employment specialist find that the supply is less than the demand, several possible are open to the organisation.
- 1) if the shortage is small and the employees are willing to work overtime, it can be filled with present employees
- 2) If there is a shortage of highly skilled employees, training and promotion of present employees, together with recruitment of less skilled employees are possibilities.

Action decisions on a shortage of employees (cont..)

- Other decision can also include:
- recalling employees who were laid off
- Use of part time workers, subcontracting,

SEMIs UoN

Seed Enterprises Management Institute

University of Nairobi

Action decisions in surplus conditions

- When supply is more than demand solutions include:
- attrition – not replacing those who leave
- Early retirements to accelerate attrition (this must be carefully planned, so that it does not lead to acute shortage of skill that will negatively affect companies ability to compete)
- Demotions Layoffs
- Termination
- Transfers
-

- As an approach to dealing with a surplus, most organisations avoid lay offs and rely more on attrition, early retirements and creation of work etc

Plan on how to meet Human Resource need

I. Training and development
II. Recruitment and selection
III. Retirement
IV. Rightsizing