

A photograph of a business meeting with several people in suits around a table. The table surface is covered with a large, semi-transparent checkerboard pattern. Scattered across this pattern are various human resource icons: some are white, some are black, and some are in pairs. The text 'Human Resource Planning' is centered over the checkerboard. Two brown L-shaped corner brackets are positioned on the checkerboard, one in the upper left and one in the lower right.

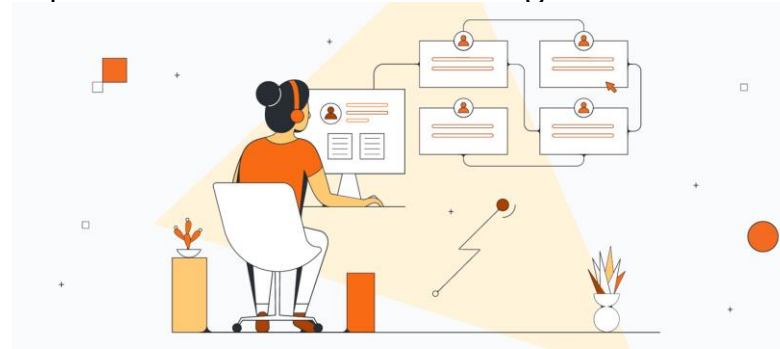
Human Resource Planning

Learning outcomes

- Define what HRP means
- Explain why HRP is important for an organisation
- Figure out the HRP process
- Describe nine causes of future HR demand
- Detail estimating HR supply
- Give strategies in shortage/surplus conditions of HR

Human Resource Planning

- ❖ HRP is the process of determining future employee needs and deciding steps or strategies to achieve those needs for the purpose of accomplishing organizational goals and objectives
- ❖ It is a HRM function that focuses on providing the organisation with an adequate manpower in order to achieve goals/objectives of the organisation
- ❖ Main objective of HRP is to prepare the organisation to acquire the more appropriate (if not the most) employees on the more appropriate jobs at the more appropriate times so that overall organisational goals are attained.



Human Resource Planning

“ Employment planning is the personnel process which attempt to provide adequate human resources to achieve future organizational objectives. It includes forecasting future need for employees of various types; comparing these needs with the present work force; determining the number and type of employees to be recruited or phrased out of the organization’s employment group.”



-Glueck (1978, p. 88)

Importance of Human Resource Planning

- **To determine future employee needs**

An organization wants to know how many people will be required in future. What type of employees are needed? How many employees are needed? Without proper HRP the organizations want be able to determine the HR requirements in future

- **To utilize HR more efficiently and effectively**

HRP precedes HRM functions such as recruitment, selection, hiring, induction and T&D. Hr manager is not in a position to d recruitment correctly without knowing the type and no. of employees needed. Recruitment process has to be done correctly tp for correct performance of selection, hiring and induction

- **To control employee cost**

HRP facilitates to know whether employee surpluses or shortages occur in future. The recruitment and selection process is a very costly affair for a company. Many companies spend lakhs of rupees on this process. Therefore recruitment and selection must be carried out only if it is extremely necessary. HRP process helps to identify whether recruitment and selection are necessary or not

Importance of Human Resource Planning

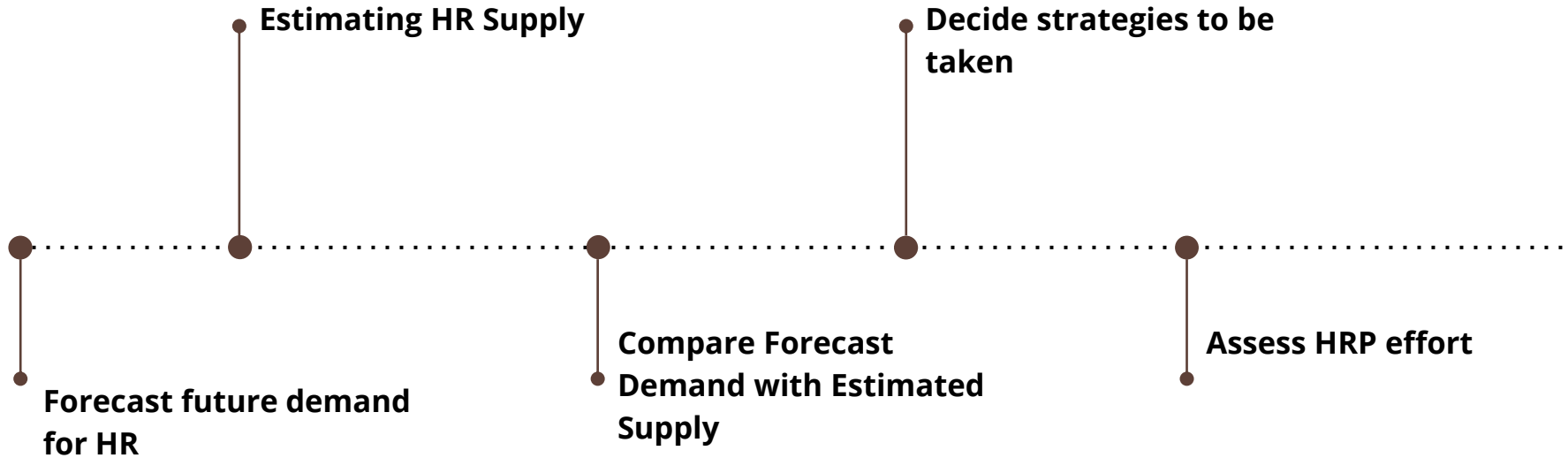
- **To develop high talent employees**

There is a scarcity of talented and competent employees and HRM provides adequate lead time for procurement training and development of such employees

- **To formulate and implement strategic plans**

Strategic planning involves long term decisions to achieve company's vision, mission and goals. In order to implement strategic plans the organization must have right employees in right type and right number at right time. HRP will show human resource strength and weaknesses of strategic planning

HRP Process



Forecast future demand for HR

FDHR involves estimating the types and quantities/numbers of employee needs for future. Here following factors affecting future demand have to be considered:

1. Demand for the product
2. Goals and strategic plans of the organisation
3. Production methods
4. Retirements
5. Resignations
6. Deaths
7. Leaves of absence
8. Termination
9. External factors such as economic (e.g. inflation, interest rate etc), social, and political

Forecast future demand for HR

Demand forecasting for HR means estimating future impact of factors affecting HR demand as much accurate as possible and determining employees needed by the organisation for the relevant period of time. Forecasting involves use of past and current information in order to identify future expected conditions of demand factors for a particular period of time.

Techniques of forecasting are below:

1. Informal Forecast

Under this method future demand for HR is determined without a systematic base and it is done quickly and randomly. It's the easiest way but the accuracy is low

2. Formal Expert Survey

Collecting human resource survey among experts is another method of HR demand forecasting and also known as systematic approach. Questionnaire and interview techniques can be used to collect information

3. Delphi Method

More sophisticated than formal survey. It's purpose is to obtain more reliable consensus of opinions of a group of experts. It consist of intensive questioning of each expert, through series of questionnaires, to obtain data that can be used to make educated forecast. And the procedures are designed to avoid direct meetings between experts in order to maximise independent thinking

4. Unit Forecasting

Here the concerned supervisors send their proposals to the top officials who compare these with the organizational plans, make necessary adjustments and finalize them

5. Extrapolation

In this method depending on the past data regarding number of employees in each department, like production department, sales department, marketing department and workload level, etc ratios for manpower are estimated. Past values are plotted and extrapolated to get fairly accurate future projections

Estimating HR Supply

There are two sources of supply: internal and external. The internal supply consists of current employees who can be promoted, transferred, or demoted to meet forecast needs. External supply consists of people who are working for other organizations and job seekers who are unemployed. Estimating HR supply involves making internal supply estimates. This has two sub steps;

1. Auditing current HR

This means assessing characteristics of current workforce. HR audit summarizes each employee's competency (knowledge, skills and abilities). The audits result in skills inventories and management inventories which catalogue competencies of employees. This enables the planner to have a comprehensive understanding in respect of the capabilities available in the current workforce of the organization

2. Identify and arrange possible replacements (succession planning)

By comparing HR audit information with job analysis information, to identify and decide the most appropriate person from current employees to fill the job vacancies. These tentative assignments can be recorded on replacement charts.

Compare Forecast Demand with Estimated Supply and deciding Strategies to be taken

This step involves determining net employee requirements and identifying shortages and surpluses of HR

Fourth step is deciding the strategies to be taken, need to be performed (how to remove employee surplus and employee shortage)

Strategies in surplus condition

- Hiring freeze
- Attrition (Voluntary departures)
- Encouragement of leaves of absence
- Early retirement on voluntary basis
- Reduction of reward expenditure
- Lay off
- Formal outplacement facilities
- Termination

Strategies in shortage conditions

- Have current employees work overtime
- Sub contract work to other firms
- Provide opportunities for learners for a period of time
- Hire part-time employees
- Hire casual employees.
Hire temporary employees
- Hire permanent full-time employees
- Capital substitution

Assess HRP Effort

HRP effort has to be assessed in order to determine its impact on accomplishing organizational goals and objectives.