

LGO2222 Human Resource Management in LGO.

Collect and Rearrange By
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Human Resource Planning in LGO.

Chapter 7.

Definition

1. HRP is the process of determining future employee needs and deciding steps or strategies to achieve those needs for the purpose of accomplishing organization goals and objectives.

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Significance of HRP

- To determine future employee needs
- To utilize HR more efficiency and effectively
- To control employee cost
- To develop high talent employees
- To formulate and implement strategic plans

To determine future employee needs

An organization wants to know future employee needs. What type of employees are needed? How many employees are needed for the next month or next year? To get answers for the two questions correctly it is essential to do HRP. Without doing HRP the organization will not be able to determine employee needs for future.

To utilize HR more efficiency and effectively

Careful analysis of all HRM activities shows that their effectiveness and efficiency, which results in increased productivity, depends on HRP

To control employee cost

Through HRP it is possible to know in advance employee surpluses or shortages which may occur in future. Hence it is possible for the organization to get prepared in advance in order to prevent from occurring surpluses or shortage of employees.

To develop high talent employees

Generally there is a scarcity of highly competent/ talented employees in the market. The lead time that is required to procure, train and develop such employees is long. Successful HRP provides an adequate lead time for the procurement, training and development of such employees.

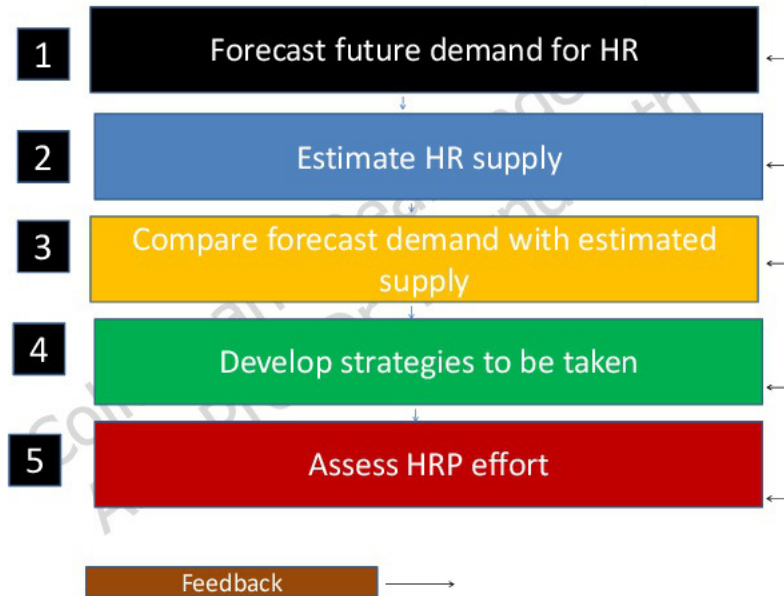
To formulate and implement strategic plans

Modern competitive organizations engage in strategic planning which results in strategy that is the organization's long term plan. In fact strategic plan involves long- term decisions to achieve the organization's vision, mission and strategic objectives. HRP provides information inputs for strategic planning efforts. It will show human resource strength and weaknesses which will be useful for developing the long term plan.

Reasons for some organization not engaged in HRP

- Lack of understanding about the purposes of HRP
- Non – availability of experts in HRM within the organization or inability of procuring such experts to the organization
- Attitude that doing HRP is unnecessary for organizations in a country like Sri Lanka as it has a high rate of unemployment
- Habit of doing staffing field according to human resource needs which arise on day to day basis
- Lack of financial resources

Process of HRP



1. Forecasting Demand for HR

Forecasting employee requirements for the organization comes under this step. Forecasting demand for human resources involves estimating the types and numbers of employees needed for future.

Factors affecting future demand for HR

- Demand for the product
- Goals and strategic plans of the organization
- Production methods
- Retirements
- Resignations
- Deaths
- Leave of absence
- Termination
- External factors

Forecasting Techniques

1. Informal Forecast

This is the easiest way of forecasting future demand for human resources. Under this technique, future demand for human resources is determined without a systematic base and it is done quickly and randomly. Generally this technique may be good only for small organizations but cannot be recommended as a good method for large organizations to apply.

2. Formal Expert survey

Systematically future demand for human resources is estimated by conducting a survey among experts. A better method is for planners to *survey* managers, who are experts about their department's future employments needs; and centralization of this information permits formal plans that identify the organization's future demands. Data collection can be done by using a questionnaire or conducting interviews

3. Delphi method

This is a special kind of expert survey. It is more sophisticated than the formal expert survey. The Delphi technique is to solicit estimates from a group of experts, usually managers and HR managers and HR department planner acts as an intermediary. Its purpose is to obtain the most reliable consensus of opinion of a group of experts; it consists of intensive questioning of each expert, through a series of questionnaires, to obtain data that can be used to make "educated" forecast; and the procedures are designed to avoid direct meetings between the experts in order to maximize independent thinking. Thus, the technique attempts to obtain independent judgments from a panel of experts.

Five steps in the Delphi technique

1. An issue, question, or problem is identified
2. A small group or panel of ten or fewer experts is identified
3. Independent judgments about the issue are obtained from each expert through a questionnaire or structured interview
4. An intermediary or facilitator collects, analyze and feeds back information from the first questionnaire or interview to each expert
5. Steps 3 and 4 are repeated until there is a consensus on the issue or problem

4. Unit Forecasting

Unit forecasting method is a broad approach to human resource forecasting and it uses a "bottom up" approach.

02. Estimate HR supply

➤ Internal Supply

Internal supply consists of current employees who can be promoted and transferred to meet forecast needs or fill job vacancies which are in the staffing table.

➤ External supply

External supply consist of people who are working for other organizations in industries and job seekers who are unemployed. They are the people who are in the employee market.

Steps in HR supply

1. Auditing current HR

This mean assessing education, experience and competencies of all the current employees in the organization. In this context HR audit is a systematic attempt to summarize each employee's education, experience and competencies.

The audit results in preparing two documents

1. Skill inventories

2. Management inventories

Skill inventories- The audits of non managers are called skill inventories

A skill inventory should contain the following information accurately:

- Identification information of the employee(name, address, sex, age, etc.)
- Identification information of the current job(job title, job location etc.)
- Education (academic and professional)
- Experiences including previous jobs held
- Seniority
- Special competencies
- Trainings
- Current and past job performance evaluations
- Promotability
- Weaknesses
- Preferences

Management inventories- audits of managers are called management inventories.

In addition to the above, a management inventory includes the following matters;

- Number of subordinates supervised
- Jobs and duties of the subordinates
- Total budget managed
- Management training received
- Management systems developed and implemented
- Creative works and innovations

02. Identifying and arranging possible replacements (succession planning)

By comparing HR audit information (skills and management inventories) with the job analysis information (job description and job specification), it requires identifying and deciding the most appropriate person from the current employees to fill the job vacancies. These replacements or tentative assignments can be recorded on replacements charts.

Replacements chart/ succession planning

A replacement chart is a visual representation of who will replace, whom in the event of a job opening

03. Compare forecast demand with estimated supply

The third step of the process of HRP is to compare forecast demand with estimated supply. Here calculating net employee requirements for the relevant period of planning should be done. It is possible to calculate net employee requirements by subtracting estimated/ projected supply (replacements) from forecast HR demand. It involves determining net employee requirements and identifying shortages and surpluses of HR

Calculation of Net employee Requirement

Job No.	Job title	Forecast Demand	Estimated Supply	Net Employee Requirement
O03	Assistant Operation Manager	01	00	-01
O07	Production Supervisor	02	02	00
F01	Finance Manger	01	01	00
F05	Management Trainee (Fin)	01	00	-01
M04	Sales Engineer	07	02	-05
H03	HR executive	02	01	-01
A05	Driver	01	03	+02
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	Total	Xxx	Xxx	Xxx

04. Develop strategies to be taken

Strategies in surplus conditions:

- 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