

Human Resource Planning and Audit

Block

1

HUMAN RESOURCE PLANNING

UNIT 1

Challenges and Paradigm Shifts in HR Department	1-20
--	-------------

UNIT 2

Basics of Human Resource Planning	21-45
--	--------------

UNIT 3

Arriving at Effective Human Resource Planning	46-73
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COURSE INTRODUCTION

Financial resources may be the lifeblood of a company, but “Human Resources” are the brains.

- Rob Silzer & Ben Dowell

Human Resource Planning and Audit is one of the elective subjects under the Course MBA-HR. HR Planning and Audit comprises two aspects: The first one is HR planning and the second one is HR Audit. The course content is distributed in 4 blocks, consisting of 15 units. The first two blocks pertain to HR Planning covered in Unit 1 to Unit 10. The last two Blocks deal with HR Audit, covered in Units 11 to 15. HR planning contents are designed to help learners to plan and ensure the availability of the required number and type of people at the right time to support the organization's strategy. HR Planning is more than just forecasting the demand and supply of people. It also assists in plans on compensation, selection, competency mapping, and training to ensure the right number, type, and skill levels are available to meet the future requirements of the organization.

The topics under HR Audit acquaint the learners with the basic concepts and issues associated with the HR audit. An HR audit is a tool for the systematic assessment of the strengths, limitations, and future needs of the existing HR functions, policies, and practices to support the organization's plans and strategies. The subject of HR Planning and Audit is covered in four blocks as explained below.

The first block ‘*Human Resource Planning*’ consists of three units dealing with challenges and paradigm shifts in HR departments and the basics of HR planning. It is a known fact that people have always been central to organizations and it is the planning that they make is central to organizations. All the planning essentials are covered in this block.

The second block ‘*Strategic HR Planning*’ enunciates the basics of strategic planning, strategic manpower planning, and strategic planning in HR core areas. In fact, the success of an organization depends upon its strategic planning, developing and managing its human resources. The units in this block list the HR planning issues while restructuring organizations, and the ways to measure the effectiveness of human resources. A major interest area in contemporary pedagogy is HR analytics and this occupies a special place in this block.

The third block is on ‘*Human Resource Auditing*’. Human Resource Audit like any other audit is a systematic formal process and calls to be well designed. This block introduces the concepts of HR audit, the various strategies, competencies, systems, and structures to conduct an audit of various HR functions, with an emphasis on the use and applicability of various tools and techniques of HR Audits and its implementation.

The fourth block ‘*Effective Human Resource Auditing and Audit Report Writing*’ deals with two important units-conducting effective HR Audit and HR audit report writing. These two units guide learners in the conduct and implications of HR audit and report writing techniques.

In a nutshell, all these four blocks impart knowledge on Human Resource Planning and Audit.

This edition has added a large number of contemporary examples and deleted old examples and exhibits. It has simplified the language and text layout to make it more readable.

BLOCK 1: HUMAN RESOURCE PLANNING

The first block to the course '*Human Resource Planning*' gives an overview of human resource planning. The block consists of three units - the first one is on Challenges and Paradigm Shifts in HR Department, the second one is on Basics of Human Resource Planning, and the third one is on Arriving at Effective Human Resource Planning.

Unit one, *Challenges and Paradigm Shifts in HR Department*, discusses the challenges that arise because of the major changes that organizations are undergoing due to globalization, changing perceptions of the workforce, and the evolving political and economic environment coupled with technological advances. Further, the unit explains the paradigm shifts in human resources and their functions from traditional HR to modern perspectives. Finally, the unit concludes by outlining the various challenges influencing HR practices in the international context.

Unit two, *Basics of Human Resource Planning*, starts with the meaning and definition of HR planning. Next, it lists the need and importance of HR planning in organizations. The unit moves forward by describing the philosophy of HR planning. Further, objectives, scope, and benefits of HR planning are discussed. Next, the factors that affect human resource planning, HR planning tools and strategic workforce planning model are also discussed in the unit.

Unit three, *Arriving at Effective Human Resource Planning*, deals with the process of job analysis followed by HR forecasting to describe its relationship with HR planning and its strategic importance. Next, the factors affecting HR forecasting, methods, and techniques of HR demand forecasting are illustrated. Subsequently, the unit discusses supply forecasting along with skill inventories and retention programs. The unit concludes with an explanation of the impact of technology on HR planning, new service delivery models, the ways in which IT can be useful for HR, and the guidelines for the selection of apt technology solutions for HRM.

Unit 1

Challenges and Paradigm Shifts in HR Department

Structure

- 1.1 Introduction
- 1.2 Objectives
- 1.3 The Emerging Context and Challenges for HRM
- 1.4 Paradigm Shifts in Human Resource Management
- 1.5 Measuring the Impact of HRM
- 1.6 Challenges Influencing HR Practices with Regard to International Context
- 1.7 Summary
- 1.8 Glossary
- 1.9 Self-Assessment Test
- 1.10 Suggested Readings/Reference Materials
- 1.11 Answers to Check Your Progress Questions

“Forward movement is not helpful if what is needed is a change of direction.”

— David Fleming

1.1 Introduction

As has been popularized by David Fleming, the transformation from the traditional roles to modern perspectives explain the emerging context of HRM. Human Resources Management (HRM) is undergoing massive strain all over the world, to combat the challenges thrown up by the global environment. It is spreading its wings by setting up hubs all over the world, thus, increasing the mobility of people which itself is a major challenge. Human Resource functions and professionals have undergone paradigm shifts, moving from traditional roles of HRM to modern perspectives in HRM.

The challenges faced by HR departments have necessitated several paradigm shifts. There is a pressing need for the managers and HR executives to be aware of the future challenges likely to be faced by the Department. The realignment of the HR function has resulted in the need to manage cost effectively. In this context, outsourcing and crowd-sourcing has taken over some of the HR functions, thus, enabling focus on strategic issues. Qualitative efforts are being made to figure out the best practices to meet these challenges.

The major challenges of HR department along with paradigm shifts in HR departments are discussed in this unit. This unit also focuses on measuring the impact of HRM.

Block 1: Human Resource Planning

1.2 Objectives

After going through this unit, you will be able to:

- Explain the emerging context and challenges for HRM
- Describe the paradigm shifts in human resource management
- Enumerate the methods for measuring the impact of HRM
- Enlist the challenges affecting HR practices in international context

1.3 The Emerging Context and Challenges for HRM

HRM is associated with recruiting, selecting, developing, assessing, compensating, and retaining employees. HR planning is thus a function of HRM related to meeting future manpower requirements. As such, HR planning is also impacted by the issues that affect HRM. Organizational environment is dynamic. With organizations performing in such dynamic environment, HRM is faced with the challenge of dealing with the changes in external factors (i.e. political, socio-cultural, economic, and technological) and the resultant workplace complexities. A company undertakes all its HR functions, complying with the prevailing labor laws and within the regulatory framework of the respective country. In recent times, HRM has also been involved in succession planning and in facilitating strategic planning and achievement of business goals. Depending on the changes in the business environment, the approach to HRM also evolves. HRM has to continuously analyze, understand, and operate in a complex environment that may lead to changes in organizational objectives. Internationalization of business has its impact on HRM, in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics, culture, etc. Thus, the emerging context of HRM and the challenges that confront it are largely dependent on the prevailing business environment. The main issues and challenges that HRM faces are discussed in this unit.

Ulrich Dave, in his book *Human Resource Champions*, identified four roles that HR professional plays: employee champion, administrative expert, change agent, and strategic partner. He argued that "employee champions deliver competent and committed employees, administrative experts deliver efficient HR practices, change agents deliver capacity for change in individual behaviour and organizational culture, and strategic partners deliver business results."

The global business environment has been witnessing transformation over the past couple of decades. The shift is seen in the role of HR from a support function to that of a strategic business partner.

Traditional HR has a narrow focus on issues like basic personnel management and labor relations. Their goal is to take care of employees and keep them happy and satisfied, focusing on current employees.

Unit 1: Challenges and Paradigm Shifts in HR Department

The challenges for HRM (Refer Figure 1.1) may be classified into seven broad groups:

- i. Changing people's perceptions
- ii. Raising the employees from mediocrity
- iii. Developing mindset for identity
- iv. Globalization and technological advances
- v. Changes in political and legal environment
- vi. Workforce diversity
- vii. Developing ethical temperament in the organizations

Figure 1.1: Challenges for HRM



Source: ICFAI Research Center

Let us discuss these aspects one by one.

1.3.1 Changing People's Perceptions

The perceptions of people with respect to human resource professionals need a re-look. From the ailing organizations signals are shown that HR is on decline.

There are some misconceptions about HRM, which are:

- Many people want to become HR professionals because they want to "help people", and then become disillusioned when they realize that the real goal of HRM is much more than this.
- It is a misconception that HRM is just there to make employees happy or enforce rules. Effective HR departments strike a fine balance between the needs of employees and the goals of the organization.
- HR professionals are ethically obligated to follow up on complaints or issues brought to their attention. Unfortunately, they are not bound by confidentiality and, in many occasions, are becoming passive listeners.

Block 1: Human Resource Planning

- Some employees believe that HRM has the best interests of only the company in mind. In fact, HRM straddles a fine line, between ensuring compliance and working in aid of all parties concerned. During conflicts, HRM makes sure that the employee receives a fair chance while at the same time the company makes a smart decision and avoids any risks.
- Many assume that HR department will always be your friend. Private information about other employees is not provided by the department. However, behind the scene, HR reviews pay equity, promotional opportunities, policy development, and adherence to policy and past practices.

Some of the generally heard perceptions regarding HR department are:

- What is great about HRM?
- Even a graduate can handle HR functions.
- Anyone in the hierarchy can manage HR.

These misconceptions are there across all cadres within the organization.

The following are the reasons for such perceptions:

- HR department is viewed as operating without clear strategic plans.
- Generally, the plans devised by executives are not well communicated in the organization, especially to HR executives, resulting in improper execution.
- Once a plan is devised, companies are hesitant to make changes, as per the changing market conditions.
- Many HR professionals lack business knowledge.
- Often, HR professionals misuse their power and authority.
- Many HR professionals do not deliver their services seamlessly.
- Many HR professionals are not able to care about people which is their main role.

There is a great need to change the human resource department's image in people's minds. It is a big challenge to organizations to change such perceptions of people.

However, contrary to these views, there are some, who perceive HR as vital to the organization.

As proactive HR strategies have overtaken reactive responses to employment conditions, HR professionals play a stronger role in planning. HR directors commonly serve on company management teams and participate in strategic planning. This includes assessment of company strengths and weaknesses and projections of opportunities and threats. HR participants contribute the current

Unit 1: Challenges and Paradigm Shifts in HR Department

view and future expectations of people and resource needs to discussion on compensation and training changes, and research on emerging opportunities and threats.

1.3.2 Raising from Mediocracy

Scores of human resource planners and professionals accept their mediocre roles and they are not business driven. Their competency levels, performance metrics and attitudes are not accorded strategic importance. This could be one of the important reasons for not seeing many HR professionals on top hierarchy. It has become a challenge to raise from mediocracy levels.

Table 1.1 presents the strengths and weaknesses of HR leaders.

Table 1.1: Strengths and Weaknesses of HR Leaders

Sl. No	Strengths of HR Leaders	Weaknesses of HR Leaders
1.	Developing and coaching others	Focusing internally rather than externally
2.	Building positive relationships	Lacking strategic perspective
3.	Role modelling	Not anticipating and responding quickly to problems
4.	Having functional knowledge and expertise	Resisting stretch goals

The problem with HR professionals, generally, is that they admit and accept mediocre roles for themselves. Because of this acceptance of mediocre roles, they are not able to measure up to the organization's expectations.

1.3.3 Developing Mindset for Identity

HR professionals generally have not worked outside their departments, and hence, are not aware of business intricacies. They must be exposed to business issues and business work structures for aligning HR functions with business goals. HRM is yet to reach the stage of a strategic business partner. The traditional roles of HRM are those relating to basic personnel management and labor relations taking care of employees and keeping them happy and satisfied. With changing business practices, they aspire to become a strategic partners in business. This transformation is a big challenge.

1.3.4 Globalization and Technological Advances

We will discuss globalization first and later technological advances.

Globalization is the process where organizations operate at international level. It has made the manufacturing process a boundary less activity. The world has become a global manufacturing hub. Managing the HR cross-cultural issues are throwing up challenges globally. The challenges for HR are opening up globally. Industry specific employment relations are affected by globalization. Smooth communication systems have to be embedded in the work environment globally.

Block 1: Human Resource Planning

Virtual training is gaining importance. Willingness of talented skilled workforce to work on global assignments has become a challenge for the HR departments. The human resources department needs to explore global competencies to meet global standards by developing global retention strategies.

Globalization is the amalgamation of economies and societies around the world. This has integrated world trade and financial markets. Globalization of businesses created multi-national enterprises or organizations which operated businesses in many countries. Such global operations impacted HRM since it involved sourcing of workforce based on employment patterns in countries of operations and adhering to the local labor and employment laws. This also emphasized the need for the workforce to adapt to the local cultures and work ethos. The diversity of the workforce became an important issue that needed to be considered. As such, organization structures had to evolve to cater to such operations. All these factors impact operations leading to changes in its HR policies and functioning. These factors remain dominant issues for HRM in MNCs.

Technological Advances

In the last couple of decades, there were rapid advances in technology and the rate of change is increasing. Technology impacts businesses in many ways. It influences the nature of work and generates obsolescence. Some businesses, on the cutting edge of technology, have to bring in changes as new technologies emerge. Others leverage technology to improve customer relations and productivity. Some others use technology to improve the company's operating environment. The biggest issue due to technological advancement is adaptability. The other issues of concern include: data privacy, security, and business continuity/disaster recovery. Technology changes, thus, impact all aspects of business. HRM also gets impacted by the changing skill demands of the workforce. Talent is always in short supply and attracting and retaining talent becomes a major challenge for HRM, in today's business world dominated by technology. Another aspect is telecommuting where employees work remotely from a place other than their primary office. At the same time, technology also helps HRM in improving its efficiency and effectiveness by using it to improve recruitment, engagement, and retention. Technology can aid in arriving at metrics that can evaluate the effectiveness of HRM and provide predictive tools to improve decision-making. HRM is, thus, impacted by technology changes. On one hand, it brings in fresh challenges concerning talent and on the other hand, it provides means to improve its overall functioning.

1.3.5 Changes in Political and Legal Environment

The political, legal and regulatory environment impacts almost all aspects of HRM. The key drivers of a political climate include: the extent of external regulations, nature of work contracts, various labor legislations and case laws, etc. The political and legal environment affects industrial relations and the

Unit 1: Challenges and Paradigm Shifts in HR Department

interaction between the management and workers. Similarly, the labor laws and worker security and protection regulations determine the contractual relationship between workers and the management. The changing political and regulatory environment requires the HR staff to anticipate and manage conflicts and ensure a normal working environment. This is a major challenge that confronts HRM and tests their competence in managing workforce in differing political and regulatory environments.

1.3.6 Workforce Diversity

Diversity of workforce implies a workforce, comprising people/ talent from different backgrounds, beliefs, and cultures. Diversity of workforce is common in most companies, particularly, those operating across countries. Diversity is a multi-faceted phenomenon and encompasses differences in gender, culture, generation, age, lifestyles, sexual orientation, and nationalities. With the fusion of talents of such diversity, an organization can respond to business prospects more vividly and creatively. This is one of the main organizational goals to be attained, especially in the global arena. Workforce diversity has its advantages and challenges. A diverse workforce brings in differing perspectives and approaches to problem-solving, enhancing innovation, and flexibility, thus, bringing in competitive advantage. Diversity, however, also presents challenges in terms of managing cultural and behavioral differences which may create conflicts at workplace. There are also legal, moral, and operational implications. Proper management through impartial policies, building an inclusive culture, and sensitivity training can mitigate the adverse effects of diversity while capitalizing on its positive outcomes. Managing diversity is, thus, a major challenge for HRM.

Exhibit 1.1 illustrates diversity management at Microsoft through its Employee Resource Groups.

Exhibit 1.1: Employee Resource Groups at Microsoft

To promote diversity, equity and inclusion, Microsoft offers close to 50 community groups across the company for career development, support, networking opportunities, mentoring, community participation, product input, and assistance in activities that promote cultural awareness.

Some of the employee resource groups at Microsoft are:

The Global LGBTQIA+ Employees and Allies at Microsoft (GLEAM) employee resource group, provides support, advocacy, networking opportunities, external outreach to community non-profits, and promotes education within Microsoft. GLEAM also actively helps to attract, retain and develop LGBTQIA+ people and raises awareness about the LGBTQIA+ community to increase ally engagement.

Contd....

Block 1: Human Resource Planning

Representing employees with conditions such as hearing loss, blindness, visual impairments, ADD, mobility disabilities, and dyslexia, the Microsoft Disability employee resource group drives internal visibility and collaborates with product teams to design, develop, and build accessible, inclusive products.

Military at Microsoft advocates for current and former military members, spouses, and supporters worldwide. The group works closely with Microsoft Software & Systems Academy (MSSA) to provide transitioning service members and veterans with critical technology career skills.

Representing 17 ethnicity groups, the mission of the Asians employee resource group is to accelerate the advancement of Asian employees at Microsoft, increase the community's influence, and build a network of camaraderie and support within the community and with allies.

The families employee resource group provides resources, shared experiences and information, and serves as a voice of support for our diverse families across Microsoft. Signature events include Bring Your Kids to Work Day and the annual MS Adoption Fair.

The Hispanic/Latinx employee resource group (HOLA) serves as a resource for promoting products and services to Hispanic and Latinx communities and organizations worldwide. The group also helps inspire future Hispanic and Latinx employees and advance the careers of current ones.

Women at Microsoft actively help to attract, retain, and develop women around the world. Its programs focus on sparking girls' interest in technology careers, supporting women-focused initiatives and organizations, and providing career and professional development resources for women once they are employees at Microsoft.

Indigenous at Microsoft strives to honour, share and celebrate Indigenous cultures within and beyond Microsoft while shaping inclusive technology to empower future generations.

Source: <https://www.microsoft.com/en-us/diversity/inside-microsoft/default.aspx> (accessed on 23/6/2022)

1.3.7 Developing an Ethical Temperament

Ethical considerations play an important role in enhancing the image of the company, attracting talent, and restoring customers' / clients' / consumers' confidence in a company's products / services. Companies, thus, see value in adhering to ethical norms. In most companies, the HR department is vested with the responsibility of laying down the ethical policies, practices, and dealing with infringements, if any. These policies cover gender issues, non-harassment, and fair and equitable treatment. HRM is responsible for increasing employee awareness of these policies and communicating the expectations on behaviors and practices to be followed by the employees.

Check Your Progress – 1

1. Which of the following functions is not associated with traditional HRM?
 - a. Recruitment
 - b. Performance Appraisal
 - c. Selection
 - d. Compensation management
 - e. Decision-making
 2. Which of the following statements is correct with regard to the image of human resources?
 - a. Anyone can take up HR role
 - b. HR is held in high esteem
 - c. There is no need for HR personnel
 - d. HR personnel are looked in high esteem
 - e. HR's role is highly satisfying and fulfilling
 3. Which of the following aspects would be the focal point for the future of HR?
 - a. Administration and policy matters
 - b. Addressing strategic issues
 - c. Handling grievances
 - d. Technological upgradation
 - e. Making effective decision-making
 4. Which of the following is seen as the role of 'employee champion', according to David Ulrich?
 - a. In charge for enhancing the quality of labor
 - b. In charge of enhancing productivity of the company
 - c. In charge of gauging employee compensation
 - d. In charge of gauging employee promotion
 - e. In charge of gauging employee morale and satisfaction to create a positive company
-

1.4 Paradigm Shifts in Human Resources and Their Functions

Human Resource functions and professionals have undergone paradigm shifts, moving from traditional roles of HRM to modern perspectives in HRM. The challenges faced by HR departments have necessitated several paradigm shifts.

Block 1: Human Resource Planning

Arun Sekhri⁶ in his book *Human Resource Planning and Audit* discusses these paradigm shifts that are taking place in modern organizations. Let us look at a few of them:

Paradigm shift 1 - From Non-involvement to Involvement

In order to survive and sustain in the market, all functional activities of organizations such as finance, marketing, operations and HR should align with the strategic business objectives. Human Resource executives are moving from non-involvement to involvement in strategic decision-making.

Paradigm shift 2 - From Strategic Partner to Business Partner

The commonly held view that HR does neither understand business language nor understand business model needs paradigm shift. In reality, HR can provide strategic inputs on workforce planning, employee engagement, compensation and benefit planning, retention strategies, and succession planning. Hence, there should be a paradigm shift for HR from a strategic partner to business partner.

Paradigm shift 3 - From Business Partner to Driving Business Success

The shift from business partner to driving business success can take place by understanding the business models involved properly, the knowledge and understanding of functional areas help in achieving business success.

Paradigm shift 4 - From Talent Mismanagement to Talent Management

People, intellectual capital and talent are critical to organizational growth and success. The three components of Intellectual capital are Human capital, external capital and internal capital. Talented people enter organizations to learn and grow and develop their careers as quickly as possible. They need to be managed well. Otherwise, they do not hesitate to leave the organization. Talent management has become a top priority in many top companies because of the rapid changes caused by digitization, mergers and acquisitions, globalization, and workforce demographic changes.

Example: Digital Talent Management Platform

TCS Neuralent is an intelligent talent management platform powered by machine learning that automates the recruitment process. It cost-effectively integrates with existing systems to predict the top three roles for a candidate based on skills, experience, and certifications. It harnesses a time-series forecasting model to predict demand for various roles based on historical data.

For details, check out <https://www.tcs.com/digital-talent-management-platform-neuralent> (accessed on 23/6/2022)

⁶ Arun Sekhri, *Human Resource Planning and Audit*, Himalaya Publishing House, 2010.

Paradigm shift 5 - From Cost Centre to Profit Centre

If HR departments are to become profit centers, they need to keep in mind the following:

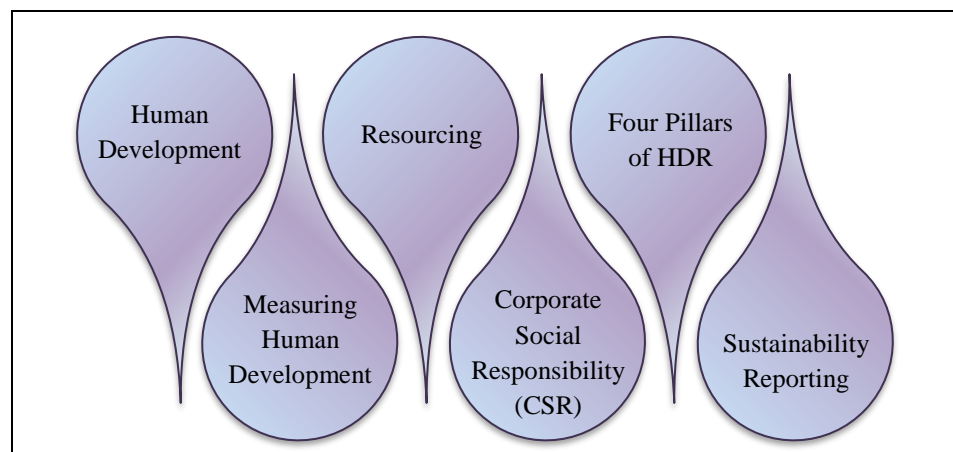
- Compete with human resource service provider to earn revenue
- Develop a human resource score-card to evaluate human resource as a profit center.
- Understand the strengths and weaknesses of the competitors to leverage its own strengths
- Compare and contrast the various internal human resource functions
- Transforming human resource centers as profit centers or to strategic business units, is possible when the human resource department's score-card aligns with company's goals and objectives.

Paradigm shift 6 - From Human Resource Development to Human Development Resourcing

The paradigm shift from Human Resource Development (HRD) to Human Development Resourcing (HDR) is to resolve problems and issues faced by human resources who are treated as tangible assets of the organization. HDR includes: human, social, environmental, and economic developments.

The six segments of HDR are presented in Figure 1.2.

Figure 1.2: Segments of HDR



Source: ICFAI Research Center

- Human development:* HDR enlarges people's choices and enables people to lead a meaningful life. Resources, health, and education are the key areas in human development.
- Measuring Human Development:* Human Development Index (HDI) ranks countries, based on their performance in key areas of health, education, and access to resource. Human Poverty Index (HPI) measures the shortfalls in human development. Both HDI and HPI, when measured give an accurate

Block 1: Human Resource Planning

picture of human development. The aim is to give employees a quality life which they deserve as human beings. HDR has to attend issues concerning humans not only at organizational or national level but also at global level.

- iii. *Resourcing*: In HDR, potential areas that aid human development programs are identified.
- iv. *Corporate Social Responsibility (CSR)*: Corporates' responsibility towards society and environment is an important segment in HDR.
- v. *Four Pillars of HDR*: Equity, sustainability, productivity, and empowerment are the four pillars of HDR.
- vi. *Sustainability Reporting*: Sustainability Reporting is a value added tool for displaying corporate's commitment to transparency and accountability towards its shareholders and the community.

Thus, the shift from HRD to HDR has numerous advantages including contributing to the well-being of people and equal distribution of benefits of development.

Check Your Progress - 2

- 5. Which paradigm shift in HR can be identified if human resource departments align with company's balanced scorecard?
 - a. From non-involvement to involvement
 - b. From strategic partner to business partner
 - c. From cost center to profit center
 - d. From human resource development to human development resourcing
 - e. From business partner to driving business success
- 6. On which areas Human Development Index (HDI) ranks countries?
 - a. Performance in key areas of health, education, and access to reso
 - b. Performance in key areas of health, education, and employment
 - c. Performance in key areas of health, education, and poverty
 - d. Performance in key areas of education, employment and access to resources
 - e. Performance in key areas of health, employment and access to resources
- 7. Which of the following is the paradigm shift from business partner?
 - a. From business partner to driving business success
 - b. From business partner to intellectual capital
 - c. From business partner to profit center
 - d. From business partner to cost center
 - e. From business partner to strategic partner

8. Which of the following is the component of intellectual capital?
- a. Human capital
 - b. Competitive advantage
 - c. Technology
 - d. Intellectual property rights
 - e. Skills

Activity 1.1

How does human capital contribute to a country's Gross National Product? Give two examples.

Answer:

1.5 Measuring the Impact of HRM

Measuring the worth of employees is one of the greatest challenges of HRM. Employees are the greatest assets of the organization. The human capital, in terms of the knowledge, skills, capabilities, and experience possessed by individuals, is to be measured in monetary terms, to accord value to the performance put up by individuals. Measuring intangible assets is always difficult than measuring tangible assets and this measurement gap has become a big challenge.

Example: HR Audit and Compliance Software of Accenture

Based on the SAP HANA (High Performance Analytic Appliance) Cloud Platform, a multimodal in-memory database that runs advanced analytics alongside high-speed transactions in a single system, Accenture provides HR Audit and Compliance software service that gives an insight into where HR issues are and how to resolve them.

Data from Success Factors' Employee Central and SAP HCM (Human Control Management) is verified for variations so that HR teams can gain even greater control over their master data. One can see issues displayed in one place with seamless integration into success factors and SAP HCM, making data validation and corrections easy.

For details, check out <https://www.accenture.com/in-en/services/technology/software-hcm-accenture-audit-compliance-tool> (accessed on 22/6/2022)

1.5.1 Measuring Best Practices

Measuring best practices is not very easy because each organization considers and adapts different practices as applicable to them. However, measuring the

Block 1: Human Resource Planning

effectiveness of HRM best practices has been viewed as a step forward. But various challenges do arise in the measurement. There is no single best practice that could be applied to all organizations. Each sector has its own priorities. For instance, if the goal of one sector is to maximize profits, another sector's goal might be capturing market share. Some argue that instead of copying best practices of other companies, it is better to align HR practices with organizational strategies. But in general, the best practices of the companies that are on the top are always imbibed by other companies, since those companies have established standards.

1.5.2 Separation of Cause and Effect

The perennial problem in measuring the impact of HRM practices is separating cause and effect. It is problematic for various reasons:

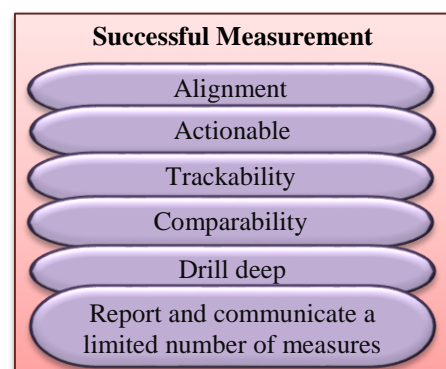
- Companies, many a time, share their profits through bonuses with employees with a view to increase the productivity of the organization. But this is not seen in all cases.
- New HR practices are being implemented in companies to enhance productivity or build the image of the company. For instance, many retention strategies are adopted to contain attrition in the company. But it takes a long time to get the effect. The cause and effect, as such, are not always simultaneous. Similarly, the image of company will not grow as soon as it undertakes some CSR initiatives.
- Sometimes, the effect may be due to many causes, not just one cause. For instance, the culture of a company is due to many factors.

1.5.3 Successful Measurement

HR functions can be measured in different ways. Some organizations focus on background, some others on functional and efficiency measures, and yet others on headcounts, hires, and terminations.

Whatever may be the measure, successful measurement depends on the following measurement.

- **Alignment:** The measures should be aligned to the organizational goals. For instance, if a particular organization is not clear about the measure on cost per hire and does not know, whether to increase or decrease the cost per hire, at first instance, clarity must be reached on this aspect.



Unit 1: Challenges and Paradigm Shifts in HR Department

- **Actionable:** Actionable measures only need to be selected for measurement. For instance, if a particular company does not want to invest on changing work hours or implement flexi times, work life balance need not be taken as a measure. Metrics are to be obtained, where action plans can be developed.
- **Trackability:** A good metric is one that could be trackable over a period of time. For example, time to hire, should be tracked weekly, so that progress could be assessed.
- **Comparability:** Metrics should be chosen such that they could be compared across the best in organizations. This helps in benchmarking.
- **Drill deep:** One should not rely on averages, as, sometimes, averages do not reveal the actual problems. For instance, if attrition is measured as 10%, the attrition of new hires could be 40% and of senior managers might be something like less than 10%, which is not a problem. To pay attention to the problem where it is located, it is better to go for specifics.
- **Report and communicate a limited number of measures:** Information overload is a serious problem in measurement. So some 5-10 key metrics are to be taken for measurement.

Activity 1.2

Infosys Technologies Limited, in its measurement of HR effectiveness, found its HRV (Human Resource Valuation) to be positively related to the value added per employee, turnover per employee, and cost per employee, and negatively related to return on HRV. In the light of the above, state what plays an important role in the human resource valuation for the company?

Answer:

1.5.4 Reporting to Board of Directors and Shareholders

External stakeholders have lots of interest in metrics, so as to know the performance of organizations. Hence, metrics are to be clear to Board of Directors and shareholders. The Board of Directors and shareholders should know about the human capital numbers, the status of diversity in workforce, the employee engagement, the attrition rate, the retention strategies adapted, the treatment given to the staff whether they gain respect, participation of employees and their ratings in global surveys and climate surveys.

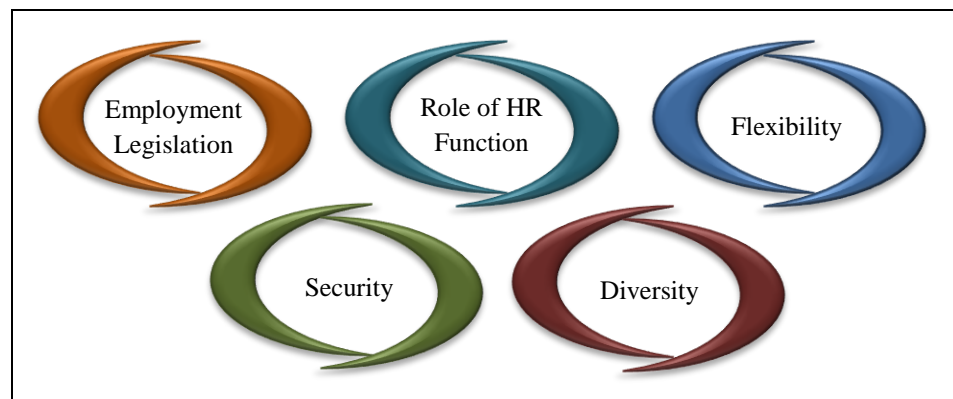
Block 1: Human Resource Planning

1.6 Challenges Influencing HR Practices with Regard to International Context

When entering new markets, organizations are confronted with a wide range of challenges. Operating and hiring human resources across geographic and cultural boundaries, often, pose many challenges. Employees struggle to fit in the new environment and, thereby, fail to adjust to the demands.

Following are some of the challenges faced in overseas assignments (Refer Figure 1.3).

Figure 1.3: Challenges Faced in Overseas Assignments



Source: ICFAI Research Center

1.6.1 Employment Legislation

As employees are hired from diverse geographic and cultural backgrounds, they may have to adapt to new labor laws and tax liabilities. They have to follow both home country and host country employment legislation aspects.

Example: Multiplier - Platform for Legal Compliance for International Teams

Servicenow, an American software company deploys Multiplier - a leading global employment platform that makes it easy to employ teams internationally. Its proprietary technology simplifies the employment process by managing the complexities of local compliance, labour contracts, payroll, benefits and taxes. Multiplier enables Servicenow to manage its distributed teams via a simple dashboard while taking responsibility for local labor law compliance on behalf of the company.

For details, check out <https://www.usemultiplier.com/> (accessed on 21/6/2022)

1.6.2 Role of HR Function

HR departments, traditionally, have supporting roles with no major decision-making. With fast changing business environment and globalization, these

perceptions have changed significantly. The role of HR function now is aligned to organizational goals and expanded even more in the international context.

1.6.3 Flexibility

Flexibility is the ability to respond to various demands from a dynamic competitive environment. HRM systems need to be flexible to quickly adjust to the policies and procedures that require changes. It is seen that dramatic changes are taking place in HR procedures especially in the international context. Flexibility of organizational processes for managing change should occupy the front seat of HR Departments.

1.6.4 Security

Whole world is exposed to terrorist activities, and businesses are also no exception, leading to several security concerns among internationally operating businesses. Operating amidst security concerns has become a difficult task for HR managers. Providing security to expatriates and their families as also communicating with them vital information is difficult.

1.6.5 Diversity

Integration and accommodation of an increased number of older workers and employees with disabilities, diverse gender, ethnic and culturally different groups, all pose a big challenge. Strategic human resource management systems have to take in to account the needs and issues concerning the diverse groups.

Check Your Progress - 3

9. Which of the following should be the focal point for the organization to attract and retain the human capital?
 - a. Nurturing leaders
 - b. Restructuring
 - c. Relying on technology
 - d. Increasing profits
 - e. Increasing training
 10. Which of the following leads to improved “Efficiency”?
 - a. Results of activities
 - b. Yield of output
 - c. Managing human capital
 - d. Technology upgradation
 - e. Increasing profits
-

Block 1: Human Resource Planning

1.7 Summary

- The success of HRM calls for future arrangements to be made for exploring global talent. The existing HR practices and policies need a re-look.
- Employers should raise themselves in identifying and choosing the right talent required for them through talent search mechanisms.
- Existing talent should be nurtured to occupy future leadership roles. Internal and external human capital have to be tapped.
- The organizational capabilities and competencies should be sharpened for growth and development.
- Flexibility of organizational processes for managing change should occupy front seat in HR Departments.
- Effective use of technology for business development calls for automation of business processes.
- One should have patient approach when addressing the challenges faced in HR.

1.8 Glossary

Customer Capital: It is the individual and collective mindsets of the customers which shape their perceptions of value, provided by any given product or service.

Human Capital: Mindsets of individuals, their knowledge, relationships, assumptions, values, beliefs, and their biases.

Organizational Capabilities: These capabilities are the collective skills, abilities, and expertise of an organization.

Organizational Transformation: The term Organizational Transformation collectively refers to such activities as re-engineering, re-designing, and re-defining business systems.

Structural Capital: Collective mindsets of organizational members which shape the culture of the organization including norms and values.

Paradigm shift: A paradigm shift is a fundamental change in the underlying assumptions and approach.

1.9 Self-Assessment Test

1. The HR function has drastically changed with Globalization. Do you agree? Support your answer.
2. Explain the paradigm shifts that have taken place in HR functions.
3. What does change mean to people?
4. How can companies maximize the value of their human capital?
5. Discuss the HR challenges influencing HR practices in the international context.

1.10 Suggested Readings/Reference Material

1. Debasish Biswas (2021). Human Resource Planning and Utilization, Crescent Publishing Corporation, First Edition.
2. Nishant Uppal (2020). Human Resource Analytics: Strategic Decision Making, Pearson Paperback, First Edition.
3. Pravin Durai (2020). Human Resource Management, Pearson, Third Edition.
4. Sekhri, A. (2016). Human Resource Planning and Audit. Himalaya Publishing House, First Edition.
5. T.V. Rao (2014). HRD Audit: Evaluating the Human Resource Function for Business Improvement, Second Edition, Sage Publications.
6. Swati Dhir, Suparna Pal (2021). Human Resource Analytics: Theory and Application Techniques, Cengage India, First Edition.

1.11 Answers to Check Your Progress Questions

1. (e) Decision-making

The traditional HRM functions are: recruiting, selecting, developing, assessing, and compensating employees. Decision-making is not considered as HRM function.

2. (a) Anyone can take up HR role

There is lot to be done to raise the perceptions of people with regard to HR role. General prevailing perception with regard to HR role is that anyone can take up HR role and there is no expertise required.

3. (b) Addressing strategic issues

The future of HR depends on focusing more on addressing strategic concerns apart from others like technological upgradation and policy matters.

4. (e) In charge of gauging employee morale and satisfaction to create a positive company

Employee champion, according to David Ulrich, is in charge of gauging employee morale and satisfaction to create a positive company.

5. (c) From cost center to profit center

It is true that building effective and credible relations within the organization, assist in anticipating the change as the effective relationships within the company would provide the relevant and timely data to the company.

6. (a) Performance in key areas of health, education, and access to resource

Performance in key areas of health, education, and access to resource are the key areas on which Human Development Index is measured.

Block 1: Human Resource Planning

7. (a) From Business Partner to Driving Business Success

The paradigm shift is seen from business partner to driving business success.

8. (a) Human Capital

Human capital, which includes the mindsets of individuals, their assumptions, values, beliefs, and their biases, is an important component of intellectual capital.

9. (a) Nurturing leaders

To attract and retain the Intellectual capital, the organizations should emphasize more on nurturing leaders as they can take care of restructuring organizations through upgradation of technology.

10. (b) Yield of output

Efficiency results from yield of output as an efficient worker's productivity is high.

Unit 2

Basics of Human Resource Planning

Structure

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Meaning & Definition of HR Planning
- 2.4 Need and Importance of HR Planning in Organizations
- 2.5 Philosophy of HR Planning
- 2.6 Objectives, Scope, and Benefits of HR Planning
- 2.7 Factors Affecting Human Resource Planning
- 2.8 HR Planning Tools
- 2.9 Summary
- 2.10 Glossary
- 2.11 Self-Assessment Test
- 2.12 Suggested Readings/Reference Materials
- 2.13 Answers to Check Your Progress Questions

*“Someone’s sitting in the shade today because someone
planted a tree a long time ago.”*

— Warren Buffett

2.1 Introduction

As has been propounded by Warren Buffet, human resource management (HRM) ensures optimum utilization of human resources to facilitate accomplishment of individual and organizational objectives and gain competitive advantage.

We have introduced the challenges and the emerging trends in HRM in the previous unit. It covered the emerging context and challenges in HRM and the paradigm shifts occurring in the field of HR management. This unit takes the discussion forward and deals with the basics of HR planning.

HR planning is a systematic approach to determine the HR requirements of an organization. It ensures that the required number of people with the appropriate skills and knowledge are available at the right time and right place to meet the organizational requirement.

Block 1: Human Resource Planning

This unit starts with defining HR planning followed by its need and importance. Thereafter, the philosophy underlying HR planning would be discussed followed by objectives, scope, and benefits. The unit will then discuss the factors affecting HR planning and the tools involved in it.

2.2 Objectives

After going through this unit, you will be able to:

- Define HR planning
- Outline the need and importance of HR planning
- Describe the philosophy underlying HR planning
- Enumerate objectives, scope, and benefits of HR planning
- Identify the factors affecting HR planning
- Enlist the tools involved in HR planning

2.3 Meaning & Definition of HR Planning

Human Resource Planning is the process of finding the right number of people for the right kind of a job, at a right time and the right place, by looking into the supply and demand of organizational current and future requirements. Here we will discuss the meaning, definition and aspects of HR planning.

2.3.1 Meaning of HR Planning

Human Resources Planning may be understood as the process of identifying the workforce requirements to achieve organizational goals, even as the external market environment undergoes changes. Based on this identification, plans are made to ensure that a workforce with the required competencies is made available. Unless the required manpower with the appropriate competencies is made available at the right time, it won't be possible to achieve organizational goals. HR planning would, thus, involve estimating the appropriate number of employees with the desired competencies, to meet the organizational goals within the specified timelines. The planning process not only involves identifying the number of people but also their specific experience and skill levels. Manpower or HR planning is the primary responsibility of HR department. It involves certain standardized processes.

2.3.2 Salient Aspects of HR Planning

HR Planning is the process by which organizations ensure that they have right number of people with right skills and qualifications to realize their objectives. Salient aspects of HR planning are discussed here (Refer Figure 2.1).

Figure 2.1: Salient Aspects of HR Planning



Source: ICFAI Research Center

- **HR Planning is based on Organizational Goals and Strategy:** HR planning seeks its objectives and purpose from the organizational strategy and the goals/ objectives of the organization. HR planning, thus, aligns with the strategy and any revisions or changes in the goals/ strategy impact HR planning.
- **Participation of Stakeholders:** Normally, the HR department makes the HR plan. The inputs and validity of the plan, however, depend on involvement of all stakeholders such as the line managers and experienced employees.
- **HR Planning is more than just Numbers:** HR planning goes beyond just number of people to be recruited. It also involves identifying specific competency requirements and specializations. A detailed analysis of the jobs to be filled and the skills necessary for them thus, form part of HR planning.
- **Top Management Support:** HR planning requires top management support since it involves inputs and coordination among various departments. Top management support is necessary for formulating viable HR plans. Involvement of all user departments also ensures that they become accountable for the inputs leading to finalization of the plan.
- **Time Horizon:** The time horizon of the HR plan needs to be decided by the top management and it should be aligned with the time-frame of the organization's future plans and objectives. Preferably, the time horizon should not extend too far into the future, since accurate predictions of market conditions are not possible for such a time-frame. It should not be too short since the time available to implement the plan may prove inadequate. Many organizations settle for a rolling plan which is reviewed at regular intervals.
- **Accurate Data:** The accuracy or validity of the plan is dependent on the accuracy of the data on current manning and skill levels as also on the data about the future requirements. Accurate inputs are thus necessary for HR planning.

Block 1: Human Resource Planning

- **Changing Conditions;** Technological change, globalization, organizational strategy, and new growth trajectories bring in changes in the company's future plans. Such changes bring along the need for changing HR requirements in terms of competencies. HR plan must address such changing needs as soon as these are identified.

Example: LinkedIn Talent Insights - Solution for HR Planning

LinkedIn Talent Insights is a talent intelligence platform that empowers Randstad NV, a Dutch multinational company to make smart workforce and hiring decisions. It provides real-time data including talent supply and demand, company reports, 360 degree view of the organization, competitors and the market along with data points on jobs, skills and employer branding metrics.

For details, check out <https://business.linkedin.com/talent-solutions/talent-insights> (accessed on 23/6/2022)

2.3.3 Definitions of HR Planning

Some of the definitions of HR planning are given below.

HR planning is a process of determining and assuring that an organization will have an adequate number of qualified persons, available at proper times, performing jobs, which meet the needs of the enterprise and which provide satisfaction to the individuals.

- Dale S Beach

HR planning defines project roles, responsibilities, and reporting relationships. One key result of HR planning is the staffing management plan, which depicts how and when team members are added to the team, and how the team members are released from the project, the training needs of the team, and several other key components.

- Brian O'Neil

HR planning is the process, by which an organization ensures that it has the right number and kind of people at the right places, at the right time, capable of effectively and efficiently completing those tasks that will help the organization to achieve its overall objectives.

- Arun Sekhri

2.4 Need and Importance of HR Planning in Organizations

Human Resource is vital for an organization to prosper in an intensely competitive marketplace and meet its objectives. The success of any company depends largely on the quality of its human resource and their performance. Thus, procuring and developing the required talent achieves importance and is an essential ingredient of the success of an organization. In this section the need for and importance of HR Planning is discussed.

Exhibit 2.1 illustrates HR Planning at TCS.

Exhibit 2.1: HR Planning at TCS

TCS' Human Capital (HC) offers HR transformation services to elevate employee experience. They consist of:

- HR advisory: Helps simplify processes, align to business needs, establish benchmarks, create business cases, assess and adopt digital solutions, enhance employee experience, reduce costs and improve service delivery
- HR service delivery: Spans optimizing organization design, deployment of employee experience layer, configuring on-boarding and transition workflows, leveraging chatbots and ongoing service delivery support
- HCM technology transformation: Encompasses empathy-based design, system evaluation, integration and testing to ensure successful realization of talent strategy
- People analytics: Involves data consolidation, data hub/lake creation, decision-making metrics, executive dashboards and predictive and prescriptive insights

The deployment of TCS Human Capital solution provides:

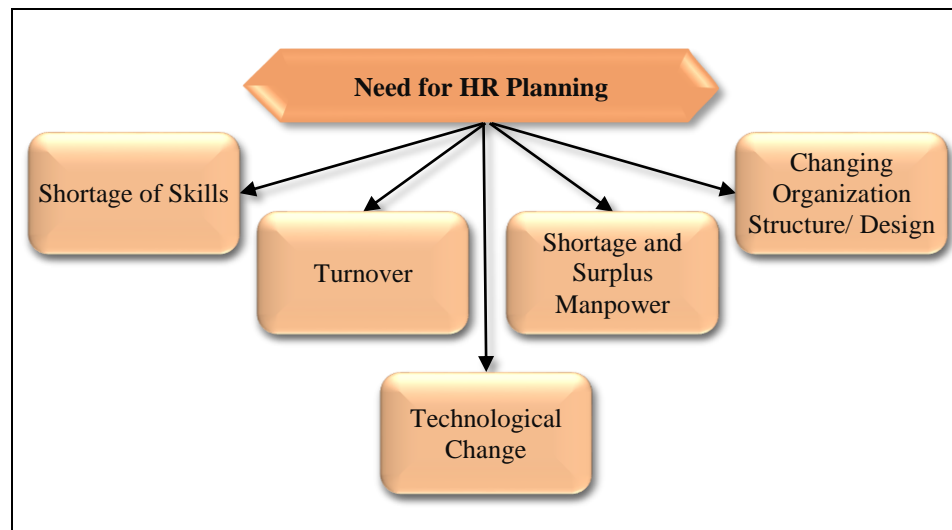
- Increased employee productivity with enhanced workforce output
- Improved retention of critical talent across the organization brings down employee turnover
- Elevated employee experience and engagement with employee-centric HR transformation
- Reduction of costs incurred by the human resources department
- Enhanced HR efficiency and productivity across key organizational metrics measured in HR
- Agile and future-ready operations with a workforce skilled for future competencies

Source: <https://www.tcs.com/tcs-hr-transformation-services> (accessed on 29/6/2022)

2.4.1 Need for HR Planning

Human resource planning is a continuous process and is responsible for arranging the right people for the right job from all the available sources. This HR requirement must be planned well in advance and a well thought out HR plan is required. The need for HR planning emerges from the following (Figure 2.2):

Figure 2.2: Reasons for Emergence of HR Planning



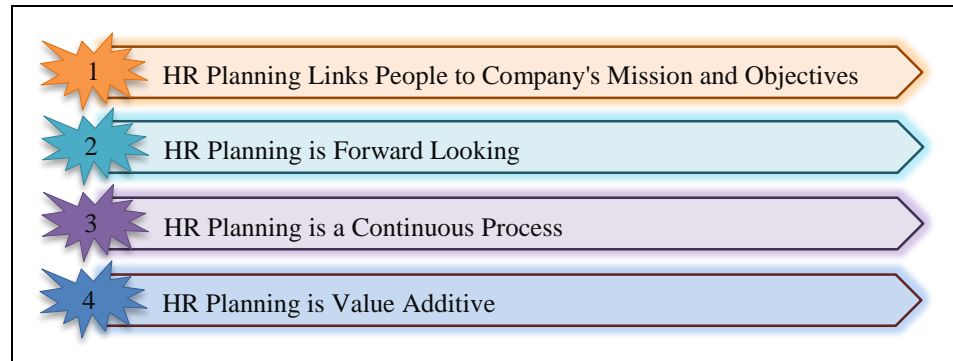
Source: ICFAI Research Center

- **Shortage of Skills:** There is in general a shortage of skilled employees in the marketplace. This non-availability of skilled people makes it necessary to plan for their recruitment well in advance through a well-thought out plan.
- **Turnover:** Every organization experiences turnover due to employees leaving the organization for various reasons ranging from retirement, dissatisfaction, better prospects, and compensation to an urge for change of environment. There is thus always a turnover of employees. HR planning caters to such turnover.
- **Technological Change:** Technological change today is an ever-present factor and all organizations require to introduce such changes to remain competitive. Any new technology requires a new set of skills and competencies. HR planning is the method for inducting new skills to cope with technological change.
- **Shortage and Surplus Manpower:** Over a period of time, there is always a surplus or shortage of manpower since some employees are unable to meet the performance standards or there is growth and the output is required to be enhanced. Such changes are ongoing and need proper planning, to avoid surplus or shortage of manpower.
- **Changing Organization Structure/ Design:** Any organization to remain competitive and respond to market forces requires regular changes in its structure and design. Such changes create shortages/ surplus of manpower. HR planning is thus needed to cope with such change.

2.4.2 Importance of HR Planning

Since HR is instrumental in ensuring the success of any organization, it follows that ensuring adequate and appropriately skilled people are available is an essential function of any HR department. HR planning becomes important due to following reasons:

Figure 2.3: Importance of HR Planning



Source: ICFAI Research Center

- **HR Planning Links People to Company's Mission and Objectives:** HR is inducted to achieve company's mission and objectives. HR planning is a means of linking people to the company's mission and objectives.
- **HR Planning is Forward Looking:** HR planning looks into future requirement and availability of the right number of people with the right competencies at the appropriate time. HR planning is, thus, forward looking and ensures future sustainability of the organization.
- **HR Planning is a Continuous Process:** The composition and number of employees are ever changing due to reasons such as turnover, technological, or structural change. There is, thus, a continuous requirement for inducting new people and adjusting surplus manpower. This ongoing process of induction and departure of people makes HR planning a continuous requirement.
- **HR Planning is Value Additive:** Increasing market turbulence, demographic changes, and technological upgradations require long-term planning to ensure stable manpower conditions. Looking at the immediate or short-term focus may lead to unnecessary lay-offs or inductions which may prove costly in the long-term. HR planning, thus, proves to be value additive and ensures employee availability at all times.

HR planning achieves importance since it links people to company's mission and objectives. It is forward looking, a continuous process and is value additive. The need for HR planning arises because of shortage of skills, turnover, technological change, shortage, and surplus manpower, and changing organization structure/design.

Check Your Progress - 1

1. Which of the following does not represent a need for HR planning?
 - a. Requirement as per the Companies Act
 - b. Shortage of skills
 - c. Changing organization's structure or design
 - d. Turnover
 - e. Technological change
 2. Which of the following represents salient aspects of HR planning?
 - a. Organizational goals, time horizon, and HR department's job
 - b. Accurate data, changing conditions, it is about numbers
 - c. Based on organizational strategy, accurate data, more than just numbers
 - d. Involves employees, calculates number of employees, recruitment
 - e. Job analysis, judgmental techniques, Markov analysis
-

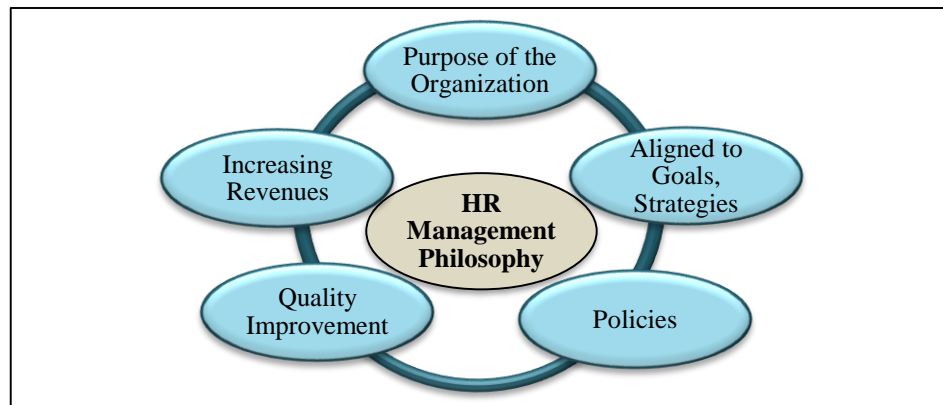
2.5 Philosophy of HR Planning

Philosophy may be viewed as the study of the fundamental nature of knowledge or a theory that acts as a guiding principle in a specific discipline. Philosophy tries to acquire knowledge through rational means about topics that normally cannot be obtained by empirical investigation. Let us now know about HR philosophy.

2.5.1 What is HR Philosophy?

HR philosophy revolves around the management's beliefs and assumptions about people such as what is their nature, what do they need or desire, what do they value and lastly, how do they view work. These beliefs and assumptions shape the attitude of the owners or management towards employees and the way employees are treated. There are three commonly acknowledged approaches about assumptions that help people: commodity, machine, and humanistic. In the commodity approach, people are treated as commodities. Thus, it is having a monetary value. In the machine approach, people are viewed just as means of production like machines. In the humanistic approach, an employee is treated as a human being, having feelings, desires and aspirations. An organization must have a clear HR philosophy, which is enshrined in the core values and beliefs. The vision and the mission also encompass the HR philosophy. The philosophy may be visualized as the principles which will guide the manner in which HR is managed in the organization. HR aspects that are influenced by the HR philosophy are depicted in Figure 2.4. Some salient aspects about the HR Planning philosophy are outlined thereafter.

Figure 2.4: HR Aspects Influenced by HR Philosophy



Source: ICFAI Research Center

- HR philosophy is shaped by the purpose of the organization, how the purpose would be achieved, the means to be used, and how the achievement of goals would benefit all the stakeholders of the organization.
- HR philosophy translates into the policies underlying HR management.
- The philosophy must always be aligned to the means of achieving the organization's goals, strategies, and practices.
- The HR planning philosophy emerges from the HR philosophy of an organization.
- The HR planning philosophy has to be oriented towards increasing revenues, reducing costs, and improving the quality of products, internal processes, and functioning.

HR philosophy revolves around the management's beliefs and assumptions about people, such as what is their nature, what do they need or desire, what do they value, and, lastly, how do they view work. These beliefs and assumptions shape the attitude of the owners or management, towards employees and the way employees are treated.

Example: Microsoft Viva Connections for Improving Employee Experience

Microsoft Viva Connections is the gateway to modern employee experience designed to keep everyone engaged and informed. Viva Connections is a customizable app in Microsoft Teams that gives everyone a personalized destination to discover relevant news, conversations, and the tools they need to succeed. This serves as an instance for the HR philosophy of Microsoft to improve its internal processes and functioning.

For details, check out <https://www.microsoft.com/en-in/microsoft-viva/connections> (accessed on 24/6/2022)

2.6 Objectives, Scope and Benefits of HR Planning

After understanding the philosophy underlying HR planning, its objectives, scope, and benefits would be discussed. As discussed earlier, HR planning is about placing the right number and kind of people, at the right place, at the right time, and ensuring that they perform the tasks so as to achieve business goals. In the era of rapid technological and market changes, HR planning has become important.

2.6.1 Objectives of HR Planning

The important objective of HR Planning is to ensure that its manpower will be able to perform their tasks effectively and efficiently to realise organizational goals. The objectives of HR planning are given below (Figure 2.5).

Figure 2.5: Objectives of HR Planning



Source: ICFAI Research Center

Forecast Human Resource Requirements: HR planning is a means of forecasting manpower requirement in the future. In the absence of such a plan, it may not be possible to have the number and required quality of people to achieve the business goals.

- **Cope with Change:** The rapid change in the business environment in recent times requires HR plans which would ensure that the manpower caters to such changes. Without proper planning and access to data, it may prove difficult to cope with market fluctuations.

Example: Coping up with Digital Transformation at TCS

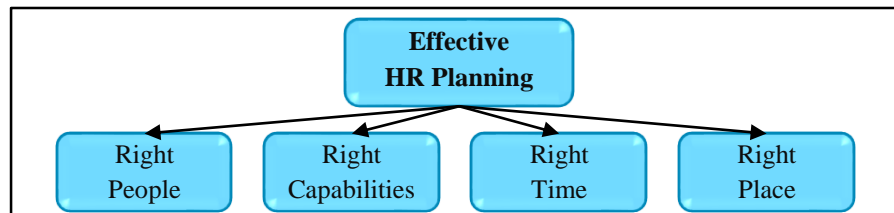
In March 2022, Nuvepro, a hands-on labs provider, announced that it partnered with IT major Tata Consultancy Services (TCS) for upskilling and re-skilling initiatives for the latter's employees. TCS will be leveraging Nuvepro 'hands-on labs', a replica of a real-world production-like environment, to help its employees get practical experience, accurately assess their tech skills, and re-skill/upskill them for future projects. Skill assessment through challenge labs is one of Nuvepro's largest use-case. TCS has been optimistic about integrating hands-on learning into its ecosystem and shifting to a "learning by doing culture". This initiative of TCS serves as an instance for HR Planning for coping up with change.

Source: <https://www.thehindubusinessline.com/info-tech/nuvepro-offers-reskilling-upskilling-opportunities-to-tcs-employees/article65273239.ece> 2022 (Accessed on 29/6/2022)

- **Effective Utilization of Human Resource:** Manpower planning ensures effective utilization of present and future manpower since plans ensure that each employee is ideally suited for the job to be performed.
- **Determine Manpower Gap:** HR planning aims at the identification of the gaps between the current manpower and that of the required manpower. When the gap is appropriately identified in terms of numbers and competencies, recruitment or training/ development can be planned.
- **Information on Surplus Manpower:** HR planning involves evaluation of the current workforce and competencies leading to identification of surplus manpower. Such manpower can be repositioned in different roles, and those who lack the required competencies will be given training. Those positions which are not required will be laid down.
- **Economic Development:** HR planning at the national level aids economic development alongside educational reforms, skill development initiatives, and geographical mobility.
- **Forecasts Supply Requirement and Supply Sources:** HR planning includes forecasting of supply and identification of sources of supply. This aids recruitment.
- **Aids Policy Formulation:** HR planning aids in policy formulation on HR issues such as compensation, training and development, and promotions, based on information revealed in the planning process.
- **Ensure the Right People with Right Skills are Available at the Right Time and Place;** This is the main objective of HR planning and is depicted in Figure 2.6.

Block 1: Human Resource Planning

Figure 2.6: Outcome of Effective HR Planning



Source: ICFAI Research Center

2.6.2 Scope of HR Planning

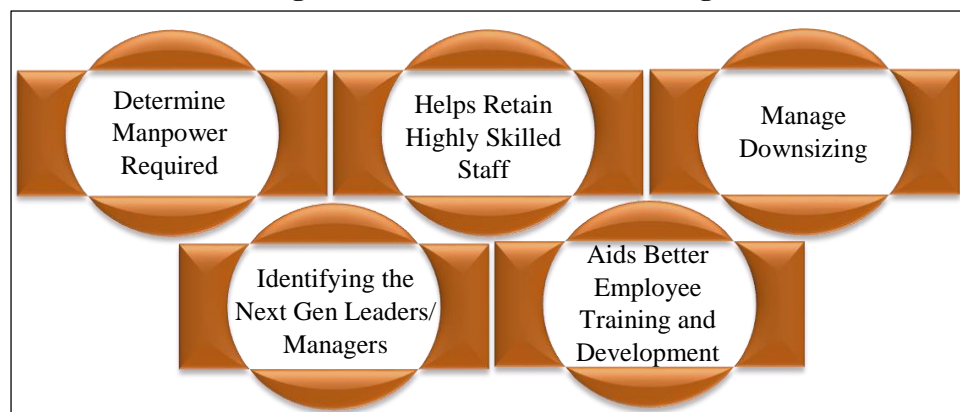
Human resource planning is the strategic approach to ensure the availability of the most valued assets of an organisation, the people who individually and collectively help in the achievement of the objectives of the organisation. The scope of HR planning covers the following:

- Identify the manpower and the competencies necessary for achievement of the organization's goals and objectives.
- Make an inventory of the current manpower and the available competencies.
- Ascertain the utilization of current manpower, identify surplus and finalise plans for training/ development and repositioning of the surplus manpower.
- Identify the gap between the availability and requirement
- Formulate a plan
- Identify supply sources
- Plan for training/ development and recruitment.

2.6.3 Benefits of HR Planning

The objective of HR planning is to enable the organization to have the desired manpower levels and competencies to achieve its current and future objectives. This is achieved by forecasting the demand for and supply of people in the near future. The benefits of human resource planning are (Figure 2.7):

Figure 2.7: Benefits of HR Planning



Source: ICFAI Research Center

- **Determine Manpower Required:** HR planning helps in forecasting the future needs of the manpower and identifies the likely vacancies arising in the near future.
 - **Helps Retain Highly Skilled Staff:** HR planning identifies highly skilled manpower and ascertains the turnover and the methods of containing it. This leads to better retention of talent.
 - **Manage Downsizing:** HR planning helps in the identification of surplus manpower. Once the surplus is earmarked, the concerned employees can be trained or upskilled, and positioned in another role or department. Existing manpower can thus be employed effectively instead of resorting to termination which has adverse impact on the employee morale.
 - **Identifying the Next Gen Leaders/Managers:** There are many instances when organizations have to induct leaders/managers from outside because there is no internal candidate who fits the requirement. HR planning to a large extent provides the means of identifying career paths and development avenues to groom the next gen leaders/managers.
 - **Aids Better Employee Training and Development:** HR planning can identify competency gaps and, thus, timely training and development opportunities can be planned.
-

Check Your Progress - 2

3. Which of the following are the objectives of HR planning?
 - a. CEO's requirement, cope with change, optimal workforce
 - b. Effective utilization of HR, cope with change, determining manpower gap
 - c. Deciding the demand and supply, HR departmental jobs, recruitment
 - d. Knowing business goals, outsourcing, determining internal supply
 - e. Managerial requirement, cope with change, scenario planning
4. Which of the following statements explains the manpower gap in HR planning?
 - a. The gap between the government authorized strength and actual
 - b. The gap between the HR calculations of employees and the actual number
 - c. The gap between the current manpower/ competencies and the demand forecast
 - d. The gap between the supply of manpower and the actual available
 - e. The gap between the demand of the line manager and that provided by the HR department

Block 1: Human Resource Planning

5. Which of the following statements does not relate to HR philosophy?
- HR philosophy translates into the policies underlying HR management
 - The philosophy must always be aligned to the means of achieving the organization's goals, strategies, and practices
 - The HR planning philosophy emerges from the HR philosophy of an organization
 - The HR planning philosophy has to be oriented towards increasing revenues, reducing costs, and improving the quality of products, internal processes, and functioning
 - HR philosophy is the belief held by the HR manager of a company

Activity 2.1

You are the Senior Executive in the HR department of MVR Infrastructure Ltd. You are asked by the HR manager to prepare a list of aspects covering the scope of the HR plan to be prepared by the department. Make a list of the aspects forming the scope of HR planning.

Answer:

2.7 Factors Affecting Human Resource Planning

After discussing the objectives, scope and benefits of HR planning, the next aspects to be covered would be the factors which affect HR planning. HR planning is a major activity and encompasses many HR aspects such as retention, training and development, and compensation. The three main activities of HR planning are forecasting employee requirement, identifying the gaps between the requirement and availability and forecasting internal and external sources of supply to achieve an optimal workforce. Data from within and outside the organization is used for HR planning.

The factors affecting HR planning are discussed below.

- Type and Strategy of the Organization:** The type of organization and its products and processes impact HR planning. The production processes vary between organizations. Hence, the requirement and competency of the required manpower. Besides this, the strategy of the organization affects HR planning, because the strategy sets out the growth trajectory and also objectives. HR planning is about ensuring that the workforce to achieve these objectives is made available when required.

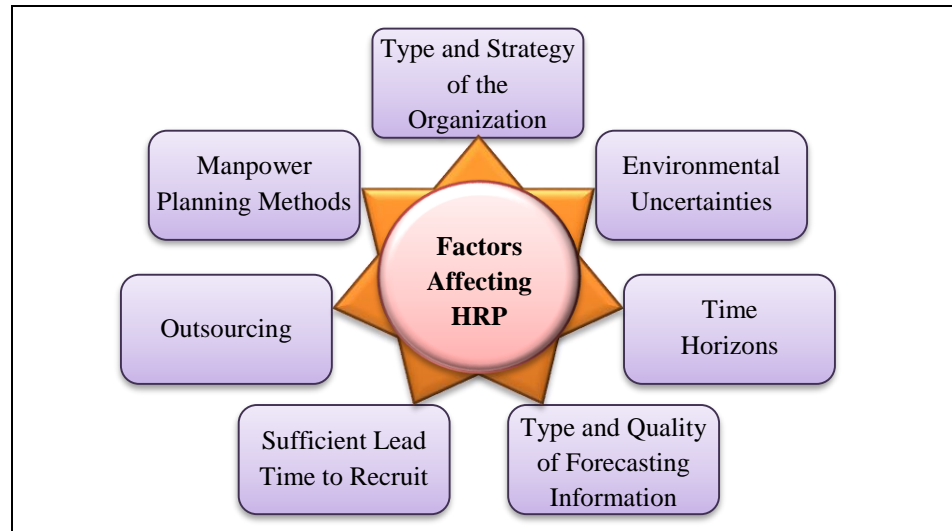
Unit 2: Basics of Human Resource Planning

- **Environmental Uncertainties:** All organizations function in a political, economic, and social environment which is dynamic and undergoes changes. The labour market is also impacted by the environmental factors and uncertainties that they create. Thus, any plan involving people or HR will be affected by the environment.
- **Time Horizons:** The time horizon of the plan would depend on the stability of the environment. Short-term plans with a time horizon of 6 months to a year may exist. The time horizon would generally coincide with that of the business plan of the strategy and may be between 3 and 5 years.
- **Type and Quality of Forecasting Information:** Any plan is formulated on the basis of relevant data. HR plans are prepared based on data inputs of current workforce, its competencies, forecast of future workforce to meet goals/ objectives, turnover, retirements, and forecast of the supply of the number of people and the competencies required. The plan would only be as good and efficacious as the data inputs, Accuracy of the data used is, therefore, a major factor in determining the efficacy of the plan.
- **Sufficient Lead Time to Recruit:** Recruitment of unskilled labour does not require much lead time and it may be possible to hire such employees within a short period of time. However, the same is not true in the case of managerial cadre or other jobs that require specialized knowledge or skills. Lead time is necessary for hiring such candidates. It is, thus, important for the HR department to anticipate such vacancies well in time to enable recruitment of specialized staff. Lack of planning in this regard may lead to delays or stoppage of work.
- **Outsourcing:** Outsourcing is a common method of coping with varying demand for products. It is a method used by many industries- both private and public sectors. Outsourcing must be planned properly and with sufficient lead time to ensure that it does not lead to idle manpower in the organization. Outsourcing is, thus, a factor that requires to be considered during HR planning.
- **Manpower Planning Methods:** The method employed for formulating the HR plan affects the planning process. The methods used to finalize the manpower requirement may be:
 - Estimation of vacancies on an annual basis.
 - Estimation of vacancies on a long range.
 - Fixed minimum man-hour requirements based on specifications.
 - Estimation of vacancies of specific positions.

Block 1: Human Resource Planning

Factors that affect HR planning are depicted below in Figure 2.8.

Figure 2.8: Factors Affecting HR Planning



Source: ICFAI Research Center

The HR planning team along with the top management must examine factors such as organizational structure, strategy, accuracy and validity of the data used, likely changes in the external environment, among other factors while formulating the HR plan.

Example: AI-Powered Method for Manpower Planning

Adecco Group, a Switzerland based talent advisory and solutions company, deploys Harver, an AI-powered tool for their mass hiring efforts. The tool focuses on building a simplified, informative and data-driven selection process for helping the company to hire the best candidates. Since it is fully automated tool, it helps HR teams to automate their routine tasks and free up their time for other strategic decisions. It helps Adecco in candidate management system, automatic grading, streamline reporting, employee life cycle insights and management. This serves as an instance about the method that is used for manpower planning.

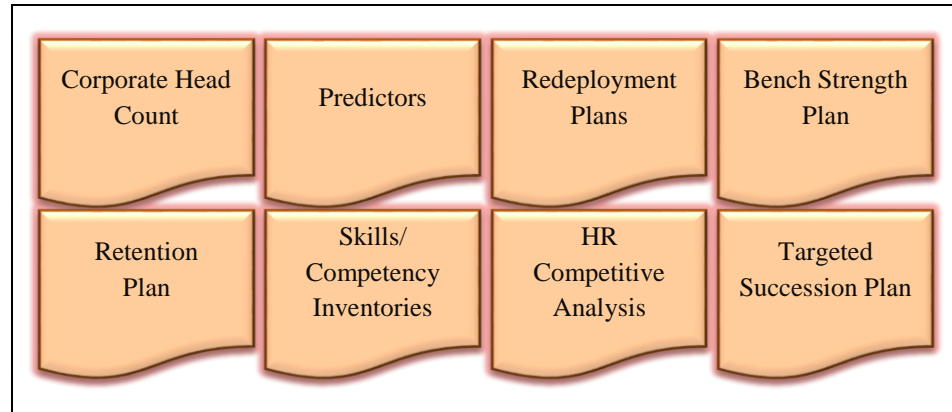
For details, check out <https://harver.com/> (accessed on 29/6/2022)

2.8 HR Planning Tools

After discussing factors that affect HR planning, the next aspect to be covered would relate to tools normally used for the purpose of HR planning. Any planning process uses tools, which have evolved over time. Manpower or HR planning tools are instruments that help in analysing current and future requirement of manpower and how it can be procured. Since HR planning is a relatively

traditional discipline, many tools have evolved over time. However, newer tools are being introduced as per need, such as data-driven tools based on HR analytics. Some of the important tools used for HR planning are discussed below (Figure 2.9).

Figure 2.9: HR Planning Tools



Source: ICFAI Research Center

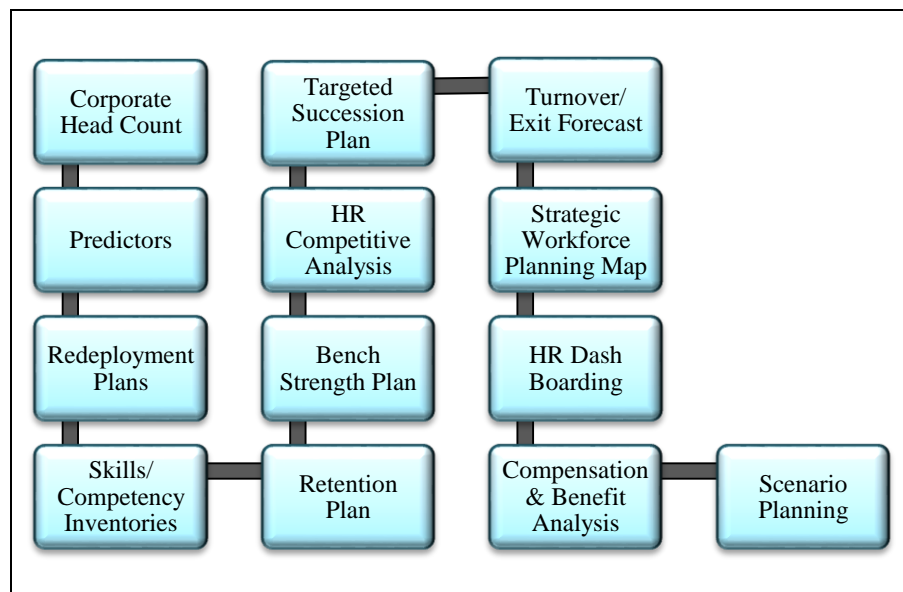
- **Corporate Head Count:** Head count assessment helps in ensuring that there is no surplus staff. This tool becomes especially useful in areas where the overhead costs are excessive such as that of managerial cadre.
- **Predictors:** There is a need to detect or anticipate problems particularly in HRM. This is possible through HR metrics which point towards potential problem areas. These metrics, called "smoke detectors", are used in HR department to provide sufficient time to recruit people or preclude problems.
- **Redeployment Plans:** New technologies changing customer preferences and market dynamics bring in changes in the manufacturing or service processes which may lead to redundancies. Redeployment plans help in assigning new roles or jobs to employees who become redundant due to changing market conditions.
- **Bench Strength Plan:** Many industries face high turnover of employees. It is, therefore, quite common in such industries to maintain bench strength to cope with turnover as also new projects/ work or unplanned opportunities that arise over time. This tool is used quite commonly in the ITES sector.
- **Retention Plan:** A retention plan is to target turnover. This involves identifying key performers and difficult-to-fill positions. It also involves identifying people at risk of leaving. Once identified, such position-wise strategies for retention of individuals are developed. Such plans also help in finding out reasons for high turnover and taking steps in correcting policies or conditions that lead to high turnover.

Block 1: Human Resource Planning

- **Skills/Competency Inventories:** Organizations maintain a computerized inventory of the skills/competencies available in the organization. Such an inventory proves very useful when sudden vacancies arise or when new or unanticipated work requiring specialized skills arises.
- **HR Competitive Analysis:** As talent becomes more and more scarce, it is important to ensure that HR policies and tools, used to attract and retain employees, are as good if not superior to those of the competitors. HR departments on a regular basis carry out analysis to ensure that the compensation and working conditions are better than those of the competitors.
- **Targeted Succession Plan:** These are narrowly focused plans to ensure availability of replacements for specific key positions in project teams or departments. These are specific plans and are not broad succession plans. Such plans help in improving the effectiveness of succession planning.
- **Turnover/Exit Forecast:** Forecasting availability of talent is becoming increasingly difficult. It is, thus, advisable to anticipate likely departures or retirement well in time to recruit candidates or plan internal promotions or reassignment of roles.
- **Strategic Workforce Planning Map:** A workforce planning map shows, how HR planning activities align with the larger picture of the organization and where it wishes to grow and reach. Often HR planning fails to align with the strategy, and tools are needed to ensure alignment.

The model in Figure 2.10 shows the steps involved very clearly.

Figure 2.10: Strategic Workforce Planning Model



Source: ICFAI Research Center

- **HR Dashboarding:** A HR dashboard is a very effective method to show current capabilities of the workforce. The dashboard is filled with information from different sources like compensation, recruitment, etc. and the HR Information System (HRIS). A HR dashboard is used by many organizations for HR planning by sourcing data collated and summarized in the dashboard.
- **Compensation & Benefit Analysis:** Compensation and benefits data are highly relevant for HR planning. It affects the bottom-line performance and is well structured and accurate. It sets a benchmark, and groups people in categories such as overpaid or underpaid leading to categorization of employees as over performing or underperforming. When coupled with labour market statistics, it can help HR planning in overcoming internal compensation discrepancies.
- **Scenario Planning:** Scenario planning is a very useful HR planning tool. It helps visualization of multiple possible futures to avoid unpleasant surprises in the future. As it is said, "If you haven't thought of it, you are unlikely to see it in time." In scenario planning, one imagines different likely future scenarios that may have adverse impact on the company's prospects. . This, in turn, will help mitigate adverse effects. The scenarios may deal with technological changes, new regulations, natural disasters, or political and economic changes.

HR Metrics Dashboard Software for HR Planning

Beeline Inc., a software service provider deploys employeeCycle, a HR Dashboard that provides the organization with real-time metrics and reporting for taking informed HR decisions, enhances visibility and sharing by ensuring viewing of HR data from multiple platforms and sharing the same across the various functional areas. This serves as an instance of HR dashboarding.

For details, checkout <https://www.employeeecycle.com/> (accessed on 29/6/2022)

Activity 2.2

You are an HR Executive in Vega Infotech Ltd. You are asked by the VP HRM to provide a list of aspects to be included in the preparation of the company's HR philosophy. List out the aspects to be covered in the philosophy.

Check Your Progress - 4

6. Which of the following options are not factors affecting HR planning?
 - a. Strategic planning, business goals, time horizon
 - b. Time horizon, environmental uncertainties, and business goals
 - c. Forecasting information quality, outsourcing, and time to recruit
 - d. Environment uncertainties, CEO's views, HR department's functioning
 - e. Business goals, time horizon, outsourcing
 7. Which of the following options include some of the tools for HR planning?
 - a. Scenario planning, Porter's principles, succession planning
 - b. Re-deployment plan, retention, compensation analysis
 - c. Demand and supply, competitor's strategy, government permissions
 - d. Equilibrium, shortage of manpower and surplus of manpower
 - e. Community welfare, motivation plans, recruitment
 8. Which of the following functions cover some of the benefits of HR planning?
 - a. Determine manpower requirement, manage surplus, inform government on manpower
 - b. Pricing policy, arranging finance, controlling sales
 - c. Promotions, arranging finance, external recruitment
 - d. Determine manpower requirement, manage surplus, help retain talent
 - e. Building capacity, production targets, finance
 9. Which of the following options relate to HR dashboard?
 - a. HR dashboard is filled with information from different sources like compensation, recruitment, etc.
 - b. Includes names of HR staff
 - c. Details of HR policies
 - d. Boards placed outside HR department giving daily news
 - e. Daily employee status: present/ absent/ on leave
 10. Which of the following options covers the term Scenario Planning?
 - a. Painting scenarios of the company's exterior
 - b. Details of industries published by the government
 - c. A structured way for organisations to think about the future
 - d. Economic scenario provided by the IMF
 - e. Future events provided by the World Bank
-

2.9 Summary

- HR planning ensures that it has the right number and kind of people at the right places at the right time, to achieve its overall objectives.
- Salient aspects of HR planning are: HR planning is based on organizational goals and strategy, and participation of stakeholders. HR planning is more than just numbers, needs top management support, a clear time horizon, accurate data, and changing environmental conditions.
- HR planning becomes important due to the fact that it links people to company's mission and objectives. It is forward looking and is a continuous process. HR planning is value additive.
- The need for HR planning arises because of shortage of skills, turnover of employees, technological change, resolving issues related to shortage and surplus of manpower and changing organization structure/ design.
- HR philosophy revolves around the management's beliefs and assumptions about people such as - what is their nature, what do they need or desire, what do they value. Lastly, how do they view work? These beliefs and assumptions shape the attitude of the owners or management towards employees and the way employees are treated.
- The objectives of HR planning are: to forecast human resource requirements, cope with change, effective utilization of human resource, determine manpower gap, information on surplus manpower, and economic development, forecasts supply requirement and supply sources, aids policy formulation, and ensures that right people with right skills are available at the right time and place.
- The benefits of human resource planning are: determining manpower required, helping retain highly skilled staff, managing downsizing, identifying the next gen leaders/ managers, and aiding better employee training and development.
- The factors affecting HR planning are type and strategy of the organization, environmental uncertainties, time horizons, type and quality of forecasting information, sufficient lead time to recruit, outsourcing, and manpower planning methods.
- Some of the important tools used for HR planning are: corporate head count, predictors, re-deployment plans, bench strength plan, retention plan, skills/ competency inventories, competitive analysis, targeted succession plan, turnover/ exit forecast, strategic workforce planning map, compensation and benefits analysis and scenario planning.

Block 1: Human Resource Planning

2.10 Glossary

Bench Strength: The capability of members of an organization's staff to move into positions of greater responsibility when required.

Demand Forecasting: Demand forecasting is a systematic method that estimates the demand for the product or service of an organization in the future under certain conditions and competitive forces.

Downsizing: Corporate downsizing is often the result of poor economic conditions. Typically, the company has to cut jobs in order to lower costs or maintain profitability.

Environmental Uncertainties: Future is uncertain and these uncertainties impact HR planning. The sources of uncertainty are technological changes and political, social, and economic changes.

Globalization: The process of opening and conducting business in countries other than the parent country.

HR Dashboard: A HR dashboard is an advanced analytics tool that displays important HR metrics using interactive data visualizations.

HR Planning: Human resource planning is the process of ensuring that the human resource requirements of an organization are identified, and plans are made for satisfying those requirements.

Philosophy: The study of the fundamental nature of knowledge, reality, and existence, especially when considered as an academic discipline.

Planning Time Horizons: Generally, 3-time durations are considered for HR planning; Short-term: Less than one-year, Medium-Term: 2 to 3 years, and Long-term: More than 3 years.

Retention: Employee retention refers to the ability of an organization to retain its employees.

Scenario Planning: Scenario planning (sometimes called "scenario and contingency planning") is a structured way for organisations to think about the future.

Stakeholder: A person with an interest or concern in something especially a business.

Succession Plans: Succession planning refers to the plans a company makes to fill its most important executive positions.

Turnover: The rate at which employees leave a workforce and are replaced.

2.11 Self-Assessment Test

1. Define manpower planning and identify its objectives.
2. Explain the need and importance of manpower planning.

3. Identify factors that affect HR planning.
4. Explain five tools used for HR planning.
5. What is meant by HR planning philosophy? Identify the impact of this philosophy.
6. Identify the benefits of HR planning.

2.12 Suggested Readings/Reference Materials

1. Debasish Biswas (2021). Human Resource Planning and Utilization, Crescent Publishing Corporation, First Edition.
2. Nishant Uppal (2020). Human Resource Analytics: Strategic Decision Making, Pearson Paperback, First Edition.
3. Pravin Durai (2020). Human Resource Management, Pearson, Third Edition.
4. Sekhri, A. (2016). Human Resource Planning and Audit. Himalaya Publishing House, First Edition.
5. T.V. Rao (2014). HRD Audit: Evaluating the Human Resource Function for Business Improvement, Second Edition, Sage Publications.
6. Swati Dhir, Suparna Pal (2021). Human Resource Analytics: Theory and Application Techniques, Cengage India, First Edition.

2.13 Answers to Check Your Progress Questions

1. (a) Requirement as per Companies Act

Requirement as per Companies Act does not represent a need for HR planning. The need for HR planning arises because of shortage of skills, turnover, technological change, shortage and surplus manpower, and changing organization structure/ design.

2. (a) Organizational goals, time horizon, and HR department's job

Salient aspects of HR Planning are HR planning is based on organizational goals and strategy with the participation of all stakeholders. HR planning is: more than just numbers. It is top management support, time horizon, accurate data, and changing conditions.

3. (b) Effective utilization of HR, cope with change, determining manpower gap

The objectives of HR planning are to forecast human resource requirements, cope with change, effective utilization of human resource, determine manpower gap, information on surplus manpower, economic development, forecasts supply requirement and supply sources, aids policy formulation, and ensure the right people with right skills are available at the right time and place.

Block 1: Human Resource Planning

4. (c) The gap between the current manpower/ competencies and the demand forecast

Manpower gap is: The gap between the current manpower/ competencies and the demand forecast.

5. (e) HR philosophy is the belief held by the HR manager of a company

HR philosophy IS NOT the belief held by the HR manager of a company. HR philosophy revolves around the management's beliefs and assumptions about people such as what is their nature, what do they need or desire, what do they value and lastly, how do they view work. These beliefs and assumptions shape the attitude of the owners or management towards employees and the way employees are treated.

6. (d) Environment uncertainties, CEO's views, HR department's functioning

The factors affecting HR planning are type and strategy of the organization, environmental uncertainties, time horizons, type and quality of forecasting information, sufficient lead time to recruit, outsourcing and manpower planning methods.

7. (b) Re-deployment plan, retention, compensation analysis

Some of the important tools used for HR planning are corporate head count, predictors, re-deployment plans, bench strength plan, retention plan, skills/competency inventories, competitive analysis, targeted succession plan, turnover/exit forecast, strategic workforce planning map, compensation and benefits analysis and scenario planning.

8. (d) Determine manpower requirement, manage surplus, help retain talent

The benefits of human resource planning are determining manpower required, helping retain highly skilled staff, managing downsizing, identifying the next gen leaders/ managers, and aiding better employee training and development.

9. (a) HR dashboard is filled with information from different sources like compensation, recruitment, etc.

HR dashboard is a very effective method to show current capabilities of the workforce. The dashboard is filled with information from different sources like compensation, recruitment, etc., and the HR Information System (HRIS). A HR dashboard is used by many organizations for HR planning by sourcing data collated and summarizing in the dashboard.

10. (c) A structured way for organisations to think about the future

In scenario planning, one imagines different likely future scenarios that may have adverse impact on the company's prospects. By thinking of scenarios and analysing them to determine how they will affect business, strategies can be evolved to mitigate any adverse effects.

Unit 3

Arriving at Effective Human Resource Planning

Structure

- 3.1 Introduction
- 3.2 Objectives
- 3.3 Job Analysis and HR Planning
- 3.4 HR Forecasting Process
- 3.5 Demand Forecasting
- 3.6 Supply Forecasting
- 3.7 Impact of Technology on HR Planning
- 3.8 Summary
- 3.9 Glossary
- 3.10 Self-Assessment Test
- 3.11 Suggested Readings/Reference Materials
- 3.12 Answers to Check Your Progress Questions

*“Unless commitment is made, there are only promises and hopes;
but no plans.”*

— Peter F. Drucker

3.1 Introduction

As has been touted by Peter F. Drucker, job analysis coupled with HR planning helps in aligning the HR goals with the organizational objectives. In the previous unit, we covered the basics of HR planning. HR planning is a systematic approach to determine the HR requirements of an organization. It is to ensure that the required number of people with the appropriate skills and knowledge are available at the right time and place to meet the organizational requirements. The Unit started with defining HR planning followed by its need and importance. Thereafter, the philosophy underlying HR planning was discussed followed by its objectives, scope, and benefits. The factors affecting HR planning were covered. Lastly, different tools involved in HR planning were discussed.

This unit takes the discussion forward by discussing how to arrive at effective HR planning. Firstly, job analysis and its relationship with HR planning would be discussed followed by the HR forecasting process. Thereafter, demand forecasting and supply forecasting would be discussed. Lastly, the impact of technology on HR planning would be described.

3.2 Objectives

After going through this unit, you will be able to:

- Define job analysis and describe its relationship with HR planning
- Outline the HR forecasting process
- Identify the methods and techniques of HR demand forecasting
- Explain supply forecasting along with skill inventories and retention programs
- Describe the impact of technology on HR planning

3.3 Job Analysis and HR Planning

The first topic to be discussed is Job Analysis and HR Planning. Job analysis provides useful inputs for human resource planning. It is helpful in forecasting demand for HR in an organization and may be considered as the foundation of HR planning. Here the definition, process and techniques of job analysis are discussed.

3.3.1 Job Analysis Definition

Job analysis may be defined as procedures to identify the content of a job in terms of activities involved and attributes or requirements needed to perform the activities. Job analysis involves examination of the jobs in an organization in a manner that documents the job's tasks, duties, and responsibilities. It also involves identifying the knowledge, skills, abilities, and other attributes (KSAO), required to perform the job successfully. It comprises two aspects: job description and job specification. The former relates to the tasks and responsibilities, while the latter is about the KSAOs to perform the job. Job analysis is the very foundation of HR activities. It is the basis for recruiting any employee. It is needed for advertising for appropriate candidates to respond and thereafter, for selecting the most appropriate person.

3.3.2 Job Analysis and HR Planning

HR planning is the ability to get the right person for the right job at the right time and place. Obviously, the selection would be based on the job analysis. HR planning is, thus, linked closely to job analysis.

The main reasons are:

- Analysis of the job helps in developing job specifications and description. This enables recruitment of the right person. Job analysis permits scouting for the required talent. It thus, helps in matching the demand with the supply which is the primary aim of HR planning.

Block 1: Human Resource Planning

- Technology upgradation on a regular basis leads to changing the job itself and consequently, the job specifications and description. This updating of the job analysis facilitates the right person to be recruited and selected enabling proper HR planning as new technology gets introduced.
- Job analysis with the detailed listing of tasks/ responsibilities and the KSAO required to perform the job, helps in organizing work into departments and club the jobs appropriately. It also facilitates differentiating core and non-core jobs. This differentiation helps in outsourcing decisions. The categorization of jobs, in turn, also helps in creating appropriate organizational structure.
- Further, job analysis helps in comparing various jobs across locations, particularly in global organizations. This analysis leads to identification of skills and behavioural characteristics of the job with regard to supervisory or leadership roles. Training and developmental activities can thus be planned on the basis of job analysis. Many large organizations like GE and McDonalds have their own institutions that train and develop talent internally for career growth across their global locations.

3.3.3 Process of Job Analysis

The process of job analysis is explained in five steps: The steps in the process of job analysis include:

Step 1: Identify the Job or the Process to be analysed: The aim of job analysis is to provide description and specifications of all the jobs in the organization. However, such an exercise may prove difficult. Organizations, therefore, identify a few jobs that are analysed in detail and are common to the industry and, hence, can be benchmarked externally. The identification of sequence of the jobs to be analysed, depends on the criticality or centrality of the job, availability of job analysts or resources, and the availability of external benchmarks. The criticality of the job quite obviously results in it being analysed early. External benchmarks are available for important job / role categories. These in most cases are developed by government organizations. Canadian government has its National Occupational Classification (NOC). The US government has its Occupational Information Network (O*NET). The Indian government has also developed its National Occupational Standards (NOS) through the National Skill Development Corporation. Such information is invaluable in comparing similar jobs in the organization, and aids in job analysis.

Step 2: Determine Methods for Analysing: The most common methods of Job Analysis are discussed below.

- **Observation:** The performance of the job may be observed directly or indirectly. Direct observation involves observing a worker perform the job and recording the observations in terms of behaviors, time taken and other

Unit 3: Arriving at Effective Human Resource Planning

actions. The observations are recorded on a Recording Sheet. Indirect observation involves using other methods such as videotaping the work and then watching the playback. However, direct/indirect observation is at times considered as intrusive and may be considered objectionable.

- **Interviews:** In this method, information is gathered by interviewing the job incumbent for the details, on what and how the job is performed. Co-workers are also interviewed in getting their inputs. The supervisors, suppliers, and clients are also interviewed on the job and its complexities. Since this method involves gathering information from many related sources, it is also called '360-degree Evaluation'.
- **Questionnaire:** This is a common method of collecting job-related information. Questionnaires are given to all the job-associated individuals and their responses are analysed. Many standardized questionnaires are used such as: Functional Job Analysis, Job Diagnostic Survey, and Position Analyst Questionnaire. Questionnaires have wide variation but normally cover aspects such as education/ training/skills/knowledge, responsibilities, effort required, and working conditions.
- **Journals and Diaries:** In this method, the job incumbent is asked to maintain a record of his activities while performing the job in terms of components, timings, etc. over a typical work period, which may be a week or a month. The data is then used to analyse the job. This is the method employed by Mintzberg (1973) while researching the nature of managerial work.
- **Output and Production Analysis:** Work on machines can be analysed by analysing the data in terms of output at normal or peak times. This record is generally available.
- **Current Job Description/Specification:** If the current job description and specifications are available, it would be good starting point.

Step 3: Examine Recorded Data on the Job: Having selected the best method, the analyst records data relating to the job in terms of behaviors, knowledge, skills, abilities, duties, responsibilities, and working conditions. The analyst then examines the data from different perspectives to create a profile of the job. The questions answered may be as given below. On the basis of the answers, the analyst gets a clear idea about the job and what it involves and the outcomes.

- Purpose of the job? Why does it exist?
- Location of performance of the job. Can it be performed elsewhere?
- What is the sequence of actions or behaviors while performing the job? Can the methods be modified?
- What are the skills or knowledge needed to perform the job well?
- What are the inputs of the job in terms of materials, etc.?

Block 1: Human Resource Planning

Step 4: Define New Methods and Performance Standards for the Job: The analyst till now has examined the existing or current job analysis and gathered data on the job using different methods. A comparison may reveal gaps and indicate newer methods of performing the job or improving upon the methods in use. This would be formalized by discussing with the individuals involved such as the incumbent, the supervisor or manager. Based on the discussions and analysis, the analyst would formalize the job description and the job specifications.

Step 5: Implement and Maintain New Methods and Performance Standards: The last step is to implement the job analysis and maintain the performance standards. This requires communication & training, supervisory reinforcement, employee feedback, and rewards system for good performance.

The process involved in Job Analysis is identifying the job to be analysed, determine the method of analysis, collect data on the job, define the standards and implement the new methods and standards.

3.3.4 Job Analysis Techniques

There are some job analysis techniques which are widespread in organization. Some of the more commonly employed techniques are as follows:

- **Critical Incidents Technique:** This is a qualitative job analysis process that results in statements related to behaviors, across the spectrum of superior to ineffective, based on the performance or outcomes. The experienced job incumbent explains to the analyst specific incidents that are critical to successful job performance. The actions/behaviors which may lead to failure also get highlighted. The results given as behavioural statements then help the HR planners in refining the job descriptions/ specifications.
- **Position Analysis Questionnaire:** This questionnaire was developed by McCormick as a structured job analysis tool or checklist of 194 items. These cover aspects such as: information input, mental processes, work output, relationships with other workers, job context/ satisfaction, and other job characteristics. The job incumbent fills in the questionnaire and is also interviewed by the analyst before finally observing the performance on the job.
- **Functional Job Analysis:** This technique developed by Sidney Fine was used by the US government for developing its Dictionary of Job Titles (DOT). The technique involves a series of action statements covering aspects such as: Verb related to the action performed, Object that refers to on what was the action performed, Description of the tools used to perform the action, Outputs or the results of the tasks performed. A compendium of the tasks is prepared, which describes in detail the job and its performance.

Unit 3: Arriving at Effective Human Resource Planning

The job's essential elements are outlined in identifying the People, Data and Things involved (machines, etc.). The quantitative ratings given for different aspects can then be used to compare jobs.

- **Competency-based Approaches:** In recent times, concerns have arisen about the traditional job analysis due to globalization, increased competition, and turbulent environment. Competency advocates believe that there are many differences between traditional and competency-based approaches to job analysis. While traditional analysis focuses on KSAOs, competency-based approach focuses on individual competencies common to a broad range of jobs. Competencies are classified as 'core' and 'role competencies'. Besides this, normal job analysis focuses on duties and responsibilities, while competency-based analysis is more focused on work and its related core competencies. Another aspect is that most work, today, gets done in teams. Team-related competencies also form a part of the job.

Job analysis involves examination of the jobs in an organization in a manner that documents the job's tasks, duties, and responsibilities. Job analysis is an important linkage to HR planning. There are standard methods and techniques of undertaking job analysis.

Workforce Analytics at TCS for HR Planning

In 2020, TCS launched Workforce Analytics, an artificial intelligence-based system for dealing with talent management challenges of the digital era. It leverages machine learning technologies that objectively evaluate skills, personality traits, strengths, culture compatibility, workplace values and learning styles of an individual. These insights can be then used to match the right individual for the right role and ensure high performing teams.

For details, check out <https://www.tcs.com/workforce-analytics-talent-acquisition> (accessed on 22/6/2022)

Check Your Progress - 1

1. Which of the following statements relates to the definition of job analysis?
 - a. Analysis of the job offered by the candidate
 - b. Analysing the job, to assess the salary or benefits of the incumbent
 - c. Analysing the job, to identify where it fits into the organizational structure
 - d. Examination of the jobs, to document the tasks, duties and responsibilities, and KSAOs
 - e. Specifying the qualifications and experience required of the candidate for the job

Block 1: Human Resource Planning

2. The first step in job analysis is to identify the job or the process to be analysed. Which is the second step?
 - a. Define the methods and performance standards
 - b. Determine methods for analysing
 - c. Examine the data recorded of the job
 - d. Identify changes that need to be made in the job
 - e. Discuss with the HR Manager
 3. Which of the following is not a technique of job analysis?
 - a. Critical incident
 - b. Position analysis questionnaire
 - c. Observational Analysis
 - d. Functional Analysis
 - e. Competency based approaches
-

3.4 HR Forecasting Process

The next aspect discussed would relate to HR forecasting process. HR forecasting is at the heart of HR planning. It can be understood as determining the net requirement of HR by identifying the demand for and supply of people in the future. This demand is based on the organizational strategy.

3.4.1 Forecasting Categories

Forecasting is an approximation of a likely future state based on the organizational strategy. The forecasting process favours quantitative techniques. However, for better results, it is important to include qualitative aspects as well into the forecast. Forecasting activity can be divided into the following three categories. All three categories are necessary to have a comprehensive approach to HR forecasting.

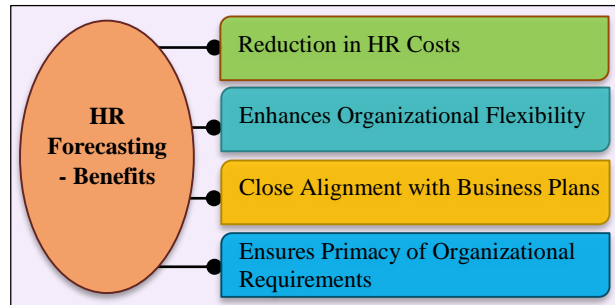
- **Transaction-based Forecasting:** This forecasting is based on tracking internal changes instituted by the organization's managers.
- **Event-based Forecasting:** This forecasting focuses on the changes in the external environment.
- **Process-based Forecasting:** This forecasting is not based on internal events or changes in the external environment. It focuses on internal processes or the flow of sequenced activities, as part of processes of the organization.

3.4.2 Strategic Importance of HR Forecasting

HR forecasting brings along a number of benefits. Some of the strategic advantages, which HR forecasting bestows, are given below:

- **Reduction in HR Costs:** HR forecasting involves ascertaining the KSAO of the current workforce

and determining the gap as compared to that required in the future to meet the organizational goals. This is a proactive method of developing capabilities internally



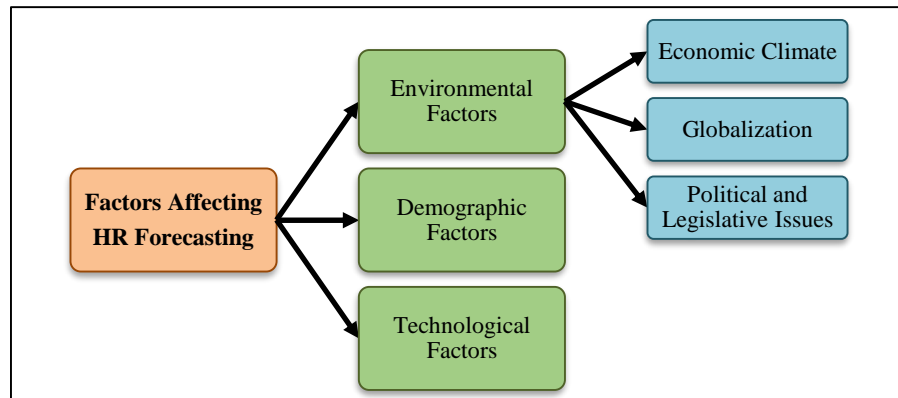
through training, development, or by external recruitment in time. Through such proactive measures, last minute costly recruitments or sourcing are avoided. Also precluded is the possibility of disruption of work due to non-availability of manpower since the supply is planned well in time. HR forecasting, thus, helps in reducing HR costs.

- **Enhances Organizational Flexibility:** The proactive HR forecasting approach enables decisions on whether to train employees to meet future requirements or to induct external talent. Options thus become available to meet HR requirements and the most suitable one could be pursued. This increases organizational flexibility with regard to managing HR.
- **Close Alignment with Business Plans:** HR forecasting derives its numbers from the business plans of the company. The manpower required is based on the strategy or planned growth or intended technological changes. It is therefore natural that HR forecasting has close alignment with the business plans. Once the HR forecasting is aligned, the HR planning process is automatically synchronized with the business plan of the organization.
- **Ensures Primacy of Organizational Requirements:** As one observes the steps of the HR planning process, it becomes apparent that the demand for manpower emerges from the requirements based on organizational plans. The subsequent steps take the cue from this, including HR forecasting. The HR forecasting process, thus, ensures the primacy of organizational requirements, irrespective of any other constraints.

3.4.3 Factors affecting HR Forecasting

HR forecasting is a complex issue and aims at arriving at the numbers and competency requirements for the future. Such estimations are undertaken in an environment of uncertainty created by market forces, social factors, and economic conditions.

Figure 3.1: Factors Affecting HR Forecasting



Source: ICFAI Research Center

The major factors that affect HR forecasting are given below (Refer Figure 3.1).

- (i) **Environmental Factors:** There is a need to monitor a number of external factors while dealing with HRM in general and HR planning in particular.

Some of these are:

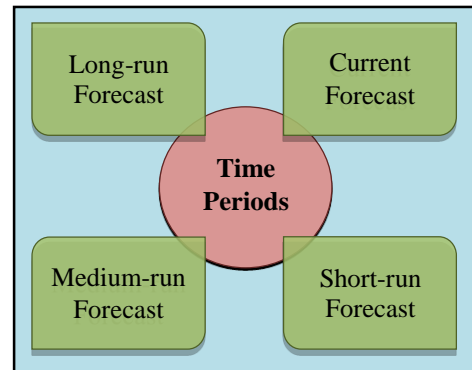
- **Economic climate:** Availability of labour is directly impacted by the prevailing economic climate.
- **Globalization:** This refers to the flow of trade and financial capital across borders. Such flows affect the prosperity, jobs, wages, and other related aspects. These, in turn, impact the availability of talent. Globalization has in fact created shortages of talent in most specialized fields.
- **Political and Legislative Issues:** State and central governments directly impact business environment through economic policies and legislations. Governments planning to improve business climate may reduce taxes and pass business friendly labour legislations. In such cases, businesses prosper and attract labour affecting the company's HRM activities.

- (ii) **Demographic Factors:** The main demographic factors which impact HR forecasting are: the state of the labour market in terms of unemployment rate, migration of labour and the level of education. Similarly, it impacts the diversity in the labour market such as increasing participation of women and movement of labour across national boundaries. Generational differences also impact HR forecasting, since there are behavioral changes among generations. All these demographic factors, in turn, affect HR forecasting.

- (iii) **Technological Factors:** Technology impacts the manner in which work is undertaken. This, in turn, would impact the competencies required in the future as also the numbers needed. HR planning would, thus, be greatly impacted by technological changes.

3.4.4 HR Forecasting Time Horizons

From the above discussion on the factors impacting HR forecasting, it would be obvious that most of these factors are not controllable or predictable. HR forecasting is, thus, undertaken in an environment of uncertainty. This uncertainty increases as we look into the future. The predictability of the HR forecast, thus, goes down, as the time horizon increases. Due to this, most organizations have forecasts for different time periods.



- **Current Forecast:** This forecast is used to meet the immediate operational requirements. The time-frame may end with the operational cycle or extend to a maximum of one year into the future.
- **Short-run Forecast:** The short-run forecast extends from the current forecast period up to one to two years beyond.
- **Medium-run Forecast:** In most cases, this forecast extends from two to five years into the future.
- **Long-run Forecast:** Forecasts that extend beyond five years obviously face a high-level of environmental uncertainty. These forecasts are thus flexible to cater to the impact of numerous factors. Such forecasts are made under a specified set of assumptions which are specifically stated. Long-run forecasts extend to periods beyond five years.

3.4.5 Determining Net HR Requirements

The net HR requirements are derived from the difference between the demand for HR, based on plans and the supply of HR, either internally or externally. The steps for determining net HR requirements are discussed below and are depicted in Figure 3.2.

Figure 3.2: Steps in Determining Net HR Requirements

Step 1: Determine HR demand
Step 2: Ascertain HR supply (both internal and external) in terms of skills and associated requirements
Step 3: Determine the Net HR requirement
Step 4: Implement programs to address HR shortages or surplus if any.

Adapted from Monica Belcourt et al, Cengage, 2017

Block 1: Human Resource Planning

HR Demand: Demand forecasting is a systematic method that estimates the demand for the product or service of an organization in the future under certain conditions and competitive forces. Demand forecast also provides an idea of the future of the organization in terms of its investment and expansion plans. In the case of demand for manpower, several aspects need to be considered. Among all the considerations, the primary one is the quantum of demand for the products/ services of the company or the sales projection.

Based on this figure, the production figures can be estimated, and departments or subunits project their demand for manpower. The manpower of all the departments or subunits is then aggregated to arrive at the overall demand of the company. This figure of the workforce is required to achieve the targets. This basic number arrived at would need to be modified based on some other considerations, which are as follows:

- **Turnover:** The likely resignations, exits, or terminations would need to be factored in and added.
- **Upgradation of Quality/ Service:** In case, the plan is to upgrade the product quality, then the skills/ competencies of the new entrants would need to be factored in. In case, the current skill levels are found to be deficient, this aspect would need consideration in the skill levels of people to be inducted.
- **Technological or Administrative Changes:** In case, technological upgrades are planned or administrative changes are to be introduced, the number of workers or staff would need to be amended accordingly.
- **Budgetary Constraints:** Ultimately, the financial resources available would impact the manpower to be inducted.

Supply Forecasting: After estimating the demand for manpower based on the company's business goals, the next step is to find out how the demand will be met. Estimation and forecasting of supply to meet the demand involves determining who, where, how, and when to induct manpower. There are two sources of supply, which are:

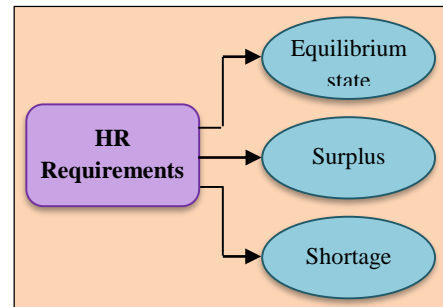
- **Internal:** Demand being met out of the present set of employees. These employees may need to be trained, transferred between departments, or promoted to a higher position in the hierarchy.
- **External:** People from outside the organization need to be recruited. This may include those employed in other companies or from the open labour market.

In most organizations, a mix of internal and external supply is used to meet the demand. The more favoured approach is to resort to internal supply as far as possible. However, the ability to meet the demand depends on the size and competencies of the current workforce. The data from the HRMS reveals the available skill levels. Based on the skill and numbers gap, training or skill upgradation programs may be planned to retrain the identified employees.

Unit 3: Arriving at Effective Human Resource Planning

When the internal means of meeting the demand for HR is exhausted, external recruiting is resorted to.

Determine Net HR Requirements: The next step is to determine the net HR requirements. HR demand must be met from internal or external sources. This would include the demand to meet future growth and for replacement purposes. A reconciliation of the demand and supply would reveal, if there is surplus or shortage of HR. Based on the net HR requirements, three scenarios would emerge:



- **Equilibrium state:** This state though very unlikely indicates that the demand and supply are matched.
- **Surplus:** This would occur when the supply forecasted is more than the demand requiring hiring freeze and other actions.
- **Shortage:** This occurs when there is a need for external recruitment since the demand exceeds the internal or planned supply.

Implement programs to address HR shortages or surplus if any: After determining HR shortage and HR surplus, programs will be initiated.

- If surplus is found, employees may be reduced by lay-off to reach the demand requirement. If jobs are found to be redundant, employees may be terminated to exclude redundant positions.
- Job-sharing also may be initiated when two or more employees perform the duties of one full time position.
- Work-sharing is another program implemented to avoid lay-offs id distribution of work to three or more employees with the agreement of employer, employees and unions.
- Other programs include reducing the number of hours, or shifts to retain employees.
- If shortage is found, options like new recruitment and selection will be initiated. To attract candidates, revision of compensation or work benefits will be adopted.

Example: SAP Solution for HR Forecasting

SAP makes use of SuccessFactors solutions and SAP Analytics Cloud to assess and determine target talent management interventions to help ensure the availability of right people in place at the right time. SAP SuccessFactors is a tool for analyzing, forecasting and planning workforce supply and demand and assessing workforce gaps.

For details, check out <https://www.sap.com/india/products/human-resources-hcm/workforce-planning-hr-analytics.html> (accessed on 22/6/2022)

Check Your Progress - 2

4. Which of the following aspects does not relate to the strategic importance of HR forecasting?
 - a. Ensures employee satisfaction
 - b. Reduces costs
 - c. Enhances organizational flexibility
 - d. Better alignment with business plans
 - e. Ensures primacy of organizational requirements
 5. Which of the following relates to HR forecasting time horizons?
 - a. Long-term, ten-year plan, current plan
 - b. Current forecast, five-year forecast, ten-year forecast
 - c. Current forecast, short-run forecast, long-run forecast
 - d. One-year forecast, long-term forecast, medium-term
 - e. Current, medium, and long-term
-

Activity 3.1

You are the HR Executive in SMV Infra Solutions Ltd. You are made the head of the team doing job analysis of key jobs identified by the HR Manager. List out the steps in the procedure you will follow for the task of job analysis.

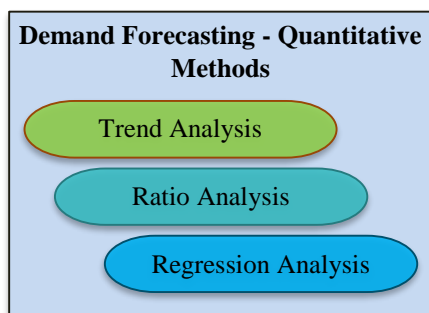
Answer:

3.5 Demand Forecasting

Human resource demand forecasting is the process of estimating the future quantity and quality of people required. It identifies human resources needs of the organization based on strategic goals. Various methods of demand forecasting are discussed here.

3.5.1 Methods of Demand Forecasting

There are several methods for forecasting demand. These methods generate predictions about future requirements of HR or extrapolate from current trends into the future. These methods can be quantitative and also qualitative. Quantitative methods include trend analysis, ratio analysis and regression



Unit 3: Arriving at Effective Human Resource Planning

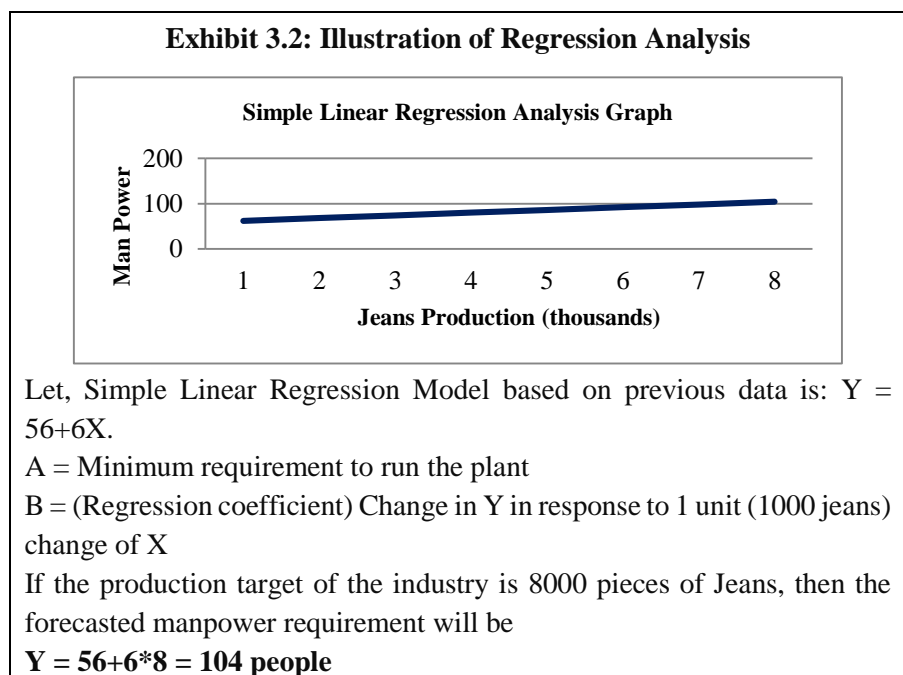
analysis. Qualitative methods include envelope/scenario planning, Delphi technique and the nominal group technique.

- **Trend Analysis:** A forecasting method that extrapolates from the historical data and indices of the company's past.
- **Ratio Analysis:** A quantitative method which uses the relationship between an operational index and the number of people needed and projects this ratio for forecasting the demand, in the future. An illustration of Ratio Analysis is given below in Exhibit 3.1.

Exhibit 3.1: Illustration of Ratio Analysis	
Production level in 2009-2010	1000 Units
Number of workers in 2009-2010	100
Ratio (Worker/units produced)	1:10
Number of Supervisors	5
Ratio (Supervisors/Workers)	1:20
Estimated Production in 2011-12	2000 Units
Number of Workers required in 2011-12	$(2000/10) \times 1 = 200$
Supervisors required	$(1/20) \times 200 = 10$

Source: ICFAI Research Center

- **Regression Analysis:** This method is based on the assumption that a linear relationship exists between one or more causal or independent variables which affects a dependent variable (target). An illustration of its usage is given below in Exhibit 3.2.



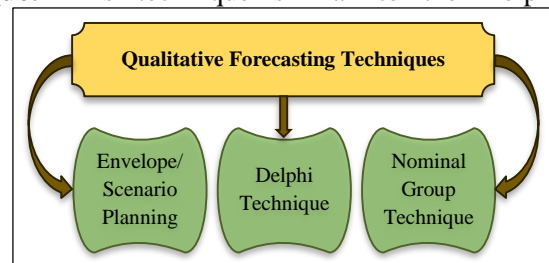
Source: ICFAI Research Center

Block 1: Human Resource Planning

3.5.2 Qualitative Forecasting Techniques

Some of the qualitative forecasting techniques are:

- **Envelope/Scenario Planning:** Differing assumptions about the future create multiple scenarios. This technique involves predicting future HR estimates based on a variety of differing scenarios. Some of the scenarios are based on how events of the organization would unfold in the future.
- **Delphi Technique:** A technique used for long-term forecasting is the Delphi technique. It involves experts as well as senior experienced company employees. The Delphi technique is based on specific economic, demographic, technological, and social factors to estimate future HR requirements. The steps are: 1. A carefully designed questionnaire covering the issue of future HR demand is provided and each expert submits a potential solution. 2. The results are compiled at a centralized location and each member is given the results. 3. Members give feedback to fine-tune the estimation. 4. The steps are repeated till there is a consensus.
- **Nominal Group Technique:** This technique similar to the Delphi technique involves a group of experts such as first-line supervisors. This is a face-to-face exercise. It is used in HR demand forecasting and other problems. The steps are: 1. Each member independently writes down his or her estimate. 2. Each member presents estimate with reasons. 3. Clarifications and discussions follow. 4. Finally, each member once again gives his/her input.



3.5.3 Required Professional Capabilities

Demand forecasting enables arriving at the number and competency levels of future requirement of HR to achieve company's goals. This is estimated through quantitative methods such as trend/ ratio analysis and regression analysis. Qualitative techniques such as Delphi and nominal group are also employed.

The required professional capabilities develops and administers a departmental project or project budget. In addition, it forecasts HR supply and demand conditions and identifies the organizations' specific staffing needs.

Example: Tool for Enhancing Professional Capabilities at Wipro

Wipro's cognitive, intuitive and scalable talent acquisition solution can enhance recruiter efficiency up to 65% and 50% reduction in hiring timeline.

Contd....

These efficiencies are made possible by enabling one-click requisition creation, AI-based skill suggestions, one-click posting to multiple channels, machine learning-based match making, and integrated, seamless and quick assessments. This tool provides Wipro with the necessary professional capabilities.

For details, check out <https://www.wipro.com/content/dam/nexus/en/service-lines/business-process/latest-thinking/building-a-resilient-hr-for-the-future-of-work.pdf> (accessed on 24/6/2022)

3.6 Supply Forecasting

After discussing demand forecasting, the next aspect covered would be supply forecasting. Supply of HR to meet the demand based on the company's business plans may be from internal sources

or by external recruitment. It is always preferable to first assess if the demand can be from internal sources through training or skill upgradation.

The first step in this regard would be to examine the skills and management inventories.

Steps to Assess Supply Forecasting

Skills and Management Inventories

Supply and Retention Programs

3.6.1 Skills and Management Inventories

These skills and management inventories are comprehensive records on the current employees. The records of each employee include details such as personal data of name, age, date of employment, work details in current position, present duties and responsibilities, educational background, previous work history, skills, abilities, training undergone, and interests. Information about current performance and readiness for promotion is generally included as well. For the managerial staff, records are compiled in management inventories. These records include: the background, qualifications, interests, and skills of management of employees as well as information about managerial responsibilities and management training, experience, eligibility for promotions, and transfers. It also includes performance evaluations and likely career plans. These inventories are updated at regular intervals. Most organizations do this updating exercise every two years. Employees on their own report any changes in skills or acquisition of new qualifications. Such inventories provide data on which assessments can be made about the internal supply of HR to meet future requirements. Comparisons with the demand would reveal gaps in numbers and competencies. Training programs can be planned to improve the skill levels of the identified employees to meet future requirements. Such assessments also reveal the need for

Block 1: Human Resource Planning

external recruitments. Skill and management inventories, thus, provide inputs for supply forecasting.

3.6.2 Supply and Retention Programs

HR supply forecasting involves identifying the means of meeting the demands of manpower to achieve the goals of the business plans. However, even as the supply aspects are being considered, it is important for any organization to ensure that its current manpower is retained, and the turnover is minimized. It, thus, becomes important to implement employee retention programs. These programs can help protect the most valuable assets of the organization: its people. High turnover rates cost time and money. Surveys show that each employee replacement costs about 6 to 9 months of salary, covering the recruiting, on-boarding, and training costs. The company also loses employees' knowledge and the team's productivity can suffer. Some of the measures involved in retention programs look at employee compensation strategies, working environment, ability of managers to build congenial relationships with staff, focus on development and growth of employees, recognition, and other support strategies.

Example: Supply Forecasting at Wipro

Wipro HCM is a HR service that combines powerful technologies with industry expertise to enhance enterprise HR functions by developing comprehensive infrastructure solutions to support the hire-to-retire lifecycle of employees, and provide deep insights to help HR leaders enhance talent acquisition, retention, and anticipate needs. The forward-looking approach of Wipro focuses on developing enterprise HR capabilities in critical areas, including performance management, succession planning and development, tracking time and attendance, timely updates to employee's job records, and designations. This serves as an instance for HR supply forecasting at Wipro.

For details, check out <https://www.wipro.com/business-process/wipro-hr-services/> (accessed on 22/6/2022)

3.7 Impact of Technology on HR Planning

Technology has been the defining factor in the growth and efficiencies of the business world. It is, therefore, natural that technology would also have an impact on the management of the most important asset of the organization, viz. human resources. The manner in which HR is managed has undergone a sea change due to induction of technology. Use of technology can change the way HR departments contact employees, store files, and analyse employee data and performance. Technology has impacted all HR functions, in general and HR planning, in particular. Exhibit 3.1 illustrates the use of technology for HR planning.

Exhibit 3.1: Infosys HR Pulse - Cloud Based Human Capital Management Solution

Infosys HR Pulse, platform-independent cloud based SaaS model is their human capital management scorecard solution which defines metrics and key performance indicators (KPIs) to help the HR department to monitor performance against internal targets and industry benchmarks. The solution measures performance, tracks progress, and highlights trends for enhanced visibility into workforce productivity.

The key features are enumerated as follows:

- Formulae-based scorecard for relevant HR KPIs enabling HR leadership to formulate strategy for corrective action
- Logical grouping of HR metrics and KPIs within human capital management
- Ability to slice and dice data and display trends across business units, locations, departments
- Compare performance of various HR metrics with internal targets and industry benchmarks
- It embeds chatbots to provide HR professionals with insights and root causes of performance gaps.
- It has a mobile user interface and is compatible with industry-leading HCM applications.

Deployment of technology provided the following benefits to Infosys:

- Effective talent management helps in managing aspirations, motivates the workforce, and fosters an indigenous organizational culture.
- A metric-based scorecard helps in having a tangible correlation with business outcomes.
- A snapshot of performance metrics identifies areas of improvement and sets peer and industry benchmarks.

Source: <https://www.infosys.com/industries/professional-services/offerings/human-capital-management.html> (accessed on 24/6/2022)

3.7.1 IT and HRM

Today, it would be unthinkable for HRM to function without IT. It is due to IT that HR staff have been able to handle greater workload and that too, more efficiently. Some areas that have received maximum support from IT relate to: storage of important personal data such as compensation, performance, etc., transfer of data between functions such as personal records to payroll, generating and manipulating data to create metrics for scoreboards, tracking HR costs,

Block 1: Human Resource Planning

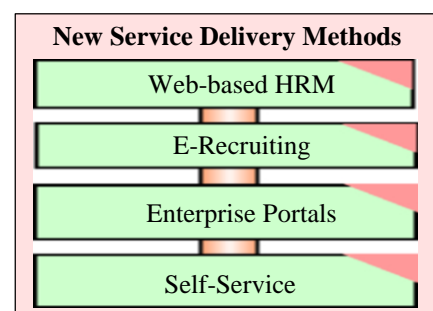
posting job openings online, and tracking responses to such posts. This employment of IT has improved the effectiveness of HRM and enabled it to plan and align well with the business objectives.

Check Your Progress – 3

6. Which of the following is not a step in determining the net requirements of HR?
 - a. Determine HR demand
 - b. Compiling skill and management inventories
 - c. Determining the HR supply
 - d. Determine the net HR requirements
 - e. Programs for HR surplus or shortage
7. Which of the following is not a qualitative forecasting technique?
 - a. Delphi technique
 - b. Nominal group method
 - c. Envelope planning
 - d. Ratio analysis
 - e. Scenario planning
8. Which of the following is not a part of the employee skills inventory?
 - a. Qualifications
 - b. Health records
 - c. Skills
 - d. Personal data
 - e. Performance record

3.7.2 New Service Delivery Models

With technology providing efficient and cheap means of storing, analyzing, and accessing data from central storage systems, it has become possible to develop new modes of providing better service to the internal and external customers of HRM. These changes have improved HR service substantially.



Some of the new service delivery models are discussed below.

- **Web-based HRM:** This is one of the major service delivery models. Web-based HRM allows easy access to data from different locations depending on the need of the users. Data on the web portal enables prospective candidates to view job postings and respond to any such openings. Employees can view their personal data online through different menus and seek clarifications, if required.
- **E-Recruiting:** Similarly, web-based HR processes such as e-recruiting are some of the more well-known examples. Prospective candidates view job openings on the web portal and respond online. These responses or applications in set format are then processed. An applicant tracking system (ATS) enables the electronic handling of organizational employment needs. It provides for job descriptions and job vacancies, facilitates candidate searches as well as the interview process. It maintains profiles, searches for jobs, refers them to colleagues and follows the recruitment process. It reduces work, cost and time required for recruitment activities. This is usually a web-based application. ATS, thus, can reduce the load on the application screening process and make recruiting somewhat easier. This type of e-recruitment is slowly becoming the normal recruiting technique.
- **Enterprise Portals:** Enterprise portal is an IT framework which integrates data/ information, people, and processes across all levels of the organization. Enterprise portals provide a secure access point for identified users often as a web-based interface. Enterprise portals enable decentralized data inputs and management which help in keeping the information always updated. These are websites that are designed to communicate a variety of information on HR and other organizational resources. The portal enables collaboration across departments and also with customers, suppliers, partners, and other staff members. Employees are also facilitated by accessing their personal data and even some services, through this portal.
- **Self-Service:** One of the most talked about service models is the self-service facility that can be provided using IT. Employees can access their personal data and seek clarifications or amendments to the records. Employees can seek details of their leave records, salary or benefits online. Such a facility brings in a very high degree of transparency which builds trust between the HR department and the employees. Employees or managers can submit their claims online and check the status of their claims or reasons for delays or rejection. Job openings can be viewed by employees and if required they can apply online. All these self-service facilities improve the quality of support provided by the HR department and this goes a long way in improving the engagement levels of the employees.

Block 1: Human Resource Planning

Example: Instance for Self Service at Infosys

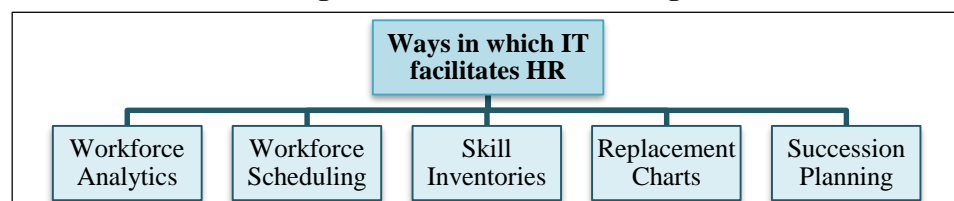
Infosys HR Self Service solution, an android mobile application is seamlessly integrated with various HR systems to enable employees to have anytime, anywhere access to their information and perform transactions like applying for leave, time sheets to name a few and approve on-the-go. Employees can leverage mobile device features like phone, camera, GPS along with access to Human Capital Management application through mobile app.

For details, check out <https://www.infosys.com/services/oracle/offerings/hr-self-service-solution.html> (accessed on 26/6/2022)

3.7.3 IT for HR Planning

Technology has been the dominant change agent in the world of business. The information age, the advent and capability of computers and the internet have combined to change the very face of business in general and HR management in particular. Every function of the HR department has been impacted by technology, bringing in efficiency, accuracy and tools for analysis of the large data that can be stored electronically. One of the functions of HRM, which can leverage IT very effectively, is HR planning. IT enables storage and retrieval of personal data and records which can be accessed and manipulated to get outputs of the desired details in the required format. The data may relate to personal information, employee training levels, competencies and performance levels. Such data would help to a large extent in the HR planning exercise. The manner in which IT can aid HR planning is discussed below (Refer Figure 3.3):

Figure 3.3: IT for HR Planning



Source: ICFAI Research Center

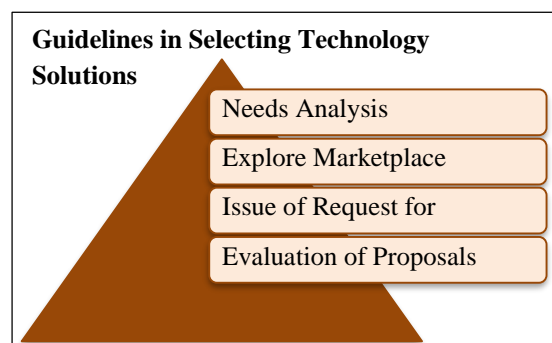
- **Workforce Analytics:** Workforce analytics is a combination of IT and methodology which enables the application of statistical models to employee data. This allows HR staff to glean the required metrics which aids them in arriving at relevant conclusions followed by taking appropriate actions. All these outcomes help optimisation of HR management. Analytics also helps to predict aspects such as likely turnover or employees likely to leave the organization. All these inputs help improve the effectiveness of the HR planning function.
- **Workforce Scheduling:** Some types of tasks such as those relating to airline workforce scheduling, are complex in nature. Airlines operate different types

of aircraft. They land and take off throughout day and night enabling passengers, deplane and board all through the day and night. This turnaround and passenger movement require support in terms of equipment availability, technicians trained on the particular aircraft, positioned at the right time and place. Scheduling the workforce on such complex tasks taking into consideration individual expertise and worktime is best done using IT. Similarly, this scheduling is also essential in project management to ensure allocation and reallocation of manpower depending on the urgency of the tasks.

- **Skill Inventories:** Skill inventories involve compiling individual details of experience, training, skills, and qualifications. When aggregated, these details called skill inventories reveal gaps in terms of competencies for future tasks. These gaps can be addressed by undertaking training or external recruitment. Skill inventories are of utmost importance for HR planning. Skill inventories are cumbersome, and IT helps in easing the difficulties in preparing them. An automated skill inventory data provides easily accessible which can facilitate transfers/ promotions or training for development of skills, found to be lacking among the employees.
- **Replacement Charts:** Replacement charts are used to identify replacement employees for key positions. Such charts have the likely departure dates of incumbents and the list of probable employees, who can replace the incumbent. Replacement planning software enables the decision makers to ascertain if key positions have adequate bench strength with the desired skills, experience, and exposure.
- **Succession Planning:** Succession planning is based on identification of appropriate employees to assume responsibilities of senior positions which may fall vacant in the future. This requires information about the skills, performance, potential, and developmental requirements of individuals. Application of IT enables this function to be undertaken very effectively. Such IT applications help in identification of suitable candidates and preparation of succession plans.

3.7.4 Selecting Technology Solutions for HRM

Most organization do not develop their own IT solutions but contract or acquire them from developers. There are a wide variety of systems and technologies in the market from which to select. Some guidelines on selection of appropriate technology solutions for HRM are given below:



Block 1: Human Resource Planning

- **Needs Analysis:** The first step would be to analyse the needs of the company, in terms of technology. This would involve collecting relevant information about the company, in terms of the available hardware systems, data base systems, telecommunications, availability of intranet, and the requirement of HRM. The needs of the HR department would emerge from analysis of the functions, where delays are occurring or error rate is high, and which requires repetitive and predictable work. This would reveal areas and functions, which can be improved using technology. Storage and retrieval of personal information and its security would need to be considered.
- **Explore Marketplace:** The marketplace is today flooded with HR support products, meeting a variety of requirements. Vendors can be contacted to give presentations on what can be offered and their ability to customize their products, the installation of the systems, and service and support provided. The IT specialists of the company would need to be involved to ensure compatibility with the existing systems.
- **Issue of Request for Proposal (RFP):** Once there is clarity on what is available in the market, RFP can be floated to the selected vendors. The RFP will normally have two parts. The first part provides information about the company and what is required, in as much detail as possible, including the support and service required. The second part covers the information the vendor would provide, in terms of systems, time frame, references, similar systems which are operational, etc.
- **Evaluation of Proposals:** Once the responses from the vendors come in, there would be a need to evaluate the proposals in terms of the extent to which they meet the requirements. The products would need to be demonstrated to assess the extent to which they meet the requirements and changes required. References would need to be checked out. Finally, negotiations would be carried out for selection of the supplier.

3.7.5 Implementing and Evaluating HR Technology

Implementing technology solution on the scale of upgrading the HRM processes would bring in a lot of change. Just investing in technology and installing the system does not bring in the change required. But there would be a need to educate the operators about the change and the advantages that the change would usher. Acceptance and welcoming the change would help in early implementation and usage of the technology solutions.

- **Typical Process of Implementation:** The implementation process can follow two routes. In the first option, the technology is adapted to suit the existing processes. In the second option, the existing processes are changed to adapt to the time-tested technology solution. Whichever option is selected, a major change such as setting up a HRMS along with an ERP, would need to be viewed as an organizational change initiative.

Unit 3: Arriving at Effective Human Resource Planning

The implementation process may have the following steps:

- Selecting a project manager
- Setting up a project team
- Implementation planning
- Ongoing communication with parties
- Project team training
- Installation
- Fit analysis
- Modifications
- Interfaces
- Conversion to new system
- User training on new system
- Integrated testing
- Parallel operations of old and new systems
- Changeover to new system

The process of implementing new HR technology involves setting up a project team with a manager and installing the new system in parallel to the existing one and then smoothly changing over to the operations to new system.

Activity 3.2

You are the HR Manager in SLR Retail Stores Ltd. You have plans to use technology to improve HR services. You have selected the vendor and required product. What are the steps you plan to take for implementation of the new technology? List out the steps.

Answer:

Check Your Progress - 4

9. Which of the following does not form a part of the new HR service models?
- a. Web-based HRM
 - b. E-recruitment
 - c. Enterprise portals
 - d. Self-service
 - e. Direct dealing HR service

Block 1: Human Resource Planning

10. Needs analysis, issuing RFP, and evaluation of proposals are the three steps in selecting technology solutions for HRM. Which of the following is the other step of the process?
- Identify the project manager
 - Select the project team
 - Analyse different technology
 - Explore the marketplace
 - Read literature

3.8 Summary

- Job analysis involves examination of the jobs in an organization in a manner that documents the job's tasks, duties, and responsibilities. It also involves identifying the knowledge, skills, abilities, and other attributes (KSAO), required to perform the job successfully.
- The process of analysis of a job follows certain steps: Identify the job or the process to be analysed, determine methods for analysing, examine recorded data on the job, define new methods and performance standards for the job, and implement and maintain new methods and performance standards.
- HR forecasting is determining the net requirement of HR by identifying the demand for and supply of HR in the future.
- The major factors that affect HR forecasting are: environmental factors, economic climate, globalization, political and legislative issues, demographic factors, and technological factors.
- The steps for determining the net HR requirements are: forecasting HR demand, ascertaining the HR supply, determining the net HR requirements, and programs for HR surplus or shortage.
- Human Resource demand forecasting is the process of estimating the future quantity and quality of people required.
- The methods of demand forecasting are ratio/ trend analysis and regression analysis. The qualitative techniques are Delphi, nominal group, and scenario planning.
- New HR service models are web-based HRM, enterprise portals, e-recruitment, and self-service.
- The steps in selecting technology for HRM are: needs analysis, exploring marketplace, issuing RFP, and evaluation of proposals.
- The implementation process can follow two routes. In the first step, the technology is adopted to suit the existing processes. In the second step, the existing processes are changed to adopt to the time-tested technology solution.

3.9 Glossary

Competency: The ability to perform the task successfully or competently.

Corporate Strategy: It encompasses a firm's corporate actions with the aim of achieving company objectives while attaining competitive advantage.

Enterprise Portal: It is an IT framework which integrates data/ information, people, and processes across all the levels of the organization.

Evaluation: The making of a judgement about the amount, number, or value of something.

Forecasting: Predicting or estimating a future trend or event.

Globalization: The process of opening and conducting business in countries other than the parent country.

HR Planning: HR planning is the process of ensuring the human resource requirements of an organization are identified, and plans are made for satisfying those requirements.

Job Analysis: Job analysis involves examination of the jobs in an organization in a manner that documents the jobs tasks, duties, responsibilities, and KSAOs.

Net HR Requirements: The net HR requirements are derived from the difference between the demand for HR, based on plans and the supply of HR, either internally or externally.

Skill Inventories: Skill inventories involve compiling individual details of experience, training, skills, and qualifications.

Succession Planning: Succession planning is a process by which individuals are scanned to pass on the leadership role within a company. The process ensures that business continues to operate efficiently without the presence of people who were holding key positions as they may have retired, resigned, etc.

Talent: It is the natural attitude of an individual.

Trend Analysis: A forecasting method that extrapolates from the data and indices of the company's past.

3.10 Self-Assessment Test

1. Define job analysis. List out the steps to undertake job analysis of key roles of the organization.
2. Explain how job analysis is linked to HR planning.
3. Define net HR requirements. Identify the steps involved in arriving at net HR requirement.
4. Explain demand forecasting. Identify the methods used for this purpose including the qualitative techniques.
5. Describe supply forecasting. List out five retention programs.
6. Explain the impact of IT in HR planning.

Block 1: Human Resource Planning

3.11 Suggested Readings/Reference Materials

1. Debasish Biswas (2021). Human Resource Planning and Utilization, Crescent Publishing Corporation, First Edition.
2. Nishant Uppal (2020). Human Resource Analytics: Strategic Decision Making, Pearson Paperback, First Edition.
3. Pravin Durai (2020). Human Resource Management, Pearson, Third Edition.
4. Sekhri, A. (2016). Human Resource Planning and Audit. Himalaya Publishing House, First Edition.
5. T.V. Rao (2014). HRD Audit: Evaluating the Human Resource Function for Business Improvement, Second Edition, Sage Publications.
6. Swati Dhir, Suparna Pal (2021). Human Resource Analytics: Theory and Application Techniques, Cengage India, First Edition.

3.12 Answers to Check Your Progress Questions

1. **(d) Examination of the job, to document the tasks, duties, responsibilities, and KSAOs**

Job analysis involves examination of the jobs in an organization in a manner that documents the job, tasks, duties, and responsibilities. It also involves identifying the knowledge, skills, abilities, and other attributes (KSAO), required to be able to perform the job successfully.

2. **(b) Determine Methods for Analysing**

This is the second step in the process of job analysis.

3. **(c) Observational Analysis**

Observational analysis is not a technique of job analysis. The techniques are: critical incident, position questionnaire, functional job analysis, and competency-based analysis.

4. **(a) Ensures employee satisfaction**

Ensuring employee satisfaction is not a factor in the strategic importance of HR forecasting. The factors are reduced costs, flexibility, alignment with plans, and primacy of organizational requirements.

5. **(c) Current forecast, short-run forecast, long-run forecast**

The HR forecasting time horizons are current forecast, short-run, medium-run and long-run forecasts.

6. **(b) Compiling skill and management inventories**

‘Compiling the skill and management inventories’ is not a step in determining the net HR requirements. The steps are determining the HR demand, ascertaining the HR supply, determining the net HR requirements, and programs for HR surplus or shortage.

7. (d) Ratio analysis

Ratio analysis is not a qualitative technique of HR forecasting. The qualitative techniques are Delphi, nominal group, and envelope/scenario planning.

8. (b) Health records

Health records do not form part of an employee skill inventory. Data that forms part of the skill inventory are: personal information, qualifications, experience, performance records, skills positions held, competencies, etc.

9. (e) Direct dealing HR service

Direct dealing HR service is not a model of new HR service models. The new HR service models are web-based HRM, e-recruitment, enterprise portals, and self-service HRM.

10. (d) Explore the marketplace

Explore the marketplace is the other step in selecting technology for HRM.

Human Resource Planning and Audit

Course Structure

Block 1: Human Resource Planning	
Unit 1	Challenges and Paradigm Shifts in HR Department
Unit 2	Basics of Human Resource Planning
Unit 3	Arriving at Effective Human Resource Planning
Block 2: Strategic HR Planning	
Unit 4	Basics of Strategic Planning
Unit 5	Strategic Manpower Planning
Unit 6	Strategic Planning in HR Core Areas
Unit 7	Strategic Issues in Succession Planning
Unit 8	HR Planning Issues in Restructuring Organizations
Unit 9	Measuring Human Resource Effectiveness
Unit 10	HR Analytics in HR Planning
Block 3: Human Resource Auditing	
Unit 11	Basics of HR Audit
Unit 12	Human Resource Audit: Competencies, Strategies, Systems, and Structure
Unit 13	Audit of HR Functions
Block 4: Effective Human Resource Auditing and Audit Report Writing	
Unit 14	Conducting Effective HR Audit
Unit 15	Writing an HR Audit Report