ASSESSING CURRENT HR; DEMAND AND SUPPLY FORECASTING
(Discussion Note)
BKB/NASC
Human Resource Planning

• Human Resource (HR) Planning – The process of analyzing and identifying the need for and availability of human resources so that the organization can meet its objectives.
HR Planning Process

Phase One: Environment Analysis
(Socio-economic, Technological, Organizational objectives and planning, Annual operational plans).
Phase Two: Determining HR objectives and policies (Assessment of current HR skills and knowledge based on the information provided by HR inventory and information system).

- These objectives and policies are important to tap the human resources to tap opportunities as well as to strengthen the internal management system.
Assessing the Internal Workforce

- Jobs and Skills Audit
  - What jobs (in terms of KRA’s) exist now?
  - How many individuals with what capacity (Fractionalized KRA’s) are performing each job?
  - What are the reporting relationships (to and from) of each jobs?
  - How essential is each job (tasks significance)?
  - What jobs will be needed to implement future organizational strategies?
  - What are the characteristics of anticipated jobs?
Contd.....HR Planning Process

Phase Three: HR forecast
(Determination of HR demand, Determination of HR supply, Shortage and surplus analysis).

Phase Four: HR Action plan (Staffing authorization, Recruitment, selection and socialization, Training and development, Job analysis and evaluation, Transfer and promotion, Career development).
Phase Five: Control and Evaluation
(Compare HR objectives with achievement, Monitoring the degree of attainment of HR objectives and necessary intervention, if necessary).
Forecasting HR Demand and Supply

• **Forecasting**
  – The use of information from the past and present to identify expected future conditions.

• **Types of Forecasts**
  – HR Demand
  – Internal Supply
  – External Supply

• **Forecasting Periods**
  – Short-term
  – Intermediate
  – Long-range
HR Demand Forecasting

• The estimation of future manpower needs depends upon the strategic business plans and future organizational activities of an organization.

• Variety of demand forecasting methods.

• Selection of particular method largely determined by the time frame, size of the organization, and accuracy of information.
• Broadly categorized into *judgmental and statistical methods.*
A. Judgmental forecasting

1. The Delphi technique

- Decision making tool to arrive at workable consensus within time limit
- Opinion of experts w/o getting them face to face
- Experts answer questionnaires in two or more rounds
• HR experts act as intermediary, anonymous summary of the experts’ forecasts from the previous round sent back to experts.

• Process repeated till group converges towards consensus
2. Nominal Grouping technique

• Team decision making process
• The member independently write down ideas
• Describe and clarify them to the group
• And then independently rank or vote on them
• Team members will sit together around conference table and independently list their ideas about future demand.

• The final forecasting of hr demand will be made by ranking or voting on the ideas of group members.
3. Managerial Estimate technique

- Technique used by top managers
- Discussion and arrival at future demand
- Two approaches.
  - Top down/ bottom up/ combination
B. Statistical Forecasting

1. Simple Linear Regression analysis
   - An estimation of future HR is obtained by establishing its relations with the past events/activities, and the degree/coverage of service delivery etc.
   - When a relationship is established between the past level of events/activities and employment, predictions of future events/activities can be used to make predictions about future manpower demands.
2. Multiple Linear Regression Analysis

- It’s an extension of simple linear regression analysis.
- Instead of considering one variable, more than one variable is considered such as volume of events/activities, productivity, and technical equipments are considered to determine future hr demand.
3. Time Series analysis

- To predict future hr demand, past staffing levels are examined to isolate different variations, long-term trends and other random movements.
Forecasting HR Supply

• Once the number of MP required for the future is estimated, the next important task is to ensure the supply of this MP at the right time, at the right place in right numbers.
• Internal and external supply.
• Both judgmental and statistical techniques.
A. Judgmental Techniques

1. REPLACEMENT PLANNING

- Replacement Chart/Planning Can Be Used To Planning Internal Supply Of Hr.
- With The Help Of This It Can Be Easily Understood Where The Potential Vacancies Are And What Type Of Position Must Urgently Be Filled.
- In This Chart, The Name Of The Potential Candidates Will Be Written Together With Their Present Performance Level And Potentiality For Future Promotion.
Contd.. Judgmental Techniques

2. SUCCESSION PLANNING

• More longer term, more developmental, and flexible.

• Used to develop a pool of qualified managers and to develop them with a view to management succession.
B. STATISTICAL TECHNIQUES

1. MARKOV – CHAIN MODEL

• Time period to be covered
• Establish categories
  – Gains: hired, transferred, movement
  – Losses: resignation, retirement
• Count flows over decided period
• Estimate probability of transition
• Estimate supply.
Estimation of Transition Probability relevant to each vertical and horizontal movements

BKB/Professional HRM/2015
2. RENEWAL ANALYSIS

• Future flows and internal availability of hr can be derived with the help of this analysis.

• The basis used for estimating HR supply are:
  - the vacancies created by the organization’s growth and expansion, internal movements of mp and personnel losses.
• The results of decisions rules governing the filling of vacancies.

• Thus, it is used by using the information related to:
  – Vacancy based promotion
  – Promotion triggers chain reaction
Forecasting External HR Supply

Factors:
- Net migration in area
- Individuals entering and leaving the workforce
- Graduation rates
- Changing workforce composition and patterns
- Economic forecasts
- Technological developments
- Competing employers
- Government rules and legislation
Managing a Human Resources Surplus

- Flexi-time Workforce with flexi compensation
- Workforce Downsizing
- Hiring Freezes
- Voluntary Retirement Programs
- Layoffs/Compulsory Retirement Programs

BKB/Professional HRM/2015
Managing a Labor Shortage

- Use overtime
- Add contingent workers
- Bring back recent retirees
- Outsource work
- Reduce turnover

Human Resource Shortage

BKB/Professional HRM/2015
Thank you for your participation