

Forecasting HR Demand

Index Analysis

Index /Trend Analysis is a quantitative demand forecasting technique that attempts to forecast the future requirements of personnel or human resources looking at the historical changes and relationship between organizational indices or operational index and the number of people required by the organization. It uses the historical staffing data to make future staffing predictions. These organizational indices may include the production hours, number of clients served, number of units produced or the sales level. Example given below:

Year	Business Factor (Sales in '000)	Labour Productivity (Sales/Employees)	HR Demand
2013	2935	10.02	293
2014	3306	10.02	330
2015	3613	11.12	325
2016	3748	11.12	337
2017	3880	12.52	310
2018 *	4095	12.52	?

Expert Forecasting

The expert opinion method is needed the most, when historical data are insufficient, modelling is difficult and/or a completely new product is forecasted. In most cases, it is applied when experts in the area under study can be defined and they are able to contribute. To determine the future HR demand, experts are chosen and their opinion and views are considered.

Delphi Technique

It is a process in which the forecasts and judgements of a selected group of experts are solicited and summarized in an attempt to determine the future HR demand. Delphi is a structured approach for reaching a consensus judgment among experts about future

developments in any area that might affect a business, for example, a firm's future demand for labour. In the Delphi technique, a panel of relevant people is chosen to address an issue. Experts are chosen on the basis of their knowledge of internal factors that might affect a business (e.g., projected retirement), their knowledge of the general business plans of the organization, knowledge of the external factors that might affect demand for the firm's product and service and hence its internal demand for labour. Experts may range from first-line supervisors to top-level managers. Sometimes, outside experts are also used. The main objective of the Delphi technique is to predict future developments in a given area by integrating the independent opinions of experts. Face-to-face group discussion among the experts is avoided to eliminate criticism and compromise on good ideas. Guidelines to make the Delphi process most useful:

- Give the experts enough information to make an informed judgment.
- Do not require precision.
- Keep the exercise as simple as possible.
- Be sure that the classification of employees and other definitions are understood in the same way by all experts.

Here are the steps of this technique:

1. Specific experts are identified by the project coordinator to confirm their participation in the process.
2. The experts are told either that there will be predetermined number of questionnaire iterations or that the sequence will continue until a majority opinion exists among the experts.
3. The coordinator sends the questionnaire and includes a time frame for completing and returning it. This questionnaire focuses on defining both the explicit assumptions made by each of the experts and the background rationale supporting his or her particular demand estimate.
4. Following the completion of the first questionnaire, the coordinator sends the second and subsequent rounds of questionnaires to the experts with the written summary of the findings from the previous round.
5. Coordinator continues to issue questionnaires until either all the predetermined questionnaire stages have been completed and summarized or the group reaches a clear majority decision. In either case, the majority or nth-round summary summarises the experts' future demand estimate for the HR category under analysis.

Nominal Group Technique

Nominal Group Technique (NGT) is also a long run, qualitative demand forecasting method utilizing expert assessments, but it differs from Delphi Technique in several important respects. A nominal group exists in name only with members having minimal interaction prior to producing a decision. Participants are asked to write their ideas anonymously. Then the facilitator or coordinator collects the ideas and the group votes on each idea. The group should be prepared and encouraged to embrace the process.

Here are the steps that nominal groups often follow:

6. Specific individuals are identified by the coordinator to confirm their participation in the process. A face-to-face meeting is scheduled.
7. Before the meeting, the experts are presented with a problem statement or question which they need to address related to HR demand.
8. They develop solutions independently based on their expert knowledge and personal insights.
9. They meet face-to-face and share their ideas with others in a structured format as specified by the coordinator.
10. Brief time is allotted so that questions can be asked – but only for clarification
11. Group members individually designate their preferences for the best alternatives by secret ballot.
12. The group decision is selected to be the group's HR demand estimate solution to the question posed in the second step.

HR Budget: Staffing Table

HR budgets are quantitative, operational or short-run, demand estimates that contain the number and types of personnel (i.e. personnel classes, such as bank clerks, loan officers, branch managers) required by the organization as a whole and for each subunit, division or department. These HR budgets are prepared by HR staff in conjunction with line managers, take into consideration information from historical staffing trends, competitor staffing practices, industry and professional associates. The HR budget process produces staffing table, which contains information related to a specific set of operational assumptions or levels of activity (eg. Maintain the current organization structure, increase sales level by 5% over last year). The staffing table represents the total HR demand requirement, as well as, the

number of personnel required, by level (eg. Vice-presidents) and function (eg. Marketing personnel).

Scenario Forecasting

It is based on the premise that because we have no certain knowledge of the future course of events, we would be well served by developing several plausible sets of outcomes. Scenarios are developed by having brainstorming sessions with line managers and HR managers, who formulate the group's combined expert view of the workforce five years or more in the future, then work back in time to identify the key change points. The group members then try to make sense of the various future states by further developing and discussing the linkages and courses of action that will lead from the present to the proposed future scenarios.

Regression Analysis

It is a quantitative demand forecasting technique. Regression analysis presupposes that a linear relationship exists between one or more independent variables, which are predicted to affect the dependent variable, in our instance, future HR demand for personnel. For example, if a per-unit increase or decrease in the level of sales and the market rate of interest result in concurrent associated change in HR demand (dependent variable), then the assumption of linearity might be met and regression analysis could be used for our demand forecasting.

Determining HR Supply

There are two sources of supply: internal and external. The internal supply consists of present employees who can be promoted or transferred, to fill expected openings. The external supply consists of people such as employees of other organizations and the unemployed.

Skills & Management Inventories

Skills inventory is an individualized personnel record held on each employee except those currently in management or professional positions. These records are entered in the organization's HRMS database. Typically, a skills inventory contains information on each individual on the following areas:

- Personal information

- Education, training, skill competencies
- Work history
- Performance ratings
- Career information
- Hobbies and interests

Management inventory is an individualized personnel record for managerial, professional or technical personnel that includes all the elements of skills inventory with the addition of information on specialised duties, responsibilities and accountabilities. It is considered to be enhanced skills inventories because they contain above information and the following:

- History of management or professional jobs held
- Record of management or professional training courses and dates
- Key accountabilities for current job
- Assessment centre and appraisal data
- Professional and industry association membership

Markov Model

It is referred to as a probabilistic model which determines the pattern of employee movement throughout an organization's system of jobs. Markov analysis produces a series of matrices that detail the various patterns of movement to and from the wide variety of jobs in the organization.

Linear Programming

It is a complex mathematical procedure commonly used for project analysis in engineering and business applications. It can determine an optimum or best supply mix solution to minimize costs or other constraints. It has utility for HR planners because it allows us to determine the future supply of personnel based on achieving the best staffing outcome while taking into account certain constraints such as labour costs.

Movement Analysis

It is a technique used to analyse personnel supply. Specially the chain or ripple effect that promotions or job losses have on the movements of other personnel in the organization. Specially, we are able to identify the total number of vacant or open positions in the

organization or department, as well as the total number of personnel movements that are caused by replacing and filling these vacant positions. The total number of personnel movement is always greater than or equal to the number of vacant positions to be filled.

Vacancy Model

It is sometimes referred to as renewal or sequencing model, analyses flows of personnel throughout the organization by examining the inputs and outputs at each hierarchical or compensation level. It is important that we always calculate our personnel supply requirements one level at a time in a top-down fashion, beginning at the highest relevant authority level, because the normal direction of personnel movement in an organization is from the bottom to the top. The rationale behind the vacancy model is simple – the supply needs of each salary level are determined by staffing changes, the number of personnel promoted away from the level and any personnel losses due to retirement, termination etc.

HR Retention Programme

Retention strategies are policies and plans that organisations follow to reduce employee turnover and attrition and ensure employees are engaged and productive long-term. The key challenge for businesses is ensuring a retention strategy aligns with business goals to ensure maximum return on investment. Retention of a positive and motivated employee is very important for the organization's success. High employee turnover increases the expenses and also has a negative impact on the organization's morale. ... Performance and Productivity Maintenance – Employee retention practices help support an organization's productivity.

A good retention policy starts from the time when the employees are hired till the time they leave the organization. Following are some of the employment practices which will help create an impact on employee retention –

- Recruitment and Hiring – Right and correct resource should be hired in the first place. It calls for quite a lot of time and effort. When the bond between the employees and the organization is cordial and the mix between the required skills set for a particular job requirement is also right, retention is less likely to be an issue.
- Orientation and Onboarding – Treating employees the right way in the early stages of employment is vital and enhances retention.
- Training and Development – Training and development are the key factors in helping employees grow with your company and stay marketable in their field.

- Performance Evaluation – When employees are aware of what they are doing and the areas they need to improve on, it is beneficial both for the organization and the employee.
- Pay and Benefits – While today many employees tend to rate factors such as career development higher than pay, good pay and benefits still count to be the deciding factors for employee retention.
- Internal Communication – Effective communication will help reduce the communication gap in an organization and curb employee attrition. Employees need to know and be reminded on a regular basis how the organization is doing and what they can do to help.
- Termination and Outplacement – Employees who leave on good terms are much more likely to recommend your company, and in doing so, help you attract and retain future employees.

Career Planning & Succession Management

Career is the series of work related positions, roles or jobs held by a person over a relatively long time span or throughout life. Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfilment (Schermerhorn, 2002).

Career Development Stages

1. Exploration Stage: This is the stage where an individual builds expectations about his career. Some of them are realistic and some are not. But the fact is that these could be a result of the individual's ambitions.
2. Establishment Stage: This could be at the stage where the individual gets his first job, gets accepted by his peers, learns in this job, and also gains the first tangible evidence of success or failure. The establishment/advancement stage tends to occur between ages 25 and 44. In this stage, the individual has made his or her career choice and is concerned with achievement, performance, and advancement. This stage is marked by high employee productivity and career growth, as the individual is motivated to succeed in the organization and in his or her chosen occupation

3. Maintenance Stage: The individual's performance levels either continue to improve, or levels. It is regarded as a pleasant phase, where one is allowed to relax and play the role of an elderly statesman in the organization.
4. Decline: The stage, where the individual is heading towards retirement.

Career Anchors

- Autonomy/Independence - These people seek a career that provides freedom of action and independence
- Security/Stability - If one's career anchor is security than he is willing to do what is required to maintain job security (through compliance with organisational prescriptions), a decent income and a stable future
- Technical/Functional competence - People having this anchor seek to make career choices based on the technical or functional content of the work. It provide continuous learning and updating one's expertise in a technical or specialised area such as quality control, engineering, accounting, advertising, public relations etc
- General management - Person having this drive seek managerial positions that provide opportunities for higher responsibility, decision making, control and influence over others
- Entrepreneurial creativity - This drive provides entrepreneurial and innovative opportunities to the people. People are driven by an overwhelming desire to do something new that is totally of their own making
- Service—These people are driven by how they can help other people more than using their talents
- Pure challenge - People with this career anchor seek ever-tougher challenges to conquer
- Life style - These folks organize themselves around their private lives. Their most pressing concern is for their jobs to give them the freedom to balance those other concerns with their work

Career Planning Process

Here are some steps for supporting an effective development plan for your employees. Discussions and plans about development should focus on two dimensions: specific technical

and functional expertise and overall demonstration, by the employee, of the organization's culture, philosophy and values.

1. Meet individually with your employees to identify their long-term career interests. It should be based on their previous performance review, their objectives for the current performance period, and feedback provided to you throughout the year. Specifically, ask the employee to state goals for the short term (1-5 years) and long-term (+5 years). Also ask the employee about his or her current job: whether she or he is interested in receiving any special types of assignments, participating in any training courses, or contributing in new ways to the department. Record the information.
2. After the meeting, identify resources within your organization that can help the employee achieve his or her goals. Also consider helpful resources outside of the organization.
 - o Formal training within the organization
 - o Mentoring
 - o Local assignments
 - o Books, manuals, other print and electronic media
 - o External education (e.g. university courses)

Discuss with the employee any resources that may help implement the plan and meet defined goals. Resources may include other people who could monitor progress and/or provide ongoing feedback; customers; other supervisors' feedback; and financial support to attend training or educational courses.

3. Prepare the plan. A development plan should be used throughout the year to note the employee's completed activities and follow-up activities. In addition, add his/her development goals to the overall objective-setting plan for the year.
4. Meet in-person with the employee to review the proposed plan, and based on feedback, revise it, adjust it and confirm alignment by providing your signature and obtaining the employee's signature. If appropriate, file the ICDP form in the employee's personnel file. Make certain you keep a copy of the Plan and also make certain your employee keeps a copy. This will help focus your future meetings with each employee.

At the mid-year review and year-end performance review, meet with the employee to assess progress against the plan, changes in career goals (if appropriate), and revise the plan to adjust it, if necessary.

Succession Planning

The growth and development of an organisation requires a succession of people to fill various important positions in the organisations. The objective of succession planning is to identify, develop and make available people ready to occupy higher positions in the organisation. 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 must have retired, resigned, etc.

Management Development Programmes

Any succession planning initiative becomes ineffective without management development, which is a scientific training process for managers and executives to enrich their knowledge and skills, so as to make them competent to manage their organizations effectively. The MDPs are aimed at developing conceptual and human skills of managers and executives through organized and systematic procedure.

The objectives of MDP include the following.

- To make personnel available to meet present and anticipated future needs of the organization.
- To encourage managers to develop their full potential.
- To improve competencies, making managers more responsive to changing needs of the organization.
- To sustain good performance.
- To develop people for higher responsibilities.

Methods of MDP

Planning MDP deserves utmost attention and importance. Few methods of MDP comprises of:

- Job rotation
- Assistants to position
- Projects and Boards

