Forecasting of HR Supply

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 HR supply forecasting measures that number of people likely to be available from within and outside an organization, after movements and promotions, wastage and changes in work hours, and other conditions of work.

After forecasting human resource needs, it is only logical to determine how these needs can be met. For a new organization all personnel that are needed have to be procured from outside. But in an existing organisation, existing personnel are a source for higher positions.

- The supply analysis covers:
- 1. Existing human resources,
- 2. Internal sources of supply, and
- 3. External sources of supply.

• <u>1. Existing human resources</u>:- Analysis of existing employees is greatly facilitated by HR audits. HR audits summarise each employee's skills and abilities.

Skills inventories catalogues each employees skills and abilities which are used as input for transfer and promotion decisions. 7 broad categories of information are included in each skill inventory. They are-

- Personal data- age, sex, maritul status
- 2. Skills education, job experience, training

- 3. Special qualifications- membership in professional bodies, special achievements.
- 4. Salary and job history
- 5. Company data- retirement information, seniority
- 6. Capacity of individual scores on psychological tests, health information
- 7. Special preference of individual location, type of job.

- Management inventories are the audits of managers, whereas the audits of non-managers are called skills inventories.
- 2. **Internal supply:-** Armed with HR audits, planners can proceed with the analysis of internal supply. Techniques involved are-
 - (a) inflows and outflows
 - (b) turnover rate
 - (c) conditions of work and absenteeism
 - (d) productivity level and (e) movement among jobs.

- (a) *Inflows* and outflows- Simplest way. The sources of losses ad gains are enumerated an projected for a specific time period (fiscal year).
- Estimation of internal supply for a job-Current personnel level – outflows + inflows =internal supply.

• Turnover Rate:-

Number of separations during one year X 100 Average no. of employees during the year

• Conditions of work and absenteeism:- Changes in conditions of work such as normal weekly hours, overtime policies, the length and timing of holidays, retirement policy, the policy for employing part-timers and shift systems need to be assessed.

Absenteeism is understood as unauthorised absence from work. The trends is absenteeism should be analysed.

- Productivity level:- Any change in productivity would affect the number of persons required for unit of output. Increase in productivity will reduce the requirement and decrease in it would have the opposite effect.
- Movement among jobs:- Some jobs are sources of personnel for other jobs. For example, secretaries can be obtained by promotion of typists and branch managers from a pool of section managers.

• External Supply:- In addition to internal supply, the organisations needs to look out for employees from external sources.

Principles / Requisites for successful HRP

- 1. HRP must an integral part of corporate planning. The planner must be aware of the corporate objectives.
- 2. Backing of top management for HRP is essential.
- 3. Personnel records must be complete, up-to-date and readily available.
- 4. The techniques of planning should be best suited to the data available.
- 5. The impact of external forces like technological changes, changes in labour market compositions should taken into consideration while developing the plan.

- 6. Plans should be prepared by skill levels, rather than by aggregates.
- 7. HRP responsibilities should be centralised to coordinate consultation between different management levels.
- 8. The time horizon must be long enough to permit any remedial action.

Factors affecting HRP

• Human resource planning at the enterprise level, to a large extent is influenced by a number of factors outside the enterprise. The human resource planner has to take into account with varying degrees of uncertainty political, social, economic and technological factors which will have some influence on the planning process. Some of the factors are:

1. Government Influence:-

 The Government also plays a role in stimulating companies to plan their manpower resources systematically. The planning commission, the Ministry of Labour, and the Institute of Applied Manpower Research havé made projections from time to time on manpower demand and supply for various skill categories, supervisors and managers, over a given time span. Government departments require companies to supply data on their manpower for various purposes, such as data compilations or competence to execute certain contracts. While providing the data, companies have had to develop inventories of their personnel, based on the various skill category classifications, which have been used for their own internal manpower planning. The government has also fixed manpower quota for S.C /S.T and monitors the same.

2. Technological Change:-

Change in the method of production and distribution of products and services and in management techniques can be called technological changes. The introduction of automatic controls or mechanization of the materials handling process is examples of technological changes.

Changes of this type may also require a change in the skills of employees, as well as changes in number of personnel required. Automatic control drastically reduces and changes the type of skill needed. For example because of the introduction of computers, the skills requirements of almost all the jobs have changed substantially.

3. Social Factors

Sometimes pressure of public opinion (trade unions, political parties and government) may pressurize to create more employment and also at times "sons of the soil" theory.

• 4. Economic Factors

The vagaries of the business environment are another important factor. Sudden rise and fall of demand for a product cannot be easily estimated. These may be the result of government taxation policies, or import restrictions. Sometimes recession and boom also may necessitate change in HR requirements.

• Environmental uncertainties:- Political, social and economic changes affect all organisations. Personnel planners dealing with environmental uncertainties should careful in formulating recruitment, selection, training and development policies.

- Labour market:- Labour market comprises people with skills and abilities that can be tapped as and when the need arises. The following deserve due consideration –
- The size, age, sex and educational composition of people.
- The demand for goods and services in the country.
- The nature of production technology.
- Employability of the people.

• Type and strategy of the organisation: The type of organisation is important consideration because it determines the production process, number and type of staff needed. Manufacturing organisations are more complex than service organisations.

Strategic plan of the organisation defines its HR needs.

• **Time Horizon:**- There are short-term plans spanning 6 months to 1 year and long – term plans spread over 3 to 20 years. The time span of the plan depends on the uncertainty prevailing in the organisation's environment. In general, the greater the uncertainty the shorter the plan's time and vice- versa.