


Human Resource Management

HR Strategy and Planning
Lecturer: AJ Murthy
(slide adapted from Stone Lecturer Resource)

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Objectives

- Explain the relationship between strategic HRM planning and operational HRM
- Appreciate the importance of HR planning
- Understand the basic approach to HR planning (HRP)
- Describe the ways of forecasting HR requirements
- Understand the requirements for effective HR planning


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Some facts....

- According to the UN, more than 190 million people live outside their country of birth
- 20 years ago, 10% of Australians were born overseas, today that figure is over 25%
- About 1.8 million Australians want a job, or more hours of work, but are thwarted by lack of childcare, low skills or a disability
- Just under half of Australia's medical workers are now from overseas

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Evolution of HRM

HRM Era 1970s – 1990s


- Employee as resources
- Focus on process and functions

Strategic HRM Era 2000s

- Employees as assets
- HR focus on strategy and policy
- HR as a Strategic Business Partner

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- Transactional HR = Basic Administrative Functions
- Tactical HR = Occupies the space between Transactional and Strategic Support strategic goals (eg training to achieve the Strategic goals)

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HRM Strategy includes

- Analysing the labour market
- Developing attraction and employer branding strategies
- Analysing future skill needs
- Developing knowledge development strategies for the future
- Researching market trends and competition
- etc

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Ulrich's⁽²⁰¹²⁾ HR Competency Framework

Six competencies that enable HR Practitioners to positively affect business performance:

- **Strategic Positioner** (understands business conditions)
- **Credible Activist** (influence through trust and communication)
- **Capacity Builder** (builds culture process and identity)
- **Change Champion** (initiates and sustains change)
- **Human resource Innovator** (HR systems that solve business problems)
- **Technology Proponent** (Effective use of technology: systems, communication and relationships)

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Risk Management – Cascio and Bourdrea⁽²⁰¹²⁾

An important aspect of strategic HRM

- **Compliance** (prosecution, employee misconduct)
- **Financial** (employment, workers comp, recruitment, T&D)
- **Operational** (Turnover, injury, absenteeism, IR/ER action)
- **Strategic** (recruitment difficulties, skills shortages, retention, succession management difficulties)

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Strategic Planning

- Anticipating and responding to needs emerging within and outside the organization, determining priorities and allocating resources where they will do the most good
- Its about anticipating future business demands and positioning the organization to meet those demands

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Strategic HRM

- Is not just about workforce planning.
- It's the way HR is practiced within the organization everyday, the relationships HR has with senior management and other important stakeholders.
- ... and how HR adds value and contributes to organizational success.
- It is not a process it is a mindset

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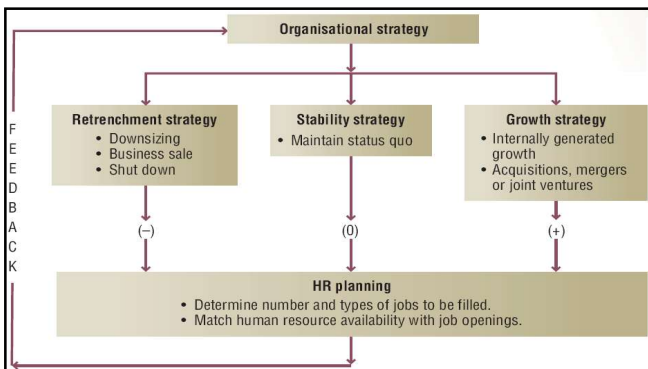
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Human Resource Planning (HRP)

- The process of systematically reviewing human resource requirements to ensure that the *required number of employees, with the required knowledge, skills and abilities are available when needed*
- Strategies:
 - Retrenchment
 - Stability
 - Growth

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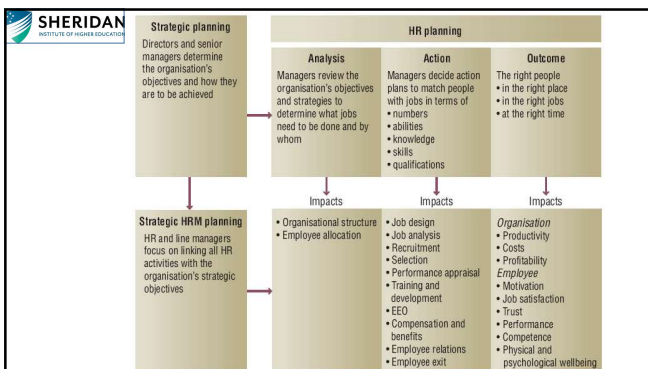
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Importance of HRP

- HRP matches the organisation and its HR objectives with its people requirements
- It ensures:
 - that the available talent is correctly allocated
 - labour costs are controlled
 - the headcount is appropriate
 - productivity is improved
 - talented employees are retained

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Purpose of HRP

- To ensure that a predetermined number of persons with the appropriate knowledge, skills and abilities are available at a specified time in the future
- **Issues:**
 - Scarcity of talent
 - Short term vs long term needs

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Generations

(source Career Planner.com)

- The Silent Generation (1925 – 1945)
- Baby Boomers (1946 – 1964)
- Gen X – Baby bust (approx. 1965 – 1979)
- Xennials (1975 – 1985)
- Millennials/ Gen Y / Gen Next (approx. 1980 – 1994)
- i-gen / Gen Z (1995 - 2012)
- Gen alpha (2013 -2025)

Note: Dates are approximate and there is some overlap because there are no standard definitions for when a generation begins and ends.

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i-gens / Gen Z (1995 -2012)

- Igens
- Much more tolerant of others - different cultures, sexual orientations, races
- More cautious, less risk taking
- Less drinking and drug taking in high school
- Less likely to go to church
- More likely to think for themselves and not believe authority figures in church or government
- Delaying having serious romantic relationships
- Less teen pregnancy
- Fewer run aways
- Delaying driving, and fewer teen driving accidents
- Less time spent in shopping malls

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i-gens (cont'd)

- Less likely to go out to see a movie
- More likely to use Instagram than Facebook
- Less "in person" and "face to face" contact with others due to more time connecting via smart phones
- Heavy use of gaming
- Less reading of books, and newspapers
- Grew up more supervised, more protected than prior generations
- Less experience with teen jobs and earning money in high school
- May stay up till 2 AM using smart phone and social media
- Possibly more depressed than prior generations
- Feels more lonely, and not needed
- Possibly a higher suicide rate

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- Space flight related jobs will pick up as we focus on getting people to the moon, Mars, and space stations.
- Geology jobs, especially related to finding minerals on other planets should see a rise in demand.
- Virtual Reality related jobs (whatever those are?) will pick up as VR technology becomes ubiquitous. Probably creating VR experiences will be popular.
- The generation after the iGen'ers will be the ones who grow up thinking virtual reality is normal.

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Discussion:

As automated electric vehicles take over, the need for individuals to own a car will be reduced. It will become more simple, less expensive, and more efficient to just walk outside, call up an app, have a driver-less Uber pick you up and take you to wherever you want to go. As long as a car can show up in 5 minutes or so, that will be the way to go. Owning your own car is not efficient, nor a good investment. Cars sit around doing nothing for 98% of their existence. They take up space, they consume your money on insurance and repairs even while they are just sitting doing nothing. (Source: Graham Rowland, 2016)

How are the automotive companies / executives likely to respond to this?
How this will affect jobs, careers and the workplace?

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Key HRP issues

- **Globalisation**
 - Movement of labour across locations/countries
 - The 'brain drain'
- **Women in the workforce**
 - Flexible work practices and family support
 - Declining birth rates
- **Academic standards**
 - Declining and diluted
 - Commentator: 'focus on migration not education'

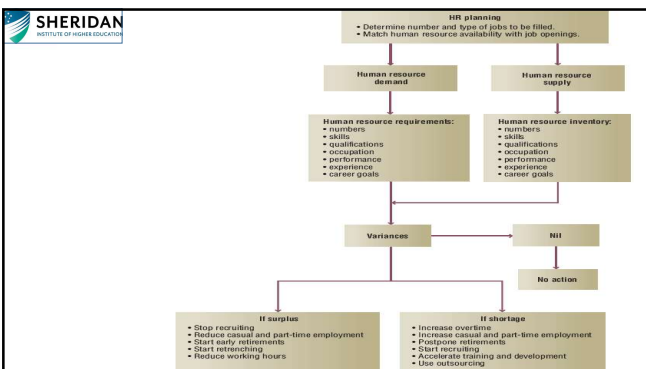
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HRP - Forecasts

- A forecast of the *demand* for human resources *within* the organisation
- A forecast for the *supply* of *external* human resources
- A forecast of the *supply* of human resources available *within* the organisation

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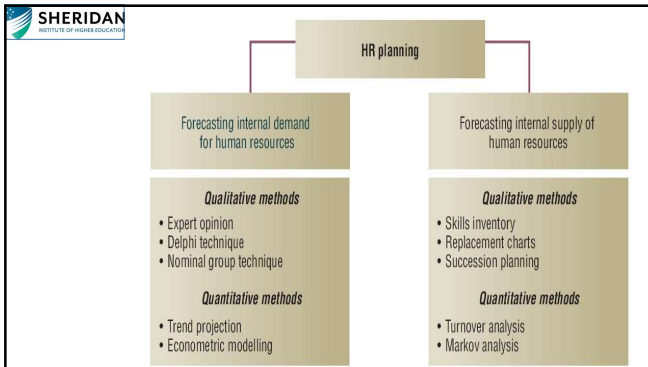
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Approaches to HR

- **Quantitative methods**
 - Use statistical and mathematical techniques
 - Used by theoreticians and professional HR planners in large organisations.
- **Qualitative methods**
 - Use expert opinion (usually a line managers')
 - The focus is on evaluations of employee performance and promotability as well as management and career development.

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Internal Demand — Qualitative

- **Expert opinion**
 - Expert = usually the line manager
- **Delphi technique**
 - Individual **decision making**, followed by collation of results and redistribution of information until **consensus** is reached
- **Nominal group technique**
 - Independent **idea generation**, followed by a group presentation and **ranking** of options


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Internal Demand — Quantitative

- **Trend analysis**
 - Or Time Series Analysis, makes predictions by projecting **past and present trends** into the future
 - More difficult in today's unstable environment.
- **Econometric modelling** and multiple predictive techniques
 - Building complex computer models to simulate future events based on probabilities and multiple assumptions (larger organisations, armies etc)


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Internal Supply — Qualitative

- **Skills inventory**
 - May be simple and manual or detailed and maintained as **part of the HR information system**
- **Replacement charts**
 - Visual representation of which employee will **replace the existing incumbent** in a designated position when vacant
- **Succession planning**
 - Systematic, long-term **career development activity** focusing on preparing high potential employees for the future


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Internal Supply — Quantitative

- **Turnover analysis**
 - Examination of **why** employees leave an organisation.
 - Data: retirement, death, illness or disability, resignation, retrenchment or termination.
- **Markov analysis**
 - Mathematical technique used to forecast the **availability of internal job applicants**.
 - Matrix developed to assess **probability of moves**.


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The ageing population

- When the number of older people increases relative to the number of younger people in the population
 - e.g. Australia, Hong Kong, Japan, Singapore, South Korea, Taiwan and the US
- How to tap into the knowledge and experience of older workers while keeping promotion opportunities open to the young


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Other issues

- Increase in female participation rates
- Increase in school retention rates
- Changes in the rate of immigration


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Casualisation of the workforce

- Contingent worker = temporary or part-time
- 24% of employees are casual
- Issues — pros and cons
 - **Cons:** Job insecurity, lack of training, poor career opportunities, adverse occupational health and safety outcomes, and marginalisation
 - **Pros:** greater choice, worker satisfaction and flexibility


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Outsourcing

- Subcontracting work to an outside company that **specialises in and is more efficient** at doing that kind of work.
- **Offshoring** = international outsourcing
- Reasons to outsource:
 - An increased focus on the core business
 - Cost and quality
 - Access to improved technology
 - Elimination of union problems


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International employees

- Top Australians being head hunted overseas
- Labour exports earn China more than US\$3 billion per year
- MBA graduates from India to fill top international vacancies
- Technological advances in communications and transportation and increased labour mobility have facilitated the internationalisation of business

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Issues and Challenges

What issues and Challenges do you see impacting on workforce change in the next 20 years?

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Diagnostic Metrics

- Staffing
- Remuneration
- Learning and Development
- Employee Health, Safety and Wellbeing
- Performance Management

How would you discover patterns and trends in the above areas?

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Summary

- HR should position itself as a **strategic partner**
- Seek to **develop Strategic HR competencies** (Ulrich)
- Don't just focus on Administrative and Tactical HR – Intentionally have a **strategic HR mindset**
- An effective HRP is required for an organisation to be effective
- A complex system is not what's required
- HRP needs to be **fully in integrated** to the organisation's business plan
