

# Introduction to Human Resource Management

MAS 263



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# Human Resource Strategy and Planning

# Strategy

- A strategy is a course of action
- Strategy is an organization's intention to achieve certain goals through planned alignment or fit between the organization and its environment (De Wit and Meyer, 1998).
- The intention is for current and future organizational actions.

# Levels of Strategies

## 1. Corporate Strategy

- Organization wide level
- Unilever Ghana Ltd. produces Key soap, Omo, Frytol, Pepsodent etc. So it needs a corporate level strategy.
- Diversification- expand by adding new product lines
- Vertical integration- expand by producing its own raw materials
- Consolidation- reducing the organization's size
- Geographic expansion- taking business abroad

## 2. Business Strategy (Competitive Strategy)

- For example, Omo
- Each of the business need
- How to build and strengthen the business' long-term competitive position in the market place
- How Omo will compete with So Klin

<b>Cost leadership</b>	<b>Differentiation</b>	<b>Focus/ Niche</b>
<ul style="list-style-type: none"><li>• Seeking to produce at low costs to enhance competitiveness</li><li>• (ability to charge lower prices)</li></ul>	<ul style="list-style-type: none"><li>• Producing products/services that are unique and difficult to copy</li><li>• Different features</li></ul>	<ul style="list-style-type: none"><li>• Identifying a particular customer group, products or market (eg geographically defined)</li></ul>

### 3. Functional Strategy

- Business composed of departments – HRM, Marketing, Finance, Accounting, Manufacturing
- Identifies the basic courses of action that each department will pursue in order to help the business attain its competitive goals

# Generic Corporate/Business Strategies

- Growth
- Stability
- Retrenchment (Millmore et al 2007)
- Internationalisation (Glaister, 1995)
- Innovation (Guest et al., 1997)



**What human resource management issues do you think would need to be addressed in a human resource strategy devised to support a business strategy of innovation?**

# Human Resource Strategies (Functional) to Achieve Innovation

❖ Employee resourcing

❖ Employee development

❖ Employee relations

❖ Employee reward

# Human Resource Planning (HRP)

## Human Resource Planning Defined

- It is the process that identifies current and future human resources needs for an organisation to achieve its goals.
- It is concerned with setting out the size, quality and nature of the workforce in order to meet corporate objectives.
- Previously known as manpower planning

- Starts with knowing and understanding the corporate strategy of an organization and then assessing the future needs of the organization for employee

# Stages in Human Resource Planning

1. Strategic emphasis
2. Estimate the demand for human resources
3. Estimate the supply of human resources (internal and external)
4. Compare demand and supply
5. Formulate human resource strategies and action plans

## Stage 1. Strategic emphasis

- Starts with the crafting of corporate strategy and objectives of the organisation by the top managers.
- Corporate plans should be related to the human resource plans interactively to establish the adequacy of the pool of human resources to achieve corporate objectives.
- Senior management involvement and commitment is crucial.

## **Stage 2. Estimating demand for human resources**

- Number and type(skills) of people needed to meet future challenges due to changes in markets and technology.
- The composition of the existing workforce in terms of the required skills.
- Questions to be answered:
  - What tasks need to be done
  - The skills required to complete these task
  - Can tasks be grouped together to form jobs



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- How many people will be required to complete the volume of work?

- Work study techniques
  - Ratio analysis (e.g. relationship between technicians and scientific staff)
  - Job analysis
- Job description
- Person specification

## **Stage 3. Forecasting / estimating the supply of human resources**

This can be done qualitatively and / quantitatively

Establish labour needed (supply) after calculating the demand for labour

- Internal supply
- External supply

## **Estimating the internal supply – (Qualitatively)**

- Profile of staff: age, gender, qualifications, grade, skills.
- Internal factors affecting supply: (e.g. absenteeism; reliance on temporary or contract staff; deficiencies detected by performance appraisal and reflected in poor performance and thereby reduced supply).
- Other factors: reduced demand for company's output, and excess staff in particular departments.

# Estimating Internal Supply: Quantitative Techniques

- **Labour turnover rate(wastage / separation rate)**  
(Number of leavers/total number of employees)  $\times$  100
  
- **Stability index**  
(Number of employees with 1 or more years of service/total number of employees in post 1 year ago)  $\times$  100

## External Supply Factors

- Size and composition of the labour force
- Tight or slack labour market
- Ageing of the workforce
- Unemployment rates
- Skills shortages
- Education and training schemes
- Geographical considerations

## Stage 4. Comparing demand and supply forecasts

- A comparison of the demand and supply for human resources will identify what needs to be accomplished in the HR plans.
- Internal supply = demand • Internal supply > demand
- Internal supply < demand
- Internal plus external supply < demand

## **Stage 5. Human Resource Strategies and Action Plans**

- Resourcing
- Performance management
- Reward
- Employee relations



## Strategies when internal < demand

- Staff turnover and reasons for it: qualitative analysis (based on exit interviews).
- Talent management: attracting and retaining talented people, providing appropriate development and rewards.
- Improve the quality of the existing supply of human resources by relevant training and development.
- Succession planning: traditional and contemporary approaches to identifying individuals capable of assuming senior roles in the future.



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Thank  
You!

