

BSBHRM602

Manage human resources strategic planning

Release 1

Learner guide

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Aspire Version 1.1

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Level 1, 464 St Kilda Road
MELBOURNE VIC 3004 AUSTRALIA
Phone: (03) 9820 1300

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Contact details

Participant
Name:
Start date:
Phone number:
Email:
Work location
Name:
Address:
Postal address:
Workplace supervisor name:
Phone number:
Fax:
Email:
Registered Training Organisation (RTO)
Name:
Address:
Postal address (if different):
Phone number:
Fax:
RTO contact name:
Mobile:
Email:

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Before you begin

This learner guide is based on the unit of competency *BSBHRM602 Manage human resources strategic planning*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none"> Organises, evaluates and applies content from a range of structurally complex texts relating to human resource strategic planning
Writing	<ul style="list-style-type: none"> Communicates complex ideas relating to strategic objectives, matching style of writing to purpose and audience
Oral communication	<ul style="list-style-type: none"> Establishes and maintains complex and effective spoken communications in a broad range of contexts with relevant managers to determine resources preferences, philosophies and values
Numeracy	<ul style="list-style-type: none"> Selects and interprets mathematical information that may be embedded in a range of tasks and texts to analyse costs and benefits as well as dealing with budgets and risk management plans
Navigate the world of work	<ul style="list-style-type: none"> Ensures knowledge of legislative requirements and products is kept up to date in order to provide accurate information Develops and implements strategies that ensure organisational policies, procedures and regulatory requirements are being met
Interact with others	<ul style="list-style-type: none"> Selects and uses appropriate conventions and protocols when communicating with managers at various levels Participates in conversations relevant to role responding, explaining, negotiating and persuading as required
Get the work done	<ul style="list-style-type: none"> Sequences and schedules complex activities, monitors implementation and manages relevant communication when developing the strategic plan Makes a range of critical and non-critical decisions in relatively complex situations, analysing data and taking a range of factors into account when researching planning requirements and developing the plan Gathers and analyses data and seeks feedback to improve plans and processes Uses digital technologies to manage business operations and actively investigates new technologies for strategic and operational purposes

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1 Research planning requirements	1A Analyse strategic plans to determine human resource strategic direction, objectives and targets	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Undertake additional environmental analysis to identify emerging practices and trends	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Identify future labour needs, skill requirements and options for sourcing labour supply	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Consider new technology and its impact on job roles and job design	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1E Review recent and potential changes to industrial and legal requirements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Develop human resource strategic plan	2A Consult relevant managers about their human resource preferences	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Agree on human resource philosophies, values and policies with relevant managers	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Develop strategic objectives and targets for human resource services	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Examine options for the provision of human resource services and analyse costs and benefits	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2E Identify technology and systems to support programs	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

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Topic	Key outcome	Rate your confidence in each section
Topic 2 Develop human resource strategic plan	2F Write a strategic human resource plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2G Develop risk management plans to support the strategic human resource plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 3 Implement human resource strategic plan	3A Work with others to see that the strategic human resource plan is implemented	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Monitor and review the plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Adapt the plan should circumstances change	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3D Evaluate and review performance against plan objectives	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Research planning requirements

In today's dynamic economic environment, organisations are continually looking for a competitive advantage. One distinguishing factor in all organisations is its people. Human resource management (HRM) involves the management of these people to achieve the organisation's strategic business objectives. Strategic human resource management (or strategic HRM) is the planning and management of human resources to support organisational goals and objectives. The strategic HRM approach focuses on ensuring that the right people, human resource systems and organisational culture are in place to enable the organisation to implement corporate strategies and deliver best practice outcomes.

In this topic you will learn how to:

- 1A Analyse strategic plans to determine human resource strategic direction, objectives and targets
- 1B Undertake additional environmental analysis to identify emerging practices and trends
- 1C Identify future labour needs, skill requirements and options for sourcing labour supply
- 1D Consider new technology and its impact on job roles and job design
- 1E Review recent and potential changes to industrial and legal requirements

1A

Analyse strategic plans to determine human resource strategic direction, objectives and targets

Strategic human resource planning (SHRP) is a critical element of strategic HRM as it aligns human resource management directly with the organisation's strategic plan. Based on the organisation's strategic plan, you can develop a strategic human resources management plan that will enable the organisation to make decisions to support its future direction. From a budgeting perspective, SHRP enables the organisation to factor in potential costs such as recruitment, training or redundancy into the organisation's operating budget. In order to understand and determine the strategic direction, objectives and targets required for human resources, you first need to understand the organisation's strategy. The organisation is unlikely to achieve its overall objectives if the strategies of its various functions are not aligned. Management theory suggests that organisations typically use similar strategies in developing their businesses.



Organisational strategies

Organisational strategies for competitive advantage can be divided into four broad categories, as shown below.

Corporate growth

When an organisation chooses to grow, it can increase the number of products offered and/or its market share. It can do this by expanding operations or through diversification. Growth can be achieved through related diversification, which is when an organisation merges with another in the same industry. Unrelated diversification is when an organisation acquires or merges with an organisation that operates in an industry that has no similarity to the one it currently operates within. For example, a clothing manufacturer may acquire an entertainment company.

Corporate stability

An organisation may pursue a stability strategy to concentrate on utilising existing resources to strengthen its competitive position within its markets. The focus of a stability strategy is to make incremental change to improve performance. These improvements will hopefully lead to competitive advantage. Competitive advantage is what makes an organisation more attractive than its competition to consumers or current and potential customers.

Corporate renewal

To address performance problems as a result of internal issues, an organisation may implement a range of corporate renewal strategies that usually result in significant change to organisational structure, people and processes. A retrenchment strategy is one where an organisation reduces the size of operations to overcome weaknesses and improve cashflow. An organisation may also try to restructure or streamline operations to focus on its primary reason for being in business. A turnaround strategy may be pursued to arrest declining performance, and often involves some form of initial retrenchment, followed by restructuring to ensure effective leadership and achieve operational efficiencies.

Generic competitive

In developing a competitive strategy to increase competitive advantage, managers can select a generic competitive strategy. Leading economist and strategy specialist Michael Porter has identified three generic strategies:

- A cost leadership strategy where organisations compete with others in the industry on the basis of having the lowest cost.
- A differentiation strategy where an organisation offers unique and valued products.
- A focus strategy when an organisation implements a cost or differentiation advantage strategy in an industry segment. The selection of one or a combination of strategies depends on the organisation's strengths and the competition's weaknesses.

Competitive advantage

To support your learning, you might like to watch the Harvard Business Review video in which Michael Porter discusses development of the concept of competitive advantage: 'The five competitive forces that shape strategy' which can be found at: www.youtube.com/watch?v=mYF2_FBCvXw.

In this video, Porter discusses his model for assessing strength within an industry to develop a strategy to achieve competitive advantage over other organisations. The five industry forces are explained here.

1

Rivalry

Existing organisations within an industry will often experience an ongoing battle for market share. The goal to be the market leader causes rivalry among competitors in an industry. The greater the number of competitors, the higher the rivalry. This can be seen in the ongoing price wars between major supermarket chains in Australia, often at the expense of the smaller players.

2**New entrants**

Profitable industries often attract new entrants. Their goal is to gain market share which, in a defined market, means existing organisations will need to share the current market or are threatened with having it taken from them. This means new entrants may cause your organisation to experience reduced sales and revenue.

3**Buyer power**

Buyer bargaining power is the ability of customers to force a reduction in prices.

4**Supplier power**

Suppliers can also have bargaining power. This refers to their ability to force an increase in the price of the materials and services.

5**Substitutes**

This refers to products or services introduced into the market that may be different but can satisfy the same customer need.

Roles and responsibilities

Some researchers have refined the organisational strategy categories suggesting innovation, cost reduction and quality improvement are the broad focus of all main business strategies. Most strategic HRM writers agree that these differing strategies will require different employee roles and behaviours to achieve organisational outcomes and therefore different HRM policies will be necessary. HR managers may encounter difficulties in designing strategies and policies, especially when the organisation chooses to incorporate more than one of these business strategies into its overall objectives.

Here are some suggestions for desirable employee roles and behaviours and the corresponding HR policies necessary for that specific strategy to be put in place.

Innovation

Employee role behaviour:

- Creative and entrepreneurial behaviours
- Focus on the long term
- High levels of cooperation and interdependence
- Concern for process and results
- Willing to take risks
- High tolerance for risk, ambiguity and uncertainty

HRM policies:

- Job design that incorporates close coordination and interaction between individuals and groups
- Performance review that reflects group as well as individual achievement
- Jobs that allow for employee skill development
- Reward and recognition systems to promote creativity and innovation
- Career options that encourage the development of and help with succession planning

Quality enhancement

Employee role behaviour:

- Behaviours that are repetitive and predictable
- Intermediate to long-term focus
- Some cooperation and interdependence
- Strong concern for quality
- Moderate concern for quantity of output
- Concern for improving processes
- Low risk tolerance
- Commitment to organisational strategy and objectives

HRM policies:

- Clear job design
- Employee participation in the decision-making for their job and working conditions
- A combination of group and individual interdependence
- Performance review focuses on short-term results
- Some employment security
- Egalitarian treatment of employees
- Training and development that is extensive and continuous

Cost reduction**Employee role behaviour:**

- Behaviours that are repetitive and predictable
- Short-term focus
- Activity that is autonomous and individual
- Strong concern with output
- Strong concern for process and process improvement
- Risk averse
- Comfortable with stability

HRM policies:

- Static job descriptions to reduce role and responsibility ambiguity
- Limited career and learning development
- Focus on short-term rather than long-term results
- Remuneration linked to current market rates

Human resource practices to support strategy

Organisations consciously promote mission or vision statements that directly attribute business success to the effective management of their people; however, unless these are supported by organisational practice, they are merely promotional statements. Based on the particular strategy an organisation chooses, details of consistent HRM practices that will support the organisation in achieving its goals are provided below.

Innovation

- High participation and collaboration in decision-making
- Implicit job analysis and design
- Use of external specialists and experts to work on innovation projects
- Broad career paths
- Long-term outcomes criteria
- Some employment security
- Many incentives
- Pay and reward linked to innovation initiatives
- Strong focus on training and career development
- Cooperative employee/employer relations

Quality

- Strong employee participation in decision-making
- Clear job analysis and design
- Some external sources
- Narrow career paths
- Focused on short-term results
- Some employment security
- Limited incentives
- Pay structures reflect skills and knowledge
- Strong focus on training and career development
- Cooperative employee/employer relations

Cost reduction

- Limited participation of employees in decision-making
- Clear job analysis and design
- Mostly external sources
- Focus is on results and outcomes
- Short-term criteria to measure performance
- Limited employment security
- Limited reward and recognition
- Pay structures based on responsibility
- Limited training and development
- Traditional employee/employer relations

Strategic HRM functions and practices

Most HRM authors agree that the philosophy of strategic HRM centres on gaining competitive advantage for the organisation by managing people – its critical asset – through an integrated, shared set of practices that balances and promotes the organisation's strategy. Strategic HRM is focused on the integration and adaptation of human resources to ensure that HRM is aligned with strategy, that policies are consistent, and that practices that build employee skill sets are embraced and utilised by line managers. At its core, strategic HRM is about the functions of planning, foresight and analytical decision-making to support organisational strategy and some activities.

Strategic HRM core functions and activities can include:

- determining the numbers of employees
- determining the required skills and knowledge for positions to meet organisational objectives
- identifying effective methods for recruiting new staff
- determining how to best use employee skill sets

- engaging and motivating employees to reach productivity targets
- developing processes and systems of accountability
- remuneration
- ensuring compliance with legal requirements.

Align human resources with organisational strategy

To support your learning, you might like to listen to this Chartered Institute of Personnel and Development (CIPD) podcast at: <https://soundcloud.com/cipd/podcast-63-business-savvy-hr> in which a panel of senior HR professionals from around the world discuss the need for HR practitioners to have a strong understanding the organisation's strategies and operations.

Human resources strategic direction

The strategic direction of the human resources function should align with the strategic goals of the organisation. For example, the organisation may decide it wants to grow the business by diversifying both its product base and its geographic location; thus the strategic direction for human resources will be to grow the available workforce. This could be accomplished either by identifying what skill sets are required and developing these internally or looking at where in the labour market people with these skills can be sourced.

Organisation strategy and HR direction, and its effect on policies and procedures, are discussed below.

Organisation strategy and HR direction

Should an organisation decide to adapt a growth strategy by acquiring another business, the strategic direction for human resources might be to identify ways to integrate and adapt two human resources systems and manage the employees of two organisations. That is, the focus would be on redeploying people, minimising resistance to change and avoiding the duplication of job roles.

Effect on policies and practices

A change in the strategic direction of the organisation, and subsequently human resources, may also require new policies and practices, such as increased training for existing employees to upskill, graduate programs to develop future leaders, succession planning to ensure access to sufficient skilled labour in the future or a redundancy program.

Determine human resource objectives

Human resource objectives to implement strategy should be specific, measurable, attainable, realistic and timely (SMART). They should be focused on strategic outcomes and results, not solely on the activities being undertaken. In setting objectives, many organisations use the management by objectives (MBO) approach. MBO involves managers coming together to set mutually agreed objectives based on the strategies.

The following is a process to guide you and your team in setting strategic HRM objectives.

What to do when setting strategic HRM objectives
Discuss with relevant stakeholders ways to implement organisational strategies to meet objectives.
Identify what actions are required to meet strategic objectives.
Identify when actions are required to be completed to meet strategic objectives.
Determine measures to enable the identification of progress towards achievement of the objectives.
Check the objectives are SMART: specific, measurable, attainable, realistic and timely.

SMART objectives

When you define the HR objectives, ensure they are SMART so that clear targets are set for monitoring progress and evaluating outcomes. For example, a SMART objective aligned to a retrenchment strategy to reduce costs might be to reduce production team members by five per cent by the end of the fourth quarter.

S	Specific: Target and clearly define a specific area that you want to improve.
M	Measureable: Suggest an indicator of progress; quantify if possible. Determine how you will know the goal has been achieved.
A	Attainable: Agree what the goals should be and keep them achievable in the time frame.
R	Realistic: Identify what results can realistically be achieved given the available resources, knowledge and time.
T	Time framed: Specify when the result can be achieved; make sure there is enough time to achieve the goal, but not too much time.

Human resource practices and functions

Aside from the functions that are central to strategic HRM, there are functions and activities that are focused on the day-to-day management of human resources. These activities revolve around sourcing and selecting suitable candidates for available jobs, training and developing employees to ensure appropriate skill sets, motivating and monitoring for high performance in the workplace and ensuring compliance within workplace legislative requirements. Traditionally HRM has involved the development and implementation of functions and activities needed to monitor, innovate, plan and evaluate people and their performance in the workplace.

Day-to-day HRM functions

- Job analysis, evaluation and classification to identify necessary skills
- Job and work design to clarify work performance, scheduling and relations
- Recruitment and selection to find and hire the right people for the right job
- Induction, training and development to socialise staff and update their skills and careers
- Skills audit to know what skills and abilities staff possess
- Performance management to develop, evaluate, motivate and discipline staff
- Managing compensation to ensure payment and benefits are adequate

Example: align organisational and HR strategies

The alignment of organisational and HR strategies, is critical to the success of an organisation.

A health care services organisation, Third Choice Medicare, has the following strategies:

- Actively pursue quality performance
- Attain sustainability
- Create a learning/teaching/research culture
- Encourage service innovation
- Engage our community

To support the achievement of these strategies, the HR strategic plan includes the following statements.

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Pursue quality performance

Strategic directions:

To develop an effective and comprehensive organisation-wide communication strategy.

To enhance a coordinated range of staff health and wellbeing activities that promotes health self-management.

Strategies:

- Develop and implement a range of communication methods relevant to specific issues, sites and staff needs.
- Ensure all communication is inclusive and effective.
- Enhance the range of activities and opportunities that address the needs of specific staff groups.
- Assist staff to develop the knowledge and skills to identify and manage their own individual health and wellbeing needs.
- Ensure all staff are able to access the range of support services available

Attain sustainability

Strategic direction:

To manage workforce planning ensuring associated risks are reduced so that the organisation continues to meet its goals and delivers services within contemporary best practice standards.

Strategies:

- Systematically monitor and respond to workforce needs/trends.
- Establish clear guidelines for staff that define various responsibilities and decision-making authority.
- Ensure accurate and timely data related to workforce planning is available to support senior clinical managers.

Create an educational culture

Strategic directions:

- To create a learning/teaching/research culture.
- To build business management acumen and skills in senior clinical management staff.

Strategies:

- Ensure clinical management staff possess the required knowledge and skills that enable them to effectively respond to changing needs and demands.
- Utilise integrated information technology systems to manage budgets, performance and accountability.
- Establish a multidisciplinary/inter-professional teaching and research unit.
- Ensure a coordinated approach to student placements.

Practice task 1

1. Explain the difference between strategic human resource management (SHRM) and human resource management (HRM).

2. List five key functions and activities associated with SHRM.

3. What are the key functions and practices of HRM in implementing HR strategic direction?

1B

Undertake additional environmental analysis to identify emerging practices and trends

External factors such as the economy in which the organisation operates, and legal and political influences, will affect the way an organisation does business. What an organisation does and how it does it can be influenced by new and emerging technologies, international environments and social and industrial expectations. Changes to industrial relations, the labour market and community expectations, for example, may mean that the policies and procedures currently in place are no longer relevant. Internal factors such as the organisation's strategy, structure and culture can also influence the human resources function.



While it is important to understand the environment in which the organisation operates to ensure it can operate effectively, it is also critical for HRM, both strategically and operationally, to understand the practices and trends in the environment that impact directly on the management of people in the organisation.

PEST framework

PEST is an external analysis framework commonly used in organisational development. This framework identifies Political/legal, Economic, Socio-cultural and Technological factors, as outlined below.

Political/legal

Changes to workplace relations legislation and new workplace health and safety regulations can have a direct and immediate impact on how people work and are managed in the organisation.

- What are the political and regulatory constraints affecting operations or performance?
- What current or pending consumer, corporations and taxation laws will impact the organisation?
- What existing or pending workplace relations laws will affect the management of the workforce?
- Will a new government bring change to legislation?

Sources of information:

- Australian government agency sites, including the Federal Register of Legislation, the Australian Taxation Office, SafeWork Australia and Austrade
- State law societies



Economic

- What is the impact of a change in the Australian and/or US dollar?
- When and how will inflation rates change?
- Will there be an increase in spending power?
- Are we in a recession? At what point are we in the general business cycle?
- What is happening in the global marketplace?

Sources of information:

- Economic, industry and trade publications such as the Australian Financial Review
- Australian Bureau of Statistics (ABS)
- Australian government agency sites, including the Reserve Bank's site
- Banking institutions

Social-cultural

- Is there an anticipated change in the values and beliefs in society?
- What are the demographic shifts in age, education, religion, etc.?
- How will demographic trends or shifts affect labour supply?
- What are the cultural groups, and what are their needs and demands?
- What do changes mean for the workforce?

Sources of information:

- Industry studies such as IBIS reports
- ABS
- Australian government agency sites
- Research papers from universities

Technological

- What is the uptake of social media and e-commerce, and their impact on operations; what skills do people need to keep up?
- What is in the process of development and how will this product affect performance?
- What is the rate of technological change?
- What technology will affect the organisation's processes, and therefore required knowledge and skills?
- How will the trend for electronic delivery of products, such as books, affect roles and responsibilities?

Sources of information:

- Scientific and information technology publications
- Australian government agency sites
- Research papers from universities and conferences

Understand the labour market and current workforce

Demographic labour market data and characteristics (for example, the average age and gender of labour market participants, occupational groups, skills and competency profiles), as well as internal trends (for example, the number of employees eligible for retirement, job vacancy rates, and staff turnover), need to be considered when analysing the workforce.

Demographics, labour statistics and community expectations all influence the labour market, as shown below.

Demographics

Changing patterns in labour market demographics may require a new approach to recruitment and selection. Skills shortages may mean the organisation needs to look at different ways of acquiring or developing the skill sets it needs. An understanding of the labour market will inform how and where an organisation might recruit suitable candidates for jobs. Recognition of skills shortages can provide the organisation with an insight into the steps to take to ensure it can access the skill sets it needs, when it needs them.

Labour statistics

The ABS releases regular reports on the make-up of the labour market in Australia, which are available at: www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts.

The Australian Government periodically releases information on skills shortages in the Australian workforce. As an example, see the Department of Employment website at: <https://employment.gov.au/occupational-skill-shortages-information>.

Community expectations

The expectations of the community; for example, that an organisation will maintain a diverse workforce that is representative of society, may require changes to recruitment and training practices. Managers may need additional training to ensure that employees are not subject to harassment or discrimination. Further information on harassment and discrimination is available from the Australian Human Rights Commission's site at: www.humanrights.gov.au/.

Review the internal environment

An understanding of the organisation's current workforce, as well as information to enable planning and decision-making related to surpluses and shortages in occupations, skills and knowledge, can support the organisation to take advantage of opportunities and minimise potential threats to its performance in the marketplace. The internal environment of organisational systems, processes and practices can provide particular information.

An internal review of HR practices might cover:

- the impact of changes in legislation, enterprise bargaining agreements
- funding for programs
- changes in leadership
- changes in strategic direction
- health and safety programs
- organisational culture
- employee commitment and engagement
- organisational restructuring
- leadership styles and management practices
- internal policies and procedures, such as diversity and equal opportunity policies.

Gap analysis

It is useful for HR to analyse the information gathered to determine how to proceed. The following is an example of a gap analysis for an organisation wanting to address a new business objective. The information will allow the HR department to identify and implement strategies to meet this objective.

Business objectives	HR requirements to meet objectives	Gap – does the organisation have what it needs?	Outcome of not addressing the gap	Potential solutions to address the gap
Implement a sustainability plan	Employees with specialised training and experience in sustainability	No	<ul style="list-style-type: none"> • Plan not effectively implemented • High impact on development of corporate responsibility 	<ul style="list-style-type: none"> • Explore graduate programs and develop internships • Build relationships with TAFEs, universities and other organisations to source graduates • Improve the working environment • Restructure business units • Redesign processes • Develop new job descriptions to incorporate social responsibilities • Introduce a rewards and recognition system

Example: organisational workforce planning guidance

Large organisations often have a strategically-focused HR and workforce planning policy, procedure or guidelines. The Australian Public Service Commission has developed a Workforce Planning Guide, which consists of modules to guide HR managers.

These modules are available at: www.apsc.gov.au/publications-and-media/current-publications/workforce-planning-guide.

Modules that can guide a HR manager

- Introduction and how to use the guide
- Workforce planning explained
- Initiation and planning for workforce planning
- Segmenting your workforce
- Demand analysis
- Supply analysis
- Gap analysis, and strategy and initiative development
- Implementation and monitoring, evaluation, review and adjustment

Identify emerging trends and practices in human resource management

While it is essential to understand the environment in which the organisation operates, it is also important to understand any emerging trends and practices in HRM.

Some key issues and global trends follow.

Key issues

The CIPD in the UK (www.cipd.co.uk/) provides research reports on key issues for the HR function, highlighting current issues and emerging trends within HR such as managing employee engagement, change and cultural transformation, employee performance and organisation design/restructuring.

Global trends

Research suggests that the key global trends in HRM include:

- a change in the role of HR practitioners from employee relations managers to workforce and organisational development leaders
- new partnerships and relationships with government and the community
- globalisation and dealing with expatriates and adapting head office HR for operations in other countries
- workplace flexibility
- generational diversity to respond to ageing workforce
- managing the impacts of acquisitions, mergers and downsizing.

Impact of recent trends and practices

Workforce trends such as an ageing population, casualisation of the workforce (including the use of contractors) and the outsourcing of operational activities are examples of some of the trends that HR needs to be aware of. How other organisations are managing these trends, including the development and implementation of new policies, can provide insights into how your organisation might proceed. Many organisations look for best practice as a means of informing their own practice. For example, an insight into how another top-performing organisation has addressed the recruitment and induction of older employees can be a useful starting point when an organisation determines that it also needs to address this issue.



Example: practices for dealing with an ageing workforce

There is a growing concern in many organisations regarding how they will manage an ageing workforce. Below is how one public service organisation has dealt with the challenge.

How one organisation dealt with the challenge of an ageing workforce

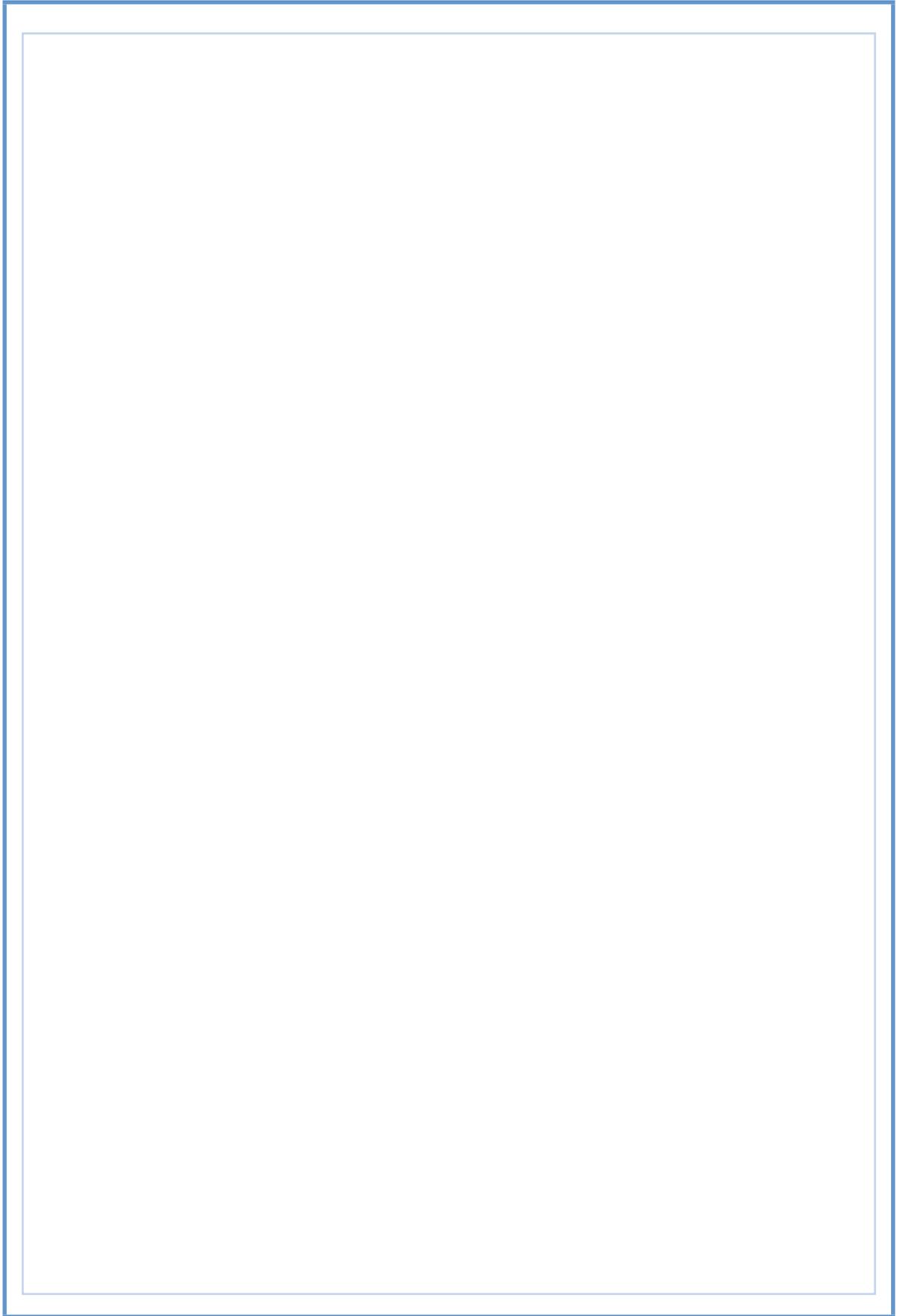
- Created equal employment opportunities (EEO) for all employees.
- Introduced a recruitment strategy to draw from the widest-possible talent pool across all age groups.
- Introduced an age-balanced skills development program.
- Created an environment that encourages employees to balance their work and personal responsibilities.
- Encouraged employees to be more flexible about their careers in a changing work environment.
- Implemented redundancy policies that do not discriminate.

Practice task 2

Use the internet to research and identify two emerging trends and practices in human resource management. How might an organisation go about addressing these trends?

continued ...

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1C

Identify future labour needs, skill requirements and options for sourcing labour supply

A skilled and diverse workforce is essential for modern Australian businesses. While undertaking regular research and analysis of the current labour market is crucial, it is also important to prepare a clear picture of current and future labour and skill needs within the organisation. The rules of supply and demand are crucial to workforce planning. Managers need to identify potential changes in the demand for labour and adjust the supply levels appropriately.



Predict future labour needs

Identifying business growth and areas where the business needs to scale down operations should be the initial step when planning future workforce needs. These should be closely aligned with the organisation's goals and business strategy. When developing the business plan, management will have included forecasts of predicted areas of growth, as well as areas that may need to be downsized. Management may be required to undertake a situational analysis to identify the state of the business, the current skills required and emerging skills that may be needed in the future. Information needed may include the number of current employees, their current skill set, staff turnover, business performance such as sales and profits, demand for growth and skills required for the future. All of this can be used to predict future staff requirements.

Each planned business initiative will have corresponding staffing issues, as indicated below.

Developing new products

Can the current sales staff effectively handle the increased customer traffic? Will warehousing and distribution cope with the increased workload? Are there enough staff trained to handle customer inquiries? Are technology skills essential?

Expanding the market

Your product is expected to find renewed appeal in a previously hard-to-reach demographic. Is there sufficient marketing staff to manage the extra marketing requirements? Are there enough sales personnel to meet the new target demographic and customer service demands?

Moving into new markets

Does your current workforce have the capacity and skills to meet production demands? Does the new market require dedicated sales staff, or sales staff with specific skills? What retraining requirements exist for the production chain?

Improving distribution networks

Do the new initiatives, systems, processes and practices require new skill sets?

Labour supply forecasting

Forecasting labour supply involves projecting the present workforce profile into the future. The purposes of supply forecasting, some questions to help the process, and the status of individual positions all need to be considered as follows.

Purposes

Supply forecasting helps your organisation to:

- quantify numbers of people and positions expected to be available in the future to enable plans and objectives to be met
- clarify likely staff mixes that will exist in the future
- prevent personnel shortages
- monitor expected EEO and diversity goal compliance
- identify necessary and potentially advantageous skill sets
- identify potential training and development needs.

Questions to help

- Which roles or skill sets have the highest strategic impact on the goals of the organisation?
- Given the scenarios, which roles may become part of the organisation's core business in the future?
- Which roles have had a number of vacancies in the past 12 months?
- Which roles have been difficult to fill?
- Which roles require a long training time to develop the skills for the position?
- Which roles are most numerous?
- Which roles may become redundant in the future?

Individual positions

The status of the individual in each position also needs to be analysed. This includes demographic and personal information required to plan for the future of the role. Such information would include:

- age (including median age of similar positions)
- gender profile (does it meet the organisation's equity and diversity policies?)
- employment status (including separation rates, average salaries and average years of ongoing service)
- part-time and full-time equivalents
- promotion opportunities and career paths.

Labour demand forecasting

Demand forecasting looks beyond the current situation within the organisation and estimates future production levels. The purpose of demand forecasting is to work out how different initiatives will affect workforce size and skills requirements during the next one to five years.

Investigate the Department of Industry's website at: www.awpa.gov.au/Pages/default.aspx for information on the Australian workforce of the future.

Questions to help with demand forecasting

- What are the skills your organisation currently requires to meet its business needs?
- How will these skills change over the next five years?
- How will these skills vary under the alternative scenarios?
- Will these skills still be required?
- What do you consider to be the most critical skills currently required by the organisation?
- Given the scenarios, will these skills continue to be critical in the future?
- Are these skills readily available in the organisation at present?
- Are there any job roles where the skill requirements will change?
- Will any job roles cease to exist, or change dramatically to the point of becoming new roles?

Qualitative forecasting methods

The judgment method estimates the required staff in an identified period and can work from the top down or from the bottom up. You need to simply ask the appropriate people: 'How many new staff members do you need?' Planners will need to use current data such as staffing charts and skill inventories to make predictions of what future human resource supplies will be available to meet your workforce plan. There are several variations of the judgment method.

An outline of the Delphi method and the nominal group technique are provided below.

Delphi method

The Delphi method uses a group of carefully selected experts who are given a questionnaire to identify what they believe the requirements will be. These opinions are combined, then returned to participants for another round of appraisal. This process repeats several times. This method gives a mean or average of all the experts' opinions.

Nominal group technique

The nominal group technique involves a group of experts who meet face-to-face to discuss their ideas and then produce a group report. A process leader raises a question and each group member records their prioritised two or more responses. The leader then asks each member to share their responses. A voting system is used to allocate points for the first, second and third responses. The leader then tallies the points, ranking the ideas/solutions in order of preference.

Statistical or mathematical forecasting methods

The following are some mathematical methods that may be used to forecast organisational supply.

Simple regression

Statistical or simple regression analysis makes a statistical comparison of a range of factors from the past; for example, you may draw a comparison between the gross sales of an organisation and the number of staff that were required to make those sales. You could then work out an equation that would forecast the number of staff that would be required to make a 20 per cent increase in sales.

Multiple linear

Multiple linear regression analysis is a variation of the simple or statistical linear regression model. This model allows for several variables to be considered in the one equation. For example, in addition to sales figures, productivity and turnover data can be factored into the equation. You are then able to gain a more accurate indication of what is required.

Productivity ratios

Productivity ratios can be used to calculate the average number of items produced by a single worker. These averages can then be applied to your projected sales to identify the number of staff needed.

For example, the most useful number by which to measure input is the number of hours worked. Your output number is the number of units produced. Divide output by input to achieve a figure. If an employee produces 800 units and it takes her seven hours, the calculation is: $800/7$ equals 114 units per hour. You can measure this figure against those of other employees and determine if you're getting the production you need from any particular individual, or you can use the formula to measure your entire output and the number of hours all employees put into it.

Staffing ratios

Staffing ratios can be used to produce an idea of the required staffing levels by estimating indirect labour. For example, if a company uses one clerical worker for every 100 production employees, you can use that ratio to determine the required number of clerical staff.

Determine excesses and shortages

The next step requires the planner to compare current skills and roles with the future demand to determine gaps. These gaps may be shortfalls where roles will need to be created or expanded or excesses where roles need to be restructured, redeployed or cut. An appropriate method to make this determination is to undertake a skills audit of current skills held by staff, and skills they may need in the future. Another appropriate means of identifying skill excess and shortage is a supply and demand table or summary. The following is an abbreviated example of a labour supply and demand table.

Gap analysis – supply and demand summary sheet							
Critical job role	Current workforce (full-time equivalent)	Net demand		Net supply		Difference	
		1 yr	5 yrs	1 yr	5 yrs	1 yr	5 yrs
Storeperson	12	14	20	8	18	-6	-2

Define options for sourcing labour supply

If your organisation is finding it increasingly difficult to source the skilled personnel required to meet its objectives, you will need to develop strategies to position the organisation as the employer of choice to attract skilled employees from other organisations.

However, no matter how well your organisation promotes itself, you may not be able to attract enough skilled staff from other organisations. As shown below, you need to develop a range of further strategies, including training existing staff and recruiting.

Training

Since entry level, low-skill jobs are usually easier to fill than positions for skilled employees, training existing staff to meet future needs is a valuable strategy. These employees can then be monitored to identify suitable candidates for training and development to move into more skilled positions. These individuals may be identified at the initial recruitment phase or through their work appraisals. This process of identifying and training internal personnel to fill vacancies is also called succession planning.

Recruiting

You need to predict when your organisation will have increased demand for skilled labour. This may involve analysing the business plan or maintaining contact with operational managers about their requirements. Recruitment activities need to be timed to allow for the recruitment process and any training activities required to make the personnel 'job ready' when needed.

Internships

The strategy of setting up recruitment centres at universities and other training organisations is very similar to the way national sporting associations recruit; they source the best candidates before anyone else has the chance to do so. Usually the organisation first in with the best offer gets the recruit. Selecting the candidate with the best potential and signing them up for an internship allows the organisation to prepare them for a graduate role while they are assisted through their studies.

Outsourcing

Outsourcing strategies can be twofold. First, you can outsource the recruitment process to a specialised recruitment agency. An agency can conduct the whole recruitment process from advertising through to selecting the best candidate, which frees up your workforce to concentrate on its main tasks. They also offer a degree of anonymity to the potential candidate. This means an employee of another firm may be more inclined to apply, since there is less chance of their current employer finding out.

Second, you can outsource the function that you require the employee for, such as those tasks that may be considered non-core; for example, facilities maintenance staff, canteen staff, cleaners and transport or delivery roles. In some cases this can be a more economical strategy, especially for short-term projects; however, you do lose a degree of control over the day-to-day tasks.

Offshoring

Offshoring involves moving an area of operations to another country to take advantage of lower operational costs or expertise in areas. Examples of offshoring are common for information technology and call centre operations. Ireland has become renowned for software development and India has become popular for organisational call centre work.

Contractors and casuals

Contractors are often engaged when expertise is required for a specific project. This means that their skills and knowledge are only required for a set period, and this is a cost-effective option to consider when the person's skills and knowledge are not required for the long-term success of operations.

Casual staff are commonly used for a limited number of hours per week or to cope with seasonal demands. For example, retail operations will generally employ casuals to work weekends and to cover the increased demand generated during the Christmas and sales periods.

Advertising

Your advertising strategy has a large bearing on the pool of potential candidates you attract. To attract the best candidates, you must grab their attention and let them know why you are the best organisation to work for.

You can reach appropriate candidates by using industry newspapers, publications, websites and blogs. Wellwritten advertisements and inviting candidates to contact you before applying can increase the quality and quantity of candidates. Consider setting up your website so potential candidates can register, create a profile and upload a résumé. This is an efficient and easy-to-monitor strategy that also provides privacy and confidentiality for the candidate.

Example: forecast and workforce plan

Lin is an HR manager at a state railway authority. The authority has recently completed a demographic analysis of its workforce. The analysis revealed that more than 50 per cent of its senior maintenance managers were within five years of retirement. Many of the team leaders were also approaching retirement and there were very few younger team leaders. Lin recognises that when these managers leave, the organisation will lose a lot of expertise, which presents a significant skills gap and risk for the organisation. She decides to conduct a skills audit of the maintenance teams, and asks managers to nominate employees for technical and management training. She begins to draft a succession planning policy.

Practice task 3

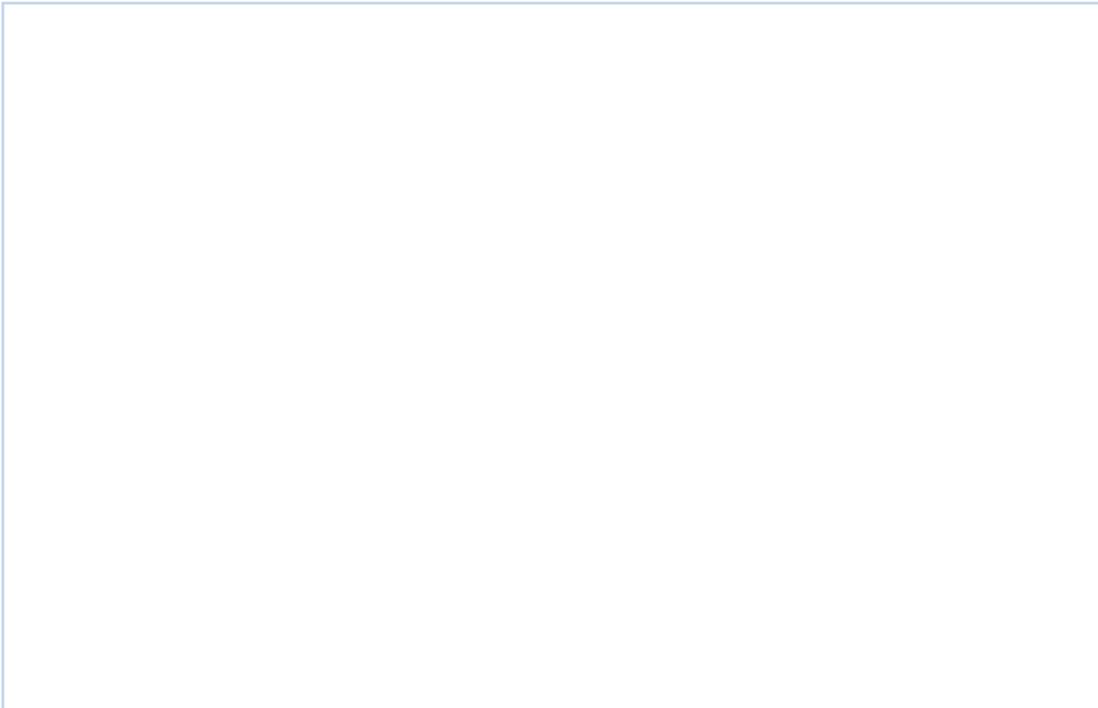
1. Briefly outline the relationship between strategic plans, operational plans and workforce planning (the supply and demand of labour).

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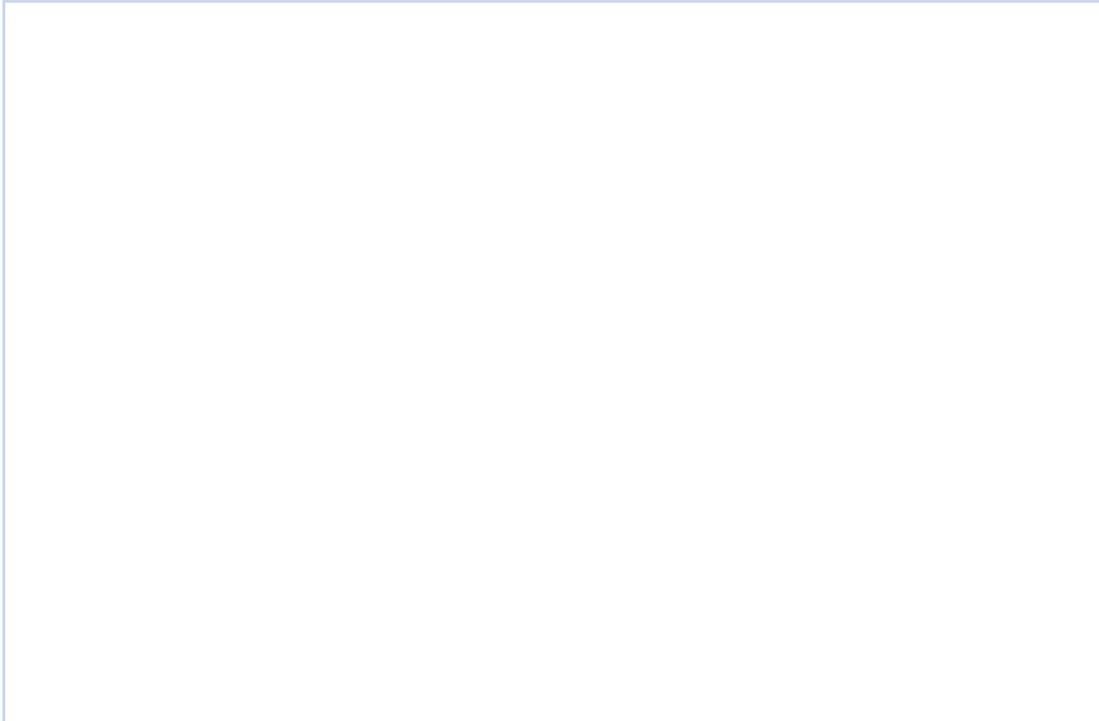
2. Briefly explain two quantitative labour forecasting techniques.



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3. Briefly explain two qualitative labour forecasting techniques.



1D

Consider new technology and its impact on job roles and job design

The development of communication and information technologies has seen many businesses move parts of their operations overseas to cut costs. Rapid changes in technology and the increasing adoption of technology in the workplace have meant that organisations need to reconsider how jobs are designed, how workers are trained and how they are managed. For example, production automation has resulted in staff needing to use customised software to drive processes. New jobs have also emerged, such as application (app) developers for smartphones and tablets.

The following articles provide a perspective on the potential changes to work and job design based on advances in technology.

Articles with additional information

- Pew research Centre, 'AI, Robotics, and the Future of Jobs' at: www.pewinternet.org/2014/08/06/future-of-jobs/
- MIT Technology Review, 'In a Data Deluge, Companies Seek to Fill a New Role' at: www.technologyreview.com/news/513866/in-a-data-deluge-companies-seek-to-fill-a-new-role/
- The Horizon Report on Technology in Education provides an insight into the technologies impacting on education. This report is available at: www.nmc.org/nmc-horizon/

Example: the impact of technology

Consider the impact of design software on an engineer's role. An entertainment product manufacturer has created a virtual lab where customers are invited to provide feedback on prototypes, and asked to provide suggestions on product features. There is also a function to enable customers to design their own vision and sound systems. The organisation's engineers take this feedback and incorporate it into the development and rework of products.

Practice task 4

Identify a new technology that has been implemented in an organisation you are familiar with, and describe the impact on the way work is performed.

1E

Review recent and potential changes to industrial and legal requirements

There are a number of industrial and legal requirements facing organisations that operate in Australia and organisations need to be familiar with these to ensure compliance. Compliance benefits the organisation by minimising the risk of penalties and loss of income that can occur if the organisation fails to meet its obligations. It is good practice to develop review processes and audit checklists to directly manage the legislation that is related to the nature of the business.



Key legislation to monitor

Below are some of the key Acts that apply to organisations and their members across Australia.

Workplace relations

Workplace relations are governed by the *Fair Work Act 2009* and the *Fair Work Regulations 2009*. This legislation outlines the obligations of both employers and employees with regard to the employment relationship. The Acts are in place to provide minimum entitlements to employees and to enable flexible working arrangements to ensure employees are not discriminated against.

The Fair Work Ombudsman administers the Acts, and further information is available from its website at: www.fairwork.gov.au/.

Work health and safety

Work health and safety (WHS) legislation includes:

- work health and safety Acts
- regulations
- codes of practice.

There is also a national compliance and enforcement policy to ensure the health and safety of employees and visitors to organisational sites. At the time of publication, the *Workplace Health and Safety Act 2011* applies to all states except Victoria and Western Australia, which each have their own Acts.

Information relating to WHS requirements is available from Safe Work Australia at: www.safeworkaustralia.gov.au/sites/SWA.

Anti-discrimination

Commonwealth and state laws cover EEO and anti-discrimination in the workplace. All employees should be able to participate in and comply with a workplace free from discrimination and harassment. It is important that as a leader, you understand your rights and responsibilities under human rights and anti-discrimination law. By putting effective anti-discrimination and anti-harassment procedures in place in your team, you can ensure compliance with the law.

The Australian Human Rights Commission can provide information and advice for workplaces and the Fair Work Ombudsman provides resources about how to prevent discrimination in the workplace.

Relevant legislation can be accessed by following the links at: www.business.gov.au/business-topics/employing-people/Pages/equal-employment-opportunity-and-anti-discrimination.aspx.

Privacy legislation

The Privacy Act 1988 (Cth) is an Australian law that regulates the handling of personal information about individuals. There are 13 Australian Privacy Principles:

- APP 1 – Open and transparent management of personal information
- APP 2 – Anonymity and pseudonymity
- APP 3 – Collection of solicited personal information
- APP 4 – Dealing with unsolicited personal information
- APP 5 – Notification of the collection of personal information
- APP 6 – Use or disclosure of personal information
- APP 7 – Direct marketing
- APP 8 – Cross-border disclosure of personal information
- APP 9 – Adoption, use or disclosure of government related identifiers
- APP 10 – Quality of personal information
- APP 11 – Security of personal information
- APP 12 – Access to personal information
- APP 13 – Correction of personal information

Further information is available at: www.oaic.gov.au/privacy/privacy-act/australian-privacy-principles.

Keep up-to-date

It is paramount that you stay up-to-date with legislation and workplace regulations. You can do this by subscribing to a variety of platforms. The following websites offer access to social media, such as Twitter, as a means to remain aware of changes that the organisation may need to address in the workplace.

To remain aware of legislative change you might access the following:



- A search of the Australian Government website ABLIS (<https://ablis.business.gov.au/pages/home.aspx>) provides a detailed description of licenses and legal requirements for business in Australia based on industry.
- The Fair Work Ombudsman (www.fairwork.gov.au/) and the Fair Work Commission (www.fwc.gov.au/) provide extensive information on an organisation's obligations under workplace relations legislation, including agreements and pay rates. A news and information section on the Fair Work Ombudsman's website highlights recent changes to legislation.
- The Australian Human Resources Institute's website (www.ahri.com.au/) provides information on the impact of changes on HR practice. Consider also some the networking and workshop opportunities provided by the Institute to keep up-to-date on developments.

Example: keep up-to-date

Yasmina has recently taken a position as the HR manager in a large accounting practice. Having come from the manufacturing industry, Yasmina needs to ensure that she keeps up-to-date with the legislation and practices that apply to workplace relations, WHS, anti-discrimination and privacy for all organisations, and also those relevant to the services industry.

She ensures her subscriptions to Fair Work, Safe Work, the Office of the Australian Information Commissioner, the Australian Human Rights Commission and the Australian Human Resources Institute are updated with her new contact details. Yasmina then contacts the Certified Practising Accountants (CPA) to identify networking and development opportunities to ensure she is brought up to speed and kept up-to-date on issues related to her organisation.



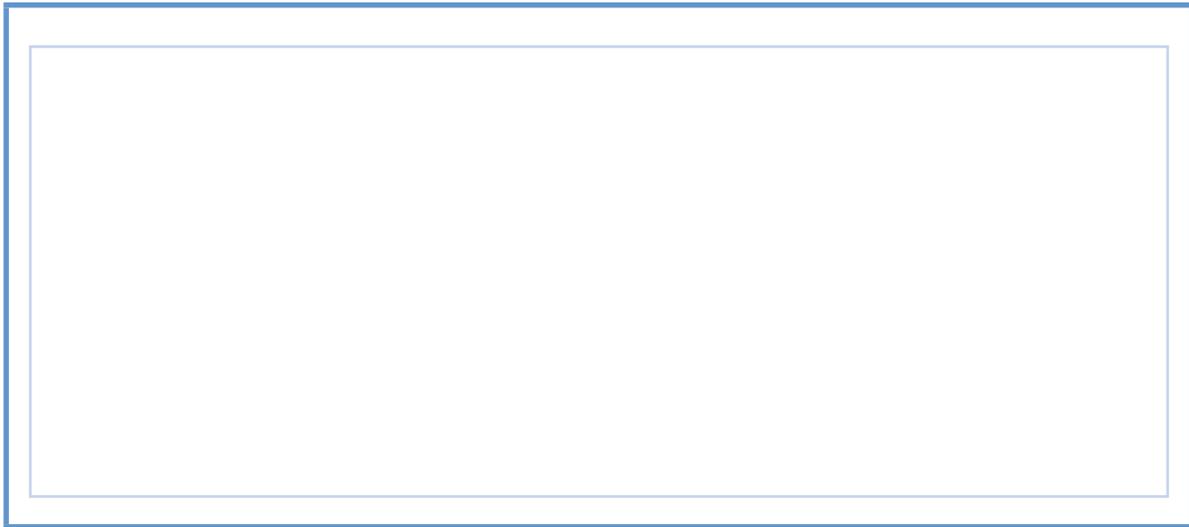
Practice task 5

Review the websites of the Fair Work Ombudsman, the Fair Work Commission and the Australian Government Productivity Commission.

Identify three issues in relation to industrial legislation that are currently under review.

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Summary

1. An analysis of organisational strategies enables HR management to identify and align human resource strategic direction to ensure the business is able to perform well.
2. Understanding the organisation's environment will enable HR managers to identify trends that might impact the organisation's ability to meet its HR objectives.
3. Identifying future labour needs and skills requirements allows the organisation to identify gaps between the current and future situation.
4. Determining options for sourcing required labour enables the organisation to plan how it will achieve its needs.
5. An understanding of emerging technologies and their impact on job roles within the organisation enables informed decisions to be made when considering the implementation of any new technologies.
6. Review of legislative requirements ensures organisational compliance and minimises the risk of poor human resources planning and management.

Learning checkpoint 1

Research planning requirements

This learning checkpoint allows you to review your skills and knowledge in researching planning requirements.

Part A

1. What drives strategic human resource management and what activities might need to be undertaken as part of strategic human resource management?

2. To identify an organisation's strategic human resource objectives, what sources would you consult within the organisation?

3. Use the internet to identify three potential sources of labour for an organisation you are familiar with.

4. List four impacts of new and emerging technology on job roles and job design.

5. Explain how you can keep up-to-date with changes in workplace legislation and regulations.

Part B

Read the case study, then answer the questions that follow.

Case study

Company B is a large national confectionary manufacturer and its headquarters are in Melbourne. It has previously been the market leader, but over the last few years its market share has been declining due to overseas competition. Company B plans to relocate its head office to Brisbane to take advantage of less expensive overheads, and perhaps to reduce its manufacturing operations in Sydney and Melbourne. There are rumours that it may be taken over by a UK-based multinational. Some staff have already been offered redundancies, especially in middle management positions.

1. Define the company's corporate strategy.

2. What potential issues and/or problems might the company face in the near future?

3. Prepare an appropriate HR strategy for the organisation for the next one to two years.

Topic 2

Develop human resource strategic plan

Once you have reviewed the strategic documents for your organisation, including the vision, mission and strategic plan, and determined the strategic direction for human resources, you now need to develop a human resource strategic plan.

In this topic you will how to:

- 2A Consult relevant managers about their human resource preferences
- 2B Agree on human resource philosophies, values and policies with relevant managers
- 2C Develop strategic objectives and targets for human resource services
- 2D Examine options for the provision of human resource services and analyse costs and benefits
- 2E Identify technology and systems to support programs
- 2F Write a strategic human resource plan
- 2G Develop risk management plans to support the strategic human resource plan

2A

Consult relevant managers about their human resource preferences

Continuing consultation and communication with individual managers, employees and teams in an organisation is essential if relevant HR services are to be established and maintained. Consultation is the key means available to an HR team to enable the development of cooperative and productive partnerships in operational areas. Undertaking consultation with managers throughout the organisation will establish how HR responsibilities can be distributed. Consultation and communication will enable HR to identify customer needs and to promote what HR can do to support the business in achieving its objectives.

To build effective relationships that encourage and promote partnerships with line managers, HR managers need to ensure that line managers have appropriate training and development options, the tools they need to manage their teams, and the support and respect of HR in listening and acting on their feedback and ideas.



Human resource preferences or requirements

The involvement and commitment of line managers in identifying the HR services they require is essential to the effectiveness of an organisation's HR strategy.

Consultation with line managers will establish how HR responsibilities can be divided; for example, the development of a job description and person specification could be the responsibility of a line manager with the final product reviewed and any amendments undertaken by an HR specialist. Alternatively, the HR specialist might develop the job description and person specification by observing the job and interviewing the job holder and line manager and then having the associated documentation signed off by the line manager.

Consultation will also determine what the parties are capable of and what constitutes a realistic basis for defining responsibilities for HR tasks. To be effective, HR initiatives need to be owned by managers and aligned with the organisation's needs. HR professionals need to encourage the involvement of line managers in the planning and design of HR initiatives intended to change the way they manage their teams in the organisation.

Best practice consultation

The Australian Government Fair Work Ombudsman offers an excellent best practice guide to consultation and cooperation in the workplace. To support your learning, you might like to review the guide for a comprehensive discussion on consultation. The site also includes a useful flow chart that can be used as a job aid in the workplace. The information is available at: www.fairwork.gov.au/about-us/policies-and-guides/best-practice-guides/consultation-and-cooperation-in-the-workplace.



Example: consult with managers

The A Plus Office Furniture company employs 110 people in two states of Australia. Due to rapid initial growth, the owners are seeking investment from three external organisations, including state government investment. During a recent review and overhaul of management systems, the HR manager decided to review the HR philosophy, values and policies. Before developing the new philosophy, values and policies, the HR manager meets with the five unit managers and organises a Skype call with the Victorian state manager to determine their requirements. The HR manager then incorporates this feedback into the development of the new philosophy, values and policies and circulates the documents to the managers for their information.



Practice task 6

1. In developing or revising HR services, what benefits are offered by consultation?

2. Explain how HR managers can build effective relationships in the workplace.

2B

Agree on human resource philosophies, values and policies with relevant managers

An HR philosophy reflects how an organisation views its people, as well as the beliefs and assumptions that management has about the nature and work ethic of their employees. How people are treated in the organisation is a reflection of these beliefs and assumptions. In developing the strategic HRM plan, you need to seek agreement with relevant managers on newly proposed or revised HR philosophies, values and policies to support the implementation of the strategic HRM plan.

Human resources philosophy

The HR philosophy is about the leadership style of senior management, the current corporate culture and the values of the organisation. Research suggests that modern high-performing organisations are moving away from the centralised, command-and-control HR framework that was traditionally adopted, into an approach that centres on corporate and employee responsibility. Using this approach, HR can take the lead in initiating, designing and reviewing HR policies, but senior managers, departments and line managers need to participate actively so that these policies can be effectively implemented.

Human resource values

HR policies should be shaped by the core organisational values. These values might be related directly to concepts such as diversity, equal opportunity, mobility, communication, consultation, collaboration and skills development. Many organisations choose to represent their core values in succinct statements or by using action words, while others represent their values as a grid of core actions that employees are expected to adopt.



HR policies

Once the core values are identified, HR can develop a series of policies that show the values in action and illustrate the kinds of situations that might be encountered in the workplace. Feedback from employees can help refine and solidify these policies and with senior management review and approval, policies can then be implemented and communicated to all employees.

Some aspects of HR policies and compliance are shown below.

Purpose
<p>It is important to note that HR policies are the rules and regulations of the organisation. They provide employees with guidelines on what is expected of them.</p> <p>HR policies:</p> <ul style="list-style-type: none">• advise employees about the values and expectations of the organisation• communicate compliance requirements• provide information on best practice procedures• guide fair and consistent practices• protect employees and the organisation from unfair and unlawful practices• guide consistent and uniform decision-making.
Compliance
<p>Organisations need to be sure that any policies that are introduced are necessary and relevant to the organisation, and that managers have the capacity and capability to work within the policy framework.</p> <p>Policies need to address compliance issues as well as guide the behaviours of managers and employees. Regular and thorough review of legislation and industry regulations will ensure the organisation meets its compliance requirements.</p>
Areas
<p>HR policies traditionally cover such topics as:</p> <ul style="list-style-type: none">• an employee code of conduct• confidentiality requirements• conflict of interest• termination of employment (voluntary and involuntary)• recruitment, selection and induction• compensation and benefits• performance management• learning and development• privacy of information requirements• leave arrangements and management• grievance and conflict resolution• informal and formal complaint processes• discipline procedures• diversity, including anti-discrimination and harassment• workplace health and safety.

Seek agreement

The HR philosophies, values and policies adopted by the organisation will be influenced by the needs of relevant managers as well as the organisational strategy. Consider the following process for seeking agreement with managers.

Seeking agreement

1**Design and deliver a questionnaire**

To gain the agreement and commitment of managers, you may like to develop and circulate a questionnaire stating what HR is currently doing, outlining the proposed set of HR philosophies, values and policies, and requesting additional information with questions such as:

- Do you want us to continue doing this?
- If so, do you want the same or more or less?
- Are we doing well?
- Could we do better?
- What are the things we are not doing that you think we ought to be doing?

2**Focus groups and sessions**

The questionnaire could be followed up with focus groups and open sessions where managers are invited to give their views on HR. This allows HR to be proactive in reducing duplication and delays in HR services and promoting the empowerment of line managers.

3**Analyse responses and develop philosophy, values and policies**

Responses from both focus groups and the questionnaire will highlight the most appropriate set of HR policies to enable the organisation to achieve its strategic goals. These responses will also generate agreement and commitment to the proposed philosophies, values and policies.

Example: values statement

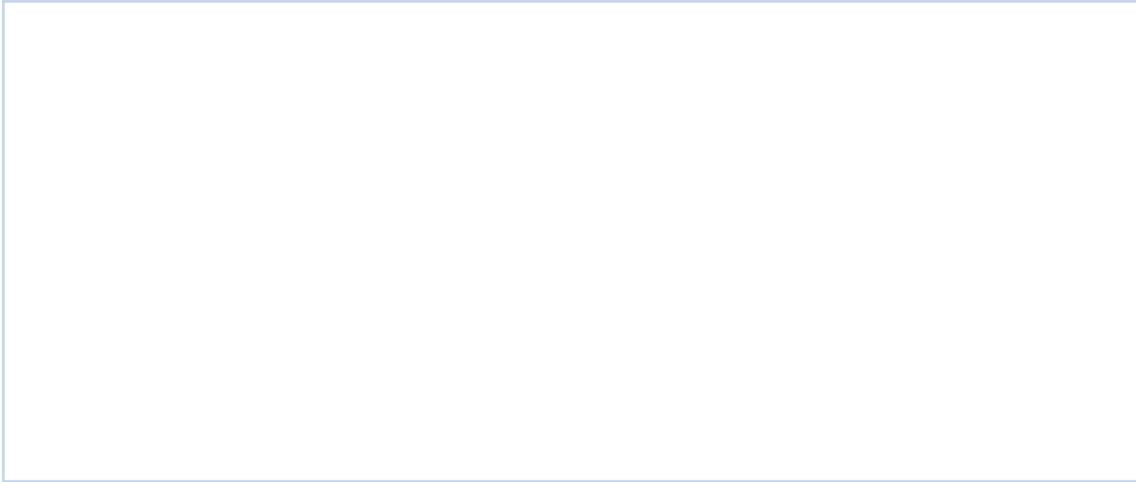
The following is a values statement for a manufacturing company.

The company will provide a strategic approach to the management of its people by:

- providing a strategic focus for the management of the workforce
- ensuring transparent human resource policies and practices
- behaving with honesty and fairness in the management of our people
- ensuring all employees are provided with training, development and resources to perform at the best of their ability
- promoting leadership and supporting managers to manage their teams
- creating a safe, supportive, diverse and equitable work environment for employees
- maximising the organisation's return on its investment into our greatest asset – our people.

Practice task 7

Explain the importance of HR policies in the workplace.



2C

Develop strategic objectives and targets for human resource services

An organisation needs to implement HR services that integrate with and support the organisation's strategic and business plans. The HR services that are developed must reflect the vision, mission and culture/values of the organisation and should benefit all stakeholders, including management and employees. To ensure these services can be measured to determine their effectiveness, SMART objectives with clearly identified targets need to be developed.



Factors to consider

HR services, including policies and procedures, must complement the organisation's business strategy so that it can more easily achieve its strategic objectives. It is also paramount that HR services support other functional areas such as finance and production. Some other factors are outlined below.

Some other factors to consider

- Asking managers, team leaders, supervisors and employees about the extent and range of their HR requirements
- Comparing current HR systems and services with the system/service requirements and demands of internal and external users
- Determining how jobs are to be designed to achieve the organisation's business outcomes
- The establishment of appropriate recruitment and selection programs that build the organisation's capability
- Introducing appropriate performance management and reward systems that will motivate employees to work towards the organisation's objectives

Performance measures

It is crucial to align the objectives of the HR services with the organisation's vision and strategy. It is also critical that HR services have clearly articulated performance measures. Without these performance measures, it will be difficult for HR to demonstrate how it contributes positively to business performance.

Here is a comparison of HR scorecards and HR metrics.

HR scorecards

Research and development in the area of HR metrics and performance measures has provided HR practitioners with key performance indicators (KPIs) and HR scorecards that allow HR to calculate its worth to the organisation across a number of areas, such as profitability, the attractiveness of the organisation to external candidates, leadership and a skilled workforce. Examples of KPIs for a profitability objective of reducing labour costs might be to:

- decrease training costs
- increase the promotions rate to decrease recruitment costs
- increase the participation of employees in internal career development workshops.

HR metrics

As HR becomes more strategic, performance measures should focus on how HR influences the business not just on operational efficiencies. Examples of metrics include the following:

- The external hire rate to monitor the rate at which new employees are joining the organisation.
 - The formula is: external hires / average headcount x 100, with a target of 20 per cent per year.
- Measuring the promotion rate using the career path ratio.
 - The formula is: promotions / transfers, with a target of 0.5 or 1 promotion for every two transfers.

A dictionary of HR metrics has been developed by the Victorian State Service Authority. The People Metrics Dictionary provides information on the use of 47 measures. The dictionary is available at: <http://vpssc.vic.gov.au/resources/a-dictionary-of-people-metrics/>.

Example: HR services

HR services are designed and developed to support senior and line management in recruiting and training their staff, managing staff performance, developing their teams, resolving workplace conflict and managing change. Increasingly, organisations are offering their HR services in an online environment where managers and employees have easy access to information and support.

For information on developing measures, read this article 'Designing and implementing an HR metrics dashboard', at: <http://workplaceinfo.com.au/hr-management/hr-systems/analysis/designing-and-implementing-an-hr-metrics-dashboard#>.

VPvoWPmUd8E. Another useful resource to review is the Australian Public Service Commission's 'APS Human Capital Matters, Issue 2 HR Metrics' at: www.apsc.gov.au/projects/resources/human-capital-matters/2014/hr-metrics.

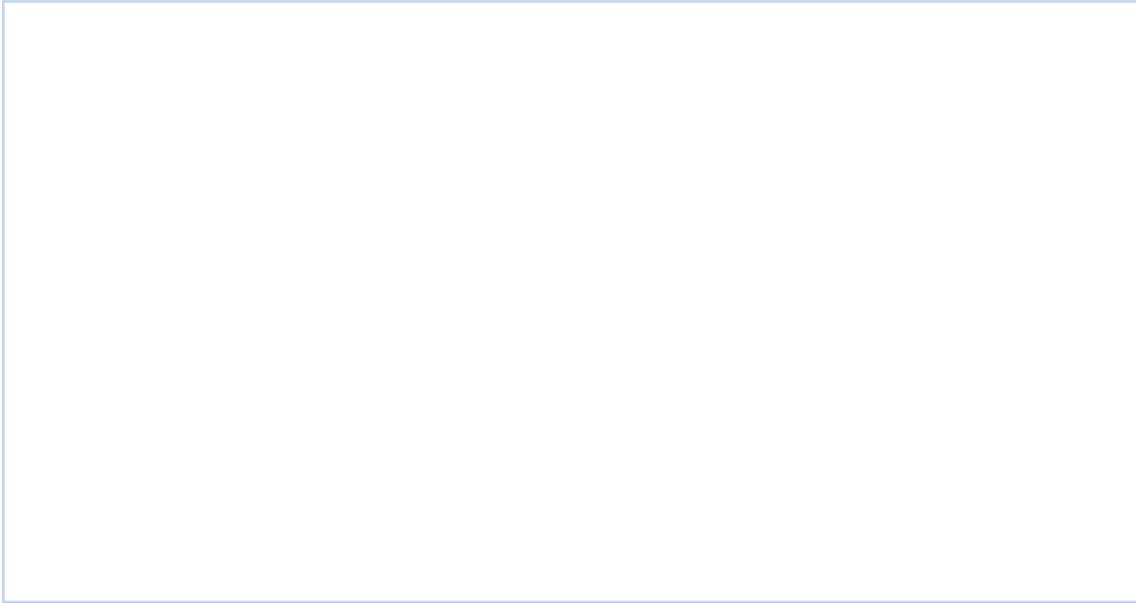
HR services that offer online support include the following:

- The HR website for Southern Cross University (<http://scu.edu.au/admin/hr/>)
- The HR website for University Queensland (www.hr.uq.edu.au/)



Practice task 8

In developing HR services, what factors need to be considered?



2D

Examine options for the provision of human resource services and analyse costs and benefits

HR provides many functions to the organisation, such as payroll processing, employee benefits and career advice. These services must be delivered to large workforces and be cost effective. The ways these are delivered are based on what is known as the HR service delivery model.

Here are the three main types of HR service delivery models.

Traditional model

The traditional model of 'generalist' HR staff revolves around a central team of generalists, specialists and administration that provide key services and handle the needs of line managers, employees and senior staff at decentralised locations across the organisation. This is the most common type of service delivery model.

HR business partners

This model places HR business partners within the business and introduces HR centres of expertise, as well as a shared HR services department that is often a call centre, centrally located and administrative in nature. Commonly cited benefits for this three-tiered model include a greater ability for HR to be strategic. Leading HR academic and practitioner David Ulrich has developed this model. Read the Harvard Business Review, 'HR's New Mandate: Be a Strategic Player', to gain an overview of the Ulrich approach. This article is available at: <http://hbswk.hbs.edu/archive/4861.html>.

Self-service model

One of the latest developments in HR resulting from advancements in technology is the self-service model, where employees use portals to directly access and input the information they need, such as completing time sheets, pay status and annual leave applications. A common way to facilitate self-service delivery is to include in-depth FAQs (Frequently Asked Questions) hosted on company intranets so that employees can find answers to their questions related to conditions. Outsourced HR services may also involve a different model in that the internal HR function can re-focus on delivering strategic value rather than administrative value.

HR delivery and services options

To support your learning, you might want to access further options in the Human Capital Institute's video 'HR Service Delivery for the New HR Agenda' at: www.youtube.com/watch?v=POgkFh8exUI#t=52.

HR delivery and service options available within an organisation:

- professional development and training
- career development
- diversity management
- performance management
- annual and other forms of leave
- payroll
- attendance tracking
- selection, recruitment and exit interviews
- work–life balance
- rewards management
- safety and health.

Cost–benefit analysis

Consultation is important in selecting the most appropriate HR services for the organisation and is just as important as the cost of the delivery option and the benefits that can be realised. The organisation will need to undertake a cost–benefit analysis of each available option to determine which will deliver the best outcome for the organisation. Cost–benefit analysis is a decision-making technique that looks at the positive and negative outcomes of different alternatives – providing decision-makers with potentially more accurate information on which to base decisions, as shown below.



Identify costs

Analyse the costs involved in the implementation. This includes HR and equipment and cost of materials. It may also include use of office space, rent or utilities. The CFO or finance manager must be involved in this step. This maximises efficiencies and ensures accuracy. Remember to include costs incurred in communicating and marketing the implementation.

Identify benefits

Benefits are determined based on their alignment with organisation development objectives.

Qualitative and quantitative measures should be used to identify benefits. For your organisation, benefits might be evidenced in improved customer satisfaction levels, improved behaviours, reduced operational costs, and the impact of these improvements on the organisation's competitive advantage or market reputation. The CFO or finance manager should be consulted to assist with assigning values to these benefits.

Benefits are generally forecasts and their accuracy is subject to changing circumstances.

Compare costs and benefits

The total costs need to be compared with the predicted benefits. Calculate total costs and total benefits for comparison and compare them by dividing the total costs by the benefits. Use your analysis to determine what strategies can be applied to manage the costs and realise the benefits.

Determine break-even point

The cost-benefit analysis findings are used to calculate how long it will take to repay the costs and achieve a break-even point. This is calculated by dividing total costs by the total, quantified benefits.

Example: service delivery and services

Consider the service delivery within your organisation and/or that provided by your training organisation. To support your learning you might like to visit the following websites to see examples of service delivery models and service options.

Websites with additional information

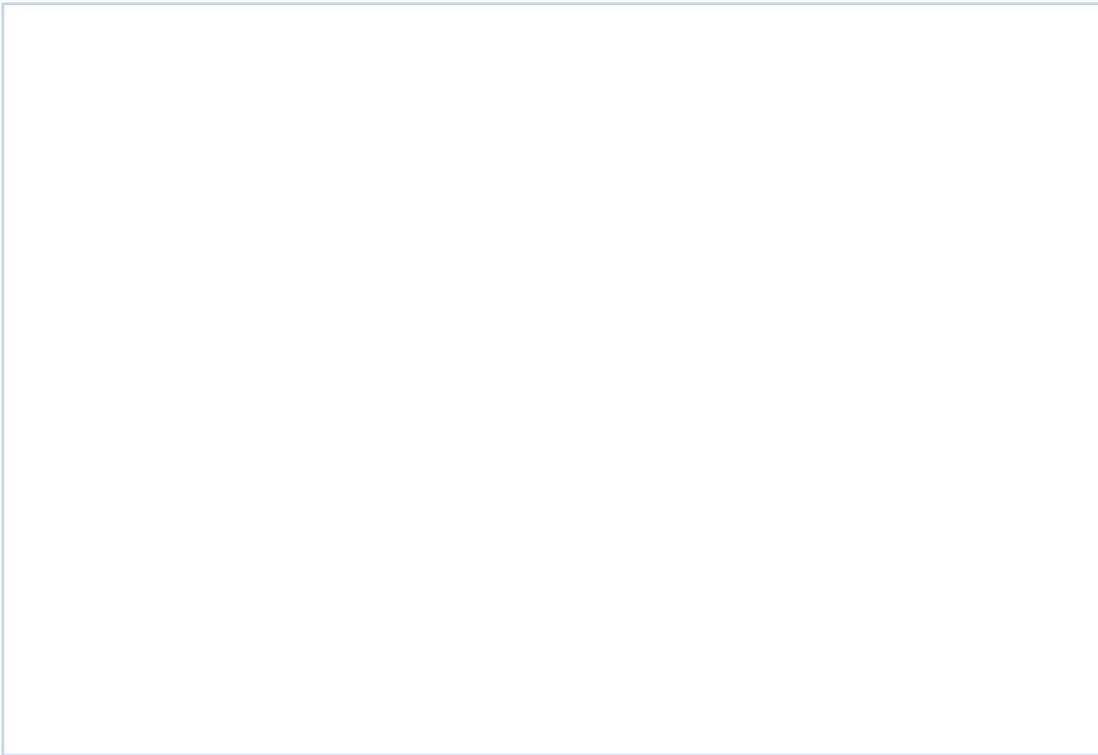
- Victorian Department of Education and Training, www.education.vic.gov.au/hrweb/Pages/default.aspx
- Southern Cross University, <http://scu.edu.au/admin/hr/>
- Queensland's Corporate Administration Agency, www.caa.qld.gov.au/our_services_hr.html

Practice task 9

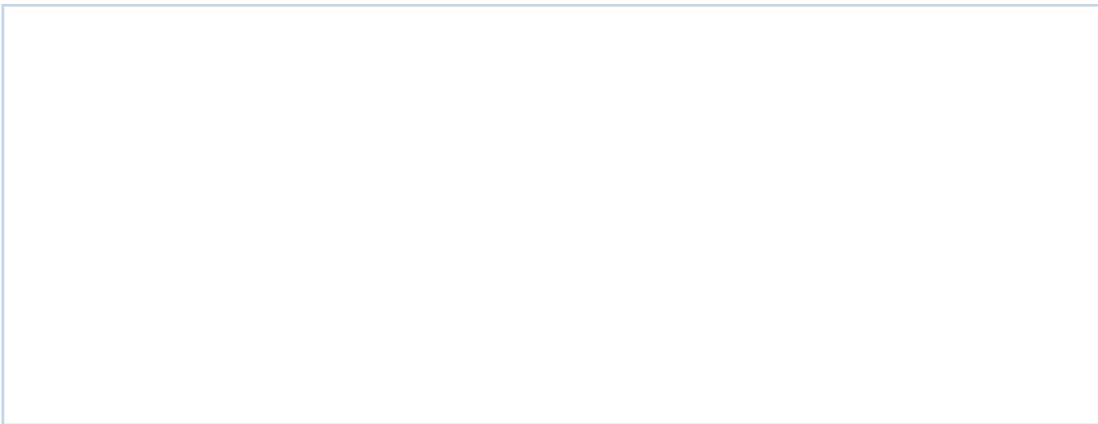
1. What analyses should be undertaken to determine the HR service options that need to be implemented in an organisation?

continued ...

... continued



2. Why is it critical at this stage to undertake cost-benefit analysis for options?



2E Identify technology and systems to support programs

To meet the needs of their stakeholders, small, medium and large employers are increasingly using HR technology. What sets high-performing organisations apart from others is how they use technology to deliver their HR services. A number of technologies and systems are available to HR departments to support the delivery of HR services. Here are some of these.

Human resources management systems

Human resources management systems are integrated systems used to gather, store and analyse information regarding an organisation's human resources and deliver such services as payroll, leave management, benefit management and performance review processes.

Web services

Web-based employee self-service applications are designed to allow employees to undertake a variety of administrative transactions. An additional functionality allows managers to approve transactions where required.

Self-service delivery

Employee self-service applications mean that administrative HR services are available immediately and the focus of HR is diverted from transactional processes to other operational activities. Other key technical drivers of excellence in HR service delivery are web-based HR case management tools that log and track employee inquiries. Call centre enabling technologies such as Interactive Voice Response (IVR) and Automatic Call Distribution (ACD) have been adopted in some HR shared service centres.



Example: look forward

Research and commentary suggests that key trends in HR technology will be along the lines of improving strategic alignment with the business, talent acquisition and improvement, improving business processes, delivering on cost reduction targets and driving human capital management technology improvements.

continued ...

... continued

A recent survey of companies in the United States identified technology as one area where companies were willing to invest, particularly in the area of service delivery, and that many organisations were willing to try technology without waiting for evidence of long-term results. The push for technology solutions is related to reducing costs and driving innovation in service delivery. The technologies generating the most interest for many organisations are social media, mobile technologies and analytics.

The following websites provide further details on how technology is helping HR.

Websites about technology aiding human resources

- www.hrmagazine.co.uk/hr/features/1147657/future-hr-technology
- www.hcamag.com/hr-resources/hr-technology/
- www.hcamag.com/hr-news/getting-smarter-with-data-linkedins-hr-big-data-journey-197583.aspx
- www.hcamag.com/hr-news/technologys-potential-impact-on-workforce-disturbing-197262.aspx

Practice task 10

1. Why do you think companies are willing to invest in HR technology solutions for the delivery of HR services?

2. After researching possible options, including a cost-benefit analysis, prepare an outline of a business case to report on the process used to investigate possible technology solutions and recommend the preferred system. That is, identify the elements of the business case you would prepare.

2F

Write a strategic human resource plan

The strategic HR plan should detail the HR strategies, objectives, policies and services that will enable the organisation to meet its objectives. It should also identify responsibilities, time lines and priorities, risk and control mechanisms, and monitoring and evaluation processes. Writing a strategic HR plan involves determining the purpose of the plan and audience, and working out the specific information that needs to go into the plan.

Gather information

Be prepared with the information needed so you can easily insert it into the organisation's template or to meet requirements. Depending on your organisation's requirements you may also need to include attachments such as a risk management plan to cover contingencies, or a full budget. The gathered information can then be collated for incorporation into the plan to meet audience requirements.



Collate information

While there are some core components of a strategic HR plan, organisations may differ depending on their size, the nature of their business, their industry and how they do business. For example, a large financial institution may have separate strategic HR plans for its retail, corporate and governance and overseas units.

Consider the following two different types of organisations and their plan components.

Local council

- Executive summary
- Shire council human resources values statement
- Organisational structure
- Staffing profile
- Key issues (priorities)
- Employee attraction and retention objectives, metrics and services
- Equal opportunity and anti-discrimination objectives, metrics and services
- Performance management objectives, metrics and services
- Workplace health and safety objectives, metrics and services
- Employee relations objectives, metrics and services
- Strategic staffing objectives, metrics and services
- Human resource management system (HRMS) to manage services
- Client services objectives, metrics and services
- Budget
- Risk management plan
- Monitoring and review of the plan

continued ...

... continued

Local council

- Strategic HRM evaluation process
- Human resources contact
- Executive management
- References

A training college

- Values
- Executive summary
- Description of 10 priority areas and how they align with strategic objectives:
 - Workforce capability
 - Business structure
 - Global community
 - Innovation
 - Diversity
 - Ethical standards
 - Health and wellbeing
 - Leadership
 - Sustainability
 - Economic growth
- HR objectives, measures, services and responsibilities for each priority area
- Budget
- Risk management plan
- Processes for review and evaluation
- References

Present information clearly

In presenting the plan, the content or structure needs to be taken into consideration in meeting audience needs. The person responsible for collating and presenting the information needs to also ensure that the language used helps to communicate the information clearly and concisely. All plans should aim to use clear, simple language, regardless of the English-language skills of the audience. Some plans must include complex financial information, so explanations need to be provided for those with limited experience in these areas. Consider using diagrams and graphs to present complex information.

Common guidelines for using plain English:

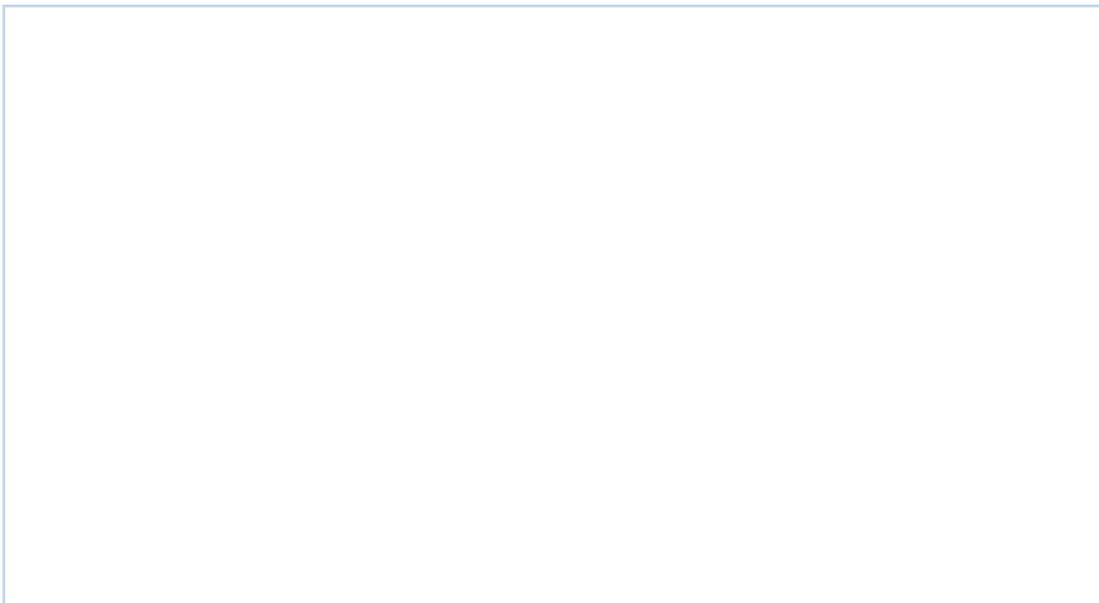
- Use active rather than passive language; for example, 'John wrote the document' rather than 'the document was written by John'.
- Use inclusive language; for example, use 'they' rather than 'he' or 'she' and avoiding discriminatory language.
- Use short sentences with one main point.
- Vary sentence and paragraph length to improve readability.
- Avoid repeating content unnecessarily.

Practice task 11

1. There are a number of strategic HR plan development guides and templates provided by government departments and agencies. Search the internet for these plan development tools and techniques. Consider the style and structure of the various reports intended for different audiences. List six areas that you will use as headings or component parts of your plan.



2. In presenting plans, what needs to be considered, despite individual audience needs?



2G

Develop risk management plans to support the strategic human resource plan

When making any major decisions within an organisation, it is good practice to identify the possible risks involved, the likelihood of them occurring and the consequences should they occur. This is called risk analysis. Many large organisations will have risk management strategies in place to help with this process and these should be followed before you implement your decisions.

Here are some aspects of risk management that need to be considered.

What is a risk?

Risk is defined generally as exposure to the threat of danger, harm or loss. In business, risk is the probability of threat and loss that exists within an organisation's operations and environment. Examples of this risk might include loss of revenue, change in demand and changing external environmental factors. Risk is embedded in every aspect of every business and all risks cannot be eliminated or controlled. It is the organisation's ability to manage those risks that is important.

Risk management

Risk management refers to processes for identifying, assessing and prioritising risks so that they can be eliminated, minimised or controlled with minimal impact to the organisation. All new projects, changes and major decisions should undergo risk analysis and risk management planning before implementation.

There are risk management standards that have been set by various bodies, such as the Project Management Institute, the National Institute of Standards and Technology and ISO Standards. These are intended as benchmarks to be used to guide individual implementation. They have been adopted and adapted by many organisations as standard practice and you may find that your own organisation has a very specific risk management procedure, including templates and guidelines to follow.

Risk management planning

As a manager, you may be required to undertake risk management planning before you finalise your plan. Even if it is not a requirement, it is good practice anyway. Failure to do so may result in you encountering an unplanned-for risk and its consequences. Already having risk management strategies in place will either prevent the risk from occurring or allow you to deal with it in an efficient and cost-effective way when it does occur.

The risk management process

All decision-making in an organisation carries a measure of risk that must be managed if the organisation is to achieve its objectives. The organisation's risk management procedures can ensure that any decision-making process has included consideration of the risks involved and how these risks will be managed.

The risk management process is a continuous cycle, involving the following steps.



Risk management process
Identify risks: <ul style="list-style-type: none">• What are the possible risks?• How many risks are there?
Assess risks: <ul style="list-style-type: none">• How serious are the risks?• How likely are they to occur?• What are the possible impacts or consequences? That is, what is their risk level?• What priority should be placed on controlling these risks, given the above?
Control the risks: <ul style="list-style-type: none">• What strategies can we use to control the risks; that is, accept, transfer, avoid and reduce?• What is involved in this?• How much will it cost?• How long will it take?• What is the desired outcome?• Implementation of control
Review controls: <ul style="list-style-type: none">• Did the controls work?• How effective were they?• Could they be improved?• What else can we do?

Identify and analyse risks

The following provides an outline of how risks can be identified and analysed.

Identifying risks

Risks can be identified through brainstorming and consulting with teams, specialists and other managers about likely risk scenarios and issues. The team or group can also review documentation related to previous projects or change initiatives to identify indicators of risk, which may include:

- budget overruns
- impact on service delivery and loss of production capability
- loss of key HR members.

Analysing risks

You need to determine a risk's likelihood and impact. The likelihood of the risk occurring may be very likely, likely or unlikely. Some organisations may use different words such as 'expected' instead of 'very likely', 'probable' for 'likely' and 'improbable' for 'unlikely'. The consequences of the risk may be major, moderate or minor. Other rating terms commonly used are 'disastrous', 'severe', 'extreme', 'minimal' and 'negligible'.

Evaluate risks

A risk assessment matrix can be used to evaluate a risk, where likelihood and impact is identified to determine the level of the risk where these intersect on the matrix. High risks become the priorities for treatment, and may require the development of contingency plans. Moderate risks will need attention. Some low-level risks may be seen as a low priority because they can be resolved through routine procedures or practices. Consider the likelihood and impact of an activity you have been involved with and use the matrix below to estimate the risk level.

LIKELIHOOD	VERY LIKELY	Acceptable risk Medium	Unacceptable risk High	Unacceptable risk Extreme
	LIKELY	Acceptable risk Low	Acceptable risk Medium	Unacceptable risk High
	UNLIKELY	Acceptable risk Low	Acceptable risk Low	Acceptable risk Medium
IMPACT		MINOR	MODERATE	MAJOR

Treat risks

The objective is to eliminate or avoid the risk where possible.

Here are the five options for managing risks.

Avoid the risk

Options to avoid risk include the following:

- Do not become involved in activities that lead to the possibility of the risk eventuating.
- Outsource risk-related tasks to contractors or specialist providers.
- Discontinue practices that may realise the risk.

Likelihood

Change the likelihood:

The likelihood of risks can be lowered by removing various stimuli or situations likely to materialise the risk. This may be as simple as:

- reducing exposure to the risk environment
- removing or reducing activities that may lead to the risk being triggered
- using inspection controls and quality assurance measures
- ensuring time lines are realistic.

Consequences

Change the consequences:

Contingency plans are a valuable tool for helping reduce the impact or consequence of a risk event and may include:

- establishing measures to control or minimise damage if the risk is realised, such as fraud control planning and disaster recovery planning
- developing administrative measures, controls, policy or procedures to provide guidance.

Share the risk

If a risk is too high to take on alone (for example, expanding the business into a new industry), partnerships and strategic alliances allow for risks to be shared. Sharing the risk may also commonly involve external investors, such as venture capitalists, or insurers and underwriters, and may include insuring against an event occurring.

Retain the risk

Some negative risks may be at an acceptable level when the likelihood and consequences can be adequately managed internally within the organisation. Others may have such a low level as to not warrant any effort. For example, occasional staff absences may not have a huge impact on meeting time lines, so this low-level risk can be accepted.

Review the risk management plan

A risk management plan is a tool used to record in detail all of the steps described above. Risk management templates and guides are widely available on the internet and in HRMS software. Their purpose and elements are shown below.

Plan purpose

Your organisation may have its own templates and documentation relating to risk management plans. When completed, it summarises the proposed risk management approach that has been undertaken. It might be used to:

- assist decision-making
- plan at the start of a project
- support overall business and strategic planning
- demonstrate capability when vying for business; for example, tenders and expressions of interest.

Plan elements

The risk management plan may form part of a larger document, such as a business plan, project plan or strategic plan, or it may be a standalone document. In some organisations, it may be added to a risk register for future reference. Whatever its form or purpose, a risk management plan should include:

- the process for identifying, analysing, evaluating and controlling risks
- personnel responsible
- costs
- actions to be undertaken
- resources required
- reporting requirements.

Example: apply risk management to HR

The HR Council of Canada has developed an HR toolkit which includes an example of risk management in an HR context. This information is available at: <http://hrcouncil.ca/hr-toolkit/planning-risk-assessment.cfm>. The article 'Focus on the HR risks that matter most' from HR Daily suggests there are key areas of risk in human resource management that an organisation needs to concentrate on. These areas are meeting strategic objectives, cost management and financial metrics, meeting operational requirements and compliance with legislation and regulations. This article is available at: http://www.hrdaily.com.au/nl06_news_selected.php?selkey=2363.



Practice task 12

Who would you invite to help you accurately determine the risks relevant to HR service delivery? Identify the areas of risk, and make a list of whom you would contact and how they could help.

Summary

1. Continuing consultation and communication with individual managers, employees and teams in an organisation is essential if relevant HR services are to be established and maintained.
2. Consultation and communication will enable HR to identify the needs of its customers and to promote what HR can do to support the business to achieve its objectives.
3. The HR philosophy reflects how the organisation views its people, as well as the beliefs and assumptions of management regarding the nature and work ethic of their employees.
4. An organisation needs to implement HR services that integrate with and support the organisation's strategic and business plans.
5. HR services must generally be delivered to large workforces and the ways these are delivered are based on what is known as the HR service delivery model.
6. HR technology is increasingly being used by small, medium and large employers to meet the needs of their stakeholders. What sets high-performing organisations apart from others is how they use technology to deliver their HR services.
7. Strategic HR planning is the process of identifying the strategic needs of the organisation before they become operational imperatives.
8. When making any major decision within an organisation, it is good practice to identify the possible risks involved, the likelihood of them occurring and the consequences should they occur.

Learning checkpoint 2 Develop human resource strategic plan

This learning checkpoint allows you to review your skills and knowledge in developing the human resource strategic plan.

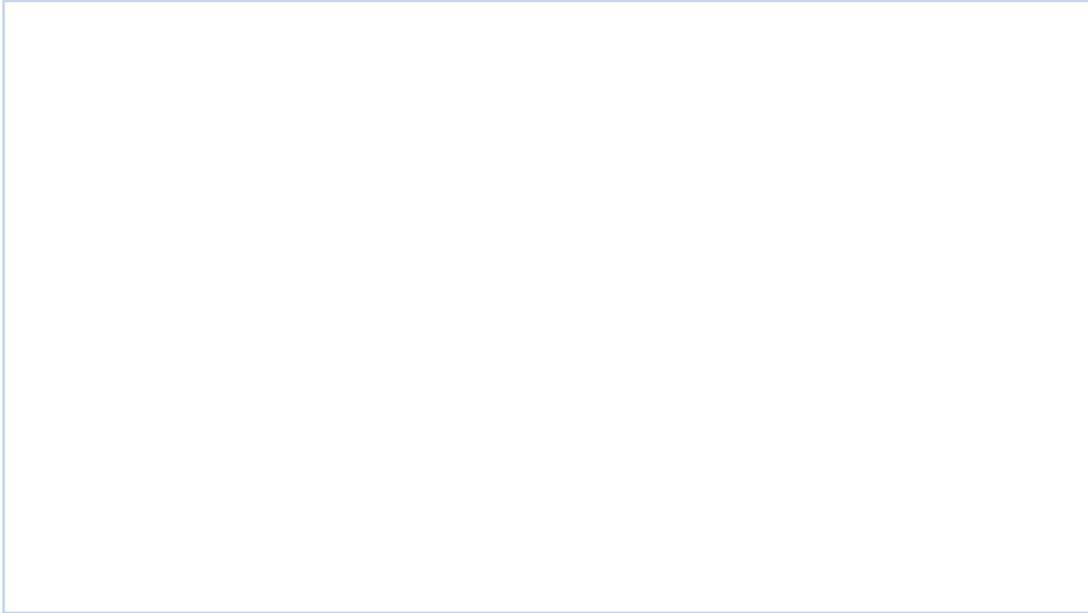
Part A

1. Explain how you will consult with relevant managers to identify their human resource needs and preferences.

2. How will you gain agreement from managers for the strategic human resources plan?

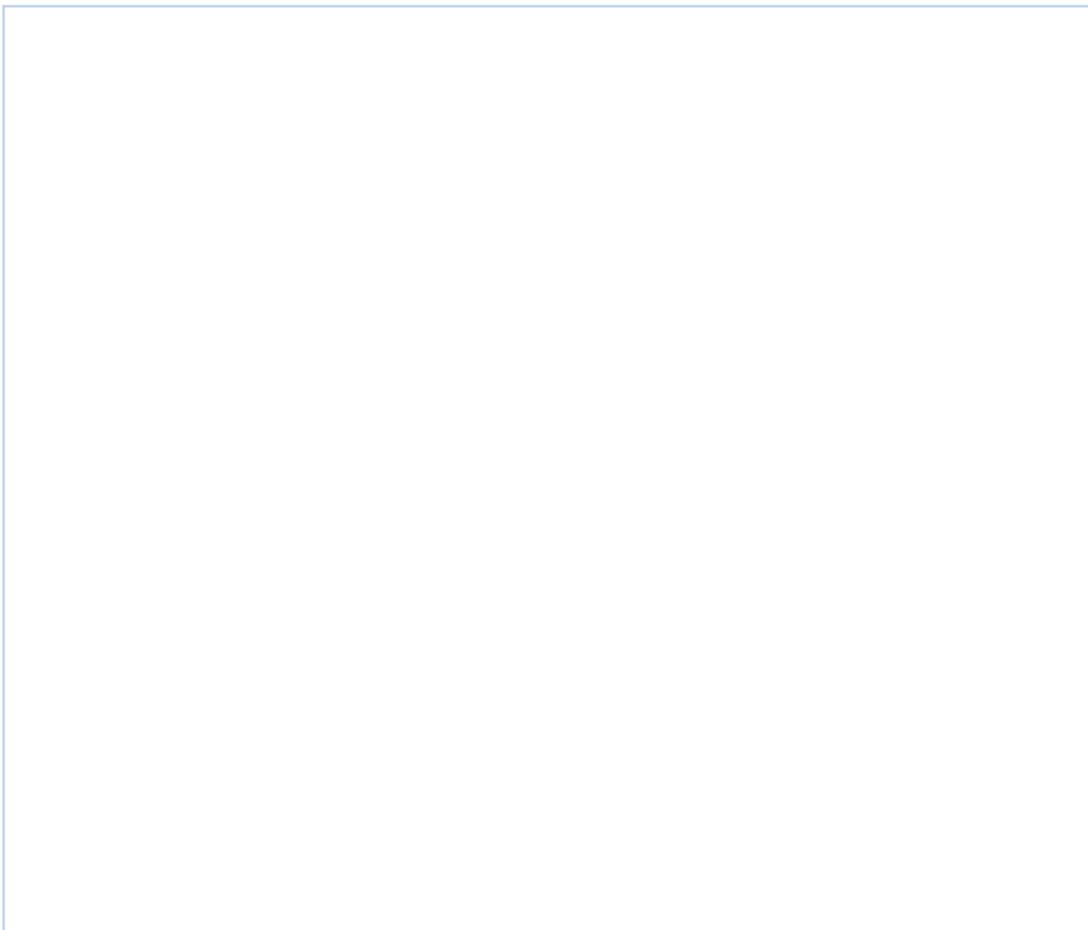
3. What potential costs and benefits are associated with the provision of an internet-based recruitment system?

4. How can you ensure the strategic plan's style of writing matches its purpose and audience?



Part B

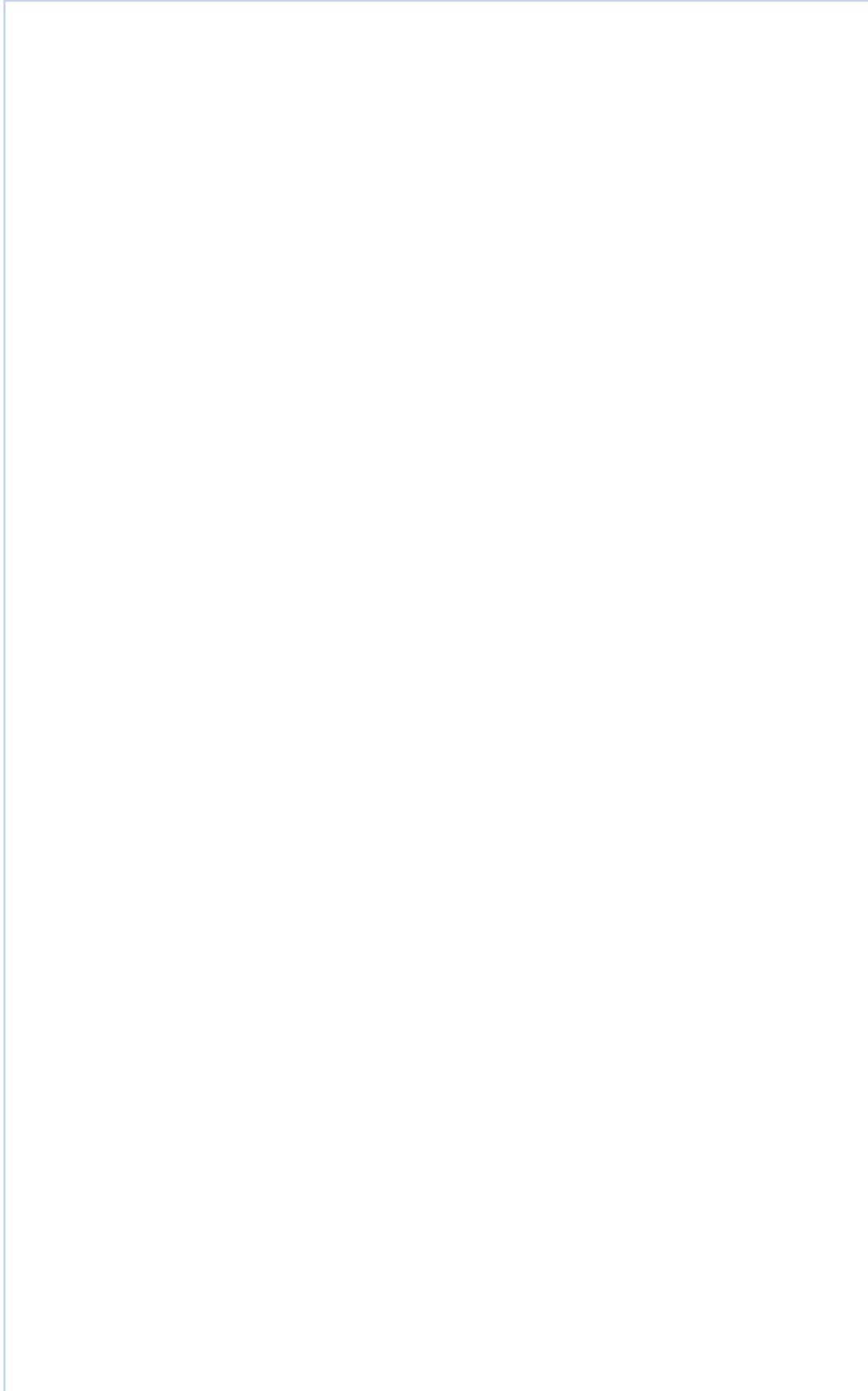
1. Identify two technology options, either in your organisation or one you are familiar with, that are available to support their human resource programs and practices.



2. Your organisation is testing the idea of adding new features to the existing suite of HR services. Conduct a risk analysis of this idea. Identify the risks. For one of the risks, evaluate the likelihood and impact of the risk occurring, and identify treatment strategies.



3. Assume that you are the HR manager for an organisation. Develop a strategic objective for the organisation in the areas of recruitment and selection.



Topic 3

Implement human resource strategic plan

Following the development and endorsement of the strategic HR plan, the next step is to implement the plan to execute the HR services. The implementation of the strategic HR plan is a change process that should be treated in the same way as any change in the organisation. Senior management need to show support for the new HR strategies and services; their leadership will be crucial to the program's success. Management also needs to communicate the objectives of the strategic HR plan and their expectations for staff adoption of the new processes and practices.

In this topic you will how to:

- 3A Work with others to see that the strategic human resource plan is implemented
- 3B Monitor and review the plan
- 3C Adapt the plan should circumstances change
- 3D Evaluate and review performance against plan objectives

3A

Work with others to see that the strategic human resource plan is implemented

A key part of the implementation process is working closely with senior management, operational managers, team leaders and employees. The HR strategies being introduced are likely to change the way that people work – requiring training or retraining for employees, potential restructuring of departments and teams, redesigning of jobs and re-writing of job descriptions. As every change is different, responsibilities will vary depending on how the change activities are organised. When you have identified how the change will proceed and who is responsible for particular tasks, you will have a better understanding of how you will be working with other people to bring about the change.



Implementation and change

When implementing the strategic HR plan, the fundamental concepts that apply to any change project implementation should be adhered to.

Some change management concepts include:

- ensuring that buy-in, commitment and support for HR strategies exists
- allocating the resources needed to implement the HR strategies
- clarifying the roles and responsibilities of all employees involved in the process
- establishing agreed time frames for strategy implementation
- incorporating identified performance measures that will be used to measure the effectiveness of HR strategies
- communicating the strategic HR plan, including the reasons for the strategic HR plan, how the planned strategies will work and how they will impact employees.

Change management resources

With all new strategies and services comes change. Change must be communicated to employees so they know what to expect and how the change will impact their current team and their immediate roles. There are a variety of reliable change management resources available on the internet to help manage changes in services, some of which are shown here.

Here are some websites that you can access to help manage change:

- Australian Public Service Commission, Change Management resources page, www.apsc.gov.au/projects/resources/human-capital-matters/2014/change-management
- Kotter International, Change management blogs, articles videos and newsletters, www.kotterinternational.com/insights/videos/
- Queensland Government, 'Change Management Best Practices Guide: Five (5) key factors common to success in managing organisational change', www.psc.qld.gov.au/publications/subject-specific-publications/assets/change-management-best-practice-guide.pdf

- Queensland Government Chief Information Office, 'Change Management Plan Workbook and Template', www.nrm.qa.gov.au/media/10528/change_management_plan_workbook_and_template.pdf
- Tasmanian Archive and Heritage Office, 'Information Management Advice 55 Change Management: Preparing for change', www.linc.tas.gov.au/___data/assets/pdf_file/0004/408352/Advice-55-Change-Management-Preparing-for-Change.pdf
- University of South Australia, Managing change toolkit, <http://w3.unisa.edu.au/hrm/resources/managing.asp>

Implementation planning

Implementation planning should be a key part of developing the strategic HR plan. Focusing on how implementation will be achieved allows for challenges and obstacles to be identified early on, which in turn allows for contingency plans to be discussed.

Several options exist for implementation of the strategic HR plan, such as a roll out of all new HR strategies on a specific date, the gradual release of strategies across a period of time, or a pilot program where strategies are trialled with a specific department before full implementation across the organisation.

Before a decision is made on the most suitable option, a cost–benefit analysis of each option should be carried out. This will provide the cost of each option and the likely benefit, including the time it will take to achieve the benefit.

The Australian Department of Prime Minister and Cabinet has produced a comprehensive guide for implementing change initiatives and programs at: <http://www.dPMC.gov.au/pmc/implementation-planning/implementation-planning>.



Develop the implementation plan

The implementation plan that has been developed for the strategic HR plan should ensure that the plan is delivered within agreed organisational time lines, budget and the originally identified expectations. When developing your implementation plan, it is important to be aware of the expectations of the organisation's executive team. It is also essential that management looks for potential barriers to the implementation of the plan. Early identification of challenges and issues will give the organisation time to consider alternative actions.

The implementation plan that has been prepared should be flexible and adaptable and should clearly articulate the link between the organisation's strategic plan and the strategic HR plan; it should also outline the risks that have been identified and any contingency plans that have been developed as a precaution – see here.

Plan development process

- Determine implementation activities and tasks.
- Identify, analyse and estimate resources to implement the strategies and services at the HR operational level.
- Develop the communication strategy and stakeholder engagement strategy
- Develop risk control measure and contingency strategies.
- Allocate responsibilities.
- Prepare the schedule.
- Develop performance indicators for monitoring and assessment.
- Develop monitoring and evaluation strategies.
- Prepare final plan for approval for senior management.

Plan elements

- Explanation of the reasons for the new HR services
- The implementation activities
- Time lines or schedule for activities and activity responsibilities
- Resources required for the change, including costs (and budget if necessary)
- Communication activities
- Risk factors and how existing and potential barriers will be identified, monitored and managed
- How the change in HR strategies will be monitored and evaluated

Develop the budget

All human resource budgets will require the input of a range of data sources, which may include the following:

- Projected labour figures for period of the budget (quarterly, half yearly, yearly) – needed to project employee wages/salaries
- Benefits cost increases or projections – needed to estimate the cost of benefits across the organisation
- Actual costs incurred in the current year – needed to understand the total cost of HR and where finances have been spent; useful guide to determine what level of finance will be needed by HR in the following year
- New benefits/programs planned – needed to estimate the cost of the programs so that they can be added to total finance estimate
- Changes to policy, strategy, laws or business regulations that could have an impact on expenses – needed to understand costs and how much money needs to be set aside for contingencies

Assign key responsibilities

All roles for implementing the strategic HR plan must be clearly described, explained and agreed to. This can be achieved by creating a matrix that defines roles, expectations and levels of accountability. The following is an example of a responsibility matrix that outlines key roles and responsibilities in a development plan. This matrix allows you to clearly identify and communicate who is responsible for what part of the implementation process:

- A: defines a responsibility for approving (they have ultimate accountability).
- R: defines a responsibility for reviewing material that will be distributed, which may include reports, documents, workbooks or key information.
- C: defines a responsibility for creating or developing. This should only be the person who is ultimately responsible, not people in the team who might participate in or contribute to this.
- I: defines key people who provide input.

Role	Core activities				
	Implementation plan development	Budget	Communication and engagement	Implementation	Evaluation
HR director	A, I	A	A	A	A
HR manager	R, C	R, C	R, C	R, C	R, C
HR team leader 1	C	C	A, C	R	C
HR team leader 2	C	C	C	C	C
Leaders/Area managers	I	I	I, C	I	I, C

Develop the schedule

The schedule should include the activities required to implement the HR strategies and services, with assignment of each activity to HR team members. Start and completion dates for each activity and the required resources should also be identified.

The HR team should identify a number of milestones, or achievement dates, throughout the implementation process. A milestone might be the approved design for the restructure of the marketing team. These milestones need to be monitored to ensure activities and tasks are tracking according to identified organisational time frames. The schedule is often presented in the form of a table, but some managers may develop a Gantt chart. The bar shows activity start, duration and completion, so long as the project manager regularly updates the chart.



Plan for review and monitoring

It is essential that the implementation plan identifies a regular time frame for reporting on progress, both of the implementation of the strategic HR plan and of the HR strategies themselves. The progress report will allow the team to evaluate how things are going and make adjustments to both the implementation and/or the HR strategies as required.

Monitoring and review ensures that:

- processes are in line with the overall scope of the implementation
- activities are realistic and happen on a regular basis
- risks are identified and managed
- issues and problems can be identified and corrected
- the team has access to reliable and accurate data to evaluate the plan against objectives.

Implement the plan with support from others

Communication is a key part of implementing any workplace change. The more complex the change, the more important it is to make sure the reasons for the change, the expected benefits, and the likely impact of the change are clearly articulated to all concerned.

Effective communication means that the manager, employees and other key stakeholders understand why it is important for the organisation to adopt a strategic HR plan and how the plan will support the organisation's overall performance in the future.



The need for effective communication is highlighted in the implementation planning guidelines developed by the Australian National Audit Office. Review the publication 'Successful Implementation of Policy Initiatives' at: www.anao.gov.au/html/Files/BPG%20HTML/2014%202015/ANAO_Policy_Initiatives_HTML/index.html. Go to the section 'Part 2 Building Blocks for Successful Implementation' for one perspective on implementation planning and the steps that senior managers and the implementation team need to follow.

Engage stakeholders

The organisation and the HR department will have a number of key stakeholders with a vested interest in the implementation of the strategic HR plan. Senior management, the board and those concerned with the finances of the organisation will be interested in the costs of the implementation and delivery of the HR strategies; they will also be very interested in the benefits to be derived. Line managers and employees may be interested in how the plan will affect the way they work: managers may be concerned with how the changes will affect their teams and the way they manage their people, while employees and unions may be particularly interested in and concerned with the way the changes will affect employability, including potential job losses. Shareholders, strategic partners and creditors are likely to be principally concerned with the return on investment; that is, when benefits will be realised.

As each of these stakeholders is likely to have a slightly different focus on the strategic HR plan and its implementation, they may also need different information regarding progress.

Effective engagement should include:

- identifying the relevant stakeholders
- communication tailored to meet the needs of each stakeholder
- guiding expectations
- seeking and acting on feedback
- understanding stakeholder roles, interests and their importance to the change program.

Guidance on engagement

The following two government websites provide comprehensive guidelines for engaging stakeholders. To support your learning, you may want to review these carefully for additional information:

- The Australian National Audit Office, at: www.anao.gov.au/html/Files/BPG%20HTML/2014%202015/ANAO_Policy_Initiatives_HTML/part_5.html
- The Department of the Prime Minister and Cabinet, at: www.dpmc.gov.au/pmc/implementation-planning/implementation-planning



Example: implementation plans

Implementation plans may vary from organisation to organisation, and in developing one for yours, be guided by your organisation's change and project management policy and procedures. Some examples can be seen at the websites shown here.

Examples of implementation guides and plans:

- NSW Education and Communities, Implementation Guide Strategic Human Resources Plan 2012–17, www.det.nsw.edu.au/media/downloads/about-us/how-we-operate/strategies-and-plans/corporate-plans/strategic-hr-plan-ig.pdf
- UK's National Health Service, HR Strategy Implementation Plan, www.nhs24.com/aboutus/nhs24board/agendasandpapers/2004/september/~//media/nhs24/agendas%20and%20papers/2004/september/20040929%20item%2023%20hr%20strategy%20app%202%20imp%20plan.ashx
- Australian Public Service, 'Implementation and monitoring, evaluation, review and adjustment', www.apsc.gov.au/publications-and-media/current-publications/workforce-planning-guide/implementation

Practice task 13

Explain how you will involve others in the implementation of the strategic HR plan at your organisation or one you are familiar with. Who will you involve and why?



3B

Monitor and review the plan

The regular monitoring and reviewing of key strategic HR plan deliverables is crucial to the plan's success and to the changes being implemented. The monitoring and review processes need to be set up as early as possible to ensure the implementation remains on track. Challenges and issues can be identified immediately and then be the subject of remedial action if necessary. The review process allows for progress of the implementation to be tracked. The review process also provides reliable information about outcomes, issues and benefits.

Here are some monitoring and review considerations.

Monitoring considerations

- How will results and feedback be collected?
- How will you know when you have reached a milestone?
- What activities need to be reported on?
- What types of reports will need to be generated, when, and who will be responsible for each?
- How will progress be communicated – forums, meetings, email, internet/social media?
- Who will update the plan to ensure change benefits will be realised?

Review considerations

- Has a process for monitoring and review of progress on key strategy deliverables been identified?
- Is there sufficient information about the performance of the strategies and the progress of the implementation?
- Are senior management and stakeholders being informed of progress?
- Are the identified risks being tracked and reported to senior management?
- Is there a risk register to report on risk developments?
- Is there a process of approval for amendments or changes to the implementation plan?
- Are concerns and lessons learned being addressed and documented?
- Is the team willing to take corrective action as risks and concerns are identified?
- Has a reporting process been adopted? Who is responsible?
- What feedback mechanisms have been initiated?

Monitor and review methods

A number of methods can be used to measure the progress of the strategic HR plan, but a commonly used technique is to perform variance analysis between the planned and actual performance outcomes. You can compare metrics results from the period before introducing the service to the period post-implementation. Your HRMS should be able to generate variance reports related to services performance. You can also gather feedback evidence from discussions and surveys to determine reasons for variances. One of the key activities of the implementation process is monitoring the budget allocated to the strategic HR plan.

Milestones review

A review of the effect of any barriers to reaching milestones is also required. If objectives or milestones are not reached, you need to identify the reasons why and develop solutions to the challenges and issues, which may include implementing new or additional actions. For example, if a target is to have 95 per cent of staff using the self-service function by month six of introduction, and your HR system reports indicate that only 80 per cent have used the service, you would follow up with a discussion with managers and perhaps an online survey of employees.

Feedback may indicate that some of the self-service features are difficult to use. This will mean that features will need to be redesigned, and training on how to use the new features will need to be implemented. Another example might be that the wrong metrics are being used to determine results, and new metrics will need to be identified to effectively measure performance. Any adjustments will need to ensure that corrective action activities and tasks are incorporated into the plan and that the changes are communicated effectively to all stakeholders. It is important to note that corrective actions will generally need to be approved by senior management.



Monitor the budget

Monitoring the HR budget is an essential process as it allows you to identify how the HR function is tracking based on its spending. This will give you an indication of whether or not the HR strategies are effective. Variance analysis is the key method used to monitor budget performance, where the planned amounts of funds used are compared against the actual amount used. The root causes of variances or issues identified from qualitative data need to be determined and addressed. For example, if there is a significant decrease in the use of WHS training funds from one month to the next, it may be due to a problem with managers ensuring staff are undertaking their required training.

Determine the root cause of variances

To determine the real reasons for variance, you can develop a cause and effect diagram. These are also known as fishbone diagrams because the completed diagram resembles a fishbone. The recorder in the group should position the problem or issue at the head of the fish. The possible causes of the problem should be brainstormed and recorded on the bones that are growing out of the spine of the fish.



To learn more about root cause analysis, read the guidance provided by the American Society for Quality ‘What is Root Cause Analysis (RCA)?’ available at: <http://asq.org/learn-about-quality/root-cause-analysis/overview/overview.html>.

Example: the benefits of monitoring and reviewing progress

Bamforth Communications outsources all of its technology needs for its mobile phone service. Service inquiries are outsourced to a call centre in India. Partnering with these companies worked well at first and Bamforth’s shareholders were happy with the return on investment. This was short-lived, however, as customer complaints started to mount. In 12 months, the complaints rose by more than 350 per cent. The complaints were initially ignored, but as more and more customers took their business elsewhere, Bamforth hired a consultant to evaluate the complaints. Many of the complaints were about poor service and the language barrier. Bamforth reassessed its outsourcing practices and decided to set up a call/technology centre as a second line of defence – so if the outsourced call centre staff were unable to communicate with customers, they could refer them to the Australian centre. This reduced the complaints. Bamforth now reviews the situation three times a year.



Practice task 14

1. Identify four types of data needed to develop a new HR budget. Why is it necessary to collect this data?

2. Identify and explain one of the hurdles to effective monitoring and review.

3C

Adapt the plan should circumstances change

The most stringent planning process can still be affected by unforeseen circumstances. A range of factors may affect implementation of the strategic HR plan, including changes in both the internal and external environments. Here are some examples of changes and impacts.

Changes

- An increase in turnover – due to the changes being implemented, staff decide to leave the organisation
- Time lines for implementation of the strategic HR plan are extended due to an inability to retain expert consultants
- Inability of staff to use new services due to lack of skill
- Changes to workplace legislation requiring a change in one or more HR strategies or services
- Other projects in the organisation impacting on its ability to resource implementation of the strategic HR plan
- The business has an opportunity to merge or acquire another company
- Insufficient experience in the HR team to service new HR strategies due to staff leaving unexpectedly

Impacts

The changes mentioned would require adjustments to the implementation plan, such as:

- changing the implementation option to a partial rollout instead of a full organisational rollout
- increasing or changing the training for staff in how to use the new HR processes and practices being introduced as part of the strategic plan
- changing the HR service to ensure it meets legislative requirements.

Example: adapt to circumstances

The Australian Government recently announced an unexpected increase in the minimum wage. Wolf Bros, a larger retailer, has failed to allow contingency for such a change. It announces it will reduce staff by 20 units over the next two years to ensure profitability. As a result, the strategic HR plan needs to be amended with strategies and services developed to accommodate the new organisational redundancy strategy.

Practice task 15

1. Provide two examples of how government policy impacts HR strategies.



2. What changes to internal and external factors could result in the need to modify or refine an HR plan? Provide an example of each.



3D

Evaluate and review performance against plan objectives

An essential component of the strategic HR process is to evaluate the quality and effectiveness of the strategies and services that have been implemented to see whether the objectives of the plan and the organisation are being achieved. The effectiveness of HR strategies can be evaluated against the data collected as part of the monitoring and review process.

The following are examples of questions that can be posed to assist in the evaluation process.

Possible evaluation questions
Have the anticipated benefits been realised? Has organisational performance improved as a consequence of the change?
Were the changes within the organisation a direct result of increased/decreased performance, or external factors such as improved economic and market conditions?
Are there any unforeseen positive or negative consequences of the new services?
Have the costs of the services outweighed the benefits?
What has the team learnt and what needs be done to improve the strategic HR planning process and activities?

Evaluate the effectiveness of strategies and services

To review the effectiveness of the strategies and services, you need to systematically collect and analyse a range of data in areas such as employee skills development, employee performance, staff satisfaction, productivity and sales, and budget performance. A plan for evaluation and improvement helps ensure a systematic evaluation takes place annually. The results are then used to identify what works well and what needs to be improved. Regular evaluation can identify any dissatisfaction with change processes and trigger the need to make improvements. The strategic HRM process must use the results of staff assessments and other evaluation results to improve the process. If deficiencies are found, prepare a written plan of action to document initiatives to improve performance in the areas listed. The action plan should be reviewed and approved by the relevant departments and any changes should be trialled, documented and reassessed at a later date.



Evaluation strategies

The plan may have introduced changes to increase productivity, improve staff morale, decrease the number of staff, increase workforce diversity, provide a staff incentive scheme or offer redundancies. Corresponding changes may have involved a restructure or the introduction of a reward system, a redundancy program, a redeployment scheme or a training and development program. Strategies for evaluating HR changes against objectives are outlined here.

Increase productivity

Strategy or service:

- Restructure the organisation

Evaluation:

- Review of company performance and staff morale; for example:
 - staff satisfaction questionnaire
 - review of organisational performance.

Reduce absenteeism

Strategy or service:

- Offer flexible work hours

Evaluation:

- Distribute employee satisfaction questionnaire.
- Review findings from turnover and absenteeism metrics results.
- Review performance appraisal feedback.

Decrease staff

Strategy or service:

- Offer voluntary redundancies

Evaluation:

- Review staff morale and workforce feelings towards the company after process.
- Distribute employee satisfaction questionnaire.
- Review of financial reports on human resource costs.
- Review of staff movement metrics results.

Increase diversity**Strategy or service:**

- Ensure recruitment advertising emphasises the organisation as an employer of a diverse workforce

Evaluation:

- Workplace diversity questionnaire
- Satisfaction survey
- HRMS report identifying employees from different backgrounds and/or with languages other than English

Incentive scheme**Strategy or service:**

- Implement a reward and recognition program

Evaluation:

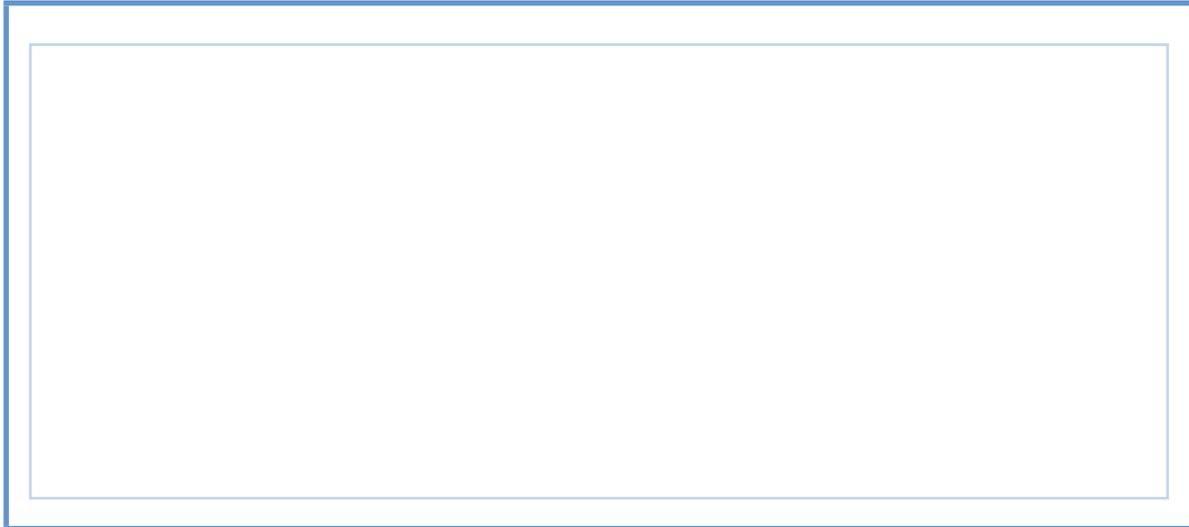
- Staff satisfaction survey:
 - Are staff happier?
 - Does the scheme make them happier working for the organisation?
 - Review findings from turnover and absenteeism metrics results.
- Review performance appraisal feedback.

Practice task 16

Develop a process for evaluating the overall effectiveness of HR strategies and services.

continued ...

... continued



Summary

1. Implementation of the strategic HR plan is effectively a change process that should be treated in the same way as any change in the organisation.
2. A number of methods can be used to measure the progress of the strategic HR plan, but a commonly used technique is to perform variance analysis.
3. The organisation and the HR department will have a number of key stakeholders who have a vested interest in the implementation of the strategic HR plan.
4. Regular monitoring and review of key strategic HR plan deliverables is crucial to the success of the plan and the changes being implemented.
5. A range of factors can affect the implementation of the strategic HR plan, including changes in both the internal and external environments.
6. An essential component of the strategic HR process is to evaluate the quality and effectiveness of the strategies and services that have been implemented to see whether the organisation's objectives are being achieved.

Learning checkpoint 3

Implement human resource strategic plan

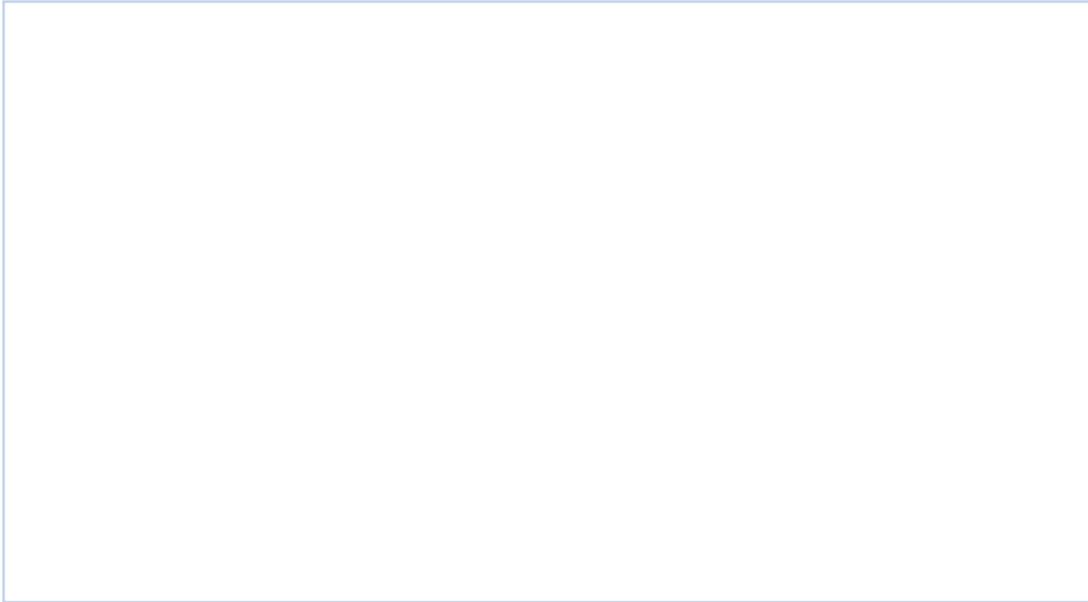
This learning checkpoint allows you to review your skills and knowledge in implementing the human resource strategic plan.

Part A

1. Explain how you will identify appropriate people to work with you on the strategic HR plan's implementation.

2. Explain how you will monitor the progress of the strategic HR plan's implementation.

3. Identify and explain two reasons why you might need to adapt the strategic HR plan.



Part B

Consider an organisation you are familiar with.

Assume you are the HR manager and you have been asked by one of the organisation's managers to provide advice on how to evaluate the performance of a plan against the plan's stated objectives. Develop a checklist of actions the manager can use to effectively undertake this task.

