

Chapter 14

Workforce planning

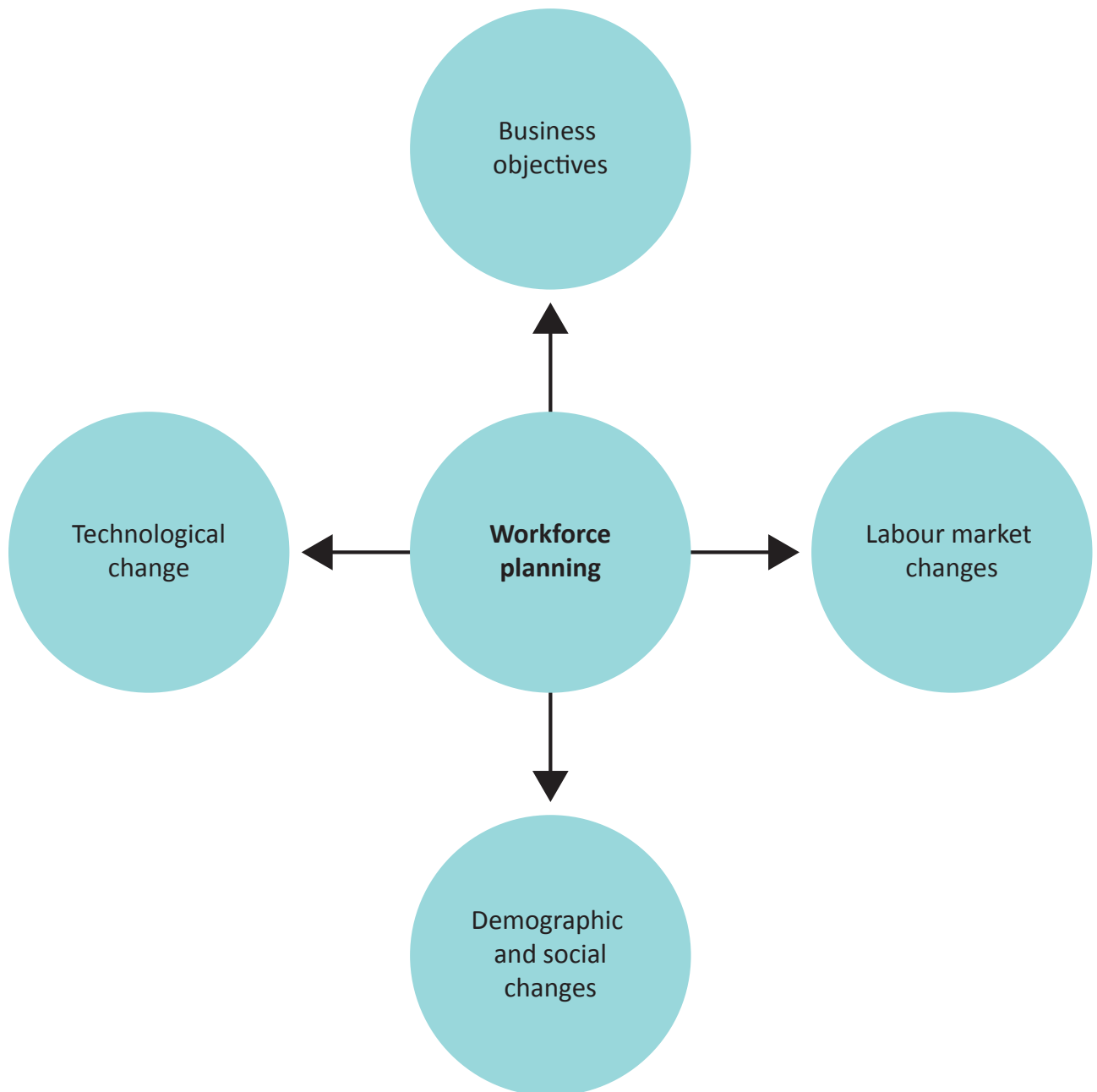
At its simplest, workforce planning is about 'trying to predict the future demand for different types of staff and seeking to match this with supply'. Therefore, workforce planning involves looking to the future and judging the level of demand for skills within the business. In other words, it means ensuring that there will be the right number of workers, with the right skills, doing the right jobs, at the right time and in the right place.

A comparison between the present workforce and the desired future workforce will highlight shortages, surpluses and skills gaps. This can be done by carrying out a skills audit of the current workforce to see what skills and experience the existing workforce have. If any gaps are identified then these gaps become the focus of a detailed workforce plan. The workforce plan will develop and implement strategies that will build the relevant skills and capacity needed for business success.

Long-term staffing problems can arise for a number of reasons. These may be internal staffing issues (staff loss, retirement, training, promotion, flexibility) or external factors (these include changes in the population structure, government policy, the changing nature of industry, competitors, unemployment, availability of skills).

Workforce planning does not always mean recruitment – it may also mean shedding workers. This can be done through redundancy, both voluntary and compulsory, early retirement schemes and allowing natural wastage to occur (workers who leave for other employment or retire and are not replaced). One criticism of mass redundancy schemes is that the workers who choose to leave are often those who find it relatively easy to find a new job; whilst those who stay have less marketable (and useful) skills. Early retirement schemes can remove the most experienced managers whose skills will be lost to the business forever.

The main factors that influence workforce planning are:



- Business objectives, such as increasing output or opening new branches, will invariably require more employees.
- Labour market changes – labour market trends have implications for the recruitment and retention of staff. Engineers are in increasingly short supply as less undergraduates are choosing to study in this discipline.
- Demographic and social change – demographic change, such as the ageing population in the UK, is affecting both the demand for products and services required by this age group, as well as workforce supply.
- Technological change – technological change is leading to large change in ways of working and the skills needed in the workforce. Many manual tasks can now be carried out by robotic technology, reducing the demand for certain types of labour.

Benefits of workforce planning

There are a number of important benefits to businesses who have effective workforce planning programmes. Workforce planning is vital in helping businesses to tackle problems such as staff shortages and the control of staffing costs. It can help to ensure the production of quality products and services.

Workforce planning will also help a business:

- decide how many employees are and will be needed;
- manage employment expenditure by anticipating changes;
- ensure that sufficient and appropriate training and development is provided;
- cope with peaks and troughs in supply and demand for different skills;
- deliver an improved service to customers;
- reduce employee turnover;
- implement diversity policies;
- manage staff performance and sickness absence.

Discussion themes

What is a skills audit?

'Workforce planning is only needed by big businesses.' Discuss this statement.

Explain why Barclays is cutting its workforce. What are the consequences of undertaking a radical workforce plan?

<https://uk.finance.yahoo.com/news/barclays-planning-slash-workforce-075134891.html>