



Workforce planning



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Australian Standard[®]

Workforce planning

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PREFACE

This Standard was prepared by Standards Australia Committee MB-009, Human Resources and Employment.

This Standard builds on the Standards Australia Handbook HB 299—2008, *Workforce Planning*. It has been developed in response to Australian and international demand for workforce planning advice, methods, services and technology.

The objective of this Standard is to set out the key features of a workforce plan and outline how to go about creating one. This Standard describes a framework for strategic, operational and workforce management planning which is flexible and transferrable to any size and type of organization.

This Standard is intended to enable industry and businesses of all sizes to advance their workforce planning capabilities and to respond more effectively to the current and projected demands of the labour market, the dynamic national and international business environment and the increasing mobility of the global labour force. The adoption of this Standard from a strategic perspective will assist business leaders to identify the workforce implications of their current and future business strategy. From an operational perspective it offers consistent language, framework, principles and process for workforce planning that are scalable to the needs of any business.

The Standard also enables aggregated data gathered through workforce planning to be compared to labour market information and analysis at industry, regional and national levels. It strengthens the capacity of businesses to compete in the international labour market.

The term ‘informative’ has been used in this Standard to define the application of the appendix to which it applies. An ‘informative’ appendix is only for information and guidance.

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FOREWORD

Workforce planning, has become an increasingly sophisticated area of practice and more and more organizations are using it. Workforce planning is about managing our most precious resource—people. As it becomes a strong, evidence-based discipline, it is rising from within organizations to sit beside the financial plans and business strategies required for organizations to prosper. Progressive businesses are using workforce planning to leverage local and global labour market flows to improve productivity.

There are many drivers of workforce planning. It is used by businesses of all sizes to enable them to respond more effectively to the current and projected demands of the labour market and the dynamic international business environment.

Workforce planning is regarded as a business imperative with businesses increasingly holding the CEO or Board of Directors accountable for evidence-based workforce plans in just the same way as they require financial and strategic plans. It is internationally regarded as an emerging discipline requiring specific skills and knowledge.

Workforce planning continually faces new challenges from increasing globalization, enhanced technologies and the shift in workforce demographics. It requires navigation through the dynamic and often complex economic, legislative, social, environmental and industrial environment in which the plans operate.

There is considerable international evidence that shows businesses that integrate workforce planning into normal business practice are more likely to retain mission-critical employees and manage workforce exits and entries effectively, making them better equipped to respond to their short, medium and longer term business demands, than those who do not. There is a need to ensure the expectations and requirements of an increasingly diverse and mobile workforce are more closely aligned with those of business in Australia.

STANDARDS AUSTRALIA

Australian Standard Workforce planning

S E C T I O N 1 S C O P E A N D G E N E R A L

1.1 SCOPE

This Standard provides workforce planning guidelines and a framework that are scalable to the needs of any organization regardless of size, industry or sector. This Standard offers—

- (a) definitions;
- (b) an introduction to strategic, operational and workforce management planning;
- (c) an overview of how stakeholders can utilize workforce planning; and
- (d) a description of a workforce planning framework and guidance on how to implement it.

NOTE: Appendix A provides a list of questions for stakeholders to consider in relation to the application of workforce planning.

1.2 REFERENCED DOCUMENTS

The following document is referred to in this Standard.

AS/NZS ISO
31000 Risk management—Principles and guidelines

1.3 DEFINITIONS

For the purposes of this Standard, the following definitions apply:

1.3.1 Super ordinate planning

Process of thinking about and organizing the activities required to achieve a desired outcome.

1.3.2 Super ordinate workforce

People who provide a service/labour (paid and unpaid) to contribute to business or organizational outcomes.

1.3.3 Workforce

Whoever is delivering the business services or making the business products. It includes the ongoing/permanent staff, the contingent workforce, contractors, casuals, volunteers, consultants, locums, seconded personnel, supply chain workforce and outsourced providers.

1.3.4 Workforce planning

The systematic identification, analysis and planning of organizational needs in terms of people.

NOTE: Workforce planning is a process used to generate business intelligence to inform business of the current and future impact of the external and internal environment on the business, enabling the business to be resilient to structural and cultural changes to better position itself for the future. For a detailed definition of the three elements of workforce planning, see Clause 2.2.

1.4 LIST OF ABBREVIATIONS

For the purposes of this Standard, the following abbreviations apply:

ANZSCO Australian and New Zealand Standard Classification of Occupations

ASCO Australian Standard Classification of Occupations

SECTION 2 OVERVIEW OF WORKFORCE PLANNING

2.1 GENERAL

Workforce planning identifies workforce needs and in doing so makes explicit the human requirements of an organization. It enables management to anticipate and respond to identified needs to strengthen organizational performance outcomes.

Strategic workforce planning [see Clause 2.2(a)] is relevant because we live and work in a global knowledge economy that is highly connected and interrelated. Furthermore, the environment within which it operates is uncertain and constantly changing. To operate effectively in this environment, organizational leaders are required to plan and predict for future growth. This requires flexibility, adaptability and resilience.

Organizations can be perceived as a collection of capabilities. The value of strategic workforce planning is that it enables organizational growth and success by connecting human resources (HR) strategy and practices to business strategy.

Workforce planning is an active and continuous process in the business planning cycle. It is the responsibility of the senior management of the organization and should be aligned and consistent with its organizational strategies and governance. It includes a review mechanism, risk management and compliance with laws and regulations.

2.2 STRUCTURE OF WORKFORCE PLANNING

Workforce planning comprises three separate but interrelated elements requiring different knowledge and skill sets as follows:

- (a) *Strategic workforce planning* This usually covers a defined period of time aligned to organizational strategy.

NOTE: The scope of planning can include identifying the workforce assessments and benchmarking, HR policy frameworks and associated processes on current and future organizational strategic objectives.

- (b) *Operational workforce planning* This usually covers a defined period of time, aligned with the organization's planning cycle and which focuses on gathering, analysing and reporting on workforce planning strategy.
- (c) *Workforce management planning* This deals with immediate and specific workforce issues (such as restructure, conclusion of a significant project or a recruitment campaign for specific skills) and identifies actionable strategies for managing the workforce issues.

2.3 WORKFORCE PLANNING AS A DRIVER OF WORKFORCE DEVELOPMENT

2.3.1 General

Workforce planning and workforce development are commonly linked and these terms are sometimes used interchangeably. They are both fundamental to the execution of business strategy. They are, however, not the same thing. Workforce planning is the driver of workforce development. Workforce development can be an outcome of workforce planning. Workforce development refers to the range of activities undertaken to address gaps and risks identified through workforce planning. Workforce planning and workforce development go 'hand in hand' as there is little point in planning without then executing, just as it can be a risk to execute without first having planned.

2.3.2 Workforce planning

Workforce planning (strategic, operational and management) should be regarded as an active and continuous process in the business planning cycle.

Workforce planning is the responsibility of the Board and Senior Executive and should be linked with business strategy. It includes risk and at times compliance elements. It is used to identify workforce implications, current and future, of business strategic objectives.

Workforce planning is supported by systems that gather, analyse and report on workforce demographics and planning strategies. It is typically delegated to Human Resources; however, increasingly, Finance, Policy, IT and Line Managers are designated responsibility for operational implementation.

Workforce planning enables evidence-based decision-making about the workforce.

The workforce planning process includes the following:

- (a) Building the business case.
- (b) Linking business and workforce strategy.
- (c) Engaging the business executive and workforce.
- (d) Understanding external and internal influences.
- (e) Segmenting the workforce.
- (f) Nominating critical jobs and job groups.
- (g) Identifying current and future business scenarios (e.g. growth, decline, no change).
- (h) Undertaking supply gap calculations against business scenarios.
- (i) Analysing current and future workforce data.
- (j) Identifying workforce supply risk.

2.3.3 Workforce development

Workforce development is the strategy (or strategies) developed in response to evidence-based workforce planning. Workforce development strategies are designed as risk mitigation initiatives to address a specific gap or risk identified in the workforce planning process. Workforce development follows workforce planning.

Workforce development strategies are commonly grouped under the following broad headings:

- (a) Talent retention.
- (b) Attraction and recruitment.
- (c) Job design (or re-design).
- (d) Organization culture/design.
- (e) Learning and development.
- (f) Succession planning.
- (g) Relocation.
- (h) Mobility.
- (i) Technology.
- (j) Performance management.
- (k) Workforce analytics and reporting.
- (l) Career development.

Each broad heading then comprises a range of sub-issues, for example, the broad heading of ‘talent retention’ may include the following:

- (i) Succession planning.
- (ii) Career development.
- (iii) Learning and development.
- (iv) Job re-design.
- (v) Marketing.
- (vi) Growing the workforce.
- (vii) Managing age difference in the workforce.
- (viii) Managing cultural differences in the workforce.
- (ix) Managing work life stage difference in the workforce.

Figure 2.1 shows the links between business planning, workforce planning and workforce development.



NOTE: Evidence-based workforce planning should underpin workforce development strategies.

FIGURE 2.1 LINKING BUSINESS PLANNING, WORKFORCE PLANNING AND WORKFORCE DEVELOPMENT

SECTION 3 STAKEHOLDERS OF WORKFORCE PLANNING

3.1 RELEVANCE OF WORKFORCE PLANNING TO DIFFERENT STAKEHOLDERS

3.1.1 General

There are many influences involved with workforce planning both internal and external to an organization. Stakeholders comprise those who are affected by or concerned with workforce planning. Each stakeholder may have a different focus. This Clause 3.1 considers workforce planning from the perspective of a range of stakeholders.

3.1.2 Employers/businesses

Although the objectives and outcomes of workforce plans are often consistent, the complexity may vary with the nature and size of the business.

Workforce planning strengthens a business's capacity to—

- (a) increase the productivity of its workforce by having the right information to the right people at the right time;
- (b) retain existing staff and skills and attract high performing staff;
- (c) facilitate adoption of new business models and new technology;
- (d) manage its workforce with respect to—
 - (i) skills shortages or oversupply;
 - (ii) economic cycles (growth and decline);
 - (iii) uneven or cyclical market demand; and
 - (iv) under-utilized labour market.
- (e) identify the right skills mix; and
- (f) identify, monitor and manage workforce risk.

3.1.3 Industry representative groups

Industry representative groups engage in workforce planning for their industry sectors to—

- (a) identify required skills and ensure the industry has access to a pool of appropriately skilled people;
- (b) lobby governments and the education industry to ensure they are training enough people to fill future skills needs within the industry;
- (c) protect the reputation of the industry sector by ensuring that it has the skilled workforce required to deliver outcomes; and
- (d) create and maintain flexibility of labour by accommodating workers who swap jobs to keep their skills in the sector and or in the region.

3.1.4 Regional stakeholders

Regional stakeholders (which may include a local government or joint local governments) undertake regional workforce planning and encourage and support local businesses to participate in order to—

- (a) ensure that local employment opportunities are a good match for the skills of the residents of the region and vice versa;