

# How To Plan Your HR Budget

## What does an HR budget include?

### Employee relations and talent management

- Engaging employees
- Creating a positive work environment
- Team building and coaching
- Accurate placement of candidates
- Management relationship building
- Labor relations

### Learning and development

- Training new employees
- Addressing skills gaps
- Employee certifications
- Implementing learning systems
- E-learning transition

### HR technology

- HR Information Systems (HRIS)
- Learning management technology
- Payroll and benefits systems
- Remote working tools

### Diversity, equity, and inclusion

- Increasing diversity of hiring
- Implementing inclusive hiring practices
- DEI training and culture building
- Leadership DEI programs

### Employee safety and well-being

- Physical safety compliance
- Mental well-being
- Employee health
- Security at work

### Compensation and benefits

- Employee salaries
- Health insurance
- Life insurance
- Retirement plans
- Paid time off
- Overtime pay
- Bonuses
- Other perks

### Administration of HR

- HR communications
- General HR administration



### What is an HR budget?

An HR budget allocates funds for all human resource processes and must be carefully planned and approved. Organizations use either an incremental budget, adjusting previous years' expenses based on HR objectives, or a zero-based budget, starting from scratch each year to allocate funds where needed most, such as recruitment.

### HR upskilling

- An enterprise licence for HR e-learning courses
- HR certifications
- Personal training budgets for HR employees
- Workshops
- College courses

### Talent acquisition & recruitment

- Advertising open positions
- Interviewing and screening candidates
- Background checks
- Onboarding new hires
- Agency fees
- Employee relocation or remote office setup
- Recruitment marketing
- Reducing turnover

## Why do you need to plan your HR budget?

01

### Managing human capital costs

Avoid overspending or shortages with a well-planned HR budget, allowing resource reallocation when needed.

02

### Ensuring HR operational efficiency

Knowing where and how much to spend enables effective and efficient operations.

03

### Achieving organizational success

HR efficiency helps organizations maximize personnel productivity and reach goals while preparing for regulatory changes.

04

### Having a seat at the decision-making table

With more business leaders seeing HR as partners, presenting a well-developed budget plan increases your organizational value.

## How do you prepare an HR budget?

### Define your business goals

Align HR planning with business goals by prioritizing critical areas first, like Apple does by involving HR in corporate strategy.

### Analyze and forecast workforce needs

Plan recruitment needs and budget for headcounts, turnover rates, hiring, training, compensation, and benefits.

### Plan for best and worst-case scenarios

Prepare for varying job market conditions, such as increased turnover, by adjusting recruitment spending.

### Have realistic expectations

Create a realistic HR budget, avoiding overspending while covering critical areas, and present it clearly.



01



02



03



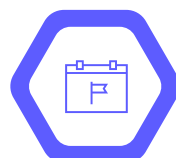
04



05



06



07



08

### Review past budgets

Examine past budgets, spending, and performance to learn and improve.

### Prepare your HR budget based on data

Use recent data, past performance, growth plans, and technology to make precise budget decisions.

### Consider investments as business builders

Plan for new HR tools or programs as investments and include expected ROI in your budget.

### Get it approved

Get management's approval by aligning your budget with business goals and demonstrating its relevance to corporate objectives.