

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

Compensation and benefits

- Employee salaries

Health insurance

Life insurance

Retirement plans

Paid time off

Overtime pay

Bonuses

Other perks

Employee safety and well-being

- Physical safety compliance

Mental well-being

Employee health

Security at work

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.

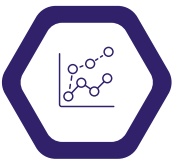


01



Review past budgets

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



03



Prepare your HR budget based on data

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



05



Consider investments as business builders

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



07



Get it approved

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