Human resource planning, records and statistics

In recent years the importance of an undertaking's human resources has become much more apparent as employers look for competitive advantage through improved service and because of the considerable costs of labour and the growing staff shortages in some sectors of the hospitality industry. The 'demographic time bomb', i.e. the reduction in the number of young people available for work in the new century, will contribute to the scale of the problem for many employers. The arrival too of new employers on the labour market will create new demands on an evermore competitive labour market.

In many other industries and organizations these problems have led to much attention being paid to most aspects of human resource management. It has led, in particular, to accurate planning so that an employer has the right resources available when required and also so that labour costs are not unnecessarily high. Because of this, well-conceived human resource policies are now playing an increasingly important part in furthering many undertakings' business objectives. They translate the overall business plan, normally concerned in the private sector with competitiveness and profitability, into a detailed plan. Such policies and plans may be summarized in an enterprise's mission statement.

Sound human resource policies can only be achieved through a thorough understanding of the organization, its objectives, its management, its operating style and its social and political environment. Human resource

planning can therefore be described as the process of interpreting the environment, predicting its effects on the organization, evaluating these effects and planning and controlling the appropriate measures in order that the right human resources are available when required.

Human resource policies must play a positive and creative role in the plans, developments and day-to-day activities of an undertaking. They must be designed to provide competent human resources when required. The need to plan on a sound basis of reliable information has been emphasized, and much of a manager's work revolves around certain basic and fundamental information; for example, precise job or role descriptions have been shown to be vital not only to recruitment but also to training, performance appraisal, job evaluation and salary administration.

Human resource planning is divided into two separate and distinct parts: strategic and operational. The strategic part of planning is concerned with ensuring that the right people will be available in the longer term, for example for hotels that are not even built.

Strategic human resource planning for larger organizations requires a thorough understanding of the organization and its environment. Figure 17.1 shows a 'systems thinking' diagram – how an organization's plan can be affected by its environment.

At the operational level, management needs to know precisely what staffing ratios are necessary. Each organization and each establishment will have its own, such as one waiter for ten covers and one room attendant for fourteen rooms (Figure 17.2).

At the strategic level, management needs accurate statistics in order to develop the undertaking's long-term plans. This is best illustrated by a real example with which one of the authors of this book was associated. A brewery company wanted to expand its number of managed public houses by 100. It needed to recruit at least 100 new husband-and-wife teams to run these public houses. In addition, if it had 100 managed houses already it would have to anticipate finding replacements for some of these existing 100 managers. If wastage rates are unknown, it is not possible to calculate accurately what numbers to recruit and train. On the other hand the company had kept records and these showed that wastage among established managers was 20% per annum and among trainees 30%. It was then simple to determine how many to recruit in a year.

Since 100 couples were required for new houses and 20 couples were required for existing houses, this indicated that a total of 120 couples were needed to complete training. However, as wastage during training is 30%, the number to be recruited had to be increased to compensate for this loss.

The brewery, therefore, knew on the basis of past experience that it would need to recruit about 172 couples to fill 120 vacancies likely to occur. The actual phasing of this recruitment depended on other factors such as the length of training, the availability of new public houses, the policy for retiring or replacing tenants, etc. This illustrates that plans for the future are difficult to implement effectively without adequate records and statistics. However, as was said much earlier, the individual's needs, as well as the employer's, have to be recognized – consequently any records and statistical data must serve the individual as well as the employer.

Personnel information and records are required for several reasons:

1 To provide detailed operational information such as monthly strength returns and payroll analyses.
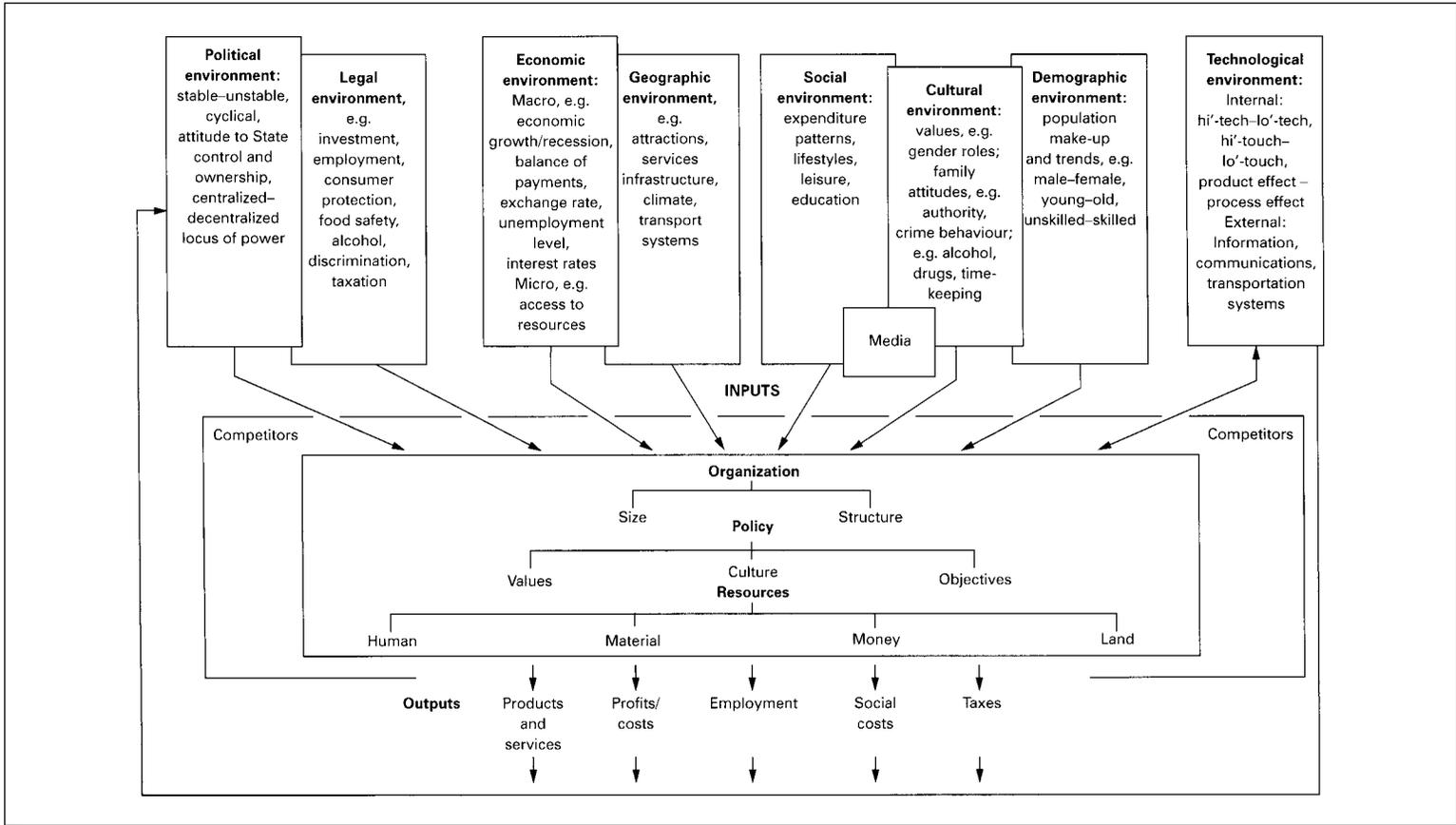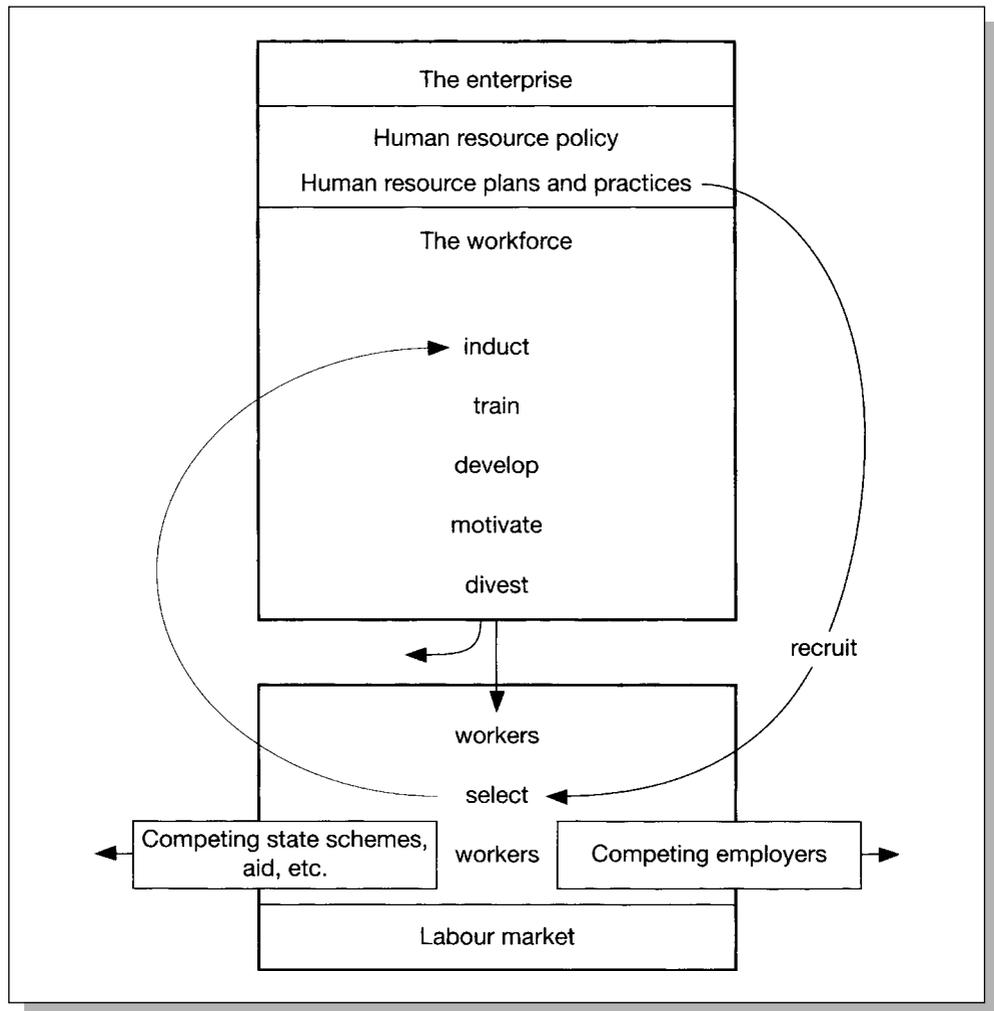2 To provide ratios or data such as wastage rates, age analyses and service analyses for planning purposes.

Figure 17.1 A 'systems thinking' diagram

Figure 17.2 Human resource planning – matching labour supply to demand

3 To provide information on individuals for administration purposes such as salaries and pensions and to provide information for career development purposes.
4 To provide information for statutory purposes such as National Insurance, redundancy payment, minimum wage, maximum hours, etc.
5 To provide information for re-employment and reference purposes.
6 To provide information for discipline and possible employment litigation purposes.

The nature of records and statistics that may be maintained and produced by employers varies considerably. The largest organizations in the UK require highly sophisticated information using computer-based systems, whereas smaller organizations need only minimal information. However, the following systems are probably basic to most organizations employing more than a few people. It has to be borne in mind that all records including manual records are subject to

data protection legislation (Data Protection Act 1984 and 1998) and may be affected by the Freedom of Information Act to be implemented in 2005.

Personal record

This is the backbone of a good records system. If both the contents and the layout are designed carefully, it can provide valuable information quickly and easily. Whether this record is a simple index card, a visible edge card or a computer file depends on the number of employees and the amount of detail required.

The record should contain concise information of a sort common to most employees, such as age, education, qualifications, training and marital status. It is used primarily for statistical exercises or for the speedy retrieval of information; for example, the record may be used to produce an age distribution of all management employees in order to assist with management development plans, or, alternatively, the cards may be used to discover French speakers or all those with 'instructor' training. The personal record does not replace the need for a personal dossier for each employee. The nature and purpose of personal information kept by employers now has to be carefully considered for a number of reasons. For example, to keep information that could be used in order to discriminate on grounds of sex or race may be illegal. A typical personal record card will look like the one shown in Figure 17.3.

Personal dossier

This should contain all documents relating to an individual employee. These may include

- copies of letters of offer and acceptance
- application form
- copy of engagement form
- various reports and correspondence
- performance appraisals
- changes of conditions, e.g. salary increases
- records of company property issued to the employee
- disciplinary measures.

The dossier is usually retained for a period of time (a year or two) after an employee has left, to assist in case of queries.

Employment requisition

This is a document produced by the heads of departments (in larger organizations) requesting authority to recruit a replacement or an addition to staff. The nature of this form varies considerably and depends on the degree of authority of individual heads of departments. In some cases, for example, heads of departments will need no special authority so long as the person to be recruited will be within the laid-down staff establishment or within authorized budget levels. On the other hand, there are chief executives even in some large organizations who insist on personally authorizing the recruitment of all new staff whether they are replacing leavers or exceeding the staff establishment. A typical form is shown in Figure 17.4.

Surname		Forenames		Clock/Staff no.
Home address				
				Telephone no.
1st change of address				
				Telephone no.
2nd change of address				
				Telephone no.
Sex	Date of birth	Nationality		Ethnic origin*
Marital status		No. of children		
Emergency contact (name, address, tel. no.)				Relationship

Employment

Work address			Telephone no.
1st change of address			Telephone no.
2nd change of address			Telephone no.
Start date		Work permit	Expiry date

Job History

Date	Dept.	Job title	Reason for change	Date	Dept.	Job title	Reason for change

Terms and Conditions

PT/FT	Temp/Perm	Working hours		Shift pattern		Hours pw
Holiday entitlement	Company sick pay entitlement		SSP qualifying days		Pension	
Other						

Pay History

Date	Current salary	Increase	Remarks	Date	Current salary	Increase	Remarks

*Such data may be needed to rebut accusations of discrimination.

Figure 17.3 A personal record card

Source: Croner's Personnel Records: reproduced with kind permission of Croner Publications.

Payroll				
Payroll no.		NI no.		Tax code
Bank (name and address)				Bank sort code
				Account no.

Health			
RDP	Disability		RDP no.
Medical restrictions			

Pension scheme/insurance etc.

Date	Comments	Date	Comments

Skills and qualifications

Educational achievements	
Work qualifications	
Languages and proficiency	Test scores
Other skills	Management experience

Miscellaneous

Professional bodies	
Public offices	Territorial army
Union membership / Check off	Union or safety representative
First aid certificate	Driving licence

Previous Employment

Dates	Company	Position	Reason for leaving	Dates	Company	Position	Reason for leaving

Termination

Due retirement date	Termination date	Termination code

Figure 17.3 *continued*

AUTHORITY TO RECRUIT

1. RECRUITMENT NEEDS ANALYSIS – Before completing the form:

a. Consider whether any of the following might provide a more cost-effective alternative to recruitment:
   — re-organisation of staff (duties/hours)?
   — contract labour?
   — mechanisation?
   — improved working methods?
   — revision of standards?

b. Consider whether business product changes might alter the situation.

c. Check whether recent exit interviews indicate a need to alter the job description, person specification or the reporting relationships.

Further guidance may be obtained from Personnel or by referring to the Recruitment and Selection Manual.

2. POSITION VACANT: ....

....

DEPARTMENT/LOCATION:....................

WAGE SCALE/SALARY RANGE: ....

HOURS OF WORK: ....

SPECIAL CONDITIONS:.........................

Replacement/New Position*

Job Description

                    attached/not attached*

Person Specification attached/
not attached*

*delete as appropriate

3. RECRUITMENT PLAN – indicate here which means of recruitment you intend to use or wish Personnel to use:

tick

internal applications

career development
   scheme

holding file

job centre

schools & colleges

mail shots

advertising

agencies

4. NAMES OF AUTHORISED PERSONS

To authorise recruitment........................

....

To recruit:...

To select:..

To decide to make offer:.........................

....

FURTHER DETAILS – e.g. media to be used if advertising:

ESTIMATED RECRUITMENT COST:

Figure 17.4 Example of an employment requisition
Source: Reproduced by courtesy of Forte Hotels.

```
┌────────────────────────────────────────────────────────────┐
│  5. I confirm that I have carried out a   6. AUTHORISED      │
│     recruitment  needs  analysis  and                        │
│     wish to recruit as above.                                │
│                                                              │
│     Signed.................................   Signed........................... │
│                        (ORIGINATOR)         (DESIGNATED MANAGER) │
│                                                              │
│     Date...................................   Date ......................... │
└────────────────────────────────────────────────────────────┘
  Completed form to be sent to the recruiter responsible for action.
```

Figure 17.4 *continued*

In most of the larger well-organized undertakings, the personnel department also have to authorize the salary or wage to be paid in order to ensure that anomalies are not allowed to creep in.

Engagement form

This form should be completed when a new employee joins an employer. The purpose is to inform all the relevant departments so that appropriate action is initiated. These departments may include

- wages
- training
- pensions
- insurance
- personnel records.

The information contained on the form varies according to the system being used; for example, some employers may be able to use one engagement form for all departments and all levels of staff whereas other employers may need to use different forms for each. It is of prime importance, however, to ensure that the employee is paid and insured. Consequently information should include name, staff number, address, department, date of starting, rate of pay and bank address. Figure 17.5 shows one typical example.

Termination form

This form is necessary in order to fulfil several purposes:

1 To initiate documentation and administration procedures such as preparation of the P45 and the final wages payment.
2 To provide statistical information regarding labour turnover.
3 To provide information for reference or re-employment purposes.

NEW STARTER FORM (E)

FULL/PART TIME STAFF Only

CHOICE HOTELS
EUROPE

To: SALARIES SERVICES   FROM:_____ DATE SENT:_____
                                        (Personnel/Assistant/General Manager)

> **NEW STARTERS (Full/Part Time)**
> **WILL NOT BE PROCESSED BY SALARIES SERVICES UNTIL BOTH**
> **THIS PAGE AND THE REVERSE IS FULLY COMPLETED AND SIGNED**

SURNAME:_____ Mr/Mrs/Miss   HOTEL/UNIT:_____

FIRST NAME:_____   DEPARTMENT:_____

HOME ADDRESS:_____   JOB TITLE:_____

_____   START DATE:_____

_____   SALARY:_____

DATE OF BIRTH:_____   HOURS:_____ per week   LIVE IN/OUT*
                                                                    * (Delete as applicable)

NATIONAL INSURANCE NO:_____   P.45/46/38 ENCLOSED
(If **Temporary No.** attach benefit agency letter confirming   YES   NO
this has been applied for)   (Circle as applicable)

BANK/BUILDING SOCIETY DETAILS

BANK:_____   BUILDING SOCIETY:_____

ACCOUNT NO:_____   ACCOUNT NO:_____

SORT CODE:_____   SORT CODE:_____

                                                ACCOUNT REF. NO:_____

'I confirm that document numbers 1–6 & 13–16, as per the check list overleaf, have been duly issued, signed by the
employee and filed, with document numbers 7–12 to be actioned on the specified date'.

A: Signed:_____   Personnel/Assistant/General Manager

*As General Manager, I have authorised the *replacement/*increased establishment*   *(*Delete as applicable)*

B: Signed:_____   General Manager

Figure 17.5 Example of an engagement form
Source: Reproduced by courtesy of Choice Hotels.

CHOICE HOTELS EUROPE

THE FOLLOWING DOCUMENTS MUST BE COMPLETED
for all
FULL & PART TIME EMPLOYEES
(over 8 hours per week)
PRIOR
TO THIS 'NEW STARTER FORM' BEING FORWARDED TO
SALARIES SERVICES

(Tick or insert dates as applicable)

PHOTOCOPY OR FAX THE 'NEW STARTER DETAILS' ON THE REVERSE SIDE OF THIS FORM, AND FORWARD TO SALARIES SERVICES

THIS ORIGINAL COPY TO BE RETAINED IN THE PERSONNEL FOLDER.

1)	APPLICATION FORM	-	Completed in full and signed prior to interview			
2)	JOB DESCRIPTION	-	Presented either **at interview** or **upon commencement**			
3)	REFERENCES	-	a **minimum of 2**, preferably 3 to have been forwarded			
4)	INDUCTION RECORD	-	complete within first **7 days**			
5)	GUIDE TO HEALTH & SAFETY	-	complete within first **7 days** plus Dept. requirements			
6)	HOUSE RULES	-	present and sign within **7 days**			
7)	DEPT. TRAINING RECORD	-	to have commenced with **7 days**			
8)	FOOD HYGIENE TRAINING	-	for all new Food Handlers within **7 days**			
9)	3 WEEK APPRAISAL	-	indicate date			
10)	CONTRACT	-	issue within **8 weeks** of commencement			
11)	5 MONTH APPRAISAL	-	indicate date			
12)	COSHH TRAINING	-	every **6 months** – indicate date to be arranged			
13)	FOOD HYGIENE DECLARATION	-	issue **6 monthly** to all Food Handlers			
14)	UNIFORM RECEIPT	-	where applicable	n/a	or	
15)	LIVING IN RULES	-	where applicable	n/a	or	
16)	LIQUOR RULES	-	where applicable	n/a	or	

Figure 17.5 *continued*

Other forms

There is a variety of other information that may have to be kept for contractual, statutory or other purposes. This can include

- accident reports
- medical reports

- training reports
- absentee reports
- change of status, e.g. salary increases, promotions, transfers
- warnings.

From these various documents most of the statistical information required for the satisfactory planning and control of most undertakings can be produced.

Strength returns

This shows the numbers employed by departments and should show changes in numbers. It may also incorporate 'establishment' numbers, i.e. the agreed numbers to be employed in each department. Any variation from establishment will be shown.

Payroll analysis

This information (a development of the strength return) may be produced by a variety of departments including the wages department, the cost or management accountant's department and the personnel manager's department. It will include a breakdown, by departments, of labour costs. These may be shown in a great variety of ways including various ratios and percentages. The figures should always include a comparison of the actual and budget figures.

Both the strength return and the payroll analysis should be produced on a regular, periodic basis. Where there is strict control over wage and salary levels the strength return will be sufficient for most day-to-day management purposes, since cost variances will only arise where there are variances from the laid-down establishment. In any case the labour costs should show up elsewhere – in particular on periodic operating statements.

Procedures

Staff/labour turnover analysis

This has been discussed in Chapter 14. However, it must be stressed that regular production of this information can assist considerably in staff recruitment and retention, by identifying problem areas.

The turnover rate for each department and for the undertaking as a whole will make up part of this report. This can be arrived at roughly by the following formula:

$$\frac{\text{Number of employees who left during the period}}{\text{Average number employed during the period}} \times 100$$

Such data must be prepared and considered carefully, however. One company, for example, found that all in-company transfers had been included, thus distorting the turnover rate.

In itself the turnover rate may be of little value, since it gives no indication, for example, of turnover among long-serving employees, i.e. the 'retention' rate. This is a measure of the proportion of employees who have stayed for a specified period, e.g. one year. It may, therefore, be necessary to supplement labour turnover figures

Analysis of leavers for 12 months ending 31 December 2005		
Length of service (years)	Number of leavers	Percentage
More than 5	4	5.0
More than 2 less than 5	8	10.0
More than 1 less than 2	10	12.5
Up to 1	58	72.5
Total	80	100.0

Figure 17.6 An analysis of leavers by length of service, 2005

with further breakdowns. This may be done in a variety of ways including showing numbers of leavers by length of service, as shown in Figure 17.6.

Age and service analyses

For human resource planning and management development purposes it is important in the medium- and larger-sized organizations from time to time to look at the make-up of the labour force and in particular at the age profile of the workforce and management team. If this is not done, an unanticipated spate of retirements and resignations can leave an undertaking without the necessary trained personnel. It is useful, therefore, to produce an annual age profile of management, headed by those due to retire. In some cases it may be desirable to link this with service as shown above (Figure 17.7).

Age	Service									
	Under 1 year	1–5	6–10	11–15	16–20	21–25	26–30	31–35	36–40	41+
61–65			1		2		2			
56–60						1				
50–55		6	3	3		1				
46–50	3		2							
41–45	1									
36–40			1	1	2					
31–35	2	8	1							
26–30	8	7								
21–25	2	3								
under 21	1	2								

Figure 17.7 An age and service analysis

In examining the type of chart shown in Figure 17.7 one would hope to see the bulk of managers distributed fairly evenly through the chart, preferably slightly weighted towards the younger end. Where this is not the case, the management team may not have the necessary combination of age, experience and inbuilt continuity. Consequently senior management may wish to take steps to put this right by promotion, transfers, recruitment and appropriate training. However, because of age discrimination legislation this may be legally constrained.

Human resource audit

Some of the largest employers conduct detailed studies periodically which provide a complete breakdown of the labour force into various sections including job grades, age and service. They may also report on the quality of staff, their qualifications, performance and potential. The training plan, management development programme and manpower plan may be part of, or may be linked with, this audit.

Some organizations, the most sophisticated, may also set out to determine the 'economic' value of their human resources by placing values on the costs of recruitment, induction, training, development, wastage, etc. This is sometimes referred to as human asset accounting (HAA).

Apart from the records and data discussed here, there are many more that may be necessary for effective planning and control. However, it is important to bear in mind that although the production and interpretation of information and statistics can in itself be an attractive occupation, only those data that serve a useful purpose should be produced. They should clearly be aids to line management in providing an effective service. If they do not satisfy this requirement, the information being produced is almost certainly unwanted and consequently it is a waste of resources that could be employed more fruitfully elsewhere.

Computers and the personnel function

Computers have been used to a great extent for many years in business. Within the human resource or personnel function there are now many systems available, often known as computerized personnel information systems (CPISs). Major uses now include employee records, payroll, management reports, absence and holiday records and Statutory Sick Pay/Statutory Maternity pay (SSP/SMP) records. There are also software programmes for succession planning and management development purposes. CPISs will be integrated into the total management information system and accessed directly by line management. Line managers will not have their information filtered by personnel staff. Instead, personnel people will be more involved in designing CPISs. These predictions were made at the International Hotels Association (IHA) conference held in Tel Aviv in 1995. At this conference a speaker described the Federal Express personnel records system, which was already largely paperless and which was accessible to management and staff alike. Staff, for example, were able to search for internal transfer and promotion opportunities whilst supervisors and managers were able to access data instantly which previously was filtered by personnel staff. Another system reported at the IHA Human Resource Think Tank held in The Netherlands in 1999 described a system of self-rostering which, using a computer-based system, allowed (or empowered) staff to make decisions about where and on what shifts they worked.

Further Reading and References

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Questions

1 Describe the objectives of human resource planning and the various elements of an effective process.

2 Discuss what external factors influence the nature of human resource planning.

3 Evaluate the approach to human resource planning used by an employer you know well.