

Human Resource Planning: A Key Factor in Ensuring the Effectiveness and Efficiency of Organization

Omoankhanlen Joseph Akhigbe

Department of Management,
Faculty of Management Sciences,
University of Port Harcourt – Nigeria.

Abstract

This paper investigates the relative influence of human resource planning (HRP) on the effectiveness and efficiency of organization. Effectiveness – being the degree to which the organization is successful in achieving strategy, mission, and vision. Efficiency – being how well the organization uses its resources (financial, human, physical, information). The paper is of the view that organizations being institutions are established to accomplish specified goals. To achieve these goals, the human resource planning is seen as one of the most crucial factors, without which the goals are as good as dead. The study recommended that HRP should be a priority in every organization, since it has impact on organizational performance.

Keywords: human resource planning, effectiveness, efficiency.

INTRODUCTION

Despite the efforts made by organizations to ensure that there are right people, in the right place, at the right time, there are still some challenges in the whole process of implementation of effective Human Resources Planning in organizations. Failing to properly plan for their human resources, employers are forced to become reactive, rather than proactive. This tendency of reactivity causes problems of rush recruitment which sometimes led to wrong recruitments.

What is popularly known as human resource planning was formally called manpower planning prior to late 1970s. The usage of manpower planning was appropriate then, since it was the era of personnel management. However, in the early 1980s, the term ‘human resource’ in place of ‘manpower’ planning gained acceptance as a way of emphasizing the positive view of human resource in line with human resources management concept.

The efficiency and effectiveness of organizations depend, to a great extent, on effective human resource planning. Effective human resource planning is a process of analyzing an organization’s human resource needs under changing conditions and developing the activities necessary to satisfy these needs (Biswajeet 2010:34). With the speedy development of Japanese economy, countries all over the world discovered that the rapid growth of any economy did not lie in attaching single importance to material factors such as the production system. Hence, organizations are realizing that it is imperative to hire employees who can do the job and

be successful at it. It behooves the organization to find these people, bring them into the organization and maintain their services. This requires HRP and implementation. It is unfortunate that many organizations had to suffer due to improper HRP. Today’s organizations can no longer just hire to hire or can no longer rest on the belief that individuals will stay with the organization through thick and thin (Decenzo & Robbins 1998:91).

STATEMENT OF RESEARCH PROBLEM

Managing human resources is primarily a line activity, yet the line managers being operating managers are more concerned with materials and financial resources than with the human resources. Human resources are the key to success in organizations. Yet many organizations too often, forget how important the people variable (organization’s most valuable asset) is to the success of an organization. Many organizations and managers have failed because they have taken their human resources for granted. Moreover, many of the ill defined organizational problems tag ‘tough-to-solve’ human resource problems facing organizations could be resolved through effective human resource planning.

Effective human resource planning in the areas of recruitment of employees, retention of staff, utilization of staff, improvement of staff performance and disengagement of staff is a necessity in today’s turbulent business world. In all, the major setback in human resource planning is the systematic analysis of human resources on a continuous basis. For this, databanks have to be set up with all relevant

information to aid HRP decisions. Mostly, HRP decisions are made in organizations in the absence of any clear means of assessing the effects or the relevance of their decisions to the databanks that usually serve as a proper approach to HRP. Naturally, those who take HRP decisions, attempts to take the aforementioned factor into consideration, but they rarely have the information to do so satisfactorily, most especially when it come to systematic way of storing data and information for each individual employee to aid planning; decision making; to analyze factors representing change – change that potentially affects survival, growth, efficiency, and effectiveness, as well as excellence, productivity and profitability of business; and a host of other HRP issues.

From the foregoing, the point made is simple: that the quality of HRP decisions in organizations largely depends upon the quality of information held by it and the key to effective HR planning is proper approach via HRP databanks.

In this study, questions that might be investigated include:

- i. What are the ways organizations can observe proper human resources planning (HRP) that facilitates other staffing functions of Recruitment, Selection, Placement and Induction?
- ii. What are the underlying prescriptions for computing Labour Turnover, Labour Stability Index and Analysis of Leavers by Length of Service?

REVIEW OF RELATED LITERATURE

Human resource (HR) planning concept is not new to organizations, but attitudinal behaviours of organizations' management are responsible for organizations' inability to implement HRP. HR planning looks at broader issues relating to the ways in which people are employed and developed in order to improve organizational effectiveness (Armstrong 2001:357). HR planning is the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements.

Human resource planning as the process by which management determines how the organization should move from its current manpower position to its desired position. Through human resource planning, management strives to have the right number and the right kinds of people, at the right places, at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefits.

Human resource planning (HRP) is a systematic analysis of HR needs in order to ensure that correct

numbers of employees with the necessary skills are available when they are required. Today, more and more organizations are realizing the need for serious human resource planning, since human resource would prefer the organizations that enable them to fulfill their true potential and, in so doing, help the organizations to achieve their objectives.

Conceptually, HR planning should be an integral part of business planning. The strategic planning process should define projected changes in the scale and types of activities carried out by the organization. It should identify the core competencies the organization needs to achieve its goals and, therefore it skills requirements. In as far that there are articulated strategic business plans, HR planning interprets them in terms of people requirements. But it may influence the business strategy by drawing attention to ways in which people could be developed and deployed more effectively to further the achievement of business goals, as well as focusing on any problems that might have to be resolved in order to ensure that the people required will be available and will be capable of making the necessary contribution (Armstrong, 2001:358).

HR planning is useful in identifying the knowledge and skills needed to successfully identify human resource requirements and attract and retain an effective workforce for an organization. Human Resources planners in organizations need an understanding of how recruitment and selection fits into the broader organizational structure, processes, and goals of an organization and how this function is related to the other functions of human resource planning.

Human resource planning has traditionally been used by organizations to ensure that the right person is in the right job at the right time. Human resource planning is defined as the process of determining the human resource needs of organizations in the long-term (De Cenco and Robbins 1996:127). Human resources planning cannot exist in isolation. Therefore, it must be linked to other HRM functions. HR Planning is the foundation of staffing; hence, HR planning is a process that identifies current and future human resources needs for an organization to achieve its goals. It means forecasting an organization's future demand and supply for employees, based on its business needs; and subsequently developing and employing the strategies required to meet these needs. It involves a gap analysis between current HR supply and future demand. Strategies are then developed to address the gap and may involve recruitment, internal staffing, development, training, contracting and partnering, and activities relating to downsizing. "Forecasting future needs" implies understanding the future business directions of the organization so that the HR needs can be

appropriately identified. HR planning can be conducted at the organization level or at any component level, but a key to success is always understanding and linking to business direction.

Personal development plans is part of HR planning activities. HR development planning aims to promote learning and to provide people with the knowledge and portfolio of transferable skills that will help to progress their careers. Learning in this concept focuses heavily on job – related skills or knowledge and heavy emphasis on the employees' future career and required experience. Ideally, HR development planning helps to fit people better for their current job and it focuses on job or career development or some mix of both.

CLARIFICATION OF CONCEPTS

Human Resource Planning

HR Planning is taken into consideration as one of the most important elements in a successful HRM programme (De Cenzo and Robbins 1988:79). A careful analysis of all HR Planning activities shows that their effectiveness and efficiency, which result in increased productivity, more satisfied and better-developed employees, depend on human resource utilization. Human resource planning is a key factor in ensuring the effectiveness and efficiency of human resource management. Human resource planning and its connections with the management of human resources represents an important topic as the planning process is the one that creates a proper field in the displaying of all functions of human resources. However, contemporary human resource planning occurs within the broad context of organizational and strategic business planning. It involves forecasting the organization's future human resource needs and planning for how those needs will be met. It includes establishing objectives and then developing and implementing programmes (staffing, appraising, compensating, and training) to ensure that people are available with the appropriate characteristics and skills when and where the organization needs them. It may also involve developing and implementing programmes to improve employee performance or to increase employee satisfaction and involvement in order to boost organizational productivity, quality, or innovation (Mills, 1985). Finally, human resource planning includes gathering data that can be used to evaluate the effectiveness of ongoing programmes and inform planners when revisions in their forecasts and programmes are needed.

Proper HR planning facilitates human resource utilization system that affords human resource more effective equal employment opportunity planning, a better chance to participate in planning their own careers and to share in training and development experiences. Thus, they are likely to feel their talents are important to the employer, and they have a better

chance to utilize those talents. This situation often leads to greater employee satisfaction and its consequences: lower absenteeism, lower turnover, fewer accidents, and higher quality of work. In short, effective human resource utilization ensures that HRM activities and programmes are built on a foundation of good utilization. Proper human resource utilization assists in cutting down on the number of surprises that occur in an organization, involving human resources availability and placement.

HR planning enables an organization to pursue both employees and expectations of management organization (Firoiu, 2003). Hence, when preparing HR planning programme, organization practitioners should bear in mind that their staff members have objectives which they need to achieve. This is the reason why employees seek employment and neglecting these needs would result in poor motivation that may lead to unnecessary poor performance and even Industrial actions.

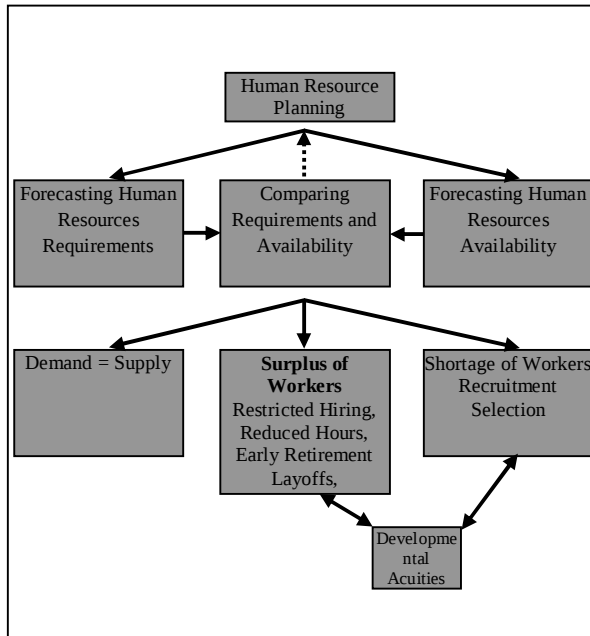
By and large, human resource planning (having the right number and kinds of people, at the right places, at the right times). HR Planning will be taken to mean any rational and planned approach for ensuring:

- ❖ The recruitment of sufficient and suitable staff
- ❖ Their retention in the organization
- ❖ The optimum utilization of staff
- ❖ The improvement of staff performance. Job design that lead to the development of various working patterns is to enhance staff performance, such as concepts like Flexible working hours (flexitime i.e. flexibility of time), Work Sharing/job sharing, Home work (doing organization work at home), Telecommuting, reduced working hours, reshaping of work, changing work life (improving the quality-of-work-life), Compressed Workweek/Compressed hours, Annual hours contracts, Zero hours contracts, Shorter workweek, Dejobbing, Job Engineering, Job Reassignment, Self Managing Work Team (Autonomous Work Group), High Performance Work Design, Cross training, career management, individual career planning, career and retirement.
- ❖ The disengagement of staff, as necessary (Cole, 2002:138)

There are four categories of staff that are important in human resource planning. These are existing staff, new recruits, potential staff and leavers

PROCESS OF HUMAN RESOURCE PLANNING

The process of human resource planning as illustrated in figure below.



Source: Researcher Perspective on the Process of Human Resource Planning

Figure 1: The Process of Human Resource Planning

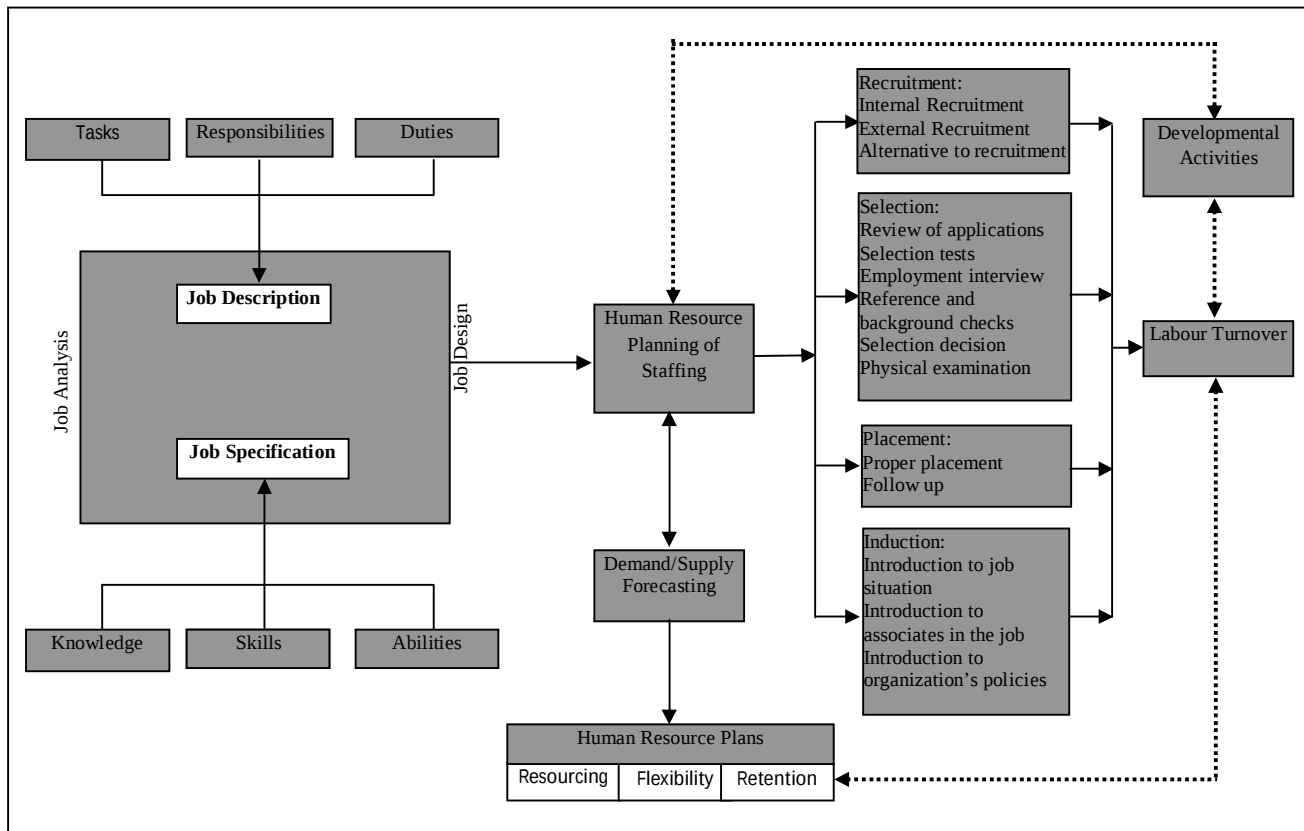
The human resource planning process begins with requirement forecast and availability forecast. A requirement forecast is an estimate of the numbers and kinds of employees the organization needs at future dates in order to realize its goals. Forecasting requirements provide organization managers with the means of estimating how many and what types of employees will be required. Availability forecast is an estimate of the numbers and kinds of employees the organization will have at future dates. The availability forecast is a process of considering incomings and outgoings during the planned period. Forecasting techniques include zero-base forecasting, the bottom-up approach, the use of mathematical models, and simulations. Zero-base forecasting is a method for estimating future employment needs using the organization's current level of employment as the starting point. Vacant positions are not automatically filled. The filling has to be justified. The bottom-up approach is a method beginning with the lowest organizational units. Each level forecasts its requirements. Comparing requirements of availability entails quantitative and qualitative comparison by answering two basic questions: how many people? And what sort of people? Forecasting human resource availability, simply termed supply forecasting entails forecasting skill and competence requirements. Forecasting skill requirements is largely a matter of managerial judgement. Supply forecasting measures the number of people likely to be available from within and outside the organization, having allowed for attrition (labour wastage and retirement), absenteeism, internal movements and

promotions, and changes in hours and other conditions of work. The emphasis of this forecast is based on an analysis of existing human resource in terms of numbers in each occupation, skills and potential. The demand and supply forecasts can be analyzed to determine whether there are any deficits or surpluses. When demand is equal to supply, no action is required but on the contrary, action is required. When action is required, it provides the basis for recruitment, retention and, if unavoidable, downsizing plans as a result of surplus of workers. The process is concluded with developmental activities, since the problem associated with surplus of workers and shortage of workers can be solved if the mind-set of development is inculcated in the human resource planning process and implemented.

A Model of Human Resource Planning Showing its Components and Areas of Developmental Activities

The related issue in human resource planning in terms of components is broad. However, this process is depicted in the figure below with the procedural aspects that describe inputs, outputs and the relationship of the entire process with developmental activities.

In reality, four components exist in human resource planning prior to human resource planning of staffing. These components are Job Analysis, Job Description, Job Specialization, and Job Design. Job Analysis is a basic human resource management tool. Job consists of a group of tasks that must be performed for an organization to achieve its goals. By definition, job analysis is a systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization. Trust and confidence is an essential requirement for the process of job analysis. The methods of job analysis are questionnaires, observation, interview and employee recording. Reasons for conducting job analysis are: **Staffing** – would be haphazard if recruiter did not know qualifications needed for job. **Training and Development** – if specification lists a particular knowledge, skill, or ability, and the person filling the position does not possess all the necessary qualifications, training and/or development is needed. **Compensation and Benefits** – value of job must be known before monetary value can be placed on it. **Employee and Labour Relations** – lead to more objective human resource decisions. **Legal Considerations** – having done job analysis important for supporting legality of employment practices.



Source: Researcher Perspective on Human Resource Planning Components

Figure 2: A Model of Human Resource Planning Showing its Components and Areas of Developmental Activities

A Job description is useful in accessing each job by describing the content and competencies required. Hence, jobs and skills match and mismatches can easily be identified. Job description is a document providing information regarding tasks, duties, and responsibilities of job.

Job specification specifies minimum qualifications to perform a particular job, such as skills, knowledge, abilities, experience, etc. The job specification is a document containing the minimum acceptable qualifications that a person should possess in order to perform a particular job.

Job Design is an important factor that influences employee's motivational level of his work in organization. The structural techniques for increasing an employee's motivational potential are job enrichment, job enlargement, reengineering, job rotation, shorter workweek, flexitime, home work and work-sharing.

- Job enrichment - Basic changes in the content and level of responsibility of a job, so as to provide greater challenge to the worker.
- Job enlargement - Changes in the scope of a job to provide greater variety to the worker.

- Reengineering – Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.
- Job rotation - job rotation can be either horizontal or vertical. Vertical rotation is nothing but promoting the worker into a new position. Horizontal job rotation refers to lateral transfer.

Functions of recruitment, selection, placement and induction are grouped under the broad term of human resource planning of staffing. These processes take priority after a consideration of job analysis, job description, job specification and job design.

The broad term of human resource planning of staffing in the model goes with vertical and horizontal approaches showing its inter-relationship with labour turnover and developmental activities. The horizontal approaches are recruitment, selection, placement and induction.

Recruitment is the process of the organization attracting individuals and encouraging them to apply

for jobs by identifying productive sources of applicants, and using suitable recruitment methods are essentials to maximize recruiting effectiveness and efficiency. Sources of recruitment are internal and external. Extension and modification of external recruitment are alternative recruitment, such as outsourcing, contingent workers, employee leasing and overtime. Normally, internal recruitment takes priority over external recruitment and when this ideal situation is adhered to, developmental activities flourish.

Selection is the process of choosing from a group of applicants the individual best suited for a particular position through the process of review of applications, selection tests, employment interview, reference and background checks, selection decision and physical examination.

Once the employee is hired, he should be placed in a suitable job. Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job. This process entails proper placement and follow up, since a misplaced employee is disgruntled and frustrated and cannot give his best to the organization. Proper placement will go a long way in reducing employee turnover, accident and absenteeism and improve the morale of the employees.

Induction follows placement and consists of the task of orienting or introducing the employee to the organization. Instead of leaving employees to stumble and stagger through the organization job, it is better systematically to introduce employees to the organization, its policy and its position in the economy.

The vertical approaches are demand/supply forecasting, human resource plans that ensure resourcing, flexibility and retention, and there is connectivity between this process and employees turnover and development activities. The starting point of the vertical process from human resource planning of staffing is demand and supply forecasts (HR Planning requires collection of data on the organizational goals objectives) and it leads to human resource plans where resourcing, flexibility and retention emanated. The analysis of retention plan feeds into labour turnover and also leads directly to developmental activities, and the entire process starts all over with human resource planning of staffing stage. Also, the starting process of the horizontal approach is human resource planning of staffing that leads to recruitment, selection, placement and induction. These processes feed into labour turnover and also lead directly to developmental activities, and the entire process starts all over with human resource planning of staffing stage.

To ensure that employees are available to provide the continued smooth development of an organization, organizations engage in human resource planning.

The HRP activities in term of steps are:

- ❖ The first step in the HRP requires assessing current human resources: HRP begins by developing a profile of the current status of human resources through human resource inventory i.e. inventory of the workers and skills already available within the organization and a comprehensive job analysis.
A human resource inventory reveals skills available within the organization
A job analysis provides information about jobs currently be done.
- ❖ The second step in HRP is to review the organization's overall objectives and revenue projections
- ❖ The third step translate the organization's revenue projections into a forecast of demands for human resources
- ❖ The fourth step involves an assessment and forecast of internal and external supply sources
- ❖ The final step in the HRP process consists of matching demand and supply. This will highlight shortages and overstaff positions

No workforce is completely static – this justifies the relevance of HRP in the area of assessing the supply of labour available to the organization. In doing this, there are two major areas:

- i. the existing workforce (the internal labour market)

Typical questions that manager need to ask when assessing the state of their internal labour market are as follows:

- ❖ Job categories – what categories of staff do we have (e.g. engineers, process, workers)
- ❖ Numbers – how many people do we have in each categories
- ❖ Skills – what skills are available amongst existing employees
- ❖ Performance – what level of performance are we getting from our various categories of employees
- ❖ Flexibility – how easy is to transfer employees between jobs. Are individual skill transferable
- ❖ Promotability – how many of our employees are ready for promotion into more demanding roles. What training could be reasonably provided to assist promotions
- ❖ Age profiles – do we have age-related problems due to imbalances between experienced and inexperienced staff
- ❖ Sex distribution – have we an appropriate balance between the sexes, given the requirements of our business

- ❖ Minority groups – are minority groups properly represented in the workforce
- ❖ Leavers – what is the organization labour turnover rate by staff category and/department? How many people are due for retirement? Are any redundancies likely? How many people left for reasons of dissatisfaction? Are any trends noticeable? (Cole 2002:145-146)

Answers to the above questions can provide a reliable picture of the state of the organization's labor force. Human resource planning is concerned about organizations ability to attract new recruits and to retain them. HRP is crucial for ensuring a supply of fresh blood into the organization and also as a matter of physiological analogy, to prevent the loss of blood by avoiding the idea of employees constantly leaving.

Underlying Prescriptions for Computing Labour Turnover, Labour Stability Index and Analysis of Leavers by Length of Service

The ratio of leavers is of great concern to all organizations stakeholders, yet many organizations know nothing about how to compute labour turnover. It obvious that many HR professional/HR managers lack the idea of how to calculate labour turnover and employees' stability figures. The information below is illustration on how to calculate Annual Labour Turnover Index, Labour Stability Index, and Analysis of Leavers by length of service

- **Annual Labour Turnover Index:** This is sometimes called the percentage wastage rate, or the the conventional turnover index. This is the simplest formula for wastage and looks at the number of staff leaving during the year as a percentage of the total number employed who could have left, that is, it provides information about the ratio of leavers to the average numbers employed during the course of a year. It is usually expressed as follows:

$$\frac{\text{No of Employees leaving during the year}}{\text{Average No employed during the year}} \times 100$$

OR

$$\text{Leavers in year} \times 100 = \frac{\text{percentage wastage rate}}{\text{Average Numbers of staff in post during the year}}$$

(See Appendix 1 for Calculation Example)

Decision: A turnover rate of 25 per cent would be considered perfectly satisfactorily by most firms. A turnover rate of 100 per cent be considered a major problem.

- **Labour Stability Index:** This index is based on the number of staff who could have stayed throughout the period. Usually staff with a full year's service is expressed as a percentage of staff in post one year ago. This labour stability index usually links the leaving rate with length of service. It is usually expressed as follows:

$$\frac{\text{No of leavers with more than 1 year's service}}{\text{Numbers employed one year ago}} \times 100$$

OR

$$\frac{\text{No of staff with 1 year's Service at date}}{\text{Number of staff employed exactly One year before}} \times 100\% \text{ stability}$$

(See Appendix 1I for Calculation Example)

- **Analysis of Leavers by length of service:** Labour stability index is not very satisfactory to have a figure which includes as 'long-serving employees' people with only just over one year's service.

The reason of applying labour stability index is to identify the extent to which new recruits leave, rather than longer-serving employees. It is more informative to produce a straightforward analysis of leavers by length of service, as indicated in the figure below:

Period – 1 January to 31 December

Employee category	Less than 6 months	6 -12 months	1 - 2 years	3 -5 years	6 -10 years	Over 10 years
Unskilled						
Skilled						
Clerical						
Supervisors						
Lower management						
Middle management						
Top management						

Figure 3: Leavers by length of service

Note that analysis of leavers by length of service could be further refined to show leavers by Department or Units as well as by length of service

The Supply of Potential Employees (the external labour market)

Outside the existing workforce, potential employees in the external labour market is also important in human resource planning. Typical questions that

manager need to ask when assessing the analysis of supply will focus on the following:

Existing Staff	Potential Staff
- Numbers - Categories - Skills - Performance - Flexibility - Promotability	- Location - Categories - Skills - Trainability - Attitudes - Competition
Less Leavers	
- Retirements - Wastage rates - Redundancies - dismissal	

High employees' turnover in organizations that is growing at a faster rate than sales turnover is as a result of HRP problem. However, the reasons for increase in employees' turnover are:

- ❖ Better prospects
- ❖ Leaving before being fired
- ❖ Foreign assignment
- ❖ Parity in promotion
- ❖ Bad boss
- ❖ Organizational climate

The rate at which in organizations are redundant and the problem of retrenchment is as a result of HRP problem. With proper HRP, redundancies problem can be reduced by:

- ❖ Retraining and relocation
- ❖ Waiting till incumbents' in the redundant job reach superannuation or resign
- ❖ Voluntary retirement scheme (VRS)
- ❖ Out placement programme
- ❖ Multi-skilling – training in other skills – so as to provide versatility
- ❖ Offering business opportunities to redundant employees, etc

Planning for a rational approach to the demand and supply of labour to meet the organization's objectives is not easy. However, the possible benefits from effective HRP to the organization include:

- ❖ Appropriately skilled and flexible workforce
- ❖ Ability to respond to change
- ❖ Stability in the core of the workforce
- ❖ Reduced need to recruit externally
- ❖ Improved morale and employee relations
- ❖ Improvement in quality of products/services
- ❖ Higher productivity.

METHODOLOGY

This study employs a mixed-method concurrent research, but the data was gathered through in-depth interviews with HR managers managing human resource planning (HRP). In selecting the interview sample, a purposive or judgmental sampling technique was adopted to select an appropriate sample of individual with experience and in-depth knowledge of HRP. Based on judgmental sampling with set criteria, a total of 48 HR specialist were selected for interviews.

The managers interviewed in this study were from 48 manufacturing firms located in Port-Harcourt – Rivers state, Nigeria.

Data from the interviews were analyzed immediately after each interview to identify constant and relevant themes.

FINDINGS AND DISCUSSIONS

HRP is one of the key for ensuring the effectiveness and efficiency of organization. Organizations are

made up of people and this people need to be plan for.

The study in the literature considered the need for “Databanks” in HRP. As revealed in the study through Interview on the question of: whether databanks with relevant information to aid HRP decision in my organization exist? Majority of the respondents' organization negate databank in HRP. The implications is the lack of data HR forecast and budget, lack of information for administration of recruitment and selection, lack of information for advertisement of jobs, lack of information for training and development, lack of record of labour turnover etc are re.

The study in the literature considered the need for appropriate HRP in organization. As revealed in the study through Interview on the question of: “The organization the respondent work, do not take workers for granted in terms of HRP”. Majority responses are of the view that they are faced with the challenge coping with the terms of HRP.

Specifically, the study findings are as follows:

- i. As human resource planning deals with people and jobs, planners need to plan for what is acceptable as well as what is feasible
- ii. Human resource planning method is not completely theory. As it can be seen in the depth of this study that Human resource planning methods range from sophisticated statistical techniques to simple diagnostic tools to analyze judgmental data

CONCLUSION

Human resource planning activities are all interdependent. There is no doubt that HRP is good for organizations, however, as revealed in the study through interview organization do not really provides quite a lot for HRP. Several of the HR managers interviewed were not able to deliberate on the issues related to HRP. By inference, they lack the knowledge, skill and expertise to the HRP responsibilities. The implication is that there is a shortage of intellectual HR professionals in Nigerian organizations. Those who currently assumed the function of HR managers know little or nothing about the function they currently occupied.

ASSUMPTIONS OF THE STUDY

Prior to the study interview, an assumption was made that respondents to the surveys understood each question and had the knowledge and ability to answer them accurately. Another assumption was made that respondents had at least a partial understanding of employees development and were knowledgeable of the organization training and development, if any, utilized in their department and organization.

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APPENDIX

Appendix I: Showing Calculation of Annual Labour Turnover Index

Example: At the Modish Wine Bar, eighteen staff had left during the preceding year. The annual labour turnover index was therefore work out to be:

Leavers in year $\times 100 =$ percentage wastage rate

Average Numbers of staff in post during the year

$$\frac{18}{70*} \times 100 = 25.7 \text{ per cent}$$

Annual Labour Turnover Index is approximately 26 per cent

(*the average number of staff employed over the year is different from the maximum number of staff that has been employed and was desired to be employed)

Decision: the Modish Wine Bar Annual Labour Turnover Index is not perfectly satisfactorily, since the Annual Labour Turnover Index is above 25%

Decision Rule: A turnover rate of 25 per cent would be considered perfectly satisfactorily by most firms. A turnover rate of 100 per cent be considered a major problem

Appendix II: Showing Calculation of Labour Stability Index

Example: At the Modish Wine Bar, of the eighteen staff that had been recruited over the year, three had replacements for the same kitchen assistant's job, and two had been replaced for another kitchen assistant's job. The labour stability index was therefore work out to be:

Number of staff with one year's Service at date

$\times 100 =$ per cent stability

Number of staff employed exactly One year before

$$\frac{54}{69*} \times 100 = 78.26 \text{ per cent stability}$$

(* at exactly one year before there were only 69 of the desired 72 staff in post)