Challenges of personnel monitoring

What use is personnel monitoring when there are a number of factors outside the workplace that affect the actions and well-being of the organization and its employees anyway?

Instability of the world economy, challenges of globalization, mobility of work and differences in cultures and sets of values are examples of challenges currently facing us. My personal experience indicates that a period of change is the very time when we need something to communicate messages of permanence of the organization and continuity of work. Routines that help us to carry on include personnel and competence monitoring and time tracking, which can be used to assess the trend of investments in well-being at work and their financial effectiveness. This is why we need many types of information about the personnel; number of employees, types of employment relationships, the age structure, competence development, turnover and retirements. We also need various types of studies through which information can be collected, compiled into statistics and edited to meet user needs. Information on the target group and its structure will always be needed for financial monitoring of the personnel and investments made in their working conditions. This is why a personnel report often is the basic study needed for both quantitative and qualitative measurements.

A personnel study is a tool for monitoring the achievement of set personnel policy goals. A personnel policy normally contains information about the employer’s responsibilities and about how the organization and staffing of tasks are ensured and monitored. Responsibility for the requisite good working conditions and for maintaining personnel well-being at work are another example of issues that a personnel study deals with.

Good monitoring routines are instructive both for those responsible for drawing up personnel reports and the users of the information. They are used to create a shared monitoring language and concepts for issues describing the personnel and the functioning of the organization that often may be highly complex. Creating, harmonizing and mobilizing monitoring language in other words turning the monitoring of issues and events into a routine, takes time and patience. The wisdom of an organization lies in its routines, and for this reason I believe that drawing up a personnel report, discussing it and analysing the results are projects that will develop and modify this shared wisdom to fit in with the times we live in.

I have strived to create a vocabulary for this development work and brought up indicators and monitoring techniques which we can use to jointly achieve personnel monitoring that is suited for the times we live in and to draw up personnel reports for our own workplaces. This work is guided by the spirit of the time and the values that are intrinsic to it – as always. The important questions revolve around how personnel monitoring develops, supports decision-making and responds to the challenges of its time.

Contents of a personnel report provided by a personnel study

Our primary objective is to learn to increasingly see the importance of the personnel as a resource that creates preconditions for a company’s positive profit performance. Once data for the personnel study has been gathered and the organization is able to interpret it, it is possible to have a dialogue about the matter and understand the significance of the personnel for the organization’s implementing its future goals. This is why the personnel report should be made available to its users, ensuring that everyone can take part in a discussion on his or her working conditions and their development based on the same information. The personnel report is the basis of all studies on the personnel. It shows how the organization selects and guides persons in taking care of their tasks. The personnel report is needed to assess the personnel configuration, mobility, competence, staffing and labour costs that will help the organization to reach its goals. The personnel report gives an overall picture of the work contribution, results of which can be measured in financial and operational key figures. The same analytical method of studying the personnel can be used in well-being at work reports, health records and other human resources reports.

For a start, the contents of the personnel report and study routines needed to draw it up are defined. A personnel study is in equal shares about gathering data and measurements and about analysing the use of the data and discussing the results. Dialogue is vital, and it can be conducted in many ways, for example, at working meetings or through financial monitoring and real-time operational monitoring. Through dialogue, the analysis data of the personnel study can be kept up-to-date, and the constantly updated information can be used as a basis for decision-making. Mutual co-operation between economists, HR management, shop stewards, occupational health services and persons responsible for operation is needed to create a clear, joint target for data gathering. Co-operation is also needed to create a shared language for the activities and a uniform terminology for the data contained in the report. The personnel study will have little value unless those who the study is about collectively understand how and why they and their activities and work have been systematically monitored, analysed and reported on.

Number of employees by type of employment relationship

The purpose of a personnel study drawn up by the type of employment relationship is to show what kind of employee configuration and staffing is used to carry out the work. It shows the permanence of the staffing and long-term nature of activities. Both characteristics are important when aiming to establish the resources the organization has at its disposal to implement its vision and achieve the set goals and to maintain a high production and service capacity while guaranteeing customer satisfaction.

Types of employment relationships

Permanent employees are those whose employment contracts are valid indefinitely. Permanent employees may work full or part time.

Temporary employees have an employment contract for a certain period. Substitutes employees may work full or part time, or they may be employed in their tasks for the duration of a certain project or season.

Substitutes with an hourly wage usually have a short-term employment contract, which covers the work carried out. Payment for work done is usually based on the hours worked (Table 1).
environment
- stress
- anxiety and worry about job security
- conflicts in the work community
- general lack of enjoyment and poor opportunities for exerting influence
- lack of feedback and appreciation
- the work involves too much or too little responsibility
- dissatisfaction with the organization, supervisory work or colleagues
- threat of reorganization or an implemented reorganization
- difficult working hours and long commutes.

The Adapt study showed that willingness to change jobs was significantly higher than the actual staff turnover, which is limited by the labour market situation. This is both an advantage and a disadvantage. On one hand, the organization has a large number of dissatisfaction persons who are looking for new tasks, and their dissatisfaction may be passed on to other employees. On the other hand, expensive staff turnover is avoided, which would require setting aside time for the training and induction of new employees. (5)

Absences and staff turnover, in other words, are the factors with the greatest impact on the staffing of tasks which result in a need for employees with employment relationships of different types and lengths. If absences are allowed to develop uncontrollably, and if the forms of employment relationships, the actual extent of staff turnover and the time required for induction training are not managed, companies end up relying on emergency solutions — for example buying labour services from labour hire agencies and outsourcing their functions.

Turnover of managers and superiors

Turnover of managers and superiors is examined by looking at the number of those who started and finished work during the period under scrutiny. There is a direct association between a high turnover of those in superior positions and a high turnover of other personnel, and they may have a negative impact on the functioning of the organization. (Table 3.)

Problems are above all caused because, as a result of a high turnover, the manner of management is incoherent and erratic. Dictated instructions of the type “start work following the style and strategy of the new manager” are experienced as oppressive and stressful when received several times a year. A great turnover of employees results in operational problems, but so does a great turnover of superiors. A low or non-existent turnover of managers or employees is equally a problem. The real challenge facing an organization lies in finding a balance between recruiting new employees and being able to draw on the skills and experience of the personnel as individual employees change. Turnover of those in managerial and superior positions and a downward spiral in operations are risks that are difficult to detect which may be actualised if a number of personnel changes at the superior level take place in the company without proper justification or information.

Keeping an eye on retirements

Once the share of ageing persons in the labour force goes up, it becomes necessary to establish the number of future retirements. These studies can take many forms. It is often to a great extent sufficient to produce a simple report on retirements to be expected within the next five or ten years. In Finland and Sweden, each employee has a subjective right to choose their retirement age between the ages of 63-68. The age of retirement also affects the pension paid to the employee. Pension statistics are used to keep track of the number of those who have retired, their pension forms and the age of retirement. (6)

Total working time, completed working time and invoiced time

Issues of working time use actually belong within the sphere of time use studies. In this connection, I will take up a couple of issues that need to be monitored, in order to draw attention to the role of personnel studies in monitoring the functioning and production of a service. These questions are: How great a total working time input is actually achieved with the current ways of organizing and staffing the tasks? How much of completed working time are we planning to achieve this way, and how much will we actually achieve? Tasks may be overstaffed, in which case the number of employees exceeds the number referred to as normal staffing. The tasks may also be understaffed, in which case the number of employees is lower than what is deemed necessary in order to perform the work. Normal staffing is usually defined as follows: “The required number of adequately skilled persons enabling the workplace, in view of its physical and structural capacity, to engage in the planned operations.” (7)

Total working time in hours = regular annual working time specified in working time legislation.

Productive hours at work (total working time deducted by hours of absence) = staffed working time.

Invoiced working hours = productive hours at work which the customer pays for the provision of a service or manufacturing of a product. (8)

Table 1. Number of employees

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>243</td>
<td>18</td>
<td>261</td>
</tr>
<tr>
<td>Temporary</td>
<td>65</td>
<td>11</td>
<td>76</td>
</tr>
<tr>
<td>of whom substitutes and in subsidised employment</td>
<td>27</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>308</td>
<td>29</td>
<td>337</td>
</tr>
</tbody>
</table>

Number of personnel in person-years: 260, 29, 289

The summary shows that there can be great variations in the proportionate shares of permanent and temporary employees at a workplace. These variations cannot always be accounted for by differences in labour needs, but other factors may be involved that explain them: for example, the degree of unity of the team, mutual willingness of employees to assist each other and the way the work is managed and staffed.

Full-time employees and person-years

In human resources, work environment and occupational health work, the number of persons at work is monitored based on the number of physical persons. In financial planning and allocation of work input resources to operations, person-years are used. These “persons” expressed as person-years are never ill, and they do not begin and end employment relationships similarly to physical persons. Only financial and administrative reports operate in person-years. One full-time employee is counted as one person-year. Two part-time employees, who both perform 50% of the regular working time done by one full-time person, together add up to one person-year. When we know the total working time of all employees in hours, we can convert it into person-years by dividing the total hours by the annual total working time of a single employee.

Example

The grand total of the working time of the entire personnel is 237,000 hrs

The theoretical regular working time of a single employee is 1,901 hrs (Food industries in Finland 2009)

If we convert this figure into person-years, it corresponds with 124.7 person-years.

Type of the employment relationship of permanent and temporary employees

In order to monitor the effects of staffing on work results and the health and work environment of the personnel and to be able to discuss these themes, we need information about the type and duration of the employment relationships. What will happen if the shares of full-time and part-time employees are about to change (Table 2).

What will be the long and short-term consequences of staffing the tasks with few full-time employees and a high number of part-time employees doing a shorter working day? In what way will the manner in which the tasks are staffed affect the long-term development of competence? Tasks with a high number of part-time employees tie up more administrative resources in a company than work staffed with full-time employees. On the other hand, part-time work makes it possible for most people to keep working until retirement age, even if their ability to work were reduced. Working part time for a fixed term may also be a solution allowing for a more flexible reconciliation of work and family life, in particular for young adults.

The total number of persons used to staff the tasks also increases if a high number of part-time employees are used, and this in turn may increase the number of absences and result in a greater personnel turnover. Those with operative responsibility sometimes feel, however, that it is easier to use a high number of part-time employees, as their periods of absence are shorter, and the existing personnel of the company can be used to make up for them. Sometimes the work not performed by part-time employees need not be done by anybody. The need for substitute employees is also affected by the number of those tasks that need to be performed during employee absences. If the absences increase at the same rate as the need for work performances goes down, this also eliminates the need to completely cover the absences. However, there are other reasons for staffing the tasks appropriately from the start. Insufficient information in the documentation used as the basis for decision-making may easily result in incorrectly dimensioned basic staffing of tasks. The number of employees is high, but their employment relationships are part time. This is also reflected as a low number of person-years, as is clearly seen in the Figures above. The 337 employees of our example correspond with 289 person-years (Table 1).

Age structure

The age structure of the employees in each type of employment relationship is established, and the data are compiled to form a general picture. The average age is established for the entire group, and separately for women and men (Figure 1).

Age structure figures are important because they show the differences and similarities between the employment relationship types of permanent, fixed-term and temporary employees. Permanent employees frequently are slightly older than temporary ones.

Staff turnover and unstaffed periods

In order to establish this variable, the employees are counted as physical persons, not person-years. The turnover of permanent employees is usually constant. Temporarily employed employees, on the other hand, repeatedly begin and end their employment relationships. Consequently, it is important to establish if (and to what extent) permanent employees are replaced by new permanent ones, if the positions are left unfilled, and if their tasks are turned into fixed-term ones or if they are replaced by substitutes. The trend seems to be for the number of permanent personnel to go down, short-term staffing of tasks to become more frequent and the number of short-term substitutes to increase.

Staff turnover and the two strate-
gies used to manage it reveal a period of overlap that results in a need for short-term substitutes. The choice of recruitment strategy raises the question if the company has time to pass on the skills of those who are leaving to those recruited as new employees. The skills can be passed on to new employees if there is a certain overlap between the ending of an employment relationship and induction of newcomers. In many service functions, it also takes time to pass on to new employees the so-called tacit knowledge about customers/users, and the customers’ wishes concerning the type of service they expect (Figure 2).

The left-hand side of the Figure 2 describes a situation where no provision has been made for personnel turnover. Instead of overstaffing, this results in a period of idling – unstaffed time that is lost while the task is not being performed at all. Replacement recruitment only starts when the previous employee stops taking care of their tasks. In that case, the idling period results in a number of unstaffed working days, or days when substitutes need to be used. On the right-hand side of the Figure 2, on the other hand, the organization copes with personnel turnover by means of overstaffing. Once the previous employee finishes, employees inside the organization who have been inducted in the same task will be immediately available, and this way external recruitment may also be avoided. Consequently, idling that occurs in connection with personnel turnover and the risk of understaffing can be reduced. On the other hand, periodic overstaffing increases labour costs, and finding the correct level of efficiency is the greatest challenge to staffing.

About the causes and consequences of staff turnover
Staff turnover can also be interpreted in terms of the company’s ability to attract the best labour available in the labour market. As other reasons for staff turnover were given low salaries, continuous understaffing, conflicts at the workplace and inappropriate treatment and harassment. The following is a summary of reasons that increase willingness to change jobs.

- dissatisfaction with tasks, no opportunities for career progress; competence is not used, and neither are opportunities provided to develop
- low or unjust pay
- poor physical or psychosocial work