A. WHAT IS HUMAN RESOURCE PLANNING?

Like corporate and strategic management, human resource management has a role to play in the continuity and longevity of the organisation. It does this by ensuring that the company's corporate functions (such as marketing, production, etc.) are staffed – and that these staff are able to contribute to corporate success. HRM facilitates this by systematic human resource planning.

Human resource planning (HRP) has been defined as a technique to facilitate the acquisition, utilisation, development and retention of a company's human resources. These resources are considered by some to be the organisation's most valuable asset and, therefore, need to be deployed with the maximum efficiency and effectiveness.

Role of Human Resource Planning

The prime role of HRP is to ensure that an organisation has the right quantity and quality of employees doing the right things in the right place at the right time and at the right cost to the organisation.

In achieving this, HRP has a number of more specific roles, as follows:

- To determine and facilitate the levels and types of recruitment that may be required
- To assess current levels and attributes of staffing and determine whether reductions are necessary (redundancy)
- To assess whether redeployment can be used as an alternative to downsizing
- To identify the need for training and development
- To assess current employment costs in relation to other organisational costs (wage costs account for over 60% of an organisation's expenses)

HRP plays a vital role in the formulation of strategy within the organisation. An organisation cannot function without people; thus the human resource planning activities become all the more important because they forecast how many employees are required to carry out the organisation's activities and help it to meet customer demand for its products or services. HR directors are usually members of the board and, as such, they have a specific role to play in the formulation of HR objectives, policies, procedures, plans and strategy. These highlight the type of plans that contribute to the overall corporate and strategic plan and, along with the finance plan, operational plan, marketing plan, etc, help in the formulation of the overall corporate and strategic plan.

Hard and Soft HRP

Just as HRM has its hard and soft side so, too, does HRP. According to **Torrington and Hall** (1991) **soft HRP** involves the assessment of four categories or areas:

- Defining where the company is now
- Defining where it wants to be in the future
- Analysing its external environment, influences and trends (over which it has no control)
- Formulating plans to implement necessary changes

These four categories are important stages in the strategic planning process. Soft HRP is concerned with the formulation of the mission, goals, objectives and strategy of the organisation and how variables such as growth, product, life cycle, competitive advantage and HR development will impact on its human resources.

Hard HRP concerns the determination of the type of activities the HR department will need to carry out in order to ascertain the appropriate level of human resources; whether its current level is sufficient; whether there is a deficiency in one department over another, etc. Again according to **Torrington and Hall**, hard HRP activities include:

- **Forecasting:** the number of employees that will be required in the future to support the demand for the organisation's products and services. This forecasting also includes assessment of the internal and external supply of human resources.
- **Analysis:** of how current employees are being utilised throughout the organisation and how this impacts on demand.
- **Monitoring and review:** reconciling HR plans with actual practice and facilitating amendments to plans as necessary.

B. THE PROCESS OF HUMAN RESOURCE PLANNING

The process of HR planning is complex, but in its simplest form it centres around two main activities:

- **Demand –** forecasting the demand for staff within the various corporate functions. It entails analysing the information and determining the numbers and attributes (knowledge, skills and attitudes) of staff that will be needed at any given time.
- **Supply –** ensuring that that the forecast level of demand can be met.

These activities must be proactive rather than reactive, which means that they must be planned. This requires extensive information about the nature of employment and employees within the organisation and of the labour market outside of it.

Failing to establish a correct balance between the supply of, and demand for, labour in an organisation can lead to:

- **Shortage of staff or of skills:** if a business employs fewer staff than it requires, it is unlikely to be able to meet its production and sales targets, machinery and stock will be unused, and its trading profit is likely to be reduced.
- **Surplus of staff:** a business which finds itself employing more staff than it needs will incur wage and salary costs which cannot be funded from employing such staff on productive forms of activity.

These and other problems occur regularly in business, as employers have to adjust their trading plans in accordance with continual changes in market place conditions. HRP cannot protect an organisation from the need to adjust its personnel policies in response to changes in the market place. It can, however, provide for a more orderly adjustment, by attempting to identify in advance the trends in demand and supply of staff which indicate whether future needs should be met by recruitment and training of new staff – or, alternatively, by reducing the size of the workforce. The importance of HRP is that it provides the means of ensuring that personnel policies and their objectives are properly integrated into the business policies, goals and objectives.

We can see that there are, therefore, four stages involved in the process of HRP:

- **Analysis of Existing Resources**

  A profile of the workforce, based on certain characteristics which are relevant for planning purposes – supplemented, in some instances, by analysis of certain issues, such as absenteeism or overtime working.

- **HR Demand Forecasting**

  An analysis of the staffing requirements necessary for the organisation to succeed in achieving its business objectives, taking into account the requirements of the corporate plan.

- **HR Supply Forecasting**

  A forecast of anticipated changes in the supply of labour – this takes account of anticipated losses from the existing workforce and the external supply of suitable staff from sources outside the organisation.

- **HR Plan**

  By bringing together information obtained from the first three stages, an analysis of the action required to bridge the gap between the demand forecast and the supply forecast is made. This action may determine the activities to be undertaken under several personnel policies.

Each of these activities is carried out on an ongoing basis. HRP can never be the kind of exercise which is carried out, put into effect, and left for five years. In order to be of value it must be maintained and adjusted to take account of new trends as they emerge. The forecasts which are made at any given time can never be a precise prediction of what will happen to either the demand or supply of labour. Policies based on such forecasts cannot therefore be maintained indefinitely; they must be adjusted as new information becomes available.

Analysis of the Workforce

Any effective corporate planning depends on efficient information systems, and HRP is no exception. An accurate picture of the composition of the workforce and analyses of important features of its deployment are essential in HR planning.

The information which is required falls into the following main categories:

- **Inventories of the existing workforce** – a statistical analysis of the number of employees, divided into different categories. This will include the following breakdowns:

  (i) The age breakdown of employees and the relevant concentration in each of the departments. The company will also need to determine whether there are any imbalances in age (such as a large number of older workers against young workers and school leavers).

  (ii) The gender breakdown of employees and the relevant concentration in each department. This will identify any gender imbalance (more men in relation to women). The same applies to ethnic groups.

  (iii) The breakdown of skills, which determines the skill composition of employees. This information can be obtained by the HR department administering a skills audit. This will give an indication of the existing skills within the organisation and highlight any areas of skills shortage; it may lead to external recruitment to meet these shortages or the implementation of training and development initiatives to bridge the gap.

- **Succession plans** – to determine the type and calibre of managers available to succeed senior or middle managers who retire or leave.
- **Movement of employees** throughout the organisation including promotions, secondments and transfers.
- **Use of staff** – in many cases, a raw headcount of numbers employed is inadequate as a basis for planning future personnel policies which must take account of the objective of improving efficiency in the use of staff. For this purpose, information relating to one or more of the following topics may be needed:
  - (i) Overtime working
  - (ii) Absenteeism
  - (iii) Ineffective or wasted time
  - (iv) Efficiency in the use of labour
- **Labour turnover** – an analysis of the rates at which staff are leaving employment and of trends in the characteristics of such turnover (see below).
- **Costs** – personnel policies should, where possible, be based on information which identifies the cost implications of alternative courses of action. It is, for instance, useful to know at which point recruitment becomes more cost-effective than increased overtime working.

Labour Turnover

Labour turnover relates to the number of employees who exit the organisation. Employees leave an organisation for a number of reasons, including:

- Dissatisfaction with the job
- Dissatisfaction with the company
- Inability to cope with responsibility
- Moving out of the area
- Retirement
- Inability to get on with colleagues and line managers
- Career advancement
- To have a baby

Not all these reasons are healthy for an organisation and they need to know both what the rate of labour turnover is (and whether the rate is acceptable or not) and why staff are leaving.

The reasons for turnover can be investigated and monitored, by:

- Undertaking exit interviews with individuals who have decided to leave.
- Carrying out attitude surveys, which attempt to establish the way individuals feel about their jobs, their colleagues, the company, their working conditions, etc. This survey is done to try and pre-empt the individual's decision to leave.

There are two analytical techniques for investigating the turnover rate.

(a) Labour Turnover Index

This tool establishes the rate at which employees leave the organisation. It involves the following simple calculation:

$$\frac{\text{Number of leavers in a period (e.g. one year)}}{\text{Average number of people employed in the period (e.g. one year)}} \times 100 = \%\ \text{turnover}$$

So, for example, if ABC Ltd employs 3,400 people and in 1998, 50 people left, the labour turnover index would be:

$$\frac{50}{3{,}400} \times 100 = 1.5\%$$

Calculating the labour turnover index allows companies to make comparisons with other companies in the same industrial sector and to compare the turnover of staff within different departments in the company.

(b) Labour Stability Index

The second index that HR managers can use is the **labour stability index**. This measures the level of employees who could have stayed with the company throughout the period being measured (could be a year). It is calculated by taking into account the number of employees with one full year's service divided by the number of employees exactly one year before. The figure is then multiplied by 100 to determine the percentage stability:

$$\frac{\text{Number of employees with one year's service}}{\text{Number of employees employed exactly one year before}} \times 100 = \%\text{turnover}$$

We can illustrate this by use on example. At the start of 1998, ABC Ltd recruited 150 employees. At the start of 1999, the company had 100 employees with one year's service. Exactly a year previously it employed 3,400 people, but 50 people left during the year. The stability index would therefore be:

$$\frac{100}{3{,}400} \times 100 = 3\%$$

Both the labour turnover and stability indices enable HR departments to monitor the comings and goings of employees within the company. They also help with forecasting the levels of employees needed to run the company efficiently.

It is hard to think of employees leaving a company as advantageous, but labour turnover does have its **benefits**, including the following:

- It allows "new blood" to join the company. This enables the company to grow by the introduction of new ideas, knowledge, skills and attitudes. If new employees do not join the company, it will stagnate and become unresponsive to innovation, change and new processes.
- It allows the progression of employees through the company by means of promotion, secondment, succession, etc. It is also a way for the company to cope with surges in surplus staff – it reduces the need for redundancies.

On the other hand, there are a number of **disadvantages**:

- Disruption to the day-to-day operations as people leave and take their knowledge and skills with them. Labour turnover has long been seen by some as a negative employment factor. For example, many people see employees leaving as a sign of their dissatisfaction with the job, the company and their colleagues.

- Escalating labour turnover can affect morale and production and foster a culture of what could be perceived as "uncaring employer syndrome". This basically means that if employers do not monitor high labour turnover and take steps to reduce it, it may send messages to remaining employees that senior management does not care about their welfare, working conditions, etc.

High labour turnover is costly. The HR department needs to work with managers of corporate functions to ensure that turnover is closely monitored and that the appropriate measures are taken to prevent high turnover having a negative effect on the company.

HR Demand and Supply Forecasting

The HR **demand** forecast is an estimate of the numbers of staff required in order to carry out the level of business or service which is anticipated. The basis of this should be a corporate forecast, from which the manpower needs can be derived.

The HR forecast takes account of forecasts about the general economy, and those of the specific business or organisation, to arrive at the conclusion of whether to increase or decrease staff, and exactly what type of staff will be needed. This process is summarised in Figure 8.1.

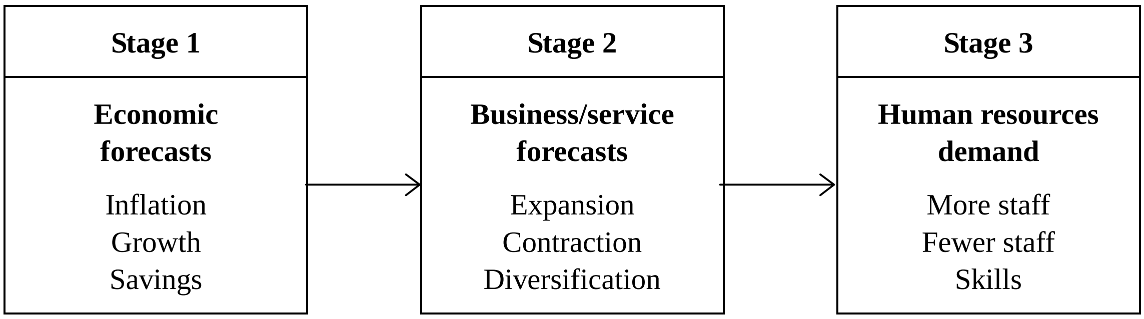

Figure 8.1: HR Demand Forecasting

The **supply** of labour will depend on the availability of suitable staff who can be recruited from outside the organisation and the potential for developing existing employees to meet new requirements.

The HR Plan

Once the company has analysed its position in terms of the current level of staff and the likely number it will need to secure the continuation of its operations, it will determine whether it has a surplus or deficiency of staff and/or skills. If demand for the company's goods/products or services falls and leads to a drop in output, a surplus of staff may be identified. Companies can make contingencies for both a shortage and a surplus of staff.

(a) Staff/skills shortages

When there is a shortage of staff and/or skills the plan should make provisions along the following lines:

- **Promoting existing staff –** integrated with appraisal and development schemes.
- **Redeployment of staff** – secondments and transfers may be appropriate, particularly where surpluses exist in one part of the organisation but not another.
- **Training**: specifying numbers of staff in various categories who will require training, what kinds of courses are required, and resources needed.

- **Getting more from existing staff** – through offering employees the opportunity to work overtime, and extending temporary or fixed-term contracts.
- **Job design** – difficulties in staffing may sometimes be overcome by redesigning jobs. For instance, the established complement of staff in a category where scarcity of skilled employees is a problem may have been defined as five. It may be possible to remove routine, undemanding tasks from these jobs, reducing the complement of experienced staff to four and creating one new job for an assistant with a less demanding specification which will not present recruitment difficulties.
- **External recruitment** – undertaking specific recruitment and selection for the vacancies identified, specifying the numbers and required.
- **Non-establishment and part-time recruitment** – increasing the number of part-time staff, using sub-contractors and temporary staff, and hiring from agencies.

(b) Staff surpluses

When there is a surplus of labour the plan will make provisions as follows:

- Stopping recruitment
- Natural wastage – as workers leave they are not replaced.
- Redeployment/transfers – employers have a statutory obligation to seek alternative employment for employees whose jobs are threatened by redundancy. Restrictions on the mobility of staff, both geographically and occupationally, inhibit the scope for redeploying staff, but the prospects should be investigated.
- Early retirements – staff inventories can indicate the numbers of staff members due to retire at normal dates and the potential number who might consider retiring earlier. This can be an expensive way of reducing staff numbers, if compensation for reduced pension entitlement is provided.
- Reducing overtime – a substantial amount of overtime may be worked on a regular basis. It makes good sense to reduce, or even eliminate, this work, if there are risks that some employees will be made redundant. Trade unions may react to a threat of redundancies by banning overtime work anyway.
- Short-time working – this option is often used in manufacturing companies. It involves putting the workforce on a reduced working week for a limited period, in the hope that business will improve and redundancies can be avoided. It is unlikely that short-time working can be sustained for longer than a few months but, in some instances, this may be all that is required to survive a lean period. Declaring redundancies and then needing to recruit staff in a few months' time is embarrassing and costly.
- Redundancy – this may be seen as a last resort. Redundancy may be either compulsory or voluntary, with the latter being preferable.
- Reducing subcontracted work – some companies do not rely entirely on their own workforces but subcontract a proportion of work which they are capable of undertaking. When the jobs of their own employees are threatened, less of this work could be subcontracted.

D. TRENDS IN EMPLOYMENT

The Labour Market

If the company does not have the internal human resources that it needs to continue its operations, it must look to the external labour market. The external labour market is basically a "pool" of potential employees into which an organisation can tap, and as such can be local, national or international.

The features of the labour market which are significant include:

- The breakdown of the population in an area (its demography). Demography is the study of the population and its movements, and takes into consideration growth of, immigration into and migration from a particular area. It also includes the socio-economic (or class), age and gender breakdown. All these factors will have a direct effect on the type of skills, etc. that are concentrated in any area of the labour market.
- The availability of skills, qualifications, etc.
- The number of school leavers available and eligible to apply for jobs.
- How other companies compete for available labour and the type of package (pay, benefits and incentives) they are prepared to offer individuals in order to attract them.
- Unemployment in a particular area (areas of high unemployment may not be a good thing – the available labour may not have the skills employers want).

(a) Demographic Change

The most vivid feature of the UK economy at present is that the population is ageing. This is attributable to two factors:

- The birth rate is declining as families are content to have fewer children;
- The death rate is also declining as advances in medical science improve longevity.

This means that the working population – generally those between 16 and 65 years of age – is decreasing gradually – both as a proportion of the total population and in total numbers. Writing in "*The Age of Unreason*", **Charles Handy** anticipated that in the ten year period to the year 2000, the working population will decrease by 23%. This may present the opposite problem to the situation from 1980 to 1990, during which the working population actually increased, contributing to higher national and regional levels of unemployment.

The ramifications of this shrinkage of the labour market are:

- Employers may be in a "seller's market" for labour – as the working population reduces, potential recruits may be able to "pick and choose" rather more than they could have done in a tighter labour market.
- Skills shortages are inevitable – even when there were over two million persons unemployed there were skills shortages, so this problem must worsen.
- Following on directly from the last point, conventional economics suggest that the scarcity of labour in certain parts of the market will drive up the price (i.e. wage).
- Anticipating longer-term problems in funding the state pension scheme, workers may increasingly build pension and other retirement-related demands into wage bargaining situations.

At any given time in the economy there is said to be "friction" in the labour market. This means that workers are not always of the right type, of the right skills or in the right place to fulfil the demand. Consequently, there will always be unfilled vacancies.

(b) Other Labour Market Changes

The labour market is also experiencing other changes.

- More school leavers are entering higher or further education – in the ten years up to 2000, the numbers of school leavers staying in education rose from only three in ten to around eight in ten. The general level of education in the labour market is, therefore, rising – and this may mean greater expectations in respect of types of jobs and rewards.
- More young people are prepared to leave home early to live on their own and become more independent, making for greater flexibility and mobility in the labour market.
- A higher proportion of people (mainly women) wish to combine being a parent with a career, implying new ways of working and living.
- Generally, people are retiring earlier.

Changing Employment Patterns

The demands of employers are also changing. Managers have various resources at their disposal – physical resources such as land and raw materials, capital machinery, plant and equipment and people. However, the most expensive resource to the business is the full-time employee.

Most businesses know what their employees are capable of producing, but a fundamental problem is that the demand for output is not constant – it will ebb and flow with the level of economic activity between booms and slumps. Therefore, an organisation can find itself with the full-time workforce on overtime one year and then idle the next.

Further, advances in technology mean that many processes formerly undertaken by human beings can now be consigned to machines. As a consequence, large scale, labour-intensive processes are becoming a thing of the past, with greater dependence on machines and less on people. Some of the developments contributing to this are:

- Robotics in car manufacture
- Computer aided design/manufacture (CAD/CAM)
- Just in time (JIT) systems reducing the need for storage and handling of stock
- The use of call centre operations instead of retail outlets, etc.
- The growth of e-commerce and other internet applications.

One effect of this is that, as the labour market is contracting and the levels of education are rising, the demand for unskilled labour is also contracting, but there is increasing demand for skilled employees and for greater flexibility in the pattern of work itself. We consider some of the developments in working patterns in the next section, but there is one significant development in "employment" to note here.

Employment Relationships

The establishment of an employment relationship involves creating two parties to a contract – the employer and employee – for the provision of services in exchange for some form of benefit.

Such relationships date back to the Middle Ages and the formation of master-servant relationships, often for just short periods. The labour market was literally a market then, with hiring fairs being held around the country (the Nottingham Goose Fair being a good example).

The essence of these relationships was that one person – the master – contracted with another individual – the servant – for services to be rendered in return for some consideration, which could be cash or in kind. The terms of the contract would be agreed verbally and cemented with a handshake to make it binding.

The law governing the framing of contracts of employment has grown enormously since then to encompass a field of study on its own. Largely, this has been created by governments intervening in the labour market to define what is and is not acceptable in the contract, invariably to redress the in-built balance of power in favour of the employer by protecting or promoting the interests of employees.

The details of employment law and the contract of employment are beyond our present purposes, but we do need to note two different types of employment relationship. The first is the traditional form of employment and the second represents a relationship which is becoming increasingly important.

- **Contract of service**

  The concept of employment is taken to cover those relationships which are contracts "of service". These exist where the individual is permanently contracted with an organisation, or another person, to provide his/her labour. They also cover contracts for specified periods (i.e. temporary work) which may be under the same terms and conditions – albeit with some changes – as if they were permanent.

  This is reflected in the law as it defines employment for the purposes of the liability for and collection of taxation and national insurance, and for the eligibility and payment of social welfare benefits.

  These relationships are governed by a contract of employment which defines all aspects of the means of providing the service, the work, the remuneration, and the responsibilities of both parties. It is also heavily influenced by the law.

- **Contracts for service**

  These need to be distinguished from contracts *of* service. They are formed between organisations and individuals on the basis of a commercial contract to provide services, rather than an employment contract. The services provided will be of a specified type over a specified period for a specified payment. The individual will probably be self-employed – responsible for his/her own tax liability and national insurance – or working through an agency.

  The organisation effectively buys the service in much the same way as buying stationery from the shop. It is the end-product which is being bought – rather then, in the case of an employment contract, the employee. This creates a different form of working relationship, not governed by a contract of employment. The balance of power in such relationships may still lie with the organisation, but it may also be more equal, or even tilted towards the individual in some instances.

  This type of employment relationship is becoming increasingly significant in areas of work which demand high levels of skill, but is also being exploited by many other workers who want the flexibility to determine their own working patterns, rather than fit in with the pattern offered by the traditional contract of employment.

F. CHANGING PATTERNS OF WORK

As we have seen, a significant feature of the modern business environment is relentless change. This suggest that the patterns of employment will change but so, too, will the ways in which work is done. For the organisation, alternatives to the traditional "nine to five" pattern of full-time, permanent working offer the opportunity to provide themselves with **more flexibility** at **lower cost**. For the individual worker, different working patterns offer the opportunity to fit work in with other responsibilities and interests (domestic and social), as well as gaining more personal control over their working lives.

There are a great many new patterns of work evolving – some based on computer technologies, but many simply based on building greater flexibility into traditional types of job.

Forms of Employment

(a) Part-time Workers

Part-timers are often cheaper and can be more flexible. Furthermore, the company can lay off part-time workers more easily during slack periods and part-timers have fewer rights to statutory redundancy payments.

Technology has made it easier for businesses to bring in new working methods. For example, using a PC and a modem a person who used to come to the office every day can work from home, making use of e-mail as well as "lower tech" devices such as fax machines.

(b) Fixed/short-term Contract Workers

Here, workers are taken on for a specified period in order to ensure that when the needs of the organisation change, the complexion of the labour force can be altered to reflect new needs.

Fixed-term contracts are quite common in positions such as overseas appointments and domestic senior level/executive jobs. For the former, it means that the person entering the job knows that the work will last a specific time and enable both him and the employer to plan accordingly for the next time period. For the latter, this reduces the damage that can be done by having the wrong person to do the job for any longer than necessary.

Fixed-term contracts can provide useful flexibility, but they do require careful planning in order to:

- Avoid getting the period of employment wrong, otherwise the person may stay too long as an unproductive resource, or alternatively have to have the contract "rolled over" for a new period;
- Avoid losing valuable people who might otherwise stay;
- Reduce or eliminate the likelihood of the fixed-term employee going off to a competitor with valuable intelligence;
- Gain the full commitment of the person, who after all will only be with the employer for a while and cannot be expected to foster the same loyalty as a "full timer".

(c) Outside Contractors/Sub-contractors

There are several advantages of outsourcing work to independent contractors:

- The business only has to pay for what it gets;
- The contractor may be negotiable on rates of pay or fees, especially if the business is competing with others for the same contracts;
- Contracts can be written precisely to reflect needs and can include clauses to invoke time or quality penalties;
- Often the outsourcing permits both the buyer and seller of the service to specialise;
- Long-term relationships can be built up between buyer and contractor.

Many functions which were traditionally the domain of internal labour are now out-sourced. These include:

- Catering services
- Information technology services (often put out to bureaux)
- Printing and stationery
- Specialist advisory units

(d) Self-employed Labour

Many businesses now have people working for them who work on a self-employed basis, even if all the work is provided by one source. This is common in life assurance sales functions, where self-employed persons operate as direct sales personnel earning mainly commission.

The "employer" has to take great care to ensure that quality standards are maintained and that the self-employed person does not have any conflicts of interest. Decisions also have to be taken on methods of pay and who provides any equipment or machinery.

(e) Agencies

An organisation can give itself more flexibility by using agency labour. There are many employment agencies, some of which specialise in certain fields of expertise.

There are obvious dangers with quality control, especially when the relationship with the agency is not well-established. The turnover of agency personnel is also high, which can result in continuity problems.

(f) Get the Customer to do the Work

Technology now enables companies to deliver services on a DIY basis, e.g.

- Scanning your own goods at supermarkets
- Filling up the car with petrol and paying at the pump by debit or credit card
- Internet shopping

Forms of Working – Time Based Methods

(a) Shift Working

Shift working allows the production process to be ongoing so that the factory environment never really shuts down (apart from during holiday periods). It also enables the effective utilisation of employees and machinery.

Different types of shift working systems include:

- ***The Continental System***

  Organisations are increasingly moving over to a continental pattern of shift-working. It involves employees working a rota such as two mornings followed by two nights followed by two or three rest days. In some companies it means 12 hour shifts on each occasion worked, but it means that employees have "rest days" to catch up on lost sleep, etc. It is a popular option with some companies as it gives employees variety, and also means that staff have more time to spend with their families and on leisure activities.

- ***Three Shift System***

  Here employees work a pattern of three shifts: mornings (7 am to 2 pm), afternoons (2 pm to 10 pm) and nights (10 pm to 7 am). When employees work the night shift they usually work four nights (Monday to Thursday inclusive) and go home on Friday morning. Friday nights are left free. As you can imagine the night shift (as well as shift working *per se*) puts enormous psychological and physical stress on individuals.

(b) Flexi-time

Flexi-time gives employees the opportunity to determine when they come in to work and when they go home (within certain parameters). "Core time" is the time when employees are **required** to be at work (usually between 10.00 am and 4.00 pm). For example, if their normal working week is 37 hours individuals can determine the hours they work during each working day, around the core time, as long as the hours at the end of the week add up to 37. Companies usually have a recording mechanism to ensure that employees do not abuse the flexi-system.

(c) Job Share

One full-time job is shared between two employees working on a part-time basis, usually, but not necessarily, dividing the time (and the pay) equally between them. The earnings are also shared. Tasks are also shared equally between job-holders, thus increasing personal flexibility for workers.

This is ideal for individuals who want to work, but only for a proportion of the normal working week. There is, clearly, a limiting factor in the reaction of many staff, who are dependent on income from full-time employment. There may be practical difficulties of liaison between the two part-time staff members in some cases, but these can be overcome. Job-sharing is most likely to appeal to staff who have domestic commitments and thus prefer part-time work to full-time work, or to older employees who may regard part-time work as a compromise between full-time work and retirement.

Job sharing has become popular partly because of equal opportunities awareness. It provides a format, particularly for women with child responsibilities, to carry on with their jobs on a specialised part-time basis.

Many organisations are critical of job sharing and believe that it is more expensive to run and harder to manage. However, the evidence seems to be that job sharers work harder and better – because they are doing what they want to do and are more motivated.

Job sharing can be an effective tool to keep staff who might leave because they can't or won't work full time any more, and can work well for both employer and employees provided both employees are happy with the continuation of the arrangement. Difficulties can arise if one employee leaves or wishes to work full time.

(d) Annualised Hours

An annual hours contract requires the employee to supply a given number of hours of labour over a 12 month period. It is usual to have arrangements to review quarterly or half yearly, to take account of changes in the business. Within the agreement the actual hours worked can vary from week to week and month to month. For example, the length of the working day can be varied up to, say, 9 hours a day in a period of peak demand. The extra hours worked in the busy period can be compensated by shorter days in the quieter period, or by aggregating the hours into blocks of time off.

From this example you can see that annualised hours is a good strategy for businesses that have a demand for labour that is predictable but not regular. Annualised hours was first developed in the pulp and paper industries in Sweden and Finland. It allowed people to work more hours in the busy times and less at off-peak periods without the organisation having to employ more staff on temporary contracts or pay large overtime payments. It is also highly relevant when employing parents who wish to manage their time around school hours and holidays.

Annualised hours are gaining popularity with employees and employers (although there is a suggestion that administratively they are more complicated to manage). The introduction of annualised hours can often be part of a change in management strategy where the objective is to alter working practices to reduce costs, increase flexibility and introduce new cultures.

The **benefits** of annualised hours include:

- A reduction in overtime worked
- Lower labour costs
- Reduced absenteeism
- Greater flexibility
- Increased productivity

The **disadvantages** include:

- Reluctance to work “pay back” hours
- Difficulties in organising shift cover
- The complexity of planning shift rotas
- Problems in scheduling holidays

Forms of Working – Location Based Methods

(a) Teleworking

Teleworking is working at a distance from one’s employer, either at home, on the road, or at a locally-based centre. Teleworkers use e-mail, mobile phones and faxes to keep in contact with their employers or customers. They can be supported, virtually, by video and audioconferencing and internet meetings, and also by fast delivery services for other materials.

It has been the advance of this modern technology that has made it feasible for many people to carry out their jobs without working from an office. For example, a large insurance company in Surrey reorganised its sales structure and closed many of its regional offices. It found that it is far cheaper to set up individuals with the technology required to work from home than to run expensive offices in large cities. Many organisations are following suit, including the

Nationwide Building Society, Lloyds/TSB, Scottish Widows, the Co-operative Bank and the Britannia Building Society.

Certain types of work lend themselves more easily to teleworking – data processing, sales reps, clerical work – whilst other jobs are better carried out at head office. Equally, teleworking is not right for everybody. Teleworkers have to be disciplined and organised to ensure that the work is completed; they must also be content to work mostly alone at home.

It is also important to consider the office staff with whom the teleworker has to liaise. They need to be sensitive to the fact that the teleworker may only be in the office occasionally and that if they need to see them, they must organise themselves to see them that day. They, too, need to be organised and disciplined in the way they work.

In some organisations teleworkers are retained as staff, whilst in others they work freelance, which means having to run their own business, control budgets, etc., which does not suit everyone. For the employer it can be a benefit to employ someone as a freelance contractor rather than a full member of staff. Staff benefits (e.g. pension contributions) do not have to be paid, the employer does not need to worry about National Insurance contributions or tax as these will be handled by the contractor.

The contractors can be employed on a series of short-term contracts rather than earning employment rights as employees. They can be employed just while there is work available and then re-employed when there is a further demand, whilst employees will continue to be employed even through slack periods of work.

The **advantages** of teleworking include:

- A substantial increase in productivity, generally because of the flexibility the employee has to work when and where they want, without being confined to the 9.00 am to 5.00 pm restrictions.
- No travelling to work – no time wasted waiting for trains or in traffic jams, and no money spent on commuting.
- A considerable reduction in office overheads.

The **disadvantages** of teleworking include:

- Some organisations are concerned about the security of confidential and sensitive material.
- Technical support has to be organised for the maintenance of complex equipment.
- The training of staff has to be organised at a remote facility, or by recalling staff to the head office.
- The difficulty that some people have to maintain the self-discipline and motivation required to work on their own.
- Lack of face-to-face contact with fellow workers.

(b) Hot Desking/Hotelling

Many organisations have staff whose jobs involve them being out of the office for a significant amount of their working time – attending site visits, visiting clients/customers, etc. Alternatively, companies may employ consultants or support staff who only come into the office occasionally but have their own desk available to them permanently.

In order to save accommodation space, and the associated costs, hot desking/hotelling is a working system that has been introduced in some companies. No longer does each employee have their own desk/workstation, with drawers filled with their personal belongings; the desk is "depersonalised" and available to be used by anyone coming into the office, usually on a pre-booked basis. Hot desking/hotelling means that a smaller space produces the same or better output than before. Savings that result from reduced accommodation can be significant for organisations, but some staff do feel that they no longer have the security and stability of their own desk in the office, and that they lose personal involvement with their work colleagues. Because of the developments that have taken place in communications technology, when they are not hot desking the staff can work from home, the train if they are travelling long distances, and even from their car, if necessary.

(c) Home Working

Home working affords individuals the same benefits as teleworking without the network of support and the same need for communications. It is essentially used by freelance or self-employed workers who can carry out their entire business from home, or at least from a home base. Typical homeworkers are market researchers, graphic artists, editors, mobile hairdressers, financial consultants, etc.