

CASE STUDY Measuring workforce effectiveness

A small firm has the personnel data shown in Tables 20.1 and 20.2.

Over the last few years, there have been few changes in the operation of the business, and the market for its product has been stable. Management has also been stable, although a new office manager was appointed to the administration section 2 years ago — a 53-year-old woman who is the sister of the managing director.

Table 20.1 Personnel data for a small firm, 2005–07

	2005	2006	2007
Total output (units)	6,700	6,800	6,900
Average number of employees	100	98	96
Number of employees leaving	10	15	20
Number of working days	250	250	250
Total number of days lost due to absence	500	520	735
Total number of days lost due to health and safety reasons	20	22	18

Table 20.2 Personnel data for a small firm, by department, 2005–07

	Marketing			Production			Administration			Finance		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Employees	20	20	20	62	60	58	10	10	10	8	8	8
Leavers	1	1	2	8	6	8	0	8	9	1	0	1
Absences	85	80	70	325	315	480	50	45	35	40	80	150
Health and safety absences	1	2	0	18	19	18	1	0	0	0	1	0
Age profile (2007)												
16–29			4			2			8			2
30–49			14			11			1			4
50+			2			45			1			2

Questions

Total: 40 marks (50 minutes)

- Using the data provided, calculate the following measures of personnel effectiveness for each of the 3 years:
 - labour productivity (6 marks)
 - labour turnover (6 marks)
 - absenteeism (6 marks)
 - health and safety absenteeism (6 marks)
- Discuss the issues, including causes and effects, which these indicators raise for human resource management policies in the firm. (16 marks)