

## Staff Budget 2023 Coast House Hostel

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### **Abstract**

The main objective of this work is to create a personnel budget in the design of an investment project for an existing company or one created from scratch. Thus, in order to conceive and achieve this objective, it was decided to create a fictitious company called Coast House Hostel, Sociedade Unipessoal por Quotas, carrying out its personnel budget. As its name indicates, this organization fits into the hotel sector and the choice and selection for this professional area is directly related to the importance and growing expansion of this sector in the national economy.

**Keywords:** Personal budget; director human resources; Budgeting; hostel

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### **I. Introduction**

The development of this work was based on the IAPMEI work document in excel.

Throughout the work, and with a logical chain, certain aspects will be addressed, namely the identification of the key idea, the characterization of the company, the summary presentation of the project, the objectives to be achieved and the growth forecast, the identification and corresponding explanation of each assumption and the profile of the HR manager, in a first phase, in general terms and later applied to the sector of activity of our organization. Finally, there is the conclusion. In fact, it is essential for organizations to create budgets since they serve as a forecast and plan for the actions to be carried out. In addition, a budget is a tool that supports the organization, planning and use of Human Resources and the consumption of materials, in order to prevent any delays and waste,

### **II. Identification of the idea**

This work will contemplate the personnel budget of the Coast House Hostel organization for the years 2023 (year 0), 2024 (year 1), 2025 (year 2), 2026 (year 3/cruise year), 2027 (year 4) and 2028 (year 5). It should be noted that, in the year 2023 (year 0) only 8 months of operation (from May to December) will be considered for the Compensation Funds to have a percentage corresponding to 0% since, due to the new legislation, there is no longer any obligation for organizations to adhere to these same Funds.

### **III. Company characterization**

Coast House Hostel is a fictional company founded in March 2021 by 3 friends who met during their degree in Human Resources and who decided to join, when it ended, in opening a new business, after having discovered their peculiar taste for tourism, in particular, for the hotel industry. It should be noted that, despite the fact that the year 2021 was marked by the covid-19 pandemic and this greatly conditioned the evolution of the economy, a business opportunity arose and we decided to seize it.

Thus, Coast House Hostel is a Sole Proprietorship by Quotas, whose CAE (Economic Activity Code) is 55204 - Other short-term accommodation places, and this hostel has a share capital of €5,000.

In order to help the operation of our hostel and for our business to have the proper support, we recruited 5 more employees to help us with everything that was necessary. Therefore, in 2021, the company consisted of an

internal structure composed of 8 employees who performed functions associated with this sector of activity such as receptionist, housekeeping, cook, kitchen help, laundry employee, among others.

As its name implies, this company operates in the hotel sector and is located at the southern end of the Troia Peninsula, in Comporta, a few meters from the huge sandy beach of Praia da Comporta. Despite still being a small business and the hostel itself having small dimensions, this is characterized by the feelings of refuge and calm that it provides. Traveling through this hostel's facilities means discovering a universe of space with careful interior design and pampered decor, where avant-garde and tradition merge to give rise to a harmonious and welcoming establishment. In it, guests have at their disposal a diverse set of rooms where they feel the comfort of their own home, without giving up the advantages and comforts of modern facilities and recent technological equipment. Furthermore,

In this regard, our *hostelis* guided by values such as:

- Enthusiasm and dedication;
- Empathy and closeness;
- Ethics and responsibility;
- Renovation and boldness;
- Customer satisfaction;
- Customer orientation and focus;

Coast House Hostel bases its main mission on providing quality and excellent hotel services, with the aim of continuously improving, becoming a reference in this sector and so that they can grow, seeking to expand to other regions of the country and, in a more distant future, to other countries.

The trust deposited by guests in choosing this hostel is for the 3 managers a reason for pride, recognition, and great responsibility, serving as motivation to give the best of ourselves and the maximum in our day-to-day, constantly worrying and striving us hard to provide the best services to our customers.

#### IV. Summary presentation of the project, objectives to be achieved and growth forecast

Since Coast House Hostel is a recent company and, therefore, with little experience, there is a need to plan, within a time horizon of 6 years, all expenses inherent to the operation of this establishment in order to avoid waste.

Coast House Hostel is made up of a very professional team, highlighting the multidisciplinary, versatility, versatility and proactivity of all its employees. In 2021, the year the company was created, the hostel consisted of 8 employees, which is the basis and starting point for establishing the growth objectives to be achieved by the organization with regard to human resources for the 6 years of the project (from 2023 to 2028). It should be noted that the numbers presented are estimated and predicted by the working group, taking into account the size and forecast of the organization's reality during this time frame.

The growth of an organization is inevitably related to the growth of its human capital and as such, the need for Recruitment & Selection of new talents arises.

Any Recruitment & Selection process, for whatever vacancy is open, must be carried out based on strategic planning, in order to be aligned with the organization's needs and strategy.

In this way, and as one of the objectives of the organization is its expansion, Coast House Hostel's strategy is to increase its number of employees over the years (until 2028), as shown in the following table:

| Position/Function | Year |      |      |      |      |      | total increase by Function/Department |
|-------------------|------|------|------|------|------|------|---------------------------------------|
|                   | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |                                       |
| Management        | 3    | 3    | 3    | 3    | 3    | 3    | 0                                     |
| Administrative    | 2    | 2    | 2    | 3    | 3    | 5    | +3                                    |
| Operational       | 11   | 11   | 11   | 16   | 16   | 20   | +9                                    |
| <b>Total</b>      | 16   | 16   | 16   | 22   | 22   | 28   | <b>+12</b>                            |
| Increase/Year     | -    | -    | -    | +6   | -    | +6   |                                       |

Table 1 -Number of employees at Coast House Hostel

Coast House Hostel gradually and consciously foresees an increase of 12 employees in administrative and operational functions, with no changes in management foreseen until the year 2028. Furthermore, it should

be noted that no employees were accounted for the functions commercials since we do not consider it relevant taking into account the activity sector of our organization.

Finally, we emphasize that we plan to increase the remuneration of employees by 2%, each year, from 2025. Given that the organization is small and was recently created, no salary increase is foreseen in the years 2023 and 2024. since your business is still in the consolidation phase.

**Development**

The development of this work includes filling in the IAPMEI (Agency for Competitiveness and Innovation) Investment Project Assessment Tool for 6 years, in excel format.

**Identification of assumptions**

**Number of Workers**

The number of workers assigned by the working group is based on benchmarking and a semi-formal interview with a former employee in the hotel industry. Thus, in the year 2023, the organization has a total of 16 employees, who perform the different functions existing in it: 3 managers, 2 administrative (1 Communication and Marketing Technician and 1 Accountant) and 11 operational (3 Receptionists, 3 Housekeeping, 1 cook, 1 kitchen helper and 3 laundry assistants).

**Total Base Remuneration**

In order to determine the basic salary for each of the existing positions at Coast House Hostel and so that the average monthly remuneration currently practiced in the market could be paid in our organization, the work group resorted to research on a specialized website for this purpose, Talent , also taking into account the information provided by the former employee in the hotel industry regarding the wages earned at the hotel where she performed her duties. The cost of the base renumbering is fixed, which is why the percentage corresponding to 100% has been attributed.

| Position/Function | Monthly base salary |
|-------------------|---------------------|
| Management        | 1000€               |
| Administrative    | €880                |
| Operational       | €760                |

**Table 2** -Coast House Hostel Staff Remuneration

**Total Meal Allowance**

With regard to the food subsidy, it was established that it would be paid in a meal card to all employees in the amount of €7.60/day, taking into account the information provided by our respondent, as well as the fact that it is a business small and being in the early years of its activity. Since it does not exceed €9.60/day, it is exempt from Social Security and IRS discounts. As referred to in the basic remuneration, the food subsidy also represents a fixed cost, with a percentage corresponding to 100%.

|                            | Monthly amount per employee               |
|----------------------------|---|
| Meal allowance (7.60€/day) | €162.20 (based on 22 business days/month) |

**Table 3** -Coast House Hostel food allowance

**Compensation Funds**

It should be noted that given the application of the new Law 13/2023 of April 3, some obligations regarding Compensation Funds are now suspended, which is why they are not taken into account in this report.

**Other Remuneration**

As this is a hostel just beginning its activity, we plan to add another type of remuneration in addition to the basic salary and food subsidy, until the end of 2023. In this way, each employee will be awarded a Health Insurance from AdvanceCare, worth €15.

|                  | Monthly amount per employee |
|------------------|-----------------------------|
| Health insurance | €15                         |

**Table 4** -Coast House Hostel Health Insurance

**Social Security**

As explicit in the law, the Single Social Tax (TSU) for the company represents a fixed cost corresponding to 23.75% for each employee in the organization.

**Work Accident Insurance**

Aiming to protect the most important asset of our organization, the employees, are covered by the Insurance for Accidents at Work and Occupational Illnesses, with a rate of 1% being applied on staff remuneration.

**Other Personnel Expenses**

| Spending                           | applicable VAT | Monthly value | Explanation  |
|------------------------------------|----------------|---------------|--|
| Training                           | 23%            | ---           | According to the law, 40 hours of annual training are mandatory for each employee, which will be guaranteed through training carried out internally by the 3 managers, since they hold a Degree in Human Resources and as such, the Certificate of Pedagogical Skills (CPP) being able to carry out the respective training, taking into account a continuous assessment of the needs of the organization. Expenses associated with carrying out the respective training courses, namely, the materials used and digital equipment necessary for its execution, are not included in this part of the budget. |
| Health and Safety at Work (HST)    | 13%            | €25           | Our organization will hire a company specialized in the provision of Hygiene and Safety at Work services, spending a monthly amount corresponding to €25.  |
| Equipment Skilled Individual (PPE) | 23%            | €16           | With regard to expenses with Individual Specialized Equipment (PPE), namely for cooks, kitchen helpers and housekeeping, an average monthly expense of €16 is expected.  |
| Others                             | 0%             | €4.17         | During the Christmas season, each employee will be offered a Christmas basket worth €50. In this way, and taking into account the number of employees, this offer is reflected in a monthly cost of €4.17.   |

**Table 5** -Other personnel expenses at Coast House Hostel

**HR Manager Profile**

The Human Resources Manager has been increasingly expanding the nature of his functions, which is why he assumes, nowadays, a more strategic and important role in an organization.

The truth is, an HR Manager must have the ability to interpret the proposed objectives and turn them into action, through planning, organizing, directing and controlling all efforts so that the organization's objectives are achieved. Thus, we can infer that management encompasses four fundamental functions: planning, organization, direction and control.

According to Pereira (2023), an effective and efficient manager must have three types of skills:

- Conceptual: ability to grasp general and abstract ideas and apply them in concrete situations;
- Technique: ability to use knowledge, specific techniques and methods in your specific work;
- Human Relations: ability to understand, motivate and obtain the adhesion of other people;

In addition to the academic training required for a position as high as this, it is essential that managers, as the people responsible for linking the executive level with the rest of the organization, have the following soft skills:

- Communication: it is often said that poor communication is the reason for many problems. Since the manager spends most of his time communicating, through different channels, it is essential that this competence is very well developed so as not to create any kind of noise in the transmitted information.
- Flexibility: this skill is important as a manager, in charge of several people with different personalities, must be able to adapt to different contexts and/or situations in order to promote a good working environment and avoid conflicts.
- Leadership: although manager and leader are different concepts and assume different roles, it is essential that a manager knows how to coordinate and guide a team, so that the objectives are achieved.
- Innovation: a manager must have the ability to bring new insights, so as to never become outdated in a constantly changing society.
- Commitment and Ethics: employees feel appreciation when they are transparent with themselves. It is important that managers promote a good relationship with their employees, creating space for everyone to feel comfortable expressing themselves, giving them the voice they need. In this way, it is essential that employees become real players, that they are duly involved and that they participate in all processes and decision-making. The truth is that each employee has their own characteristics and different points of view and, therefore, it is fundamental that all creativity and innovation are effectively used.
- Strategic Thinking and Vision: it is necessary for the manager to consider several factors and variables, carrying out goals and objectives, in order to develop clear plans and objectives.

In addition, and to make it possible to identify the most sought after hard skills in an HR manager, a market survey was carried out. In this way, the following stand out:

- Higher academic training;
- Professional experience in the field (minimum 3 to 5 years);
- Fluency in the English language;
- MS Office domain (Excel);
- Knowledge of labor and tax legislation;
- Knowledge of digital marketing tools;

Effectively, management proves to be a vital area for the success of any organization. However, and given that the present work is related to the design of a staff budget in the hotel industry, it should be noted that this environment is faced with precarious links, where, at times, employment is unstable and transitory, with a high staff turnover and, consequently, high costs.

Thus, all the reasons invoked make the role of HR manager, in the hotel sector, truly important. Excellence in the quality of service is only guaranteed when we manage to have satisfied and motivated employees in carrying out their tasks.

Thus, it is possible to conclude that in a competitive environment and living in an increasingly fragile, anxious, non-linear and incomprehensible BANI world, the survival of organizations is not based only on identifying opportunities for growth, but on the indispensable compatibility between the needs of market and a productive, stable and responsible workforce (Machado & Martins, s/data).

## **V. Conclusion**

Carrying out this work made it possible to assess and understand the importance of making budgets in all organizations, in order to predict and calculate expenses in subsequent years, promoting an effective and efficient management of resources. To carry out the personnel budget, the working group decided to challenge itself and put its creativity into practice by creating a company from scratch. The company is called Coast House Hostel, and in 2023 it was formed by 16 employees who seek to continuously improve their hospitality services.

In short, as future Human Resources professionals, and through the acquisition of all the knowledge and lessons learned from the development of this report, it is possible to infer the importance of creating a personnel budget with a view to a strategic approach aimed at resource planning financial issues, never forgetting the constant concern for the well-being of employees. In this way, we believe that we have managed to achieve the objectives initially proposed for carrying out this work.

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