Overview
Managing HR systems is like continuous contingency planning – looking at the current situation and getting ready for what might happen. And developing procedures and polices, while ensuring management buy-in, is an essential part of being an effective HR manager. This resource explains how to review existing processes, and develop and implement new procedures and polices across a range of HR service areas including recruitment, separation/termination, industrial relations, performance management, and remunerations management.

Key terms

**Benchmarking**
A management and evaluation approach that allows you compare the state of your own HR processes against those of other organisations. Often used to identify the improvement expected and/or gained from changing or outsourcing a process.

**HRMIS**
Human Resource Management Information Systems; computer systems to collect and analyse information to assist in the making of timely HR management decisions, examples are databases, spreadsheets, information networks

**Policy**
A broad statement of intent that provides a framework in which staff should operate and act.
Procedure
A set of rules, guidelines, or steps that specify how staff should operate and act; may also include tools and forms to be used by staff.

SWOT
SWOT is a planning tool used to clarify an organisation’s strengths, weaknesses, opportunities and threats.

Trialling
The process of evaluating a new or changed process or a tool in practice, often done on a small scale prior to a wider implementation

When to develop processes?
The process of managing HR systems is like continuous contingency planning – looking at the current situation and getting ready for what might happen, all the time being ready to improve your processes and align them to organisational goals. This means that:

- Reviewing and developing HR policies, procedures and tools should be part of your continuous improvement process in HR.
- Major reviews may need to occur in response to new organisational directions and strategies.

Steps in developing HR processes
The key steps in developing a new or improved HR process, in a general but not strict order, are:

1. Research the elements of **best practice** in HR systems.
2. Research the **legal requirements** for HR practice in your organisation.
3. Identify relevant **organisational goals** and business plans.
4. Identify **problems** and potential improvements in existing HR processes.
5. **Consult with stakeholders** in the organisation. Ask for, and use, feedback from existing employees and their managers about the value and efficiency of processes.
6. Identify and brief a **pilot group** so you can conduct a trial.
7. **Develop** options for policies, procedures and tools.
8. Develop an **evaluation** plan for the new process.
9. **Present** these options to stakeholders, and gain sign-off.
10. Develop an **implementation plan** (including strategy for communication, training and support).
11. Conduct a **trial** with the pilot group.
12. Make **post-trial modifications** to the process and/or tools.
13. Commence full scale **implementation**.

The extent of effort you put into each of these steps would be determined by the legal implications, organisational outcomes and risk management issues that relate to your new or changed HR process.

**Strategic directions**

Strategic directions of organisations are often expressed in things like a vision, mission statement and business goals. They are guides to management action within the organisation. They provide direction on what the organisation wants to do, while further down the line objectives and procedures outline how to do it. Well-designed HR practices will help the organisation achieve its goals by taking into account broader management issues such as budgets, staffing, growth strategy, production and sales. Being able to demonstrate this link can be an effective argument on behalf of your HR tactics.

**Think**

**How well do you know the strategic directions of your organisation?** An understanding of things like organisation vision, mission and strategic goals is an essential element in developing HR processes.

**Identifying current practices**

Before you can develop new processes for an HR service area, you will need to audit existing conditions to determine exactly what your organisation does now, and why. This should include reviewing current policies and benchmarks, as well as identifying potential changes in conditions.
Start by gathering information about your organisation’s current processes, and the rules and regulations you must comply with. Once you have established the boundaries, you can set your goals for change as high as circumstances will allow.

Gathering information

Gathering facts quickly and at low cost

- Start with a simple checklist of what you want to know.
- Ask immediate associates, managers and colleagues to share their experiences.
- Check with other sources such as HR staff, union representatives, the company lawyer, departmental managers, the internal auditor and training manager.
- Refer to company documentation such as policies, procedure manuals, or documents prepared for accreditation of quality endorsement.

External sources for your research

These may include:

- the Internet – you can look up Federal and State legislate or you could search for information on benchmarking HR practices
- HR organisations such as AHRI (Australian Human Resource Institute) – they may be able to suggest similar organisations known for best practice.
- employer associations such as AIM (Australian Institute of Management) – they prepare labour and industry surveys and data
- your national, state, or local library – university libraries usually have considerable published information about law and industrial relations
- government departments dealing with industrial relations, employment, law, management, economics, or statistics – these are a good source of workplace relations data.
- government publishers and bookshops – they stock recent reports on industrial relations or copies of Acts of Parliament
- unions – they often have strong research facilities and extensive libraries.
- HR consultants – they have a wealth of experience and are often willing to help an enthusiastic learner.
What to consider when gathering information

In gathering your information, there will be **three main issues** to consider:

1. internal and external circumstances unique to your organisation or industry
2. the organisation’s plans and strategic goals (both long- and short-term)
3. human resource operations.

You will also have to consider:

- the way the organisation functions and management responsibilities – especially in relation to departmental authority to hire, dismiss or change employment contracts
- stakeholders’ interests.

Research

**What current practices exist within your organisation?** Try to document both official and unofficial HR policies and procedures that exist in your workplace. You might focus on one HR service area such as recruitment, separation/termination, industrial relations or performance management.

Evaluation tools and techniques

There are many ways you can evaluate current HR practices. Two quite different methods are SWOT analysis and an audit using a diagnostic checklists.

**SWOT analysis**

A SWOT analysis is a good starting point when assessing current practices within the organisation. If you aren’t familiar with the expression, SWOT is a planning tool used to clarify the organisation’s:

- Strengths
- Weaknesses
- Opportunities
- Threats.
The strengths and weaknesses usually refer to issues and conditions *within* the organisation, while opportunities and threats usually refer to pressures and demands from *outside* the organisation.

Outdated processes are a common weakness in business activities. It may be some time since your organisation published its policies, or revised and updated their procedure manual. As a result, staff have started to do things their own way, with new employees bringing with them new ideas and differing practices that don’t really fit.

Alternatively, technology and finances may have changed the world outside your organisation. Are these changes to be seen as threats or opportunities for the organisation?

**Think**

*What is there in the unwritten rules and corporate culture that might influence your ability to implement HR processes?* You should include things like this in your SWOT analysis.

**Audit using a diagnostic checklist**

For a different perspective on current HR processes, you can conduct an internal audit using a diagnostic checklist of best practice features and criteria for evaluation.

You can use this checklist to evaluate the processes that your organisation has in place and the results will point you to any changes that need to be made.

The features in the following table test the strength of different parts of the organisation’s current HR practices. This list isn’t complete, but it covers many of the points necessary to assess the value of your processes and develop better ones.
### Table 1: Features and criteria to evaluate current HR processes and tools (2 cols)

<table>
<thead>
<tr>
<th><strong>Best practice feature</strong></th>
<th><strong>Criteria</strong></th>
<th><strong>Result</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptance testing</td>
<td>Are users aware of the existence of this process/tool, and do they use it? (This is formal testing conducted to determine whether or not a HR system satisfies its users.)</td>
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<tr>
<td>Accessibility</td>
<td>Can your users find this process/tool when they want it? Do they avoid it if they can? (Measure the degree to which the document helps the users.)</td>
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<tr>
<td>Accuracy</td>
<td>Are many mistakes are made with the use of this process/tool? (Measure size or frequency of errors caused.)</td>
<td></td>
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<tr>
<td>Adaptability</td>
<td>Is this process/tool versatile? Can your users apply it to more than one event or situation?</td>
<td></td>
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<tr>
<td>Auditable</td>
<td>Can you record information concerning transactions performed using the process/tool? Can a trail be followed—if anything changes, will the decision-making process be recorded?</td>
<td></td>
</tr>
<tr>
<td>Clarity</td>
<td>Is the tool written in plain English?</td>
<td></td>
</tr>
<tr>
<td>Confidentiality</td>
<td>Does the process/tool prevent unauthorised disclosure of information?</td>
<td></td>
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<tr>
<td>Dependability</td>
<td>Can you rely on the service this process/tool delivers?</td>
<td></td>
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<tr>
<td>Error handling</td>
<td>Is this process/tool checked for errors? Can mistakes be corrected and the system returned to normal operations?</td>
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<tr>
<td>Latency</td>
<td>Is this process/tool designed to help the user manage the timing of events effectively?</td>
<td></td>
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<tr>
<td>Maintainability</td>
<td>Can the process/tool be modified to correct faults, improve performance or other attributes, or adapt to a changing environment?</td>
<td></td>
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<tr>
<td>Openness</td>
<td>Does this process/tool comply with overall quality assurance standards?</td>
<td></td>
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<tr>
<td>Robustness</td>
<td>Is this a strong process/tool? To what degree can it function correctly in the presence of invalid inputs or stressful conditions?</td>
<td></td>
</tr>
<tr>
<td>Safety</td>
<td>Have the outcomes of this process/tool been widely discussed with stakeholders? Does it help to minimise risk?</td>
<td></td>
</tr>
<tr>
<td><strong>Best practice feature</strong></td>
<td><strong>Criteria</strong></td>
<td><strong>Result</strong></td>
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<tr>
<td>Scalability</td>
<td>Can the process/tool be modified to deal with different sized problems with ease—be it a large scale downsizing of staff, or termination of an individual worker?</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>Does the process/tool allow sensitive information to be managed, protected and distributed well?</td>
<td></td>
</tr>
<tr>
<td>Simplicity</td>
<td>Is the process/tool easy to use? Does it have a straightforward, easy-to-understand design and implementation process?</td>
<td></td>
</tr>
<tr>
<td>Tone</td>
<td>Does the language of the document show consideration for the users of the form, and encourage them to display courtesy in any replies?</td>
<td></td>
</tr>
<tr>
<td>Traceability</td>
<td>Can a relationship be established between this and other tools, or between different parts of the same tool, where there is a cause and effect relationship?</td>
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<tr>
<td>Training</td>
<td>Are provisions in place for users to learn how to develop, maintain or use the process/tool?</td>
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<tr>
<td>Vulnerability</td>
<td>Is the tool open to unauthorised access, change, or disclosure of information and therefore susceptible to disrupting the organisation’s services?</td>
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</tbody>
</table>

**Stakeholder consultation**

As you design or change policies, tools, processes, forms and databases, consult with others. Be pro-active in seeking out their input and always seek out advice before you put new developments into place.

**Management buy-in**

If policies and practices are to succeed in your organisation, they must receive the support of other managers and employees. Your processes should also clearly reflect the culture of the organisation. So, which managers should you consult with when developing HR processes?
Other stakeholders

When formulating policy and determining procedures, HR managers need to take into account the interests of any individual or group who claim to have a ‘stake’ in the end of an employment contract. This might include anyone that affects, or is affected by, the process.

The correct and fair management of HR is not only of interest to managers, staff and the HR department. Many others might also claim a strong interest in the way employment contracts are, for example, started and ended. So it’s advisable to classify stakeholders in the process and identify strategies for consultation where relevant.

Groups to consult may include:

- unions and other labour organisations
- employer groups
- tribunals and courts
- economists
- government departments.

Many areas HR require processes that must be right the first time if the organisation is to avoid unnecessary conflict. This means setting the groundwork now and putting in place practices that will prevent problems later.

Wherever possible, you should encourage stakeholder participation and feedback as you develop your policies and procedures. Having a well-established contingency process to deal with problems will strengthen employee/employer relationships and help avoid the potential legal consequences of handling them incorrectly.

You will need to understand the demands that can be brought to bear on the performance of employment contracts. In fact, your people and negotiation skills might be significantly tested when the time comes to finish an employment contract, forcing you to step carefully through alternative dispute resolution pathways. Ensure you have grievance procedures in place in awards/agreements or organisational procedures.

From an expert

One Human Resource Management consultant has this to offer:

Developing a plan for ongoing consultation may sound like a simple task and it can be, if all the conditions are right. Unfortunately, in many organisations they’re not.

Even the word ‘consultation’ is unheard of in many organisations - let alone consultation about such a sensitive issue as wages, bonuses or
commissions. These kinds of consultations are better run by a neutral person. If that’s to be you, the HR manager – it’s important that you step back and take a frank look at yourself from the employee’s point of view, before starting. If you’ve not had a good track record in this area before, or may be perceived to be too much on the side of management, or even if the HR department is not well respected or trusted, then you’d better get someone else.

Getting a group together can be a hassle at the best of times, let alone staff whose job it is to be on the road making sales. So it’s important, that at the very first meeting you gain agreement on some rules. Things like when and where is the most suitable time to meet, for how long, how minutes will be taken and circulated – and, of course confidentiality. Where appropriate, you’ll also need agreement that members carry out tasks allocated to them, report and attend regularly. If you can get all this together, then there’s a good chance you’ll get respect and results from such a group. Your job will be to keep the ball rolling, ensure that the group continues to move towards making decisions and recommendations, and most important gain agreement about what needs to change.

Terry McBride, Trainup Pty Ltd, interviewed May 2003

Think

How would you ensure management buy-in when developing your HR processes?

Documenting the HR process

Once you have collected and analysed your information, it’s time to develop and document your process and tools.

A few tips:

• plan before you start to develop the system
• make sure the various parts of your systems fit together
• design your test plans before you start to build the system
• keep changes to your plans under control.
Documentation

The documentation for your HR process should clearly state:

- **Scope of the HR process**
  - What are the goals and objectives of the process?
  - How does it link to organisational goals?
  - What HR services does it affect?
  - What is the policy statement for the process?
  - Who does it apply to?
  - Who will it be approved by?

- **Tasks to be completed**
  - What are the procedures to be followed?
  - Who is responsible for what?

- **Measures or standards for HR process**
  - qualitative
  - quantitative

- **Communication plan for the HR process**
  - announcement
  - training
  - ongoing support

- **Monitoring the HR process**
  - make formal feedback mechanisms available to users
  - plan to capture informal feedback

- **Evaluation plan for the HR process**
  - questionnaires
  - interviews
  - audits.

Implementation plan

Your implementation plan should include:

- **Resource allocation**
  - time (number of hours or days to complete the implementation and training tasks)
  - budget (money for planning, training, production and training)
people (to carry out the various tasks)
- materials (computers, meeting rooms, office consumables etc).

- **Schedule**
  - the tasks to be completed for implementation (eg programming of HRMIS, trialling, printing of manuals, communication, training, delivery of manuals, forms etc)
  - when (start and finish dates for each task)
  - by whom.

**Timing**

Like everything else, HR processes require time to be implemented correctly—time to prepare for events, to make decisions, to communicate with those affected and to carry out relevant tasks. Problems commonly arise when things are done in haste, so ensure that your timeframes are adequate.

For example, you need to give people reasonable notice of events such as redundancy so that they have enough time to consider their future and make decisions about alternate employment or redeployment options. Your organisation may already have guidelines on what constitutes reasonable notice. If not, you will need to assess the situation and consult your stakeholders to determine adequate timeframes.

**Tip**

It’s a good idea to have staff (or their representatives) sign-off on new or revised policies, as evidence that they have been read and understood them.

**Risk management**

Risk is the possibility of suffering loss—a possibility that exists in all commercial contracts and transactions. A substantial part of your job is to identify and minimise the potential risks for your organisation as well as its employees. This will require your continual vigilance.

Risk management is a rapidly growing practice in its own right, with its own processes, methods and tools. It provides a discipline to help reduce the fears inherent in dynamic decision-making—especially when those making the decisions are under pressure.
You can use risk management techniques in HR processes to:

- continuously anticipate potential problems (remember Murphy’s Law—‘anything that can go wrong, will go wrong, at the worst possible time’)
- assess the risks to determine which ones require you to develop a response
- implement strategies and processes to minimise those risks.

Minimising risk

Here are some simple guidelines for minimising risk when developing HR processes.

- **Have a wide perspective of your processes.** Recognise the potential value of opportunities that arise, as well as the potential impact of adverse effects that may come with such opportunities.
- **Anticipate uncertainties.** Uncertainty is not a pleasant phenomenon to work with, but when dealing with human behaviour, caution is well advised.
- **Keep your communication channels open while developing your processes.** Encourage the free flow of information—formal, informal and impromptu.
- **Make risk management an integral part of your process.** Use risk management methods and tools a part of your process infrastructure.
- **Trial the new process or tool first.** A limited trial with a smaller group of employees will identify unanticipated problems and minimise the negative consequences. See the section below on trialling.
- **Maintain constant vigilance for slip-ups and errors.**
- **Share the successes.** Make the development of employment contracts a team effort. This means collective ownership of good practice in all HR processes.

Developing HR tools

Having a considered and documented HR policy and procedure manual means that despite changes in personnel, the methods of working will be consistent and reliable.

A familiar way of maintaining quality and controlling organisational practice is to develop standardised documents for use, including

- forms - for gathering and organising data
- checklists - for ensuring processes are followed
• reports - for recording information.

Your evaluation will have highlighted areas that need to improve because current practices are either inadequate or non-existent. You must now consider which documents need to be revised and which need to be created.

Documents to publish in your procedure manual might include:

• questionnaires (eg for an exit interview)
• agenda templates for meetings
• sample minutes for recording meetings
• format for position descriptions
• standard letters, eg letter of job offer
• format for employment contracts
• statutory declaration forms
• checklists for complicated procedures, such as grievance handling
• performance review forms
• outlines for reports
• templates for staff communications
• format for training records
• selection interview checklists
• induction checklists.

Confidentiality

The forms you’re developing will often hold a great deal of confidential information and therefore should be handled carefully. This means storing them in securely and limiting access to relevant staff. Care is also needed when using such documents and you would be well advised to treat even the drafts as confidential. After all, a draft redundancy checklist sent to managers for feedback could easily be spotted and lead to misunderstanding, conflict and grievance.

Quality control and standards

Quality is an intangible characteristic of a system. One person’s idea of quality might be another person’s impression of chaos.

For employment contracts, the binding dimension for quality is an assurance that you’ve checked that the organisation has met all its legal obligations. After that comes satisfaction that you’ve met the commercial and cultural aims of your policies.
Benchmarking

The pursuit of **best practice** is the pursuit of excellence. So how can you tell what constitutes best practice in management of HR activities? To identify best practice within an organisation or HR department, you could seek out a similar organisation with a reputation for excellence and compare your organisation’s results with theirs.

This is known as **benchmarking**. It uses a series of measurements to rank the quality of performance, set targets and place a value on results. After all, what gets measured can be managed.

Once you have selected a process to benchmark, you will need to:

- decide on the scope of your test
- choose relevant measurements
- study best practices that will boost performance
- judge how appropriate the practices are to your organisation
- identify cultural differences that might result in performance difference between your organisation and the benchmark organisation
- plan and implement changes
- measure results.

Best practice leads to best performance and the opportunity to gain strategic, operational and financial advantage. But in benchmarking your processes, be careful of simply choosing an organisation that has few disputes. This may be the result of accommodating too many demands that don’t comply with the organisation’s policies or procedures. Instead, you might look at performance appraisal results, technological efficiencies, staff turnover, number of individual employment contracts signed or surplus staff employed.

Additional information, which may be used to compare your procedures to those of other organisations, can be gathered through published case studies, industry award ceremonies and general intelligence gathering.

**Communication, training and support**

Your implementation plan will need to describe your methods for communicating the changes to management and staff, and providing appropriate training and support for the people who implement or are affected by them. This could include:

- Delivery of change announcement to management and staff – possibly by the CEO if it’s a major change.
• Information packs distributed to all stakeholders.
• Information posters in staff areas.
• Formal training or briefing sessions.
• Coaching or mentoring for individuals.
• Performance support tools, eg quick reference cards.
• Consultative groups to monitor implementation.

Stakeholder agreement and sign-off

Start by developing a short summary of what you have discovered, covering key points of your work to date. This summary is a critically important part of your plan. It will:

• crystallise your research
• highlight any shortfalls uncovered in your organisation’s methods
• state the risks if improvements are not made
• provide a foundation for presenting your options and recommendations.

You may manage this part of the process in two stages. You could

• present your research, the possible options and your recommendation in a meeting of stakeholders, then later
• finalise the documentation for the new or changed HR processes and tools, and obtain appropriate sign-off prior to implementation.

Trialling the new process

Trialling an HR process, procedure, or tool means that you:

• implement it with a small group
• evaluate the results
• report the results to stakeholders, and
• make changes to the process, procedure or tool

before you implement it more widely across the organisation. A limited trial with a smaller group of employees will identify unanticipated problems and minimise the negative consequences of these.
Seek ongoing feedback

All your planning and preparation should ensure that the processes you develop are both effective and meet the organisation’s requirements. You might even pilot these processes in the HRIS to identify issues and rectify them prior to implementation. However, the true test will be in the use of these documents and processes in the workplace.

So once your policies have been rolled out, you should seek feedback as to how well they work. At this stage, you might find it worthwhile to broaden the basis for comment by seeking feedback from exiting employees.

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