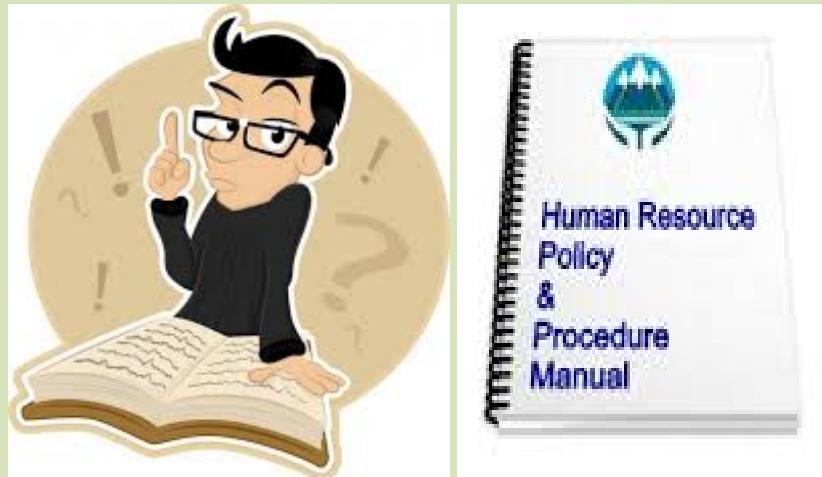


# NPO GOVERNANCE TOOL BOX SERIES

Vol. 5, Issue 1

For private circulation only

## POLICIES - HUMAN RESOURCE POLICY



Financial Management Service Foundation



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# HUMAN RESOURCE POLICIES

Vol. 5, Issue 1

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## HUMAN RESOURCE POLICY

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## 1. INTRODUCTION

Policies are clear, simple statements of how an organization intends to conduct its working be it services, actions or business. It guides the standard operating protocol of an organization.

The human resource policy is one such document that broadly contains details on employing staff, managing employee performance, dealing with employee concerns and supporting staff in the organization. It is a formal guide of principles or rules in the organization that employees are expected to adhere to. It aims to describe organization's practices, such as employment, compensation, benefits, leaves, hiring and termination procedures, and other pertinent information.

The human resource policy is essential for communicating an organization's workplace policy and therefore it must be detailed, accurate and approved by the appropriate authority. The policy manual should also be accessible to all staff members and be accompanied by procedures on how the policy will be implemented. Generally, procedures describe how a policy will be put to action in an organization. Broadly, each procedure should outline the following:

- Who will do what;
- What steps they need to take;
- Which forms of documents are to be used.

Policies and their accompanying procedures will vary between organizations because they reflect the values, approaches and commitment of a specific organization and its culture.

## **2. OBJECTIVES OF HUMAN RESOURCE POLICY**

Human Resource policy helps the organization to establish robust structure and basic set rules that is used to manage the employees on a day to day basis. It encourages fair and consistent treatment of employees. The board objectives of the human resource policy are:

- 2.1. To provide formal procedure on hiring, induction and termination of employees. It should contain the framework for managing staff, while allowing management to respond and adapt to individual situations.
- 2.2. To provide clear reporting structures that spell out who's in charge and how tasks are to be accomplished in the organization. Every successful team has well-defined positions for its members. Everyone knows what he or she is to do; how to do it; and how their performance can impact those around them. The policy should provide a clarification and validation of the responsibilities.
- 2.3. It has been seen that an employer is usually held accountable for the bad behaviors of his/her employee, especially when that bad behavior affects other employees, target groups or individuals. In such cases, the human resource policy should provide clear and specific behavioral standards in the form of rules for spotting and addressing violations of those standards.

Overall, human resource policy serves as a guide on decision-making guideline for the management. For the employees, it serves as a guide on how to conduct oneself in the organization.

### **3. STEPS INVOLVED IN HUMAN RESOURCE POLICY DEVELOPMENT**

Generally, the human resource policy development process includes the following steps:

- Need for the policy on Human Resource in the organization should be established.
- The establishment of need should be followed by development of the draft policy. This will be done by a team of people who are assigned this job.
- Along with the policies a draft on the procedures should also be developed.
- Once the draft policy is ready, it should be critically reviewed by key members (usually by all those who will be using it).
- Next, the reviewed policy should be approved by the approving authority (usually the Board).
- The approved policy should then be formally implemented and the policy manual should be shared with the employees along with all necessary application formats such as leave format, travel requisition format, etc.
- After sometime the existing policy should to be review and updated, so that the policy is robust and relevant on any particular date. The interval for policy review shall be discerned by the Board in consultation with the management. In many cases, the interval is not fixed and the review can take place when a need is felt which has to be approved by the Board.
- Once the old policy has been reviewed and necessary changes have been incorporated, it should be appropriately conveyed to all.

### **4. RESPONSIBILITY OF DEVELOPING HUMAN RESOURCE POLICY**

In large organizations, it is the human resources department and in small organizations a small assigned committee/ team which develop the policy after taking into consideration the vision, mission and objectives of the organization. The draft of the policy is shared with the management for feedback and after changes the same is approved by the board. The key areas that should be covered in the human resource policy manual are:

1. Scope of the Policy

2. Functions (Roles & Responsibilities)
3. Standards of Conduct
  - 3.1. Conflict of Interest Guidelines
  - 3.2. Confidentiality
  - 3.3. Privacy
  - 3.4. Complaint/Grievance Resolution
4. Employment Practices
  - 4.1. Recruitment, Selection, Appointment Practices
  - 4.2. Orientation and Induction
  - 4.3. Probationary Period
  - 4.4. Anti-discrimination/ Equal Opportunity
  - 4.5. Discrimination and Harassment
5. Termination of Employment
  - 5.1. Notice of Resignation
  - 5.2. Discipline by Suspension or Dismissal
  - 5.3. Terminations
  - 5.4. Retirement
  - 5.5. Exit Interviews
6. Hours of Work / Leave
  - 6.1. Hours of work
  - 6.2. Annual Leave
  - 6.3. Statutory Holidays
  - 6.4. Special Leave
  - 6.5. Maternity Leave / Paternity Leave
  - 6.6. Medical Leave
7. Compensation & Employee Administration
  - 7.1. Pay Administration
  - 7.2. Job Description
  - 7.3. Performance Evaluations
  - 7.4. Travel & Expenses
8. Benefits
  - 8.1. Insurance and other benefits
  - 8.2. Pension
  - 8.3. Payroll



## 9. Training and Development

## 10. Work Environment

### 10.1. Safe and Healthy Work Environment

For a more detailed template on Human Resource Policy, refer to Annexure A.

## **5. UPDATING THE HUMAN RESOURCE POLICY**

One very crucial element of any policy is that its relevance remains intact in current time. Hence, developing the human resource policy is an on-going process. The department/ committee/ team involved in formulating the human resource policy is also entrusted with the responsibility of reviewing, adding, deleting or revising the policy. This is to ensure that the policy remain current with the objective and with organization needs. Further, the human resource department/ committee/ team help interpret policies, ensuring that they are applied fairly and equitably throughout the organization. Key issues that must be ensured by the organization's human resource department are:

- The policy manual is kept up-to-date;
- The policy manual continues to set out the procedure that must be followed in the operation of the system and procedures;
- Sufficient copies of the manual are available;
- Amendments to the policy manual are properly authorized and communicated to the concerned parties immediately.

## **6. CONCLUSION**

There are different types of people in an organization and they react differently to the need for policies and procedures based on those differences. For example, some people prefer there should be a written policy for everything, while others favor having no policies at all and would leave everything open to interpretation as situations arise. Neither of these extremes contributes to a work environment that is conducive to high productivity levels. The focus of an organization is not just about meeting specific goals and objectives, but also about how one can achieve them.

Thus, policies and procedures are like the lighthouse which guides an organization on its way to its destination i.e. achievement of the organizational goals/objectives. Policies are the ‘means’ but not the ‘end’. It is important to note that human resource policy is an internal document of an organization and is not a legal requirement. It takes some effort to develop and implement the human resource policy, but it brings definite long-term benefits as it will overall minimize the incidence of disputes or grievances within the organization. The human resource policy does not have to be complex, but comprehensive and compliant with the organizations objectives and need.

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***Watch out for the next issue on “Policies – Finance Policy”***



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## **HUMAN RESOURCE POLICY TEMPLATE**

### **1. Definitions**

This section outlines both legal and non legal definitions for the purpose of providing clarity on the terms used in the policy.

### **2. Functions (Roles & Responsibilities)**

2.1. Management - A summary description of the roles and responsibilities of core management of the organization.

2.2. Staff - Staff may have different expectations, duties, terms and conditions of employment and accountabilities. Policies should indicate the roles and responsibilities for the following types of employees:

- a. Full-time staff
- b. Term appointments
- c. Part-time appointments
- d. Probationary Appointments
- e. Casual or Contractual employees

2.3. Board - The Board has a role to play regarding Human Resource Management of an organization. That role should be outlined both in the Board policy as well as in the organizational human resource policy.

### **3. Standards of Conduct**

#### **3.1. Conflict of Interest Guidelines**

- The extent of Conflict of Interest Guidelines is dependent on the type of organization.
- Conflict of Interest Guidelines may differ for management, employees, board members. Guidelines might outline or indicate:
  - Obligations
  - Use of property
  - Disclosure of information
  - Feasibility of acceptance of hospitality or other benefits
  - Soliciting or acceptance of economic benefit or preferential treatment

#### **3.2. Confidentiality**

- Employees may be required to sign confidentiality agreements / statements for the purposes of information handling. If this is the case, the policy may indicate that a particular level of Security Clearance is required.

#### **3.3. Privacy**

- Employee files are to be kept confidential – the process to ensure confidentiality should be outlined.
- Privacy statements should include the process for employee access to and use of confidential and private information.

#### **3.4. Complaint/Grievance Resolution**

- Complaint resolution process guidelines could include timeframes, responsibilities and possible mechanisms.
- Formal and informal complaint processes may be described.

#### **4. Employment Practices**

##### 4.1. Recruitment, Selection, Appointment Practices

- Who is authorized to make selection and where approvals are required
- What competitive processes are to be followed
- Procedures around conducting reference checks

##### 4.2. Orientation and Induction

- Induction plan and schedule for new recruits
- Documents to be provided for orientation

##### 4.3. Probationary Period

- Who all are eligible for probation
- Time frame for employee's probationary periods
- Performance evaluation process at the end of the probationary period

##### 4.4. Anti-discrimination/ Equal Opportunity

- Guidelines for equality and fair practices in the organization

##### 4.5. Discrimination and Harassment

- Defining the acts to be covered under discrimination & harassment
- Procedure for handling such issues
- Consequences of indulging in such acts

#### **5. Termination of Employment**

##### 5.1. Notice of Resignation

- To whom resignation is to be given
- Timeline for submitting resignation

##### 5.2. Discipline by Suspension or Dismissal

- Procedures for Suspension in the incident of employee misconduct
- Processes for disciplinary action should be outlined

##### 5.3. Terminations

- Processes and circumstances for layoff and termination may be outlined in the policy

##### 5.4. Retirement

- Age for retirement
- Procedure to be followed for retiring employees.

##### 5.5. Exit Interviews

- Exit interviews between management and employees are often a important feedback for the organization. The process of conducting the interview may be outlined in the organization policy.

#### **6. Hours of Work / Leave**

##### 6.1. Hours of work

- Hours of work for staff / employees would include the normal work week and the work day schedule
  - Any processes for time recording and management would be indicated in this section, as would any repercussions regarding attendance
  - The definition of “Overtime”, who it applies to, and the structure for compensation or payment options would be outlined in this section
- 6.2. Annual Leave
- Eligibility for annual leave will be specific to classification of employee and may be subject to a probationary period
  - Include procedures for vacation accrual, scheduling, vacation pay and vacation carry over
- 6.3. Statutory Holidays
- Designated statutory holidays, statutory holiday entitlement and their application for employees
  - Any recognition or accommodation of other religious or cultural holidays should be included
- 6.4. Special Leave
- Guidelines for other types of leave may be included
- 6.5. Maternity Leave / Paternity Leave
- Eligibility of employees for Maternity and Paternity leave
  - Procedure and time frame for Maternity and Paternity leave
- 6.6. Medical Leave
- Procedures for the sick leave for full and part time employees
- 7. Compensation & Employee Administration**
- 7.1. Pay Administration
- Processing pay or pay administration procedures, including any pay deductions, pay frequency and salary increases would be outlined in this section
  - This may include notes on maintenance of the pay system
- 7.2. Job Descriptions
- Standardized job descriptions may be found within the policy itself
  - Wherein the job descriptions are not included a policy may reflect how the descriptions will be developed and used by employers and employees
  - In the case of Bands, job descriptions may be provided for all Band Officers / Councilors
- 7.3. Performance Evaluations
- Procedures outlining performance reviews may include timeframes (annual, bi-annual reviews), reports and evaluations, signing, and keeping of records
- 7.4. Travel & Expenses
- Provision for work related travel and expenses should be outlined
  - Organizations and communities may refer to federal (Treasury Board) or provincial standard rates
- 8. Benefits**
- 8.1. Insurance and other benefits

- Where insurance is provided to employees – this information would be provided

#### 8.2. Pension

- Any possible employer contributions to pensions, as well as the terms of those contributions will be outlined in writing

#### 8.3. Payroll deductions

- Type of deductions to be outlined

### **9. Training and Development**

- Providing opportunities to the staff for capacity building, which may include internal on-the-job training, written instructions such as standard operating procedures, coaching, external training and courses for the development of the staff.

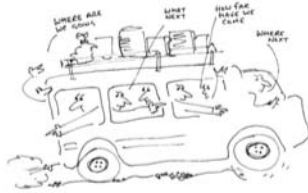
### **10. Work Environment**

#### 10.1. Safe and Healthy Work Environment

- To include any regulations with regard to the work place, including but not limited to:
  - Occupational safety
  - Workplace violence
  - Drug or alcohol policies
  - Smoking

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