HRM

HUMAN RESOURCE MANAGEMENT RAPID ASSESSMENT TOOL FOR PUBLIC- AND PRIVATE-SECTOR HEALTH ORGANIZATIONS

A Guide for Strengthening HRM Systems

MANAGEMENT SCIENCES *for* HEALTH

HUMAN RESOURCE MANAGEMENT ASSESSMENT TOOL

MANAGEMENT SCIENCES FOR HEALTH

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Introduction to the Human Resource Management Assessment Tool

The Human Resource Management (HRM) Assessment Tool offers a method for assessing what an organization's Human Resource Management system consists of and how well it functions. The HRM Assessment Tool helps users to develop strategies to improve the human resource system and make it as effective as possible. It can also serve as a basis for focusing discussions, brainstorming, and strategic planning. It is designed to be used in public and private-sector health organizations.

For newly formed organizations, the tool can serve as a guide for developing an optimal HRM system. For established organizations facing changes, such as contracting out services, decentralizing, downsizing, or expansion, the tool can serve as a reference for the types of HRM issues that must be addressed in order to manage change successfully.

For optimal benefit to the organization, it is important that the use of this tool be fully supported by the leadership of the organization. Units within an organization can also benefit from using the tool as a guide for improving human resource components that they can influence directly.

Developing an Effective Human Resource System

Human Resource Management is defined as *the integrated use of procedures, policies, and practices to recruit, maintain, and develop employees in order for the organization to meet its desired goals*. It includes six broad areas: human resources capacity, human resources planning, personnel policy and practice, human resources data, performance management, and training.

HRM is most effective in an organization when its authority is located at the senior management level. A system that functions effectively can assist the organization in developing a set of policies, practices, and systems that advance the skills and increase the motivation of staff in order to achieve the highest possible level of performance over time.

Benefits of an Effective Human Resource System

- Encourages systematic planning to support organizational mission;

- Increases capacity of the organization to achieve its goals;

- Provides a clear definition of each employee's responsibilities and a link to the organization's mission;

- Encourages greater equity between compensation and level of responsibility;

- Defines levels of supervision and management support;

- Increases level of performance and the efficient utilization of employees skills and knowledge;

- Results in cost savings through improved efficiency and productivity;

- Increases the organization's ability to manage change.

THE HRM ASSESSMENT INSTRUMENT

The HRM Assessment Tool is intended to provide users with a rapid assessment tool to identify the characteristics and capacity of an organization's human resource system and help users form an action plan for improving the human resource system in the organization. The instrument itself consists of a matrix that includes:

- Twenty-three human resource components that fall within six broad areas of human resource management;

- Four stages of human resource development;

- Characteristics that describe each human resource component at each stage of development;

- Blank spaces for users to write a brief statement, or indicator, to show that the organization fits a particular stage of development.

HUMAN RESOURCE COMPONENTS

The 23 human resource components assessed by this tool fall within six broad areas of human resource management and represent the core functions of an effective human resource system. Based on a set of characteristics describing stages of human resource development, the tool provides a process through which an organization can assess how well it is functioning in relation to each of these 23 components, and determine what steps it can take to function more effectively.

Human Resource Components Assessed by the HRM Tool

HRM Capacity
HRM Budget
HRM Staff

HR Planning
Organizational Mission/Goals
HR Planning

Personnel Policy and Practice
Job Classification System
Compensation and Benefits System
Recruitment, Hiring, Transfer, and Promotion
Orientation Program
Policy Manual
Discipline, Termination, and Grievance
Procedures
Relationships with Unions
Labor Law Compliance

HRM Data
Employee Data
Computerization of Data
Personnel Files

Performance Management
Job Descriptions
Staff Supervision
Work Planning and Performance Review

Training
Staff Training
Management and Leadership Development
Links to External Pre-Service Training

STAGES OF DEVELOPMENT

As organizations grow, strengthen, and mature, they evolve through several stages of development. Organizations pass through these stages at different rates and tend to remain at a particular stage until they have developed a clear mission, good management structures and systems, and skilled managers and staff who use these structures and systems effectively. Most organizations are at different stages of development for different human resource components at any given time, because the components have received different levels of attention as the organization developed. The numbers at the top of the HRM Instrument refer to these four stages of development.

HUMAN RESOURCE CHARACTERISTICS

For each human resource component, the Instrument provides a statement that describes the common characteristics of organizations at each stage of development. These characteristics build on the characteristics of the previous stage(s). At the first stage, the characteristics describe an organization that is either just beginning to develop a human resource system or has not paid very much attention to that component. At the fourth stage, the characteristics describe an organization that is operating extremely effectively with regard to that component, and may need to direct its energies to components that are at lower stages of development.

INDICATORS

Because the users of this tool will come from many parts of the organization, they often differ in their perceptions of whether or not the organization meets all the characteristics of a particular stage. To help resolve these different views, users should write one or two indicators that they believe show that the organization fits the characteristics of the stage they have selected. The Instrument provides a blank space in the far right column for these statements, or indicators.

What Is an Indicator?

An indicator is a measure or observation that offers evidence of a general status or condition. It answers the question, "What can we see that tells us something is true?" For example, a participant who places the organization in Stage 3 for Organizational Mission/Goals might choose as an indicator that the mission is always presented during the orientation of new staff.

USING THE HRM ASSESSMENT INSTRUMENT

This instrument is best administered by a committee of staff internal to the organization, such as the Executive Director and representatives from senior staff and/or the Board of Directors. It is often useful for an external consultant to facilitate the process. The HRM Instrument is organized according to the 23 human resource components in a matrix showing four stages of development. The characteristics that describe each stage provide information that is useful in developing a plan of action for improving the human resource areas that need strengthening.

CONDUCTING THE SELF-ASSESSMENT

First, each person in the group should individually assess each human resource component in the matrix by reviewing the characteristics of each component at each stage of development. There is no scoring involved. For each human resource component, each person circles the characteristic that he or she believes best represents the current status of the human resource system. If only part of the statement applies to the current human resource system in the organization, you should circle the previous characteristic. In the blank box in the right hand column, in the row marked "Indicators," write one or two specific, concrete observations that provide evidence that the organization fulfills the characteristic you have chosen.

After this individual exercise, the same process is repeated in groups. The group members share their assessments, discuss their indicators, and work together to reach consensus on the appropriate stage and indicator(s) for each human resource component. Finally, the small groups join together to pool their results and work with the entire group to form consensus on the current stage of development for each human resource component.

Reaching Consensus

Consensus is based on two assumptions. The first is that no single member of an organization possesses the complete truth—that every person at all levels of the organization possesses some part of the truth and that an accurate picture is best obtained by pooling these individual perceptions. The second assumption is that carefully chosen indicators can provide convincing factual evidence and allow a group of people to come to agreement on what may initially seem to be incompatible viewpoints.

The organization reaches consensus not by voting but by patiently sorting through all opinions and coming to a decision that each member can accept and work with, even if it does not completely match his or her preference.

Once the assessment is complete, the group should discuss the results, agree on the areas that need strengthening, and formulate an action plan that includes specific activities, with time lines, to improve these areas. A paper review of the documents listed below will help to inform the discussion.

Complementing the Self-Assessment with a Review of Documents

In each case, the assessment work should be complemented by direct observation of the organization's human resource practices and a review of all relevant HRM and personnel documents. The following documents are recommended for review:

- Personnel Files and Reviews
- Job Descriptions and Work Plans
- Financial/Payroll Records
- Labor Law
- Employee Policy Statements or Manual
- Organizational Mission Statement
- Strategic Plans

The HRM Assessment Instrument

Instructions. For each of the human resource components in the matrix below, circle the statement that best applies to the current status of your organization. If only part of the statement applies, circle the previous statement. In the blank box in the right-hand column, please record the indicators (or reasons) that led you to select this box and any additional key information related to this component. Please refer to the glossary on page 17 for definitions of key terms used in the matrix.

HRM Component	Stages of Development for HRM and Characteristics				Indicators
	1	2	3	4	
HRM Capacity					
HRM Budget	There is no budget allocated for HRM staff or HRM activity within the organization.	There is limited money available to fund an HRM position or to conduct HRM activities (e.g., training, systems development, performance planning, and evaluation).	Budget is allocated for HRM staff and related activities. Allocation is irregular and cannot be relied on for any useful long-range planning or the development of HRM systems.	Money for HRM staff and related activities is a permanent budget item, reviewed annually and adjusted if possible.	
HRM Staff	There are no staff specifically charged with responsibility for HRM functions.	There are HRM staff in the organization, but they have limited experience related to this field (personnel, recruitment, management) and/or have other functions in the organization as well as HRM.	There are trained HRM staff in the organization, but only at a level to maintain basic procedures and record-keeping functions.	There are experienced HRM staff in the organization who maintain HRM functions. They participate in long-range planning for the organization.	

| HRM Component | Stages of Development for HRM and Characteristics | | | | Indicators |
	1	2	3	4	
	HR Planning				
Organizational Mission/Goals	No formal mission statement or organization goals exist.	Mission/goals exist but are not formally linked to HRM planning (e.g. staffing, job classifications).	Mission/goals linked in a formal way to HRM planning (e.g., staffing plan, training).	Mission/goals linked to annual HRM planning and also used for forecasting long-range staffing and recruitment needs.	
HR Planning	No annual HR plan exists.	Annual HR plan exists, but is not based on a formal assessment of the mission, organizational goals, staffing needs, training outputs, or existing employee data.	Annual HR plan exists, based on organizational goals, staffing needs, training, and employee data, but it is not further evaluated for effectiveness.	Annual HR plan based on organizational goals and training outputs exists. It is implemented, evaluated, and used for long-range strategic planning.	

HRM Component	Stages of Development for HRM and Characteristics				Indicators
	1	2	3	4	
HR Data					
Employee Data (e.g., number of staff, location, skill/ education level, gender/age, year of hire, salary level)	None of this data is collected on any kind of systematic basis.	Most of this data is collected, but not maintained or kept up to date.	All of this data is available and up to date, but data is not formally used in HR planning or forecasting.	All of this data is available and up to date. Systems are in place. Data is formally used in HR planning and forecasting.	
Computerization of Data (Note: this component is more relevant for larger organizations)	There are no computers or data systems available to the organization, externally or internally.	There are computers in place, but no resources to develop systems for data management.	Computers and data management systems are available, but staff not trained and data files are incomplete.	Computers and data management systems are in place and data files up to date. Staff receives training.	
Personnel Files (Individual Employee Records)	No individual employee records exist.	Limited employee personnel files are maintained, but not regularly updated.	Personnel files for all employees are maintained and kept up to date, but there is no policy for employee access or use of this data.	Updated personnel files for all employees exist and also policies for appropriate use (e.g., confidentiality, employee access).	

HRM Component	Stages of Development for HRM and Characteristics				Indicators
	1	**2**	**3**	**4**	
	Personnel Policy and Practice				
Job Classification System (Title/qualifications for: professional, clinical, technical, support staff)	No formal system exists to classify jobs and the skills and qualifications required for each classification.	There is some attempt to classify jobs, but it is uneven and incomplete.	A job classification system exists, but it is not used as a basis for other HRM functions (e.g. job descriptions, hiring, salary/benefits).	A job classification system exists and is used in a formal manner for other HR planning and staffing functions.	
Compensation and Benefits System	No formal system exists for determining the salary scale and benefits provided to each job classification.	A formal system exists, but it not used in a routine manner.	A formal system exists, is understood by all employees and used in a consistent manner.	A formal system exists and is used consistently. It is also used to determine salary upgrades and merit awards.	
Recruitment, Hiring, Transfer, and Promotion	No formal process exists for recruiting, hiring, transfer, and promotion according to job descriptions.	There are systems for hiring, etc., but they are not followed.	There are formal systems, based on established criteria, but they are not used consistently.	There are formal systems, monitored and used in all hiring, transfer, and promotion decisions.	
Orientation Program	There is no formal orientation program for new employees.	There is a program, but it is not implemented on a regular basis.	Orientation is offered in a routine manner, but does not emphasize the mission, goals, and performance standards expected by the organization.	Orientation is offered to all new employees, emphasizes the mission, goals, and performance standards expected, and also makes people feel welcomed and valued.	

HRM Component	Stages of Development for HRM and Characteristics				Indicators
	1	2	3	4	
	Personnel Policy and Practice				
Policy Manual (e.g., organizational chart, work hours, time sheets, policy, discipline, grievances, benefits, legal, travel)	No policy manual exists.	Policy manual does exist, but it is out of date and does not include all of the relevant information.	A current policy manual does exist but it is not available to all employees and is not always used as a basis for personnel decisions.	An updated policy manual does exist and is available to all employees. It serves as a reference guide to all questions about employment in the organization and is reviewed and updated regularly.	
Discipline, Termination, and Grievance Procedures	No formal procedures exist.	Formal procedures do exist, but they are not clearly related to performance standards.	Formal procedures based on performance standards exist, but they are not followed in any consistent manner.	Formal procedures based on performance standards are known to all employees and used consistently.	
Relationship with Unions (if appropriate)	There is no link between HRM and the union.	Links exist between HRM and the union, but roles are not clear.	Management involves HRM in union issues, but on an irregular basis.	HRM and the union work together to resolve issues and prevent problems.	
Labor Law Compliance	There is no review of HRM policies to ensure compliance with local and/or national labor law.	There is some effort to review labor law, but it is not done on a regular basis.	A review of the labor law is done regularly as a formal part of the HRM function, but policy is not always adjusted to ensure compliance.	HRM policy and practice is adjusted as needed to be in compliance with the local and/or national labor law.	

HRM Component	Stages of Development for HRM and Characteristics				Indicators
	1	2	3	4	
	Performance Management				
Job Descriptions (e.g., job title, qualifications, responsibilities, supervisor)	No job descriptions are developed.	Some staff have job descriptions, but they are not always up to date and/or are very general, lacking job responsibilities and supervision.	All staff have job descriptions, but they are not all complete or up to date with specific duties and lines of supervision.	Complete job descriptions exist for every employee and are kept up to date through a regular process of review. Specific duties and lines of supervision are clearly stated.	
Staff Supervision	There is no clear system of supervision. Lines of authority are unclear. Staff are not recognized for their achievements.	There are established lines of authority, but the supervisor's role and function is not understood and little supervision takes place. Limited staff recognition.	Supervisors understand their roles and lines of authority and meet regularly with their employees to develop work plans, evaluate, performance, and publicly recognize staff for their achievements.	Supervisors increase staff performance by assisting staff with professional development plans and encouraging them to learn new skills. Supervisors receive skills training periodically.	
Evaluation (A formal performance planning and review [PP&R] system)	There is no formal performance planning and review (PP&R) system in place.	A performance planning and review system is in place, but it is informal and does not include work plans and performance objectives jointly developed with staff.	There is a formal system and supervisors are required to develop work plans and performance objectives with each employee and review performance in the past, but this is not done on a consistent basis.	Supervisors and employees develop work plans jointly and performance reviews are conducted on a regular basis. Orientation sessions and a manual are provided to all staff. Reviews are used for personnel decisions.	

HRM Component	Stages of Development for HRM and Characteristics				Indicators
	1	2	3	4	
Training					
Staff Training	There is no established training program.	Training is offered on an ad-hoc basis but it is not based on a formal process of assessing staff needs nor is it linked to the organization's key priorities and changes in the health sector and health practices.	Training is a formal component of the organization and linked to staff and organizational needs, but it is not available for all staff, nor is it evaluated for results.	Training is a valued part of the organization and opportunities are developed for staff based on their needs and also on those of the organization.	
Management and Leadership Development	There is no policy or philosophy regarding the importance of developing strong management capacity and future leaders for the organization.	There is an emphasis on developing management capacity but it is not done on a regular basis.	The organization makes an effort to develop managers and future leaders through training, and also through mentoring and challenging job assignments, but participation is selective.	A plan for management and leadership development is in place and there is an opportunity for everyone to participate based on performance and other established criteria.	
Links to External Pre-Service Training (This HRM component may be more relevant for government organizations)	There is no formal link with the pre-service training institutions which train employees for the health sector.	There is a loose relationship between the organization and pre-service training institutions, but it is not used in any formal way for workforce training and development.	The organization and pre-service training institutions work together to ensure that the curriculum is based on skills, knowledge, and attitudes required in the workplace.	The organization and pre-service training institutions also offer regular in-service training for staff in the workplace to upgrade their skills and knowledge, (e.g., management training).	

INTERPRETING YOUR RESULTS

The following guidelines will help you to interpret the results of your human resource development assessment and prioritize areas for improvement.

It is important that a variety of staff (and board members, if applicable) review and analyze the results, and that consensus is reached on human resource areas that should be prioritized for improvement in the organization. For each human resource component, the characteristics describe an organizational stage of development and provide information that is useful in developing a plan of action for your organization.

The tasks required for making improvements are not necessarily costly, but if resources are limited, think strategically. Which actions will have the biggest impact on the effectiveness of the organization? Whatever the amount of time and resources that are required, an investment in HRM will reap many benefits for your organization.

WHERE TO BEGIN

The components described in the HRM Instrument relate to the different parts of a human resource system. Some of these describe structural and organizational elements (e.g., staffing, budget). Other components describe policy requirements. Some of the components describe management systems that are critical to managing human resources, such as performance management and supervision. Other components relate to staff training and development activities. An effective human resource management system integrates all of these components.

While all of the components assessed by this Instrument are required to manage your human resources effectively, there is an order to their importance:

HRM Capacity. It is critical that you address this component first. If your assessment for HRM Capacity (budget and staff) is at a level 1 or 2, meaning that there are no qualified staff charged with human resources responsibility, your institution or organization cannot address the other human resource components described here.

HR Planning. Next in order of importance is HR Planning. The organizational mission provides direction to the human resource strategies and the HR Plan provides direction to the work that people do.

Personnel Policy and Practice. All of the elements included under Personnel Policy and Practice provide an essential framework for defining the terms and conditions of work and need to be in place before effective performance management and supervision systems can be implemented.

HRM Data. In addition to the above components, organizations require some means of tracking the people who work for them. They also need employee data to accurately project employment needs. This component should be addressed in a timely fashion.

Performance Management. Performance management and supervision systems define how people will interact with each other and how the work that they do will support the goals of the institution or organization.

Training. Training is an essential component of an effective human resource system, but it is most effective when it is managed and integrated into the other components of human resource planning, policy, and performance management.

It is suggested that you assess your results based on the priorities suggested above before developing your action plan.

Developing an Action Plan

After discussing and interpreting the results, the group should agree on the priority areas to be addressed (referring to the prioritization guidelines above). Once the priority components are identified and agreed to, the group should develop an action plan (see the Sample HRM Action Plan on next page). By looking at the characteristics at the next higher stage for each human resource component, you can formulate targets and tasks for your action plan.

Successful, lasting change is a gradual process, so it is better to set realistic goals and try to move from one stage to the next in incremental steps. If many areas need to be addressed, focus on what is most practical and achievable given the available human and financial resources. Consider where you can have the biggest impact. *For example, updating job descriptions can also provide a basis for performance evaluation, supervisory roles, and staff training. Your action plan should specify activities and time lines and identify the persons responsible. Other elements to consider include:*

- **Securing commitment of leadership.** The leadership of your organization should guide the effort and actively support your activities, especially in regard to potentially difficult decisions regarding the use of human and financial resources.

- **Allowing sufficient time.** Realistic expectations are often the key to success. Improvements are often incremental and cumulative and sustained change takes time.

- **Managing change.** Organizational change is often met with resistance. By involving people in the process, you can help reduce resistance and/or work on those areas where there is the most agreement.

SAMPLE HRM ACTION PLAN

HRM Component for Improvement	Proposed Activities	Time Line	Person(s) Responsible	Resources Needed	Indicators
Performance Management					
Job Descriptions	Undertake a comprehensive review of all job descriptions, compare them with employees' current and anticipated job responsibilities. Update as necessary.	Over the next several months.	Executive Director and HRM Director.	Staff time and assistance. No additional resources required.	Current job descriptions are on file for all staff, including specific duties and lines of supervision. A procedure to maintain them is in place.
Work Planning and Performance Review	Revise existing system to include a process of joint work planning between the employee and the supervisor which is based on employee's job description and linked to organizational goals.	Six months to review to develop a process and six months to train staff and implement it.	Staff responsible for HRM and Director of Training, with a working committee representative of all levels of the organization.	External consultant to assist in training all staff.	Revised performance evaluation system is in place. Staff are trained and a system has been developed to monitor implementation.

DEFINING THE IMPORTANCE OF THE HRM COMPONENTS

The following chart provides a summary of how each HRM component fits in the overall management of the organization and its particular relevance to the human resource system.

HRM Area and Component	Importance
HRD Capacity	
HRM Budget	Allows for consistent HR planning and for relating costs to results.
HR Staff	Staff dedicated to HRM are essential to policy development and implementation.
HR Planning	
Organizational Mission/Goals	Mission provides direction to HRM activity and to the work of the staff.
HR Planning	Allows HRM resources to be used efficiently in support of organization goals.
HRM Data	
Employee Data	Allows for appropriate allocation and training of staff, tracking of personnel costs.
Computerization of Data	Accessible, accurate, and timely data is essential for good planning.
Personnel Files	Provide essential data on employee's work history in organization.
Personnel Policy and Practice	
Job Classification System	Allows organization to standardize the jobs and types of skills it requires.
Compensation and Benefits System	Allows for equity in employee salary and benefits, tied to local economy.
Recruitment, Hiring, Transfer, and Promotion	Assures fair and open process based on candidates' job qualifications.
Orientation Program	Helps new employees to identify with the organization and its goals/values.
Policy Manual	Provides rules and regulations that govern how employees work and what to expect.
Discipline, Termination, and Grievance Procedures	Provides fair and consistent guidelines for addressing performance problems.
Relationships with Unions	Promotes understanding of common goals and decreases adversarial behaviors.
Labor Law Compliance	Allows organization to function legally and avoid litigation.

Performance Management	
Job Descriptions	Defines what people do and how they work together.
Staff Supervision	Provides a system to develop work plans and monitor performance.
Work Planning and Performance Review	Provides information to staff about job duties and level of performance.
Training	
Staff Training	A cost-effective way to develop staff and organizational capacity.
Management and Leadership Development	Leadership and good management are keys to sustainability.
Links to External Pre-Service Training	Pre-service training based on skills needed in the workplace is cost effective.

GLOSSARY OF HRM TERMS

Compensation and Benefits: The annual base salary paid to the employee for a particular job, including the added benefits that are customarily allowed (i.e., health, vacation, housing, loans).

Human Resource Management: The integrated use of systems, policies, and practices to recruit, develop, and maintain employees in order for the organization to meet its desired goals.

HR Plan: The document which results from annual (or longer-term) planning, describing the goals and priorities for staffing, training, and other HR activities, and how they are related to the organization's mission. It includes the budget for achieving these goals.

Incentives: Rewards, generally monetary, that are used to reward good performance, the achievement of objectives, and/or to motivate employees to improve program quality. Incentives, in addition to salary and benefits, can be a planned part of total compensation.

Job Classification System: The system that the organization develops to classify jobs according to their function and level of responsibility. It includes job descriptions for each position.

Job Description: A document that states the job title, describes the responsibilities of the position, the direct supervisory relationships with other staff, and the skills and qualifications required for the position.

Performance Management: The system, policies, and procedures used by an organization to define and monitor the work that people do, and to ensure that the tasks and priorities of employees are in alignment with the mission and goals of the organization.

Performance Review: A review of the employee's performance by the supervisor and employee, and based on jointly established work plans and performance objectives.

Recruitment: Activities undertaken by the organization to attract quality job candidates.

Work Planning: The process used by supervisors and staff to jointly plan the performance objectives and specific activities the employee is expected to perform within a specific time period.

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