HR standards: An Australian story

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HR Standards: An Australian Story

‘For my money, when HR standards finally emerge, they are going to have Australian roots’.


Summary

This explanatory paper details an Australian HR Standards project (2007 – 2011).

The authors approached HR Standards from an outcome orientated, performance evaluation perspective, believing there are generally accepted management principles (what we expect to see) in relation to the activities undertaken in the context of human resources.

It is effective and efficient to develop these at a higher level and then modify them to suit individual organisations. The Workplace Productivity Programme (WPP) of the Australian government’s Department of Education, Science and Training (DEST) provided funding for the research. The project was an example of an industry approach to HR Standards in the Australian higher education sector.

Once HR Standards are identified at this level specific metrics, measures and qualitative criterion should then be developed at the organisational level for the key areas of HR evaluation priority.

The authors are also mindful of the need to integrate national or industry HR performance evaluation standards into: university teaching curricula, professional membership grading criteria and individual competency models.
### About the Authors:

<table>
<thead>
<tr>
<th>Author</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Andrews</td>
<td>Chris completed his doctorate in the area of human resource management performance auditing. In the course of his research he identified the need for HR standards and later pursued that topic in relation to the Australian university sector, where he works as the Director of Human Resources for Bond University. He can be contacted by email at <a href="mailto:candrews@staff.bond.edu.au">candrews@staff.bond.edu.au</a>.</td>
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<tr>
<td>Richard Boddington</td>
<td>Richard's comprehensive human resources background encompasses experience in the private and public sectors of Australia and Papua New Guinea (PNG) as an internal and external human resources specialist. His HR career is complemented by an audit focus in undertaking process and business improvement reviews; assessing efficiency, effectiveness and economy of departmental operations; and providing recommendations that improve operations, systems, governance and controls. As well as several HR consulting roles, Richard's career appointments have included: HR Manager for the Housing Commission of PNG; and Learning &amp; Development Manager for Melbourne Water and Redland City Council. His mantra: People are not the human resource of any organisation - they are the organisation. (Clancy &amp; Webber, Roses &amp; Rust, p. 188). They are the actors who bring 'the script' to life; the musicians who bring the notes to life; the crew which brings the plane safely to its next destination. <a href="mailto:rrljb@optusnet.com.au">rrljb@optusnet.com.au</a></td>
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<td>Neil McCormick</td>
<td>Author, editorial advisor, recognised presenter and guest lecturer, Neil has a detailed understanding of and passion for, the application of effective Human Resource principles and processes for the ongoing success of business. He was co-author of the book <em>Lean but Agile</em>, published by AMA COM in 2012. Neil has worked in human resources and consulting services for the past 22 years building a repertoire covering human resource management, recruitment consulting, management consulting, talent management, general management and learning and development. <a href="mailto:neil.mccormick@hrmadvisory.com">neil.mccormick@hrmadvisory.com</a></td>
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</tbody>
</table>
Introduction

In this explanatory paper we describe the Australian Universities HR Standards Project, an initiative that ran from 2007 to 2011. Since the Project was completed there have been a number of initiatives in the HR standards space, each following different paths. With that in mind it is important to document the background to this project and the views of the authors on relevant issues, in particular the reasons for adopting the direction taken in formulating these HR standards.

A standard methodology for conducting a comprehensive audit of human resources management was published in 1990 (Dolenko). In that paper’s preface ‘…. standards or criteria against which personnel systems and activities can be measured’ were mentioned. It was clear to Dolenko that standards were required for performance evaluation purposes*.

In 2005 the Society for Human Resources Management (SHRM) was still debating whether HR ‘could or should develop generally accepted human resources standards or practices’ (Meisinger 2005). The authors, in common with many in the auditing profession, felt this was the wrong question. The real issues were: what type of standards, for what purposes were they required, how should they be developed and what should the final product look like.

When the authors set about determining standards for the professional practise of human resources in Australian Universities they started from a performance evaluation perspective.

The Australian HR Advisory Standards project produced the following:

- A framework through which HR activities could be logically linked.
- The design of a HR Standards template focussed on inputs, processes, outputs, intended outcomes and risks. This format was extended (with permission) from previous work on the People Management Self-Assessment Tool, published by the Higher Education Funding Council for England (HEFCE 2005).
- A HR Advisory Standards template that applied to a sample of these activities, ratified by a significant sector user group.
- A standard criterion with which to assess each activity (the equivalent of Dolenko’s efficient, economical and effective criterion but also based on an Australian Auditing Standard for performance auditing engagements).
- An alignment document that mapped a series of in-place benchmarks for the target sector to the HR Advisory Standards, identifying whether the measures were (measures of) inputs, processes, outputs or outcomes, and whether they were measures of economy, efficiency or effectiveness.

* There were three important components to the suggested methodology, first Dolenko recognised that personnel functions were undertaken in a series of activities, second that there are generally accepted management principles which can be used as audit criteria when assessing performance and third that ‘there is a greater possibility that the personnel function will be efficient, economical and effective if it is carried out in accordance with these generally accepted management principles’.
Detail of the Australian HR Advisory Standards Project

The Australian Government’s Department of Education, Science and Training, established a Workplace Productivity Programme and invited grant applications from Australian public universities. QUT University, located in Brisbane, applied for multiple grants and were quite successful. One of those grants was for a project entitled ‘Standards for the professional practice of human resource activities in the Australian University sector’. The project was approved in November 2007 and completed in March 2011.

It was a national project with invitations extended to all Australian universities to join the project teams, 21 Australian universities eventually committing (out of a possible 38). The approved project lead was Graham MacAulay, (then) HR Director at QUT University and the project budget was set at A$1.36 million. Nineteen universities provided letters to aid the project application and each evidenced high level support for the initiative.

Chris Andrews had drafted the initial grant application document and the final version was settled in conjunction with QUT University HR staff and Talent2’s Neil McCormick. Neil was the most senior Asia Pacific consultant at Talent2 and his organisation was formally listed as a project partner. Richard Boddington was engaged by Talent2 as a consultant to work on this and related projects, with Lucy Upcroft providing technical support. QUT University were represented on the project team by Graham MacAulay, Stephen Callaghan, Michelle Paddy and Henry Wong. Dr Carol Dickenson was the QUT University designated project sponsor. After funding was approved in late 2007, the project Steering Committee met in February 2008. A Technical Advisory Group was formed to advise on design of the standards template and to coordinate the technical input from the Panels. Panels were established to work on five HR activity areas, each with a nominated Panel Leader and a designated technical advisor. The Panels formed were:

- Learning & Development
- Remuneration, Benefits and Recognition
- Workforce Planning
- Attraction and Selection
- Performance Management

Ten subject matter experts were represented on each panel.

The authors provided each panel with a standard template for their selected activity, with the included content informed by an extensive review of the literature. There were at least three iterations of the draft standards before they were settled by consensus. The final iteration was sent for review to approximately seventy HR practitioners, primarily within the higher education sector.

One element missing from the original grant application was identifying the overall framework within which university human resources operate. It was recognised that this potentially established the context within which university HR operates. There were HR Framework models available from other sources, including overseas. The project team eventually developed a HR Framework, in conjunction with several Australian Universities and reliant on a selective literature review.
The final element of the project was to align the metrics and measures found in the Universities’ HR Benchmarking Program to the HR Advisory Standards, identifying whether the measures were (measures of) inputs, processes, outputs or outcomes; and whether they were measures of economy, efficiency or effectiveness. Outcome measures generally appear to be rare in HR benchmarking.

While the Standards were developed for the higher education sector, they are adaptable across industry boundaries. In practice they have been incorporated in part into a State Government Department’s performance and quality regime.

How can the Standards be used?

- Each Standard was designed for voluntary use and does not impose regulation.
- There are several ways by which an organisation may make use of a Standard:
  - A Standard could be answered on a Yes/No basis.
  - A Standard could be used in conjunction with a generic rating scale, where all criteria of the Standard are considered.
  - We could adopt an Importance/Performance approach, where a rating is given to both: importance to the organisation and the current performance level. An important activity area with low performance would be examined in greater depth.
  - Identify the particular criteria that are most relevant to the organisation. Then, evaluate/assess just those criteria.
  - Focus on, for example, three or four or a relatively small number of key criteria for each Standard, determined by criticality and/or risk.
  - Rely on a particular Standard as the foundation for a more rigorous audit of the specific HR activity.

Approach taken to HR Advisory Standards by the Authors: key elements in our thinking

In our view HR standards can be developed at a national level, an industry level or at an organisational level. The Standards should be advisory and not mandated. From national or industry standards, HR Standards can be adapted by an organisation to suit their circumstances and reflect their own performance criteria and priority areas. HR Standards should be established to allow for systematic performance evaluation. Therefore, in our view, HR Standards should be outcome focussed.

HR Standards should reflect ‘what we expect to see’. In the Australian project we found the project teams were able to identify what we would expect to see in any Australian university. This aligns with Dolenko’s concept of ‘generally accepted management principles’, which she also described as ‘human resource audit criteria’.

The issue of a departure from what we expect to see is summarised in the statement - If not, why not? The variance between what we expected to see and what we find needs only to be adequately explained. But the departure may not be material, summarised in the statement - If not – so what? (Dolenko, 1990). There may be no significant implication for the variance; it is merely different from what was expected.
If we are attempting to evaluate performance and there are no HR standards in place – we should develop the standards as a first required step in any evaluation process. *You shouldn’t start the game until you have the goal posts agreed.*

HR Standards should be developed and be consistent across multiple areas such as:

- Organisation, industry and on-the-job training & development programs.
- University teaching programs.
- Professional competency requirements for HR practitioners (e.g. membership grading).
- HR management performance evaluations.

The selection of what HR activities to examine should be informed by both strategic priority and risk. (If the HR activity was a key strategic objective and had a high risk rating it should be prioritised.)

Self-assessment can be a useful stage in evaluation (management assurance). An independent review sets a higher standard and is a more reliable but the methodology should be grounded in good evaluation practices. Independent Auditing, conducted under auditing standards, allows for a higher standard of reliability (audit assurance). Self-audit is an oxymoron; it lacks the required independence.

Since the Australian University HR Standards project was completed there are a number of regions who are actively working on national HR Standards projects including the Society for HR Management (SHRM), the South African Board for People Practices (SABPP) and the British Standards Institute (BSI). The South African initiative is closer to the approach taken in the Australian project.

HR often becomes engrossed in tactical activity and processes, rather than clearly linking to the organisation’s strategic objectives. HR can provide a valuable service but may not be providing an effective service (to achieve ‘value-for money’, an activity should be effective, efficient and economic), as HR often directs its efforts and resources to current needs, and transactional rather than strategic effectiveness. This has been described as ‘the cycle of fury’ or as ‘being caught in the activity trap’.

A key paradigm of the WPP project was that HR should not become enmeshed in the ‘activity trap’ where the focus is on busy-ness and volume, but rather lift the line of sight in seeking to be effective and demonstrate additional value. HR KPIs / measures are often activity-based, so that the measure and/or target, is often the completion of an activity rather than the achievement of a holistic outcome. Indicators may have been chosen because they can be measured, not because they are the right things to measure. A weakness in this approach is that the measures might not provide an indication of the impact of the activity, and often focus on how the work was undertaken. In other words, they may not answer the questions: did the activity achieve the planned outcome? How well? Consequently, in terms of any performance review, there can be an assessment of the extent to which resources have been managed economically or efficiently, but without an insight into effectiveness.
Conclusions

The Project Team approached HR Standards from an outcome orientated performance evaluation perspective, accepting that there are generally accepted management principles. It is effective and efficient to develop these at a higher level and then adapt them to suit individual organisations. The WPP Project was an example of an industry approach. Specific criteria, metrics, measures and qualitative landscapes should then be developed at the organisational level for the areas of HR evaluation priority. The authors are also mindful of the need to integrate national or industry HR standards into job training, teaching curricula, membership grading criteria and individual competency models.

Post Script

The initial development of these standards has allowed for further development of methodologies and processes to focus HR activity on the measurement and management of the delivery of Organisational Outcomes. In consulting activities the authors have observed a consistent theme of poorly focused HR activity: HR activity tends to focus on outputs. A focus on outcomes allows for meaningful analysis and reporting for management which leads to far more economic, efficient and effective workforce management.

The development of these standards also triggered interest in measuring the return-on-investment (ROI) from HR interventions and projects. The authors have developed an ROI framework and methodology to assess the true value of human resource activity, in a consistent and defensible way.

Library

The final documents for the HR Advisory Standards project can be found online: http://www.hrd.qut.edu.au/hrbenchmarking/wpp.jsp

Two examples of the adaption of high level HR standards (Workplace Planning and Industrial Relations) can be found online: http://works.bepress.com/chris_andrews/
References:


Jacobs, K, 2014 *First British Standard Released for HR Practice*, viewed 17 Nov 2014 online at: http://www.hrmagazine.co.uk/print_article/hr/features/1147788/british-standard-released-hr-practice


South African Board for People Practises http://www.sabpp.co.za/category/hr-standards/


Attachment 1 - WPP HR Framework

National Advisory Standards for the Professional Practice of HR in Australian Universities

Standard: 3.0

Activity Area: Workforce Planning

Workforce planning is a continuous process of identifying human capital requirements to meet future organisational goals. This is achieved by:
(1) facilitating alignment of the organisation’s investment in people with its stated objectives, (2) developing the strategies, methodologies and processes to address those requirements, and (3) ongoing conversations between the workforce planners and line managers.

Workforce planning is not:
1. headcount planning or budgeting,
2. determining the organisation’s establishment,
3. allocating staff numbers to particular locations
4. simply concerned with rostering. [Rostering is an operational allocation of resources currently available].
5. a one-time endeavour.

Workforce management, the implementation of the workforce plan, is a line management responsibility

This standard assumes that a Capability Framework is not standard practice in the Higher Education Sector.

### Table 1

#### Source: QUT bench mark measure

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<tr>
<th>Source</th>
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