SABPP FACT SHEET

HR MANAGEMENT STANDARDS

1. Introduction

Management standards have been in use in many organisational functions for decades. Originally based on the concept of quality assurance as pioneered by W. Edwards Deming, management standards seek to define routine processes for as many of the functions in the organisation as possible, so that if the routine is followed conscientiously a predictable result will follow. Thus, for a chemical process, or a cooking recipe, if the various steps are followed every time, the result will be the same every time.

Considerable savings and avoidance of wasted expenditure can be achieved in an organisation which implements a comprehensive quality management system. Rework of faulty products and replacement of faulty products already delivered to customers can result in large amounts of wasted expenditure, not to mention the damage to an organisation's reputation. One only has to scroll through the Hello Peter website to see the effects of delivery poor service or faulty products.

Once a process has been defined, tested and implemented, all staff involved in that process can be trained to the standards set out, and management can develop monitoring systems to see to what extent the processes are being followed.

This Fact Sheet will cover management standards in general and the benefits of implementing such standards. The specific application of management standards to HR will then be covered, and the current state of HR standards around the world will be explored. The 2013 development by the SABPP of HR Management standards will be set out.

> *"There is no substitute for knowledge."* (W Edwards Deming)
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> This statement emphasizes the need to know more, about everything in the system. It is considered as a contrast to the old statement: "There is no substitute for hard work". Instead, a small amount of knowledge could save many hours of hard work.

2. Standards bodies

As a further development to the implementation of quality assurance systems within individual organisations, the idea of having industry-wide or nationally applicable standards was conceived, to generate public trust in a product and/or a service. Standards bodies such as the SA Bureau of Standards (SABS) and the British Standards Institute (BSI) are mandated by government to set product standards to protect the public from deficient and/or unsafe products. Similarly, services offered by tourism establishments are graded by the Tourism Grading Council to enable the public to know what to expect from a particular establishment.

The International Standards Organisation (ISO) was formed in 1947 from many different national standards bodies, with the mission to 'to facilitate the international coordination and unification of industrial standards'. The ISO currently represents 163 national standards bodies and has issued over 19 000 standards. Their most well-known series of standards include:

ISO 9000 Quality management

ISO 14000 Environmental management

ISO 26000 Social responsibility

ISO 50001 Energy management

ISO 31000 Risk management.

Institutions such as the European Foundation for Quality Management (EFQM) have taken this idea one step further, by developing an easily communicated model which shows the different elements of a management system that are critical to success, and how they fit together. Thus the EFQM Excellence model uses 8 fundamental concepts of excellence:
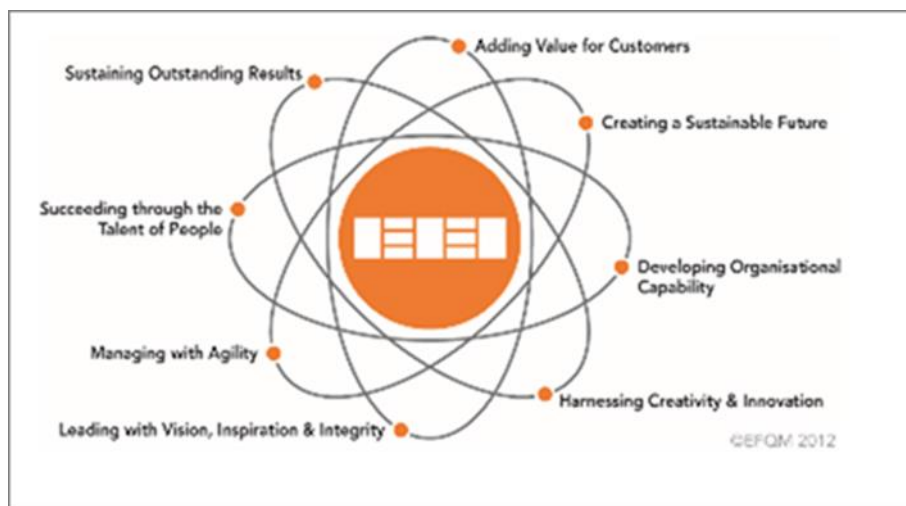
Each of these concepts are then defined and criteria for evaluating achievement are set out by the EFQM so that organisations can be rated against the model and be awarded different levels.

Professions across the world also have standards. The most well-known of these are probably the International Finance Reporting Standards, issued by International Accounting Standards Board. These enable sets of financial statements from anywhere in the world to be compared on a like for like basis and are the essential

basis for globalisation of businesses. Similarly, engineers and other professions have sets of standards which are common nationally and often internationally.

3. Benefits of implementing management standards

As anyone who has been involved in implementing some standards such as the ISO can tell you, a lot of work is involved and it seems to generate a lot of documentation. Other standards avoid documentation and encourage self-assessment and reflection.

> *84% of organisations that use the EFQM Excellence model say that it helps them to improve their organisation.*
>
> **Taking Responsibility for a Sustainable Future - Coca-Cola Icecek, Ankara Plant**
> *The Model helped Coca-Cola İçecek in going beyond product quality and cost by focusing on the expectations of all stakeholders and systematically benchmarking and improving their processes.*
>
> **Satisfying the Needs of Citizens - Municipality of Dziersoniow**
> *A stunning 95% of the Municipality's customers are satisfied with the service they receive which is above benchmark levels for similar towns in Poland.*

According to ISO, management standards are "strategic tools and guidelines to help companies tackle some of the most demanding challenges of modern business. They ensure that business operations are as efficient as possible, increase productivity and help companies to access new markets.

Benefits include:
- **Cost savings** - International Standards help optimise operations and therefore improve the bottom line
- **Enhanced customer satisfaction** - International Standards help improve quality, enhance customer satisfaction and increase sales
- **Access to new markets** - International Standards help prevent trade barriers and open up global markets
- **Increased market share** - International Standards help increase productivity and competitive advantage
- **Environmental benefits** - International Standards help reduce negative impacts on the environment."

An Australian study into the effects of implementing ISO standards (available on the ISO website) found increases in productivity resulting from having standards, as well as cost savings. In addition, benefits included that standards:

- Distil and diffuse knowledge;
- Provide a common language for discussion;
- Underpin markets and help solve some externality problems;
- Underpin innovation and knowledge dissemination;
- Reduce costs of production and increase productivity;
- Help provide safety outcomes and assist with risk management.

There is thus an important knowledge management aspect to the implementation of standards, in that the process makes implicit knowledge explicit, shared and replicable.

4. Application of management standards to HR management

HR Management has been a function largely ignored by quality assurance experts, possibly because it deals with the so-called "soft" issues of human behaviour. However, after decades of academic research into the function, it is possible to state with confidence that if certain processes are followed, certain outcomes will result.

So for example, if employees are kept informed of how their work links to the strategic objectives of the organisation and are also kept informed of how well they are performing their own work against the standards expected by the company, we can predict, based on empirical research, that employees will be better motivated to perform well and will feel more satisfaction in their jobs and more engagement with the organisation.

In South Africa, many aspects of HR management are regulated through labour legislation, amplified by the Codes of Good Practice issued by the Department of Labour. There are xx pieces of legislation that HR managers must ensure compliance with (see www.labour.gov.za) and the Codes of Good Practice are:

Xxx

However, this comprehensive set of legislation and Codes does not provide a useful management model for HR work, and thus HR work differs considerably between organisations, both in South Africa and all over the world. An HR professional moving jobs has a great deal of familiarisation to do with "how HR is done around here".

This lack of an HR management model has contributed to the lack of standing of HR as a profession compared to other professions and function and HR practitioners have no accepted "tool box" to improve the functioning of the organisation, making it much more difficult to persuade executives and line managers that the introduction of certain HR practices is a good idea.

5. Development of HR management standards

Currently, there are no accepted management standards for HR management, although some elements of the EFQM Excellence model clearly refer to concepts within the HR field of expertise. The Investors in People (IiP) standards are aimed at ensuring improved organisational performance through better people processes, but the scope of the IiP standards are not comprehensive in terms of HR Management.

ISO is working on some HR standards, but progress is slow and publication is not expected for some considerable time.

The Society for HR Management in the US (SHRM) has approached the problem of the lack of standards from the investors point of view, reasoning that if investors can be presented with statistics or metrics which have been prepared on definitions used on a standard basis by organisations, the investors will have the basis on which to perform comparisons between companies and thus make better investment decisions. The good news about this approach is the recognition that HR processes can make a difference to the value of a company in that the outcome of those processes can be measured by the standard metrics and evaluated by investors.[1] The problem with the approach is that there are still no guidelines on what is required as a set of common HR processes to deliver those results.

[1] http://www.shrm.org/HRStandards/StandardsBodies/ISOTC260/Pages/default.aspx

Australia has completed a national benchmarking project within the sphere of universities. The objective of this project was to develop a consistent set of National Advisory Standards for the Professional Practice of Human Resources (HR) in Australian universities. The Standards will also be used for international comparative benchmarking purposes. Standards set the basis for quality assessment, performance examination and for demonstrating to stakeholders that value for money is being achieved[2].

In Canada, a national association of HR professionals in the Non-Governmental Organisations (NGO) sector has produced a comprehensive set of HR management standards, which allows Boards of Directors of those organisations to exercise oversight and ensure that their people resources are being well managed.

6. HR management standards in South Africa

The SABPP developed and published during 2012 an HR management model for South African conditions. Based on the considerable body of research around good HR practices, the model is framed around three levels of HR practice: strategic, functional/operational and measurement, which also fit the classic quality assurance framework of prepare, implement, review and improve.
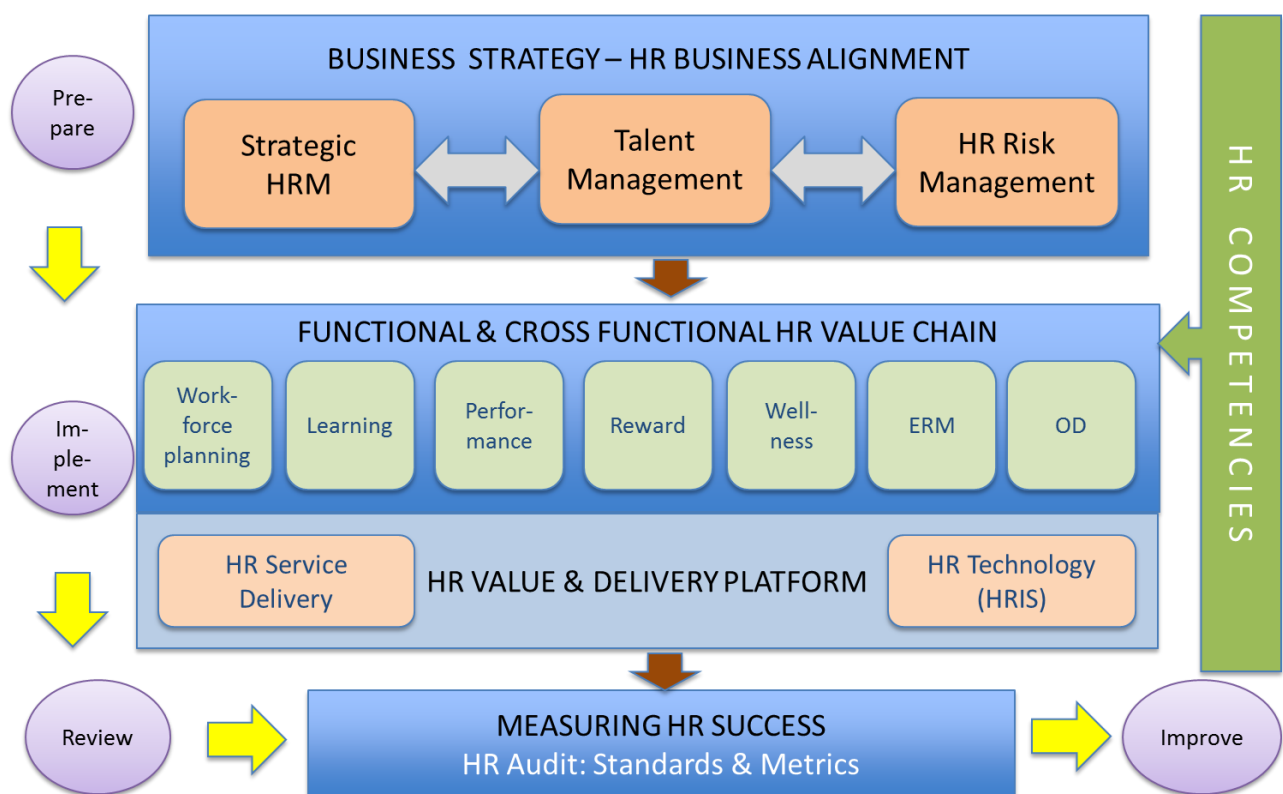
This model was validated over a period of 12 months through consultation throughout the HR profession in South Africa, and at a gathering of over 100 HR practitioners in May 2013, the work then proceeded to break the standards down into definitions, outcomes and implementation guidelines. Another round of consultations on the product of this May workshop has been conducted and the results will be presented at an HR Standards Roll-out in August 2013.

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[2] http://www.hrd.qut.edu.au/hrbenchmarking/wpp.jsp

Closely linked to the HR management standards is the SABPP's national HR Competency Model, which details the knowledge, skills and behaviour that HR practitioners need in order to deliver quality work to the standards set out. Thus, an organisation can:

- compare its current practices against the HR management standards, determine gaps and develop action plans;
- then look at the current HR structure, define the roles needed and profile those roles in terms of the competencies required, using the Competency Model, assess current levels of competency, establish the gaps and implement development plans.

7. Conclusion and next steps

The need for HR management standards has been recognised in many countries, but South Africa and the SABPP are at the forefront of efforts to produce and implement a comprehensive HR management model and related standards. Communications from around the world have congratulated the SABPP on this achievement:

- *"Greetings from Australia! Congratulations on your HR Standards work so far – to start with a model is a great sign! One of the primary reasons for having standard is to provide a base for performance evaluation. For example a company auditor should not undertake a performance audit of HR activity without first specifying the standards against which performance is to be measured. In auditing, standards are fundamental. In HR, they still appear to be optional in the mind of many HR practitioners. (Dr Chris Andrews, Bond University, Australia)*
- *[Marius – more from overseas?]*

The next phases of this project will involve:

- preparing audit guidelines which can assist both internal and external auditors in evaluating the HR function;
- determining a suitable set of HR metrics which provide clear monitoring of achievement of HR related outcomes linked to organisational success. This will enable collection of information across organisations (much like the salary benchmarking processes) and we can then establish useful benchmarks against which organisations can measure themselves.

Once a fully developed set of HR management standards has been implemented, the foundation will have been laid for an approach to the institutions working on further developments of corporate governance ("King IV") to advocate that, if organisations are to be truly well governed, common standards of HR management must be laid down. This would then really provide the solid basis for HR practitioners to take their place as strategic and operational business partners, applying the standard in their own particular organisation context and building on the standards to innovate and implement superior HR practices which drive better organisational performance.

COMPILED AT THE SA BOARD OF PEOPLE PRACTICES BY:

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