![CDC Investment works logo]

Human resources management assessment tool[1]

Purpose

- The human resources management (HRM) assessment tool below is intended to provide a framework for evaluating the capacity and performance of an organisation's HRM system.
- It can be used as a self-assessment tool by organisations to further develop their HRM systems. It can also be used by investors to assess the capacity of investees' HRM to manage labour issues.

Methodology

- As organisations grow and mature, their management structures and systems develop and become more established. HRM systems, or particular aspects of HRM, may be more or less developed depending on the size of an organisation, the nature of its business and the level of attention it has paid to the HR function.
- The numbers at the top of the HRM tool refer to these four stages of development. 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 particular component. At the fourth stage, the characteristics describe an organization that is operating extremely effectively with regard to that component.
- There is no scoring involved. For each component of the HRM, the characteristic that best represents the current status of the human resource system should be circled. If only part of the statement applies to the current human resource system in the organization, the previous characteristic should be selected.
- 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.

---

[1] Informed by a range of sources including the Human Resource Management Rapid Assessment Tool.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	HRM capacity			

Senior Oversight	• No Board or Senior Leadership engagement with HR.	• Board involved in planning for senior roles only.	• Board level oversight of strategic human resource planning, including significant changes.
			• Board level oversight of serious labour grievances, strikes and other critical issues.
				• HRM seen as priority at highest level (Board, Ex Co) in organisation.
				• HR KPIs reported regularly to Board to enable active monitoring of issues such as:
				  o Absenteeism
				  o Staff turnover
				  o Accident rates
				  o Rates of promotion and progression
				  o Payment on time
				  o Grievances: type and time to resolve

HRM capacity and role	• No dedicated staff with responsibility for HRM.	• HRM staff has limited experience related to this field and/or have other functions in the organization as well as HRM. • Focus on basic procedures and record keeping.	• Trained and dedicated HRM staff in the organization • HR is a well-defined and effective function within the organisation.	• HRM has direct line report to Board / Senior Management level • Experienced / senior staff member maintains HRM functions. • HRM staff involved in strategy development & implementation across organisation.
Budget	• No budget for HRM staff or activities.	• Limited funding for HRM position or activities (e.g., training, systems	• Budget is allocated for HRM staff & activities but is reviewed irregularly and	• HRM funding is a permanent budget item & reviewed annually.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	HRM capacity			
		development, performance planning, and evaluation).	does not necessarily adequately cover activities.	• HRM budget adequately covers all activities and shows a consistent growth over time.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Personnel management			
Recruitment & on-boarding	• No formal process for recruitment & hiring according to job descriptions. • No formal documenting of employment relationship (eg no offer letters or employment contracts). • No orientation programme for new joiners.	• Processes exist but are not followed. • Limited forward planning / projections of staffing needs. • Basic written terms & conditions of employment provided to employees (eg role, salary, hours of work). • Orientation programme exists but this is not implemented on a regular basis. • Documentation is inaccurate / not properly maintained (eg contracts not in line with job	• Formal systems for recruitment & hiring based on objective criteria. • Basic headcount / staffing plan. • Orientation offered routinely. • Documentation accurate and updated regularly to reflect changes in Ts&Cs of employment. Offer letters & contracts are accurately translated where relevant.	• Strategic recruitment planning process in place. • Formal processes used in all recruitment & hiring decisions. • Forward-planning of staffing requirements with detailed org charts & headcount • Orientation offered to all new employees, emphasizes the mission, goals and performance standards expected and makes people feel welcome and valued.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Personnel management			
		description) or not in a language understood by employee		
HR policies & procedures	• No formal policies & procedures exist.	• Formal policies and procedures exist but they do not include all of the relevant information or are out of date. • No or limited communication of policies and procedures to employees.	• Formal policies and procedures exist but they are sometimes not available to all employees and are not followed in a consistent manner. • Basic communication of policies to all employees	• An updated policy manual exists and is available to all employees. It is used & updated regularly. Formal procedures are known to all employees and used consistently. • Training to managers on understanding and application of the policies.
Compliance	• No review of HRM policies to ensure compliance.	• Labour law / other standards reviewed but not on a regular basis. • Policy not always in line with legislation.	• Regular review of labour law but policy by external advisor.	• HRM policy & practice reviewed to comply with labour law / other standards. • Ongoing review of changes to legislation. • In house legal knowledge.
Compensation & benefits	• No formal system for determining salary scales for each role. • Performance-related bonuses awarded at line managers' discretion, with no clear guidelines.	• Formal system in place but not used consistently. • Guidelines for performance-related bonuses exist but these are unclear & not consistently followed.	• Formal systems in place to determine salaries & performance-related bonuses. • Employees understand how salaries & bonuses are calculated, what deductions	• Salaries & benefits benchmarked against industry standards & reviewed annually to remain competitive & in line with inflation.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Personnel management			
	• No payslips provided. • All or part of workers' wages are paid in cash. • Frequent delays or mistakes in wage payments.	• Payslips provided but these are basic & do not clearly indicate elements of pay and deductions. • Wages paid by electronic bank transfer. • Occasional delays or mistakes in wage payments.	are made, and are provided with clear payslips. • Wages paid by electronic bank transfer. • Wages paid on-time; mistakes are rarely made and quickly remediate if made.	• Compensation strategy is aligned with business objectives and strategy. • System understood by employees & used consistently to determine salary, bonus & increases. • Wages paid by electronic bank transfer. • Payments made on-time with no irregularities. • Workers understand process for challenging any payment discrepancies.
Employee relations & communication	• No formal grievance procedure. • Informal 'open door' policy for worker-management communication. • Management opposed to workers organising collectively.	• Grievance procedure exists but is unclear or does not include all relevant information. • Workers do not understand how to use the mechanism. • Communication is one-sided & limited to informing workforce of rules or changes. • Management-appointed worker representatives.	• Robust grievance procedure exists but not followed consistently. • Workers aware of grievance mechanism. • Two-way communication channels exist but are rarely used. • Workers chose their own representatives. • Management open to workers' organisations.	• Robust grievance procedure known to employees and applied consistently. • Multiple open and two-way communication channels used to engage with employees. • Management works with workers' organisations to resolve issues and prevent problems. • Management has regular meetings with worker

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Personnel management			
		• Management appear indifferent or sceptical to the concept of workers representatives elected by workers.	• Ad hoc meetings with worker representatives	representatives. Both diarised meetings and ad hoc to respond to particular issues. • Workers report confidence in worker representatives.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Systems & data			
Employee data (eg number of staff, location, skill/education level, gender, age, year of hire, salary level)	• No employee data collected on a systematic basis.	• Data is collected, but not maintained or kept up to date.	• Data collected & updated but not used in HR planning or forecasting. • Procedures in place for identification and protection of sensitive personal data.	• Data available & up-to-date & used in HR planning & forecasting. • Regular review of use of data in terms of approach and usefulness
Personnel files	• No personnel files.	• Personnel files maintained, but incomplete & not regularly updated.	• Personnel files maintained & updated for all employees but there is no policy for	• Updated personnel files for all employees exist and also policies for appropriate use

			employee access or use of this data.	(e.g., confidentiality, employee access).
Systems	• No computers or data systems available to the organization, externally or internally. • Payroll & time-keeping system entirely manual (eg time cards)	• Computers in place, but no resources to develop systems for data management. • Manual entries made onto computer (excel) for payroll calculations, with regular mistakes.	• Computers and data management systems are available, but staff not trained • Electronic payroll but other HR systems not fully integrated.	• Computers and data management systems are in place and data files up to date. Staff receives training. • Fully integrated time-keeping, payroll & HR system (eg. SAP).

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Learning, training & development			
Staff supervision	• No clear system of supervision. Unclear lines of authority. • Staff not recognized for their achievements	• 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 employees to develop work plans, evaluate, performance	• Supervisors increase staff performance by assisting staff with professional development plans and encouraging them to learn new skills. • Supervisors receive skills training periodically and assessed on their performance
Performance management	• No formal performance management.	• Informal performance management system is in place. • No clear performance guidelines. • Performance objectives not set with staff. Progression at line manager's discretion.	• Formal system in place. • Supervisors required to develop workplans and objectives with each employee but this is not done consistently. • Employees understand the nature of the process and outcomes.	• Formal system in place with clear performance guidelines & expectations & paths to progression. • Supervisors and employees set objectives and regular feedback is provided on performance. • Reviews are used for decisions on career progression. • There is a process in place for employees to challenge or query any assessments and decisions based on them.

	Stages of development & characteristics			

Training	• There is no established training program.	• Training offered on an ad-hoc basis but not based on formal needs assessment.	• Training is a formal component of organisation and linked to staff and business needs, but not available to all staff. • No systematic evaluation of training for results.	• Training seen as valuable part of organisation, based on staff and business needs. • Training plans are developed on a departmental basis. • Individual reviews contain an identification of training needs and opportunities. • Training provided on a non-discriminatory basis. • Regular review of impact and effectiveness of training.

HRM Component	Stages of development & characteristics			
	1	2	3	4
	Non-employee workers			
Non-employee workers	• No procedures in place for managing contractors in relation to labour practices. • No general information on numbers of contractor workers.	• Basic procedures in place (eg contractor selection criteria & contracts) but these do not cover labour standards. • Non-employee workers not trained on OHS or provided with PPE / no oversight of PPE • No information on nature of contractor workforce in	• Legal documentation in place requiring contractor compliance with national law but implementation is not monitored. • No monitoring or oversight of working hours and wage payments by the contractor to its workforce.	• Robust procedures in place for oversight of non-employee workers. • Contractors are monitored for compliance with national law and IFC PS2, including working hours and wage payments. • Non-employee workers trained on OHS and

		terms of headcount, job type, duration, etc	• OHS training provided to contract workers but implementation is inconsistent. • Company has no oversight of grievances raised.	provided with PPE and are monitored on effective implementation of safety procedures. • Non-employee workers either have access to company grievance mechanism or contractor has robust mechanism, the outcomes of which are regularly reported to the company. • HRM is aware of concerns raised and works with contractor to address them.