

# HR Policies

## Learning outcomes

On completing this chapter you should know about:

- The reasons for having HR policies
- Specific HR policies
- Implementing HR policies
- Overall HR policy
- Formulating HR policies

## Introduction

HR policies are continuing guidelines on how people should be managed in the organization. They define the philosophies and values of the organization on how people should be treated, and from these are derived the principles upon which managers are expected to act when dealing with HR matters. HR policies should be distinguished from procedures, as discussed in Chapter 61. A policy provides generalized guidance on how HR issues should be dealt with; a procedure spells out precisely what steps should be taken to deal with major employment issues such as grievances, discipline, capability and redundancy.

## Why have HR policies?

HR policies provide guidelines on how key aspects of people management should be handled. The aim is to ensure that any HR issues are dealt with consistently in accordance with the values of the organization in line with certain defined principles. All organizations have HR policies. Some, however, exist implicitly as a philosophy of management and an attitude to employees that is expressed in the way in which HR issues are handled; for example, the introduction of new technology. The advantage of explicit policies in terms of consistency and understanding may appear to be obvious, but there are disadvantages: written policies can be inflexible, constrictive, platitudinous, or all three. To a degree, policies have often to be expressed in abstract terms and managers do not care for abstractions. But they do want to know where they stand – people like structure – and formalized HR policies can provide the guidelines they need.

Formalized HR policies can be used in induction, team leader and management training to help participants understand the philosophies and values of the organization and how they are expected to behave within that context. They are a means for defining the employment relationship and the psychological contract.

HR policies can be expressed formally as overall statements of the values of the organization or in specific areas, as discussed in this chapter.

## Overall HR policy

The overall HR policy defines how the organization fulfils its social responsibilities to its employees and sets out its attitudes towards them. It is an expression of its values or beliefs about how people should be treated. Peters and Waterman (1982) wrote that if they were asked for one all-purpose bit of advice for management, one truth that they could distil from all their research on what makes an organization excellent, it would be: 'Figure out your value system. Decide what the organization stands for.'

Selznick (1957) emphasized the key role of values in organizations when he wrote: ‘The formation of an institution is marked by the making of value commitments, that is, choices which fix the assumptions of policy makers as to the nature of the enterprise, its distinctive aims, methods and roles.’

The values expressed in an overall statement of HR policies may explicitly or implicitly refer to the following concepts.

### *Values expressed in overall HR policy*

- Equity – treating employees fairly and justly by adopting an ‘even-handed’ approach. This includes protecting individuals from any unfair decisions made by their managers, providing equal opportunities for employment and promotion, and operating an equitable payment system.
- Consideration – taking account of individual circumstances when making decisions that affect the prospects, security or self-respect of employees.
- Organizational learning – a belief in the need to promote the learning and development of all the members of the organization by providing the processes and support required.
- Performance through people – the importance attached to developing a performance culture and to continuous improvement; the significance of performance management as a means of defining and agreeing mutual expectations; the provision of fair feedback to people on how well they are performing.
- Quality of working life – consciously and continually aiming to improve the quality of working life. This involves increasing the sense of satisfaction people obtain from their work by, so far as possible, reducing monotony, increasing variety, autonomy and responsibility, avoiding placing people under too much stress and providing for an acceptable balance between work and life outside work.
- Working conditions – providing healthy, safe and, so far as practicable, pleasant working conditions.

These values are espoused by many organizations in one form or another. But to what extent are they practised when making ‘business-led’ decisions which can, of course, be highly detrimental to employees if, for example, they lead to redundancy? One of the dilemmas facing all those who formulate HR policies is: ‘How can we pursue business-led policies focusing on business success and fulfil our obligations to employees in such terms as equity, consideration,

quality of working life and working conditions?' To argue, as some do, that HR strategies should be entirely business-led seems to imply that human considerations are unimportant. Organizations have obligations to all their stakeholders, not just their owners.

It may be difficult to express these policies in anything but generalized terms, but employers are increasingly having to recognize that they are subject to external as well as internal pressures that act as constraints on the extent to which they can disregard the higher standards of behaviour towards their employees that are expected of them.

## Specific HR policies

The most common areas in which specific HR policies exist are age and employment, AIDS, bullying, discipline, e-mails and the internet, employee development, employee relations, employee voice, employment, equal opportunity, grievances, health and safety, managing diversity, promotion, redundancy, reward, sexual harassment, substance abuse and work-life balance.

### Age and employment

The policy on age and employment should take into account the UK legislation on age discrimination and the following facts:

- age is a poor predictor of job performance;
- it is misleading to equate physical and mental ability with age;
- more of the population are living active, healthy lives as they get older.

### AIDS

An AIDS policy could include the following points:

- The risk through infection in the workplace is negligible.
- Where the occupation does involve blood contact, as in hospitals, doctors' surgeries and laboratories, the special precautions advised by the Health and Safety Commission will be implemented.
- Employees who know that they are infected with HIV will not be obliged to disclose the fact to the company, but if they do, the fact will remain completely confidential.
- There will be no discrimination against anyone with or at risk of acquiring AIDS.
- Employees infected by HIV or suffering from AIDS will be treated no differently from anyone else suffering a severe illness.

## Bullying

An anti-bullying policy will state that bullying will not be tolerated by the organization and that those who persist in bullying their staff will be subject to disciplinary action, which could be severe in particularly bad cases. The policy will make it clear that individuals who are being bullied should have the right to discuss the problem with another person; a representative or a member of the HR function, and to make a complaint. The policy should emphasize that if a complaint is received it will be thoroughly investigated.

## Discipline

The disciplinary policy should state that employees have the right to know what is expected of them and what could happen if they infringe the organization's rules. It would also make the point that, in handling disciplinary cases, the organization will treat employees in accordance with the principles of natural justice. It should be supported by a disciplinary procedure (see Chapter 61).

## Diversity management

A policy on managing diversity recognizes that there are differences among employees and that these differences, if properly managed, will enable work to be done more efficiently and effectively. It does not focus exclusively on issues of discrimination but instead concentrates on recognizing the differences between people. As Kandola and Fullerton (1994) express it, the concept of managing diversity 'is founded on the premise that harnessing these differences will create a productive environment in which everyone will feel valued, where their talents are fully utilized, and in which organizational goals are met'.

Managing diversity is a concept that recognizes the benefits to be gained from differences. It differs from equal opportunity, which aims to legislate against discrimination, assumes that people should be assimilated into the organization and, often, relies on affirmative action. This point was emphasized by Mulholland *et al* (2005) as follows:

*The new diversity management thinking suggests that diversity management goes beyond the equal opportunities management considerations as described by the law, and promises to make a positive and strategic contribution to the successful operation of business. So diversity management is being hailed as a proactive, strategically relevant and results-focused approach and a welcome departure from the equal opportunities approach, which has been defined as reactive, operational and sometimes counterproductive.*

A management of diversity policy could:

- acknowledge cultural and individual differences in the workplace;
- state that the organization values the different qualities that people bring to their jobs;
- emphasize the need to eliminate bias in such areas as selection, promotion, performance assessment, pay and learning opportunities;
- focus attention on individual differences rather than group differences.

## E-mails and use of the internet

The policy on e-mails could state that the sending or downloading of offensive e-mails is prohibited and that the senders or downloaders of such messages are subject to normal disciplinary procedures. They may also prohibit any internet browsing or downloading of material not related to the business, although this can be difficult to enforce. Some companies have always believed that reasonable use of the telephone is acceptable, and that policy may be extended to the internet.

If it is decided that employees' e-mails should be monitored to check on excessive or unacceptable use, this should be included in an e-mail policy, which would therefore be part of the contractual arrangements. A policy statement could be included to the effect that: 'The company reserves the right to access and monitor all e-mail messages created, sent, received or stored on the company's system.'

## Employee development

The employee development policy could express the organization's commitment to the continuous development of the skills and abilities of employees in order to maximize their contribution and to give them the opportunity to enhance their skills, realize their potential, advance their careers and increase their employability both within and outside the organization.

## Employee relations

The employee relations policy will set out the organization's approach to the rights of employees to have their interests represented to management through trade unions, staff associations or some other form of representative system. It will also cover the basis upon which the organization works with trade unions, eg emphasizing that this should be regarded as a partnership.

## Employee voice

The employee voice policy should spell out the organization's belief in giving employees an opportunity to have a say in matters that affect them. It should define the mechanisms for employee voice such as joint consultation and suggestion schemes.

## Employment

Employment policies should be concerned with fundamental aspects of the employment relationship. They should take account of the requirements of relevant UK and European legislation and case law, which is beyond the scope of this handbook to cover in detail. Recent Acts and Regulations that are important include those concerning the minimum wage, working time and part-time workers. The latter is especially significant because it requires that part-time workers should be entitled to the same terms and conditions as full-time workers, including pro rata pay.

Note should also be taken of the UK Human Rights Act (1998), which gave further effect to rights and freedoms guaranteed under the European Convention on Human Rights. However, the rights are essentially civil and political rather than economic or social rights and they only apply to a narrow range of employment. Moreover, they are not directly enforceable against an employer unless it is an 'obvious' public authority. It has, however, been held by the European Court of Human Rights that statutory rights should not be unlawfully dismissed or discriminated against as they can be regarded as 'civil rights'. Provisions inserted into the Employment Rights Act must be interpreted by employment tribunals in a way that is compatible with the European Convention right to freedom of expression. This could apply to whistle-blowing.

## Equal opportunity

The equal opportunity policy should spell out the organization's determination to give equal opportunities to all, irrespective of sex, race, creed, disability, age or marital status. The policy should also deal with the extent to which the organization wants to take 'affirmative action' to redress imbalances between the numbers employed according to sex or race or to differences in the levels of qualifications and skills they have achieved.

The policy could be set out as follows:

- We are an equal opportunity employer. This means that we do not permit direct or indirect discrimination against any employee on the grounds of race, nationality, sex, sexual orientation, disability, religion, marital status or age.
- Direct discrimination takes place when a person is treated less favourably than others are, or would be, treated in similar circumstances.
- Indirect discrimination takes place when, whether intentional or not, a condition is applied that adversely affects a considerable proportion of people of one race, nationality, sex, sexual orientation, religion or marital status, or those with disabilities or older employees.
- The firm will ensure that equal opportunity principles are applied in all its HR policies and in particular to the procedures relating to the recruitment, training, development and promotion of its employees.

- Where appropriate and where permissible under the relevant legislation and codes of practice, employees of under-represented groups will be given positive training and encouragement to achieve equal opportunity.

## Grievances

The policy on grievances could state that employees have the right to raise their grievances with their manager, to be accompanied by a representative if they so wish, and to appeal to a higher level if they feel that their grievance has not been resolved satisfactorily. The policy should be supported by a grievance procedure (see Chapter 61).

## Health and safety

Health and safety policies cover how the organization intends to provide healthy and safe places and systems of work (see Chapter 58).

## New technology

A new technology policy statement could state that there will be consultation about the introduction of new technology and the steps that would be taken by the organization to minimize the risk of compulsory redundancy or adverse effects on other terms and conditions or working arrangements.

## Promotion

A promotion policy could state the organization's intention to promote from within wherever this is appropriate as a means of satisfying its requirements for high-quality staff. The policy could, however, recognize that there will be occasions when the organization's present and future needs can only be met by recruitment from outside. The point could be made that a vigorous organization needs infusions of fresh blood from time to time if it is not to stagnate. In addition, the policy might state that employees will be encouraged to apply for internally advertised jobs and will not be held back from promotion by their managers, however reluctant the latter may be to lose them. The policy should define the approach the organization adopts to engaging, promoting and training and older employees. It should emphasize that the only criterion for selection or promotion should be ability to do the job, and for training, the belief, irrespective of age, that the employee will benefit.

## Redundancy

The redundancy policy should state that the aim of the organization is to provide for employment security. It is the organization's intention to use its best endeavours to avoid involuntary

redundancy through its redeployment and retraining programmes. However, if redundancy is unavoidable, those affected will be given fair and equitable treatment, the maximum amount of warning, and every help that can be provided to obtain suitable alternative employment. The policy should be supported by a redundancy procedure (see Chapter 61).

## Reward

The reward policy could cover such matters as:

- providing an equitable pay system;
- equal pay for work of equal value;
- paying for performance, competence, skill or contribution;
- sharing in the success of the organization (gainsharing or profit sharing);
- the relationship between levels of pay in the organization and market rates;
- the provision of employee benefits, including flexible benefits, if appropriate;
- the importance attached to the non-financial rewards resulting from recognition of accomplishment, autonomy and the opportunity to develop.

## Sexual harassment

The sexual harassment policy should state that:

- Sexual harassment will not be tolerated.
- Employees subjected to sexual harassment will be given advice, support and counselling as required.
- Every attempt will be made to resolve the problem informally with the person complained against.
- Assistance will be given to the employee to complain formally if informal discussions fail.
- A special process will be available for hearing complaints about sexual harassment. This will provide for employees to bring their complaint to someone of their own sex if they so wish.
- Complaints will be handled sensitively and with due respect for the rights of both the complainant and the accused.
- Sexual harassment is regarded as gross misconduct and, if proved, makes the individual liable for instant dismissal. Less severe penalties may be reserved for minor cases, but there will always be a warning that repetition will result in dismissal.

## Substance abuse

A substance abuse policy could include assurances that:

- employees identified as having substance abuse problems will be offered advice and help;
- any reasonable absence from work necessary to receive treatment will be granted under the organization's sickness scheme provided that there is full cooperation from the employee;
- an opportunity will be given to discuss the matter once it has become evident or suspected that work performance is being affected by substance-related problems;
- the right to be accompanied by a friend or employee representative in any such discussion;
- agencies will be recommended to which the employee can go for help if necessary;
- employment rights will be safeguarded during any reasonable period of treatment.

## Work–life balance

Work–life balance policies define how the organization intends to allow employees greater flexibility in their working patterns so that they can balance what they do at work with the responsibilities and interests they have outside work. The policy will indicate how flexible work practices can be developed and implemented. It will emphasize that the numbers of hours worked must not be treated as a criterion for assessing performance. It will set out guidelines on the specific arrangements that can be made, such as flexible hours, a compressed working week, term-time working contracts, working at home, special leave for parents and carers, career breaks and various kinds of child care.

A flexibility policy will need to take account of the Work and Families Act 2006, an extension of which gives carers the right to request flexible working to care for an elderly or sick relative. This provides for the following actions: 1) the request must be acknowledged in writing; 2) the employee must be notified if not all the required information is provided, so that they can resubmit the application properly completed; 3) if the employee unreasonably refuses to provide the additional information needed, the employer can treat the application as withdrawn; 4) a meeting has to be arranged with the employee within 28 days, to discuss the desired work pattern and consider how it might be accommodated; 5) if the request cannot be accommodated, alternative working arrangements may be discussed and a trial period agreed. In certain circumstances, a solution might be to develop an informal arrangement, outside the legislation, to allow flexible working for a limited period.

## Formulating HR policies

HR policies need to address the key HR issues that have been identified in the organization. They must also take account of external influences such as legislation. The maximum amount of consultation should take place with managers, employees and their representatives and the policies should be communicated widely with guidelines on their application. The following steps should be taken when formulating HR policies.

### *Formulating HR policies*

1. Gain understanding of the corporate culture and its shared values.
2. Analyse existing policies – written and unwritten. HR policies will exist in any organization, even if they are implicit rather than expressed formally.
3. Analyse external influences. HR policies are subject to the influence of UK employment legislation, EC employment regulations, and the official Codes of Practice issued by bodies in the UK, such as ACAS (The Advisory, Conciliation and Arbitration Service), the EOC (Equal Opportunities Commission), the CRR (Commission on Racial Relations) and the HSE (Health and Safety Executive). The Codes of Practice issued by relevant professional institutions, such as the CIPD, should also be consulted.
4. Assess any areas where new policies are needed or existing policies are inadequate.
5. Check with managers, preferably starting at the top, on their views about HR policies and where they think they could be improved.
6. Seek the views of employees about the HR policies, especially the extent to which they are inherently fair and equitable and are implemented fairly and consistently. Consider doing this through an attitude survey.
7. Seek the views of union representatives.
8. Analyse the information obtained in the first seven steps and prepare draft policies.
9. Consult, discuss and agree policies with management and union representatives.
10. Communicate the policies with guidance notes on their implementation as required (although they should be as self-explanatory as possible). Supplement this communication with training.

## Implementing HR policies

The aim will be to implement policies fairly and consistently. Line managers have an important role in doing this. As pointed out by Purcell *et al* (2003) ‘there is a need for HR policies to be designed for and focused on front line managers’. It is they who will be largely responsible for policy implementation. Members of the HR function can give guidance, but it is line managers who are on the spot and have to make decisions about people. The role of HR is to communicate and interpret the policies, convince line managers that they are necessary, and provide training and support that will equip managers to implement them. As Purcell *et al* (2003) emphasize, it is line managers who bring HR policies to life.

### HR policies – key learning points

#### **The reasons for having HR policies**

HR policies provide guidelines on how key aspects of people management should be handled. The aim is to ensure that any HR issues are dealt with consistently in accordance with the values of the organization in line with certain defined principles.

#### **Overall HR policy**

The overall HR policy defines how the organization fulfils its social responsibilities for its employees and sets out its attitudes towards them. It is an expression of its values or beliefs about how people should be treated.

#### **Specific HR policies**

Specific HR policies cover age and employment, AIDS, bullying, discipline, e-mails and the internet, employee development, employee relations, employee voice,

employment, equal opportunity, grievances, health and safety, managing diversity, promotion, redundancy, reward, sexual harassment, substance abuse and work–life balance.

#### **Formulating HR policies**

HR policies need to address the key HR issues that have been identified in the organization. They must also take account of external influences such as legislation. The maximum amount of consultation should take place with managers, employees and their representatives, and the policies should be communicated widely with guidelines on their application.

#### **Implementing HR policies**

The aim will be to implement policies fairly and consistently. Line managers have a key role in doing this.

## Questions

1. What are HR policies?
2. Why have HR policies?
3. What values may be expressed in overall HR policy?
4. What are the areas in which specific HR policies may be required?
5. How should HR policies be formulated?

## References

- Kandola, R and Fullerton, J (1994) *Managing the Mosaic: Diversity in action*, Institute of Personnel and Development, London
- Mulholland, G, Özbilgin, M and Worman, D (2005) *Managing Diversity: Linking theory and practice to business performance*, CIPD, London
- Peters, T and Waterman, R (1982) *In Search of Excellence*, Harper & Row, New York
- Purcell, J, Kinnie, K, Hutchinson, S, Rayton, B and Swart, J (2003) *People and Performance: How people management impacts on organisational performance*, CIPD, London
- Selznick, P (1957) *Leadership and Administration*, Row, Evanston, Ill