HR Policies 101
Policies - Your HR framework

Clear HR policies set the benchmark for your employees and organisation to perform at their best. There comes a point in any business when you need to rely on written policies in order to reinforce what is acceptable and unacceptable behaviour in the business.

Now more than ever, it is vital to get policies right with the increase in inter-generational and cultural diversity in the workplace. Here is a selection of the most common ones.

Acceptable and unacceptable conduct

We often wrongly assume that everyone thinks along the same lines of us, and standards of behaviour are ‘common sense’. A clear policy helps everyone to spell out what is acceptable and unacceptable behaviour.

This policy usually contains explanations of conduct relating to:

- Behaviour in the workplace
- Respect for others
- Handling money and finances
- Diligence (working hard)
- Conflict with the organisations interests

Often, the policy lists incidences of Serious Misconduct which may lead to instant dismissal, for example:

- Theft
- Dishonesty
- Violence and abuse
- Being under the influence of drugs or alcohol
Disciplinary policy

Your disciplinary policy sets out the steps you will take if an employee is in breach of your code of conduct.

- If you dismiss an employee, you need to make sure you follow the correct procedure to avoid an unfair dismissal claim to Fair Work.

- If you are a small business (with 15 employees or under), your disciplinary policy must at least comply with the Small Business Dismissal Code.

- If you are a larger business, your Disciplinary Policy should contain an escalation of verbal and written warnings through to dismissal.

The Disciplinary Policy should give the employee notice of any allegations or corrective actions, and the right to respond and engage a support person when undergoing disciplinary investigations.

Besides a disciplinary policy, most companies will also want to have specific policies for staff conduct at work and in public. These are some examples:

Internet and email. Clarify what constitutes acceptable use of Internet access and emailing of content during work hours.

Social media. State what is acceptable mention of the company on personal social media accounts like Facebook, Twitter and LinkedIn.

Vehicle use. Clarify where the vehicle can be used, where it should be parked and how it should be maintained.

Drugs and alcohol. To guard against obvious safety risks of workers operating under the influence of alcohol or illicit drugs, a company must have a clear policy on their usage, testing, and consequences of positive results.

To ensure that HR policies are valid, employees need to be trained on the policies and work practices need to be consistent. A good HR consultancy can help to establish a standard operational plan to do so.
Managing Performance

The key components of managing performance are:

- Clarifying expectations
- Measuring performance
- Dealing with poor performers

Clarifying Expectations

Spending time getting clear on expectations will prevent disappointment and misunderstandings.

Employees with a clear vision will help you achieve your business goals.
Contract of Employment

It might surprise you that an employment contract is not a legal requirement, but it is best practice to have one for every staff member.

Keep your Contracts of Employment simple, and make sure they reflect your “employer brand” – i.e. are you a forward thinking, dynamic organisation, or a risk averse, rule bound organisation? Make sure your contracts reflect you.

What should be in it?

**Hours of work.** This includes work days and hours. Some Modern Awards are prescriptive on the times of day you can insist someone works (see the section on legal obligations). The National Employment Standards specify a maximum working week of 38 hours, plus reasonable overtime.

**Place of work.** This will often be your office, branch or depot. You may want to make it wider than this if you need your employee to visit customers on site. Will you ever require employees to stay away from home, if so what allowances will you give? FIFO (Fly in Fly Out) contracts have special conditions.

**Will overtime hours be expected?** Some companies don’t pay overtime but offer TOIL (Time Off In Lieu). You can average employee’s hours if they need to work extra hours at certain times of the week/month/year. Some Modern Awards are prescriptive on the penalty rates that need to be paid if an employee works outside of normal hours, or works longer on a particular day.

In some circumstances these penalties can be amended.

**Notice periods.** Will you use the National Employment Standards or have your own notice period? Remember whilst it may be tempting to lock employees into a long notice period, you will have to give employees the same period of notice if you want to dismiss them.

**Confidentiality, Intellectual Property and Conflict of Interest.** You need to protect your business, especially when employees leave your business. You don’t want staff to be taking your confidential information (for example your database of customers) or your IP (for example Tender Documents). You also don’t want them to be poaching your staff or best customers.

If you are unsure of any aspect of employment contracts, a good HR consultancy can provide advice, templates, strategies and other services so that you are protected if you ever need to defend workplace practices in court.
Job descriptions

We recommend keeping the Job Description separate from the Contract of Employment – that way if it changes you don’t need to renegotiate the Contract.

- Summarise the main tasks that you want an employee to carry out on a regular basis.
- Be clear on what staff are responsible for, e.g. supervising employees, money or equipment.
- Include Key Performance Indicators to measure performance.
- Include qualifications, experience required and capabilities for use when recruiting.

Decision making and accountabilities

It is important to clarify what decisions can be made by that employee at their level, regarding business-related activities and expense approvals.

Reporting lines

Consider who this role will report to – Ideally draw this up as an organisation chart so everyone in the Company is clear.

VELPIC TIP!

First impressions count. Using stunning Velpic video lessons to present new hire inductions and onboarding messages is great for employer branding as it demonstrates that your organisation is innovative and progressive.
Measuring Performance

Everyone wants to know how they are doing. Build in regular feedback to keep your staff on track and improve performance.

60.7% of employees believe their performance is more likely to improve if they discuss it more frequently than once a year.²

Poor performers can be turned round with early and supportive intervention. With a good performance management system, employees soon see if they don’t fit with the organisation.

Probation

Measure performance from the outset to manage working expectations. This should be done as part of the Induction procedure. New staff are often given a formal review after a three- or six- months probation period. Make sure you have regular informal reviews throughout the probation. At least one week before the probation period is up, you should sit down with the staff member and review their current level of competency, as well as the progress they have made so far.

Following the Probation review there are normally three possible outcomes:

- Confirm the staff member as a permanent employee
- Advise the staff member that they are not a suitable match and give them the required notice (minimum one week). A week before taking this action, you can engage a HR consultancy for advice on how to handle this professionally
- Advise the staff member that there are some areas that they are not yet competent, and set an action plan for them to achieve the level of competency that you require. Set a further Probation Review date (usually not more than 3 months later).
KPI’s / Success Factors

An important aspect of measuring performance is for both you and the staff member to be clear on what is expected. Key Performance Indicators (KPI’s) or Critical Success Factors are often used. When setting KPI’s you should aim to keep them SMART:

- Specific
- Measurable
- Achievable
- Relevant
- Time bound

Most staff should have a mixture of quantitative KPI’s (e.g. $ sales targets, # days to turn round work) and qualitative KPI’s (e.g. customer satisfaction, team working). It is not as easy as it sounds to create meaningful and measurable KPI’s and these are often refined over time.

Regular feedback

You should build in regular feedback, ideally accessible directly by the staff member – e.g. sales performance data. There is an old adage “what gets measured gets done” and generally people are motivated by knowing how they are doing on a regular basis. You may decide to create comparative performance graphs and display them publicly, however this needs to be handled with caution.
Formal Performance Review

Most companies build in a formal review process at least annually.

- It is important to think this thoroughly, particularly whether the emphasis will be on measuring performance or identifying further development opportunities.
- Sometimes Annual Reviews are linked to pay reviews; this needs to be handled carefully to make sure it is not counter-productive.
- Some companies will develop competencies across the organisation and measure individuals against these.
- The context and details of a Review process may change year to year to reflect the company’s business objectives.

Reward and Recognition

Reward systems come in different forms

- Formalised and job specific – e.g. commission based on sales targets.
- Formalised and team based – e.g. profit sharing schemes that apply to all staff.
- Informal and occasional – e.g. to recognise exceptional performance. Ideas include Red Balloon vouchers, movie tickets, restaurant vouchers and so on.

The introduction of a Reward and Recognition Scheme needs to be carefully thought through so the Company gets maximum return on its investment.

Pitfalls to avoid

- Be aware of creating an expectation that a bonus is a standard. A good example of this is the Christmas Bonus. When it becomes expected it is no longer a motivator, and could become a de-motivator if removed.
- Another cautionary note is to be mindful of "unintended consequences" of what you are measuring. For example, incentivising billable hours may reward the team member that billed out most hours per month, but lead to more customer complaints from clients about the monthly bills sent out!

A good HR consultancy can help you develop a Reward and Recognition Scheme that measures the right things, and keeps staff motivated to perform and develop.
Dealing with poor performers

There will be occasions when an employee’s performance is not of the standard you expect and you will need to take steps to address this. Changing an employee’s performance can be achieved with regular feedback and support. However, in some circumstances, formal processes will need to be implemented.

Start early – start with probation

It is best practice for all your new employees (except casual employees) to complete a three-month probationary period at the commencement of their employment. Probationary periods help to ensure your employees are given adequate information and are familiar with the key aspects of your business. Be very clear about your performance expectations identifying any issues that impact on your employees’ ability to perform the job to your requirements.

Clear policies

It is important to be clear from the start and the best way is through your policy and procedure. These establish the guidelines for both your managers and your employees and should be designed to ensure that cases of poor performance are dealt with promptly, consistently and fairly. They should set both the informal and formal processes to be followed to support and enable your employees to attain a satisfactory level of performance.

Clarify job expectations and the gap

You need to be clear that you communicate to the employee the standards of job performance (or conduct) that you require and you can do this verbally during interviews or meetings or by using documentation. Reference can be made to existing role descriptions or position outcome statements. The deficiency or gap in your employee’s performance must be clearly explained to the employee including how serious it may be and the consequences or impact on your business their poor performance is having.
**Action plan to bridge the gap**

It is important that you and your employee agree on the necessary actions that need to take place and or external support required, and you record this in an action plan or performance improvement plan. The plan should document the identified performance objectives and the timescales allocated to this (timescales should be realistic and reasonable) and your employee’s progress should be monitored carefully.

**Regular measurement and review**

Building in regular opportunities to assess your employees’ progress is critical. These face to face discussions should be scheduled in advance and locked into diaries. Refer back to the action plan and measure whether the employee has made the required improvement, part improvement or no improvement. Remember it may be necessary to extend the timescales or in some cases it may be necessary to move into formal action.

**Warnings**

If you are satisfied that your employee has been dealt with fairly and you have given them a reasonable number of opportunities to improve and, you have explored any personal reasons they have put forward as the reason for their poor performance, then the next step will be to schedule a meeting where at the conclusion of the meeting you will issue them with a Final Warning.

**Dismissal**

If after issuing a final warning your employee still fails to meet the required standard of performance you may progress to terminating their employment after careful consideration during a formal meeting. To ensure that you follow a fair process and meet all the requirements prescribed by Fair Work, it may benefit you to seek the advice of a HR consultancy prior to arranging any final formal meeting.
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