Managing Your Human Capital:
Part One: Human Resources – The Basics

In this three part series, we will discuss the components of managing your human capital: recruiting, hiring, training and retaining your people; professional development and succession planning. In the first series, the concept of human capital is explained and an overview of human resource basics and performance management is provided. We will discuss the core principles involved in promoting the effective and responsible management of human resources.

What is Human Capital?

Human capital is your people – your staff, volunteers, board, etc. It’s the set of competences, skills, knowledge and personality attributes they have acquired through training and experience, which increases their value in the marketplace. People are assets, their value can be expanded with investment. When an employer invests in their people, they can expect to see increased performance capacity in their organization. Simply stated, an organization’s capacity to perform is determined by its people.

In order to protect these assets, it’s important an employer stays competitive at attracting and retaining personnel. Creating performance incentives and training programs that motivate and empower people to be the best that they can and build working relationships that are rooted in common interest and public trust. These policies should be aligned with the organization’s mission, vision and values by which it defines itself.

To ensure your organization’s operations are supporting your human capital, the United States Government Accountability Office identifies five components of a human capital self-assessment:

1. **Strategic Planning** – Establish the agencies mission, vision for the future, core values, goals and objectives, and strategies.
2. **Organizational Alignment** – Integrate human capital strategies with the organization’s core business practices.
3. **Leadership** – Foster a committed leadership team and provide reasonable continuity through succession planning.
4. **Talent** – Recruit, hire, develop and retain employees with the skills for mission accomplishment.
5. **Performance Culture** – Empower and motivate your people while ensuring accountability and fairness in the workplace.
**Human Resources – the Basics:**

One of the basic functions of human resources in an organization is to recruit, hire, develop and retain its people. “Human Resources” may be entire department, a single person’s responsibility or a portion of someone’s responsibility. As an employer you have a dual responsibility to ensure that people are treated fairly, while looking out for the best interest legally and ethically of the organization.

The *Guide for Successful Nonprofit Management* identifies the following four human resource practices as good practice within an organization.

1. *Be inclusive.* Make sure that everyone who belongs in the information loop is included. Recognize that most jobs can’t be performed in isolation. Base decisions on widespread input and ensure that people have the opportunity to contribute.
3. *Know the law.* Ignorance of the law is no excuse for not following it. Post your policies and learn the different personnel laws that affect your organization.
4. *Reflect your values.* Create a culture of mutual respect and open dialogue.

Recruiting the right people is an essential step to building your human capital. Develop a recruiting and hiring plan that is linked to the skills identified. Advertise in as many diverse settings as possible newspapers, websites, non-profit search sites, local colleges/universities, industry related publications or websites.

Before hiring, assess current staffing patterns. What’s the volume of the work that needs to be completed? What skill sets are needed? The team that is responsible for completing the work should provide input to the staffing pattern design. It important to consider your workforce deployment strategy. Does it promote flexible use of its workforce, putting the right people in the right roles according to their skills?

Establish your hiring process ahead of time. Indicate who will be involved in the hiring process and the anticipated timeline from recruitment, interviewing and hiring. Conduct a preliminary screening of the applications submitted and make an initial assessment of qualified applicants based on the skills, experience and education outlined as minimum requirement in the job description. The first interview should focus on whether or not the person is qualified to complete the job. The second interview should focus on hypothetical questions and scenarios, testing for necessary skills and determining whether or not they can succeed working within the values established by the organization.

Consider this, does your compensation packages contribute to attracting, motivating and retaining people? Are the salary and benefits in-line with industry benchmarks and geographical influences? Does the work environment include flexible policies, safe and secure
facilities, up to date technology, and on-site services such as daycare, fitness facilities and parking?

It’s important to recruit, hire, develop and retain people according to their competencies. You can manage with a “compliance” mind-set or set the tone of the organization to be mission-focused where employees are empowered and inspired to do their best.

Personnel policies exist to ensure fair play. The goal is to limit turnover, attract qualified employees, treat people with respect and promote higher achievements in staff. They do not exist to punish or limit staff.

**Performance Management:**

Two basic principles of human resources include inspiring people to want to be a part of the larger visioning for the organization and ensuring competency in the tasks outlined in job descriptions. Everyone from staff, volunteers to Board members should have a job description. The job description should be a written description of what their individual roles, responsibilities and desired outcomes are for their position. It should include specific tasks the job requires and the competencies needed to complete the job successfully.

According to The Guide for Successful Nonprofit Management, there are six components of a job description:

1. A restatement of the mission, vision and values.
2. The basic duties required for the position as well as any education, experience and competency requirements.
3. A statement of how fulfillment of these duties will bring the organization closer to achieving its mission.
4. A statement that includes to whom the staff person reports and which team they will belong to.
5. A description of the additional competencies that each staff member is expected to participate in that promote the work of their team, such as participating in annual evaluation.
6. A statement on how the organization expects the staff persons to hold themselves accountable to the expectations set before them.

Job descriptions are important because they are closely aligned with performance standards. Performance standards exist to protect both the staff person and the organization. Expectations are clearly identified and the manner in which they are to be obtained. Individual supervision should be structured so that the staff person understands their accountability to the entire organization. It should be designed to help raise the bar on expectations. The best evaluation and review process encourages dialogue between the staff person and the supervisor. It should include a self-assessment and an annual review of goals and accomplishments.
Summary:
It is critical that human capital is treated as an integral part of strategic business management. You can give human capital more priority in the overall strategic planning by developing and incorporating modern practices and policies. To be effective, strategic human capital management requires a plan and sustained commitment. Monitoring and refining how the plan is being executed and its effectiveness is important, therefore adjustments can be made as needed.

References: