

NPO GOVERNANCE TOOL BOX SERIES

Vol. 4, Issue 4 August, 2013

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BOARD COMMITTEES - HUMAN RESOURCE COMMITTEE



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HUMAN RESOURCE COMMITTEE

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HUMAN RESOURCE COMMITTEE

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1. INTRODUCTION

In non-profit organizations, human resource plays a key and pivotal role. Human resource is also an important asset of the organization. Therefore, it is important to develop, nurture, preserve and protect the very human resource of an organization.

As we have seen in the previous issues, the Board is responsible for proper governance and management of the organization. This would also include management of human resource of the organization. In case of medium or large organizations, the Board generally sets up a human resource (HR) Committee to support itself in discharging the HR Functions.

2. OBJECTIVES OF HUMAN RESOURCE COMMITTEE

The objective of the HR Committee is to oversee the following functions:

- Recruitment of key personnel
- Appraisals
- Compensation packages
- Service conditions
- Discipline
- Succession

3. RESPONSIBILITIES OF HUMAN RESOURCE COMMITTEE

The specific responsibilities that the Committee carries out on behalf of the Board are as follows:

- To review, monitor and makes recommendations to the Board on human resource strategies and policies that pertain to staffing, compensation, benefits, and related issues of strategic importance;
- To conduct an assessment of the performance of the Chief Functionary at least on an annual basis. In addition to it, review the compensation on an annual basis;

To review and provide recommendations to the Board concerning the approval or amendments to the Human Resource policy;

- To identify and meet the training/capacity building needs of existing staff;
- To report its actions and recommendations, if any to the Board after each Committee meeting.

4. STRUCTURE OF THE HUMAN RESOURCE COMMITTEE

The HR Committee is to be a sub-committee of the Board. In other words, the Committee's functions are determined by the Board. The Board may delegate certain functions related to Human Resource to the HR Committee. Therefore, the HR Committee derives its mandate from the Board and also reports back to the Board.

The HR Committee should have a minimum of three members of whom two should be Board members. The Board can nominate members from among them who have expertise or interest in the areas of human resource management. Further, depending on the size and needs of the organization, the Board can also opt for one/two person's (who can be from outside the Board) to be co-opted based on the specialized skills.

The Chief Functionary and the Head-Human Resource desk generally, participate in the meeting as invitees and they will have a limited role to facilitate the meeting with documents etc. This practice ensures independent functioning of the committee.

The Board shall appoint the Chairperson of the Committee who shall be independent. Further, the appointment and removal of Committee members shall be the responsibility of the Board.

5. HOW TO CREATE AND MANAGE HUMAN RESOURCE COMMITTEE?

5.1. Create a Mandate

It is important to have a predefined mandate that clarifies the role, purpose and responsibilities given

to the Committee. The Board is entrusted with the responsibility of finalizing the mandate as they are the ones who are delegating their function and know what they expect from the committee. In other words, mandate provides terms of reference for the HR Committee. A sample of HR Committee “Terms of Reference” is attached as *Annexure-A*.

5.2. Meetings

The Board depending on the size and needs of the organization shall determine the frequency of HR Committee meetings. Generally, the Committee shall meet twice annually, with pre-determined dates and agendas, and shall hold special meetings as and when required. Further, since the Committee members are also occupied at other places, it is recommended to have an annual work plan for the year, and Committee meets regularly with pre-determined dates and agendas.

5.3. Reporting

A reporting mechanism should be in place so that the Board can be kept up to date with progress, consider proposals from the Committee and ratify any decision taken by the Committee within its terms of reference. The Committee shall also provide to the Board such other information as the Board may require.

6. CONCLUSION

It is important to have proper set up of human resource management in an organization to avoid losses i.e. both financial and goodwill. To overcome such situations, organizations put a lot of effort and energy into setting up strong and effective human resource management practices. Thus, the Board which has the oversight responsibility delegates its function to the HR Committee which is a small group of experts focusing in detail on a particular issue. This allows the Board to ensure that sufficient attention is being paid to specific issues and in a timely manner.

Watch out for the next issue on “Board Committees – Program Committee”



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Annexure A
Terms of Reference (ToR) Template

1. Organizational Structure

- To review the organizational structure and make recommendations on the changes to the Board.

2. Recruitment and Selection

- To identifying the need for human resource in the organization
- To review the job descriptions
- To recruit the best people for the organization - interviewing, screening and selecting

3. Induction and Capacity Building

- To review, monitor and make recommendations regarding the orientation process
- To develop a time bound induction plan for the new recruits
- To develop an annual calendar for staff capacity building- internal and external (depending on the area to be covered and expertise available internally)

4. Staff Appraisal and Performance Review

- To develop a plan and methodology to be followed for review process
- To review the performance for the previous year against the responsibilities assigned
- To review mid-year in consultation with the Chief Functionary the performance against that in the year

5. CEO Evaluation

- To conduct an assessment of the performance of the Chief Functionary, ideally once in two years.
- To draw a plan and methodologies to be followed for evaluation process.
- To communicate the results of the evaluation to the Board for its review and then to the Chief Functionary.

6. Compensation Review

- To oversee, review and approve (annually or as per the guidelines of the organization) the salary structure for Chief Functionary, senior staff and employees of the organization.

7. Human Resource Policies

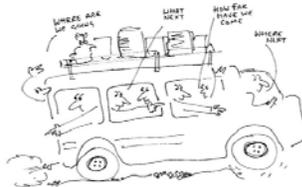
- To review the organization's human resource policy for consistency with the organization's mission, vision, values, goals and needs and recommends amendments, additions or deletions as appropriate to the Board.

8. Succession Planning:

- To review management's succession plan for the executives and senior management.
- To develop and build second line leadership in the organization

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