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LUTHERISCHER WELTBUND – FEDERACIÓN LUTERANA MUNDIAL – FÉDÉRATION LUTHÉRIENNE MONDIALE

Department for Mission and Development – Human and Institutional Capacity Development

Human and Institutional Capacity Management/Development (HICM/D)

Needs Assessment, Planning and Policy Framework –Asia- /Final draft/

Outcome of the Strategic Leadership Seminar/Consultation in Asia; held in Kuala Lumpur, Malaysia, 23-28 August 2011.

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1.0 Preamble

The Strategic Leadership Seminar/Consultation (SLS/C) in Asia was held in Kuala Lumpur from 23-28 August 2011 as a follow-up to the LWF International Scholarship Evaluation and the subsequent Global Consultation on Education and Training Impact and Strategy, both of which took place in 2010.

Key issues addressed at the SLS/C include: Human and Institutional Capacity Development (HICD) program implementation and follow-up; strategic needs in the areas of Leadership Development, Theological Education and Diakonia/Development Capacity; HICD policies and plans; institutional sustainability; gender; youth; and other major aspects identified through the evaluation and/or the global consultation processes.

Participants of the SLS/C included church leaders, theological educators, diakonia/development practitioners, as well as representatives of WICAS, Youth, HRD committees, disability networks, communities, civil societies, local government and other related sectors.

As part of the seminar, participants were trained in some fundamental aspects of human and institutional capacity management, needs assessment, planning and policy formulation. They also discussed in small groups and plenary sessions the preliminary draft frameworks that were presented.

This document presents the frameworks adapted through feedback obtained in the seminar. It serves as a recommended framework for local churches to begin evolving their practices towards a more efficient and effective human and institutional capacity management/ development.

2.0 Document Guide

There are three sections in this document:

a) Human and Institutional Capacity Development
b) Human and Institutional Capacity Needs Assessment and Planning
c) Human and Institutional Capacity Policy Formulation

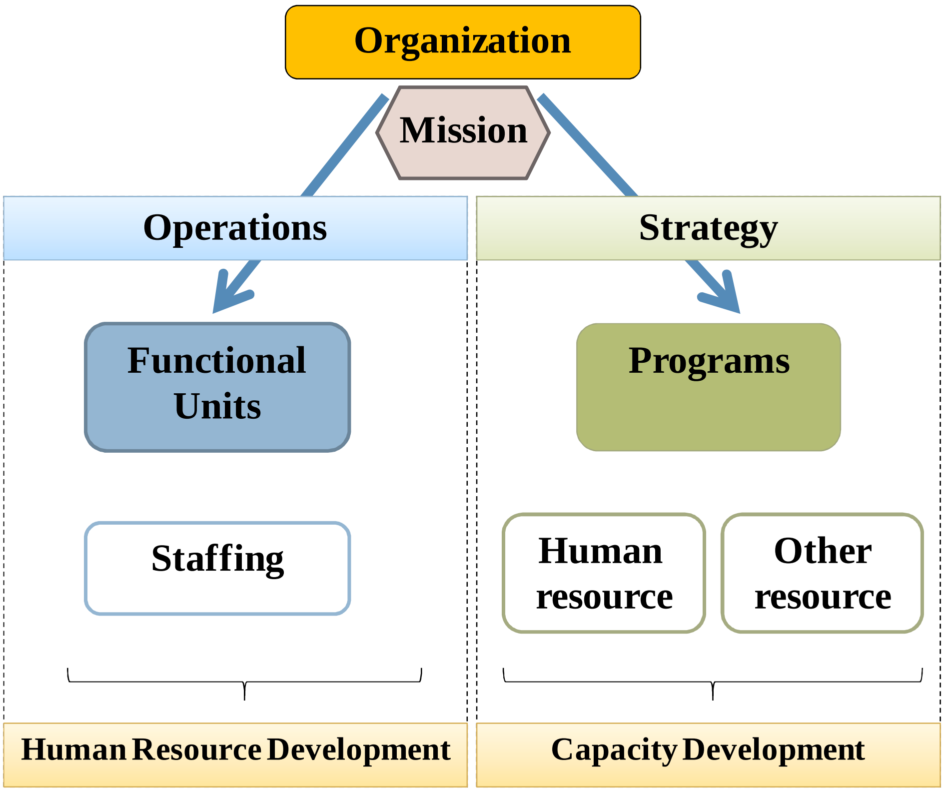
Each of the latter two sections introduces a framework that includes a chart showing the generic steps that will guide the organization in its planning and development. Templates are provided in the Annexes.

3.0 Human and Institutional Capacity Development (HICD)

'Human resource' is a relatively modern management term, coined in the 1960s. It originated from the need to manage the welfare of workers and later evolved into a form of administrative management activity that exists in almost all organizations today.

The administrative activities include recruitment, payroll, training, promotions, welfare and retention of staff. Human resource management as a practice is created to support the organization's mission. It uses the organization hierarchical units to organize the deployment of its activities.

A subset of Human Resource Management is Human Resource Development, which focuses primarily on training, career development and organizational development to improve effectiveness of both the individual and the organization.



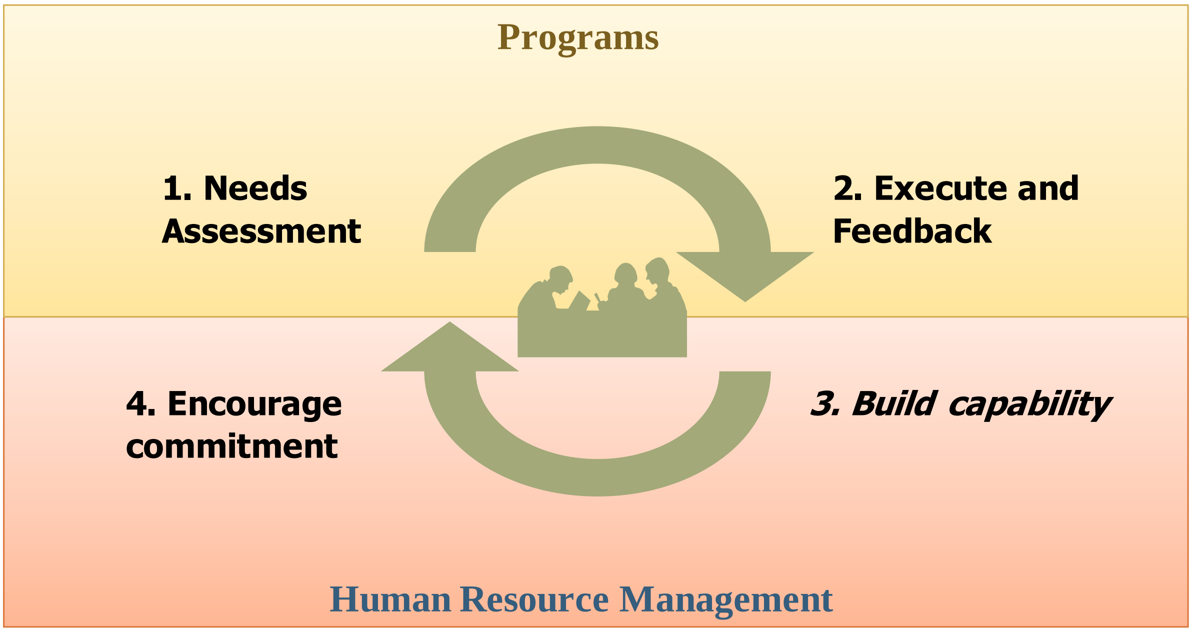
The explanation so far applies to the left side of the above diagram. There is the emergence of another term called 'Capacity Development'.

An organization develops strategies to achieve its mission. To carry out these strategies, it implements programs that are targeted at specific outcomes. While these programs are executed by human resource within the organization, they often affect or benefit people outside of the organization. These people outside the organization may also be part of the human resource involved in the program execution.

Thus, Human and Institutional Capacity Development (HICD) is the process of strengthening the abilities of individuals, organizations and societies to make effective use of the resources, in order to achieve the program goals on a sustainable basis. As such, institutional capacity development involves a holistic view of what is required for a program to be successful. This will include assessing the human capacity needs as well as areas where there are gaps. There may or may not be an organization unit that specializes in institutional capacity development. Usually the program owner will be responsible for institutional capacity development.

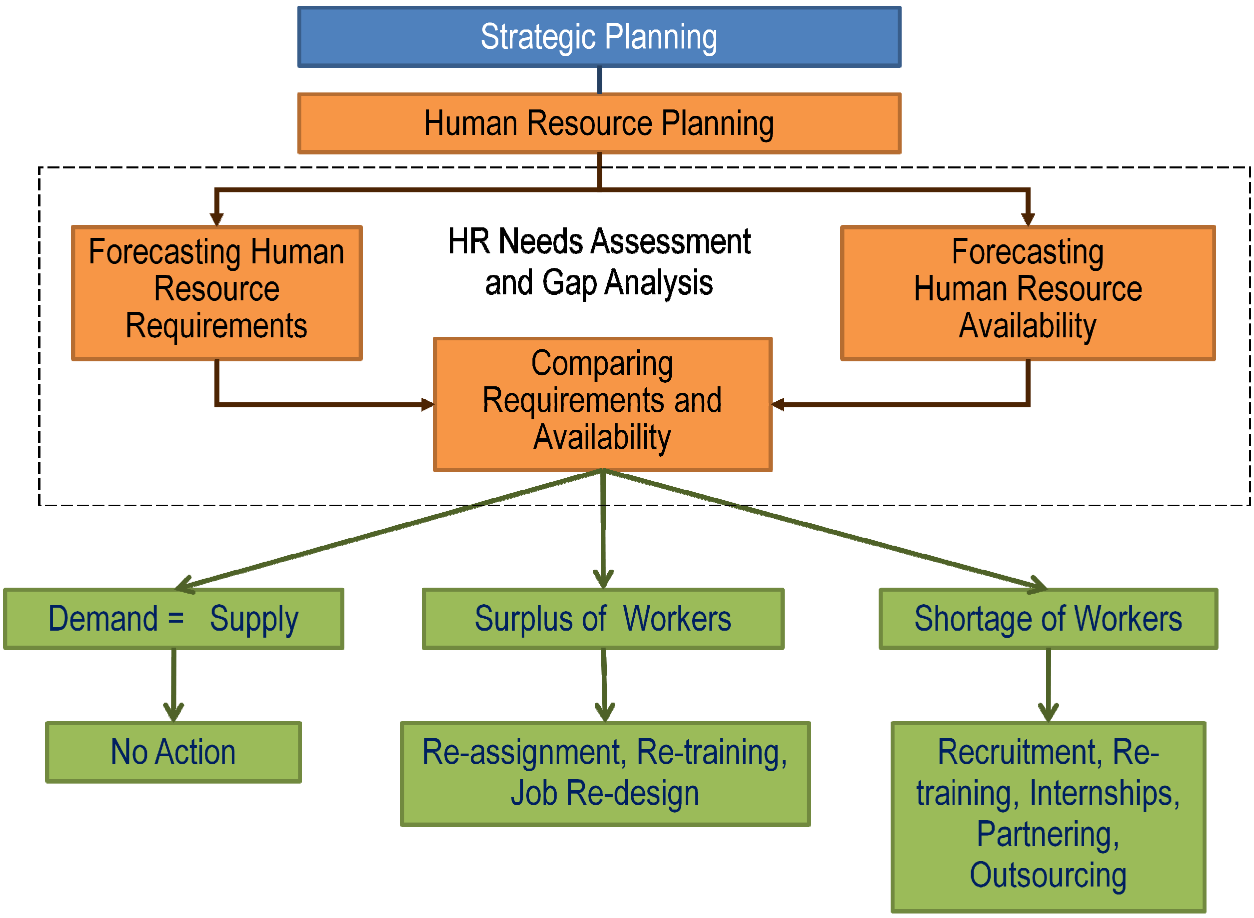
If there is a formal organization unit that specializes in human capacity development, the needs and gaps which have been identified may be fed to this unit for planning and follow-up actions.

Human capacity management/development and institutional capacity development, whether they be organization units or practices, should work in synergy to align activities towards achieving the common outcome.



4.0 Human and INSTITUTIONAL Capacity Needs Assessment and Planning

Human and institutional capacity management is a strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of its mission.
An integral part of the management process is the planning of resource allocation based on the areas of need. The framework below illustrates the planning process.



4.1 Strategic Planning

HIC (Human and Institutional Capacity) Planning cannot be isolated from the organization's mission and strategy. It is imperative that there should be some form of mission and strategy already provided so that efforts in HIC Planning can be aligned to help achieve the mission of the organization.

Organizations may already have the implicit mission and strategies acted out in their day-to-day operations. It may not be a difficult exercise to pen down the mission and strategies to serve as important input and inspiration to the human resource planning efforts.

4.2 Human and Institutional Capacity Development (HICD) Planning

In many cases, HICD planning is not an integral part of strategic planning, but rather flows from it. That could lead to strategic plans becoming difficult to fulfill through human capacity management. This is especially so in today's context when the success of the process of adapting to change requires an increasing degree of individual and group involvement. This in turn requires human capacity need and potential to be integrated into strategic plans. As such, the outcome of human capacity planning should also flow into strategic planning.

The key activity in HICD planning is the Needs Assessment and Planning which comprises these 3 main steps:

- Forecasting HICD Requirements (Needs)
- Forecasting HICD Availability (Capability)
- Comparing Requirements and Availability (Gap)

4.3 Step 1 - Forecasting HICD Requirements

HICD is required to carry out activities (or jobs) within the programs that the organization has. It forms a major part of the organization’s **capability** to meet its objectives so as to fulfill its mission.

It is therefore useful to understand what capabilities are required for the organization to be successful before delving into the details of staffing requirement.

So instead of going straight into HIC requirement study, it is advisable to first perform a <u>capacity assessment</u> exercise. This exercise will then highlight areas which HIC requirement study and gap analysis can focus on.

4.4 Step 2 - Forecasting HIC Availability

There are basically two methods of gathering requirements for HIC.

- **Zero-based Forecasting** – uses current level as starting point for determining future staffing needs.
  - o This method forces the planner to consider if the work can be carried out with the existing resources. It starts by first assuming that empty positions that are there are frozen (removed and not planned for filling). Then problem

areas are considered and existing capacities are optimized with job re-design and re-allocation of responsibilities. It is after serious considerations have been made about the use of existing capacities that the planner will then consider new positions and justify why those positions are needed.

- **Bottom-up Approach** – uses an empty slate approach whereby each level of the organization or program, starting with the lowest, forecasts its requirements to provide an aggregate of employment needs.
  - This method helps in thinking afresh what the ideal staffing needs would be without having to deal with the problems of the existing setup. It will be ideal in a very open working environment where staff members are not concerned about major changes to their current positions and co-workers. It is also ideal for planning the staffing requirements for new programs.

Refer to Annex A2 for the "Workforce Action Plan", a simple tool for gathering and presenting information about staffing requirements.

Strategic Goals	Talent Implications	Current Positions	Current Employees
Increase baptised church members to 150 by end 2012	Spiritual leader	Pastor	Daniel Arun
	Youth program	Youth Leader	Akira Arun
Provide an extra meal a day for 200 needy villages	Cooking for masses	Cook	Chakriya
	Food preparation	Assistant Cook	Davey
Well organized general administration and operations	Bookeeping	Administrator	Kravan
Teach proper English to enhance job	Teaching English as foreign language	nil	Daniel Arun
Succession Planning	Spiritual leader	Scholar 1	Sophouen
	Nursing	Scholar 2	Sokmi
	Medical doctor	Scholar 3	Chantrea
	Irrigation/ Diakonia lead	Scholar 4	Dara

4.5 Step 3 – Comparing Requirements and Availability

Requirements and availability of HIC is compared to identify gaps.

The comparison may have these outcomes:

a) **Demand = Supply.** An exact match is not common. It is more likely that the gaps are not obvious and the organization is happy to proceed with business as usual until the next comparison exercise takes place. In such as case, no further action is needed.

b) Surplus of Workers. This outcome is again unlikely in our context because in most cases,"… the harvest is plentiful but the workers are few." - Matthew 9:37. However, this can at times occur, like when a project is completed or when a scholar returns. Here are possible actions to be taken:

- Re-assign workers to areas of need.
- Re-train workers or re-design jobs to fill other resource gaps.

c) Shortage of Workers. Here are possible actions to be taken:

- Recruitment.
- Re-training.
- Internships.
- Partnering.
- Outsourcing.

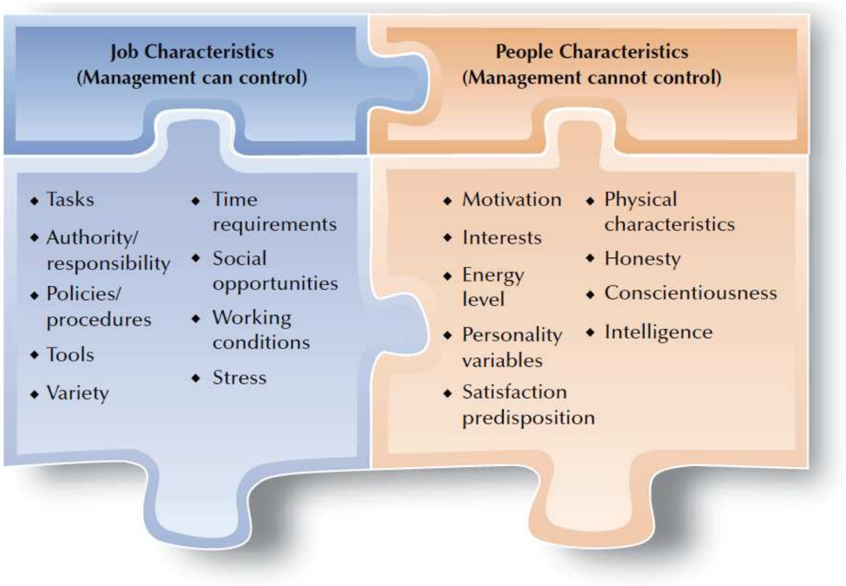
4.6 Solution Strategies

Often, the problem is not the shortage of workers but the shortage of skills or more broadly, the gap between the performance of individuals and the demands of the jobs. The performance of individuals is related to the human factor and needs to be handled sensitively.

Therefore the solution is not just simply filling up empty positions. It may involve job re-design, succession planning, skill development and even counseling.

HIC management involves not only the management of capability but also the management of commitment.

In the management of capability, we look at Job Characteristics. In the management of commitment, we need to consider People Characteristics.



There are four strategies to consider for closing human resource gaps:

a) **Motivation Strategy.** This involves doing what is needed to inspire and motivate staff. (E.g. providing counseling on calling; giving greater responsibilities; increasing pay and giving incentives like benefits, family support or overseas trips)

b) **Development Strategy.** This involves creating opportunities for staff development. (E.g. giving scholarships; providing opportunities for training, industrial attachment, secondment, understudy, or sabbatical leave)

c) **Retention/Attrition Strategy.** This involves helping staff to stay or easing their exit. (E.g. handling conflicts, job re-design, job change; looking for alternative job opportunities outside organization)

d) **Recruitment Strategy.** This involves actively recruiting new staff. (E.g. looking into referrals, job advertisements, transfers; deploying returning scholars)

Finally, when carrying out needs assessment, gap analysis and action planning, it is important to keep in mind proper alignment to the organization’s mission and strategies.

5.0 Human and Institutional Capacity Development Policy Formulation

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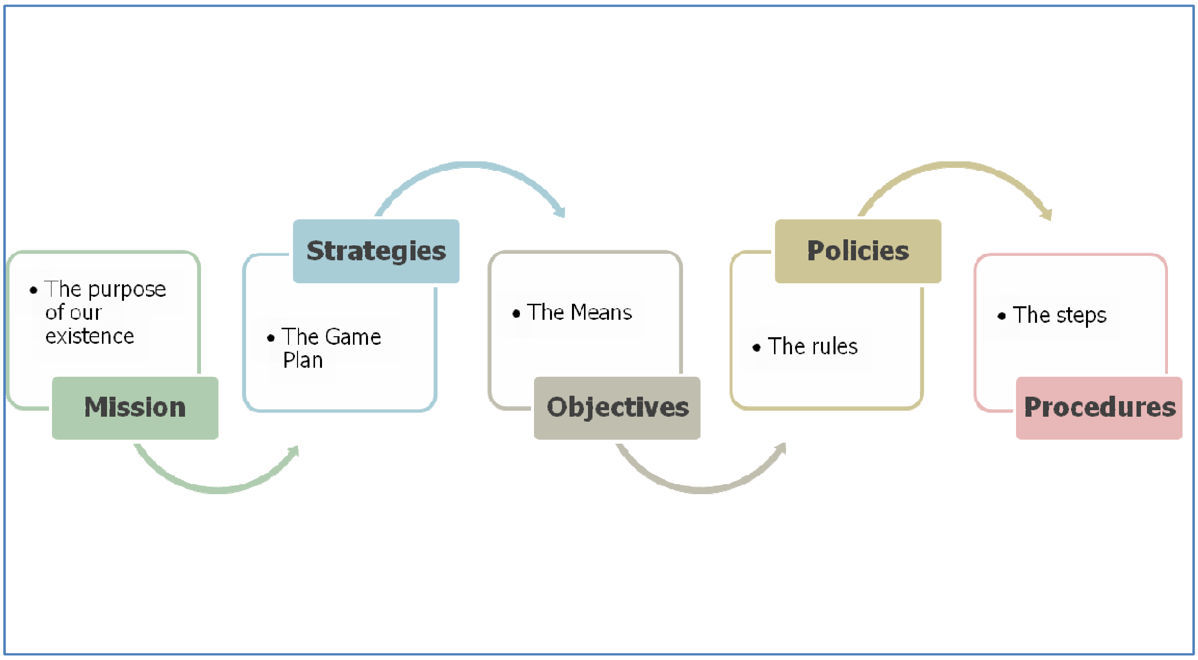
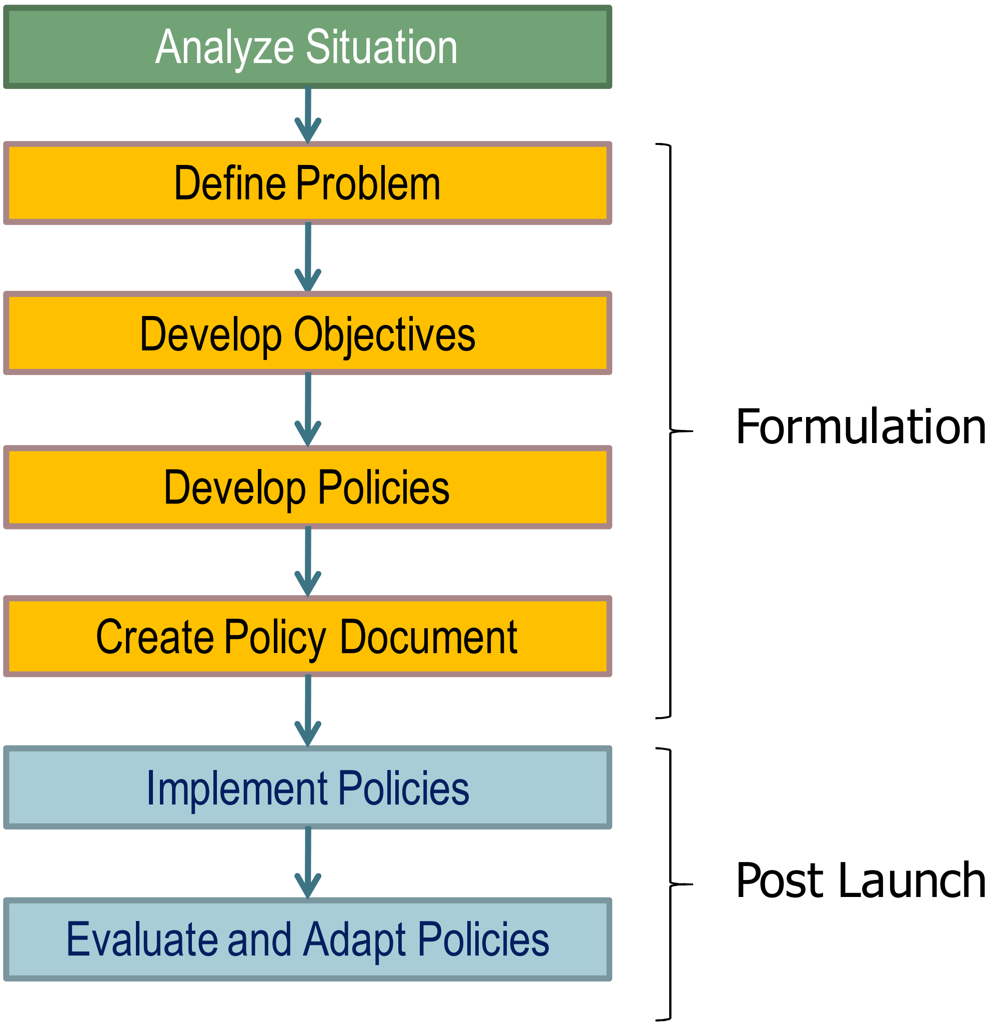
A Human and Institutional Capacity Development (HICD) Policy should be effective, enforceable and accepted by the leaders and employees in the organization. For this to be achieved, it is necessary to know how the policy relates to the mission, strategies and objectives of the organization. It is also important to understand how the policy translates into procedures and guidelines for the staff.



Typically a policy is created to respond to a known or anticipated problem. It provides guidance by defining boundaries that both limit the work behavior of the staff and direct that behavior towards achieving the organization's objectives.

Where appropriate, procedures and authorized forms are used to ensure compliance.

The framework below shows the steps for Policy Formulation.



5.1 Step 1 – Analyze Situation

Before a policy formulation exercise, it is common for the organization to takes stock of the current situation and surface areas of concerns where policies are needed. This exercise can be a simple exercise involving a team coming together to consolidate all the known issues. It can also be an elaborate exercise that takes months of collecting data from the field. In either case, an analysis of the current situation provides a good context for the policy formulation efforts.

In fact, it is also useful at this stage to identify various aspects of the organization where policies are needed. These aspects will be useful in organizing the eventual policy document.

5.2 Step 2 - Define Problem

Problem-based policy formulation is an approach which is simple to understand. Focusing on problems is the easiest way to draw attention to the fundamental issues that prevent the organization from reaching its objectives. However, it is important to note that policies are created not just to provide a solution to a problem. They are also created to provide guidance in meeting the mission of the organization. This may well mean looking beyond problems and defining policies that lead to seizing opportunities.

As such, it is essential to understand the root cause of the problems and the fundamental issues that need to be addressed so as to have a long-term effect.

Not reaching down to fundamental issues will mean that the resulting policies will tend to address only short-term problems.

Here are some guidelines for analyzing problems:

a) Listen to problems articulated by clients/beneficiaries BUT avoid basing decisions solely on what you hear.
b) Be sensitive to simple and obvious symptoms BUT seek to understand where the problem begins.
c) Take note of possible solutions BUT differentiate between short-term and long-term solutions. [Note: short-term solutions may not justify creating a policy.]

To state the problem:

a) Delineate the boundaries of the problem
b) Provide evidence and facts
c) State outcomes of the policy solutions
d) Write the problem statement(s)

5.3 Step 3 - Develop Objectives

In this step, we move from outcome to means of achieving the outcomes, as defined in objective statements.

A popular technique for defining objective statements is the SMART method. (SMART stands for Specific, Measurable, Achievable, Realistic and Time.) However, this technique may be overly restrictive when used to define objective statements for the purpose of policy formulation.

Objective statements may include the following contents if relevant:

- Desired end states
- Relevant actors
- Resources
- Criteria

5.4 Step 4 - Develop Policies

Policies are developed by considering the rules that will be needed to guide staff behavior or decision-making so that the objectives can be met. At times these rules surface because of a negative past experience.

In defining policies, avoid those that are:
- Unnecessarily strict
- Unclear
- Impractical
- Do not have general consensus

For controversial policies, it is advisable to have dialogues with affected parties before implementing them.
Policies may direct attention to a particular solution (or part of the overall solution). Policy formulation may involve developing alternatives. Here are some guidelines:
- Avoid relying too much on past experiences
- Avoid deciding on policy too soon before good alternatives can be discovered
- Elicit ideas from interdisciplinary teams and leaders

When faced with alternatives to choose from, you can decide on policies based on cost and benefit, risk and feasibility.

5.5 Step 5 - Create Policy Document

The Policy document is a medium for communication. A sample template can be found in Annex B3 of this document. The template is a useful for those who do not have a similar document in place.

Some organizations may prefer to name the Policy Document differently by using terms that staff can better identify with. An alternative term like “Guidelines” can be considered as it is less formal. While the name of this document may vary, the content should include most of the recommended sections listed below:

Outline:

1. **FOREWORD**
   {A message from a leader showing support for the policy document}
2. **ACRONYMS AND ABBREVIATIONS**
   {A list of common acronyms and abbreviations used in the document for those who are new to the policy and the local context}
3. **PREAMBLE**
   {A section to explain the purpose of having the policy document}
4. **SITUATIONAL ANALYSIS**
   {Background of current situations, opportunities and problem areas that set the context of the policy document}
5. **VISION AND OBJECTIVE OF THE POLICY**
   {End states and primary thrusts of the organization presented as statements of objectives}
6. **STRATEGIES FOR ACHIEVEMENT OF OBJECTIVES**
   {The game plan for achieving the objectives}
7. **INSTITUTIONAL FRAMEWORK FOR POLICY IMPLEMENTATION**
   {Framework to define how the policies can be implemented and adapted. Framework covers decision making structure, governance, terms of reference of the custodian of the policy document.}

8. **POLICIES**
{Topics are organized according to aspects which policies will address. It may be organized according to programs, functional hierarchy, or selected areas where policies are needed.}
   - **TOPIC 1**
   {Statements of policies which may include relevant procedures}
   - **TOPIC 2, etc**
9. **ANNEX I: DEFINITIONS**
{Definitions of contentious terms and phrases}
10. **ANNEX 1I: ROLES OF VARIOUS ACTORS IN POLICY IMPLEMENTATION**
{Description of key actors' roles}
11. **ANNEX X: {Any additional information that may be useful}**

The policy document should be formally evaluated and approved. There should be some form of document control to ensure that the different versions are managed. For example, the dates when the policies are implemented should be clearly stated.

5.6 Step 6 - Implement the Policies

Dissemination and Communication:

1. **Get started with Paper Document**. The simplest medium to capture the policy and disseminate the policy document is by paper. But a paper-based policy document has its limitations.

2. **Put on a Website**. It is advisable to centralize the official document on a website if the church has the capability to do so. If a website is used, make the document easily *browsable* and provide a printable copy as well.

3. **Hold a Launch Event**. Another common approach to dissemination and communication is to conduct a briefing session which may also be positioned as a launch session.

Application of Policies:

1. **Track Initial Alignment Actions**. Policies are defined to be followed. But in many cases, changes to current practices are hard. A good practice is to identify immediate areas where alignment actions are needed. Track and support these alignment actions to help staff to adapt to the new policies.

2. **Operationalize the Policy through Procedures and Forms**. To encourage staff to constantly refer to the Policy Document for guidance, it is useful to also include procedures and forms so as to make the act of returning to the policy document part of the day-to-day operations.

3. **Cater for the Handling of Exceptions**. Policies are imperfect. There will be unforeseen circumstances where the policies cannot be followed. Therefore, the process for handling exceptions needs to be made known. Typically, selected parties are given the authority to approve any deviation from the

policies. While It is advisable to ensure a smooth approval process, any deviation should also be tracked and subsequently reviewed. The organization will have to learn to deal with the following dilemma:

a. If it is hard to get approval to deviate from the policies, staff may rigidly follow the policies, sometimes with undesirable consequences.
b. If it is too easy to get approval to deviate from the policies, staff may conveniently choose not to follow the policies.

5.7 Step 7 - Evaluate and Adapt Policies

A policy document often needs to be revised a few times before it becomes stable. It is important to purposefully set aside time to review the policy document and the practical implementation of the policies. A general guideline is to have a review 6 months or 1 year after the launch.

Objectives of Policy Review:

1. To check feasibility of the policies
   Look into the exceptions that have surfaced since the launch.

2. To consider new problem areas
   The policy document may not have adequately captured certain aspects of the organization. Identifying and adding new problem areas will make the policy document more holistic.

3. To evaluate the effectiveness of the policy in achieving the mission of the organization
   If effective, consider expanding the implementation to other areas. For example, the policy may initially be implemented in one hospital in the sub-region. After a successful review, the policy may be extended to other hospitals.

Note: If there is an important policy that cannot be followed or that leads to the wrong result, do not wait for the review session to make a change. Implement the change by using an addendum or by changing the website as soon as possible. Remember to communicate these changes.

ANNEX A – CAPACITY ASSESSMENT TEMPLATE

Note: Softcopy in Excel file format available.

Organizational Capacity Assessment Tool			
Name of Organization:			
Date of Assessment:			
Assessment Facilitated by:			
Organizational State			
1= Very satisfied			
2= Satisfied			
3= Adequate			
4= Can be improved			
5= Does not exist			
Importance			
1=Can Wait			
2=Moderately Important			
3=Very Important			
	Current State	**Importance**	**Priority Index**

ANNEX B - WORKFORCE ACTION PLAN TEMPLATE

Note: Softcopy in Excel file format available.

Workforce Action Plan - Strategic Goals & Competency Gap Analysis

WORK DEPARTMENT / DIVISION / UNIT: XXX
MANAGER / SUPERVISOR: XXXX

Program Name - XXXX

DATE PREPARED: XXXX

Strategic Goals & Position Needs			Competency Gap Analysis						Solution Strategies				
Strategic Goals	Talent Implications	Current Positions	Current Employees	Current Salary	Current Performance Rating	Employee Competency Level	Position Competency Level	Competency Gap? *(Yes or No)*	Solutions to Close Competency Gaps				Remarks
									Motivation Strategy	Development Strategy	Retention/ Attrition Strategy	Recruiting Strategy	
Additional Positions Needed									Internal and/or External Recruitment Strategies				

ANNEX C – HICD POLICY DOCUMENT TEMPLATE

1. **Title page normally includes:**

TITLE

VERSION XXX

Date>

2. **Version History Record includes:**

Version	Date	Brief description of amendments and affected pages, paragraph

3. **FOREWORD includes :**

A message from a leader showing support for the policy document and signature of the executive personnel

4. **TABLE OF CONTENTS includes:**

Topic Number	Topic / Sub-topic	Page Number

5. **ACRONYMS AND ABBREVIATIONS include:**

A list of common acronyms and abbreviations used in the document useful to those who are new to the policy and the local context

Acronyms And Abbreviations	Full Text

6. **PREAMBLE includes:**

A section to explain the purpose of having the policy document

7. **SITUATIONAL ANALYSIS includes:**

Background of current situations, opportunities and problem areas that set the context of the policy document

8. **VISION AND OBJECTIVE OF THE POLICY includes:**

End states and primary thrusts of the organization presented as statements of objectives

9. **STRATEGIES FOR ACHIEVEMENT OF OBJECTIVES includes:**

The game plan for achieving the objectives

For each of the objectives, list the strategy or strategies that will address it.

10. **INSTITUTIONAL FRAMEWORK FOR POLICY IMPLEMENTATION includes:**

Framework to define how the policies can be implemented and adapted

This framework covers decision making structure, governance, terms of reference of the custodian of the policy document. This can be included under a sub-topic called Key Considerations. It may also include a sub-topic for Guideline of Use.

11. **POLICY TOPICS includes:**

Topics are organized according to aspects which policies will address.

It may be organized according to programs, functional hierarchy, or selected areas where policies are needed. The title of the sections should reflect the area accordingly.

The main body of this topic should contain statements of policies. Relevant procedures may also be inserted or referred to within the policy statements. But care should be taken not to clutter this section with procedures making the topic difficult to read.

12. **ANNEX I: DEFINITIONS includes:**

Descriptions of terms used

Term	Description

Terms are sort in alphabetical order.

13. ANNEX II: ROLES OF VARIOUS ACTORS IN POLICY IMPLEMENTATION includes:

Description of roles of various actors involved in the implementation of the policy

This section is not meant to contain the complete function of the actors. Descriptions on their responsibilities with respect to the policy implementation are sufficient.