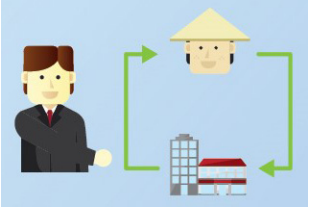
AIP-RURAL Human Resource Management Strategy 2017-2018

15 August 2017

Version 0.0

AIP-Rural Organisational Strategy

AIP-Rural's **Vision** is to be a leader in delivering market-driven solutions in Agriculture.



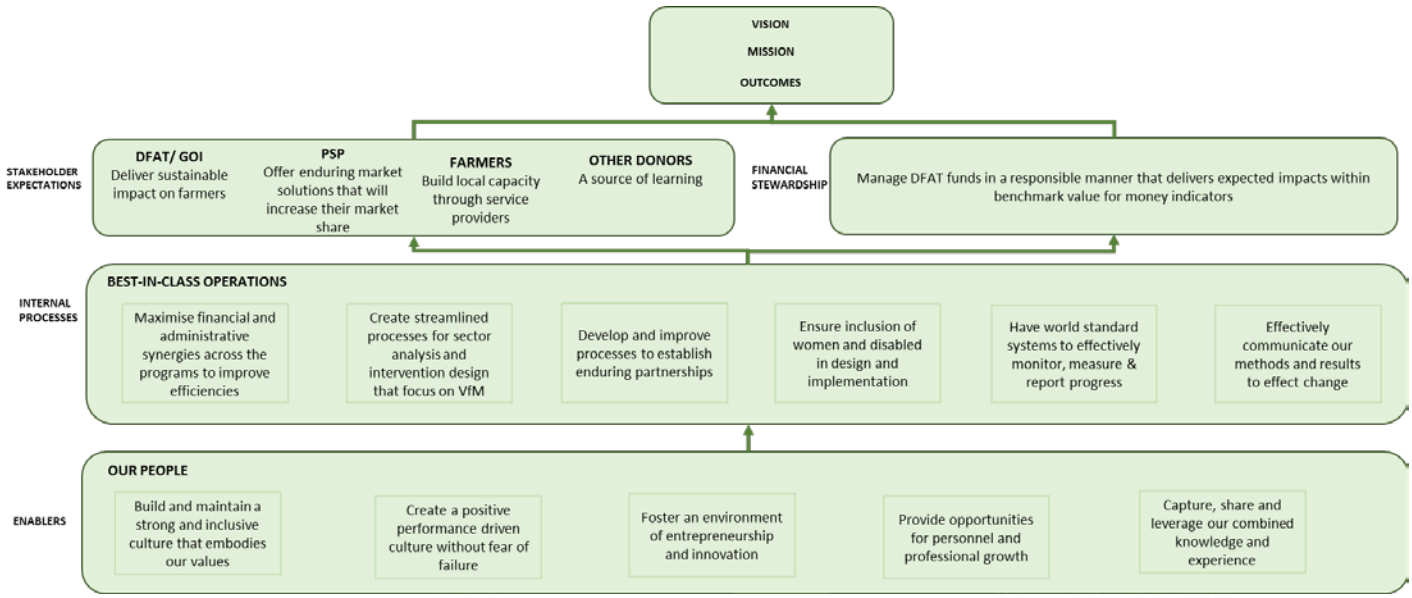
The **Mission** is to offer win-win solutions that provide profitable opportunities for co-investors while improving the income of smallholder farmers in Indonesia.

AIP-Rural Strategic Outcomes

AIP-Rural aims to improve the income of poor farmer households. Through its four programs, AIP-Rural expects to see the following **strategic outcomes**:

- Improved sustainable farmer practices
- New and innovative offers by our partners to farmers
- Pro-poor systemic changes in our agricultural sub-sectors
- Improvements in the business enabling environment of agriculture

How AIP-Rural intends to get there: The Organisational Strategy Map



The roadmap to AIP-Rural's Organisational strategy is outlined above. The Human Resource Management (HRM) strategy has been 'cascaded' from this organisational strategy. The HRM strategy focuses on the strategic priorities of AIP-Rural within the context of the remaining 18 months of the program (2017-2018). The focus will be on maintaining a positive performance-driven culture and building the capacity of existing staff to fulfil the program target of increasing the income of at least 300,000 poor farmer households by December 2018.

Human Resource Management in a nutshell

HRM is an important support function for AIP-Rural and ensures the program has the right people with the right skills to do the job

HRM comprises two streams: 1) **personnel management**, which deals with the recruitment, contracting and performance management of staff, and the provision of pastoral services (see graphic to the left), and; 2) **Human resource development,** which ensures that staff have the necessary skills and knowledge to undertake their role, and that talent is identified and managed so that high performing staff are retained.

The two streams of HRM are closely aligned and linked through the performance management process, which identifies skills gaps and training needs, and is the basis for both the annual capacity development plan and internal capacity development measures, such as mentoring and on-the-job training.

In AIP-Rural both these streams will be undertaken by the HRM team.

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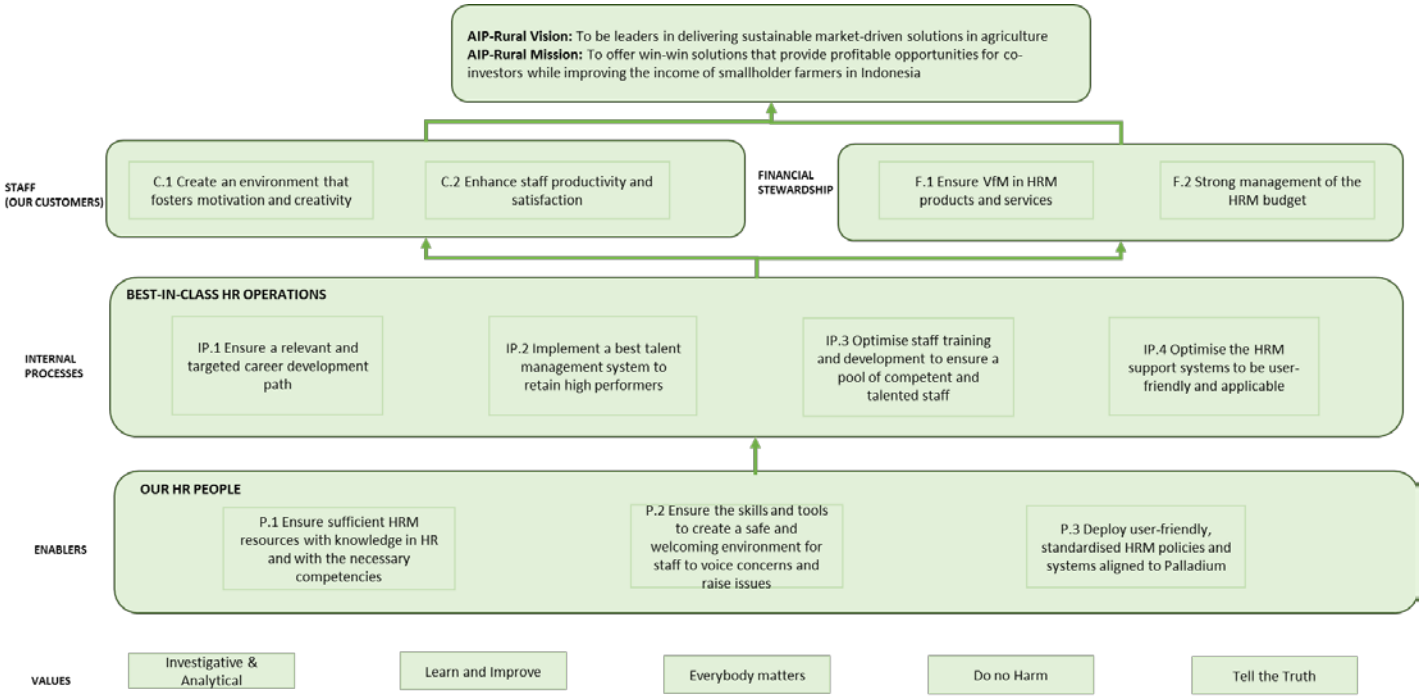
The HRM Strategy Map 2017-2018

The HRM roadmap for the remaining 18 months of the program is outlined below. How to read the map is explained overleaf.



The HRM strategy roadmap uses the balanced scorecard approach. It focuses on four key elements of success to achieve the AIP-Rural vision: 1) the HR people; 2) the Internal HRM processes; 3) the customers (in this instance, the staff); and 4) financial stewardship. For the purposes of this strategy, the boxes should be read from the bottom to the top as follows:

For the AIP-Rural vision to succeed how will the **HR staff** (or the 'enablers') innovate and grow to support the AIP-Rural programs in HRM services?

For the AIP-Rural vision to succeed, how will HRM meet the **expectations of the staff**?

For the AIP-Rural vision to succeed what will the internal **HRM operational processes** look like?

For the AIP-Rural vision to succeed, how will HRM deliver expectations to DFAT on **financial stewardship** of the HRM budget?

The following sections will look at each of the strategic objectives under the four key elements of the strategic roadmap. It will describe what the element means and how the HRM Unit intends to achieve the strategic objectives, including a list of activities that will be undertaken for the remaining period of the program. The HRM strategy is not an activity plan and does not include day-to-day activities that are the core responsibilities of the HRM team. Rather, it focusses on key activities required to fulfil the HRM strategic objectives for the next 18 months.

P.1. Ensure HRM Resources have sufficient knowledge in HRM with the necessary competencies

What does this mean?

Currently, the HRM Unit comprises an HR Manager and HR Officer, with some periodic strategic support provided by an HR Consultant. The HR Manager and HR Officer currently focus on the personnel management side of HRM.

The HRM team currently services a staff load of more than 140 staff across three programs (this includes the current recruitment of the final cohort of AIP-Rural staff). HRM administration is undertaken by the HRM team, with strategic management decisions being undertaken by the Core Management Team (CMT).

Previously, the Human Resource Development (HRD) component of HRM was undertaken through the Results Measurement and Learning (RML) team. The HRD position is currently vacant. As part of the current strategy, the program will recruit a candidate that will meet the requirements highlighted in this strategy. A decision has also been made to move the HRD functions under HRM to be more strategically aligned.

The HRM team need to have the relevant skills and competency to provide support to the program team in the areas of personnel management and HRD. This will be managed through the performance management process with oversight by the Deputy General Manager.

How are we going to get there?

- Develop specific core competencies for the HR Manager and HR Officer and include these in the revised core competency matrix (see IP.3)
- Develop a Terms of Reference (TOR) for a HRD Manager and recruit the position as a matter of urgency to replace the vacant CB Manager position
- Provide interim support to the HRM team for HRD functions through the Capacity Development Specialist

How will we measure our progress?

- HRM staff are competent (scoring at least a 4) in core HRM functions measured through the core competency matrix.

P.2. Ensure HRM staff have the skills and tools to create a safe and welcoming environment for other staff to voice concerns and raise issues

What does this mean?

The HRM team has a crucial role in facilitating a positive and performance-driven culture in AIP-Rural. This means living and breathing the AIP-Rural core values and ensuring a professional approach in dealing with HRM related issues.

How are we going to get there?

- Socialise the core HRM Policies and Practice Notes with staff and ensure adherence to these policies (see also P.3.)
- HRM to work with Unit Managers to discuss ways to ensure an open-door policy at the Unit level, and that sounding board processes are in place
- Implement the 'buddy' mentoring system through the on-boarding process for Cohort 5

How will we measure our progress?

- Improvement in the Staff Satisfaction Index will be measured through the staff satisfaction survey (see C.1).

P.3. Deploy user-friendly, standardised HRM policies and systems aligned with Palladium

What does this mean?

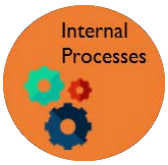
The Managing Contractor for AIP-Rural is Palladium. All HRM policies and systems must align with Palladium's Global HR policies. However, there are some program-specific practices that need to be documented and shared with the team.

How are we going to get there?

- Develop Practice Notes for current processes that have not been formally documented
- Socialise the Practice Notes and any new policies with staff
- Update the HRM Plan (formerly the Personnel Development Plan)

How will we measure our progress?

- Number of new Practice Notes developed
- Improvement in the Staff Satisfaction Index (see C.1).



IP.1. Ensure a relevant and targeted career development path policy and process for staff

What does this mean?

The program is committed to growing the capacity of staff within their current roles with a view to growing the middle management capacity of the program. This does not preclude other staff with the prerequisite core competencies and experience from reaching higher levels within the Program if a position becomes vacant. All promotions will be performance based. However, it is recognised that AIP-Rural is a time-bound program and because of this, there are limited opportunities for long-term career growth for all staff during the current phase.

How are we going to get there?

- Review and revise the current remuneration framework to clearly show how performance is tied to the salary scale and salary grades and socialise the grading with staff.
- Review and revise the promotion policy and socialise this with staff
- Revise the Portfolio staff TOR to clearly differentiate between the core competencies and levels of responsibilities between a Business Consultant, Senior Business Consultant and Principle Business Consultant. This will be reflected in the revised competency matrix (see IP.3)

How will we measure our progress?

- The number of internal promotions within the Portfolio team annually
- An increase in core competencies in identified high performers

IP.2. Implement a best talent management system to retain high performers

What does this mean?

Talent management is a term used to describe how the program attracts, engages, develops, and retains individuals who have the potential to significantly improve their capacity to be able to contribute significantly to the Program's strategy.

Talent management covers a number of areas, including recruitment, performance management and HDR (refer to the diagram under "HRM in a nutshell"). As all cohort recruitment is complete, recruitment strategies will now focus on succession recruitment (filling planned and unplanned vacancies for existing positions).

As mentioned under P.1, to date HRD has been undertaken by the RML team. This will be now be brought under HRM to create greater alignment and coordination, and to put a greater strategic focus on HRD. The position of Capacity Building Manager is currently vacant. A new TOR is being developed (see P.1) for a HRD Manager and when recruited, the position will focus on accelerating the career progression of high-performing and high-potential individuals as part of the talent management plan.

How are we going to get there?

- Recruit a HRD Manager with the necessary skills for effective talent management (see also P.1)
- Source additional short-term technical expertise to refine the existing talent management plan and create greater synergies with the performance management process and the annual capacity development plan

How will we measure our progress?

- Improvement of identified high performers against the core competency matrix.

IP.3. Optimise staff training and development to ensure a pool of competent and talented staff

What does this mean?

Under HRD, the program provides training and development aimed at adding to staff skills, knowledge and experience so they can deliver outcomes from their roles. To date, the approach has been to enhance capacity via a range of learning experiences, predominately through work-based and collaborative learning, which is supported by formal structured learning.

It is recognised that there has not been a strong link between the performance management process and the capacity development plan. This is mainly because the core competency matrix is too generic and doesn't enable a formalised assessment of key technical competencies beyond the observation of Managers. To create a more focussed capacity development plan, the competency matrix will be revised and, based on this, the performance appraisal framework will be updated.

How are we going to get there?

- Revise the core competency matrix to include more focussed technical competencies for each position
- Revise the performance appraisal process to take into account the new competency matrix

How will we measure our progress?

- Improvement in core competencies of staff through the performance appraisal process.

IP.4. Optimise the HR systems to be user-friendly and applicable

What does this mean?

AIP-Rural has an integrated on-line Management Information System (MIS) that enables staff to access a range of HRM services both in the office and remotely. The HRM team will continue to work closely with the MIS team, and in collaboration with the CMT, to ensure systems are useful and effective. Palladium also provides a number of on-line HR services that staff can access through the MIS.

How are we going to get there?

- Regular meetings with the MIS team
- Based on feedback from the staff satisfaction index, explore ways the current system can address identified inefficiencies.

How will we measure our progress?

- Improvement in the Staff Satisfaction Index.

C.1. Enhance staff productivity and satisfaction

What does this mean?

Every Program has a unique style of working, which contributes to its culture. The organisational culture is formed by the values and principles espoused by management and reflected in the program's policies. The organisational culture underlies the way staff behave to each other and with other stakeholders.

A healthy organisational culture creates a common platform and brings out the best in every team member. While the creation of the 'right' culture is the responsibility of the General Manager and the CMT, HRM is responsible to ensure staff are aware of the organisational values and that HRM policies and procedures support the strategic objectives of team coherence and productivity.

How are we going to get there?

- Develop and apply a Staff Satisfaction Index that will be administered through a survey. The survey will identify a number of key areas that respond directly to the HRM strategic objectives

How will we measure our progress?

- An improvement in the Staff Satisfaction Index after the base line has been captured
- A reduction in the number of voluntary resignations with 'dissatisfaction' as a contributing factor, where the identified complaint was raised on more than one occasion.

C.2. Create an environment that fosters motivation and creativity

What does this mean?

This is closely linked to the strategic objective C.1. and the broader organisational strategic objective of fostering a performance-driven culture and environment of innovation and creativity. HRM practices have a way of influencing behaviour, for example, the way the program recruits, develops and trains the staff will affect the way they behave in the office. Therefore, HRM needs to ensure that the policies and practices support the core organisational values.

The General Manager and CMT are responsible for developing initiatives that will drive performance, but these efforts will be supported by HRM policies, such as the 'Success at Work' policy, the 'Remuneration and Rewards' policy, the 'Realizing Potential' policy and the Induction and on-boarding program for Cohort 5.

HRM is also core in facilitating a link between the staff and managers and maintaining staff wellbeing. The way the HRM team behaves in the office greatly affects the overall organisational culture. HRM will continue to work hard to create an open and trusting environment so staff feel comfortable coming to them to discuss issues that may be affecting them and their work performance.

How are we going to get there?

- Ensure the AIP-Rural values are displayed in the office and are well understood
- Develop AIP-Rural Practice Notes for staff derived from the Palladium HR policies that focus on organisational culture
- Work with other Units to develop motivational activities that will encourage creative thinking and intervention development

How will we measure our progress?

- An improvement in the Staff Satisfaction Index

F.1. Ensure value for money in HRM products and services

What does this mean?

AIP-Rural is committed to ensuring the application of value for money principles in all areas of procurement. This is the case for any procurement related to HRM, such as recruitment and outsourcing.

How are we going to get there?

- Undertake regular procurement monitoring for HRM and report to DGM on a quarterly basis regarding procurement performance

How will we measure our progress?

- At least 80% of local consultants hired under a competitive process

F.2. Strong management of the HRM budget

What does this mean?

Each Unit in AIP-Rural has a budget, which is updated on a regular basis. The HRM Manager is the budget holder for personnel management and a separate budget is available for capacity building, which will be managed by the HRD Manager. AIP-Rural has strong fiduciary control measures in place to ensure accurate and transparent budget management. This will be closely watched during the remaining 18 months of the program.

How are we going to get there?

- Regular review of the budget between the HRM team and the HoF.

How will we measure our progress?

- 5% variance in the monthly budget versus actual report

What happens with the strategy now?

The process of developing the strategy has highlighted a number of key activities necessary to meet the strategic objectives. Some of these activities will require changes to internal program HRM policy and practice. These changes will be reflected in updates to the key HRM plans and documents including, but not limited to the following:

- The Program Operations Manual
- HRM Practice Notes (supplementary to Palladium HRM policies)
- The Personnel Development Plan

The operationalisation of the key activities will be overseen on a day-to-day basis by the Head of Operations and Finance.

The CMT will continue to make strategic decisions regarding talent management, succession planning and recruitment.

Progress against the strategic objectives will be measured on a six-monthly basis.