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Human resource management — Guidelines on human governance

Gouvernance humaine — La dimension humaine partie importante de la stratégie des organismes — Lignes directrices

ICS: 03.100.30

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50 **Foreword**

51 ISO (the International Organization for Standardization) is a worldwide federation of national standards
52 bodies (ISO member bodies). The work of preparing International Standards is normally carried out
53 through ISO technical committees. Each member body interested in a subject for which a technical
54 committee has been established has the right to be represented on that committee. International
55 organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO
56 collaborates closely with the International Electrotechnical Commission (IEC) on all matters of
57 electrotechnical standardization.

58 The procedures used to develop this document and those intended for its further maintenance are
59 described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the
60 different types of ISO documents should be noted. This document was drafted in accordance with the
61 editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

62 Attention is drawn to the possibility that some of the elements of this document may be the subject of
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64 any patent rights identified during the development of the document will be in the Introduction and/or
65 on the ISO list of patent declarations received (see www.iso.org/patents).

66 Any trade name used in this document is information given for the convenience of users and does not
67 constitute an endorsement.

68 For an explanation on the meaning of ISO specific terms and expressions related to conformity
69 assessment, as well as information about ISO's adherence to the WTO principles in the Technical
70 Barriers to Trade (TBT) see the following URL: [Foreword](#) [Supplementary information](#)

71 The committee responsible for this document is Technical Committee ISO/TC 260, *Human resource*
72 *management*.

73

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74 Introduction

75

76 People are at the heart of every organization; and for an organization to achieve long-term sustainable
77 success, all stakeholders should be considered within the governance system.

78

79 All organizations have governance. Governance refers to the system by which organizations are
80 directed, controlled and held accountable. Governance defines rules, systems, processes and
81 behaviour. To be effective, a governance system should consider the whole organization in all of its
82 dimensions. Effective governance promotes confidence in both present and future stakeholders
83 (employees, investors, shareholders, customers and other interested parties) in the long-term viability
84 of the organization. Effective governance contributes to strategic decision-making by creating
85 responsible, accountable, well-managed and value-focused organizations.

86

87 Human governance refers specifically to the system or systems by which people within an
88 organization are directed and held accountable. The governance of people is as important as the
89 governance of physical assets or financial capital and how this is done is instrumental in promoting
90 desired behaviours within an organization. By considering human and social factors in the decision-
91 making process, the human governance system will lead to valued outcomes for all stakeholders.

92

93 By aligning effective human governance practices with strategic planning, the organization can:

94

95 — respond to organizational, regulatory and operational needs;

96

— anticipate and manage human resource risks;

97

— ensure associated costs are managed and the value of such investments are measured;

98

— develop an organizational culture which reflects its organizational values;

99

— foster increased management, effective communication and collaboration across all stakeholders;

100

— optimize overall performance.

101

102 The purpose of this International Standard is to provide organizations with guidelines to structure a
103 human governance system and align it to the needs of the organization. This International Standard is
104 not intended for certification purposes.

105

106 This International Standard provides guidelines for the alignment of relationships, roles, and
107 responsibilities within human governance systems, recognizing that these systems are fundamental
108 for directing behaviour within an organization.

109

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124 **1. Scope**

125

126 This International Standard provides guidelines for tools and processes to establish and maintain
127 effective human governance within organizations. This International Standard is applicable to
128 organizations of all sizes and sectors, whether public or private, for profit or not for profit.

129 This International Standard does not address relations with trade unions or other representative
130 bodies.

131

132 **2. Normative references**

133 There are no normative references for these guidelines.

134

135 **3. Terms and definitions**

136

137 3.1

138 **human governance**

139 system by which an organization is directed and controlled taking into account the organization's
140 stakeholders, as well as human and social factors, at the highest and every level of decision making.

141

142 **4. Principles of human governance**

143 Human governance principles refer to human governance domains relating to organizational, social
144 and managerial choices.

145 They guide human behaviour within an organization and provide a framework to assist organizations
146 in establishing and implementing human resources management practices that add value to the
147 organization.

148 Management should formally consider and align human governance principles when establishing
149 strategic organizational objectives and communicate these to stakeholders.

150

151 Underlying principles can include:

152 a) fairness and transparency in the design and outcomes of the organizational processes and
153 practices;

154 b) openness in organizational processes, practices, and outcomes;

155 c) accountability to the organization's governing bodies, legal authorities and stakeholders.

156

157 Organizational specific principles can include:

158

159 1) organizational mission, vision, values and strategy;

160 2) how the organization creates value for its stakeholders;

161 3) desired brand image to be communicated to external stakeholders;

162 4) support for long-term environmental and social sustainability of the organization;

163 5) consideration of the organization's financial, human and other resources, including the
164 organization's ethical and social responsibility goals and initiatives; and

165 6) how to balance the needs of the organization with those of stakeholders.

166

167 5. Roles, responsibilities, commitment and accountability

168 Top management is ultimately responsible for ensuring effective human governance performance
169 processes and practices are implemented in the organization. The highest level of commitment is
170 demonstrated through integration with both business strategy planning and implementation. Effective
171 human governance requires co-ordination and commitment at all levels of the organization. The
172 following guidelines provide critical roles and responsibilities within the management structure of
173 traditional larger organizations. In organizations where the structure does not include management
174 layers of this type the guidelines apply to those who have ultimate decision-making responsibility.
175

176 The board:

- 177 — should understand the role of the people within an organization in delivering value to
178 organizational stakeholders;
- 179 — should make a formal commitment to promote effective human governance;
- 180 — is accountable for managing the human governance system;
- 181 — should provide status updates on effective human governance and incorporate these updates
182 into organizational reports.

183
184 The executive committee:

- 185 a) defines top management roles and responsibilities for effective human governance;
- 186 b) encourages active participation of people at all levels;
- 187 c) commits to and reviews the organization's mission, vision, and value statement that underpins
188 effective human governance;
- 189 d) identifies and agrees on key performance indicators to be delivered by the organization's
190 human resources;
- 191 e) regularly reviews results of effective human governance by examining the reporting templates
192 for human governance;
- 193 f) develops a plan and reporting procedures to address deficiencies in the case of significant
194 deviations.

195
196
197
198 Operational management functions should:

- 199 1) increase collaboration among stakeholders involved with human governance principles;
- 200 2) understand the roles and responsibilities of operational management for delivering human
201 governance principles to stakeholders;
- 202 3) participate in defining the objectives and metrics that contribute to effective human
203 governance;
- 204 4) integrate human governance principles and initiatives in the performance aspects.

205
206
207
208 Human governance ensures that:

- 209 i) human resources management functions and practices are aligned internally and externally in
210 accordance with the objectives and principles of the organization;
- 211 ii) implementation is managed consistently and appropriately at all levels of the organization;
- 212 iii) all persons with human governance roles and responsibility understand the human
213 governance principles which the organization subscribes to, and are held accountable for
214 those systems and processes under their control;
- 215 iv) all persons with human governance roles and responsibilities meet the organization's criteria
216 to ensure that they are competent and can fulfil their roles.

217
218 Though responsibility for the operation of human resources management processes may be delegated
219 to individuals who have the appropriate resources and authority, top management retains ultimate
220 accountability for human governance.

221

222 Top management needs to ensure that people within the organization understand:
223 - human governance principles and initiatives;
224 - the roles and responsibilities needed to comply with human governance initiatives; and
225 Top management needs to ensure that the organization understands and appropriately monitors
226 applicable stakeholder participation, recognizing that this is an integral part of the modern work
227 environment.
228 It is recommended that top management retains human governance strategies and outcomes as
229 documented information.
230
231 NOTE: top management refers to the person (or group of people) who directs, controls and makes
232 decisions at the highest level.
233

234 **6. Aligning human governance with organizational needs**

235 The following process enables an organization to strengthen its long-term value while enhancing its
236 perceived brand image.

237
238 The organization should:

- 239
240 a) envision how all human resource management functions, practices and processes bring value
241 to the organization;
242 b) identify goals and success measures within each function, practices and processes;
243 c) assess and align the functions, practices and processes with business or organizational goals;
244 d) design a format for communicating and reporting the effectiveness of human governance.

245 Note: Annex A provides examples of reporting templates.
246

247 **6.1 Communication**

248
249 The organization should establish communication methods to ensure that necessary information is
250 disseminated to all levels of the organization, including internal and external stakeholders.
251

252 Human governance reports should describe the human governance system and how it contributes to
253 the long-term value of the organization. Although human governance roles and responsibilities
254 include thorough analyses of the human governance system, a more concise report can be produced
255 for top management.
256

257 Human governance principles and decisions should be retained as documented information that is
258 available on request.
259

260 The following information should be communicated to appropriate stakeholders, including employees
261 and top management:

- 262
263 a) the organization's values, mission and vision statements (which should encompass human
264 governance principles);
265 b) a summary report.

266 Note: Annex B provides examples of report templates to assist organizations.
267
268
269
270

271 **6.2 Contents of human governance reports**

272

273 Human governance reports should include three sections: needs of the organization; human
274 governance, practices and processes, and analysis.

275

276 **6.2.1 The needs of the organization**

277

278 The needs of the organization section should include:

279

280 — vision, values, mission and strategy

281 — key performance indicators for human governance linked to organizational needs (e.g. cost

282 efficiency, innovative products, or customer relationships);

283 Based on the above, the organization should identify key success metrics essential to the human
284 governance process of that organization (e.g. innovation, turnover, absenteeism, or client metrics).

285 Given the uniqueness of each organization, differing operating models of human governance exist.

286 The management of human resource functions should be illustrated in an organizational structure

287 chart, which includes associated reporting relationships.

288

289 Note : Annex A1 provides an example of a general template.

290

291 **6.1.2 Functions, practices and processes**

292

293 The following steps assist in identifying functions, practices and processes:

294

295 a) determine human governance functions according to the organizational structure chart;

296 b) define the objectives and metrics of how each level will be measured;

297 c) assess and align the management of human governance functions;

298 d) identify practices that are associated with each function and level of the organization;

299 e) ensure practices align with the objectives of each function and level of the organization;

300 f) establish relevant metrics for each practice;

301 g) define a range of acceptable results;

302 h) identify the tools and processes for each practice;

303 i) examine which human governance principles these tools and processes promote to employees
304 and other stakeholders;

305 j) promote interactions and engagement among stakeholders to collect and share feedback about
306 goals and results;

307 k) assess and identify human governance principles that should be communicated and take
308 corrective action if any of these principles are not being communicated.

309 Note 1 : Annex A provides examples of templates.

310

311 **6.1.3 Analysis**

312

313 To assess the appropriateness of the overall human governance system within the organization, all
314 the activities that guide human behavior in the organization should be analyzed.

315

316 Initial analysis should:

317

318 — ensure that key performance indicators and metrics that have previously been used are still
319 appropriate;

320 — examine the entire process for alignment and identification of gaps.

321

322 The following questions can be used to guide the final analysis:

323