Contents

Culture

Determine the overall culture of the organisation; for example, an organisation with many levels of reporting will tend to be more bureaucratic and require much more detailed performance management processes to cope with these reporting requirements; organisations with few reporting lines are generally more flexible, but may lack a reporting structure.

Performance management policies

Establishing a performance management policy is one way that an organisation can translate its strategic and operational objectives into practical individual actions. A performance management policy's content and structure will vary depending on the size and scope of the organisation, the level of importance that senior management places on employee performance and the industry the organisation operates within.

Other workplace policies

Policies affecting performance management are not restricted to the performance management policy itself. For example, workplace health and safety, anti-discrimination, privacy and confidentiality, and workplace equity and diversity policies all have some impact on the management of performance within an organisation.

How to analyse the integration of an organisation's performance management policies
• Establish how each step of the procedure conforms to existing policies, legislation and relevant regulations.
• Determine how well the procedures gather sufficient data for effective performance management.
• Establish how effective the performance management procedures are at helping managers and the organisation improve individual and group performance.
• Identify gaps in the existing procedures where rules, regulations, legislation or policy are not being addressed.
• Consider innovative or incremental improvements that address individual, regulatory or organisational outcomes and compliance standards.

1C Design methods and processes for managers to develop KPIs

Performance management begins with performance planning, which is used to provide a structured approach to achieving the desired level of performance for both individuals and teams. Line managers must ensure performance plans are created for their team members. Your role is to provide line managers with a structure they can use to develop KPIs and performance plans for the staff reporting to them.

The performance management process

The performance management process is a continuous cycle of monitoring, developing and rewarding employee behaviour when it meets performance standards. You can assist line managers in implementing this process by establishing a procedure to follow.

Here are several main steps of the performance management process.

Performance management process
Set objectives.
Identify and use performance indicators.
Regularly monitor and appraise individuals and teams to identify achievements.
Identify training and development needs.
Use the knowledge and information derived from performance monitoring to modify plans.

1D Develop time frames and processes for formal performance management sessions

A performance appraisal is a formal assessment and rating of individuals by their managers, usually as part of their annual review meeting. Performance management, on the other hand, encompasses a wider scope of ongoing activities and aims to clarify mutual expectations and establish support requirements to enable an employee to more effectively meet their performance goals.

Managing the performance management system requires you to develop suitable processes and time lines so line managers can conduct formal sessions with their staff, consistent with organisational requirements.

Formal performance management sessions are an opportunity to help staff identify how they can better contribute to organisational goals.

Performance management sessions

Formal performance management sessions provide a means through which the elements of planning, monitoring, developing, assessing and rewarding can be put to good use. One of the key functions of this type of session is to look at what needs to be done to achieve the purpose of the employee's job; to meet new challenges; to make better use of their knowledge, skills and abilities; and to develop their capabilities by encouraging a self-management approach.

Here is an example of what a performance management session could include.

Reflective practice

Staff should be encouraged to undertake self-assessment and reflection. The more that reflective practice is implemented as part of everyday practice, the more likely it is targets will be reached when performance management sessions are held.

Partnership approach

Performance management processes need to be empowering for employees and to be seen as a partnership approach to achieving goals. The manager and employee need to reach a mutual agreement regarding the employee's performance.

Solutions

Both the manager and the employee need to identify issues and/or barriers to effective performance and to determine appropriate solutions together.

Example: employee performance review form

While formats will vary, employee performance review forms can be completed on paper or online.

Employee information	
Name:	Employee ID:
Role:	Date:
Department:	Manager:
Review period / / to / /	
Rating	
Please rate the following skills, knowledge and abilities using this rating scale: Poor 1 Fair 2 Satisfactory 3 Good 4 Excellent 5	
Job knowledge: Work quality: Initiative: Teamwork skills: Communication skills:	
Comments:	
Professional development since last review:	
Comments:	
List targets here that align with your specific position description:	
Comments:	
Overall rating (average the rating numbers above):	
Evaluation	
Additional comments:	
Agreed goals:	
By signing this form, you confirm that you have discussed this review in detail with your supervisor. Signing this form does not necessarily indicate that you agree with this evaluation.	
Employee's signature:	Date:
Manager's signature:	Date:

Successfully manage remote workers

A distributed and flexible work environment requires a different management style. A structure based on frequent communication, feedback and trust is essential to the management of remote workers.

When people work autonomously, their independence and responsibility increase. This potentially lessens their physical connection to their organisation and certainly changes their interaction with it. Performance management processes need to provide the mechanisms for establishing and maintaining effective connections.

Many organisations have had success in implementing flexible work arrangements and managing the performance of remote workers.

Example: manage remote workers

A large fast-food organisation has work arrangements that include casual, part-time, permanent, contract and commission-based employment. A performance management system monitors the work and outcomes of each of the employee streams to ensure equitable rewards and performance management are applied across the organisation.

The system is electronically based and permits only supervisors to enter performance data. However, employee input is provided for in relation to self-appraisal and goal-setting.

The system also allows for different levels of remuneration, bonus structures, evaluation and remedial action across the various employment conditions.

Based on a commercially available data management system, this performance management system has been customised to organisation requirements and allows senior managers access to reports, graphs and spreadsheets on employee performance and performance ratings.

Consult with stakeholders

If you are building a performance management system, consult widely about its structure to ensure the important features are relevant and meaningful. In this way, you are more likely to gain stakeholder acceptance and develop a more effective system. Ideally, all major stakeholders should have input into shaping the system. An inclusive approach to determining what the system looks like contributes to a well-balanced approach to performance management within an organisation.

When consulting with stakeholders, actively seek input in the following areas.

Suggested features may include:

- Types of input and output forms and documentation
- Style and accessibility options
- Reporting options
- Cost and value input

Example: benefits of consultation

Stakeholder consultations can provide numerous benefits.

Comparative benefits of various stakeholder consultations				
Organisational benefits	**Questionnaire**	**Electronic survey**	**Group meeting**	**Face-to-face interview**
Broader scope of ideas and input	X	X	X	X
Better acceptance of outcomes by stakeholders	X		X	X
Opportunity for open discussion				X
Ability to form a consensus			X	
Creation of ownership in the system and its overall goals		X	X	X
Opportunity for social learning between different stakeholder groups			X	
Efficiency	X	X	X	
Effectiveness of gaining valuable input	X		X	X

Summary

1. Analysing the organisation's structure allows you to define reporting roles, positions of influence and cross-functional relationships, and so develop insight into the nature of the organisation.

2. Objectives for performance management processes need to be developed in a way that supports organisational strategies and goals, and builds the organisation's capability.

3. Performance planning is used to provide a structured approach to attaining the desired level of performance for both individuals and teams.

4. Key performance indicators (KPIs) are measures commonly used to define and evaluate how successfully an individual or team is performing.

5. Formal performance management sessions provide a means through which the five primary performance management elements of planning, monitoring, developing, assessing and rewarding can be utilised effectively.

6. Performance management processes must be flexible enough to provide measurable and useful results for managers regardless of the employee's work situation.

7. When establishing performance management processes, it is important to take the time to understand the needs and concerns of relevant stakeholders to improve the level of input and to gain their support.

8. Gaining support for the implementation of a new performance system should begin with employees, followed by senior managers and finally external stakeholders.

Example: performance rating

Here is a sample performance rating form that shows it is possible to create a well-constructed mechanism to measure subjective criteria such as communication skills.

Performance rating form
Employee name:
Employee position:
Manager name:
Key work responsibilities:
Results and goals to be achieved:

Behavioural assessment of competences		
Communication		
1 2	3 4	5
Below expectations Even with guidance, fails to prepare straightforward communications, including forms, paperwork and records, in a timely and accurate manner.	*Meets expectations* With guidance, prepares straightforward communications, including forms, paperwork and records, in a timely and accurate manner.	*Role model* Independently prepares communications, such as forms, paperwork and records, in a timely, clear and accurate manner.
Personal effectiveness		
1 2	3 4	5
Below expectations <Performance standard>	*Meets expectations* <Performance standard>	*Role model* <Performance standard>
Teamwork		
1 2	3 4	5
Below expectations <Performance standard>	*Meets expectations* <Performance standard>	*Role model* <Performance standard>
Achievement of organisational results		
1 2	3 4	5
Below expectations <Performance standard>	*Meets expectations* <Performance standard>	*Role model* <Performance standard>

5

Discuss causes

Allow employees the opportunity to identify what caused their behaviour. The manager should record and review these causes as they are discussed.

6

Use the appropriate counselling style

Use directive and non-directive counselling. Both directive counselling, using statements such as 'you will' and 'from this point on', as well as non-directive counselling, asking questions such as 'how will you rectify this in the future?', can be used at appropriate times.

7

Set the corrective action

After listening to the employee's reasons, you can empathise, but if there is a need for corrective action, this needs to be set with the employee. Involving the employee in setting the corrective action will help ensure they have ownership of the corrective action and it is followed through.

Address poor performance

When an employee's performance is unsatisfactory, managers have a responsibility to acknowledge the problem and take corrective action. Most underperformance problems can be resolved when managers address them promptly. Your organisation should have policies and procedures for addressing poor performance. All line managers should receive some basic training in how to identify and address poor performance.

Part of your role is to apply and interpret organisational policies and procedures to assist line managers to address underperformance. You also need to have an understanding of any legal requirements surrounding the actions taken to address poor performance.

2C Support line managers to counsel and discipline employees

If an employee continues to underperform, their line manager must take action in accordance with organisational policies and procedures. You can provide assistance to line managers in a number of ways. A line manager dealing with an ongoing performance problem with the same person may need additional skills to handle the problem and guide the employee back onto the right track. Failing this, the line manager must be familiar with the disciplinary processes they can follow within the context of the workplace and the Australian industrial relations system.

Decide how to respond

A progressive approach to discipline suggests that the line manager's initial response should start with a positive, supportive approach to improving employee behaviour and performance. One such approach is counselling. If circumstances require it, more formal approaches such as verbal and written warnings can be used.

Counselling

Counselling of an employee can be direct or indirect.

Here is some further information on the two processes.

Direct counselling

This implies that the line manager needs to be close to the employee to take them through the necessary steps to improve their performance or behaviour. However, it may be difficult for the manager to dedicate the necessary time or resources to one employee. In this instance, the manager may use indirect counselling methods.

Indirect counselling

This is more 'hands-off' and instead relies on the employee agreeing to measures the line manager provides. These measures may be actions such as attending training, adopting new workplace processes, modifying behaviour or adopting new reporting requirements.

2D | Articulate dispute-resolution processes and mediate between managers and employees

During the counselling and disciplinary process, employees may disagree with the assessment of their behaviour or the steps taken. It is important that this dispute does not create a hostile environment that affects other employees or that may have implications in the event of legal action.

Here are some ways that you can support both the line manager and the employee.

You can support the line manager and the employee by:

- identifying the problem
- outlining the dispute-resolution process
- providing mediation services.

Identify the problem

Employees sometimes have grievances with their employer, where they disagree with a decision made regarding their employment or conduct. For example, an employee being counselled for racist remarks may dispute that their language was inappropriate.

As someone responsible for performance management processes, you should be monitoring the counselling and disciplinary process by staying in contact with the line manager. This may involve meeting with the line manager after a counselling session or inquiring regularly about the employee's performance. You should also ask the line manager about the employee's response to counselling.

If the line manager or the employee advises you that the employee disagrees with the manager's decisions, you should explain the dispute-resolution process to both the manager and the employee.

Outline the dispute-resolution process

A dispute-resolution or grievance process grants employees the right to appeal a decision made regarding their performance or conduct. Its purpose is to provide a means by which employees can express dissatisfaction with an outcome and obtain a fair and unbiased hearing.

Organisations are required to have a clear dispute-resolution process. The process is not limited to disputes about performance and may extend to disputes about workplace conditions or other entitlements.

Most organisations publish the dispute-resolution process so it is readily available to all employees. You can refer the employee to the company intranet or to the relevant document for this information.

Example: use mediation techniques

Andrew has issued a written warning to Annie, an employee who has repeatedly bullied a junior member of the team. Annie has approached her HR representative, saying that she has not been bullying anyone and alleging that she is being unfairly targeted by Andrew.

Andrew has kept a careful record of the bullying incidents and informed HR when the verbal and written warnings were issued. Flynn, the HR representative, arranges a meeting between himself, Andrew and Annie.

During the meeting, Flynn explains that his role is to help resolve the dispute and to be an objective third party. He carefully outlines the dispute-resolution process and provides both Andrew and Annie with a copy of the relevant procedure.

Flynn asks Andrew to present examples of Annie's bullying. He then helps Andrew explain why this behaviour constitutes bullying under the organisation's code of conduct.

At the end of the meeting, Annie accepts that the behaviour is in fact bullying and agrees to attend remedial training.

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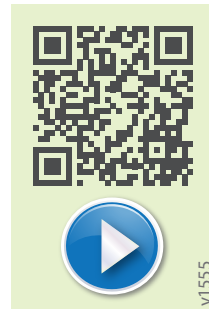
Practice task 11

1. What dispute-resolution process would apply if an employee disputes their manager's position?

2. What information would you provide to a newly appointed line manager about the dispute-resolution process?

2F | Ensure the outcomes of performance management sessions are accessible and stored appropriately

Detailed documentation is an essential part of an effective performance management system. Written records confirm discussions that have taken place. It is worth remembering that the records you make can be used in legal proceedings. As they are legal documents, you should take every step to record accurate performance management information.

Types of performance management information
• Dates and times of performance discussions
• The performance issues or misconduct in question
• Description of where and how the issue occurred
• Description of how long the issue has been a problem
• Steps undertaken to resolve the issue
• Agreed performance plans
• Signatures of parties involved
• Any other relevant information

Legal and organisational requirements for record-keeping

Personal information, such as that recorded during performance management sessions, must be stored in accordance with organisational policy and legal requirements. Legal requirements include adherence to national, state and territory legislation.

You can read more about the Privacy Act and your legal obligations at this website: www.oaic.gov.au/privacy/privacy-news

Privacy and confidentiality considerations

When dealing with employee information, all managers need to understand and follow the organisation's privacy policy.

Privacy refers to a person's ability to control others' access to themselves, their space and their possessions, including information about themselves. Privacy also means taking steps to avoid embarrassment and humiliation.

Confidentiality is about data or information, and refers to managing access to private information. Confidentiality provisions restrict an individual or organisation from using or sharing information about a person that is outside the scope for which the information was collected.

Here is some information about privacy and confidentiality.
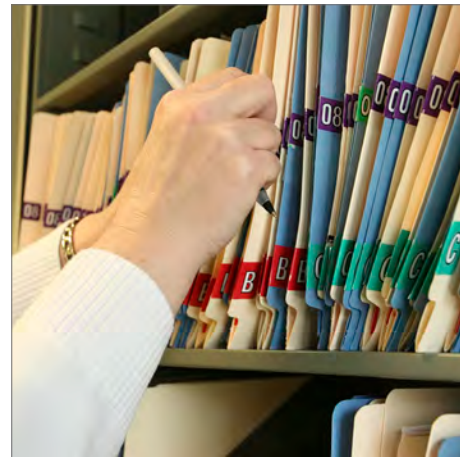
Example: an evaluation approach

A global distributor of electronic goods, ElectroHouse, has offices in 42 countries. The HR management system is layered and includes international, regional and country HR managers.

The global directive for performance management improvement is guided by ElectroHouse's adherence to ISO 9001:2008. This approach is followed at every national office. To ensure regular improvement to the performance system, the following steps are taken at each site:

- Annual performance system strategies are implemented in line with global policy.

- Operational performance management systems are audited twice yearly – once by an internal auditor from regional headquarters and once by an external ISO auditor.

- A global performance management intranet forum is used to post incremental improvements and to suggest innovative changes to the system.

- All feedback is administered through national servers to ensure it is acknowledged and acted on if necessary.

The system of improvement is part of the management culture of ElectroHouse: managers actively seek out new and improved methods of performance management and system operation.

Practice task 14

What are four strategies and methods you could use to evaluate and improve the performance management system in an organisation?

Development plans

Learning and development plans are an integral part of the process of encouraging effective employee performance.

Here is more information about learning and development plans.

Leaning and development plans:

- are directed by organisational policy
- contribute to and form part of the learning culture
- assist managers and staff to understand and implement the learning process
- create skills and knowledge outcomes that can be monitored and measured.

Learning cultures

The most successful organisations have developed a learning culture based on the attitudes, commitment and management processes that support an open learning environment. They have the capacity to continually adapt and respond to changes in business environments.

Once managers have established a supportive and open environment, they should create learning and development plans for their employees. These plans must be designed using specific learning outcomes and tailored to meet the needs of the individual and the organisation's strategic directions.

Here are some elements of learning and development plans.

Learning and development plans should:

- incorporate and adhere to existing legislation and corporate policies regarding learning
- list and describe the learning activities that must be completed by the employee
- specify the completion date; the resources, costs and time allowances involved; and performance outcomes
- provide for the employee and manager to comment and sign off the agreed activities.

Example: learning and development plan template

Having a plan in place will assist you in achieving your outcomes.

Here is an example learning and development plan.

Learning and development plan form
Employee's name:
Supervisor:
Department:
Overall aim of learning and development activities:

The purposes of a briefing meeting include:

- determining the level of success of the activity with regards to employee perceptions and the organisation's perceptions
- assessing the likelihood of undertaking similar activities in the future
- assessing the employee's level of skill and knowledge with the aim of developing further learning plans.

Example: successful learning and development plans

At an employment agency in Western Australia, the director of HR development creates a new employee training plan for team leaders. Each team leader is consulted and the plan is included as part of their individual learning and development plans. The employees agree to the identified activities and are generally excited by the investment in their personal and professional development.

The training is trialled for team leaders in one region before being rolled out across all regions. Feedback is encouraged to gauge the level of support for and effectiveness of the program. Staff are also interviewed to measure the effects the training is having on their supervisors' performance and, in turn, on their own performance.

The program runs for six months and the results of the ongoing feedback, interviews and performance outcomes are collated. The program is successful on many fronts: first, each supervisor enjoys the support from the HR department; second, they all report significant improvements in their ability to deal with supervisory situations; and third, staff feedback identifies a marked improvement in overall performance in their day-to-day interactions with their supervisors and customers.

Training providers

There may be alternative options to consider. If an employee is failing in some aspect of their job, a performance appraisal can determine whether the person lacks the necessary resources, skills or attitude to perform the job. Then further training options need to be considered. Again, this may mean using other providers.

Here is further information about what external training providers can offer.

On-the-job training

This is a structured process of teaching a person how to do a practical or procedural task.

The employee's supervisor may oversee on-the-job training. Providers may include internal training facilitators, external agencies, a supportive peer, and a mentor or buddy process.

Reading and research

A program of reading and research into a particular topic, and presentation of results, can be a way for people to gain new knowledge.

This type of development requires agreement between the supervisor and employee about the content that should be accessed and the goals and objectives of the process. Providers of information content should be verified as reliable and accurate by a subject matter expert or manager.

Training courses

Training courses include any formal event where a presenter works with a group of participants through a program of activities to develop skills or knowledge.

External training providers can offer specific training experiences for employees or work groups. Selection should be based on the agreed development needs of employees in relation to workplace requirements. Contacts include the training provider and the selected trainer or assessor.

Tertiary courses

Tertiary courses offer an opportunity to update academic qualifications and knowledge.

Training budgets may allow for ongoing tertiary education. This is usually administered by senior managers and HR professionals. Selection of the tertiary provider is often based on geographic constraints, funding availability, specific required course outcomes and the institution's reputation.

Evaluate compliance

The evaluation methods used to determine compliance of activities with quality assurance standards will depend on the scope of the activities being undertaken and the specific compliance requirements an organisation adheres to. The outcomes of these methods can then be compared with the compliance requirements to identify whether the learning and development program has met the selected criteria.

Here are some evaluation methods you can use as a starting point.

Survey the people involved and have them assess and report on improvements in performance.

Survey key stakeholders and ask them whether they have observed improvements in performance or behaviour.

Analyse records of performance (for example, work samples or employee performance data) to track and report changes in outputs and achievements.

3F Generate reports on the progress and success rates of activities

Learning and development activities are sometimes accompanied by high expectations from senior management, often due to the investment an organisation makes in employee development. An organisation may require comprehensive reporting on learning and development outcomes to verify its progress and success.

Liaise with managers to uncover their reporting needs for learning and development activities, and devise ways that this information can be collated and prepared to confirm the value of training and development. Some proprietary systems have training reporting functionality built in. Alternatively, you can develop your own simple reporting system using a spreadsheet or database application.
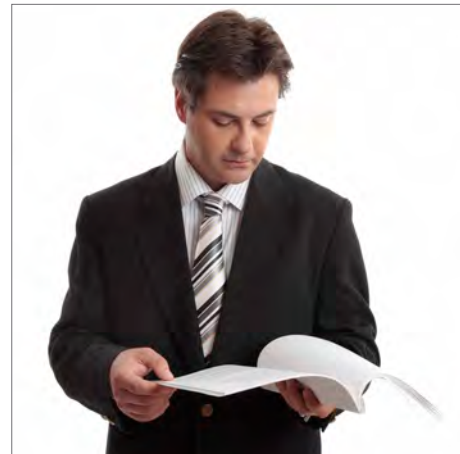
The data you may want to collect should support or show the following:

- How the learning and development need is linked to business goals
- How the learning and development activity/option chosen meets these needs
- The start date for commencement of activities
- Costs associated with activities (including training, travel, accommodation, downtime and so on)
- Expected outcomes to be achieved
- Progress made towards outcomes

Communicate outcomes

Once the methods for collecting data and generating reports have been determined, identify the frequency with which this information is required. The nature of the learning and development activity or program will determine how frequently this information is required.

You also need to determine who the report must go to. In most modern information systems, reports are centralised so the relevant person can access them as required. If the organisation does not have a central reporting system, you may be able to create a simple folder on a network drive or use a paper-based system.

In a successful quality assurance system, analysis and communication of quantitative and qualitative data provide for the foundation of future improvement. Likewise, those responsible for assessing the data play an important role in the organisation's ongoing quality improvement. It is vital that the data is presented in a way that adheres to company conventions, or at least in a format that makes it easy for the person evaluating the data to arrive at an accurate decision.