

Managing Performance Guidelines for the Tasmanian State Service



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These guidelines are for use by State Service agencies and authorities which are referred to collectively in this document as agencies.

State Service Management Office 2012

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Table of contents

1.	Who are these guidelines for and why have they been developed?.....	4
2.	Who should use the guidelines?.....	4
3.	Why use these guidelines?.....	5
4.	When should these guidelines be used?.....	5
5.	Employment Direction No. 26 and State Service Amendment (Performance) Act 2011.....	6
6.	What is a Performance Management System and why is it important?.....	7
7.	Key elements of an effective Performance Management System.....	7
8.	The Performance Management Plan.....	18
9.	Performance assessment.....	19
10.	Managing underperformance.....	19
11.	The Performance Improvement Plan.....	22
12.	Termination of employment.....	23
13.	The grievance and dispute resolution process.....	24
14.	Agency reporting requirements.....	25
15.	References.....	28

1. Who are these guidelines for and why have they been developed?

Most agencies will have their own guidelines which support their Performance Management System.

The purpose of this document is not to replace or over-ride agency guidelines (other than processes relating to underperformance), rather it is designed to:

- provide context and additional information on specific actions, processes, roles, responsibilities and requirements identified in ED 26;
- provide best practice guidelines from which agencies can measure their own Performance Management Systems; and
- provide best practice guidelines from which they can draw information to collectively meet requirements of ED 26.

2. Who should use the guidelines?

Under the *State Service Amendment (Performance) Act 2011* and ED 26, all people across the State Service share responsibility for and are:

- accountable for performance;
- required to complete a Performance Management Plan;
- expected to perform well in relation to key outcomes and work behaviours required; and
- understand underperformance is not accepted.

These guidelines will assist all members of the State Service to meet these requirements, particularly:

- Heads of Agency;
- Human Resources Managers and Human Resources practitioners with overview and reporting responsibilities on behalf of their Head of Agency;
- people with supervisory and managerial responsibilities; and
- people completing a Performance Management Plan or a Performance Improvement Plan.

This guide is designed for anyone who leads or manages others, and is a resource for all employees, teams, or business areas and provides information in addition to or to complement Agency Performance Management System Guidelines.

Under the *State Service Amendment (Performance) Act 2011* and *Employment Direction 26*, all people across the State Service share responsibility for and are:

- accountable for performance
- required to complete a Performance Management Plan
- expected to perform well in relation to key outcomes and work behaviours; and
- understand underperformance is not accepted.

3. Why use these guidelines?

The guidelines provide agencies with a best practice guide as a point of reference when reviewing their current Performance Management Systems, to ensure they meet requirements of the *State Service Amendment (Performance) 2011* and ED 26.

The guidelines provide managers and employees with:

- information and a best practice guide on what is expected of them, what elements should exist in a Performance Management System;
- what should be done in any Performance Management System in which they are involved;
- the importance of the Performance Management Plan;
- the process involved in its development and monitoring; and
- the processes associated with managing underperformance.

The guidelines ensure that ED 26 is:

- clearly understood and consistently applied to enable everyone to perform to their best;
- actioned for best effect at the organisational team and individual levels;
- at all levels consistently applied across the Service; and
- complied with and reporting requirements contained within it are understood and actioned by all agencies.

The guidelines provide agencies with a best practice guide as a point of reference when reviewing their current Performance Management Systems, to ensure they meet requirements of the *State Service Amendment (Performance) 2011* and Employment Direction 26.

4. When should these guidelines be used?

These guidelines should be used:

- in the development/review of the Agency's Performance Management System;
- in preparation for and in the development of the Performance Management Plan, during its conduct or in the Performance Improvement Plan process;
- in the development/redevelopment and implementation of a learning and development strategy that supports the performance management system
- when devising or recognising good performance within the agency;
- when managing underperformance;
- during grievance and dispute resolution processes; and
- in the design and implementation of reporting requirements in line with ED 26.

5. Employment Direction No. 26 and State Service Amendment (Performance) Act 2011

The *State Service Amendment (Performance) Act 2011*, the performance management policy framework for Heads of Agency, officers and employees was proclaimed on 17 August 2011.

The *State Service Act 2000*, as the principal Act, now incorporates a number of new elements as identified in *The State Service Amendment (Performance) Act 2011* within the following sections:

- Section 3(1) Interpretation;
- Section 7(1) State Service Principles;
- Section 34(1) Functions and Powers of Heads of Agency;
- Section 36 Annual Reports by Heads of Agency;
- Section 44(3)(c) Termination of Employment of Officers/Employees; and
- Part 7A Managing for Performance.

The focus of these amendments is to ensure the State Service:

- develops and sustains a culture of management of and accountability for performance and continuous improvement; and
- is more effective in its performance and is well positioned to continue to deliver quality services for Tasmanians.

It is recognised that where Performance Management Systems exist, they will vary from agency to agency, reflective of the specific environment, nature of the workforce and business objectives.

All agencies are required to reassess their existing Performance Management System to ensure consistency with the policy principles and minimum standards contained in ED 26 and the Act.

While the Act and ED 26 do not dictate a one-size-fits-all Performance Management System they do require

- an agency Performance Management System must exist;
- a Performance Management Plan, and where required a Performance Improvement Plan, must be completed, in line with ED 26 and agency requirements, for and by each employee in conjunction with their manager at least annually;
- all those involved in the Performance Management System are aware of their responsibilities, appropriately trained and capable of participating to best effect in this process and perform to the best of their ability;
- processes to manage and improve employee and agency performance, including grievance and dispute processes are in place;
- the performance management system is effective, measured and reported on against specific criteria as outlined in ED 26; and
- agencies Performance Management Systems are to be reviewed by each agency on a regular basis (every three years).

6. What is a Performance Management System and why is it important?

A Performance Management System is a process that provides information about an employee's capabilities (knowledge, expertise, behaviours) and expected key performance outcomes/results. It can be an informal process, or a formal, structured process.

A Performance Management System:

- provides a platform to generate open, constructive communication between the manager and employee;
- identifies specific performance outcomes stated in the Performance Management Plan and, if required, in the Performance Improvement Plan;
- provides appropriate learning and development for identified skill requirement; and
- provides tangible improvement data for analysis within the agency and whole-of-service.

When these elements are integrated and continually reviewed they are the cornerstone of an effective people management strategy and can impact on agency and overall State Service performance. The Performance Management Plan is pivotal in this.

Accountability is at the core of any successful Performance Management System in any organisation and is a specific requirement of the legislation and ED 26.

Both provide the mechanisms to clearly identify and develop the manager and employees roles, work capabilities (knowledge, expertise, behaviours) which, in

turn, contribute to the achievement of required performance outcomes at individual, team and agency levels.

They also identify underperformance and provide mechanisms to manage monitor and improve underperformance, thereby improving productivity in delivering the services of government.

A Performance Management System is a process that provides information about employees' capabilities (knowledge, expertise, behaviours) and expected key performance outcomes/results. It can be an informal process, or a formal, structured process.

Individual/employee and collective agency accountability is at the core of any successful Performance Management System in any organisation and is a specific requirement of the legislation and Employment Direction 26.

7. Key elements of an effective Performance Management System

In any agency where best practice exists the following elements will operate:

- a culture of performance, with clearly articulated roles, responsibilities and accountability for outcomes;

- linkage with and integration into good business planning systems;
 - integration into a people management strategy designed to improve productivity through more effective people management practices;
 - an open communication environment with ongoing constructive feedback;
 - a learning and development strategy with infrastructure and programs that promote and support effective performance management;
 - clearly identified requirements, standards and key outcomes and performance measures in the Performance Management Plan;
 - clearly identified observable work behaviours and capabilities;
 - recognition of and reward for performance;
 - effective evaluation and reporting mechanisms; and
 - alignment and consistent application of salary progression and Advancement Assessment Point Award provisions in the Performance Plan process.
- the Head of Agency, manager and employee understand, jointly undertake and are collectively responsible for their roles and the outcomes achieved;
 - by working together, optimum performance is achieved; and
 - a Performance Management System is continuously monitored and evaluated to reflect and maintain the culture set by the Head of Agency.

In creating this culture, the following elements are fundamental and are features of any agency's successful Performance Management System:

- linkage with the agency's strategic and business planning;
- an understanding by employees, in particular managers, of the performance management process and their role within it;
- joint completion of a Performance Management Plan by the manager and the employee, the documented key outcomes of which, they are both accountable; and
- learning and development opportunities that are readily available to meet identified performance development needs.

An explanation of each of the key elements follows.

7.1 A culture of performance, with clearly articulated roles, responsibilities and accountability for outcomes

In a culture of performance, effective Performance Management Systems work best and, desired employee and organisational performance is attained, when:

- a positive, proactive performance management culture is consciously created, expected and monitored by the Head of Agency;

The manager's role

In this culture of performance, an effective manager is pivotal and is expected to be accountable for the development, in conjunction with the employee, of an employee's Performance Management Plan.

They are also in conjunction with the employee, responsible for the achievement of outcomes including work capabilities (knowledge, expertise and behaviours) identified in that Plan.

It is the manager's critical role to guide, encourage and support the employee to do their best in achieving these performance outcomes. The manager does this by engaging in a constructive conversation with the employee; setting direction, articulating expectations, providing feedback on performance and by ensuring availability of appropriate learning and development opportunities identified in the employee's Performance Management Plan to improve performance.

These opportunities typically will include development of capability to achieve expected outcomes relevant to the requirements of the employee's role. Where relevant, identification of goals that will stretch current capability, provide development to meet challenging

The employee's role

Just as the manager is accountable for the development of an employee's Performance Development Plan, the employee is also responsible, and equally accountable, for their role in its development, and achievement of the key outcomes identified in it.

Effective communication is a two way process and to get the most from the Performance Management Plan process, the employee will need to engage fully. Participation provides opportunity for career enhancement and ultimately greater job satisfaction.

7.2 Linkage with and integration to good business planning systems

When linked to agency strategic and business planning systems, effective Performance Management Systems provide the means to continually improve individual, agency and whole-of-service performance.

Performance Management Systems do this by aligning and integrating individual, team and agency outcomes and strategic objectives with direction and priorities of the Government of the day.

In effect, these two interlinked systems provide a 'line of sight', or alignment between the agency objectives and direction and its relationship to what the divisions, team and the individuals' role in the team where they work or for which they are responsible. This is applicable for all people, regardless of the role performed or level of responsibility.

Together these two systems clearly articulate:

- what is to be achieved organisationally in meeting Government objectives, how and why;
- how Business/Divisional Units are to achieve their outcomes;
- where individuals' role, outputs and their team fit; and
- what is required, how and why.

To achieve this clear line of sight or alignment a framework that integrates agency, business, team and individual planning and performance needs to be in place and cascaded down to the individual team level and employees.

Agency approaches to developing this alignment will vary given their culture and business requirements.

When linked to agency strategic and business planning systems, effective Performance Management Systems provide the means to continually improve individual, agency and whole-of-service performance.

7.3 Integration into a people management strategy designed to improve productivity through more effective people management practices

For the best results, an effective Performance Management System is an integral part of the fabric and structure of the agency's People Management Strategy and is seen by all in the agency as just as important as all other elements contained within it.

1. Direction, (where are we going),
2. Relevance (what does this mean for me, my team and the business of the Agency),
3. Belief, behaviours and approach (values - the way and how things are done); and
4. Context (why and how) are essential in any agency's integrated People Management Strategy.

For the best results, an effective Performance Management System is an integral part of the fabric and structure of the agency's people management strategy and is seen by all in the agency as just as important as all other elements contained within it.

7.4 An open communication environment with ongoing constructive feedback

Everyone needs to know what is expected of them, how it contributes to the agency's outcomes, strategic objectives (goals), and how they are doing. Fundamental to the success of a Performance Management System and the creation of a culture of performance is the need for clear, concise and constructive feedback on expectations, requirements and outcomes, at both corporate, business and individual manager levels.

Of all the tools to build or sustain a positive culture of performance, open and constructive communication is the most powerful. It allows people to know how they are doing, provides the mechanism to recognise and reward good performance and manage underperformance issues as they arise not when they are very difficult.

Fundamental to this is the capability of managers to talk constructively with their employee regularly on their performance, not just at performance plan development and review time but continuously and, where necessary, having the courageous conversations which at times are required to improve performance.

Not every manager has the capability to provide employees with direct feedback to guide and articulate performance expectations, just as not every employee has the capability to communicate effectively and actively seek feedback on performance.

This development support is provided by a Learning and Development Strategy.

7.5 A learning and development strategy with infrastructure and programs that promote and support effective performance management

An effective learning and development strategy, with its underpinning infrastructure (programs, evaluation and review mechanisms) will typically include:

- training to improve knowledge of the Performance Management System and its operation;
- what roles and functions people are required to complete and participate in;
- training in specific capabilities particularly those associated with an open and constructive communication culture;
- training in specific skill areas identified in individuals Performance Development Plans; and
- ongoing evaluation of effectiveness of the overall strategy and elements of the supporting infrastructure.

In addition and fundamental is the timing and link to agency's Learning and Development cycle, the performance management discussion, Learning and Development plans which arise from them, and ongoing coaching, feedback and reviews used within an agency.

Typically this means the agency's strategy is proactive in nature to enable managers to undertake their performance management role well, and to assist employees to know what is expected of them when preparing their Performance Management Plan, and undertaking any professional development to assist in the achievement of required outcomes.

Targeted learning and development requires ongoing identification of both immediate and longer-term development needs. It is recognised that learning a new skill or capability can be best achieved through various methods.

Choosing the right learning and development will therefore involve different approaches. These will be determined by agencies in relation to their particular needs however, a best practice approach is marked by experience and education based options. Examples of experience based options include coaching and mentoring, either one-on-one or in small groups in the workplace, conferences or forums, workplace projects, special assignments, job shadowing, job rotation or work placements.

Targeted learning and development requires ongoing identification of both immediate and longer-term development needs. It is recognised that learning a new skill or capability can be best achieved through various methods.

7.6 Clearly identified requirements, standards, key outcomes and performance measures in the Performance Management Plan

Delivering on key outcomes identified in the Performance Management Plan is the key responsibility of the manager appraising their employee.

The first step for an employee, in consultation with their manager, in developing their Performance Management Plan could be to ask the following:

1. How do the duties of my role contribute to the goals of the agency?
2. What do I need to achieve in the next 12 months?
3. What are the outcomes/result areas that relate to the role?
4. What objectives (goals) will I need to work towards?
5. What capabilities (knowledge, expertise, behaviours), strengths, experience will I need to achieve the required outcomes?
6. What resources need to be allocated to achieve the identified outcomes?

In developing outcomes and objectives (goals), between four to six key outcomes are recommended as achievable and realistic.

A suggested approach, (currently in use in some agencies across the State Service) is based on the “SMART” principles in designing the performance outcomes/objectives for a Performance Management Plan. See Figure 1.

Delivering on key outcomes identified in the Performance Management Plan is the key responsibility of the manager appraising their employee.

Figure 1: SMART Principles for designing performance outcomes/objectives

<p>Specific</p> <p>Be specific in what is being required. Leave no room for ambiguity or confusion, be consistent with band level requirements</p>
<p>Measurable</p> <p>What is to be measured in relation to what is required and what types of measurements will be used</p>
<p>Achievable</p> <p>Can the requirement be achieved or not, given the nature of the task</p>
<p>Realistic</p> <p>Can the outcomes/objectives (goals) realistically be achieved, i.e. are they clear, do the resources exist, and are the desired outcomes in line with overall direction of the team and Agency</p>
<p>Time based</p> <p>What are the time imperatives and is their enough time to complete the goals/targets in order for the desired outcome to be achieved.</p>

7.6.1 Outcomes and performance measures

How will an agency know if performance has improved and if business outcomes/objectives, through this improvement, have been achieved?

To know, a monitoring and evaluation process/system is needed.

For best results, this will contain performance information measures that identify what is being achieved, not what is being done; and differentiates between information about workload, activity and information about performance.

At the macro level, there are two levels of performance measures within the meaning of ED 26.

1. Effective Agency's Performance Management Systems' in terms of:
 - a. **alignment** with its corporate and business planning systems;
 - b. its **operation** and perceived **credibility** with agency employees; and
 - c. **integration** into agency planning and business activity.

As a consequence of these being achieved well the following occurs:

2. Improved employee (including manager) performance and improved quality of service delivery.

Guidance for agencies on the three evaluation measures (alignment, operation and credibility and integration) which they are required to report on is contained in Section 14 on agency reporting requirements.

At the employee and manager level, performance will typically measure whether the planned activities were delivered as intended and whether these were delivered in the manner that was intended and agreed by both the manager and employee.

An assessment of the key performance outcomes, including behaviours of the employee's role and to what standard documented in the Performance Management Plan, was achieved will also be discussed by the manager and the employee.

These outcomes may be a combination of capabilities, competencies or behavioural requirements and the measures contained within them may be based on:

- efficiency (how accurately, how many, by when results will be achieved); or
- effectiveness (how well results will be achieved) and what impact the results will have

and may be measured against:

- operating within the values of the Agency;
- meeting defined service delivery standards including accuracy, quality or timeliness;
- exhibiting desired work behaviours; and
- undertaking projects and or specific duties of the role particularly identified.

As employee outcomes are planned and identified in the employee's Performance Management Plan (which includes actual performance of job role, specific outcomes of role with expected results) these will be

clearly defined, monitored and evaluated in the Plan.

How will an agency know if performance has improved and if business outcomes/objectives, through this improvement, have been achieved? To know, a monitoring and evaluation process/system is needed.

7.7 Clearly identified observable work behaviours and capabilities

Every employee needs to know what is expected of them but it is just as important for them to know how these expectations are to be achieved.

Observable work behaviours refer to 'how' employees undertake their work in order to achieve the key outcomes identified in their Performance Management Plan.

The State Service Principles (Refer Employment Direction No. 2) and State Service Code of Conduct (Refer Employment Direction No. 5) reflect this approach and represent the minimum requirements for expected behaviour exhibited by the State Service. Other expectations of employee behaviour are determined by agency values.

Essentially, behavioural based assessment requires judgements by the manager on the quality of how specific employee work actions are in line with the State Service Principles, Code of Conduct and agency values.

How work is conducted is just as important as what is achieved and should be included in and reviewed as part of the Performance Management Plan. A job analysis can clearly indicate the key job behaviours required for a given job, and these behaviours can be

directly included in the employee's Performance Management Plan.

Where they exist, capability and competency-based outcomes are important in the identification of required work behaviours included in a Performance Management Plan as the benchmark of how performance is achieved.

Capabilities in the work sense mean the:

- desired set of knowledge, expertise and behaviours that have been identified on how to perform a job well;
- an overall capability in required skill sets e.g. an ability to communicate in a clear and persuasive manner; of
- an ability to inspire and lead.

In terms of observable work behaviours, these are important particularly in relation to expectations of employees with regard to agency values and how they need to act in relation to them.

Competencies, by comparison, are particular technical skills and knowledge which contribute to an overall capability.

For example, the specific competencies required to communicate clearly and persuasively, or the particular skills utilised to inspire and lead are specific e.g. the competency to speak clearly, or to logically organise information and so on. Competency and/or professional standards can be used to compare the performance of an individual, work group or team against a set of relevant, predetermined competency standards (eg national, industry-wide or agency standards consistent with national, industry or recognised occupational standards).

Both capabilities and competencies provide benchmarks for required performance and may be useful in identifying gaps and learning and development requirements.

Every employee needs to know what is expected of them. It is just as important for them to know how these expectations are achieved.

7.8 Recognition of and reward for performance

It is important for a manager to acknowledge effort and show genuine appreciation for individual and team achievements and their contributions.

While this should happen regularly, the performance assessment discussion is an opportunity for the manager and the employee to reflect on what has been achieved.

Recognition strategies may vary from team to team, and even between individual employees. These strategies should be flexible in responding to what employees value in terms of recognition and reward, however, it is essential that agencies recognise employees for their efforts, a job well done and where performance improvement is made.

Managers should consider:

- thanking the employee for a specific achievement which has demonstrated excellence and/or hard work;
- acknowledging efforts in consistently working towards performance goals in the face of challenges;
- talking with the employee about how their achievements have helped progress agency and/or division/team outcomes/objectives;
- openly valuing contributions;
- showing appreciation where an employee has really made a difference or demonstrated agency values (where relevant) to an exceptional level; or

- identifying another way of celebrating achievement and success within the team.

Informal recognition of efforts is the simplest and easiest way to acknowledge employee's efforts: to feel valued. It is also an opportunity to demonstrate respect - a critical ingredient in effective manager employee relationships - and for employees to be asked for their input and ideas on what and how innovative ideas can be implemented in the workplace to improve performance and productivity.

Employee contributions to the achievement of teamwork and constructive workplace relationships (in line with agency values) can be assessed and recognised on an individual basis. Recognition of team performance could be developed to reward team performance, rather than focussing solely on individual results.

It is important for a manager to acknowledge effort and show genuine appreciation for individual and team achievements and their contributions.

7.9 Effective evaluation and reporting mechanisms

An effective Performance Management System is underpinned by interlinked evaluation, reporting processes, procedures and approaches. These should be seen as part of the overall Performance Management System, not an additional extra that sits in isolation.

Performance Management Systems are an essential feature to review achievement and continually improve results as they provide the mechanism to collect and interrogate data and responses. This provides for the loop for

continuous agency and employee improvement and performance.

ED 26 identifies the areas in which the agency will need to report and highlights the need for an effective Performance Management System.

Specific detail on agency reporting requirements identified in ED 26 is found in the section titled *Agency Reporting Requirements*.

An effective Performance Management system is underpinned by interlinked evaluation, reporting processes, procedures and approaches. These should be seen as part of the overall Performance Management System, not an additional extra that sits in isolation.

7.10 Alignment and consistent application of salary progression and Advancement Assessment Points Award provisions with the Performance Management Plan process

For the best results, and wherever possible, salary progression and Advancement Assessment Points (AAP) Award provisions should occur and be integrated with the timing of the Performance Management Plan's development, discussion and evaluation process.

The focus of salary progression which is squarely on an assessment of whether the employee has met the desired performance outcomes in relation to their role, the team and division in which they work within an agency replaces annual increments, which to a large degree has been previously principally based on time progression, rather than on actual performance achievement.

As with salary progression, AAP have been introduced into General Stream Bands 1, 4, 6, 7 and 8 of the *Tasmanian State Service Award* as a mechanism to recognise demonstrated performance at the upper end of that which can be expected at the classification band. AAP Performance requirements are more challenging and assessment criteria are more explicit and rigorous than those that apply to salary progression.

As both salary progression and advanced assessment focus on effective performance wherever possible all two processes should be aligned and if possible integrated in the agency's Performance Management System's cycle.

For the best results, and wherever possible, salary progression and the Advancement Assessment Points Award provisions should occur and be integrated with the timing of the Performance Management Plan's development, discussion and evaluation process.

7.11 Summary

In summary, best practice Performance Management Systems are characterised by:

- the creation and maintenance of a culture of performance with roles and responsibilities clearly articulated and understood;
- integration into agency corporate and business planning processes;
- development and completion of a Performance Management Plan by all employees (in conjunction with their manager) linked to the outcomes/objectives contained in team/divisional business plans which support outcome/objectives of agency and business plans;
- processes to help people understand what a Performance Management Plan is:
 - its importance and intent;
 - guidance on how a plan is developed; and
 - how the performance management discussion is best conducted between the manager and employee.
- a learning and development strategy with supporting infrastructure and programs that:
 - improves understanding of the purpose of the Performance Management Plan;
 - continually improves the capacity of the manager in conducting the performance management cycle in general and the performance management discussion in particular;
 - educates employees on why performance management is important, assists them in preparing for the Performance Management Plan, its discussion and their accountability for identified performance outcomes in it; and
 - provides opportunities for learning and development needs for performance at the individual, team and organisational levels.
- processes to recognise and reward performance that are credible and valued;
- processes to identify and manage underperformance that are transparent and fair; and
- processes for grievance and dispute resolution.

It is anticipated however that the 10 key elements of a Performance Management System identified earlier in specific detail in this guideline document will appear in each agency's Performance Management System.

8. The Performance Management Plan

Fundamental to the principles of shared responsibility and the focus on performance in the *State Service (Performance) Act 2011* and ED 26, is the development of a meaningful and relevant Performance Management Plan.

The Performance Management Plan serves as the map that guides performance and its assessment, the record of achievement for employees/teams and the foundation for employee learning and development action plans.

It provides a record for both the employee and the manager to refer to, should any misunderstandings arise in regard to expectations, requirements and standards of performance.

It also records the assessment process, details changing priorities, conditions and resources that have impacted on the achievement of outcomes/objectives as well as identifies the learning and development priorities for the employee to provide them with the required capabilities.

Every employee, in line with agency procedures is expected to complete a Performance Management Plan with their manager.

Completing a Performance Management Plan is one of the most important tasks that managers and employees will undertake together and, for which both will be accountable for in meeting identified key performance outcomes in the employee's Performance Management Plan.

The Performance Management Plan defines an employee's key performance outcomes/objectives, work behaviours and work requirements. It should:

- be consistent with the agency's outcomes/objectives (goals);
- be consistent with agency values, State Service Code of Conduct and State Service Principles;
- include expected requirements and standards of performance identified in the employee's band structure;
- be consistent with the employee's role;
- include relevant learning and development plans necessary to build capability required for meeting outcomes; and
- be clear and unambiguous.

It is important that the employee has the opportunity to comment both verbally and in writing on relevant issues in the actual Performance Management Plan. This is a record for development needs or issues for both the manager and employee in ensuing reviews.

Generic performance plans may be useful where employees are working in teams and/or have similar responsibilities; however, individuals' learning and development plans contained within the overall Performance Management Plan will not necessarily be uniform.

Overall, when the Performance Management Plan is being developed, a focus on the following should be considered:

- knowing where the agency is going (i.e. aligning the role of the employee's duties with the strategic direction of the agency);
- knowing what is to be achieved and how (in terms of key

outcomes/objectives of the employee);

- knowing when outcomes (results) are achieved (eg did employee performance meet expected standards); and
- taking action to address the training and development needs as well as the aspirations of the employee.

Each agency's Performance Management System will have its own performance management cycle for the development, review and assessment of the Performance Management Plan, however at least one annual performance review is to occur with employees.

Fundamental to the principles of shared responsibility and the focus on performance in the State Service (Performance) Act 2011 and Employment Direction 26, is the development of a meaningful and relevant Performance Management Plan. The Performance Management Plan serves as the map that guides performance and its assessment, the record of achievement for employees/teams and the foundation for employee learning and development action plans.

9. Performance assessment

Rating scale

A rating scale is required when evaluating performance against defined expected key outcomes. It provides the benchmark for improvement and learning and development requirements.

An employee needs to know against what rating they have either achieved required performance and to what degree, or if they

have not what rating level has been achieved, why and what is required for improvement.

Best practice indicates a five point rating scale is desirable as it gives the employee and manager a finer level of assessment and more clearly identifies required learning and development needs.

It is recognised that a number of rating scales currently operate across agencies and while a one size fits all rating framework is not advocated, at the very least rating scales are to have two points of assessment, satisfactory and not satisfactory, with clear explanation for both employees and managers of each rating.

An employee needs to know against what rating they have either achieved required performance and to what degree, or if they have not what rating level has been achieved, why and what is required for improvement.

10. Managing underperformance

10.1 Managers' responsibility

The prime focus of any manager is to manage for performance. Managing underperformance of their employee/s is one of the hardest aspects of people management.

Proactive, preventive management helps mitigate underperformance issues arising. It begins with managers concentrating their efforts in selecting the right employees and providing them with clear goals, directions and actively managing their performance by making time to talk with them on a regular, constructive basis about their performance. Active management of all employees is the key step in assisting people to perform at their best.

When performance issues are not addressed they can have implications for the employee, their manager, the immediate work area in particular and the agency workplace more broadly affecting productivity.

Dealing with underperformance can be challenging and confronting for managers and employees alike, but it does need to be addressed immediately by both parties as often issues that arise can be easily discussed in an open and constructive manner leading to a satisfactory resolution. If not, misunderstandings occur, mistrust develops and channels for two way communication are closed between the respective parties. The longer that poor performance is allowed to continue, the more difficult a satisfactory solution becomes and the more the overall credibility of the Performance Management System may suffer.

The prime focus of any manager is to manage for performance. Managing underperformance of their employee/s is one of the hardest aspects of people management.

10.2 Informal approaches to managing underperformance

A manager may informally address underperformance issues in a number of ways:

- as part of ongoing conversations in the workplace about performance; or
- by giving the employee an informal notice that their performance is not meeting requirements.

An informal discussion and dedicated support for the employee may be sufficient in addressing underperformance.

The ability to engage in this level of conversation is an essential skill that underpins a manager's ability to succeed in their role.

Knowing when to seek assistance and from whom is an important part of preparing for and overcoming problems in assessment meetings be they informal or formal.

If the manager gives the employee an informal notice the employee should be given reasonable notice and arrange a meeting to discuss the issue/s. The manager may provide some informal counselling, or the employee may be referred for more formal counselling or training.

The employee should be given the opportunity to respond to the performance issues identified. If a reasonable explanation of the underperformance is provided, then the action should cease. If not, details of the meeting should be noted, dated, signed and filed by the manager.

The steps outlined above will usually be in the form of face-to-face meetings during which the manager will provide the verbal or written notice and give the employee an opportunity to respond.

Managers must ensure that where each of the above steps is taken, the employee is accorded procedural fairness, both before and during the meeting.

Not every performance issue needs a structured informal process, however, where one is required employees should be supported and encouraged to improve and reach the standards of performance previously identified in the employees' Performance Management Plan.

An informal discussion and dedicated support for the employee may be sufficient in addressing underperformance.

Managers should aim to:

- educate themselves by identifying and understanding employee and employer rights and obligations;
- ensure the agency's systems are supportive of allowing employees to achieve their best;
- identify the work requirement and standards in the relevant bands expected of employees;
- implement a performance assessment process to identify when those requirements and standards have not been met;
- effectively communicate underperformance to employees; and
- take steps to address underperformance, such as:
 - making appropriate adjustments to the duties in the context of a revised Statement of Duties. Sometimes lack of performance may be due to lack of suitability to some or all parts of the role. In these instances it may be worthwhile to consider a redesign of the employee's job either in a short or longer time frame, particularly where an employee is motivated and performing well in one aspect of the role, but not another;
 - arranging additional training to increase the employee's capability to perform to the required standard, either in the case above or more generally;
 - establishing regular effective two-way communication;
 - ensuring regular feedback on performance goals, improvements and achievements; and
 - coaching/mentoring or assignment of an operational expert within the team or across the agency in the field of work undertaken by the employee.

10.3 Formal approaches to managing underperformance

ED 26 indicates where an informal process fails to address the performance issue, the next steps involve a more formal and documented process.

In this instance, and as a prelude or in conjunction with the development of the Performance Improvement Plan, the manager may provide a written formal notice to the employee concerning their performance.

The employee must be informed of the details of their underperformance, and of the required performance including where behaviours falls short of the standard expected. Typically this will include:

- a statement concerning the performance issue/s and the corrective action required;
- intended actions if the person does not correct his/her performance;
- if relevant, refer to previous dialogue regarding the same issue/s and their dates;
- refer to when the issue/s was raised and give some details of that incident;
- be signed and dated by either the manager present at the discussion, or all parties; and
- be retained by the agency (a copy should be given to the person involved)

The employee should be given the opportunity to respond and may be given the option of having another person present. If the employee's explanation is reasonable, then the action may cease and the employee may continue in the normal performance management cycle.

If not, all details should be noted, dated, signed by all parties (and by any witnesses) and filed. The employee should be given a copy of the notice. If the employee refuses to sign the notice, it should still be kept on file and the employee should still be given a copy.

For further reference a Best Practice Guide including checklists for managing underperformance is available at the Fair Work Ombudsman at www.fairwork.gov.au

Employment Direction 26 indicates where an information process fails to address the performance issue, the next steps involve a more formal and documented process.

11. The Performance Improvement Plan

Where poor performance is identified and a Performance Improvement Plan is required, it should be developed through constructive two way discussion between manager and the employer in consultation with the Human Resources area, and with the next level of the immediate managers' manager.

If this is done well, the Performance Improvement Plan can be a very positive mechanism to improve an employee's performance and, importantly, can mitigate the need for further, formal processes as it formally signals to the employee that:

- performance improvement is required;
- poor performance is not an option;
- there are consequences of poor performance; and
- the formal process has commenced, which may include a formal warning that possible termination of employment can occur.

It is vital for both the employee and the manager that everything that relates to the requirements of improved performance expected of the employee is:

- discussed and documented clearly with particular attention given to specification of what performance is required, (ie specific work requirements and behaviours expected);
- how performance will be measured (the performance measures)
- by what time things are to be achieved (timeframes and expected milestones)
- the learning and development opportunities, both informal and formal which will be made available to improve the employee's capability to meet the required outcomes.

At all stages in this process, any documentation is to be signed by both parties.

If an employee's performance improves they return to the normal performance management cycle.

If in the agreed timeframes, the employee's performance does not improve, the manager in consultation with the Human Resources area may choose to:

- extend the time to allow the employee to demonstrate improved performance and/or;
- review procedures and conduct a review assessment undertaken in the Performance Management Plan to ensure that this process has been undertaken fairly and reasonably and to determine options for appropriate action based on the circumstances.

This may include a number of options aimed at improving capability and competency development, or include a formal reminder, lawful directive or a recommendation to the

Minister that the employee's employment is to be terminated under Section 44 (ca) of the *State Service Act 2000*.

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This may include a number of options aimed at improving capability and competency development, or include a formal reminder, lawful directive or a recommendation to the Minister that the employee's employment is to be terminated under Section 44 (ca) of the *State Service Act 2000*.

12. Termination of employment

The decision to terminate an employee's employment is not taken lightly and only occurs when it is evident that their performance will not improve and they have been given the opportunity to rectify their lack of performance.

If termination of employment is being considered, the employee is to be advised in writing and given the reasons for this decision.

Procedural fairness is to be provided and, as such, the employee is to have a minimum of 14 calendar days to respond in line with ED 26.

It is only after this response is received, or the time period has elapsed, that any recommendation to terminate the employee's employment can occur. If this recommendation is made, the employee will be advised in writing, together with the reason for this action.

ED 26 provides for further procedural fairness and review through submission of the recommendation to the Director, State Service Management Office, before the relevant Head of Agency is advised of the final decision.

If the recommendation is upheld, the employee is to be advised by their Head of Agency of this decision and their rights of appeal.

The decision to terminate an employee's employment is not taken lightly and only occurs when it is evident that their performance will not improve and they have been given the opportunity to rectify their lack of performance.

13. The grievance and dispute resolution process

The process to resolve performance disputes is provided in ED 26. It supplements processes already in place in agencies and documents the procedure to resolve disputes lodged outside the Agency.

Throughout these guidelines there is a clear focus on open, constructive communication between the manager and employee. This applies equally to situations which involve grievance and dispute resolution.

Where issues arise, wherever possible they are best managed through an honest and objective exchange. However, there are times despite the best efforts of both parties, resolution at the local level may not be achievable. If this is the case, the agency Human Resource Management is to convene a meeting of all parties to the grievance/dispute to clarify the matters that are not agreed in an attempt to resolve the dispute.

Full disclosure by the parties of all the particulars of the grievance/dispute is required for the meeting such as:

- the current Statement of Duties;
- copy of the Performance Assessment and managers comments;
- copy of any notice provided to the employee in writing;
- a response to the assessment/notice; and
- witness statements, if applicable.

Employees currently have right of appeal at any time with the Tasmanian Industrial Commission under section 50(1)(b) of the *State Service Act 2000* the employee (after seeking an internal review) is also entitled to lodge a grievance with the Tasmanian Industrial Commission.

The process to resolve performance disputes is provided in Employment Direction 26 and is to be followed by all agencies.

It supplements processes already in place in agencies and documents the procedure to resolve disputes lodged outside the agency.

14. Agency reporting requirements

It is essential to know that Performance Management Systems are working effectively.

ED 26 requires agencies to report in their Annual Report on activities and effectiveness of their Performance Management System in relation to three key categories below.

In terms of standard reporting requirements agencies should refer to the Department of Treasury and Finance and *the Financial Management Audit Act 1990* (FMAA).

1. Alignment

Establishing Performance Management Systems which work within the culture of the agency

This means, alignment of employment practices to meet government priorities, agency strategies and business/divisions/operational plans, the State Service Principles, the Code of Conduct and/or agency values; alignment of effort and behaviours with the outcomes of government and the agency's values.

Typically Performance Management systems link to:

- agency business planning and team plans; and/or
- internal improvement objectives, such as building capability or improving culture and communication.

In developing outcome performance indicators agencies could consider the following:

What would indicate that the actions taken have solved, or are solving, the problem (or need) identified in agency outcome statements?

Useful, but not necessarily comprehensive examples of effectiveness indicators could also include:

- generating individual work objectives from corporate and business plans;
- setting core agency-wide objectives or key result areas for all performance plans;
- setting agency priorities through corporate values, capabilities or behaviour statements for all performance plans;
- employee involvement in goal/value/behavioural setting and alignment process;
- appropriate timing of the setting of performance management objectives and feedback so that it is clearly seen as part of the annual flow of corporate planning processes; and
- where relevant, performance management career development/capability discussions that satisfy agency goals and strategic objectives.

2. Operation and credibility

Establishing Performance Management Systems that operate effectively and are valued by employees as being simple, effective and fair

This means, operation in terms of the Performance Management System's effectiveness in:

- improving performance
- its credibility in terms of the employees' perception of:
 - fairness and transparency;
 - objectivity;

- their confidence in and support of the System;
- their understanding of and the importance of performance management overall; and
- their own performance.

It also means credibility of the System in terms of creating effective workplace relationships and work environments, and, importantly if the, Performance Management System is perceived as simple, effective and easy to use.

In addition, ED 26 requires agencies to provide quantitative data on the number of:

- employees who participated in the Performance Management System including the number of Performance Management Plans completed;
- Performance Management Improvement Plans completed, including the number who returned to the Performance Management cycle;
- terminations; and
- educational, training and development activities undertaken in the agency as part of the agency's Performance Management System.

There are a number of factors that strongly influence the credibility of Performance Management Systems, often regardless of the culture of the agency.

Essentially these relate to simplicity of the System, its ease of access, fairness, demonstrable management buy in at all levels, how underperformance is managed, efficiency and transparency of reporting outcomes and how the views of employees are responded to in relation to the System.

Careful design and ongoing evaluation of the System itself can have strong positive

correlations between the level of two-way communication and making sure that performance assessments are perceived as fair, objective and justified.

The existence of a credibility gap between the rhetoric of what a Performance Management System should be and do, and how it applies to senior management versus employees can significantly underpin the System's effectiveness and the commitment to it by employees.

Ideally, employees should have high levels of trust in management and in the Performance Management System, which may be demonstrated by:

- consistent application of the Performance Management System across the agency;
- initial and ongoing training in the performance management process and in the skills to participate;
- coaching for managers in how to develop Performance Management Plans and conduct discussions; and
- a moderation or review process to build consistency of ratings standards across the agency and workplace performance.

To maximise credibility, agency Executive and Managers' commitment and consistency of approach to the Performance Management System should be clearly observable to employees which will be assessed in terms of:

- fairness with performance ratings;
- fairness with the assessment system, procedural justice, and employee responses to how 'fair' they felt the assessment was;
- how much it agreed with their own self rating; and
- how well it represented the employees performance.

Performance management should be and seen to be part of the agencies corporate management strategy and linked to other change management approaches (e.g. workforce planning, recruitment and retention and capability development).

3. Integration

Establishing Performance Management Systems that are part of agency operational planning

This means integration with the agency management structure ensuring: clear line of responsibility and accountability; and strategic and operational planning into performance management business activities and employment management practices.

It also includes reporting on quantitative statistical information on employee participation, the nature and extent of education training and development activities undertaken in the agency which supports the Performance Management System.

Performance management should be and seen to be part of the agencies corporate management strategy and linked to other change management approaches (eg workforce planning, recruitment and retention and capability development).

This is best achieved when this overview is presented in a simple and easily understood form which is readily understood at all levels. This is referred to earlier as the; 'line of sight' between agency direction and its relationship to what the divisions, team and the individual do.

15. References

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