



Sharpening the focus

Managing Performance in the APS



Australian Government
Australian Public Service Commission

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Section one

introduction

one

Introduction

Systematic approaches to performance management have been in place for some time within the Australian Public Service (APS). Indeed the *Public Service Act 1999* (PS Act) explicitly refers to managing performance in the APS and provides the means for dealing with unsatisfactory performance (referred to as underperformance in this guide).

Performance management is an essential component of a constructive workplace environment. It is aimed at serving a number of purposes, including:

- improving individual and organisational performance
- supporting skill development and career planning
- aligning individual work with whole of government initiatives
- providing measures of organisational and individual accountability
- planning and monitoring individual performance within the achievement of organisational and business goals
- recognising and rewarding good performance, improving average performance and managing underperformance
- from a workforce planning perspective, identifying and developing required capabilities for a capable, adaptive and effective workforce.

This guide has been prepared to assist agencies to reflect upon, review and refine their performance management approaches and systems. The guide:

- highlights the policy and legal context supporting the development and implementation of performance management systems in the APS
- provides an overview of the key principles of performance management
- provides some detailed guidance on areas which are known to present challenges in implementing performance management, in particular, system design, achieving credibility and managing underperformance.

The APS focuses on achieving results and managing performance.
Public Service Act 1999, APS Values s.10(1) (k)

Section
two

background

two

Background

Performance management is a well documented area. The most relevant and significant guidance material for APS agencies in this area includes:

- Management Advisory Committee (MAC), *Performance Management in the Australian Public Service: A Strategic Framework*, revised edition, 2003¹
- Australian National Audit Office (ANAO), *Report no. 6/2004-05 Performance Management in the Australian Public Service*, 2004²
- Australian Public Service Commission, *Performance Management*, 2002³

Provisions related to performance management are set out in the PS Act, the *Public Service Commissioner's Directions 1999* (as amended)⁴ which include requirements in relation to implementation of the APS Values, and the *Policy Parameters for Agreement Making in the Australian Public Service*⁵. These define the legal and policy context for the introduction and implementation of performance management systems. Further information on the legislative framework is provided at Appendix A. Agencies will generally set out some aspects of their performance management arrangements in their workplace agreements and have an accompanying agency policy document.

In relation to the APS Value about achieving results and managing performance, the *Directions* require that each agency puts in place a fair and open performance management system that:

- covers all APS employees

- guides salary movement and is linked to organisational and business goals and maintains the APS Values
- provides APS employees with a clear statement of performance expectations and an opportunity to comment on those expectations⁶.

An agency's performance management system must be designed and implemented in accordance with these objectives. The APS Values requiring the APS to be a career-based service and to develop workplace relationships based on communication, consultation, co-operation and input from employees on matters which affect their workplace, also need to be taken into account when considering the development or review of a performance management system.

The *Policy Parameters for Agreement Making in the Australian Public Service*, particularly policy parameters 2 and 5 refer explicitly to performance. Policy parameter 2 requires improvements in pay and conditions to be linked to improvements in organisational productivity and performance⁷. Policy parameter 5 requires agency agreements to facilitate mobility across the APS by maintaining structures that are consistent with the classification rules, with salary advancement guided by performance⁸.

The PS Act, policy parameters, and workplace agreements made in accordance with those parameters, allow agencies flexibility (providing consistency with the APS Values is maintained) to develop and implement performance management systems that meet the needs of their organisation, allowing consideration of:

- organisational and corporate goals
- the workplace culture the organisation seeks to foster
- contextual factors

In line with the objective of implementing good practice approaches, the MAC *Performance Management*⁹ report indicated that the key features of the framework for performance management are:

- **alignment**—of effort and behaviours with, amongst other things, the outcomes sought by government and the APS Values
- **credibility**—including achieving the confidence and support of staff, creating effective workplace relationships and environments, fairness, openness and reporting of outcomes
- **integration**—with the management structure, ensuring clear lines of responsibility, line of sight to organisational responsibilities, clear links between actions and results and targeted capability development.

A range of Commission publications provide further advice in relation to specific issues:

- *Counselling for Better Work Performance* 2000ⁱ
- *Values in the Australian Public Service* 2002
- *Managing Breaches of the APS Code of Conduct* 2002
- *Embedding the APS Values* 2003
- *Probation* 2003
- *Termination of Employment* 2004

These are found at www.apsc.gov.au/publications/index.html.

ⁱ This publication provides specific advice in relation to managing underperformance and is found at <http://www.apsc.gov.au/publications00/counselling.htm>

Section
three

APS experience

three

APS experience

A number of agencies have reviewed, or are in the process of reviewing, their approaches to performance management. Formal analyses have also been conducted by the ANAO and through *State of the Service Reports*.

An audit of 63 agencies conducted by the ANAO in 2004 found that the application of better practice principles across APS agencies was variable, and that there was scope for improvement in demonstrating that performance management systems, strategies and plans were consistent with the framework outlined by the MAC. In relation to the key features of the strategic framework outlined by MAC the following observations were made:

- The *alignment* of performance management systems with goals and organisational priorities was variable, driven in some cases by factors other than the business needs of the agencies or government outcomes. Limited assessment of the organisational impact of performance management systems makes it difficult to determine whether performance management has been successful in achieving business outcomes.
- There is a need to address *credibility* issues surrounding performance management. These include lack of clarity on what constitutes good performance, the value of rewards, perceived unfairness in decisions about and distribution of performance rewards, the management of underperformance, and the effectiveness of performance management in assisting staff with evaluating and improving their performance.

- The *integration* of performance management systems with the overall corporate structure was progressing. However, there are improvements to be made in recognising those people who manage staff well, assisting those who do not, and identifying the learning and development needs of staff¹⁰.

The use of performance agreements is mandatory across nearly all APS agencies. The *State of the Service Report 2004-2005* (SOSR)¹¹ found that the majority of employees felt the links between their agency's business and their work were made clear in the development of their performance agreements (although there was some reduction, 65% down from 72% in 2002-2003). Seventy-three per cent of employees also understood the standards used to evaluate their performance. However, there were some concerning results that only 43% of employees felt their most recent performance review would help them perform better, suggesting that there are issues with the effectiveness of performance management systems.

With regard to the management of underperformance, the SOSR found that in the last 12 months one in five Senior Executive Service (SES)/Executive Level (EL) employees were involved in supervising or managing an employee that consistently underperformed¹². Of that group of SES/ELs who managed underperformance, the most common challenges faced were: managing the impact of the underperformer on team members/colleagues (72%); time required to deal with the underperformance issues (60%); unwillingness on the part of the underperformer to try and improve his/her performance (55%), and dealing with health related and/or personal issues (51%). In dealing with these issues

this group of SES/ELs identified support from their manager (44%) and support from the human resource area (25%) as the most helpful support mechanisms in managing the underperformer. However, 23% of this group found nothing particularly helpful in dealing with the situation.

Both the ANAO report and the SOSR are consistent in their emphasis about the challenges facing agencies and that there is still some way to go to achieve effective implementation across the service.

Section four

*key considerations
for performance
management*

four

Key considerations for performance management

In light of the findings from the ANAO, the SOSR 2004-2005 and earlier *State of the Service Reports*¹³, the Australian Public Service Commission (the Commission) has undertaken a review of performance management practices in public and private sectors, both within and outside Australia. Of particular interest was the desire to establish what action is required by organisations to ensure that staff are motivated to perform and achieve their best.

In view of the advice of MAC, the *State of the Service* findings, and the literature review, a three level approach is suggested for reviewing, refining and implementing performance management systems to ensure they achieve the desired outcomes, are supported by employees, and are effective in managing various aspects of performance. In particular the key considerations are:

- the workplace culture
- the system and its credibility
- supporting practices

While careful consideration should be given to each of these, the effectiveness of the whole system relies upon the successful integration of the three levels.

4.1 Building the workplace culture

In order for performance management to be successful, the cultural foundation should be one which encourages feedback and discussion in open and supportive environments, and agencies need to understand the key drivers of performance within the workforce.

'Formal performance management schemes are useful but insufficient. We need to build a workplace culture in which people provide positive feedback to their colleagues every day on what is going well and what needs to be improved. A brief remark or a quick email which recognises the achievement of others on a regular basis is just as important to maintaining commitment as the award, once a year, of performance pay.'

Dr Peter Shergold, 'The changing nature of work', Presentation to the Australian Public Service Commission People Management Forum, 21 June 2005.

The Commission has reviewed relevant research identifying conditions which are known to encourage improved performance. Some of the key findings are outlined below.

Research findings—Corporate Leadership Council

In 2002, the Corporate Leadership Council (CLC)ⁱⁱ undertook to identify the major drivers of individual performanceⁱⁱⁱ. The CLC study concluded that:

- employees perform best when they feel personally connected with their work and the organisation
- managers most effectively drive performance when they provide their staff with solutions to day-to-day challenges (such as information, resources or experiences that directly improve performance), and when they provide staff with informed, positive, fair, accurate and detailed feedback about their performance¹⁴.

The CLC study identified a hierarchy of performance drivers, with some perhaps unexpected findings regarding the importance of various factors. For example ‘connection’ to the type of work being undertaken was found to be more important to improving performance than traditional financial and non-financial incentives. The findings are summarised in four groups below, reflecting those factors which have the most impact on performance, through to those that were rated as having a negative impact on performance.

ii The CLC is a US-based best-practices research organisation comprising an international membership of 1,200 organisations in the public, private and not-for-profit sectors. Over 20 APS agencies hold a consortium membership of the CLC, and Centrelink, Defence and the Australian Taxation Office are members in their own right.

iii This research included a web-based survey of 41,000 employees and managers and reference to the CLC’s performance management database. The survey sample was drawn from 34 organisations in 7 industries across 29 countries, and included the ATO. The survey, which achieved a 46% response rate, tested the impact of 106 potential performance management drivers. Analysis of the responses resulted in each driver being ranked according to the perceived degree of impact on performance, with a possible range from 40% improvement to 40% negative impact.

- **A level (high impact) performance drivers (>25% positive impact on performance) result in the largest improvements in individual performance**
 - fairness and accuracy of informal feedback (39.1%)
 - risk taking (38.9%)
 - emphasis on performance strengths (36.4%)
 - employee understanding of performance standards (36%)
 - internal communication (34.4%)
 - manager knowledgeable about performance (30.3%)
 - opportunity to work on the things you do best (28.8%)
 - feedback that helps employees do their job better (25.8%)
 - opportunity to work for a strong executive team (25.7%)
- **B level drivers (10% - 24.9%) (sample of factors)**
 - manager helps find solutions to problems (23.7%)
 - emphasis in informal feedback on personality strengths (22.3%)
 - emphasis in formal reviews on personality strengths (21.3%)
 - manager helps attain information, resources and technology (19.2%)
 - manager breaks down projects into manageable components (18.5%)
 - manager clearly communicates expectations (16.2%)
 - opportunity to do challenging and leading-edge work (11.1%)

- **C level drivers (0% - 9.9%) (sample of factors)**
 - emphasis on specific outcomes of formal performance review (promotions, raises or bonuses) (9.1%)
 - presence of 360 degree review (8.1%)
 - connection between successful project completion and raise in base salary (4.2%)
 - connection between successful project completion and perceived reward size of annual merit increase (3.8%)
 - connection between successful project completion and opportunity for higher performance rating (3.6%)
 - connection between successful project completion and received reward (2%)
 - differential treatment between low and high performers (1.5%)
 - presence of employee development plan (1.4%)
- **D level drivers (<0%) these represent disincentives to performance**
 - use of rank ordering (-0.1%)
 - increasing the number of formal reviews received each year (-0.1%)
 - emphasis in informal feedback on personality weakness (-3.2%)
 - emphasis in formal reviews on personality weakness (-5.5%)
 - emphasis in informal feedback on performance weaknesses (-10.9%)
 - emphasis in formal reviews on performance weaknesses (-26.8%)
 - manager makes frequent changes to employees' projects (-27.8%)

Other research by the CLC¹⁵ shows that those employees who are engaged with their work and committed to the organisation are more likely to contribute additional discretionary effort to the task at hand: this in turn can have a positive impact on performance in the workplace. It suggested that organisational culture, leadership and line management have a much greater impact on employee 'engagement' than non-cultural factors.

Research findings–Public Services Productivity Panel

Similarly, research conducted in 8 organisations (6 public sector, 2 private sector) by the UK Public Services Productivity Panel^{iv} in 2002 sought the views of both senior executives and employees about motivating factors within the work environment.

Staff identified these, in order of emphasis, as being:

- constructive workplace relationships
- delegation
- recognition
- perception of being able to 'make a difference'
- communication
- clear direction
- participation¹⁶

There was strong consensus between staff and senior executives about the importance of delegation, recognition and communication. However, the senior executives surveyed did not appreciate the importance attached by staff to relationships ('soft management' skills including

^{iv} A small group of public sector and senior business leaders established to advise the UK government on improving the efficiency and productivity of public sector departments and agencies. The group has now been disbanded.

treating staff with courtesy and respect and developing an informal friendly workplace atmosphere) and clear direction (the extent to which staff have a sense of the organisation's aspirations and goals)^v.

A number of *demotivating* factors for staff were also identified:

- lack of control over the way in which they work
- impersonal treatment
- lack of recognition
- poor internal communication
- negative press, bad image
- resources shortages
- weak line management¹⁷

APS-specific research, conducted through the MAC *Organisational Renewal* study on attraction and retention factors for mature-aged workers and graduates, noted the motivational importance of interesting work, good working relationships and, for younger employees, opportunities for training and career development¹⁸.

Employees surveyed, in particular graduates, rated the provision of regular feedback as an important workplace factor¹⁹. The 2003 study, along with the *State of the Service Report 2003–04* support the findings from the CLC and the Public Services Productivity Panel in relation to those factors known to positively impact on performance.

The capacity for an agency to achieve a performance culture where staff and managers engage in regular feedback and discussion can be obstructed by ingrained

^v Senior executives emphasised (in order): recognition, delegation, communication, career development, 'making a difference', participation, and learning and development.

Research consistently stresses the importance of constructive working relationships, and other factors which contribute to a productive workplace, for motivating and improving performance. The *Integrated Leadership System*, launched in 2004 by the Commission, identifies the specific capabilities required at executive and senior executive levels in the APS, and emphasises the need to cultivate productive working relationships. Refer: <http://www.apsc.gov.au/ils/index.html> .

demotivating practices. In these circumstances it is possible to shift the broader organisational culture by focussing the system on the factors that motivate performance and recognising and rewarding the individuals that put them into practice.

4.2 Building the system and its credibility

Negative attitudes to performance management and a lack of credibility can, in some instances, be a by-product of inadequate systems. When reviewing the effectiveness of performance management systems, agencies should be clear whether it is the system design, or implementation that is causing concern. In order to design and implement successful performance management approaches agencies need to ensure that the system supports the workplace culture and is accepted and valued positively by the workforce.

To achieve this, the system needs to be tailored to support the organisation's particular context, desired organisational culture and required skill sets. However, there is an inter-relationship between these factors. The MAC *Performance Management* report noted that overlooking cultural issues can jeopardise the implementation of a performance management system, and that viewing culture as static and immutable can mean missed opportunities to use the system as a lever for change²⁰: this highlights the importance and complexity of the interaction of performance management systems and organisational culture.

4.2.1 Building the system

There are many possible design principles and features which could be considered during the introduction or review of a performance management system. As has already been noted, mandatory requirements are set out within the *Public Service Commissioner's Directions* and the *Policy Parameters for Agreement Making in the Australian Public Service*^{vi}.

Before embarking upon performance management, agencies need to have a human resource (HR) strategy built upon a clear understanding of the issues facing them in the short and longer terms—including the required capabilities and desired behaviours—so that *all* HR practices are integrated and support the organisation in achieving its objectives within its particular operating environment.

Principles which could guide a system's fundamental design include:

- active consultation at all stages of design, implementation and review
- transparency of the process at all stages
- clearly outlined expectations of what is to be achieved by the system
- ongoing discussion and feedback during performance management
- inclusion of strategies for supporting the quality of performance discussions as well as compliance with requirements.

^{vi} As mentioned previously, they may also be set out in workplace agreements.

In addition, a small range of clear objectives for performance management in the organisation is more likely to support an understanding of the system, be more achievable and reflect realistic expectations²². It is important that, from a broad range of possible objectives that can be met through performance management, agencies are clear about which ones are afforded greatest priority, and that they focus on, and articulate, these few within the organisation.

Design features

1. *Clear statement of performance expectations*

As a minimum, the *Public Service Commissioner's Directions*²³ indicate that a fair and open performance management system will provide each APS employee with a clear statement of performance expectations and an opportunity to comment on those expectations. Performance agreements are widely used in the APS as one method of documenting such expectations. Performance agreements should:

- reflect an understanding of performance expectations and what is to be achieved over the specified time period
- identify roles and responsibilities (which can include generic level– or role–specific responsibilities)
- include strategies for training and capability/career development
- reinforce opportunities for whole of government work and cross agency collaboration.

Tip: Provide formats that are easy to use and don't rely on 'performance-management speak'. Use everyday language to avoid alienating both managers and employees. For example, if terms such as 'KPIs' aren't part of everyday language, don't use them in performance agreements.

The ability of individuals to improve their performance is generally enhanced by a clear understanding of the standards they will be assessed against (see CLC, 2002). To avoid invalid comparisons, assessments should be made against documented agreements and discussed during the course of the year, rather than between the performance of different individuals at review time.

Performance agreements are likely to be most successful as a tool for the planning, review and assessment of performance, when coupled with ongoing and informal feedback centred around performance improvement^{vii}.

It is important that performance agreements are rigorously developed. Specifically, this means that:

- required outcomes/deliverables are clear and specific
- lines of accountability are identified
- desired behaviours (including those embedded within the APS Values and Code of Conduct^{viii}) are identified
- the criteria for performance assessment are clear, agreed and applied consistently.

By using these principles, it is much easier to identify and assess an individual's contribution within a team situation. Once developed, currency of agreements can be maintained through periodic 'revisiting' and inclusion of changing priorities.

Other factors which could be considered when designing performance management systems include:

- links to the goals and objectives of business plans and related documents, and their review cycles
- a link to reward and recognition strategies
- an approach that supports regular informal feedback complemented by formal review processes

^{vii} However, it needs to be acknowledged that an agreement in itself will probably not drive performance. This will depend upon the extent to which the agreement reflects day-to-day work and responsibilities and how often it is updated. CLC research suggests that good internal communication between the manager and employee has more than a 20-fold times larger impact than the presence of a plan.

^{viii} Refer to *APS Values and Code of Conduct in Practice – A Guide to Official Conduct for APS Employees and Agency Heads* for guidance 2003, part of the Commission's *Embedding the Values* series.

Tip: Consider some form of review of the consistency of performance agreements. For example, they could be mapped against agency work level standards to ensure relativities across groups/divisions are maintained.

- mechanisms for recording discussions and modifications
- a separate process for performance review (identifying achievements over time and assessing strengths and development needs) and assessment (quantifying and rating performance, with links to decisions about remuneration)^{ix}
- some form of assessment or rating which is appropriate to the context of the organisation and the agreement i.e. assessment is made against undertakings in agreements and identified success measures
- a transparent process for the moderation of assessments/outcomes
- a link to training and development programmes
- a clear and accountable process for managing underperformance.

Of particular importance is getting the ‘people side’ of performance management right. A system’s effectiveness will be limited if its implementation is emphasised at the expense of the ongoing people management aspects. These include using performance outcomes throughout the year to assist in the identification of development needs, to recognise where performance excellence is achieved, and, to identify where underperformance is occurring and improvement is required.

^{ix} The Institute of Public Administration Australia (IPAA) provides a comprehensive Design Features Matrix which offers guidance on the selection of system design features to ensure consistency with system objectives and may be of use to agencies when considering their own system designs, see IPAA, 2001, *Performance Management: A Guide to Good Practice*, People & Strategy, Canberra, Appendix 3.

2. *Assessing for rewards*

The ANAO found that most agencies take the APS Values into account and promote them through their performance management systems²⁴. The SOSR²⁵ also noted that 77% of agencies reported having the APS Values included in performance assessments using a mixture of approaches^x (compared with 78% in 2004), and that 54% of agencies reported assessing their staff against all the Values (60% in 2004). However, anecdotal evidence suggests that assessments tend to focus on the delivery of business results, and pay less attention to the APS Values and behaviours. This is also common in the private sector. In order for assessment of performance to be comprehensive, an assessment of behaviour is just as important as consideration of the outcomes. MAC in particular noted the emphasis placed on a balanced performance management systems, which recognises the importance of values and leadership behaviour alongside outcomes²⁶.

Assessment could consider the results (for example, achievements of outputs) as well as values-based behaviours. While the difficulties in assessing such behaviours are acknowledged, their importance warrants that they be further considered. Approaches such as the use of weighted ratings are a possible consideration. For

^x The assessment approaches adopted included assessing staff against all the Values as a set (54% in 2005 compared to 60% in 2004), the Values that are most relevant to the duties being performed (29% in 2005 compared to 23% in 2004), and/or agency-specific values (45% in 2005 compared to 48% in 2004). Other behavioural indicators used by agencies in assessing individual performance included assessment against: leadership indicators or protocols; the APS Code of Conduct; agency-specific capabilities frameworks; and interpersonal skills.

example, 50% of the assessment could be attached to results and 50% to behaviours. Where the outcome is linked to pay, an aggregate assessment could be applied, requiring that a minimum satisfactory result be achieved in each factor for any performance reward to be given.

Another approach could be to adopt a type of 'scorecard' for assessment of multiple factors such as people management, leadership, delivered results, modelling the APS Values and attitudes. In terms of the APS Values, the use of the four groupings suggested by the Commission^{xi} may make it easier to assess practical application.

4.2.2 Building Credibility

There are a number of factors which can affect the credibility of performance management systems. These can emerge through the organisational culture, the system design itself, or the approaches that are put in place to support the system. Table 1 provides an overview of some of the key issues which may affect credibility, and how they may be dealt with. These issues reflect possible credibility factors that may be experienced at each of the three levels identified, that is: culture, the system and supporting practices. While each of these issues may need to be dealt with individually, recognising and treating issues across the three levels will be important if the overall credibility of the system is to be preserved.

Tip: It is not easy to effectively incorporate modelling the APS Values and complying with the APS Code of Conduct into performance agreements. One way is to identify and measure expected behaviour. This sounds easier than it is in practice. It may be challenging to directly link some workplace behaviours, such as creating a constructive working environment, to measurable business outcomes. However, the importance of assessing behaviours (in relation to Values) in terms of enhancing future performance should not be underestimated.

^{xi} The groupings are: the APS and its relationship with the Government and the Parliament, relationship with the public, workplace relationships, and, personal behaviour in the APS.

Table 1: Summary of key issues affecting credibility and suggestions for improvement^{xii}

| Credibility Factor | Areas for improvement |
|---|---|
| Underperformance is not managed | <ul style="list-style-type: none"> • Establish a clear and accountable system for managing underperformance (see Section 4.3.5 for further detail). • Educate managers on their responsibilities to manage underperformance. • Streamline formal processes. |
| Definitions of what constitutes ‘good’ performance are not clear | <ul style="list-style-type: none"> • Communicate expectations for performance at each level. These could be supported by highlighting links with work level standards. |
| Rewards are not valued or seen to be worth the effort | <ul style="list-style-type: none"> • Consult with staff about the types of rewards (financial and non-financial) that they would value (see Section 4.3.2 on Recognising and rewarding good performance for further detail). |
| Employees do not see performance management as meaningful | <ul style="list-style-type: none"> • Consult staff in review and re-design stages. • Link performance management to training and career development opportunities, emphasising the link to tangible skills development. |
| Standards and measures for assessing performance are not meaningful | <ul style="list-style-type: none"> • Link to definitions in identified work level standards. • Consult with employees on clarification of the definition of performance standards, and what they mean in practice. |
| Perceived unfairness in performance management and assessment practices | <ul style="list-style-type: none"> • Managers work together to calibrate standards for assessment. • Managers follow standardised transparent procedures. |
| Staff are excluded from the setting of performance management objectives | <ul style="list-style-type: none"> • Consult with staff about the desired outcomes and behaviours. • Include staff in strategic discussions in relation to organisational performance expectations and in identifying appropriate objectives and targets at the unit/ individual level. |

^{xiii} Factors identified in Table 1 and suggested areas for improvement are sourced from ANAO (2004) and MAC (2003a), as well as considerations made by the Commission in preparing the guide.

| | |
|---|---|
| <p>Having a performance review does not contribute to better performance</p> | <ul style="list-style-type: none"> • Provide continuous ongoing feedback to encourage better performance. • Consider the introduction of formal coaching and/or mentoring arrangements. • Raise unit/section progress on a regular basis and provide opportunities for ongoing problem-solving to ensure progress and improvement. • Link performance expectations to learning and development opportunities. |
| <p>Managers and executives don't follow performance management practices</p> | <ul style="list-style-type: none"> • Chief Executive and senior leadership team to drive performance management across the organisation. • Include accountability measures for implementation into performance agreements for managers and senior executives, as part of their leadership and people management role. • Enable consultative forums to monitor implementation across the organisation. |
| <p>The system is time consuming and difficult to implement</p> | <ul style="list-style-type: none"> • Conduct regular reviews of the system. • Streamline systems to be more user friendly, e.g. simplify forms. • Communicate with staff on how to use the systems. • Provide tailored training as appropriate. |
| <p>Objectives of performance management are not visible in implementation</p> | <ul style="list-style-type: none"> • Link performance assessment to goals and objectives to be achieved through corporate and organisational plans. • Provide follow-up intervention on issues as they emerge (e.g. managing underperformance). |
| <p>The outcomes of performance management are not visible</p> | <ul style="list-style-type: none"> • Report on outcomes of performance management such as aggregated agency-wide performance assessments. • Assess improvements over time and on the basis of feedback from external stakeholders. |
| <p>The quality and extent of participation in formal aspects of the system are variable</p> | <ul style="list-style-type: none"> • Train staff in the capabilities required to administer the performance management system. |
| <p>Managers are not confident in dealing with underperformance</p> | <ul style="list-style-type: none"> • Train managers in how to approach and manage underperformance (see Section 4.3.5 for further detail). |
| <p>Moderation occurs after performance assessments have been made and proposed ratings discussed</p> | <ul style="list-style-type: none"> • Reserve discussion of ratings for after moderation has been completed. |

4.3 Supporting practices

In addition to establishing cultural foundations that motivate and engage staff, and implementing credible and effective management systems, there is a range of supportive practices which may facilitate effectiveness of the overall approach.

4.3.1. Supporting managers

The area of workplace relationships is where work needs to be done to support line managers and assist them to develop skills in managing performance. Better practice principles, supported by available evidence, suggest that key areas to work on include building the skills to hold constructive performance conversations as part of normal business, (including recognising good performance, addressing underperformance issues as well as specific and difficult scenarios), with a view to improving performance.

Many managers struggle to have these conversations—in relation to good performance or otherwise—at all, yet it is the dialogue and the manner in which feedback is delivered which appear to have the greatest potential impacts on motivation and performance. As the CLC has noted, it is the daily actions of managers, including their provision of informal feedback that are key factors in driving performance²⁷. Agencies need to support their managers in practical ways by offering skill development in this area.

4.3.2. Recognising and rewarding good performance

There are a number of reasons to tangibly reward performance. These include to:

- recognise past performance
- provide incentives for future effort
- attract and retain staff

Tip: Encourage managers to hold frequent and regular conversations with staff. This will help to keep any formal reviews less stilted and uncomfortable for all concerned.

Tip: Consider staggering the timing of performance reviews to coincide with the anniversary of an employee's engagement. This would help to keep performance at the forefront of the manager's mind, as well as maintaining the manager's role in providing formal reviews and feedback at a manageable level, throughout the year.

Tip: Managers are the key: if they don't address feedback and performance issues, the success of performance management will be limited.

- recognise the achievement of key events or milestones
- encourage continual improvement through positive reinforcement²⁸
- recognise organisational and team performance.

Government policy regarding the provision of performance linked remuneration has been established via two means. The Department of Employment and Workplace Relations *Supporting guidance: Policy parameters for agreement making in the Australian Public Service* (2004) require that salary advancement be guided by performance^{xiii}. In addition, the *Public Service Commissioner's Directions 1999* (as amended) stipulate that agency heads must establish fair and open performance management systems that guide salary movement and are linked to the goals of the agency and the APS values²⁹.

The policy framework provides agencies the flexibility to develop a tailored approach that links salary movement to an assessment of employee performance.

While drivers around feedback and good leadership are known to motivate employees, agencies also need to ensure that their remuneration strategies attract and retain staff with the skills and capabilities required by the agency. Many agencies also use bonus payments to reinforce the link with improved performance. Performance pay is also recognised as an effective mechanism for attracting and retaining high performance staff^{xiv,31}. However, in order to create additional discretionary effort and motivate staff to perform well in the future, a range of complementary reward and recognition

Tip: Remuneration strategies can be used as an effective strategy for attracting and retaining the right people.

^{xiii} See policy parameter 5 at <http://www.workplace.gov.au/NR/rdonlyres/16742899-B560-402B-A58B-B65B93DECD45/0/SupportingGuidelinesPPAMAPJune2004.pdf>

^{xiv} The CLC, 2004, also acknowledged the importance of compensation in attracting and retaining employees.

strategies should also be developed. These strategies may vary from team to team, and even between individuals, and should be flexible in responding to what employees value in terms of rewards. In some cases, the rewards may not have to necessarily be monetary in nature. For example, a well designed training and development programme which offers practical approaches for career and capability enhancement provides opportunities for improving performance, and in specific situations, rewards exceptional performance.

It is essential that agencies recognise employees for their efforts, so that overt acknowledgement of effort, a job well done and performance improvement is made. Different employees value different things. For rewards to be effective in a motivational sense, it is necessary to determine first those things which an employee holds in high regard, and tailor the options accordingly. However, there will need to be an overarching system in place which provides parameters around reward and recognition strategies.

In addition to individual rewards, different groups may value team rewards timed to coincide with major achievements, or they may attach different relative importance to financial vis-a-vis non-financial rewards^{xv}. Tailored rewards provide the opportunity for rewards to be allocated soon after the achievement of key milestones. Rewards offered could be developed by organisational level or type of work, and offered through formal employment agreements (such as workplace agreements) or award schemes, allowing choices within a specified range of options^{xvi} and keeping implementation at a manageable level.

^{xv} For example, greater flexibilities, time off work, professional development opportunities, provision of home-based equipment, subscriptions, car parks, vouchers etc.

^{xvi} A range of formal and informal reward options are suggested at page 41 of MAC, 2003a

Tip: A simple ‘thankyou’ can have a powerful impact.

Tip: Employees’ contribution to the achievement of teamwork and constructive workplace relationships, which are within the spirit of the APS Values, can be assessed and recognised on an individual basis. It may also be useful for agencies to consider structuring collective reward schemes to recognise team performance rather than focussing solely on individual results.

4.3.3. Capability development

Learning and development opportunities are an essential strategy in supporting performance management systems and can be used to support attraction, recruitment and retention of staff. Capability development should be:

- based on a clear understanding of organisational capability requirements as well as those required for the current role
- based on individually tailored development planning^{xvii}
- designed to maximise on the job learning balanced with appropriate learning and development experiences, including self-development strategies
- geared towards shorter-term (as needed) as well as medium-term requirements
- supported by coaching by managers (for the shorter term) and possibly formal or informal mentoring (for longer term career development) arrangements.

4.3.4. Workplace agreements

In line with developing a constructive workplace environment, workplace agreements can be used to make an overt commitment to active performance management and to a feedback culture that links to the APS Values. They can also be used:

- as a tool to gain employee and manager buy-in to the performance management system through consultative development and design as part of workplace agreement negotiations

- to provide a guide for implementation of the system and its related processes including those relating to management of underperformance
- to provide a mechanism for performance related salary advancement^{xviii}.

4.3.5. Managing underperformance

The MAC *Performance Management* report identified the management of underperformance as one of the key factors in the overall credibility of performance management. Similar issues have been consistently identified across a number of agency surveys. It is important that underperformance is addressed and incorporated into an agency's overall performance management strategy.

One way for managers to tackle underperformance is to adopt a preventative approach, concentrating their efforts on selecting the right staff, providing them with clear goals and direction and actively managing their performance and development. To do this, managers need highly developed people management skills, including the ability to deliver timely and effective feedback.

The SOSR³² found that agencies provide a wide range of assistance to managers dealing with underperformance. All agencies indicated that advice was provided by the HR/people management area on request. All but three (96%) indicated that they had procedures for managing

^{xvii} In addition to being the result of performance discussions, development plans can be supported by some form of diagnostic tool designed and administered to identify performance strengths and development needs.

^{xviii} It is very important that agencies understand that by including processes/undertakings in workplace agreements they are accepting obligations that are enforceable.

unsatisfactory performance that could be accessed by all employees (two of which are developing these procedures). Although the proportion of agencies offering training to assessors (those making the performance assessment) has fallen slightly to 46% from 49% in 2004, the three year trend is still upward and six agencies are in the process of developing training packages.

On occasion, it becomes clear that an underperformance situation is not resolving through coaching and training and other measures designed for improvement. Agencies need to have in place effective and sufficiently streamlined procedures for dealing with such a situation, so that managers are confident that there is a workable system available if their efforts to assist an employee to improve their performance to the required standard are not successful. While the majority of agencies have systems in place for dealing with underperformance, it is recommended that agencies revisit their system to consider whether they should be reviewed to achieve a simple and straight forward process. Overly complex procedures should be avoided.

Most agencies include relevant provisions in their workplace agreements, although it is not mandatory to do so. Where provisions are included they will have a binding force and must be followed in the handling of particular cases. For agencies which have not established processes under their workplace agreements or which are reviewing their current processes, a suggested approach is provided on page 34. However, individual contextual factors and consultative arrangements may affect the final design of any such process.

Tip: Dealing with underperformance can be challenging, but it does need to be addressed. It is part of a manager's role. Managers need clear procedures, advice from HR and organisational support—in addition there must be courage and willingness to tackle the issue.

Tip: If performance problems do arise, it is crucial that they be tackled early. The longer that poor performance is allowed to continue, the more difficult a satisfactory resolution becomes, and the more the overall credibility of the system may suffer.

While the processes in place will vary depending on the culture and circumstances of the particular agency, it is important that the procedures for assessing and resolving underperformance:

- are an integral part of a culture of active performance management
- have regard to procedural fairness
- balance the needs of the agency and the employee
- are streamlined and efficient
- are consistent with relevant legislation, including that relating to workplace relations, discrimination, record keeping and privacy.

(Australian Public Service Commission, *Performance Management*, 2002, p.5)

Agencies need to consider whether their line managers have the right blend of skills to keep good performers engaged and motivated, and, to lift the performance of those who are not meeting expectations. Where this is not the case, managers require support in relation to skills development and provision of appropriate processes and advice in order to fulfil their responsibilities in managing performance. Agencies must be aware that dealing with an employee's underperformance can lead to review in a variety of forums including by the Merit Protection Commissioner, the Australian Industrial Relations Commission and the Federal Court. Clear and simple procedures, along with documentation are essential to managing underperformance, and will be of benefit should an employee challenge any agency action.

In upholding the APS Values, agencies are likely to have a workforce which reflects the diversity of the broader community. From that, will arise differences in lifestyles, working styles, expectations, behaviours and personalities. In most cases, the majority of challenges around managing performance will be identifying and implementing strategies which encourage good performers to do better. However, when issues of underperformance arise, they present significant challenges for managers.

Underperformance can manifest itself in a variety of ways ranging from a failure to perform duties required, through to behaviours and personality impacting negatively on individual and/or team performance. Possible examples are included in Table 2.

The following information is provided as a good practice guide for managing underperformance. Agencies should note that where performance management provisions are included in workplace agreements, they are legally binding, and will ultimately dictate the process to be followed until such point in time that they are reviewed and amended.

The process for managing underperformance may not always apply, for example, to non-ongoing employees, people on probation, where a breach of the Code of Conduct has occurred^{xix}, where there is a health-related reason for the underperformance, or where an essential qualification has been lost³³. Agencies have the flexibility to determine how performance management arrangements are applied in these situations.

The Commission's 2002 *Performance Management* booklet provides a set of example clauses for managing underperformance. These clauses outline a minimum process for agencies to follow in managing underperformance, and form the basis of a number of approaches that have been taken by agencies through policies and agreements. The clauses provide advice on the formal process for managing underperformance where an improvement in performance has failed to occur.

^{xix} It may be difficult to determine whether an employee's performance should be dealt with as underperformance or as a breach of the Code of Conduct. If the employee is incapable of following instructions and performing as required, they should be dealt with through procedures relating to underperformance; however if they are unwilling to follow instructions and perform their duties, they should be dealt with through the Code of Conduct procedures (Australian Public Service Commission, *Managing Breaches of the APS Code of Conduct*, second edition, Commonwealth of Australia, Canberra, 2002, p. 2)

Before instituting a formal process, managers may need to give consideration as to whether the matter is an underperformance issue, and what action can be taken to address the underperformance before it escalates to requiring formal procedures. The following draws on advice provided in the Commission's 2002 *Performance Management* booklet^{xx,34} the Commission's *Counselling for Better Work Performance* and also draws from a number of agency agreements in force in 2005.

In line with good management practice, underperformance should be dealt with early and regularly. It is up to managers to use their judgement as to when there is an underperformance issue and when it should be dealt with. If the individual's underperformance relates to a refusal to perform their duties, it may be more appropriate to handle the issue as a breach of the APS Code of Conduct. Detailed advice on this approach is available through *Managing Breaches of the APS Code of Conduct* (2002) available at <http://www.apsc.gov.au/publications02/breaches.htm>.

Before starting the process, managers should consider the following:

- whether this is an underperformance issue or whether there are other relevant factors such as health or conduct
- what the role requirements are, what tasks and responsibilities have to be performed and how can they be measured, e.g. timeliness, quantity of output, standard of written work
- communicating the role requirements to the employee
- whether the performance meets the required standards
- specific examples or other information which could be used to support the assessment

^{xx} This publication includes a set of *Example Clauses Relating to Management of Unsatisfactory Performance* developed by the Commission that may assist agencies when developing procedures for inclusion in their agreements, see <http://www.apsc.gov.au/publications02/performancemanagement.htm>

Tip: Address problems early to avoid complicated and difficult situations.

Tip: Not every underperformance issue needs a structured process. Explore other options for improving performance, such as the use of continuous feedback.

Tip: Consult your HR area for agency specific advice and support during the process.

- other factors such as changes inside or outside the workplace that may be contributing to the problem.

Managers should use an informal approach to provide the employee the opportunity to improve their performance. This could be done by:

- having an informal discussion with the employee about their role and applicable standards
- showing examples of where the manager considers standards have not been met
- letting the employee respond to the issues raised and considering the employee's response
- discussing actions to help the employee improve their work performance
- discussing other options—is the person a square peg in a round hole?
- agreeing on what actions will be taken and how they will be assessed
- setting a timeframe for improving performance, (for example, this might range from one to two months)
- keeping an eye on and providing feedback about their performance over the agreed period
- ending the period with a final discussion—providing positive feedback on areas where there have been improvements
- determining with the employee whether further monitoring is needed
- throughout the period keeping a note of discussions and the employee's progress to assist in the review, and use as further evidence if needed
- advising the employee what records will be kept, how long they will be kept (consistent with the standards under the *Archives Act 1983*), how they will be used and who might see them (e.g. HR or others on a 'need to know' basis).

Tip: An informal chat and dedicated support may be sufficient in addressing underperformance.

Tip: Speak to your HR area, or draw from your own training, when thinking how to have the conversation.

Tip: Action may include on the job or formal training, coaching or referral to counselling.

Tip: Regular ongoing feedback should be provided throughout the agreed period.

Tip: Avoid cases of 'repeat offenders'. Employees should show sustained improvement over a continuous period. If the standard lapses, an abbreviated process should be used, rather than beginning a new one. This avoids a process dragging on, allows agencies to draw on historical evidence in decision making, and holds the employee accountable on an ongoing basis.

Example clauses relating to management of unsatisfactory performance³⁵

1. After a reasonable period of counselling and coaching, an employee whose performance appears to be unsatisfactory will be issued with a formal warning. The formal warning will set out:
 - details of the required standards for the duties the employee has been assigned and how the employee has failed to meet those standards
 - details of how the employee's performance will be assessed
 - the possible consequences if the employee has not attained and sustained the required standards by the end of the assessment period.
2. A person nominated by the Agency Head will then conduct a fair and impartial assessment of the employee's work performance over an agreed period of time (this should normally be not less than one month and not longer than three months). The employee will be provided with feedback on his or her performance during the assessment period.
3. At the end of the assessment period, if the employee's work performance is assessed as meeting the required standard, the assessor will report this finding to the decision-maker. If the decision-maker agrees with the finding, the employee will be advised of this and no further action need be taken under these provisions.

4. If the employee is assessed as not having met the required standard, the assessor will report this finding to the decision-maker. The decision-maker will advise the employee of the finding and of the action that he or she proposes to take, which may include one or more of the following:
 - termination of employment
 - reduction in classification
 - reassignment of duties
 - some other appropriate action.

The employee will be given seven days from the receipt of the advice to respond to the findings and the action proposed by the decision-maker.

The decision-maker, having taken into account the assessor's findings and the employee's response, will advise the employee in writing of his or her decision and the action to be taken.

Agencies have the flexibility to structure their underperformance processes to suit their organisational requirements. In doing so it is important to consider the perspectives of those who will use the process. By observing better practice principles around: clear, well designed, and well communicated processes; supporting managers; and creating a culture of early identification, and regular, ongoing management, agencies will be assisting managers to effectively deal with underperformance issues.

Tip: Ensure discussions focus on work related issues, listening actively, summarising salient points and asking open ended questions.

Tip: Avoid having discussions in open plan areas.

Tip: Keep records of the discussion.

Tip: Agree on an action plan, and a timetable for implementing and reviewing the results

Tip: Allow the employee time to comment on the written advice (e.g. seven days is a common timeframe)

Tip: Avoid slippage of time frames without discussion with the employee, and, recording reasons if time frames are shifted.

Table 2: Examples of underperformance and possible actions (see next page)

Underperformance issues should be dealt with early, and begin with informal discussions around performance improvement, before moving onto formal processes. Prior to beginning the formal process, a range of approaches may be adopted by managers as a means of addressing issues and improving performance. The following table represents some types of employee behaviour which may emerge as an issue for managers. Possible drivers for the behaviours are identified, and management actions are also suggested.

Table 2: Examples of underperformance and possible actions

| Issue | Possible Causes | Actions |
|--|---|--|
| Employee does not undertake work as required, showing signs of apathy and laziness | <ul style="list-style-type: none"> • Job content and design • Inappropriate job fit • Individual or external characteristics | <ul style="list-style-type: none"> • Begin with informal performance discussion • Be clear about the performance requirements and expected contribution of the role to the work of the organisation • Focus on interest in work tasks, how they might be improved • Explore options for opportunities in other areas of the agency or externally • Refer to counselling service if life circumstances are impacting |
| Employee exhibits aggressive behaviours which impact on team cohesiveness | <ul style="list-style-type: none"> • Unsatisfied with working conditions/content • Individual or external characteristics • Personal or health problems | <ul style="list-style-type: none"> • Be clear about expectations for dealing with other people in the workplace. • Assess whether impacting on performance • If performance issues, begin performance improvement process coupled with counselling program • If not impacting on performance, explore reasons behind behaviour, consider workloads, job design, options for career transition, some leave or referral to counselling services • Establish a team culture based on respect and support |
| Employee is disrespectful to other employees and groups within the agency | <ul style="list-style-type: none"> • Lack of understanding of role of other groups • Individual or external characteristics | <ul style="list-style-type: none"> • Educate staff member on role of other teams • Stress the importance within the organisation of collaboration, rather than competition between groups • Refer to a counselling service such as the Employee Assistance Program to resolve issues • Assess whether behaviour is a breach of the code of conduct, and follow appropriate procedures as required |
| Employee will not follow directions or perform tasks as required | <ul style="list-style-type: none"> • Failure to understand what is required • Inability to perform tasks • Individual or external characteristics | <ul style="list-style-type: none"> • Begin performance improvement process starting with informal discussions around what is required in the position. Look at possible options for training and development if a skill deficit is identified. • Assess whether behaviour should be dealt with as a breach of the code of conduct |
| Employee fails to acknowledge they are underperforming | <ul style="list-style-type: none"> • Performance issues have not been adequately explained • Process has not been adequately applied • Employee does not accept management assessments | <ul style="list-style-type: none"> • Ensure that a clear and well communicated process is adopted • Re-establish expected outcomes, use evidence of how performance has failed to meet expected standards, explain the impact of this on the success of the team • If necessary escalate performance assessment to senior management, and/or include an independent review of assessment |

| | | |
|---|---|---|
| Employee does not complete work tasks to the required standard | <ul style="list-style-type: none"> • Lacks the required skills and capabilities | <ul style="list-style-type: none"> • Review recruitment practices to ensure appropriate selection decisions are being made • Identify training and development opportunities as part of performance improvement plan • If employee fails to develop required skills, progress through performance management process to possible options such as reduction in classification or reassignment of duties, transfer to another area to achieve a better job fit |
| Underperformance issues not being addressed by managers | <ul style="list-style-type: none"> • Manager is unwilling / unable to resolve performance management issues | <ul style="list-style-type: none"> • Managers should be advised of their roles and responsibilities, supported by appropriate training and development, and senior management |
| Employee is cynical of work environment and tasks, bringing negative opinions to the work environment | <ul style="list-style-type: none"> • Has become stale and dissatisfied with work environment • Fails to understand value of work being undertaken | <ul style="list-style-type: none"> • Establish team culture based on respect and support • Re-establish role of the position, and the value of outcomes delivered by the organisation • Explore opportunities for career transition and movement |
| Employee shows signs of absenteeism | <ul style="list-style-type: none"> • Job content and design • Inappropriate job fit • Management style • Individual or external characteristics | <ul style="list-style-type: none"> • Identify cause behind absenteeism • Explore possible strategies for job redesign, job fit, changes to working arrangements, management of health issues • Re-establish expectations of attendance |
| Employee bullies and harasses other staff or manager | <ul style="list-style-type: none"> • Work related stress /dissatisfaction • Individual or external characteristics | <ul style="list-style-type: none"> • Identify causes behind bullying and harassment • Explain expectation about workplace behaviour and standards for APS employees • Explore possible strategies such as workloads, task design, counselling • Consider beginning process for breach of code of conduct |
| Employee fails to deliver work outcomes, compensating by 'managing the system' | <ul style="list-style-type: none"> • Lacks the required skills and capabilities • Individual characteristics | <ul style="list-style-type: none"> • Re-establish what is expected in the role, identifying clear deliverables for work tasks • If required, begin a training and development plan • Move to performance improvement process • Engage senior management |
| Employee's psychological or physical health impacts negatively on their performance | <ul style="list-style-type: none"> • Work related stress or injury • Individual or external characteristics | <ul style="list-style-type: none"> • Review work practices for causes of stress, illness or injury, and make appropriate adjustments as required • Refer to medical or counselling services as required • Review case in context of fitness for duty |
| Employee engages in fraudulent activities | <ul style="list-style-type: none"> • Unaware of APS Values and Code of Conduct • Fails to follow the Code of Conduct | <ul style="list-style-type: none"> • Begin process for breach of the code of conduct |

Please note: This is not an exhaustive list. Underperformance issues can arise from a variety of circumstances and would need to be reviewed on a case by case basis, in the context of agency guidelines and advice.

4.3.6. Evaluation

It is essential to know that performance management systems are working effectively. From an organisational point of view, a number of indicators may be relevant in evaluating the performance management outcomes, although it needs to be acknowledged that additional agency emphases may vary given the nature of their particular work. Evaluation could be guided by:

- the development of robust data (arising from performance discussions) which could inform learning and development, career planning and succession management initiatives
- the extent to which performance agreements were properly integrated into day-to-day performance and actually had an impact on performance
- the extent to which workplace relationships were deemed to be constructive, and that constructive one-to-one conversations occurred between managers and employees (including those related to underperformance)
- the extent to which APS employees could demonstrate the development of required capabilities which would ensure their ongoing effectiveness and contribution to public service outcomes
- measurable performance improvement.

At the team level, reduction in the level of tension and distrust surrounding performance management implementation and, in particular, the linking of pay with performance assessments (and the associated 'corridor chatting' and necessity for 'fire fighting' approaches) may in itself provide a suitable indicator for the success of the approach taken.

One mechanism for measuring the success of performance management, aside from observable performance improvements, may be through the use of staff surveys to assess the impact and credibility over time of modifications to the system or approach taken.

Section five

conclusion

five

Conclusion

Performance management practices are an essential component of effective management in the APS. The challenges in implementing effective approaches are recognised across the APS, ranging from cultural and system issues through to the practical implementation and application of performance management practices. While the majority of APS agencies have performance management systems in place, a lack of acceptance by staff, or a failure to provide managers with the necessary capabilities to manage performance effectively, can affect the viability of even the most well designed systems.

There are three levels at which performance management could be reviewed by agencies in order to overcome issues with their systems and ensure they achieve the desired outcomes, are supported by employees, and are effective in managing various aspects of performance.

In particular review and refinement could consider:

- development of a workplace culture that is built around constructive workplace relationships and incorporates regular feedback
- well designed systems that are effective, user-friendly and support the workplace culture
- supporting practices which complement the system and assist managers in fulfilling their responsibilities in this area.

Endnotes

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- ⁶ *Public Service Commissioner's Directions*, 1999, Section 2.12, <http://scaleplus.law.gov.au/html/instruments/0/26/0/2004072601.htm>, p. 16
- ⁷ DEWR, 2004, p.17
- ⁸ DEWR, 2004, p.24

- ⁹ MAC, 2003a, p.29
- ¹⁰ ANAO, 2004, p. 14
- ¹¹ Australian Public Service Commission, *State of the service report 2004-2005*, Commonwealth of Australia, Canberra, 2005, (Commission, 2005), p. 159
- ¹² Commission, 2005, p. 167
- ¹³ Australian Public Service Commission, *State of the service report 2003-2004*, Commonwealth of Australia, Canberra, 2004, (Commission, 2004)
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- ¹⁶ A Foster, G Parston & J Smith, *Making a difference: Motivating people to improve performance*, Public Services Productivity Panel, United Kingdom, 2002, p. 8 (Foster et al, 2002)
- ¹⁷ Foster et al, 2002, p. 9
- ¹⁸ Management Advisory Committee, *Organisational renewal*, Commonwealth of Australia, Canberra, 2003, p.7 (MAC, 2003b)
- ¹⁹ MAC, 2003b, p. 43; p. 53
- ²⁰ MAC, 2003a, p.19
- ²² Institute of Public Administration Australia (in conjunction with People and Strategy), *Performance management – A guide to good practice*, 2001, People & Strategy, Canberra, p.16, (IPAA, 2001)
- ²³ *Public Service Commissioner's Directions*, 1999, Section 2.12(1)(e)(iii)
- ²⁴ ANAO, 2004, p17
- ²⁵ Commission, 2005, p. 145
- ²⁶ MAC, 2003a, p. 28
- ²⁷ CLC, 2002, p. vi
- ²⁸ Foster et al, 2002, p. 5
- ²⁹ *Public Service Commissioner's Directions*, 1999, Section 2.12, <http://scaleplus.law.gov.au/html/instruments/0/26/0/2004072601.htm>
- ³⁰ Commission, 2002a, p. 4
- ³¹ Organisation for Economic Co-operation and Development, *Performance-related pay policies for government employees: Main trends in OECD member countries*, OECD, Paris, 2004, p.40
- ³² Commission, 2005, p. 166-167
- ³³ Commission, 2002a, p. 13
- ³⁴ Commission, 2002a, p. 13
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Appendix A

Legislative Framework

Public Service Commissioner's Direction 2 . 1 2

2 . 1 2 The APS focuses on achieving results and managing performance (Act S 10(1)(k))

1. In upholding and promoting the APS Value mentioned in paragraph 10 (1) (k) of the Act, an Agency Head must, in addition to having regard to any statutory accountability and reporting responsibilities, put in place measures in the Agency directed at ensuring that:
 - a. the Agency has at all times the organisational capacity, flexibility and responsiveness necessary to achieve the outcomes expected by the Government or any other authority to which the Agency is accountable; and
 - b. the Agency has at all times a culture of achievement, planning time and priorities to deliver on intended results; and
 - c. the Agency's reporting arrangements provide an account of the effectiveness of the Agency's outputs during the reporting period; and
 - d. the Agency is able to demonstrate that it has directed its resource priorities toward the achievement of the outcomes expected by the Government or any other authority to which the Agency is accountable; and
 - e. the Agency establishes a fair and open performance management system that:
 - i. covers all APS employees; and
 - ii. guides salary movement and is linked to Agency organisational and business goals and the maintenance of the APS Values; and
 - iii. provides each APS employee with a clear statement of performance expectations and an opportunity to comment on those expectations; and
 - f. the Agency conducts its performance management system in accordance with the objectives mentioned in paragraph (e).
2. In upholding the APS Value mentioned in paragraph 10 (1) (k) of the Act, an APS employee must, taking into account the employee's duties and responsibilities in an Agency:
 - a. help to ensure that:
 - i. the Agency has at all times the organisational capacity, flexibility and responsiveness necessary to achieve the outcomes expected by the Government; and
 - ii. the Agency has at all times a culture of achievement, planning time and priorities to deliver on intended results; and
 - iii. The Agency's reporting arrangements provide an account of the effectiveness of the Agency's outputs during the reporting period; and (iv) the Agency is able to demonstrate that it has directed its resource priorities toward the achievement of the outcomes expected by the Government; and

- b. facilitate a fair and open performance management system in the Agency that:
 - i. covers all APS employees; and
 - ii. guides salary movement and is linked to Agency organisational and business goals and the maintenance of the APS Values; and
 - iii. provides each APS employee with a clear statement of performance expectations and an opportunity to comment on those expectations; and
- c. participate in the Agency's performance management system in accordance with the objectives mentioned in paragraph (b).

