

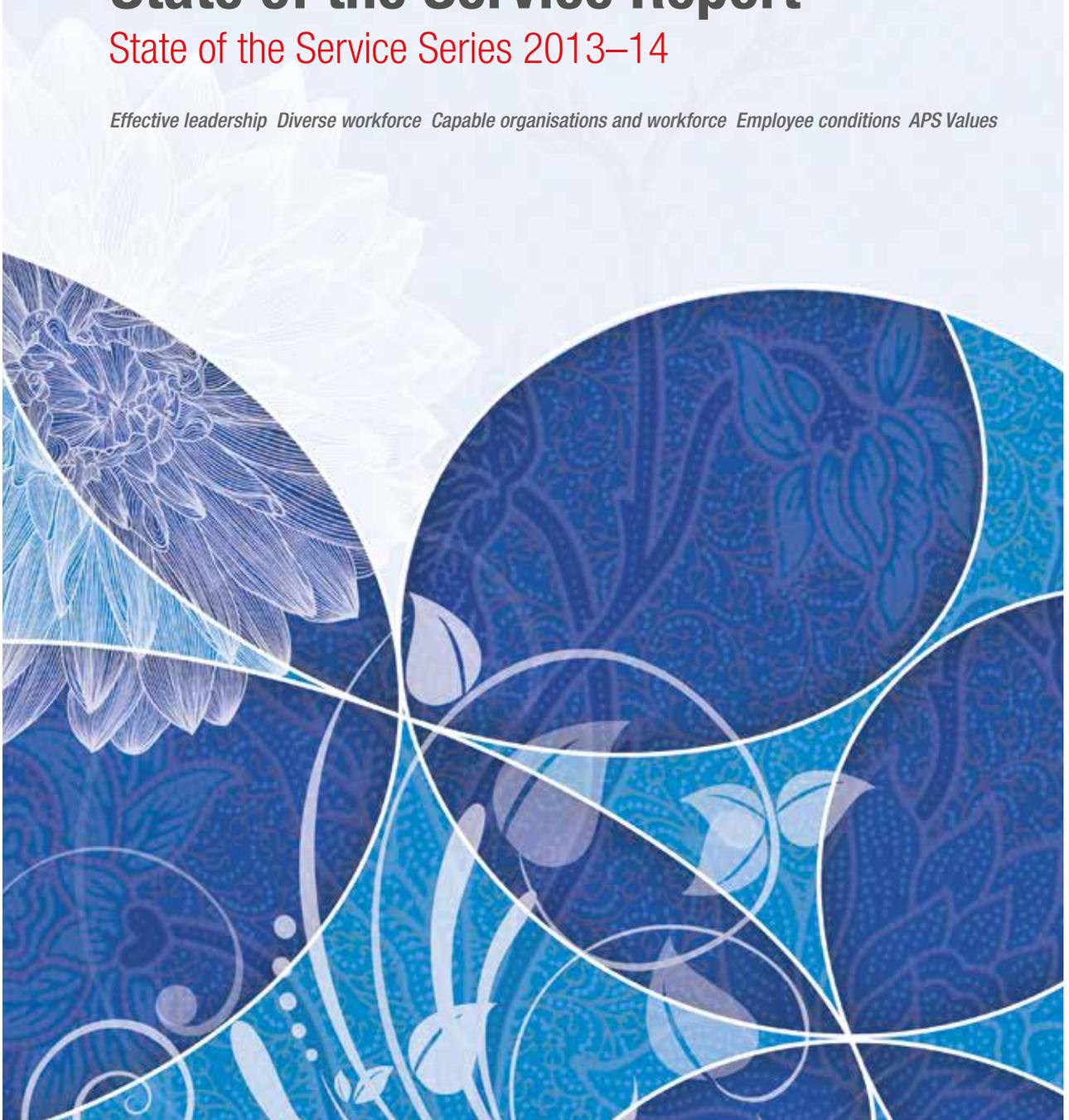


**Australian Government**  
**Australian Public Service**  
**Commission**

# State of the Service Report

State of the Service Series 2013–14

*Effective leadership Diverse workforce Capable organisations and workforce Employee conditions APS Values*



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# 9

## **Delivering performance and accountability**

**Accountability is one of the foundation values of the Australian Public Service (APS), helping to define its role as a significant institution in the Australian democratic system. The continuum of accountability relationships in this constitutional and legal sense is generally summarised as: governments are accountable to the Australian people at elections; Ministers are responsible for the overall administration of their portfolios and accountable to parliament for the exercise of Ministerial authority; and public servants are accountable to Ministers for the exercise of delegated authority and through them to parliament.<sup>1</sup> Government and the public service must also conform to the law, and may be held to account through the legal system.**

This view of ‘core accountability’ does not, however, take into account APS agencies that provide checks and balances on the actions of government (such as the Australian National Audit Office). Nor does it account for the wider concepts of accountability that encompass the responsibilities of governments and public servants beyond, for example, the commitments given to the electorate at the last election or contained in a duty statement.

The Australian community rightly sees a high level of accountability by public servants as essential to efficient, even-handed and ethical administration and as underpinning the freedoms and rights they enjoy as citizens. For the APS, the scope and application of the Accountability Value—The APS is open and accountable to the Australian community under the law and within the framework of Ministerial responsibility—is set out in Directions issued by the Australian Public Service Commissioner (the Commissioner). This includes a requirement to answer for individual performance through performance management systems.

Taken together with other APS Values, which APS employees and agency heads are bound to uphold, the Directions include requirements in broad terms for members of the APS to:

- engage properly with all of their stakeholders and take the initiative in ensuring they remain responsive and client-focused
- play their part in developing a culture of achievement within their agencies
- identify and manage areas of risk
- plan time and priorities to deliver intended results

<sup>1</sup> For example, Management Advisory Board & Management Improvement Advisory Committee 1993, *Accountability in the Commonwealth Public Sector, Management*, Australian Government Publishing Service, Canberra, no. 11, June.

- act in a way that is right, not just legally correct
- be open to scrutiny for their actions, including being able to explain the actions they have taken to the people affected by them
- not withhold important facts or bad news from government
- be able to demonstrate that actions and decisions have been made with appropriate consideration and that resources have been used efficiently, effectively, economically and ethically
- be accountable for their actions within their agencies and through any statutory systems, such as through a review by the Commonwealth Ombudsman
- be responsible for their individual performance, including developing their personal capability, and responding properly to constructive feedback about their performance.

The role of the public servant should be dynamic, reflecting this vocational focus. Employees should be concerned to ensure not just that they do their job, but that they have the skills and personal determination to do that job well, and to meet the demands of their roles as they change.

This chapter reports on the way individual and organisational accountability and performance arrangements are being improved within the APS. The focus is on organisational performance, span of management and individual performance management as expressions of accountability in the APS.

## Organisational accountability and performance

As reported in last year's State of the Service report, the Australian Public Service Commission (the Commission) has implemented two methods to assess organisational capability. The principal method is the Capability Review programme. The second and complementary method was to have all agencies assess their key organisational capabilities against a capability maturity model. This seeks to place organisational capabilities into a standard and comparable structure that allows an agency's senior leadership to assess the maturity of a particular capability area and establish priorities for improvement. The capability maturity model assessment was conducted in 2011 and 2013. The findings of these assessments were discussed in detail in the 2012–13 State of the Service report.<sup>2</sup>

This section highlights the findings of Capability Reviews as they relate to the organisational capability of agencies. The capability of agencies to manage organisational performance is assessed through Capability Reviews by asking whether the agency:

- is delivering against performance targets to ensure achievement of outcomes set out in strategy and business plans
- drives performance and strives for excellence across the organisation and delivery systems in pursuit of strategic outcomes

<sup>2</sup> Australian Public Service Commission 2013, 'Chapter 10 Organisational capability', *State of the Service Report 2012–13*, Commonwealth of Australia, Canberra.

- has high-quality, timely and well-understood performance information, supported by analytical capability, which allows for the tracking and managing of performance and risk across the delivery system
- takes action when not meeting (or is not on target to meet) all key delivery objectives.

Findings from Capability Reviews identify agency capability to manage organisational performance as the second most in need of development after the need for more outcome-focused strategy. Systemic concerns in relation to the organisational performance capability include:

- the capacity to consolidate and distil data (that is, there is either too much or too little performance data with too little intelligence and applied analysis)
- a tendency to focus on measuring outputs rather than outcomes
- a disconnect between strategy and practice (that is, translating vision into business, team and individual plans)
- a gap in analytical capability where it is needed, and in plans to grow it over time
- lack of agreement within agencies of the frameworks or methods to understand and interpret organisational performance (resulting in a lack of integrated, outcome focused performance information).

Capability Reviews also examine the effectiveness of agency governance and accountability mechanisms to deliver outcomes and contribute to high performance at the individual, team and enterprise levels.

Findings from Capability Reviews completed to date demonstrate that agencies vary in their ability to develop and implement the most appropriate governance policies and structures. Agencies with relatively strong governance arrangements ensure that business planning provides a clear line of sight from government priorities through to section-level activities and individual performance plans. They also ensure the accountabilities and responsibilities of committees are clear and well aligned to facilitate effective decision making and make the best use of members' time.

In contrast, findings from other Capability Reviews indicate a lack of clarity around the purpose and roles of committees and complex, overlapping membership can lead to confusion and a divergence between formal charters and actual practice. Capability Review reports also discuss instances where committees are overly involved in resolving operational matters, instead of focusing on more important strategic discussions.

Another general observation from Capability Reviews relating to performance and accountability is the upward elevation of decision making in some agencies. This is attributed to a number of factors including a lack of clarity in strategic direction, reluctance by senior officers to delegate decision making and an absence of a defined risk appetite. Capability Reviews have noted that this trend has a negative impact on agency performance in that internal expertise is not fully harnessed and opportunities to develop junior employees are reduced, leading potentially to lower levels of employee morale and engagement.

The extent to which decision-making authority is centralised or decentralised within an agency depends on organisational factors such as its function, geographic spread and the extent to which decision-making information is made available. It is also influenced by workforce factors such as the level of managerial experience in the agency and the degree of autonomy afforded to employees to make decisions. The centralisation or de-centralisation of decision making varies from agency to agency. The right balance for each agency is that which contributes most to organisational productivity through efficient and effective decision making.

In 2014, the APS Employee Census (employee census) asked two questions that sought to provide a perspective on decision making in the APS (whether the work and decision-making authority provided to the employee was appropriate for their classification). The employee census also asked employees to indicate the extent to which they have a choice in deciding how they do their work, in other words, the autonomy they have in their jobs.

The following analysis focuses on Executive Level (EL) 1 and 2 and Senior Executive Service (SES) Band 1 employees. Given their middle management role, these classifications are most likely to experience the effects of increased centralisation in decision making in agencies. This may be experienced as not working at a level appropriate to their classification, perceiving the decision-making authority held is not appropriate to their classification or having less control over how they do their work.

Table 9.1 shows that the majority of employees at these three classification levels believe the work they are given is appropriate to their classification.

**Table 9.1.** Employee perceptions of the appropriateness of the level of work they are given, 2014 Source: Employee census

	Above classification (%)	Appropriate for classification (%)	Below classification (%)
EL 1	9	83	8
EL 2	6	88	6
SES Band 1	4	92	4

Similarly, the majority of employees at these classifications believe the decision-making authority they exercise is appropriate to their classification. A substantial proportion of EL 2 employees (25%), however, believe that the decision-making authority they hold is below their classification. This may be an indication of the upward elevation of decision making in agencies observed in the Capability Reviews.

**Table 9.2.** Employee perceptions of the appropriateness of their decision-making authority, 2014 Source: Employee census

	Above classification (%)	Appropriate for classification (%)	Below classification (%)
EL 1	6	72	23
EL 2	4	71	25
SES Band 1	4	79	18

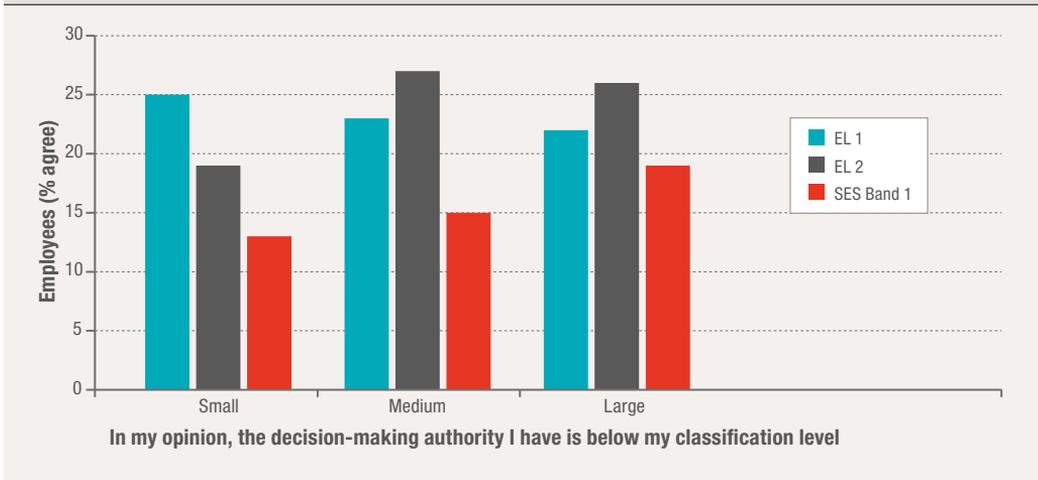
Examining this data by agency functional cluster demonstrates that EL 2 employees in larger operational agencies were the most likely to indicate their decision-making authority was below their classification level (larger operational 29%, policy 24%, specialist, regulatory and smaller operational 22%). This pattern is slightly different for SES employees, with SES employees from policy and regulatory agencies the most likely to report their decision-making authority was below their classification level (policy and regulatory 18%, smaller operation 15%, and specialist and larger operational 14%).

Similarly, Canberra-based EL 2 employees were slightly more likely than EL 2 employees from other states and territories to report their decision-making authority was below their classification level (27% compared to 25%). Canberra-based SES employees were also more likely than their state and territory counterparts to report their decision-making authority was below their classification level (17% compared to 14%).

Figure 9.1 shows a potential effect of agency size on employee perceptions of reduced decision-making authority. One-quarter of EL 1 employees in small agencies (agencies with 250 or less APS employees) reported their decision-making authority was below their classification level. This fell to 22% for larger agencies. Alternatively, 13% of SES Band 1 officers in small agencies felt their decision-making authority was below their classification level, increasing to 19% in large agencies. More than one-quarter of EL 2 employees in medium and large agencies indicated their decision-making authority was below their classification level.

**Figure 9.1.** Employee perceptions of the appropriateness of their decision-making authority by agency size, 2014

Source: Employee census

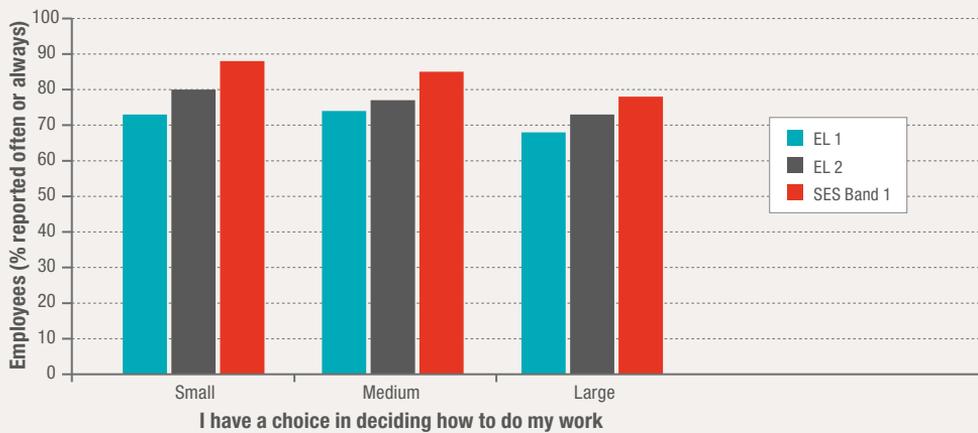


The extent to which employees consider they have choice in how to do their work may also provide an insight into the upward elevation of decision making in APS agencies. Overall, employee perceptions of whether they have choice in the way they do their work is substantially more positive in small agencies. For example, 68% of APS 1–6 employees in small agencies indicated they often or always had a choice in how they do their work compared with 53% of APS 1–6 employees in large agencies.

Figure 9.2 shows the extent to which EL 1, EL 2 and SES Band 1 employees believe they have choice in how they do their work increases with classification. When considered across agency size, employees from small agencies were more likely to agree they had a choice in deciding how to do their work than employees from large or medium agencies. Notably, only 66% of EL 1 employees in large agencies indicated they had a choice in deciding how they do their work.

**Figure 9.2.** Employee perceptions of their work autonomy by agency size, 2014

Source: Employee census



Overall, the Capability Reviews identified an upward elevation of decision making in a number of agencies. Analysis of data from the employee census shows that most employees consider they are given work appropriate to their classification, they exercise an appropriate level of decision-making authority and they agree they often or always have a choice in how their work is done. However, these results vary. The larger the agency the less positive employee perceptions are of these work characteristics. In relation to decision making particularly, more than 25% of EL 1 employees in medium and large agencies did not believe the level of their authority matched their classification. Furthermore, employee perceptions may reflect a ‘cultural norm’ that may differ from an independent assessment such as through the Capability Review process or application of APS work-level standards.

### APS work-level standards

Work-level standards underpin high performance and accountability in the APS by describing what is expected of individuals at each classification level. They are a practical tool helping agencies to make decisions on the assignment of work and the profile of their workforce.

Since 2012, agencies have been required to apply work-level standards issued by the Commissioner for SES classifications. In 2013, the Commissioner released a set of APS work-level standards for APS 1–6 and EL classifications, and agencies are expected to apply these before the end of the calendar year. Establishing one set of work-level standards will

achieve greater consistency in classification decisions across the APS and provide a more uniform understanding of an individual's roles and responsibilities.

Work-level standards determine requirements for each classification in the context of, among other things, leadership and decision making, independence and accountability, and the exercise of judgement. As an example, employees at EL 2 classifications are expected to exercise a significant degree of independence and perform an important leadership role. They are responsible for the management of workgroups, including the performance management and talent development of employees under their direction. They are also responsible for influencing and developing strategy, policies, and operational practices in their agency, and providing a high level of advice to senior management and Ministers on matters within their area of expertise or responsibility. The APS work-level standards also require EL 2 employees to understand the wider political and community context in which their agency operates, be an advocate for the agency's position, and identify risks and solve problems associated with highly sensitive or complex issues and projects.

While work-level standards articulate what is expected of APS employees, to perform at their best, individuals also need to operate in an environment that focuses on results and values risk management.

## Effective management structures

The elevation in decision making observed through Capability Reviews and the employee census may also be symptomatic of inefficient management structures. The APS of the future will be significantly different from today and developing more effective management structures will support future change. In broad terms, these structures would have fewer management layers and—most commonly—a wider span of management (managers with a greater number of people reporting to them).

A report by the National Commission of Audit (CoA) asserted that 'high performing organisations generally have fewer layers of employee classification and wider spans of control'. It suggested that 'best practice' benchmarks for spans of management, depending on agency function (agency type), range from five to 10 employees per manager. The CoA considered there was significant 'scope to improve structures within many Commonwealth organisations'. The report concluded that current staffing structures are 'top-heavy' resulting in mid-level managers with comparatively few people reporting directly to them.<sup>3</sup>

One source of evidence used by the CoA to support this contention was the relative growth in the size of the EL classifications. For example, as at June 2014, 27.7% of the ongoing workforce held an EL position compared to 17.5% in 1998. The CoA acknowledged a range of reasons for the growth in middle-level management, including:

- changes to APS recruitment practices to employ more highly qualified and skilled staff
- limited flexibility for remuneration, resulting in promotion being used as a means of attracting and retaining the right staff

<sup>3</sup> National Commission of Audit 2014, *Towards Responsible Government*, The Report of the National Commission of Audit Phase Two, Commonwealth of Australia, Canberra, p. 43–50.

- the gradual loss of lower-level APS positions as activities have been replaced with technological solutions or outsourced.

Effective management structures support improved organisational performance in a number of ways, including through streamlined decision making, improved communication and accountability, more effective resource prioritisation and a more engaged and productive workforce.

It is also the case that top-heavy management structures are costly in terms of payroll and, as observed in Capability Reviews, can reduce the effective use of human capital. However, a focus on changing management structures using an approach that seeks to reduce overall management numbers as a cost-saving measure—in isolation of broader strategic direction and structural change—has the potential to do more harm than good. An agency's workforce capability may be adversely impacted, for example, by unallocated capacity, a patchwork of mismatched capability resulting from the uncontrolled flow of skills and experience, or classification levels that fail to reflect work value.

There is no single model for creating more effective management structures. There are, however, key elements that contribute to best practice organisational design, including that:

- structure is aligned with strategy
- decisions are made at the appropriate level
- roles reflect work value, and individuals are in the right roles with the required capabilities
- the approach is systematic and aims to develop a flexible, fit-for-purpose structure that supports business needs.

To better understand span of management in the APS, the employee census asked employees to indicate whether they have performance management responsibilities. Performance management responsibility was used as a proxy measure for actual span of management. It also provided the opportunity for a more refined understanding of the issues. Table 9.3 shows that 34% of EL employees report they have no direct performance management responsibility; with the bulk of these employees at the EL 1 classification.

In accordance with APS work-level standards, the work of an EL 1 may be characterised, for example, by the management of a number of employees performing diverse tasks. Consequently, it is surprising that 43% of EL 1 employees indicated they do not have performance management responsibilities.

Where EL 1 employees have performance management responsibilities, it is generally only for one or two employees. EL 2 and SES employees were more likely to have direct performance management responsibility for larger numbers of employees.

<b>Performance management responsibility</b>	<b>EL 1 (%)</b>	<b>EL 2 (%)</b>	<b>EL 1 &amp; 2 (%)</b>	<b>SES (%)</b>
None	43	16	34	5
1–2 employees	30	17	26	7
3–5 employees	17	35	22	37
6–10 employees	7	21	11	34
11 or more employees	3	11	6	18

Table 9.4 shows the distribution of EL 1 performance management responsibility by agency function. The nature of the work performed by an agency will likely have an impact on the opportunities to exercise performance management responsibility. More than half of EL 1 employees in regulatory agencies indicated they do not exercise performance management responsibility; however, there are similarly large proportions across all agency functions.

The same analysis for the EL 2 classification shows a higher proportion of employees without performance management responsibility in agencies with a predominantly regulatory function (30%); however, smaller and larger operational agencies have a similar proportion (27% for both).

<b>Performance management responsibility</b>	<b>Specialist (%)</b>	<b>Regulatory (%)</b>	<b>Policy (%)</b>	<b>Smaller operational (%)</b>	<b>Larger operational (%)</b>
None	36	54	46	44	41
1–2 employees	34	24	36	25	27
3–5 employees	23	13	13	17	18
6–10 employees	6	6	3	9	9
11 or more employees	2	2	1	5	5

APS work-level standards provide the framework for understanding the responsibilities required of employees at each classification level. The substantial proportion of EL employees without performance management responsibility requires closer examination in relation to this framework. It adds further weight to the CoA finding that there is scope to improve management structures in APS agencies.

## The experience of management

The State of the Service report regularly examines the employment experience for different segments of the APS workforce (for example, women, Indigenous employees and those working part time). The experience of APS supervisors, compared to employees with no supervisory responsibility, is shown in Figure 9.3. APS supervisors have slightly higher levels of employee engagement across all four components—job, team, supervisor, agency—than do employees with no supervisory responsibility.

**Figure 9.3.** Employee engagement for supervisors and non-supervisors, 2014

Source: Employee census

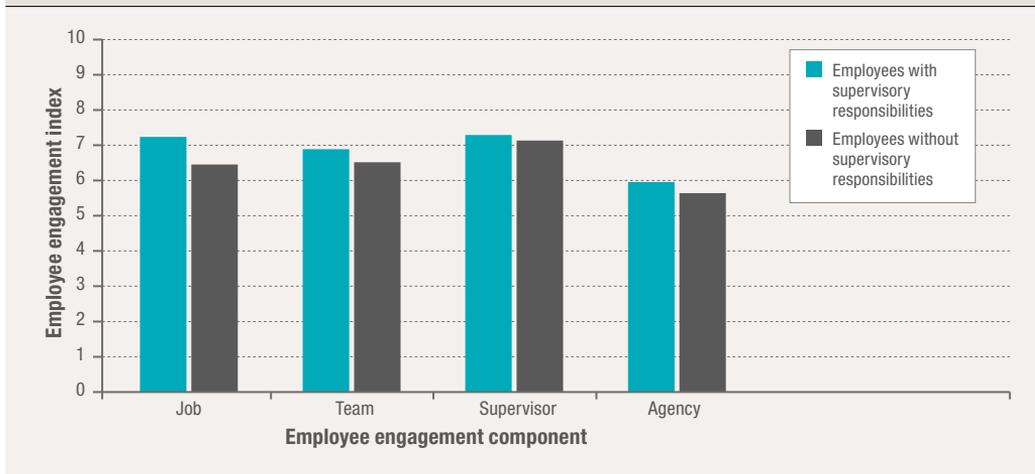
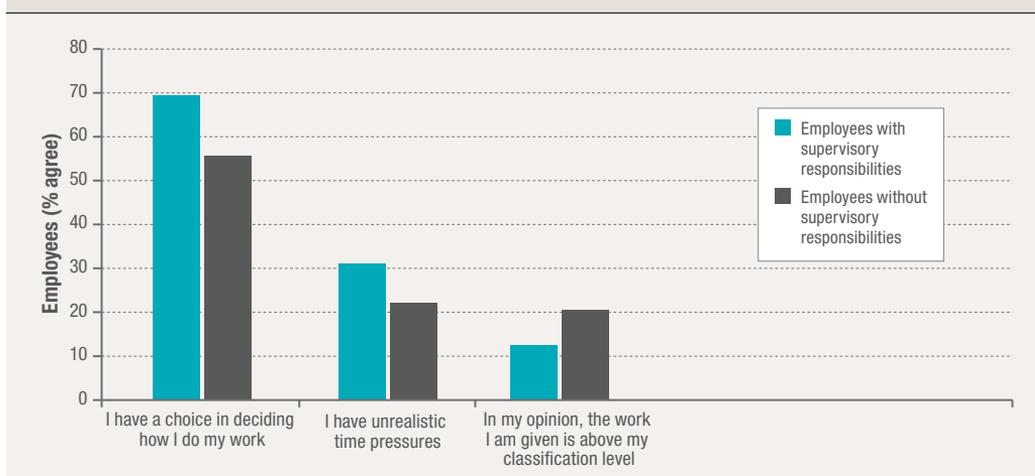


Figure 9.4 shows that supervisors are more likely to report they have a choice in deciding how their work is done and that they have unrealistic time pressures than employees without supervisory responsibilities.

Overall, while supervisors in the APS have slightly higher levels of employee engagement, work autonomy and are more likely to perceive they are working at their classification level, they are also more likely to feel time pressured. Employee perceptions of their supervisors are discussed in detail in Chapter 5.

**Figure 9.4.** Employee perceptions of work demand, control and level for supervisors and non-supervisors, 2014

Source: Employee census



## Strengthening the performance management framework

Two high-profile reports this year made findings about the performance of the APS in relation to the management of programmes and the interface with Ministers—the Independent Audit into the National Broadband Network (NBN) Public Policy Processes<sup>4</sup> and the Royal Commission into the Home Insulation Program<sup>5</sup> (HIP). Both reports called for the APS to have sufficient technical expertise and industry experience in programme design and delivery and highlighted the importance of providing full, frank and timely advice to Ministers. The Australian Government has said it will use the recommendations of the NBN audit to improve the governance of the project and the Department of Communications is taking that work forward. The HIP Royal Commission concluded ‘there were seven significant failings in the design and implementation of the HIP’. It also said that ‘many of the shortcomings in the HIP are failures of senior managers’.<sup>6</sup> These reports highlight deficiencies in the clarity of roles and performance expectations, individual accountability and responsibility, and in the systems to report and provide feedback to agency executives on key issues and risks.

The Commission’s work with agencies also highlighted instances where management of underperforming employees, in particular, was severely hampered by the absence of a formal or relevant performance agreement, the lack of timely feedback on employee performance and the absence of clear measurable goals, the importance of which had not been communicated to employees. Improving the skills of managers to support more effective performance management within work groups is likely to lead to the better management of poor performers, better talent identification and development, and more systematic approaches to identifying and developing appropriate skills and capabilities in the workforce to remedy capability deficiencies.

Effectively managing employee performance is a core responsibility of all APS supervisors, and the *Public Service Act 1999* (Public Service Act) requires ‘effective performance from each employee’.<sup>7</sup> The Public Service Act also provides for a reduction in classification or the termination of employment in the case of non-performance or unsatisfactory performance of duties for ongoing APS employees.<sup>8</sup>

The provisions and tools to assist supervisors to effectively manage performance are readily available and managers are required to provide clear links for employees between their work objectives and agency priorities. Effective performance management requires managers to regularly review the structure, management and administrative systems that support and enable individuals to meet the expectations and responsibilities required of them. Combined, these systems, processes and tools assist managers and employees to focus on how individual performance can be sustained and improved.

Improving the performance management skills of APS managers will likely lead to better management of under-performing employees and improve talent identification. Performance

<sup>4</sup> Scales, B 2014, *Independent Audit NBN Public Policy Processes*, Audit report presented to the Hon Malcolm Turnbull MP. Documents presented out of sitting (Senate) and tabled 4 August 2014.

<sup>5</sup> Hanger, I 2014, *Report of the Royal Commission into the Home Insulation Program*, Commonwealth of Australia, Canberra.

<sup>6</sup> Hanger, I 2014, *Report of the Royal Commission into the Home Insulation Program*, Commonwealth of Australia, Canberra, p. 5, 302.

<sup>7</sup> *Public Service Act 1999*, s. 10.

<sup>8</sup> *Public Service Act 1999*, ss. 23(4)(c), 29(3)(c).

management provides the means to identify where investment is required to build workforce capability, individually and collectively. For example, it allows agencies to systematically identify and develop appropriate skills and abilities in the workforce to remedy existing or emerging workforce capability deficiencies.

Improved individual performance can be achieved through the clear communication of expectations and effective application of performance management policies and processes. In recent years, the Commission has worked closely with agencies on initiatives to strengthen the culture of performance management, including by:

- increasing the focus on the enablers of agency performance through the independent assessments of agency Capability Reviews (and agency responses to those reviews)
- recently introducing new learning interventions to build workforce capabilities such as performance management, structuring work and managing change, with new programmes in development focusing on personal responsibility and accountability and effective decision making through the APS Leadership and Core Skills Strategy (see Chapter 5)
- diagnostic tools to assist agencies to assess their capability and strengthen their capacity to improve performance.

Additionally, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and amendments to the Public Service Act strengthened legal requirements for high performance through:

- Amendments to the Public Service Act in 2013 that introduced the APS Values and Employment Principles as drivers to shape the culture of the APS. The Values and Employment Principles are core components of a positive culture, stewardship, high performance, and leadership—and fostering ‘one APS’. The Employment Principles specifically require effective performance from each employee and all APS agency heads and employees are required to uphold the APS Values and Employment Principles.
- The PGPA Act requires two new documents—corporate plans and annual performance statements—intended to improve the standard of organisational planning and reporting, and potentially provide greater transparency and accountability for individual employee performance.

The Commission and the Department of Finance have worked closely to communicate the complementary nature of these legislative changes; in particular, the need to better manage performance and the provision of new tools to do so. Together, the reformed legislative framework, new training options, and new diagnostic and measurement tools provide strong underpinning support and improve the ability of managers to better manage performance.

During 2013–14, through the ‘Strengthening the Performance Management Framework’ project, the Commission developed a Performance Management Diagnostic (Diagnostic).<sup>9</sup> This Diagnostic was designed to:

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<sup>9</sup> More information on the project can be found at: Australian Public Service Commission, *Strengthening the Performance Framework Project*, Commonwealth of Australia, Canberra, viewed 23 October 2014, <<http://www.apsc.gov.au/projects/performance-framework>>.

- gauge the extent to which an agency's practices and its people capabilities align with those that have been demonstrated to positively impact performance
- assist APS agencies to assess their baseline condition, identify areas of strength and weakness, and required actions to achieve more consistent and better practice
- use quantitative and qualitative inputs to identify key areas requiring improvement and provide suggestions for action.

One component of the Diagnostic is a performance management survey which explores employee and manager perceptions of manager behaviours and agency processes. The 2014 employee census included the performance management survey to establish an APS-wide baseline for performance management and to provide insight into areas of common strength and weakness. The following section reports these findings.

## Establishing a performance management baseline

Results from the employee census show that although improvements have been made, there are opportunities to improve current APS performance management practices. For example:

- 12% of employees reported they had not received formal performance feedback in the 12 months before the employee census (although this is an improvement from 18% in 2013)
- 80% of employees reported they had received informal performance feedback in the 12 months before the employee census (this was the same as results for 2013)
- the percentage of employees who agreed their most recent performance review would help to improve their performance increased to 44% from 42% in 2013.

Data from the State of the Service Agency Survey (agency survey) indicates an improvement in the proportion of agencies with measures in place to encourage the active management of underperforming employees (93% in 2014 up from 77% in 2012). The Commission has worked closely with a number of agencies to improve the understanding and measurement of performance management. For example, in 2012 the Commission worked in collaboration with the Australian Customs and Border Protection Service to assist the agency to develop a measure of employee and manager perceptions of performance management in their agency. The measure was designed to be administered as a survey across the parts of the agency participating in a trial of a new performance management system.

From this successful trial, the performance management survey was subsequently refined and incorporated into the Diagnostic. The final survey testing was completed in the Australian Taxation Office, Geoscience Australia and the Commission as part of the implementation of the Diagnostic. The performance management survey focuses on these three aspects of performance management in an agency:

- employees are asked to rate both their manager's actions or behaviour in relation to the effectiveness of performance management (for example, 'my manager provides me with clear and consistent performance expectations') and the performance management process (for example, 'my performance agreement provides me with meaningful and relevant information that enables me to perform my role')

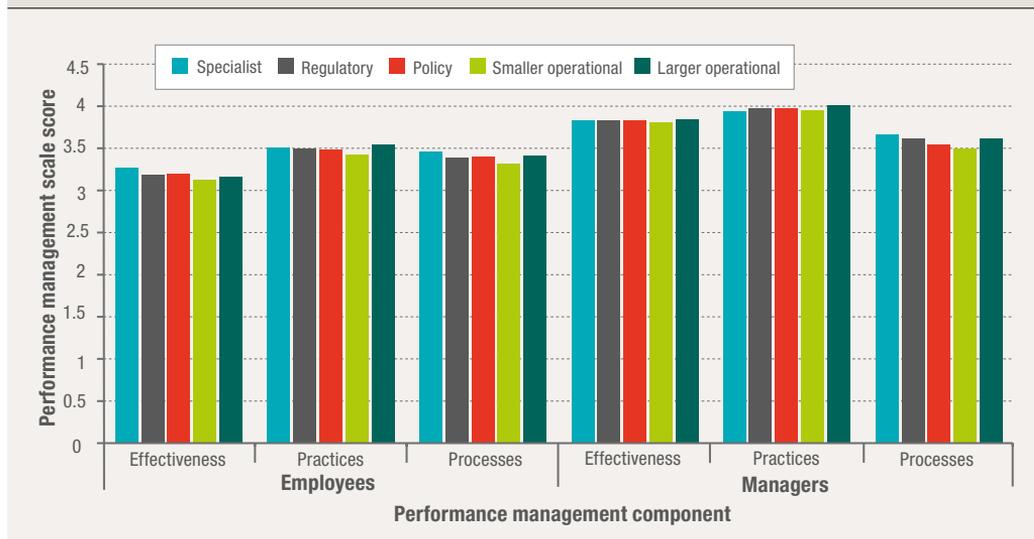
- managers are asked to rate their own behaviour in relation to the effectiveness of performance management (for example, ‘I articulate clear and consistent performance expectations to my staff’) and the performance management process in terms of the assistance available to them in managing employees (for example, ‘our performance management policies provide me with clear guidelines for measuring performance’)
- all employees are asked to rate the effectiveness of the management of underperformance in their agency (for example, ‘my agency deals with underperformance effectively’).

Figure 9.5 shows results from the performance management survey for APS agencies by function. Results demonstrate that, generally, employees are less satisfied with the effectiveness of the performance management system overall than they are with the actions taken by their managers (performance management practices) or the processes supporting performance management in the agency.<sup>10</sup>

Conversely, managers tend to be more positive about the effectiveness of the performance management system and their own practices than they are with the processes in place to support them in managing employee performance.

**Figure 9.5.** Performance management by agency function, 2014

Source: Employee census



One important characteristic of the performance management survey is that it provides not only an assessment of overall scores but an understanding of the variability of scores within a group. By showing where agencies vary the most on performance management, the performance management survey can assist in identifying strengths and weaknesses and where the application of performance processes may be less consistent.

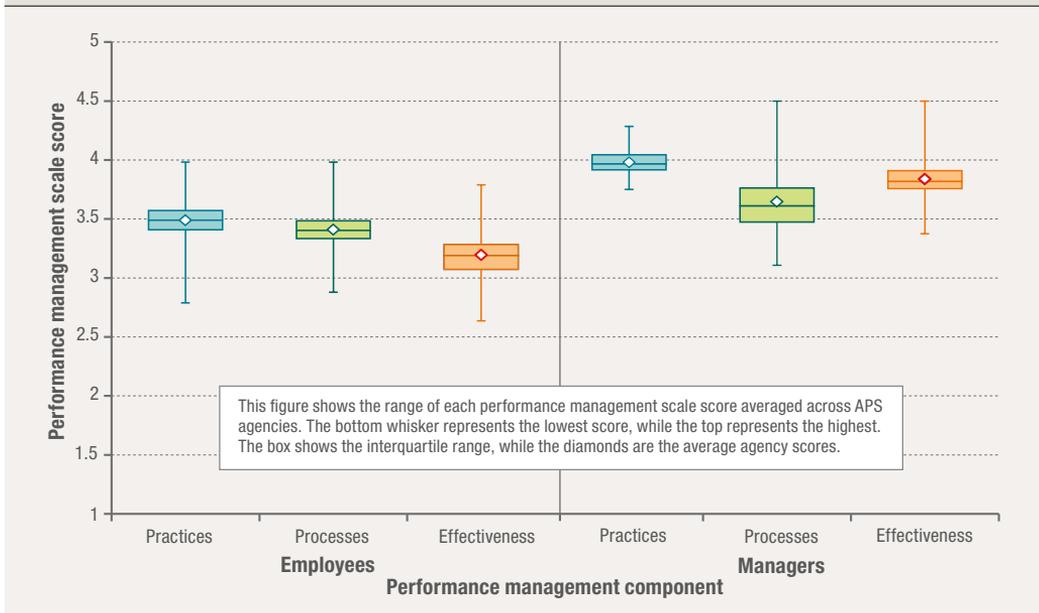
<sup>10</sup> ‘Effectiveness’ refers to the overall effectiveness of the performance management system within an agency. ‘Practices’ refer to the actions undertaken by manager’s in managing the performance of employees. ‘Processes’ refer to the processes, policies and procedures within an agency to support the performance management system.

Figure 9.6 shows the variation across APS agencies on each component measured by the performance management survey (effectiveness, practices and processes) for employees and managers. The greatest variation in employee perceptions relate to the performance management practices of their managers (although employee responses against all three components show a high degree of variability).

Conversely, managers show a high degree of consistency in their responses relating to their own practices. For example, managers are more consistent in their agreement that they provide clear direction and communicate consistent performance expectations to their employees. There is, however, more variability in managers' perceptions of the effectiveness of the processes, policies and procedures in their agencies to support them in managing the performance of employees.

**Figure 9.6.** Variation in perceptions of performance management in the APS (managers and employees), 2014

Source: Employee census



As previously noted in this chapter, 12% of employees reported through the employee census that they had not received formal performance feedback in the previous 12 months. Data from the agency survey shows that in 96% of agencies (covering 97% of the workforce) all employees are required to have a formal performance agreement, reinforcing that there may be differences in the application of performance management processes across agencies.

Similarly, agencies can use a wide range of measures to assist in implementing their performance appraisal systems, with data from the agency survey showing a high degree of consistency with the mechanisms agencies employ. Ninety-eight per cent of agencies use a formal system and link this system and pay progression. Ninety-five per cent of agencies include key role accountabilities and performance indicators and link performance management to learning and development plans.

## Establishing a better baseline for managing underperformance

In a major qualitative analysis, the *State of the Service Report 2011–12* examined employee views of underperformance through responses to two questions. Employees were asked to provide their views on ‘what is done well’ and ‘what is done poorly’ in performance management in their agency. In relation to underperformance <sup>11</sup>:

Employees reported that the performance management system is often geared to managing underperformance at the expense of effectively identifying and recognising high-level performance. Other frequently cited concerns were that procedures were not implemented in a timely manner and that managing performance is a time-consuming process that is not adequately accommodated by agencies.

While there is more to be gained from ensuring the efforts of the vast majority of APS employees who are well motivated and skilled are well directed, not managing underperformance is a drain on resources and productivity that should be addressed.

Traditionally, the employee census has asked employees the extent to which they agree or disagree with this statement: ‘My agency deals with underperformance effectively’. Consistently, only a small proportion of employees tend to agree with this statement.

The APS performance management survey assesses agency actions in managing underperformance using three statements:

- My agency deals with underperformance effectively.
- My supervisor appears to manage underperformance well in my workgroup.
- I can rely on my supervisor for guidance and support if I have to manage a case of underperformance in one of my direct reports.

The first statement provides an overall assessment of employees’ perceptions of how underperformance is managed in their agency. In 2014, 20% of employees agreed with this statement. This is a slight improvement on 2013 when 18% agreed with the same statement. This further reinforces that the management of underperformance remains a considerable issue for the APS.

When the focus is limited to the management of underperformance in the workgroup (compared with agency level) a larger proportion of employees agree it is managed well, although this proportion remains low. In 2014, 37% of employees agreed that their supervisor managed underperformance well.

In relation to manager perceptions of the guidance and support they can rely on from their immediate supervisor as they manage underperformance, three-quarters of employees felt they would get the support they needed to deal with underperformance. While the majority of managers tend to agree the support and tools are available to them to manage underperformance, the consistency of employees’ views to the contrary at both agency and workgroup levels, suggest this remains an area of management responsibility that requires closer and more constant attention by APS managers.

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<sup>11</sup> Australian Public Service Commission 2012, *State of the Service Report 2011–12*, Commonwealth of Australia, Canberra, p. 191.

## What does this tell us about the state of the service?

Accountability is the mechanism through which authority and responsibility are brought into alignment. For organisations to function well, everyone needs to know what they are accountable for and accept the responsibility and authority for performing it.

Findings from Capability Reviews demonstrate that agencies with relatively strong governance arrangements ensure that business planning provides a clear line of sight from government priorities through to section-level activities and individual performance plans. They also ensure the accountabilities and responsibilities of committees are clear and well aligned to facilitate effective decision making and make the best use of members' time.

Accountability can also be built into an organisation through effective management structures. Work has started in the APS to reaffirm work value as the basis for classifying roles. In 2012, the Commission issued mandatory work-level standards for the SES with agencies required to evaluate all SES roles by the end of 2014. The Commission also released work-level standards for APS 1–6 and EL classifications and it is expected that agencies will apply these before the end of the calendar year.

Additionally, the PGPA Act and amendments to the Public Service Act, along with new training options and the development of diagnostic tools, supports and improves the ability of APS managers to better manage organisational and individual employee performance.

Recent reports have highlighted deficiencies in the clarity of roles and performance expectations, and individual accountability and responsibility in the APS. The absence of a relevant performance agreement, lack of timely feedback on employee performance and the absence of clear and measurable goals (the importance of which may not been communicated to employees) has significant negative impact on individual, team and agency performance. The Public Service Act requires effective performance from each employee; consequently, effectively managing employee performance is a core responsibility of all supervisors in the APS. Improving in this area requires all APS managers to accept responsibility for managing performance to ensure it receives close and constant attention.