

BSB 7.0

BSBLDR522

**MANAGE
PEOPLE
PERFORMANCE**

BSBLDR522

Manage people performance

Release 2

Learner Guide

Aspire Version 1.1



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Before you begin

This Learner Guide is based on the unit of competency *BSBLDR522 Manage people performance*, Release 2. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at:

www.training.gov.au.

How to work through this Learner Guide

This Learner Guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the Learner Guide you need to read, and which Practice Tasks and Learning Checkpoints you need to complete. The features of this Learner Guide are detailed in the following table.

Feature of the Learner Guide	How you can use each feature
Learning content	Read each topic in this Learner Guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples	These highlight key learning points and provide realistic examples of workplace situations.
Practice Tasks	Practice Tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Summaries	Key learning points are provided at the end of each topic.
Learning Checkpoints	There is a Learning Checkpoint at the end of each topic. Your trainer will tell you which Learning Checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.

Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table provides definitions for each foundation skill.

Foundation skill area	Foundation skill description
Learning	<ul style="list-style-type: none"> Consolidates and improves own knowledge and skills by coaching, mentoring or training others
Reading	<ul style="list-style-type: none"> Gathers, interprets and analyses texts in organisational documents to facilitate performance management
Writing	<ul style="list-style-type: none"> Plans and prepares documents for allocating work and managing performance suitable for the target audience and in accordance with organisational requirements
Oral Communication	<ul style="list-style-type: none"> Uses language and structure appropriate to context and audience to explain expected standards of performance, provide feedback and coach staff
Self-management	<ul style="list-style-type: none"> Applies legal and regulatory responsibilities related to own work and the organisation as a whole Adheres to organisational policies and procedures
Teamwork	<ul style="list-style-type: none"> Applies the protocols governing what to communicate to whom and how in a range of work contexts Collaborates with others to achieve joint outcomes, influencing direction and taking a leadership role on occasion
Planning and organising	<ul style="list-style-type: none"> Sequences and schedules complex activities, monitors implementation and manages relevant communication Seeks advice, feedback and support, as required to assist in the decision-making process Uses experiences to reflect on the ways in which variables impact on performance

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1: Allocate work	1A Consult on resources and work requirements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Develop work plans and allocate work	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Develop performance standards	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Conduct a risk analysis	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2: Assess performance	2A Review performance management and review processes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Train staff in the performance management process	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Conduct performance management	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Monitor and evaluate performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic	Key outcome	Rate your confidence in each section
Topic 3: Provide feedback	3A Provide informal feedback and coaching	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Follow up poor performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Document performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3D Conduct formal feedback sessions	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 4: Manage follow-up	4A Develop performance improvement plans	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4B Manage individuals with poor performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4C Reinforce excellence in performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident



Topic 1 | Allocate work

- 1A Consult on resources and work requirements
- 1B Develop work plans and allocate work
- 1C Develop performance standards
- 1D Conduct a risk analysis

1A Consult on resources and work requirements

Performance management is the process of establishing a shared understanding between employee and employer about what is to be achieved at an individual level.

The performance management process is about aligning the organisation's objectives with the employee's skills, competency requirements, development plans and performance standards. The emphasis is on enhancement, development and learning in order to achieve the business's strategy and to create a high-performing workforce.

The key to providing a strong workplace support system is to provide each member of your team with a comprehensive work plan outlining their duties and tasks, priorities, completion times and expected standard of performance.

Consultation, development, cost analysis and implementation of work priorities leads to a productive workplace.

Consult on work requirements

Consultation is the process of sharing information, and seeking and considering the views of key people to make an informed decision.

As a manager, you are expected to develop clear work plans and set standards of performance for your staff to achieve. Having an objective and planned approach to the performance management system can facilitate a productive work team.

Central to effective workforce planning is consultation. Whether your organisation is large or small, consultation with relevant people during the planning process provides you with information to help you plan the allocation of duties and the types of resources required.

Consultation allows you to identify:

- relevant positions needed
- appropriate time frames and workloads that meet organisational and legislative requirements
- tasks required
- expected outcomes to be achieved
- resources required.

Confirm resource needs

You must ensure that the person or team allocated to perform a task has the right resource support to meet the needs of the work plan.

It is important to be aware of the resources you have available and what resources you may need to acquire for your work plans. Resources may need to be purchased, hired or accessed from existing internal sources.

Resources included in a work plan can include the following.

Financial resources	Money, shares, assets
Physical resources	Equipment, office space, tools, stationery, structures, products, materials
Human resources	Time of employees as well as their knowledge, training and experience
Technological resources	Software products, information system architecture, communications equipment
Organisational resources	Process, systems, structure and routines

Consulting with senior management

As a manager, it is your responsibility to identify the types of people you need to consult with on performance standards and plans.

Effective consultation will increase the likelihood of your team achieving its goals and meeting the organisation's objectives. Consultation will generally be done in conjunction with the senior management team.

Here are some tasks about roles and organisational objectives that may require you to consult with senior management.

Prepare position description statements outlining the responsibilities, skills, knowledge and expected outcomes required in a particular role.

Become familiar with the technical requirements of a role.

Describe how roles relate to organisational objectives using a mapping diagram or table.

Ensure tasks that are allocated to roles within your team contribute to achieving the aspects of the organisation's strategic plan for which you are responsible.

Discuss priority levels and budget requirements to ensure you address any constraints that might affect your team's ability to deliver outcomes.

Consult with other key people

When preparing a work plan for your team, you may need to consult with internal stakeholders such as human resources (HR) staff, work health and safety (WHS) representatives or subject matter experts.

The information that you can gain from an effective consultation process can have positive effects on your planning process and the work that is allocated across your team. For instance, you may need to consult with the finance manager to negotiate the funds available to purchase more resources, or renegotiate time lines with senior management.

Information gathered from internal consultants includes:

- resource requirements
- rosters and working hours
- objectives and performance targets
- legislative requirements
- learning and development opportunities.

Consult with staff

Where possible, consult with staff members to gather their feedback and ideas on work allocation and plans.

When allocating work, it is good practice to consult the team members who are involved in following the work plan. This promotes greater levels of engagement and helps staff understand the type of work required, the reason for the work, the expected outcomes, and the skills and knowledge required to perform to organisational standards.

Staff may wish to provide further input into job design with the benefit of their experience or from a different perspective. Here are some outcomes of effective consultation with staff.

Ensure a positive consultation process.

A positive consultation process has the benefit of encouraging a greater level of personal contribution from staff, resulting in better staff–management relations. Letting team members know they have the opportunity to discuss and negotiate their role and responsibilities, encourages accountability.

Allocate work effectively.

To ensure you are allocating work effectively, you need to identify the skills and knowledge of your team members by carrying out a skills audit, and arranging for further training and development if necessary.

Gather qualitative information.

Team members can provide you with qualitative information that may assist you in assigning roles or work tasks. For example, you might ask team members what they think about the culture of the organisation, levels of interactivity between current team members, or current workforce relationships to ensure that there are no barriers that may affect the team's ability to achieve organisational outcomes.

External consultants

The use of external consultants or external sources of information is recommended if the organisation does not have the required internal industrial relations (IR) or HR expertise.

External consultants can assist in developing organisational policies and procedures, providing legal advice, interpreting legislation and regulations, and advising on the rights and responsibilities of employers and employees.

External consultants may include:

- state and federal government sources
- state chambers of commerce
- recruitment and HR consulting firms
- industrial relations specialists
- private management consultants
- solicitors and legal experts.

Example

Consult with relevant people on work to be allocated and the resources available

Lending financial agent Mortgages Now has invested heavily in information technology (IT) support systems that guide customers through the lending process. They are a medium-sized organisation with two full-time IT staff, but have plans to expand with the increasing market for low-document housing loans.

The existing staff are always busy maintaining the existing network and software, and on their advice the manager brings in an external business consultant to audit the company's IT systems and offer advice on whether additional IT staff are required.

The consultant immediately schedules a meeting with the existing IT personnel to gain as much information about the system as possible in order to develop a set of criteria for the new role.

The manager understands the importance of a sound performance baseline, and from the advice received, learns the value of consulting with relevant personnel.

Practice Task 1

Question 1

List five benefits of consulting with your team when developing work plans.

Question 2

Which of the following are examples of human resources? Tick all that apply.

- Assets
- Knowledge and experience
- Training
- Team members
- Equipment
- Money

Question 3

Why is it important to consult with senior management about roles and organisational objectives?

1B Develop work plans and allocate work

A work plan describes a team or an individual's responsibilities with regard to the operational plan and provides the opportunity for the individual to negotiate their agreed level of performance.

Work plans are developed at a team and individual level and must support the operational plan of the business. An operational plan is the detailed action plan to accomplish the objectives of the organisation, which is derived from an organisation's strategic plan.

Levels of organisational plans

When planning and allocating work for your team members, you need to consider three main types of plans, each with its own types of goals.

At each level of organisational planning there must be alignment in terms of objectives and strategy to create value for the organisation, its customers and stakeholders.

Strategic plans

Strategic plans explain the long-term objectives and direction of the organisation for the next 3–5 years.

Organisational plans

Organisational plans explain the budget, areas of focus and key objectives for the next 12 months (fiscal year).

Operational plans

Operational plans explain the day-to-day objectives, resources, budgets and short-term methods needed to achieve milestones in organisational and strategic plans. Operational plans are usually team- or department-specific, or may cover the whole of a small business.

Operational plans

Operational plans are the 'action plans' of the business that support organisational and strategic plans.

Operational plans apply to shorter reporting periods, such as a week, month or quarter, which makes it easier to evaluate progress and determine if the team is on track with the organisation's longer-term strategy.

The main purpose for having an operational plan is to guide your team's resources and efforts to ensure performance is aligned with the objectives of the business for that reporting period.

Operational plans are used to identify:

- | | |
|--|---|
| <ul style="list-style-type: none"> the goals of a specific team, department or whole business how the goals will be achieved | <ul style="list-style-type: none"> what resources are required to meet the goals who is responsible for achieving the goals and performance measures. |
|--|---|

Create a work plan

A work plan is the goals and actions for individuals or teams over a specified term. It must be consistent with the operational plan.

The creation of the work plan should be in accordance with prescribed organisational guidelines and legal requirements. Work plans extrapolate operational plans into individual and team-level requirements. They are the day-to-day actions and objectives that must be achieved by team members to ensure team and organisational goals are met.

The main benefit of undertaking this detailed level of planning is to subdivide what began as a large mass of organisational or operational work into a set of clearly defined and manageable units. By allocating work in this way, you will ensure the work of individuals and your department as a whole are focused on the achievement of the organisation's strategic goals.

There is no prescribed format for the creation of a work plan; however, there are several elements that should be considered in order to develop a clear and comprehensive plan for teams and individuals.

Organisational and team goals
The broad statements that explain the alignment between individual objectives, team goals and organisational level goals should capture the overarching purpose of the work plan.
Key results areas
The areas of responsibility for team members are outlined in job descriptions.
Performance standards
The standards are also known as key performance indicators (KPIs) that explain what is needed from an individual to support business objectives. They are the realistic and tangible targets to be achieved by a certain date.
Actions
Activities or strategies need to be completed to achieve the desired objectives and performance standards.
Monitoring and review
Activities and outputs are monitored and evaluated.

Example

Develop work plans in accordance with operational plans

The university has a documented approach to aligning individual work plans and goals with operational plans and objectives.

The system includes:

1. Preparing for the initial discussion and negotiation
2. Reviewing personal performance
3. Setting work objectives, indicators and targets
4. Planning for improvement and development

The document forms part of a performance management process that is designed to:

- give positive and constructive feedback about achievements and identify areas for improvement
- explain clearly what is expected of the employee during the next reporting period and ensure they understand their requirements
- discuss whether or not the proposed work objectives and plans are:
 - SMART (specific, measurable, achievable, realistic and time-framed)
 - clearly aligned with the faculty's operational plans that derive from the university's strategic priorities
 - appropriate for the position
 - supported by appropriate resources and personnel.

Allocate work to team members

The aim of work planning is to improve functionality, performance and efficiency.

As a manager, you need to be aware of the skills and knowledge of each employee so that the right tasks are allocated to the right employees. Matching people with the tasks best suited to their skills and knowledge will help your team achieve their goals within set budgets and time frames.

You should allocate work as per your organisation's policies and procedures for quality, productivity and safety as well as meeting any applicable budgets.

Work allocation needs to be:

- efficient: work is productive and completed within a reasonable time frame
- cost-effective: team members make efficient use of resources
- outcome-focussed: results must achieve the required standards of quality and safety.

Factors for allocating work

Work should be allocated to employees based on their ability and willingness to perform the task and according to the organisation's operational plans.

By assessing your team members' skillsets, readiness levels and attitudes, you can determine which person is right for each task. This ensures that your team will complete their tasks correctly, efficiently and within budget.

Here are six common errors you should avoid when assigning work:

Error	How to overcome the issue
Arrogant or overly authoritative attitude	<ul style="list-style-type: none"> Treat the employee respectfully and build confidence.
Insufficient detail in the plan	<ul style="list-style-type: none"> Be clear by describing performance standards and time lines, and explaining why the task is important.
Rushing	<ul style="list-style-type: none"> Take the time to explain the assignment fully. Use team or one-on-one meetings
Vague and unclear instructions	<ul style="list-style-type: none"> Take the time to check for understanding among your team, which will tell you whether you have explained the assignments clearly.
Tone of voice	<ul style="list-style-type: none"> Don't bark out orders. Adults respond to respect.
Mixed messages	<ul style="list-style-type: none"> Show confidence in your team's ability.

Cost-effectiveness

As a manager it is important to ensure that the person allocated to perform a task has the skills and knowledge, and is capable of meeting the needs of the work plan.

Business is all about the outcomes and less about the processes used to achieve the outcomes.

Although processes can be refined and improved to achieve better outcomes, the final result will be what is measured in terms of cost-effectiveness.

When making decisions about the allocation of work and being cost-effective, it is important to make sure that you are aware of the resources you have available, costs of wages and any time constraints.

Trusting work to an employee is good for morale; however if you are on a tight schedule and budget, it is important you ensure that your productivity is not affected.

Limitations of an efficiency focus

Care must be given to the social and moral impacts of variations to the workload, particularly the stresses that may be placed on the workforce and their families.

Efficiency is not simply a mathematical calculation. You must also consider the human side to work allocation. This can include impacts of stress, excessive work hours, an imbalance of work/life duties, domestic breakdowns and other effects of extended, high-pressure work hours. Too much emphasis on cost-efficiencies may result in staff absences and resignations.

Accelerating a work task for early completion in order to save costs has inherent risks, including:

- lower quality outputs
- critical errors
- workforce resistance
- work overload
- workplace stress.

Workplace relations

Australia has a complex workplace relations system that is governed by Commonwealth or state/territory legislation. It is applied through industrial awards or agreements that are determine at either an industry level or with an individual employer.

The complexity of the workplace relations system was simplified when the *Fair Work Act 2009* (Cwlth) was introduced in 1 January 2010. Since then, all states except Western Australia have referred their workplace relations powers relating to private industry to the Commonwealth, with the aim of creating a national workplace relations system. Complexities still exist on a state-by-state basis, depending on whether a state handed all workplace relations powers to the Commonwealth or retained powers for public service employees.

In most situations, workplaces are governed through the *Fair Work Act 2009*, but there are still complexities. A workplace may be covered by multiple awards and agreements and, in some situations, by different legislation.

National Employment Standards

With the introduction of the *Fair Work Act 2009* (Cwlth), National Employment Standards (NES) were introduced to provide a safety net for employees covered by the national workplace relations system. These standards are set out in the Act and comprise 10 minimum standards of employment.

NES 10 minimum standards of employment	
1	<p>Maximum weekly hours of work</p> <p>38 hours per week, plus reasonable additional hours</p>
2	<p>Requests for flexible working arrangements</p> <p>An entitlement allowing employees in certain circumstances, as set out in the <i>Fair Work Act 2009</i>, to request a change in their working arrangements because of those circumstances</p>
3	<p>Parental leave and related entitlements</p> <p>Up to 12 months unpaid leave per employee, plus a right to request an additional 12 months unpaid leave, plus other forms of maternity, paternity and adoption-related leave</p>
4	<p>Annual leave</p> <p>4 weeks paid leave per year, plus an additional week for certain shift workers</p>
5	<p>Personal/carer's leave and compassionate leave</p> <p>10 days of paid leave, 2 days unpaid leave as required, and 2 days compassionate leave (unpaid for casuals) as required</p>
6	<p>Community-service leave</p> <p>Unpaid leave for voluntary emergency activities and leave for jury service, with an entitlement to be paid for up to 10 days for jury service</p>
7	<p>Long-service leave</p> <p>A transitional entitlement for employees as outlined in an applicable pre-modernised award, pending the development of a uniform national long-service-leave standard</p>
8	<p>Public holidays</p> <p>A paid day off on a public holiday, except where reasonably requested to work</p>
9	<p>Notice of termination and redundancy pay</p> <p>Up to 5 weeks' notice of termination and up to 16 weeks' severance pay on redundancy, both based on length of service.</p>
10	<p>Provision of a Fair Work Information Statement</p> <p>Must be provided by employers to all new employees, and contains information about the NES, modern awards, agreement-making, the right to freedom of association, termination of employment, individual flexibility arrangements, union rights of entry, transfer of business, and the roles of the Fair Work Commission and the Fair Work Ombudsman</p>

Modern awards

All employees in Australia are covered by an award, unless the employer has a separate enterprise agreement or registered agreement that covers its employees.

Modern awards contain the minimum conditions that apply to the majority of employees, and form the basis of the Better off Overall Test (BOOT) that applies to new enterprise agreements. For employees not covered by an enterprise agreement, modern awards and the NES constitute the minimum terms and conditions of employment. The terms of a modern award are to be read in conjunction with the minimum entitlements under the NES.

There are currently 123 awards that cover most employees in Australia. Details of the most common awards can be researched through the Fair Work Ombudsman website at aspirelr.link/fair-work-awards.

Workplace agreements

Enterprise agreements and other registered agreements set out minimum employment conditions and can apply to one business or a group of businesses.

When a workplace has a registered agreement, the award doesn't apply. However, the pay rate in the registered agreement can't be less than the pay rate in the award and the NES still apply.

The three main types of workplace agreements are set out below.

Enterprise awards
The Fair Work Commissions defines an Enterprise Award as a unique instrument applying specifically to one or more businesses. They set out the minimum wages and working conditions for employees of the relevant organisation. The name of the business is often part of the title of an enterprise award. For example, the Optus Award 2019.
Employment contracts
An employment contract is an individual agreement between the employer and the employee. An employment contract will outline the terms and conditions of employment that are not covered by either an award or enterprise agreement. The employment contract must adhere to the <i>Fair Work Act 2009</i> and the NES as a minimum.
Enterprise agreements
An enterprise agreement (EA) is a collective agreement, which has gone through a bargaining process, that sets out the conditions of employment for a group of workers and their employer. EAs were formerly known as collective agreements. Every agreement must be approved by and registered with the Fair Work Commission, who assesses the content to ensure workers receive at least equal to the minimum entitlements of the NES, the <i>Fair Work Act 2009</i> and the relevant modern award.

Example

Allocate work efficiently, cost-effectively and with a focus on outcomes

The HR manager at Engineering Publications, a technical-manual publisher, has recently selected subject matter experts to write technical manuals for civil and electrical engineering software applications. The writers are hired after a short interview on their technical skills and evidence of relevant tertiary qualifications.

With strict deadlines, scheduling of tasks such as regular progress reports and feedback sessions are integral. The HR manager develops a Gantt chart outlining project deadlines and posts it on the company intranet. With these control measures in place, it takes just seven days for the owners to pick up a minor issue: two writers are behind schedule and are having a difficult time completing some of the writing tasks.

With the focus on achieving the outputs at the desired level, within budget and according to the deadline, the manager meets with the writers and has a discussion about their current issues. Following the meeting, he makes a decision to reallocate the tasks among the group of writers to make better use of current knowledge and skills. He also brings in new writers that not only have the technical knowledge required but also the writing skills to be able to write the type of manuals required for this particular project.

The change is instantaneous. The writers who were having difficulties are much better suited to the less technical challenge of the end-user operator manuals, while other technical writers are better suited to schematics and design drafting, resulting in the project coming back on track to meet specified deadlines.

Practice Task 2

Question 1

Draw a line to match each term to its correct definition.

- | | |
|---------------------------------|---|
| » Enterprise agreements | » Describes a team or an individual's responsibilities with regard to the operational plan and provides the opportunity for the individual to negotiate their agreed level of performance |
| » National Employment Standards | » Details the action plans of the business for supporting organisational and strategic plans |
| » Work plans | » Comprises 10 minimum standards of employment to provide a safety net for employees |
| » Modern awards | » Sets out the minimum employment conditions and can apply to one business or a group of businesses |
| » Operational plans | » Contains the minimum conditions that apply to the majority of employees, and form the basis of the Better off Overall Test (BOOT) that applies to new enterprise agreements |

Question 2

Explain the link between teamwork plans and the business operational plan.

Question 3

What items should be included in a work plan? Tick all that apply.

- Remuneration of team members
- Organisational and team goals
- Key result areas
- Competitor analysis
- Performance standards
- Monitoring and reviewing procedures

1C Develop performance standards

Performance standards refer to the level of performance required from an individual or group and may be expressed either quantitatively or qualitatively.

Prior to the implementation of any work plan, you will need to ensure the parameters set for performance and compliance are accurate and within the required standards. Team members' performance must meet the requirements set by the organisation. These standards need to be clear, achievable and time-bound, in order for them to be effective.

Quantitative performance measures

Quantitative performance metrics involve an evidence-based method of collection and analysis of work-related data.

Workplace data can be generated automatically from existing information systems and extracted from observations and reporting systems. A combination of the two sources provides the most holistic measurement of performance.

Quantitative performance can be thought of as 'how much' a person does in their job. Here are some examples of some quantitative performance measures.

Quantitative performance measures
Production or sales volumes year on year
Increased deliveries or sales to new clients, indicating individual efforts and production market focus
Net profitability, creating accountability for cost savings and margin maintenance
Unit production year on year, emphasising performance efficiencies or technological advances that have been adopted
Market coverage, providing feedback to marketing executive regarding overall capture in certain geographic or demographic segments

Key performance measures

The work plan must indicate the key performance measures in relation to the quantitative elements of job performance. These are based on the function of the role and must be discussed and confirmed with the team member before they commence their job, and at every performance appraisal.

The number of performance measures depends on the technical complexity of the role, the professional expectations within the given industry, organisational culture and the personal requirements of the line manager/supervisor. In all cases, the measures should directly apply to the job requirements as outlined in the work plan and position description.

The table below provides examples of the metrics applied to traditional functional areas.

Position	Key performance measures
Receptionist	<ul style="list-style-type: none"> Number of rings before answering incoming calls Time on calls Number of errors when directing calls
Technical service assistant	<ul style="list-style-type: none"> Time taken to allocate jobs to service agent Number of complaints received/handled Customer feedback rating (for example, out of five stars)
Accountant	<ul style="list-style-type: none"> Actual versus forecast billable hours Number of clients seen per month Percentage of new clients versus existing clients

Qualitative performance measures

Qualitative usually refers to how well the job is completed, in particular, the aspects that determine the quality standards of a task.

A typical set of criteria for qualitative performance assessment might include number of errors in a work task, knowledge, desire to learn, initiative, reliability, teamwork and attitude. These should be discussed with each staff member when their work plan is developed so they understand the organisation's expectations of the way they perform their role and behave in the workplace.

Effective managers provide ongoing qualitative feedback so any problems are corrected as soon as they are observed, rather than waiting for a formal performance appraisal. It is important that this type of measurement is consistent, reliable and effective.

Qualitative measures can be assessed on a scale for ongoing performance monitoring, as shown in the table below.

Performance measures	Unsatisfactory	Satisfactory	Excellent	Superior
Quality	Produces unnecessary work	Completes necessary work	Produces value-added work	Maximises value-added work
Knowledge	Knows very little about job	Has good working knowledge of job	Has detailed knowledge of job	Is a recognised expert
Desire to learn	Shows no desire to learn	Is willing to learn more	Wants to learn more	Has a strong desire to learn more
Initiative	Shows no initiative	Shows some initiative	Shows considerable initiative (self-starter)	Shows extraordinary initiative
Reliability	Is completely unreliable	Is generally reliable but needs supervision at times	Is very reliable	Is always reliable
Attitude	Negative	Positive	Shows enthusiasm	Creates excitement

Developing performance standards

A key factor in the creation of a work plan is the development of clear performance standards and indicators.

Performance standards must set out the required level of performance that explains, in non-quantifiable terms, what is needed from an individual or group to support business objectives. A performance standard should be based on key results areas (KRAs) of the operational plan.

When deciding what the performance standards will be for a particular task, you should always determine the minimum standard of acceptable performance for the task.

Consult with key personnel and consider what has been achieved in the past to ensure your standards are reasonable and achievable. Take the time to gather the data in order to make an informed decision about what measures to set for your team.

In most cases, you should set your performance standards based the following three steps:

1 Identify the key results area.

Key results areas (KRA)s are the areas of responsibility for team members and are described in job descriptions or your performance standards. If KRAs are not outlined, you will need to analyse the roles of your team members to identify what areas of the business they're responsible for.

The KRAs will change depending on the nature of work operations and roles of your team.

They may be based on:

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ sales ▪ customer service ▪ safety ▪ team participation ▪ innovation | <ul style="list-style-type: none"> ▪ quality ▪ general store maintenance ▪ administration and support ▪ learning and development ▪ leadership. |
|---|---|

2 Confirm the performance standard.

Based on each KRA, confirm the standards of performance that need to be achieved. Given that what you measure is what you get, it is critical that the KRAs support the outcomes you want to achieve. If you get these wrong, everything that follows will be out of alignment.

For example:

- external measure: improving service levels to customers
- internal measure: reducing operating costs to international benchmark levels.

3 Determine how you will measure performance standards and achievement of KRAs.

Focus on how to measure team members' outputs to determine whether the performance standards and areas of responsibility are fulfilled.

The most effective way of determining individual KPIs is to review your performance standards and break them down into team and individual measures.

KPIs should:

- reflect and feed into the organisation's goals.
- be quantifiable where possible; for example, they could be explained in financial terms, numbers, raw data, percentages or rates
- be fair and achievable under regular operating conditions
- be clear, concise and simple.

SMART KPIs

Once a performance outcome is developed and agreed to, it must be worded so the employee and the manager are clear on the objectives to be achieved.

To be clear and unambiguous, KPIs need to be written as SMART objectives: specific, measurable, achievable, realistic and time-framed. For example: 'Attain \$1 million in sales of widgets per quarter'. Assuming that \$1 million in sales is supported by the required production capacity, marketing and competitive pricing, the KPI is realistic and achievable.

KPIs should be concise to avoid being misunderstood. If you require a breakdown of detailed KPIs, ensure each one meets the SMART criteria and is agreed to by the employee.

Example

KRAs and KPIS

Barry works in a customer contact centre called Jet Setters. He has just finished putting together the work plan for his team for the next four weeks. The KRAs and KPIs that Barry has set are described in the table below.

KRA	Performance standards	KPI
Customer service excellence	Achieve a high level of customer satisfaction.	90% customer satisfaction rate based on feedback surveys 6 hours of customer contact talk time per day
Sales	Generate revenue for the business.	10 closed sales per day \$10,000 of revenue per week
Health, safety and wellbeing	Ensure the health and safety of self and others.	less than 5% annual injury rate within own team twice-weekly hazard inspections conducted in own work area
Quality outcomes	Maintain quality standards in own work produced.	Less than 2% error rate on customer transactions
Personal excellence and development	Maintain professional development and continuous improvement standards.	38 hours of logged professional development per half-year Attendance at 1 training course and 3 networking conferences per quarter

Seek agreement from team members

To develop an effective individual work plan, it is important to consult with your team members before implementation and aim for agreement with the performance standards and KPIs.

Gaining a formal agreement between the employee and supervisor, or the organisation's representative and the work group, gives each party a level of accountability. By giving team members an opportunity to contribute to the development of their own work plans, this helps to build engagement, commitment and, ultimately, better performance.

The way you communicate and confirm agreement with team members will vary according to their needs, the nature of the work being performed and the structure of the team. Routine procedures like agreeing by email could be invalid if you are working in the same vicinity as your team members. In most cases, a team or one-on-one meeting will be more suitable.

Constructive communication techniques

For communication to be effective, it needs to be two-way. This allows both parties to explain themselves, discuss issues and agree on performance standards.

As a manager you need to give your team members a chance to have input into the planning process, discuss their concerns and ask any questions. It is important that you respond and clarify any questions, with clear and concise answers, before implementing a work plan.

Communication skills needed when allocating work and seeking agreement on performance standards:

- attentiveness: listening and being receptive
- diplomacy: tactfully handling a delicate situation
- discretion: making wise decisions about which topics are private
- empathy: showing sensitivity towards how others feel
- enthusiasm: showing a positive outlook and driven attitude
- flexibility: being able to compromise when necessary to achieve the organisation's goals
- judgement: being able to make appropriate decisions.

Example

Develop and agree to performance indicators with relevant staff

LouiZ Hairdressing employs three full-time qualified hairdressers and two casual assistants. The owner, Louise, has two main criteria for assessing the business's performance:

- All fixed and variable costs are covered each month.
- Louise can take home a wage of no less than \$4200 per month after costs.

A simple calculation indicates to Louise that the business must earn at least \$16,700 per month. Using a basic division of labour approach, Louise determines that she and the three other hairdressers need to earn no less than \$3854 per week.

She establishes that a mixture of sales and services must be applied to obtain the appropriate profit margin. Services have a much higher margin than product sales, but are also the most time-consuming.

Louise meets with her staff and negotiates a level of services and product sales for each hairdresser, and level of product sales for each casual. The agreed value for each staff member are formalised into KPIs, with incentives and penalties attached for above- and below-standard performance.

This method generates complete buy-in from all staff, as they are able to see the value for the business and themselves, as well as negotiate their own targets. Louise is able to set a standard of performance that meets her business goals.

Practice Task 3

Question 1

Which of the following are examples of quantitative performance measures? Tick all that apply.

- Sales volumes year on year
- Net profitability
- Customer feedback survey
- Unit production year on year
- Increased deliveries or sales to new clients
- Management's opinion

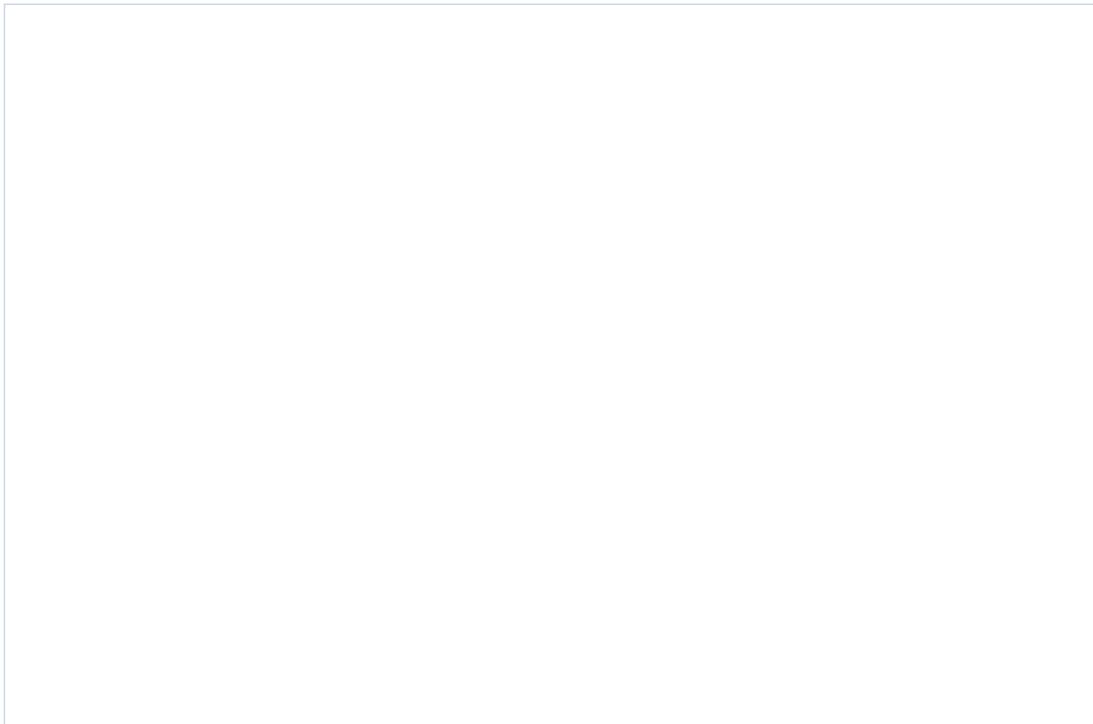
Question 2

What three steps should you follow when setting performance standards?



Question 3

Why is it important to consult with relevant staff when developing performance standards?



1D Conduct a risk analysis

Risk is defined as any potential threat to the organisation achieving its goals.

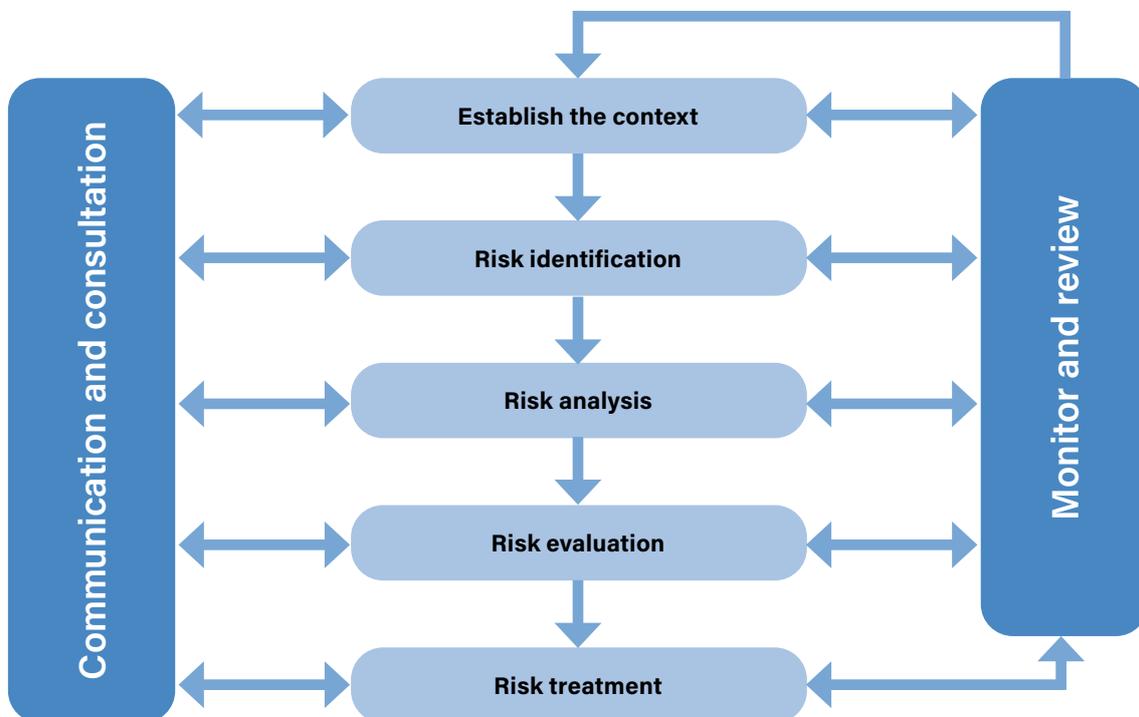
No matter how much you plan, there are always risks associated with work plans and business operations.

Every business faces a range of threats that make it uncertain whether their goals will be achieved. The systematic management of workplace risk is essential to all businesses, regardless of size, industry or scope of works.

Risk analysis process

A risk analysis determines the likelihood of a negative event preventing the organisation meeting its objectives, and the likely consequences of such an event on organisational performance.

A risk analysis is an ongoing process comprising seven main elements, as identified in the AS/NZS ISO 31000:2009 standard.



Step 1: Establish the context

The first step in implementing a risk analysis process is to evaluate both the internal and external context under which your team operates.

Establishing the context means defining the external and internal parameters to be taken into account when managing risk. By better understanding the risk context, you will also be able to set specific contingency plans to guide your risk management system and activities.

The external and internal context can include the following factors:

External risk context	Internal risk context
<ul style="list-style-type: none"> ▪ Social and cultural factors: Population growth rate, lifestyle trends, age distribution, consumer trends, attitudes toward domestic and foreign products and services, community health, and attitudes towards work health and safety and the environment ▪ Political: Political stability, requirements and expectations of regulatory authorities, environmental protection laws and regulations, taxation laws, consumer laws, trade laws, and import and export law ▪ Legal: Impacts of legislation and regulations at a state and national level; examples include privacy and confidentiality of information, work health and safety, workplace relations, and anti-discrimination and environmental laws ▪ Technological: Advances in technology, communications, product and system development, and science and its relative impact on business operations ▪ Economic: Stability and changes within the economy such as inflation, unemployment, value of the dollar, interest rates and market cycles and how these forces affect the labour market, and internal workforce and consumer behaviours ▪ Natural and competitive environment: Performance of local, national, rural or global markets ▪ Drivers and trends: Current issues affecting the industry, environment and specific sectors across Australia 	<ul style="list-style-type: none"> ▪ Corporate governance: The structures, policies, plans and accountabilities that govern how the organisation and its activities are directed and controlled. ▪ Capabilities: What the organisation is equipped to achieve and offer its stakeholders ▪ Systems: Internal systems and processes for health and safety, environmental protection, quality, production, human resource management, contract management, procurement, service and communication ▪ Products and services: The range and quality of product and service offerings, and level of demand from consumers ▪ Finance and resources: The budget allocated to developing and maintaining the business and existing resource capabilities ▪ Suppliers: Relationships with key suppliers including their performance in terms of the provision of goods, their services, prices, quality and reliability of delivery

Step 2: Risk assessment

Risk assessment involves identifying, analysing and evaluating any threats to your work plans.

This three-part process enables you to determine what actions (risk treatments), if any, need to be taken to minimise the impact on team objectives.

Risk identification
This is the process of gathering a comprehensive list of all risks that may cause harm to people, processes, property or the environment. This task is completed by analysing the context and discussing the potential risks with your key personnel, including senior managers, middle-level managers, HR teams, subject matter experts and team members.
Risk analysis
This is the process of considering the causes and source of risk, their potential consequences and probability of harm occurring.
Risk evaluation
This is the process of allocating a priority number to each risk and determining the tolerability of risk.

Risk analysis

Analysing your risks involves assessing the likelihood and consequence of a risk event occurring.

This task can be very subjective. The risks associated with any single action can vary, depending on variables such as workplace relations or employment environment. The likelihood of a risk can be expressed as a rating value A–E.

The following examples use a 5-by-5 risk score matrix (semi-quantitative) method of analysing risks:

Consequence of harm

Risk consequence	Value descriptor	Explanation
5	Catastrophic	Extreme scale of impact: death, off-site release with detrimental effect, huge financial loss
4	Major	Large scale of impact: extensive injuries, loss of productivity, off-site release with no detrimental effects, major financial loss
3	Moderate	Manageable scale of impact: medical treatment required, on-site release contained without outside assistance, high financial loss
2	Minor	Some impact would be noticeable: first-aid treatment, on-site release immediately, medium to low financial loss
1	Insignificant	Inconsequential impact: no injuries or financial loss

Probability of harm

Risk consequence	Value descriptor	Explanation
5	Almost certain	100% possibility of change occurring; expected to occur in most circumstances
4	Likely	Most probable that change will occur; will probably occur in most circumstances
3	Possible	Reasonable to consider change would occur; might occur at some time
2	Unlikely	Slight possibility of change occurring; unlikely to occur, but history of event exists within the business
1	Rare	1 in a 100 chance of change occurring; may occur only in exceptional circumstances

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	High	High	Very high	Very high	Very high
Likely	Moderate	Moderate	High	Very high	Very high
Possible	Low	Moderate	High	High	Very high
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Low	Moderate

Risk evaluation

A detailed risk evaluation tool with specific descriptions for each risk rating can be useful in carrying out a reliable and consistent evaluation of risks.

Once the likelihood and consequence of risk has been determined, you need to assign a priority rating to each risk to help determine what actions need to be carried out to manage the risk.

An example of a risk evaluation tool is provided below.

Result/impact of risk event		
Rating	Descriptor	Meaning
1	Insignificant	<ul style="list-style-type: none"> Little impact; low or no financial or material loss Risk consequences dealt with by routine operations
2	Minor	<ul style="list-style-type: none"> Financial impact less than \$10,000 (for example) and not fully covered by insurance Minimal damage to company's image and reputation Risk consequences dealt with by routine operations
3	Moderate	<ul style="list-style-type: none"> Financial impact \$20,000–100,000 (for example) and not fully covered by insurance Medium damage to company's image and reputation Moderate impact on business and strategic objectives
4	Major	<ul style="list-style-type: none"> Financial impact \$100,000–500,000 (for example) and not fully covered by insurance Significant damage to company's image and reputation Significant impact on business and strategic objectives
5	Outstanding or catastrophic	<ul style="list-style-type: none"> Financial impact exceeds \$500,000 (for example) and not fully covered by insurance Irreparable damage to company's image and reputation Business and strategic objectives unable to be achieved

Step 3: Risk treatment

Once you have identified and assessed the risks, your goal is to eliminate or avoid risks where possible and control their impacts on work plans.

There are options available for a manager to manage risks associated with work plans. Your aim will be to select an appropriate risk treatment option according to the priority of the risk, the cost and other resources available to manage the risk, the level of urgency required in addressing the risk, and legal implications.

The following information outlines the four major strategies that can be used to manage risk.

Avoid	Avoid the risk; for example, don't allocate work tasks to someone who does not have the required skills or knowledge; hold regular progress meetings.
Reduce	Reduce the likelihood of the risk occurring; for example, ensure employee contracts, job statements and work plans are comprehensive.
Transfer	Transfer the risk to another party; insurance is a good example, as the risk is fully or partly transferred to the insurer for a fee.
Retain	Retain the risk; for example, you may accept and retain some risk where the impact can be handled in normal business operations.

Legislative obligations

Legal compliance is the largest area of risk when dealing with risks relating to personnel, as shown in the information below.

Work health and safety (WHS)	<p>Employers must ensure they provide a safe and healthy workplace for all employees and have a system for risk management in place.</p> <p>State/territory laws relating to work health and safety include:</p> <ul style="list-style-type: none"> ▪ ACT, NT, NSW and QLD: <i>Work Health and Safety Act 2011</i> ▪ SA and Tas.: <i>Work Health and Safety Act 2012</i> ▪ Vic.: <i>Occupational Health and Safety Act 2004 (Vic)</i> ▪ WA: <i>Occupational Safety and Health Act 1984 (WA)</i> <p>Codes of practice are practical guides to achieving the standards of health, safety and welfare required under the applicable WHS Act or OHS Act and the regulations in a jurisdiction. To have legal effect, the code of practice must be approved in that jurisdiction.</p>
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<p>Anti-discrimination</p>	<p>In Australia, national and state/territory laws cover equal employment opportunity and anti-discrimination in the workplace. Employers are required by these laws to create a workplace free from discrimination, bullying and harassment.</p> <p>An organisation cannot discriminate against current or potential staff based on age, race, sex, physical ability, culture or religion.</p> <p>Federal laws relating to anti-discrimination include:</p> <ul style="list-style-type: none"> ▪ <i>Age Discrimination Act 2004</i> (Cwlth): makes it unlawful to discriminate on the basis of age ▪ <i>Disability Discrimination Act 1992</i> (Cwlth): makes it unlawful to discriminate against a person on the grounds of a disability (including a disease) ▪ <i>Racial Discrimination Act 1975</i> (Cwlth): makes it unlawful to discriminate on the grounds of race, colour, national or ethnic origin ▪ <i>Sex Discrimination Act 1984</i> (Cwlth): makes it unlawful to discriminate on the grounds of a person's sex, marital status, pregnancy or potential pregnancy or to sexually harass another person. <p>Each state/territory has its own specific laws covering discrimination.</p>
<p>Workplace relations</p>	<p>Make sure you are up-to-date with workplace relations laws.</p> <p>Managers need to be aware of any union involvement within their workplace to ensure representatives are included in relevant staff communications.</p> <p>Federal laws relating to industrial relations include:</p> <ul style="list-style-type: none"> ▪ <i>Fair Work Act 2009</i> (Cwlth) ▪ Industrial relations legislation and regulations ▪ Fair Work Commission, established under the Fair Work Act 2009, provides employers with assistance to: <ul style="list-style-type: none"> – resolve issues, disputes and dismissals – confirm if a right of entry permit is valid – approve or vary enterprise agreements – find an agreement or find an award ▪ <i>Equal Employment Opportunity (Commonwealth Authorities) Act 1987</i> (Cwlth), including the requirement to collect statistics for four target employment groups: women, Aboriginal and Torres Strait Islander peoples, people from diverse cultural and linguistic backgrounds, and people with a disability.
<p>Privacy laws</p>	<p>Organisations must ensure personal information is kept secure and cannot be accessed by unauthorised persons. Confidential personal and company information cannot be used for commercial gain under contractual employment terms.</p> <p>Federal laws relating to privacy include the <i>Privacy Act 1988</i> (Cwlth), which includes the 13 Australian Privacy Principles (APPs).</p>

Environmental laws

Environmental laws concern the use of land and waterways, carbon emissions, and effects on native flora and fauna. Workplace tasks should not direct employees to contravene environmental laws. The risks associated with contravening legislative obligations include heavy fines and costly court orders for amending wrongs. Environmental laws relevant to your organisation can be found at aspirelr.link/austlii

Example**Conduct a risk analysis**

Julian is a young man with high self-esteem. When he starts a small real estate business, Julian decides to hire attractive women for all the available positions in his company. Within his first year of operation, Julian has hired eight staff members, though business is not growing as fast as he had forecast.

The women figure out that Julian likes the company of attractive women and several of the team begin to resent his method of recruitment, as it devalues the skills and knowledge they possess.

At the end of the first year, one of his team mentions this 'trend' to a male friend who unsuccessfully applied for a job with Julian within the last 12 months. The result is a complaint lodged with the state's anti-discrimination board. Julian's business suffers costly financial and time losses dealing with the complaint, which leads to his actions being scrutinised by the real estate industry body as well as lawyers for the complainant.

Julian does not adequately address his legal responsibilities as an employer, or analyse the risks associated with breaching his obligations. He is not adequately insured and as a result loses the business, and permanently damages his reputation. Legal proceedings have been started against Julian, under tort law by his now former employees.

Practice Task 4

Question 1

Which of the following statements about the risk analysis process are correct? Select Yes or No for each one.

- | | | |
|--|-------|------|
| a) Risk is defined as the impacts of legislation and regulations at a state and national level. | » Yes | » No |
| b) Step 1 of the risk analysis process is to establish the risk context. | » Yes | » No |
| c) Risk analysis is the process of allocating a priority number to each risk and determining the tolerability of risk. | » Yes | » No |
| d) Step 3 of the risk analysis process is to implement risk treatment. | » Yes | » No |
| e) Risk treatment could include avoiding, reducing, transferring or retaining the risk. | » Yes | » No |

Question 2

How does having a sound understanding of the internal and external context under which your team operates affect team performance?

Question 3

When conducting a risk analysis on workplace activities involving personnel, what laws must be considered? List at least four.

Summary

- Consultation is a central requirement for effective workforce planning.
- A work plan must include agreed performance measures, resource requirements, short- and long-term objectives and a method of establishing authenticity and accountability.
- Cost-effectiveness is the outcome of efficiently allocated work and resources.
- Qualitative and quantitative performance measures should be combined when developing effective performance measurement tools.
- KPIs are developed based on consultation with key personnel and apply to the key results areas of the team
- Communicating and seeking agreement on work plans and performance standards with staff can contribute to employee commitment.
- Risk analysis is performed by identifying, assessing, evaluating and treating potential risks relating to the allocation of tasks.

Learning Checkpoint 1

Allocate work

Part A

1. Draw a line to match each resource to its correct resource type.

» Equipment

» Financial

» Assets

» Human

» Processes and systems

» Physical

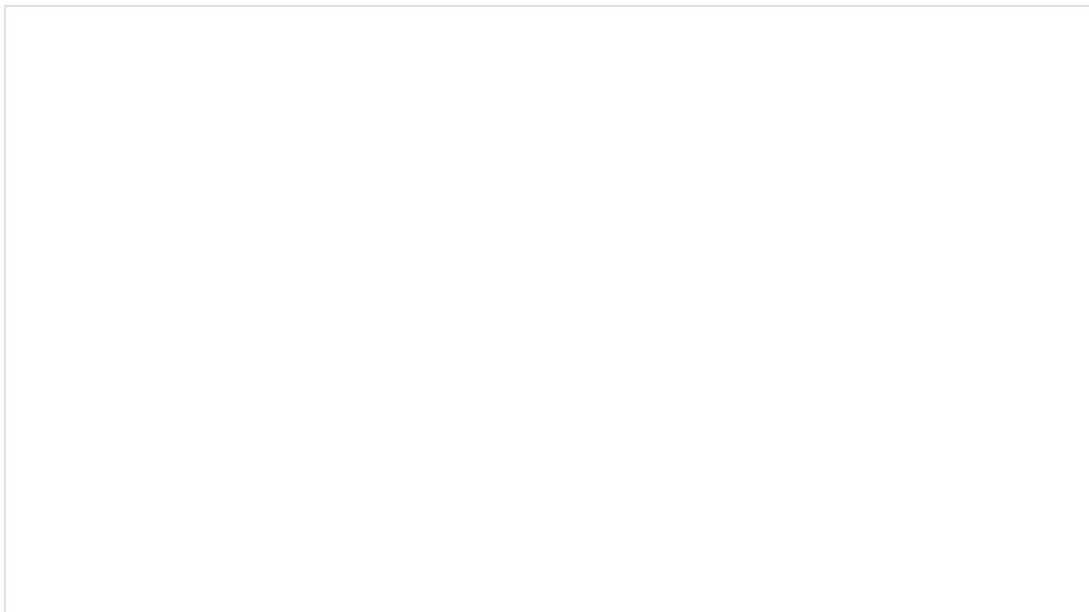
» Information system architecture

» Organisational

» Employee knowledge

» Technological

2. List five items that should be included in an individual or teamwork plan.



3. What is the difference between qualitative and quantitative performance measures? In your answer, provide examples for each.

4. Which of the following are types of workplace agreements/industry awards that must be complied with during performance management processes? Tick all that apply.

- Enterprise awards
- Work Health and Safety Act
- Employment contracts
- Enterprise agreements
- Bank guarantee

Part B

Read the case study, and then answer the questions.

Case study

Sharon works as a team leader for a medium-sized contact centre. The organisation employs five teams with about 10 sales consultants in each team.

The centre's primary function is to generate revenue for a number of selected charities. Sharon manages the workloads for one sales team, consisting of eight sales consultants. Her team is required to call potential customers, asking for donations for selected charities, and respond to inbound enquires about the charities they support. She reports directly to the contact centre manager. The organisation also employs an operations manager, who oversees the systems, marketing and day-to-day productivity of the centre.

Every month, Sharon develops a detailed work plan for her team. The plan includes the KRAs and KPIs, which are developed at a team level as well as at team-member level. The plan also includes the key actions needed to achieve the KPIs, resource requirements and risk management for the upcoming month.

1. How does effective consultation with her team members help Sharon when allocating work?
Tick all that apply.

- It contributes to a greater level of personal contribution from staff.
- It provides Sharon with an opportunity to show off her wealth of knowledge.
- It encourages accountability in the workplace.
- It allows for effective allocation of work.
- It provides opportunities to gather qualitative information to assist in assigning work tasks.
- It allows Sharon to take full credit for achieving operational goals.

2. When developing team and individual KPIs, what are **four** things Sharon must consider?

3. What are **four** risk treatment strategies available to Sharon to manage risks associated with team and individual work plans?



Topic 2 | Assess performance

- 2A Review performance management and review processes
- 2B Train staff in the performance management process
- 2C Conduct performance management
- 2D Monitor and evaluate performance

2A Review performance management and review processes

Performance management is used to measure and improve the effectiveness of people in the workplace.

The goal of performance management processes is to promote and improve employee effectiveness to ensure organisational objectives are achieved. It is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals.

Managers who implement an effective performance management and review process will generally see better results from their team and greater achievement of organisational objectives.

Performance management system

Performance management is a continuous process of planning and setting goals, implementing work plans, monitoring progress against the goals, evaluating outcomes, and recognising individual performance.

Performance management systems ensure a consistent approach is adopted across all staff and teams, providing a standard for:

- performance appraisal
- feedback
- professional development and training
- career progression
- wage and salary decisions
- performance management and termination.

The entire system must be supported by two-way feedback, support in terms of training and resources, documentation, monitoring and evaluation.

Performance management system framework

A well-designed performance management system requires time and resources and the support of senior management.

There is no set framework or standard for performance management systems. Each organisation is able to take the basic fundamentals and shape them into a system that meets their unique needs. Performance management always begins with planning and goal setting, followed by the implementation of the work plan.

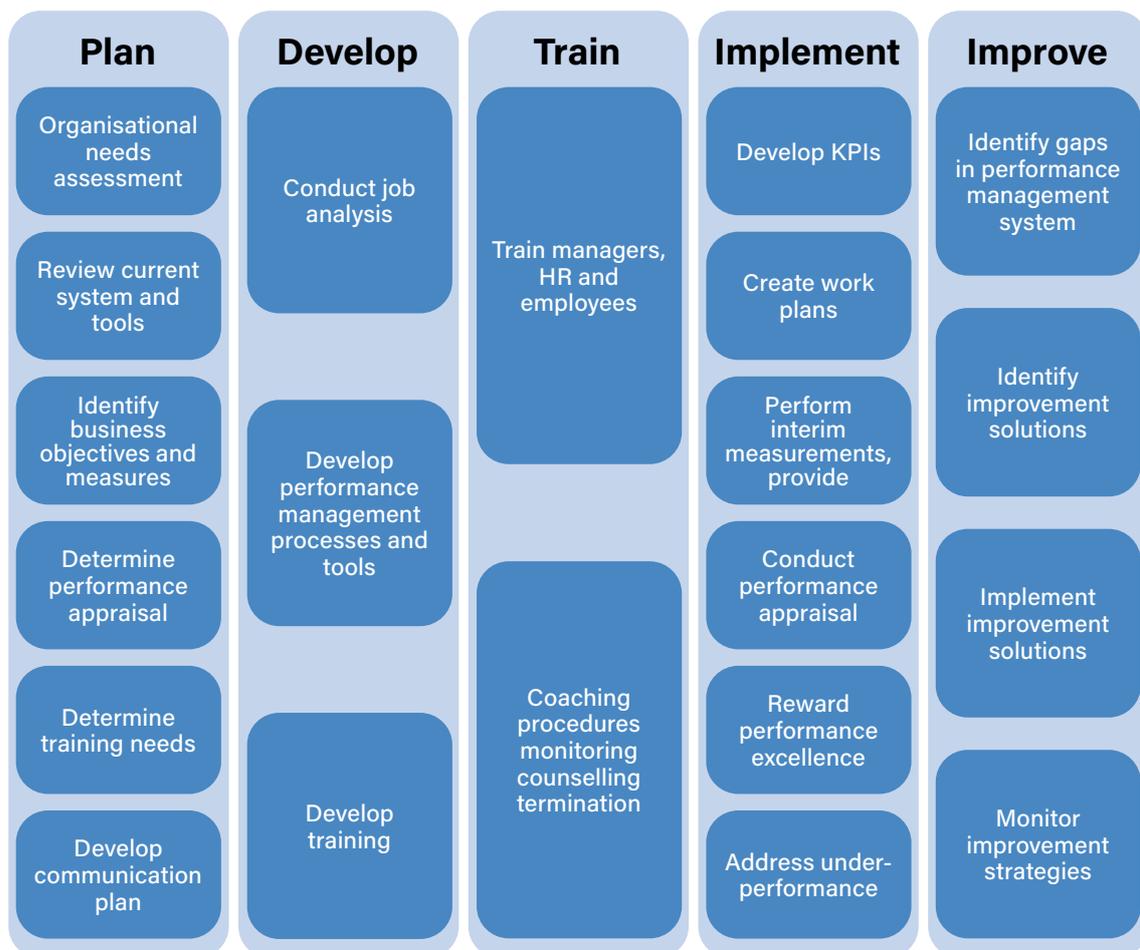
Managers use the performance management system to monitor and review an individual's performance against the agreed standards set out in the work plan, and to recognise where achievement meets or falls short of the standards required. In all performance management systems, the review and recognition stages are the most crucial.

An effective performance management system should:

- be job-specific, covering a broad range of jobs in the organisation, and align with the organisation's strategic direction and culture
- be practical and easy to understand and implement, and provide an accurate picture of each employee's performance
- include a collaborative process for goal setting and reviewing performance based on two-way communication between managers and team members
- provide training and development opportunities for improving performance, and monitor and measure results and behaviours
- establish clear communication between managers and team members about role expectations
- include positive and constructive feedback, and continuous feedback on performance
- identify and recognise employee accomplishments, identify areas of poor performance and establish plans for improvement
- support team members in achieving their work and career goals by identifying training needs and development opportunities
- support administrative decision-making about promotions, terminations, compensation and rewards
- provide legal documentation to demonstrate due diligence for legal challenges relating to dismissal or vicarious liability.

Example

Performance management system



Performance management process

Within the performance management process, planning and consultation are key to ensuring the best outcomes are achieved and the methods used are fair, reliable and user-friendly.

When implementing a performance management process, it is essential that you maintain consistency within organisational and teamwork plans. You must clearly communicate the purpose and steps in the process to employees before it is implemented, and consult with team members, senior management, HR and other subject matter experts along the way.

Stages of a performance management process	
Plan	Identify, clarify and agree upon expectations; identify how results will be measured; agree on monitoring process; document the plan.
Monitor	Monitor and evaluate progress and take corrective action or make changes if required.
Review and evaluate	Conduct annual performance review and evaluation, sign off, and begin new performance management cycle.

Design a performance management process

The key to a robust performance management process is to ensure it aims to bring out the best in every team member, enabling the organisation's objectives and policies to be achieved.

An effective performance management process is highly dependent on the organisation's goals and policies, legislative requirements, stakeholder needs and the existing systems within the organisation.

You must also consider the individual needs of your team members, including motivation, skills, knowledge and resources the employee has to do their job.

Key considerations and requirements for a performance management process	
Understand organisational objectives and policies	<p>Understand the key characteristics of the organisation and its culture.</p> <ul style="list-style-type: none"> Where is the organisation heading? What are its goals and policies on key matters such as performance management, management conduct and work health and safety? <p>The answer to these questions will provide some sense of the organisation's key drivers, its culture and risk propensity. This will help you to establish the performance orientation of the organisation.</p> <p>For example, an organisation with a tendency to measure quantitatively may prefer a more thorough appraisal document covering specific work outcomes. A qualitative orientation may use 360-degree feedback appraisals (that is, assessment by all those involved with the employee) to gain more insight into employee qualities or creativity rather than output quantities.</p>

Key considerations and requirements for a performance management process	
Understand legislative requirements	<p>Managers must ensure they review and follow workplace laws and requirements for allocation of work and managing performance.</p> <p>This includes:</p> <ul style="list-style-type: none"> ensuring fairness within rosters and working hours meeting general working conditions as outlined in the relevant award treating all workers in a fair, equitable and non-discriminatory manner ensuring workers personal information is protected maintaining a work environment that is free from stress and other psychological and physical hazards, so far as is reasonably practicable.
Assess current systems	<p>Test and review how performance management is currently working. Consulting staff and managers is the best way to establish the current understanding of performance management within the organisation. Meetings and focus groups can provide answers to questions such as the following:</p> <ul style="list-style-type: none"> What is meant by the term 'job performance'? What works well in the current performance management approach? What area of improvement may be required? <p>The aim is to establish the strengths and weaknesses of the current system and develop approaches for initial and continuous improvement.</p>
Include stakeholder input	<p>Include key stakeholders in the design process and identify fundamental skills and training requirements.</p> <p>The design process should involve key stakeholders such as managers, supervisors, HR representatives, staff representatives and union representatives. This level of input into the design phase can provide guidance with respect to:</p> <ul style="list-style-type: none"> application of the performance management process; for example, different processes for different parts of the organisation buy-in from relevant groups and personnel selection of the right objectives and performance metrics regularity of reviews within each functional area.
Provide support systems and training	<p>Provide visible and significant support after implementation to help managers become comfortable and competent in managing performance.</p> <p>Not all managers have experience with modern forms of performance management. It is essential to provide training and support to ensure they are knowledgeable about, and comfortable with, the process.</p> <p>Support systems can be online, face-to-face, or a combination of the two. In large organisations, where distance is an issue, online support should attempt to cater for a broad range of learning styles by incorporating video, visual, audio and written information.</p> <p>An effective assessment of managers' abilities must also be conducted prior to implementation to avoid conflict, resentment, disassociation and other negative outcomes.</p>

Example

Performance management and review process

Amanda is the office manager for Flyhigh Aerospace. She conducts biannual performance appraisals of the 16 employees in her department with the assistance of her two supervisors.

Her performance appraisals are due to be held with the staff members in the first week in May, when she holds one-on-one interviews.

In February she begins formulating her reports based on her notes on staff KPIs (key performance indicators). In the first two weeks of April, Amanda talks with her supervisors to gain feedback on their observations of the staff's performance, and completes first drafts of the appraisals, plus the first drafts of her supervisors' appraisals. She also seeks feedback on staff performance from managers in other sections of the organisation for which their office provides administrative support.

Finally, in the days leading up to the interviews, Amanda asks the staff members to think of their personal highlights for the past six-months, plus their goals for the six months ahead, and make a note of them to bring to their interview.

She then provides an interview session outline for all staff on the noticeboard, detailing the interview and appraisal process, plus a booking sheet with allotted time slots so staff can nominate when they would prefer an interview to be held.

Practice Task 5

Question 1

How are performance management systems useful in creating performance review processes that are consistent across all workers and teams?

Question 2

How can organisations align performance management processes with legislative requirements? Tick all that apply.

- Offering increased work hours to preferred team members
- Meeting general working conditions as outlined in the relevant award/agreement
- Treating all workers in a fair, equitable and non-discriminatory manner
- Issuing workers' personal information to third parties
- Maintaining a work environment that is free from stress and other psychological and physical hazards, so far as is reasonably practicable

Question 3

What are the five key requirements for designing a performance management process?

2B Train staff in the performance management process

It is essential that managers and supervisors train staff so they are familiar with an organisation's performance management and review process.

Staff must clearly understand their role in the process and how their performance will be monitored and assessed over time.

Managers must provide staff with ongoing support and information about the process to ensure performance management is conducted in a fair and equitable manner. If the process is implemented correctly, staff should not be surprised about their performance when scheduled appraisals are due.

Staff training

Supervisors and managers are responsible for training staff in the performance management process so the organisation's objectives are met.

There are a range of strategies that can be used to provide learning opportunities and communicate the requirements of the performance management process to team members.

As part of the training process, team members must be trained in:

- the specific performance standards, KRAs and KPIs
- how you will monitor and assess performance
- reporting processes
- the criteria by which decisions about discipline or reward will be made
- the specific documentation used for writing performance plans, providing feedback and performance appraisals.

Training methods

Training methods vary significantly and must be carefully selected, depending on the objectives of the training program, needs of the organisation and the worker's style of learning.

Depending on the size of the organisation, training for staff may vary from face-to-face training sessions to interactive online training.

The discussion method

The discussion method uses an informal two-way communication model between the manager and the work team. This method uses a short presentation (20 minutes or less) to provide staff with basic information.

This is followed by an open discussion among the learning group that is led by a facilitator who supports, reinforces and expands upon the information in the presentation.

Verbal and nonverbal feedback from team members allows the facilitator to determine if the desired learning outcomes have been achieved. If not, the facilitator may need to spend more time on this area and/or present the information again, but in a different manner.

The tutorial method

The tutorial method focuses on meeting the needs of the group, so learners can ask questions and discuss the topic. Tutorials are best used for developing knowledge that does not require immediate development of a skill.

Several variations in the tutorial format allow it to be more or less restrictive on time and agenda, and interactive.

A good tutorial begins with an introduction, agenda and ground rules about discussion and questions, delivered by the facilitator. The topic areas are broken up into chunks with group questions strategically placed at key parts of the tutorial to generate discussion and identify the progress of the group. The tutorial should include visual representations and demonstrations of the tasks that need to be completed. It should conclude with a summary of the main learning points and/or conclusions.

E-learning

Many companies have implemented e-learning, which encompasses several types of technology-assisted training, such as web-based training (WBT).

This training delivery method is valuable because it can automatically document participants' progress through the learning module and provide appropriate practice modules to improve areas of weakness.

However, there is often little or delayed opportunity to discuss topics of interest, attitudes or learning difficulties with a facilitator. In addition, it is difficult to monitor, direct and reinforce participants' progress to support the desired outcomes.

Example

Train managers in the performance management and review process

A report on the effectiveness of management system training for GMBK Advertising by external auditors finds that company-wide training is necessary for the effective facilitation of the existing performance process. The report discusses the effects of a lack of understanding of the performance management process by 68 per cent of staff members. It finds that poor understanding of the performance management system leads to:

- staff resentment of the process
- poor performance as staff are not aware of their KRAs and KPIs
- quality, consistency and validity issues resulting from poorly run appraisals.

Managers and supervisors received training, but they did not assume an appropriate level of accountability in training team members and thus treated the process with little regard.

The report concludes that training should be designed to engender commitment to the process at all levels.

Practice Task 6

Question 1

When training workers in the performance management process, what topics should be offered?

Question 2

Draw a line to match each training method to its correct description.

- | | |
|---------------------|---|
| » E-learning | » Uses an informal two-way communication model between the manager and the work team. |
| » Discussion method | » Focusses on meeting the needs of the group; learners can ask questions and pose discussions during the session. |
| » Tutorial method | » Encompasses several different types of technology-assisted training, such as web-based training (WBT). |

2C Conduct performance management

Implementing the performance management system means assessing the performance of team members' outputs.

Performance assessment allows managers to see how staff are performing compared to the set standards and make any necessary adjustments before major problems arise.

It is essential that performance assessment processes are conducted in accordance with organisational policies and procedures.

This includes protocols relating to:

- gathering data and reporting on staff performance
- conducting informal performance reviews
- scheduling formal appraisals
- informing staff of a formal review
- conducting formal performance reviews appropriately
- following up after a formal review
- documenting and storing performance appraisal documents.

Large organisations often have schedules for conducting and submitting performance reviews by line managers, supervisors and senior staff.

Input from the specific performance cycle can then be recorded for reporting purposes. Improvements in overall performance can be gauged quickly and shortfalls can be analysed and addressed at the highest level. While smaller organisations may not have such a rigid timetable, performance reviews should be regularly conducted, recorded and followed up.

Organisational policies and procedures

The organisational policies and procedures relating to a performance management process should provide a framework for performance assessment.

It is poor practice for any organisation to establish outcomes and performance requirements unless they are supported by a functional system of performance assessment, which includes monitoring and evaluating the results and behaviours of staff.

The organisational policies and procedures relating to performance management processes should foster a working environment that acknowledges staff contributions and builds competence to ensure organisational effectiveness.

Performance management policies and procedures may include:

- objectives in the form of a policy statement
- audience and applicability
- context in relation to conditions and legislative requirements
- responsibilities and delegations for all staff and managers
- monitoring, evaluation and reporting requirements
- time lines
- contact details of human resource departments.

Performance assessment process

Managers need to assess their team's performance. Through feedback, employees are made aware of what they are achieving and how they're supporting the organisation's goals.

Performance management is a process of continuous improvement. This means that monitoring and evaluating staff performance should be a daily task. Employees should not be surprised by comments about their personal performance at appraisal meetings. Team members should be assessed and provided with feedback on a regular basis.

The assessment of performance is integral to the development and success of an organisation, team and individual.

Performance management time lines

Managers must follow all requirements within the organisation's performance management strategy, including time lines and scheduled activities.

Examples of performance management time lines:

Annual performance appraisals

All staff, except for those in probationary appointments, will participate in a performance review and receive a written evaluation of their performance once a year, normally December or January, or after the completion of the financial year.

Three-monthly probationary reviews

Probationary staff will receive a formal, written evaluation of their performance at least once during the probationary period, which is a standard three-month period. A second performance evaluation must be completed prior to confirming permanent status for an employee.

Monthly performance review meetings

An employee is entitled to a regular meeting with the manager to discuss their performance throughout each financial year. These meetings should be held monthly at the very least, or following the completion of the operational plan or reporting period.

Performance management actions

There are several actions managers must undertake to manage and assess the performance of their team members.

Performance assessment is an essential part of every performance management system. It requires gathering reliable data about a team member's outputs, then making an objective decision as to whether the person is meeting the required standards.

Details of performance assessment methods are shown below.

Reviews and appraisals	Regular reviews and formal appraisals form the backbone of the performance management process. These tasks are designed to capture and impart job-specific performance information relating to the individual's role within the organisation. During these sessions employees are encouraged to: <ul style="list-style-type: none"> • offer feedback regarding their performance • suggest new approaches to their work • justify limitations of performance or issues experienced during the period • review the goals set during the previous session • set new goals or improvement plans with the supervisor.
Informal meetings	Informal meetings can be a source of valuable information when a manager wants to find out more about a person's ability to complete tasks, or issues arising in the workplace. This method can be highly successful when isolated requests for performance feedback are made by the individual.
Peer assessments	These assessments form what is known as a 360-degree performance review. Feedback is gathered from those who deal with the employee in different capacities to gain a holistic understanding of their performance. This technique has been very popular due to its ability to analyse the individual's approach to different tasks and their ability to deal with different people within the organisation.
Improvement plans	Improvement plans (or corrective action plans) are usually developed as a result of ongoing poor performance. The plans are negotiated between the employee concerned and their immediate supervisor as a means of agreeing on corrective performance actions.
Conversation records	Improvement plans are used in conjunction with records of conversations or other recording instruments to ensure compliance with legal requirements has been followed. These instruments form part of the organisation's due process if termination becomes necessary.
Professional development plans	Preparing professional development plans (PDPs) gives the employee and manager the opportunity to establish personal and professional short- and long-term goals. PDPs are an important monitoring tool for both the organisation and the employee. Encouraging the employee to refer to their PDP on a regular basis can improve morale by motivating the individual to achieve the objectives set with their manager.

Communication skills

It is essential that you develop the communication skills to articulate expected standards of performance and to provide effective feedback when assessing performance.

The basic premise for good communication is ability to listen actively to the other party. Active listening is a skill of acknowledging the comments and opinions of the other party and incorporating their information into your response. This method ensures that you do not miss important feedback or subtle information that can help you to guide the employee more effectively.

Only provide corrective guidance once you have listened to the employee and understood their position. Ask questions to confirm information and display empathy towards the employee to acknowledge their personal value.

Tips for developing communication and active listening skills

Consider putting your entire team through active listening training.

Pay attention to the full communication of your team members – verbal and non-verbal – and then feed it back, and check and validate your understanding.

Encourage team members to ask questions, reflect on what has been said, clarify the correct message, and summarise the key points.

Build understanding and empathy among your team members to help nurture workplace relationships.

Let your team members know you have listened well by matching their emotions with the meaning of the content.

Try different styles of leading team meetings so that sometimes you speak more, and other times you take the extra time to listen and let others speak.

Consider developing a formal tool for evaluating how aware team members are of each other's emotions and how well these feelings are communicated within the team.

Demonstrate active listening by using positive reinforcement, smiling, making eye contact, and using a forward-facing posture.

Example

Conduct performance management in accordance with protocols and time lines

Ralph conducts monthly informal performance debriefs with his staff at the surf shop he runs in south-east Queensland. Each debrief follows an agenda covering:

- monthly sales (individual and total)
- margins achieved (individual, other team members and total)
- discussion about how the employee felt they performed
- areas for improvement over the coming weeks.

Ralph's approach serves as a potent reminder to employees of the importance of their performance in relation to the business's overall success.

Ralph has also offered some of his staff the opportunity to obtain formal qualifications. If employees display a desire to progress, Ralph creates a chart for display in the back office showing their progress through their Certificate III in Retail Operations.

This training inspires staff to continue in the business and gain real-world qualifications that will assist them with future employment opportunities.

Practice Task 7

Question 1

List five examples of organisational protocols that should be read and followed when conducting performance assessment processes.

Question 2

Which of the following are acceptable methods for assessing employee performance? Tick all that apply.

- Conduct formal appraisals.
- Use personal perceptions as evidence.
- Hold informal meetings.
- Evaluate personality of worker.
- Use personal development plans.

Question 3

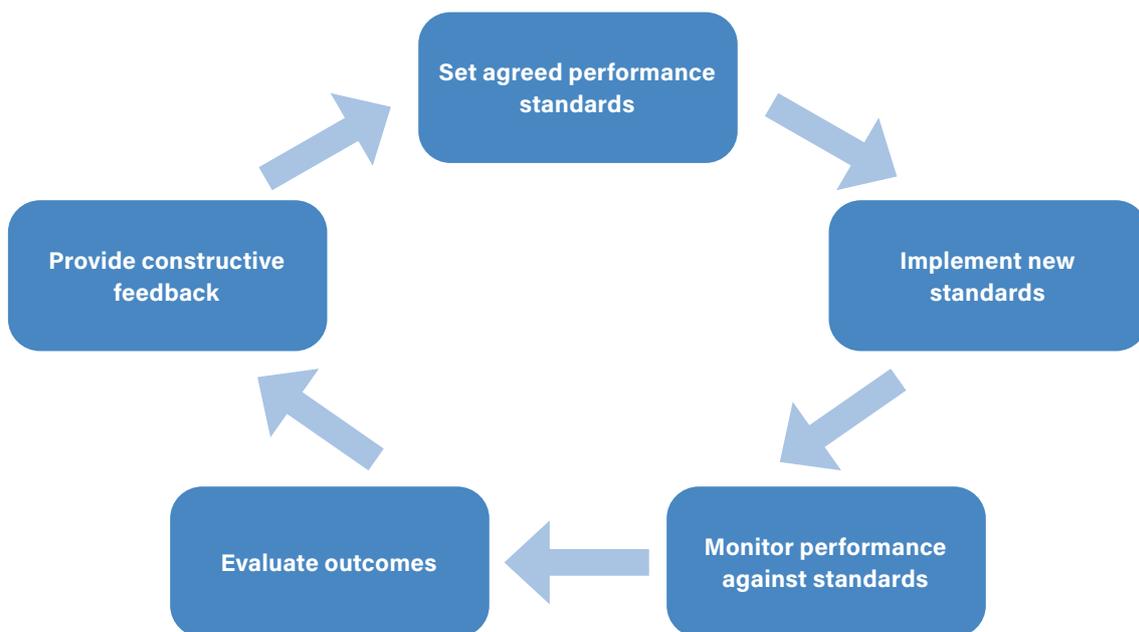
Explain how often management should undertake performance management processes with their staff?

2D Monitor and evaluate performance

Assessing performance of team members requires a systematic approach to provide reliable, consistent, fair and valid evaluation of results and behaviours.

Performance management is not a one-off system for success. It requires a program of continual monitoring and evaluation of a person's progress. Progress is measured against agreed outcomes (goals and KPIs) over a set period, at which time a formal review is conducted and a new set of goals and KPIs are established, which support continuous improvement.

The basic process of continuous improvement from a manager's perspective is represented in the following diagram of the continuous improvement cycle.



Monitor performance against standards

The purpose of agreeing to specific standards is that all parties (supervisor, employee and organisation) are aware of the requirements for conducting work.

To effectively monitor your team's results, you need to focus on the performance standards and KPIs set out in the individual work plans and collect useful data to identify variations. Performance can be monitored by completing observations, asking for feedback from team members, accessing reports and collecting useful quantitative data from other sources.

Four steps are usually completed in the monitoring process:

Confirm areas where monitoring is needed	Concentrate on what is important in terms of standards of behaviour and KRAs.
Confirm specific measures	These are the KPIs that must be achieved in a set period of time.
Compare what is happening with what should be happening	Use the results from steps one and two to complete a comparison.
Take action as necessary	Identify the source of the variation and what needs the most attention. Implement contingency plans or performance development plans immediately.

Monitoring work activities

When observing the performance of your team members, focus on their work outputs and the behaviours they display in the workplace.

The types of work outputs and behaviours that you need to identify and monitor:

Work outputs	Behaviours
<ul style="list-style-type: none"> ▪ Level of output generated by the employee ▪ Revenues generated by the employee ▪ Accuracy or quality of work ▪ Impact of their work on others ▪ Special projects or achievements 	<ul style="list-style-type: none"> ▪ Friendliness/professionalism in the workplace ▪ Enthusiasm and commitment levels ▪ Leadership ▪ Communication ▪ Initiative ▪ Punctuality ▪ Teamwork

Evaluate outcomes

One of the primary roles of a manager is to gather data to evaluate the outcomes of each team member, and then take appropriate action to reinforce positive behaviours or improve poor behaviours.

Once you have observed and evaluated a behaviour against the required standards, you must communicate the feedback to staff.

If staff do not know they are doing something that is below the required standards, they cannot change what they are doing. With regular, timely and specific feedback, they will be able to improve work practices.

Performance evaluation methods can be formal or informal.

Informal evaluation

Informal evaluation is usually conducted by the manager, staff member and their peers on an ongoing basis through observation, third-party feedback and analysis of performance results. Variation from the set standards should be identified immediately and corrected. Correction in this context can be as little as a demonstration of the correct practice. This is a more efficient and effective approach to evaluation and correction than waiting 12 months and trying to remember all the small errors that occurred during the year.

Formal evaluation

Formal evaluation is conducted as a face-to-face performance appraisal or during cyclical reporting periods such as monthly progress reports. The purpose of a formal evaluation is to provide written or clear verbal feedback to the employee of their progress against the agreed standards. Additionally, it is the time to reset the goals and objectives for the coming period.

Example

Monitor and evaluate performance on a continuous basis

Performance monitoring within a furniture manufacturing company is undertaken by managers as part of the quality control process. They regularly walk the manufacturing floor at their large furniture production facility.

Managers and delegated supervisors from other areas review tasks conducted on a monthly cycle. The process is informal. However, management keeps staff members fully informed of the process and use the opportunity to offer immediate coaching-style, on-the-job advice and feedback.

Although not suited to every workplace, this style of performance monitoring has proven popular with staff and managers alike, and provides positive outcomes and boosts morale.

Practice Task 8

Question 1

Number each step from 1 to 4 in the order you would follow to monitor employee performance against set standards

- Take action as necessary.
- Confirm areas where monitoring is needed.
- Compare what is happening with what should be happening.
- Confirm specific measures.

Question 2

Why is it important to offer timely feedback to staff after evaluating their behaviour against required standards?

Question 3

What is the difference between a formal and informal evaluation?

Summary

- Performance is essentially an individual trait that is highly dependent on the motivation, skills, knowledge and resources the employee has to do their job.
- Managers and supervisors are responsible for training staff in the performance management and review process.
- The process for performance management can include informal meetings; regular reviews; peer, supervisor and subordinate assessments; formal appraisals; improvement plans; and personal or professional development plans.
- It is essential to develop the communication skills to articulate expected standards of performance and to provide effective feedback about performance.
- Active listening is one of the most important communication skills a manager can master.
- Performance assessment allows managers to see how well staff are performing compared to the set standards, and make the necessary adjustments before major problems arise.
- Assessing performance of individual staff members requires a systematic approach to provide reliable, consistent, fair and valid evaluation of results and behaviours.
- Assessment of staff performance means identifying the required standards of performance, gathering data about actual performance and comparing the two to determine where standards are being met and where there are shortfalls.
- Evaluation must focus on work outputs and the behaviours the employee/team displays in the workplace.

Learning Checkpoint 2

Assess performance

Part A

1. What is the purpose of a corrective action plan in the performance management process?

2. Which of the following are examples of work outputs that should be observed when assessing staff performance? Tick all that apply.

- Revenues generated by the employee
- Enthusiasm and commitment levels
- Accuracy or quality of work
- Level of output generated by the employee
- Communication

3. List five characteristics of effective performance management systems/processes.

- List four strategies that could be used to effectively communicate expected standards of performance, provide feedback and coach staff.

Part B

Read the case study, then answer the following questions.

Case study

Kay is the store manager for a small retail business. The team consists of six staff, including casual, part-time and full-time employees who work at different times throughout the six-day working week. She has just finalised the work plan for the upcoming month that includes the following KRAs and KPIs:

KRAs	KPIs
Customer service excellence	Achieve a high level of customer satisfaction of 95% based on a weekly mystery shop report
Sales for the business	Generate \$2,000 of revenue for the store per day
Health, safety and wellbeing	No more than 2 incidents per month

Her next step is to implement a performance management system that will be used to manage the team's performance against the KPIs set out in her work plan.

- Explain three types of legislation Kay needs to consider when implementing the performance management system.

2. What is an effective approach that Kay could use to train her staff in the performance management system?

3. What two key aspects should Kay focus on when monitoring and evaluating the performance of her staff?

4. Based on the reporting period outlined in the case study, how often should Kay conduct performance reviews with each team member? Provide a reason to support your answer.

5. Based on the organisational work plan she has developed, what standards of performance should Kay use to evaluate her team?



Topic 3 | Provide feedback

- 3A Provide informal feedback and coaching
- 3B Follow up poor performance
- 3C Document performance
- 3D Conduct formal feedback sessions

3A Provide informal feedback and coaching

An essential element of any performance management process is the provision of quality feedback to those being appraised.

Effective performance management involves the provision of regular and useful feedback. You want your staff to understand feedback is a technique you will use frequently. They must be comfortable receiving it and expect it as a matter of course.

When your employees anticipate feedback as the rule, and not the exception, they are less likely to be intimidated by it and more likely to see it as a beneficial summary of exactly how they are performing.

Benefits of feedback

Feedback gives the employee the opportunity to identify how they are performing against workplace expectations, and make any necessary improvements.

Feedback is a crucial part of a performance management system. It allows individuals and teams to reflect on their performance, understand their weaknesses and, where perceptions are involved, clarify discrepancies or points of misunderstanding.

Feedback helps to improve workplace communication and allows employees to know what they do well, and what areas need improvement.

Benefits of feedback:

- helps improve job performance while promoting professional and personal development
- improves employee morale and reduces confusion regarding expectations and current performance
- reinforces good behaviour
- maintains goal-directed behaviours
- influences future performance goals and increases desire to achieve even higher goals
- creates awareness of poor performance or inappropriate behaviour.

Types of feedback

Successful managers know how to use appropriate tools and techniques to provide structured, formal feedback to help their team achieve and maintain peak performance.

There are several types of feedback tools and techniques that can be delivered regularly to team members. Each technique has an appropriate time and place, depending on the nature of the information being discussed, the experience of the team member, and the relationship between the manager and the team member.

<p>Positive feedback</p>	<p>This type of feedback reinforces good behaviour by describing how and why certain actions have resulted in a positive outcome. Often people don't know why they have done a good job. While a 'pat on the back' is appreciated, it does not highlight the specific behaviour that should be reinforced. Positive feedback provides this information.</p> <p>For example, 'That last report to the client on their advertising yield was excellent. You presented the data well and they've told us that it was easy to read and very thorough! Well done.'</p>
<p>Constructive feedback</p>	<p>This type of feedback methodically builds on experience that the employee has obtained through their work practices. This is done by providing concrete steps for future improvement that relate to behaviours or skills they have demonstrated up to that point. It is not always positive, but positive feedback may be used to capture the attention of the employee prior to providing constructive directions.</p> <p>For example, 'You got all the data in there, but it wasn't really readable. Maybe next time, read it out aloud to yourself and see how it sounds.'</p>
<p>Negative feedback</p>	<p>Despite the name, negative feedback can be a very positive tool. Negative feedback refers to the content of the feedback and not the means by which it is given. Negative feedback is given if an employee fails to meet a KPI.</p> <p>Negative feedback should always be counteracted by constructive and positive feedback to maintain personal self-worth, value and self-esteem.</p> <p>For example, 'The report was not good, and you'd left some of the most important data out. It's unlike you to do that, you are usually so thorough!'</p>
<p>Destructive feedback</p>	<p>This type of feedback aims to punish the behaviours seen by the supervisor as negatively affecting the business or the workplace. It is easy for this type of feedback to become personal and emotive. Destructive feedback reduces the efficacy, motivation and self-esteem of employees.</p> <p>For example, 'That is the worst effort I've seen in a long time. Do you really think you are ever going to get anywhere in this firm producing rubbish like that?'</p>

Provide informal feedback

Informal feedback is the ad-hoc communication of ideas and thoughts on specific tasks, outcomes, decisions, issues or behaviours.

In a workplace there is usually ample opportunity to provide informal feedback to staff. This feedback may take on a variety of forms.

Water-cooler discussions
<p>'Water-cooler' discussions are informal discussions that are held in a neutral area of the workplace. It may be in the lunch room, outside the office or work environment. The aim of this approach is to reduce any feelings of intimidation and reduce the perception of authority. It is a means of freeing discussion from specific tasks and allows generalised conversation that raises overarching issues.</p>
Workstation coaching
<p>This refers to any one-on-one coaching provided by the supervisor to the staff member in their place of work, such as the sales floor of a department store, a construction site, a laboratory or any other work setting. This feedback aims to improve knowledge and skills in a specific area of the employee's performance where formal training or evaluation is not deemed appropriate.</p>
Informal discussions
<p>An appropriate action to take when poor performance is identified is to have an informal discussion with the employee. In some instances, poor performance may be due to circumstances outside the work environment over which the person has no control. A discussion may involve:</p> <ul style="list-style-type: none"> ▪ arranging a private and quiet location, free from interruptions ▪ checking information and determining the consequences relating to the poor performance ▪ ensuring documentation sticks to facts and avoids emotive statements or generalisations ▪ documenting possible solutions for improving the employee's performance.
Staff meetings
<p>Ad-hoc workplace meetings can be held to discuss issues as they arise. These could be safety issues or other performance-based changes where feedback is required.</p>

Provide constructive feedback

Regular constructive informal feedback helps employees maintain awareness and motivation in their work.

The technique of providing constructive informal feedback to foster improvement is a valuable management skill.

There may also be times when you have to give negative feedback to team members. While positive recognition should always be done publicly, any negative feedback or correction should be done in private, so the person is not embarrassed.

Before giving feedback about poor performance or behaviours, ask yourself the following questions:

- Why are you assessing this staff member?
- On what functions, skills, behaviours or activities is this feedback based?
- On what standards is this assessment based?
- What are the facts of the situation?
- What do you plan to do with the results of your feedback?

If you can answer all these questions satisfactorily, you can be sure the need to provide feedback is appropriate to the situation, and you are doing it for the right reasons.

Methodical steps to providing quality feedback
1. Remove emotion before providing feedback.
2. Begin with positive feedback regarding areas of performance where the individual has shown improvement or is meeting the standards.
3. State the areas of performance where the individual has not met the agreed standards.
4. Ask if there are any reasons for the individual's lower performance and actively listen to the response.
5. Ask the individual to suggest methods of meeting standards in the future.
6. Negotiate approaches for improvement over the coming period.
7. Agree to and set new standards.
8. End with a positive comment. This may be congratulating the employee on their useful suggestions or highlighting other areas of outstanding performance.

Example

Provide informal feedback to staff regularly

Daryl runs an office supply business. His store employs 10 staff, with five working at any one time.

During his time as a corporate trainer, Daryl picked up vital knowledge regarding the importance of constructive feedback and the effects of reinforcing positive behaviour in large organisations. He begins each day by spending a few minutes with each staff member to discuss their work from the previous day and how they see the next eight hours.

Initially, new staff are confronted by this face-to-face approach and provide little feedback or input into the discussion. Daryl continues to patiently deal with each staff member until they understand the purpose behind his 'two-minute chats'.

After a short time, new staff are open with ideas and goals they want to achieve within the business. They now look forward to the opportunity to share their successes or discuss their shortfalls with Daryl each day.

The regularity of feedback did not take long to establish, with the result being a highly motivated, positive workforce. Annual reviews are hardly necessary and instead serve primarily as a wage review.

On-the-job coaching to improve performance

Giving feedback on performance issues is part of the performance management process. In addition, managers need to support team members through training and development to help them achieve and exceed their KPIs.

KPIs are set within organisations to assist employees in meeting agreed individual targets.

Managers use a range of evidence, including day-to-day observations, the quality of work produced, feedback gained from staff and customers, and formal performance appraisals, to identify where staff may be underperforming.

While scheduling regular informal and formal performance evaluation meetings is important, you may need to take a more proactive role. Coaching is one strategy that can be used effectively to improve performance. On-the-job coaching is cost-effective, uses in-house expertise and provides instant feedback on progress.

Coaching basics

Coaching is a learning process that is aimed at bringing out the best in employees and is one of the most effective ways of developing the competencies of employees at all levels of an organisation.

Coaching assists in the achievement of long- and short-term goals that, in turn, assist in career development. The process helps individuals improve their current competencies and strengthen areas that need development. For this reason, it is a valuable tool for increasing a team's overall productivity as well as increasing morale.

Coaching should aim to achieve four outcomes:

- build capability
- produce desired results
- inspire and motivate
- improve areas of under-performance.

An effective coach

Managers and leaders must invest time in developing their own skillset to be effective coaches.

Coaching involves providing the team member with initial instructions, observing their performance, giving them opportunities to reflect on and develop their skills, and offering advice on how they can improve their skills.

In some cases, coaching may be informal and occur in short bursts. In other cases, it may be an organised strategy or demonstration to help the team member develop complex skills.

Suggestions for successfully coaching a team member:

- Show a genuine interest and commitment in supporting them.
- Maintain and manage the relationship in which the usual power element is reduced.
- Communicate information in a non-judgmental way, gather information, and relate it precisely to what is needed by the individual. This requires outstanding communication skills including listening, asking questions, summarising, giving and receiving feedback, sharing information and encouraging others.

Create coaching opportunities

When coaching has been identified as a suitable strategy to use, you need to plan your approach and follow a process to ensure the employee gains as much as possible from the experience.

There are four steps for an effective approach to coaching.

Preparation	<ul style="list-style-type: none"> ▪ Identify the skill/knowledge that needs improvement. ▪ Make an assessment on how the area can be improved. ▪ Organise and schedule the coaching session. ▪ Organise equipment, materials and other resources for the coaching session. ▪ Set clearly defined performance targets and deadlines in conjunction with the employee, which are agreed to in writing.
Explanation/ demonstration	<ul style="list-style-type: none"> ▪ Brief the employee about the coaching session and objectives. ▪ Explain and demonstrate the skill/knowledge to the employee.
Performance and praise	<ul style="list-style-type: none"> ▪ Have the employee practise the skill and demonstrate the knowledge. ▪ Give feedback and praise. ▪ Recognise improvements. ▪ Ask for feedback.
Follow up	<ul style="list-style-type: none"> ▪ Observe the employee in the workplace. ▪ Give feedback and praise. ▪ Ask the employee to reflect on their development and provide you with feedback. ▪ Identify and follow up any particular training needs for the employee. ▪ Address areas that require further development with additional coaching sessions. ▪ Complete documentation/coaching plans to record the process.

Example

Provide on-the-job coaching to improve performance

The use of a systems approach to performance management has seen Midfield Hospital improve patient safety, treatment, services and outcomes. The process uses a PDCA (plan, do, check, act) approach along with a rigorous performance review process that generates inputs for the hospital's management system.

Ongoing coaching is the preferred staff development tool because of the personal nature of the health services industry and the camaraderie developed in the team environment.

When interviewed about the factors that led to the ultimate success of the system and the hospital's outstanding record, senior administrator Professor Kerryn Williams reported that the ability of her unit supervisors and professional support staff to adapt to the new processes and seek out better methods to produce excellent work performance was the secret underpinning their success.

'Our supervisory staff are quick to recognise achievement and praise creativity in the workplace. This is rare in the medical sector as hours are often very long and the pay for support staff is not at a level the industry should accept. This recognition and one-on-one support for all junior staff has created an atmosphere where success is expected; achieving above the industry benchmarks for all levels within the workplace drives staff to greater heights.'

Practice Task 9

Question 1

Describe three benefits of giving and receiving informal feedback.

Question 2

How can coaching be used to help organisations and individuals achieve long- and short-term goals? Tick all that apply.

- To build capability in workers
- To punish behaviours that are negatively affecting the business
- To improve areas of under-performance
- To provide feedback that is personal and emotive in nature
- To inspire and motivate

Question 3

Describe two methods of providing informal feedback to team members.

3B Follow up poor performance

A decline in performance means the team member's outputs have been assessed as not meeting the required performance standards and indicators set out in the work plan.

An effective performance management framework allows the manager to easily identify a decline in performance and respond to the issue in a fair and reasonable manner.

Fluctuations in performance often occur, but any issues that are ongoing must be addressed in a timely manner, with the support of key personnel.

Reasons for poor performance

Poor performance may range from having a negative attitude to consistently failing to reach KPIs.

Under-performance is the gap between the required standards and the employee's outputs. The employee's results may have been below standard for either a short or long period of time.

Unsatisfactory performance and behaviours occur for many reasons, some of which are person-centred and some are system-centred.

Person-centred	<ul style="list-style-type: none"> ▪ Negative experiences with colleagues at work contributing to low morale and lack of personal motivation ▪ Personal issues such as mental/physical illness, birth of a child, family conflicts or divorce ▪ Laziness or lack of attention to detail ▪ Loss of confidence to do the job ▪ Poor decision-making
System-centred	<ul style="list-style-type: none"> ▪ Lack of systems or processes to support the employee in achieving the performance measures ▪ Employees not trained or had expectations clearly explained ▪ Policies and procedures are vague, out-of-date, too restrictive or fail to address real working conditions or situations ▪ Decline in business marketing activity leading to fewer opportunities for staff to reach customers ▪ Increased customer service difficulties impacting on quality and productivity ▪ Negative management practices leading to employees feeling unmotivated ▪ Poor recruitment and selection practices ▪ Lack of feedback and positive reinforcement from management so employees do not know if they are performing their duties correctly

Quality or quantity issues

Poor performance relates to either the quality or quantity of work outcomes, or a combination of both.

Quality refers to whether the internal or external customer is satisfied with the output and whether the output meets the standard required. Quantity relates to productivity and efficient use of time and money in producing the output.

It is possible to achieve one without the other. For example, a person can write a business report but take three days to produce it, instead of the standard two days allocated by the manager. Alternatively, a person can write the same report in one day, but it may be riddled with errors.

In some cases, performance results may be meeting the required standards for quality and quantity; however, the worker's behaviours are less than acceptable. Behaviours relate to attitudes, actions and treatment towards others and the business. Unsatisfactory behaviours are not necessarily directed towards any single person or group of people.

Advise others on poor performance

Once you have identified instances of poor performance, you may need to inform and work with others to manage the situation effectively, in accordance with organisational policy.

If under-performance is ongoing or has drastically increased without a reasonable cause, it is good practice to inform other key personnel and seek their advice, before speaking with the individual.

In larger organisations, the HR department is usually involved with the management of under-performing staff. If you work in a smaller organisation, you may need to work with the senior manager, employer or an external consultant. In some cases, it may be your responsibility to manage performance and behavioural issues, in which case, you need to know how to deal with the day-to-day management of under-performing staff.

An employee or union representative may be involved if the matter is likely to affect their employment; check your organisation's policy before proceeding.

Report poor performance to the most appropriate people:

- the employee
- the unit, team, or division manager
- an HR representative
- a union representative
- an employee representative
- in the case of a small business, the employer or senior manager.

Take appropriate action

As a manager, it is essential that you respond appropriately to poor performance and take an individualised approach.

There are three pathways that you can take to address under-performance with an employee. First, you should always look at positive corrective actions to assist the employee in improving their outputs and provide the employee with the opportunity to respond in a positive way.

Option	Examples	When to use
Positive actions	Training, feedback, supervisory support and resources to enable the worker to improve performance	The first option in almost all cases, especially when the employee is new or unsatisfactory performance is uncommon with the individual
Negative actions	Disciplinary actions such as counselling, formal written warnings or termination for ongoing poor performance or wilful misconduct	Used to manage serious misconduct, ongoing poor attitudes, long-term unsatisfactory performance or a rapid decline in performance where the employee has not provided a reasonable excuse for their actions.
Combination of positive and negative actions	Disciplinary actions coupled with support, ongoing supervision, feedback and resource assistance	Used to manage ongoing poor performance or behaviours over a period of three months or more.

Strategies to manage poor performance

From an organisational perspective, poor performance must be addressed as soon as it is identified so the issue can be rectified before it escalates.

Performance-based issues should be a priority for every manager. From an employee's perspective, the situation should be handled in such a way that the employee is not embarrassed, harassed, belittled or unfairly treated. Your job is to alert the employee of the issue, collaborate with them to uncover the causes, and develop practical solutions to remedy the poor performance.

Strategies to manage poor performance	
<p>Conduct an informal feedback session</p>	<p>An appropriate action to take when poor performance is identified is to have an informal discussion with the employee. In some instances, the poor performance may be due to circumstances outside the work environment over which the person has no control. A discussion may involve:</p> <ul style="list-style-type: none"> ▪ arranging a private and quiet location where no interruptions will occur ▪ checking information and determining the consequences relating to the poor performance ▪ ensuring any documentation sticks to facts and avoids emotive statements or generalisations ▪ documenting possible solutions for improving the employee's performance. <p>The first session should be conducted one-on-one and in an informal manner if possible.</p>
<p>Conduct a formal feedback session</p>	<p>If the matter cannot be addressed at an informal level, or no improvement is shown, then a formal session should be held and a witness (third party) brought in to sign a record of the conversation or similar procedural form. A formal performance review may include:</p> <ul style="list-style-type: none"> ▪ a statement and agreement as to the specific area of performance issues ▪ reading and signing a record of previous sessions ▪ a discussion about future options for the employee and for the organisation: <ul style="list-style-type: none"> – methods for improvement – additional training options – dismissal or relocation procedures for consistent failure to meet standards ▪ a formal (signed) agreement about the chosen path of the employee ▪ a signed and witnessed record of the conversation (usually presented and signed within 24 hours of the meeting). <p>A formal process highlights the severity of the performance issue with the employee and provides a record trail to refer to if needed.</p>

Strategies to manage poor performance	
Provide accurate documentation	If you are reporting poor performance of an employee to your manager, you need to complete the appropriate documentation that highlights and provides evidence of the poor performance. In some circumstances, follow-up actions may include dismissal, so you need to ensure that your report is based on fact, concise and clearly written with accompanying evidence. In some instances, the employee may be asked to sign the report as being an accurate account.

Key legislation

As a manager, you need to understand legislation relating to federal workplace relations systems. You should ensure that all conflict resolution processes within your organisation are fair and equitable according to current Australian legislation and guidelines.

The Fair Work Commission is Australia's national workplace relations tribunal and operates under the *Fair Work Act 2009* (Cwlth). The commission's responsibilities include assisting organisations on:

- how to deal with workplace issues and disputes
- termination of employment
- bullying in the workplace.

Commission members have a sound knowledge and understanding of the relevant industrial and legal issues relating to dispute resolution in the workplace.

Employees who are dismissed may lodge an application with the Fair Work Commission for unfair dismissal if they believe the dismissal was harsh, unjust or unreasonable, and not a case of genuine redundancy.

The table below lists some of the key requirements that an employer must follow to ensure that dismissal of an employee is fair.

Valid reason	Give the employee a valid reason, based on conduct or capacity, why they are at risk of being dismissed.
Warning	Give the employee a warning, either verbally or in writing, that they risk being dismissed if there is no improvement.
Opportunity to respond	Provide the employee with an opportunity to respond to the warning and a reasonable chance to rectify the problem. This may include additional training.
Assistance	In discussions with the employee where dismissal is possible, the employee may have another person present to assist, but this person must not be a lawyer.
Evidence	An employer may be required to provide evidence of compliance with the Small Business Fair Dismissal Code (such as a completed checklist, copies of written warnings and signed witness statements).

Example

Provide advice and take action

Trev's Diner in Broome employs predominantly transient backpackers to fill customer service positions. Training is conducted for a couple of hours prior to opening. The employee then learns the remainder of the required skills on the job. The typical length of employment for these workers is usually two to three months.

During a busy period in June, new staff member Abigail fails to take the correct orders from several patrons during the night. The owner, Trevor, pulls her aside and yells at her in front of patrons and fellow staff. Abigail becomes very upset and leaves the premises yelling expletives at Trevor.

Trevor's method of performance management is not only inappropriate, but damaging to his business and his reputation. If Abigail wished (or was aware of Australian law) she could have raised several criminal and civil charges against Trevor for his actions, including assault and defamation. With witnesses on Abigail's side, Trevor would have little chance of avoiding prosecution.

Practice Task 10

Question 1

What strategies could be used to address poor performance of team members?

Question 2

Who are the people you may need to report to when dealing with an under-performing team member? Tick all that apply.

- The team member involved
- The unit, team or division manager
- An HR representative
- The team member's colleagues
- The team member's family

Question 3

Explain the role of the Fair Work Commission in dealing with claims of unfair dismissal from employees.

3C Document performance

Organisational policies and procedures explain the processes and guidelines you need to follow to ensure records of employee performance are retained, in accordance with relevant laws.

Workplace policies and procedures are the guidelines for documenting performance-based issues. They will indicate:

- the type of written documentation that must be provided
- storage requirements and location
- privacy and confidentiality requirements
- retrieval methods
- who is authorised to access the data.

Basic legal compliance must be met by all businesses operating in Australia. This includes adherence to the *Privacy Act 1988* (Cth), the *Fair Work Act 2009* (Cth) and the various federal, state and territory anti-discrimination legislation.

Types of documentation

An organisation's performance management system may require you to complete and store a variety of documentation.

As a part of the performance management system, it is important to leave a thorough paper trail. This provides evidence of what has been agreed to and implemented, which can be referred to if there is a lapse in performance or a dispute with an employee that results in a job termination.

Documenting performance should always be conducted in accordance with the organisational performance management policies and procedures.

Types of documentation associated with performance management include:

- records of formal performance appraisals
- summaries of informal meetings by managers
- skills assessment and audits
- performance management reports, appraisal documents or review summaries
- records of personal goals and objectives; for example, personal development plans, work plans, job descriptions, KPIs or professional development plans
- copies of documents used in training programs, certificates, statements of attainment and attendance, verification or recognition of competencies
- employee complaints, appeals or grievances
- current legal requirements and compliance standards.

Maintain records

Managers need to ensure they maintain accurate records to keep track of all activities within the performance management framework.

If performance reviews, achievements and progress are not recorded, you may have difficulty determining whether an employee is competent in a particular area, whether they are regularly achieving their KPIs, where there are skill gaps and what type of training has been completed.

For example, a new manager would find it extremely useful to be able to access the files of their team and identify the actions agreed on after their last performance review or the type of training they had completed.

Organisations also need to maintain records that verify coaching or other types of training that have taken place, in order to complete an end-of-financial-year audit.

Follow organisational policies and procedures to ensure:

- the correct forms or templates are used
- information is accurate and factual, uses correct spelling, is dated correctly, and contains no emotive statements
- information is concise, logical and clearly written
- documents are signed appropriately where necessary
- documents are stored appropriately; for example, in a locked cabinet with restricted access, or a password-protected electronic system.

Example

Document performance

A tile company has eight tile showrooms. The organisation keeps records of all staff performance reviews and any interim reports created that may affect the employee's annual review outcomes.

The majority of interim records consist of customer complaints or supervisor recommendations. These documents are scanned and stored with the staff member's personnel records file and reviewed prior to the annual performance review. This system provides factual information regarding the behaviour of the employee, plus quantitative data relating to their KPIs within the business.

For sales staff, the store managers are able to print a staff report at any time that shows up-to-date sales performance data, any outstanding issues and resolutions to past issues. The report also details the staff member's professional development plans.

Having instant access to these documents allows managers to be prepared in instances where evidence is required, such as immediate performance issues or other staff problems.

Practice Task 11

Question 1

Why is it important to keep accurate records of all performance management processes and decisions?

Question 2

When collecting, storing and maintaining staff performance data and information, what organisational processes should be followed? List at least four.

3D Conduct formal feedback sessions

Formal feedback sessions are a key function and an essential part of the performance management system.

Formal feedback involves planning out your meeting with an employee and gathering useful information to discuss their performance. These sessions are documented and can form part of a formal performance appraisal process or monthly one-to-one review.

Benefits of formal feedback sessions

Positive and constructive formal feedback provides employees with an opportunity to identify their progress and establish a plan for the areas that need improving.

Managing people's performance through conducting formal, structured feedback sessions ensures you stay up-to-date on the skills, knowledge and performance of team members.

It is an opportunity to discuss and respond appropriately to poor performance and agree on suitable actions.

Formal feedback sessions provide a number of benefits, including:

- encouraging open and honest communication
- promoting effective worker/manager relationships
- identifying strengths and weaknesses
- allowing employees to see the bigger picture
- discussing how the employee is contributing towards team and organisational goals.

Prepare to deliver formal feedback

Even though managers are required to offer ongoing informal feedback, when it comes to the formal review, there is often a negative stigma attached to it. As the manager, you need to make formal feedback sessions a positive experience to ensure the best outcomes.

Much of your success in conducting formal feedback sessions depends on your level of preparation.

When preparing for a formal appraisal:

- Review the appraisal procedures and requirements that must be discussed during the review.
- Give the team member the opportunity to prepare for the review.
- plan what needs to be discussed and reviewed including how you will give your feedback.
- avoid concentrating on last year; let the employee know what lies in their future.
- bring documented evidence of results including reports, observations and customer feedback.
- follow up on your commitments; you will lose credibility if you don't follow up on the actions that you say you are going to do, and you will struggle to maintain the integrity of the review process.

Performance appraisals

Performance appraisals are structured periodic performance reviews between the manager and their team.

In most organisations, performance appraisals are undertaken at least once a year (calendar or fiscal). In more dynamic roles, organisations or environments, reviews may be conducted quarterly or biannually.

At the centre of the performance appraisal process is the opportunity to deliver formal feedback on the team member's performance. The appraisal should be in line with organisational objectives and policies.

Performance appraisals provide a number of opportunities.

Opportunities provided by performance appraisals

Ensure requirements of a job role are understood, particularly the standard of behaviour and performance levels required.

Provide feedback about individual performance against KPIs, how the individual views their performance, and what has affected that performance since the last review.

Review performance against generic skills such as the ability to solve problem, meet deadlines, prioritise tasks and organise work.

Describe short- and long-term goals.

Identify training and development needs relating to the position and the business needs of the organisation.

Formal feedback sessions

Care should be taken when providing feedback as part of performance appraisal or review process. Regardless of the context or type of feedback given, damage can result if feedback is delivered poorly.

Review the following table which explains a range of principles and techniques to follow when giving formal feedback to team members:

Effective communication	Both verbal and non-verbal language plays a crucial part in the way you are perceived by others, so try to avoid being too critical or harsh. It could prove counter-productive as the employee might get upset, thus being less committed to the job, and you may lose their respect. Use your interpersonal skills and language the employee will understand. Aim to connect with them.
Be specific	Present the facts, quantifiable numbers and actual events as the basis of your feedback. Avoid making assumptions or generalisations about a situation if you wish to discover the reason behind poor performance. When giving someone feedback on performance issues, ensure that any statements you make are delivered in a non-judgemental manner.
Timely	Provide feedback as soon as you can when a problem occurs to give staff a chance to rectify it. Do not wait till the annual performance appraisal, as this could lead to resentment on the employee's part.
Ensure understanding from the employee	Ask your employee to rephrase the feedback to ensure they understand their performance/behaviour and the required standards that must be achieved.
Deliver feedback in a supportive environment	Provide positive reinforcement, encouragement and support, and allow discussion. Underline that the purpose of the feedback is to assist the employee in achieving success, and give the employee an opportunity to explain why their performance is lower than normal and ask them to talk about ways they could improve their performance or motivation, if this is a factor.
Follow up with an action plan	Work with the employee to find ways to improve their performance and set goals. Agree to deadlines and goals, and schedule any follow-up meetings if required.

Example

STAR/AR feedback model

The STAR/AR model encourages the line manager to state the facts of a situation, discuss the consequences of the outcomes (usually based upon the undesirable path the employee is choosing), then state an alternative option with better results.

Sandra was asked to complete a report by 12pm today by her direct manager. The report was completed to a high standard, but it was submitted two hours late.

The feedback provided to Sandra should follow the STAR/AR format:

- **Situation or task (ST):** Hi Sandra, this morning I gave you the job of putting together a sales report for the next management meeting this afternoon. I asked you to do it because I know you are more than capable in your job.
- **Action (A):** I saw that you worked hard on the report and you made sure it was complete and accurate before you submitted it. In the end, you did a great job and handed me the report at 2pm today.
- **Result (R):** As the report was handed in two hours later, it held up preparations for the meeting.
- **Alternative action and result (AR):** What I'd like you to do is monitor your deadlines more closely and check in with me if you are running behind schedule so we can work out a solution that still meets the deadlines. Is that okay?

Practice Task 12

Question 1

Describe six principles to follow when giving formal feedback to team members.

Question 2

What are the benefits of formal feedback sessions? Tick all that apply.

- They encourage open and honest communication.
- They promote effective worker-manager relationships.
- They are held on an ad-hoc basis.
- They identify strengths and weaknesses.
- They allow employees to see the bigger picture.

Question 3

How often should performance appraisals be conducted?

Summary

- Effective management involves regular, informal feedback, which aims to discuss ideas and thoughts on specific tasks, outcomes, decisions, issues or behaviours.
- Informal feedback should be conducted regularly to encourage team members to participate freely and reduce the stress of formal feedback sessions.
- It is essential that managers know how to deal with the day-to-day management of under-performing staff using feedback and coaching, and involving HR or other key personnel.
- Managers are responsible for providing their team members with on-the-job coaching on a regular basis to provide support, improve outputs and confirm excellence in performance.
- The *Fair Work Act 2009* (Cth) and the Fair Dismissal Code provide the legal framework for poor performance management.
- Formal structured feedback sessions encourage open and honest communication; promote effective worker–manager relationships; identify strengths and weaknesses; and allow employees to see the bigger picture.
- Clear documentation of performance management is essential; all information needs to be stored and retrieved according to organisational and legal protocols.
- Performance appraisals are structured periodic performance reviews between the manager and their team. They are an essential part of the performance management process.

Learning Checkpoint 3

Provide feedback

Part A

1. List five reasons for providing on-the-job coaching.

2. What documentation is required in the performance management process? Tick all that apply.

- Board report
- Skills assessment and audits
- Bank statements
- Personal development plans and work plans
- Job descriptions and KPIs

3. List five legislative and organisational requirements when collecting and storing staff performance data and information.

Part B

Read the case study, then complete the following tasks.

Case study

Rhonda works in a telecommunications contact centre called MyTel. She manages a team of 12 contact centre operators and the team's KPIs are set and reviewed following a monthly budget.

The primary KRAs that Rhonda uses for the basis of her performance management system include sales results, customer service, teamwork and personal excellence.

On the first day of each month, Rhonda holds a short 15-minute structured one-to-one meeting with each team member to discuss their sales results for the previous month.

One of her team, Pru, has had difficulties in meeting her sales KPIs for the past two months.

1. Number each step from 1 to 8 in the order Rhonda would follow to give informal feedback to Pru.

- Agree to and set the new standards.
- Negotiate approaches for improvement over the coming period.
- Remove emotion before providing feedback.
- State the areas of performance where Pru has not met the agreed standards.
- Begin with positive feedback regarding areas of performance that Pru has shown improvement in or is meeting the standards.
- End with a positive comment; for example, congratulate Pru on her useful suggestions or highlight other areas of outstanding performance.
- Ask if there are any reasons for Pru's lower performance and actively listen to her response.
- Ask Pru for suggested methods of meeting standards in the future.

2. List four types of positive actions Rhonda should take to address Pru's poor performance?

3. How should Rhonda document Pru's performance throughout the month?



4. Rhonda is preparing for Pru's monthly one-to-one performance review meeting. What principles should she follow when providing feedback to Pru about her poor performance? Tick all that apply.

- Use language Pru will understand and aim to connect with her through interpersonal skills.
- Share assumptions or generalisations about a situation.
- Ensure understanding by asking Pru to rephrase the feedback given.
- Deliver feedback and disciplinary actions in the presence of Pru's team members.
- Present the facts, quantifiable numbers and actual events as the basis for the feedback.



Topic 4 | Manage follow-up

- 4A Develop performance improvement plans
- 4B Manage individuals with poor performance
- 4C Reinforce excellence in performance

4A Develop performance improvement plans

Part of any comprehensive performance management system includes documenting performance improvements needed.

An outcome of a formal feedback and appraisal session is to develop a performance improvement plan (PIP) that explains the list of agreed performance objectives that will outline what the employee has to achieve in order to demonstrate improvement and development.

Note that this is different from the personal/professional development plan, which outlines the employee's goals and objectives of their role.

Create performance objectives

Performance objectives are the specific results that an employee is expected to produce that contribute to the success of the work team or organisation.

A performance objective must be smart, measurable, achievable, relevant and time-bound (SMART).

Performance objectives (or KPIs) should provide:

- a clear set of goals
- a pathway for the employee to achieve the expected work outcomes
- an opportunity to make up shortfalls for a particular period.

It is important that employees can visualise how they might achieve the result.

When developing a PIP for an under-performing employee, creating performance objectives starts with:

- understanding what the expected performance objectives are in the initial work plan
- identifying the deficits in performance
- setting realistic steps for change.

The steps involved are shown here. Developing effective performance objectives should always be done in collaboration with the employee. This ensures buy-in to the improvement process.

Creating effective performance objectives

1. Explain the purpose of performance objectives: Provide focus to an employee's work to ensure their actions aim to achieve important work-related outcomes.
2. Compile information and data: Gather sources of information that will assist you to write accurate, job-specific performance objectives; for example, work plans, KPIs, KRAs, position descriptions, or policies and procedures.
3. Determine priorities: Make a list of the important aspects and work activities the employee needs to improve on the most.
4. Discuss work activities that lead to desired results: Identify the results desired of specific work activities, and direct the employee how to complete work tasks to achieve those results.
5. Make objectives SMART: They should be specific, measurable, achievable, realistic and time-framed.
6. Review performance objectives: Determine whether you are missing any critical components.

Prepare a performance improvement plan

Once the performance objectives have been established, you need to prepare a plan to show how the employee will achieve the new KPIs.

This involves setting priorities, describing what the employee is required to do and developing a time line for review. You should include any support provided such as supervision, training or coaching activities, and when formal feedback sessions are scheduled.

This is best done in collaboration with the employee so there is engagement and consensus with the suggestions.

It is important the employee agrees on the KPIs and strategies that have been selected for improvement and is willing to implement the recommended changes.

When preparing the PIP:

- Use positive terms; for example, rather than stating what the employee is not achieving, focus on what they need to achieve.
- Remain calm, non-judgmental and unemotional.
- Allow the employee to give feedback on the KPIs and improvement strategies.
- Don't dominate the conversation or tell the employee what they need to do. Instead ask both open and closed questions to ensure the employee is involved and they are owning their performance.
- Seek agreement on small points first, as this establishes a pattern of positive responses that can lead to a more open and frank discussion.
- Gently lead the discussion where you need it to go, but ask open questions so the employee comes up with their own suggestions. For example, 'What is a reasonable target that you can achieve this month to make up for this shortfall?', or 'What is one learning activity you can complete this week to help you improve on your customer service skills?'
- If the employee is not engaging, offer examples about KPIs and learning actions, then ask for feedback about how they can meet each of the KPIs, and ask for their suggestions.

Develop a performance improvement plan

A PIP is the written record of how an employee is expected to correct deficiencies in their role.

The purpose of a PIP is to help staff address and correct any issues in their work that may be affecting the organisation's objectives. A PIP is developed before any other disciplinary action is taken to provide the employee with an opportunity to rectify their performance.

As a manager it is important that you collaborate with your team members when planning their development to ensure they are engaged in the process and take ownership of their poor performance and the learning required.

Collaboration means giving information about the required standards and actual performance, asking open questions to get the person thinking about how they can improve, and asking for recommendations on development needs.

Steps to develop a PIP

1. Define the performance issue and put it in writing.
2. Establish expectations and define areas of performance or behaviour that need to be improved.
3. Establish time lines and a schedule of priorities.
4. Develop an action plan that includes goals and objectives and assign specific tasks to both the employee and their manager, in support of the employee.

5. Decide on an evaluation method, including a plan for how and when the employee's improvement will be reviewed.
6. Review the PIP with the employee to ensure they understand all of the elements and are prepared to accept the consequences should the PIP objectives not be achieved.
7. Ensure the employee and manager both sign the PIP to acknowledge its review and receipt.

Seek agreement and document the PIP

Before finalising a PIP, ensure that you get the necessary approval from the employee.

Agreement must be confirmed to ensure there is accountability and buy-in to the PIP process. This may be a verbal agreement or having the employee sign the PIP to show they have read, understood and agree to the plan.

Once the specific development activities for an individual employee have been identified, they must be documented using your standard organisational templates. Templates or forms may include a coaching plan, a specific PIP template or be part of the performance appraisal form.

Example

Write performance improvement and development plans and obtain agreement

Vatsa is consistently achieving sales 10–15 per cent below budget by the end of April. What are some examples of SMART KPIs that Vatsa's manager could set with him?

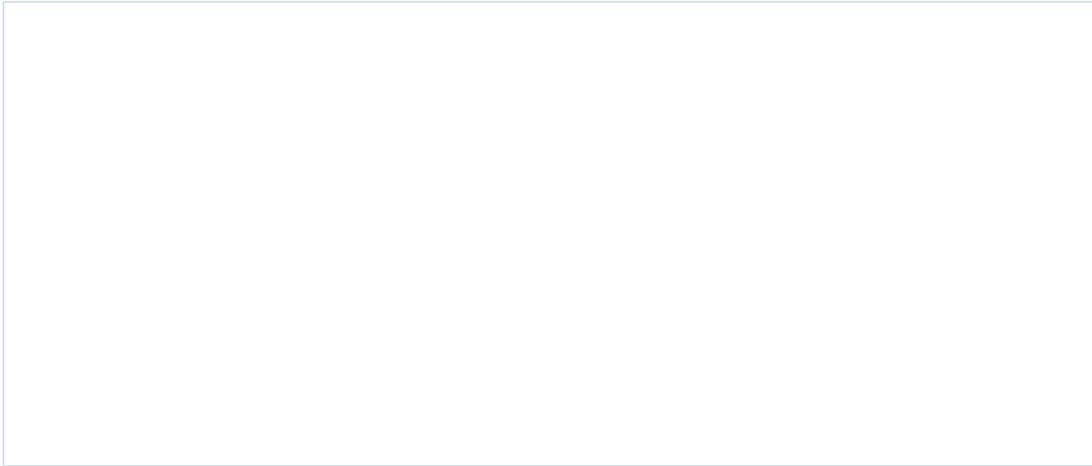
- Complete a one-day sales training session on 29 May.
- Achieve 95 per cent of budgeted sales for the month of June. (June is the next reporting period.)
- Achieve 100 per cent of budgeted sales for the month of July.
- Report on the methods used to achieve 100 per cent of budgeted sales no later than 10 August.

The KPIs should be developed in consultation with Vatsa so he understands where the shortfalls are in his performance and what standard of performance is required.

Practice Task 13

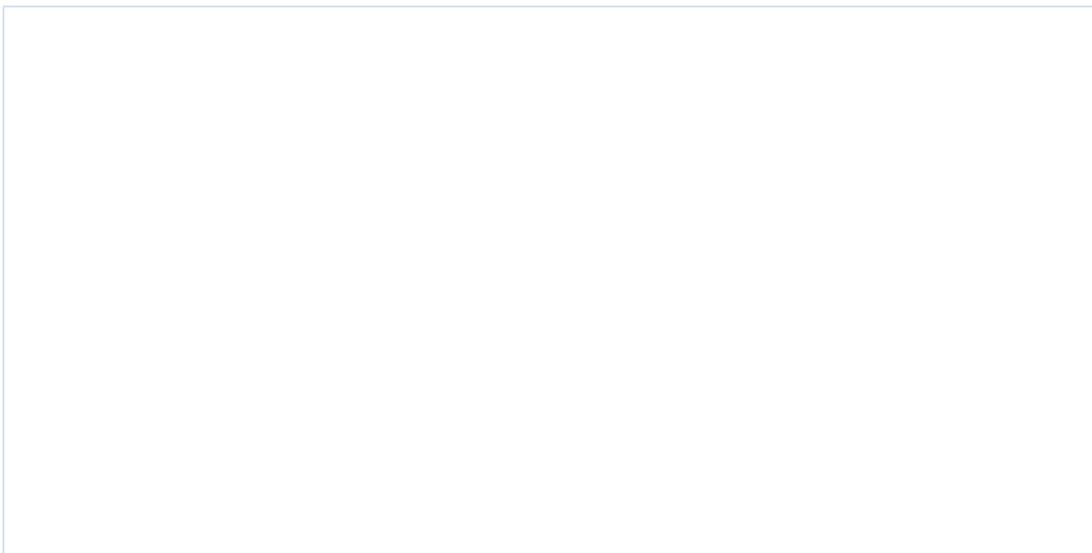
Question 1

How can a manager use a performance plan to assist under-performing workers?



Question 2

Explain the importance of having the employee and the manager review, accept and sign performance development plans.



4B Manage individuals with poor performance

Under fair work legislation, employees must be given every possible level of support and opportunity to improve their performance. Termination should always be viewed as a last resort when dealing with under-performing staff.

As part of the performance management system, managers must monitor the performance of their team members and provide ongoing coaching support to help team members improve.

Throughout each operational period, you should take steps to regularly monitor your under-performing team members, making sure they are heading in the right direction according to the agreed performance objectives set out in the PIP.

Monitoring involves:

- consistently reviewing the performance outputs of team members
- evaluating outcomes during and after the completion of tasks
- conducting physical site/job inspections and observing tasks completed or in progress
- making yourself available at the ground level to provide input and correct issues as they arise
- maintaining the health and safety of workers and other people who come into contact with the job site
- providing relevant instructions to team members.

Coaching under-performing staff

Coaching aims to bring out the best behaviours and results in a person and is one of the best ways to develop the competencies of under-performing workers.

Coaching can help under-performing staff improve their results and regain a positive attitude towards their work. It helps individuals improve their current competencies and address shortfalls by working on skill or knowledge gaps. For this reason, it is a valuable tool for increasing an organisation's overall productivity as well as increasing morale.

Any employee who is not meeting their performance expectations should be given coaching and training. If the poor performance continues, you need to consider what action needs to be taken next. If poor performance is due to personal problems or learning difficulties, it may be appropriate to provide specialised support to that person; otherwise, termination may need to be considered.

Provide support services

You may sometimes need to refer staff to internal or external support services to assist them in dealing with the deeper causes of their performance or behavioural issues.

Support services may be offered to workers who are dealing with personal issues, mental health conditions or other stress-related problems. They are confidential and are usually paid for by the employer.

Support services can include the following.

Internal counselling

Counselling is an appropriate option in cases where the employee is going through personal problems.

Your organisation may employ qualified internal specialists and counsellors who can assist employees in managing a range of personal issues, including:

- family breakdowns
- deaths
- addictions
- divorce
- mental illness.

Employee assistance program

If an employee notifies you that the reason for their under-performance is serious personal issues, then it would be appropriate to refer them to the relevant Employee Assistance Program (EAP) that the organisation has in place.

An EAP may consist of professional counsellors, medical staff and other resources who will work with the employee to resolve the issues that are affecting their ability to perform their job to the required standards.

If your organisation does not have access to an EAP, it may engage external professionals.

Mentoring program

Mentoring is the ongoing relationship of personal development that exists between a mentor and mentee. A mentor is a person who is more experienced, who guides the mentee through their development.

Mentoring usually focuses on developing behaviours, resilience, problem-solving skills and character, as opposed to coaching, which focuses on developing task-specific knowledge, skills and technical abilities.

Counsel under-performing employees

If the situation does not improve with time and in accordance with the agreed KPIs documented in the development plan, it may be necessary to counsel the staff member.

Many organisations include a detailed set of steps that managers need to take in circumstances where ongoing counselling is required. These may be outlined in a code of conduct and detailed in a procedural policy.

Make sure you are aware of your obligations and what you are authorised to do with employees who continue to under-perform. Following due process ensures you are operating within a legal perspective and offers protection to you as well as the employee.

If company procedures are outdated or do not exist, you may use the statutory guidelines provided by the Fair Work Commission.

Disciplinary processes

Disciplinary processes must be clearly outlined in company policies and procedures, and followed.

Disciplinary processes may include the employment contract, work plan, induction checklist or individual policy.

Discipline must not come as a surprise to an employee. The counselling process up to this point should have included a formal session where records of conversations were taken and clear guidelines for performance were agreed to. During that process, the possibility of disciplinary procedures taking place should have been raised. By the time an employee has reached the point where the procedures may need to be implemented, they should be well aware of the consequences.

Disciplinary processes may include:

- disciplinary procedures
- stand-down letters
- discipline interview guides
- verbal warnings
- written warnings
- termination or dismissal letters.

Disciplinary proceedings

The aim of implementing a disciplinary action is to correct the behaviour of an employee by escalating the consequences of their inaction.

Discipline is a powerful form of negative motivation designed to correct ongoing issues where positive reinforcement has not led to the appropriate changes.

Disciplinary action should not be considered as the final step before termination. This attitude can bias the manager's intentions and possibly bias the outcome. The manager should provide every opportunity for the correctional action to serve its purpose and improve the behaviour of the employee.

The system of 'three strikes and you're out' (meaning that if the employee is involved in three disciplinary actions, then they are automatically dismissed) is used in many organisations. While this isn't strictly a legal requirement, it provides evidence of a performance management process, as opposed to a reaction by a biased manager.

Legally binding processes

There are legal obligations that organisations must adhere to when dismissing an employee.

In wrongful dismissal cases, lawyers defending an organisation's right to terminate employment will seek to establish a long period of poor performance. Adherence to a process of performance reviews, feedback, development plans and records of conversations will help to establish this premise. In all cases, the processes followed must be transparent and the employee must be advised of the situation and their rights and responsibilities.

Your organisation may have the right to implement certain actions for continued unsatisfactory performance.

Organisational rights for continued unsatisfactory performance include:

- formal censure or counselling
- demotion by one or more classification levels or increments
- withholding of an increment
- suspension with or without pay
- termination of employment (unsatisfactory performance or serious misconduct).

Example

Counselling individuals who under-perform and implement the disciplinary process

Harry is a safety equipment officer who works for a company that produces clothing for the armed forces. He has been playing increasingly dangerous practical jokes at work, including setting up machinery to fail in the manufacturing process.

Following two counselling sessions, both of which were documented by the manager, Harry stopped his annoying and dangerous behaviour for a few weeks, then recommenced with more jokes of an increasingly daring level, some of which were becoming safety breaches.

When a serious breach of conduct resulted in several faulty pack harnesses being produced for a commando unit, Harry's manager had no option but to take disciplinary action and present him with a formal letter of warning, plus a suspension from work, while the Department of Defence investigated the company and his actions.

The letter warned Harry that he had received two verbal warnings to cease his inappropriate behaviour that could represent a health and safety hazard, and that a finding of fault from the current Defence investigation would lead to his dismissal.

Termination of employment

The final step in an ongoing performance management issue when satisfactory outcomes cannot be reached is employee termination.

Termination is the cessation of the contract of employment between an employer and an employee, at the initiative of the employer.

Termination may be a suitable option in the following situations:

- There is an inability of the employee to perform the duties of their position or at the standard required.
- An employee has consistently ignored organisational policies and procedures.
- Behaviour demonstrated is not acceptable in the workplace.
- An employee displays ongoing behaviour that is negative and disrupts co-workers or customers.
- An employee puts their own safety, or the safety of others, at serious risk.

Seek support of HR

The termination process should always be carried out in conjunction with HR, a senior manager who is trained in termination processes, or an external specialist.

As a manager you need the support of other managers when terminating an employee. HR managers or staff are often involved in termination meetings, and escorting people from the premises. There will be documentation required, such as the termination of a contract. This support from HR will ensure the employee is aware the decision to terminate has the backing of the wider organisation.

Termination should always be viewed as the last option, when all other initiatives have failed to improve the employee's performance. If the process is not handled well, it can lead to time-consuming and costly legal disputes, fines handed down to the employer and possible reinstatement of the worker.

It is essential to always have the backing of the HR manager or a senior manager to ensure you have followed due process and to protect yourself from any possible repercussions.

Organisational and legal requirements for termination

For legal compliance, termination must follow a number of key regulations and be accompanied by several legal and organisational documents.

Procedures and documentation required when terminating an employee for misconduct or ongoing poor performance are described below.

Paid or unpaid leave

Paid or unpaid leave is a right of the employer based on existing employment policy. Where policy dictates that an employee, for security, performance or confidentiality reasons, cannot remain in their place of work once the termination process has begun, leave must be granted.

Often an employer will pay the required leave as per normal employment arrangements. Where no employee leave days remain, or the employee is not entitled to leave (such as casual or short-term contracted employees), leave without pay may be enforced.

Commonly, contractual arrangements will enforce attendance at the workplace during the notice period, with one day sometimes provided to seek other employment. This is a choice of the employer but must be documented in organisational policy for fairness and reliability.

Notice of termination or dismissal

Notice of termination or dismissal is the formal letter required under law to be given to an employee whose employment contract has been terminated. A copy must also be kept on record, along with payroll records of termination, for at least seven years. The termination pay statement must be given to the employee on or shortly after termination.

An 'abandonment of employment' letter is an organisation's administrative action for employees who have (for no apparent or good reason) failed to turn up for work for a period of time. That period is typically two weeks, but may be longer or shorter depending on organisational policy. The letter is sent to the employee's last known address.

The letter informs the employee that disciplinary proceedings will occur (usually along the same process as gross misconduct) if the employee does not contact the employer within a given time; this can be up to one month after the letter is sent. A notice of termination follows a letter of abandonment of employment if the employee does not respond.

Note that every effort should be made to contact the employee or their designated next of kin to ensure any letters do not go out to families grieving a relative who has suffered severe injuries, illness or death. In these cases, a termination on the grounds of ill health or death may be enacted. These letters are less to do with performance issues and more to do with consideration of the needs of the organisation and the employee's family.

Unfair and unlawful dismissal laws

Under fair work legislation, an employee cannot be terminated from their employment for an unlawful reason.

Unlawful termination is where an employee's employment is terminated for a discriminatory reason, such as age, gender, race, religion, pregnancy or sexuality, or otherwise against the law.

Unfair dismissal means the decision to terminate an employment arrangement is deemed harsh, unjust or unreasonable; or for small businesses, the dismissal was not consistent with the Small Business Fair Dismissal Code.

When the Fair Work Commission considers whether a dismissal is harsh/unjust/unreasonable, they take into account the following:

- if there's a valid reason for the dismissal relating to the employee's conduct or capacity
- if the employee was notified of the reason and given an opportunity to respond
- any unreasonable refusal by the employer to allow the employee to have a support person present at any discussions relating to dismissal
- if the employee was warned about their unsatisfactory performance before the dismissal, in cases where the dismissal relates to unsatisfactory performance
- the impact of the size of the employer's enterprise on the dismissal process, including the absence of dedicated HR management specialists or expertise.

For more information about the legal obligations for termination of employment, click on the link below to visit the Fair Work website: aspirelr.link/fairwork-ending-employment

Seek assistance from HR specialists

HR specialists are specifically trained in all aspects of employee relations and industrial relations, and are an excellent source of support when performance issues, grievances and disputes occur.

HR is an organisational function that focuses on managing people within the employer–employee relationship. It involves delivering a range of services to organisations, in particular, managers and employees to develop effective communications, maintain compliance with legislation, ensure harmonious relations and maintain productive working environments.

HR staff can provide managers with the following assistance:

- Mediate disagreements and disputes between two parties, such as a manager and employee.
- Provide training support to utilise the performance management system more effectively.
- Provide recommendations and advice when dealing with under-performing staff.
- Manage serious and sensitive employee behavioural problems and issues.
- Manage a termination process.

If your organisation has internal HR specialists, then you can approach a specialist and schedule a meeting, send an email, direct information via a web portal, or approach them face-to-face.

- In the absence of an in-house HR specialist, you can:
- contact the relevant state or territory government authority (with respect to the area of specialisation)
- access the Australian Human Resources Institute for contacts within your geographic area or area of specialist need.

Example

Seek assistance from HR specialists

A large retail company has over 2000 employees located in 150 stores across the country. The company has a national HR manager who is supported by an HR generalist.

With such a broad span of authority, many small queries relating to HR are redirected to state or regional managers with the experience to deal with them. When issues are too specific for the regional managers to address, they telephone the HR manager for advice.

This system of delegation is an appropriate use of resources and experience; however, it has the effect of alienating the HR manager from the day-to-day issues being experienced within the company. As such, morale, pay issues, training inconsistencies and poor management appointments all go relatively unnoticed.

Therefore, a scheduled meeting between the HR manager and the regional managers is scheduled monthly to focus on HR issues on the ground, provide support for the regional staff dealing with the issues and ensure correct procedures are being followed.

Practice Task 14

Question 1

Which of the following support services could be offered to workers to help them deal with the deeper causes of their performance or behavioural issues? Tick all that apply.

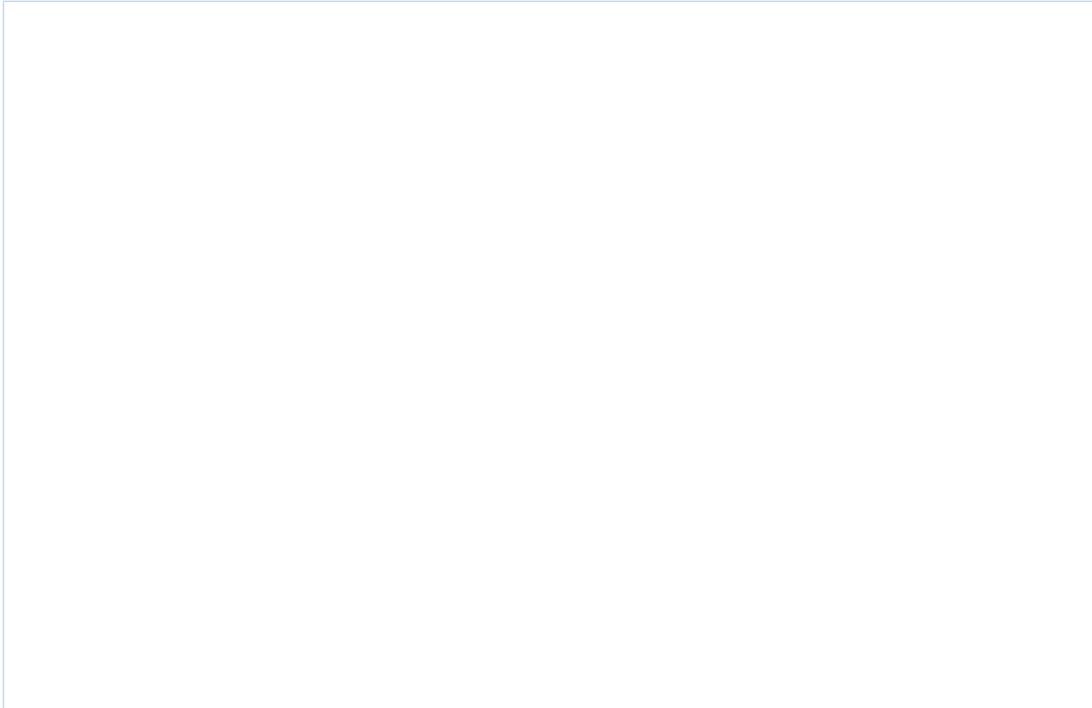
- On-site childcare
- Internal counselling
- Respite care
- Employee assistance program
- Mentoring program

Question 2

Summarise the key points that an organisation should have in its termination guidelines or procedures, and identify the relevant legislation and awards that apply to the process.

Question 3

List four types of assistance that HR staff can provide to managers.



4C Reinforce excellence in performance

The value of recognition and reward cannot be overstated. The investment in people, through recognising their performance, always pays back dividends.

How an organisation supports excellence in performance will often determine the level of its success. Recognition should be systemised in order to maintain its effectiveness. If rewards or recognition are given on an ad-hoc basis, then the organisation runs the risk of the process losing value in the eyes of the employees.

Organisations that are quick to recognise employee contributions are much more likely to have high levels of workplace innovation, high employee satisfaction levels, and low employee turnover, and are likely to be more successful companies.

Recognition strategies

An organisation's use of recognition, awards and positive feedback is an indication of how much it values its staff.

Recognition is a powerful motivator, but not every employee responds the same way to recognition. For example, one person may thrive on public recognition, while another worker may feel embarrassed or anxious. You need to determine what type of recognition will be most appropriate for each person in the team.

The strategy that you choose should focus on motivating the employee and reinforcing positive behaviours.

There is a range of recognition strategies commonly applied within the workplace.

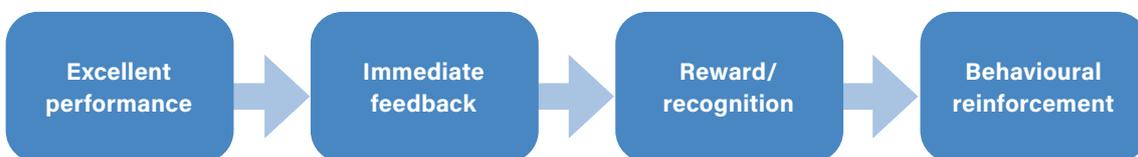
Team rewards	Team rewards are generally taken as a group reward, such as dinners, awards nights or a trip to the movies. These should not be confused with social-club activities such as end-of-year functions, which although good for morale, are generally more of a planned social event rather than a reward.
Monetary rewards	Monetary rewards are offered in the form of: <ul style="list-style-type: none"> ▪ sales commissions ▪ bonuses ▪ profit sharing ▪ share allocations. These rewards must be detailed in performance contracts and visible to the organisation's accounting system.

Monetary gifts	Holidays, wine, vouchers, gym memberships and parking privileges are all examples of monetary gifts. These can often be highly motivating for staff, but there are fringe benefit tax implications for organisations. Gift vouchers (while GST-free) are considered monetary gifts.
Non-monetary gifts	This includes rewards for recognition of service, performance or other qualities fostered by the company such as: <ul style="list-style-type: none"> ▪ an article in the company newsletter ▪ an announcement at a staff meeting. For example, 'Employee of the Week' award.
Time in lieu	Provide time off for exceptional performance. Time off is often regarded as one of the highest motivators for employees in Australia.
Personal recognition	Many recognition systems are incorporated in the organisation's information management systems such as: <ul style="list-style-type: none"> ▪ a card automatically sent to the employee on their birthday or anniversary of employment ▪ a birthday cake and small celebration held for each employee ▪ Christmas bonuses.

Recognition through feedback

As a manager, you will need to reinforce excellence in performance through recognition and continuous feedback.

If an employee regularly performs at a standard higher than expected by their prescribed standards, positive feedback should be immediate, genuine and focus on the KRAs and KPIs set out. This creates a performance cycle of excellence, where the individual seeks to replicate the behaviour that received the recognition, as outlined in the following diagram.



Balance the recognition and feedback

You must ensure recognition and feedback are balanced so that every person in the team feels valued.

There are limitations associated with performance recognition and feedback. At times, managers may fall into the trap of only rewarding and recognising the higher performers, which are generally only 20 per cent of any team. Meanwhile the steady consistent team members, which form 60 per cent of a standard team, are left feeling as though their contributions are not seen.

A system that is based on only recognising the best performers can normalise consistent achievement of results and stifle motivation in some team members. You must continually look across your teams and identify areas of excellence and improvement in various KRAs. This type of approach ensures all staff are valued and encouraged equally, based on their efforts and strengths.

Key considerations associated with the recognition and feedback approach

- An imbalance of feedback and recognition poses negative effects on others if only one or two staff regularly receive recognition (this can be minimised by broadening the reward criteria).
- Team members feel a sense of dissatisfaction over time if rewards become normalised into everyday work or lose their incentive value.
- Consider broader areas of performance within the work plans and KRAs:
 - sales performance
 - productivity
 - leadership
 - teamwork
 - initiative
 - quality of service
 - quality of communication
 - participation in special projects.

Example

Reinforce excellence in performance through recognition and feedback

A software company in Sydney provides sales incentives in the form of cash bonuses and trips to its highest performing sales staff.

Support staff are offered annual rewards based on the achievement of company sales targets. An employee representative from the support area confronts senior management to discuss the bonus structure. She is annoyed they have no direct control over the outcomes and therefore should not have their income determined by such measures.

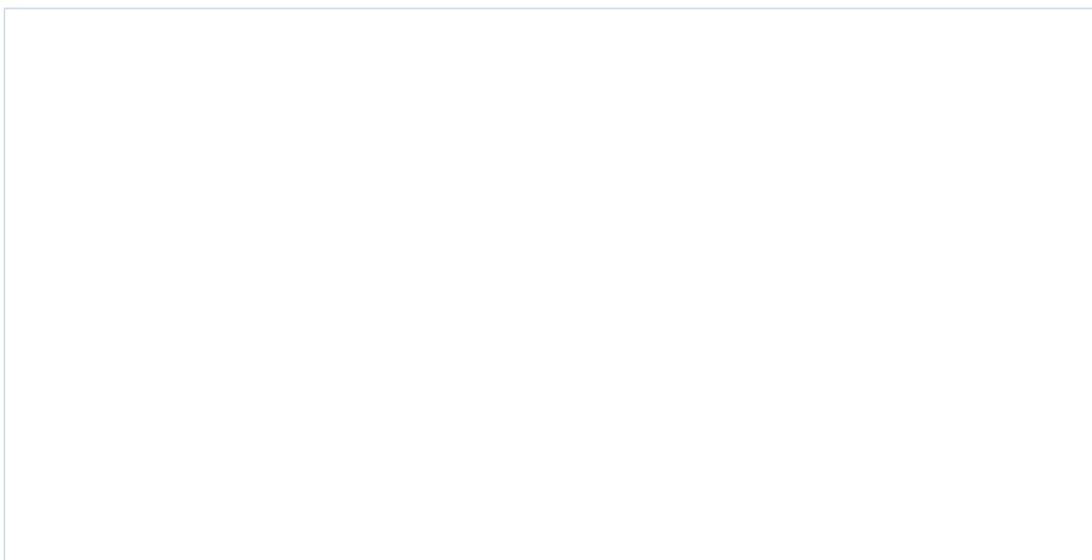
The manager explains that, although the sales team generates the income, it is up to everyone to work as a team to ensure the workplace operates efficiently. Without the support staff, the sales people would not be able to perform their roles.

While the explanation is valid, both agree to meet again to discuss a more inventive method of incentivising support staff and ensuring that a greater number of employees have access to tangible rewards and recognition programs.

Practice Task 15

Question 4

List four rewards and recognition systems that may be used by organisations.



Question 5

When providing feedback that reinforces excellence in performance, what should you be mindful of? Tick all that apply.

- Feedback should be saved for the annual performance review
- Feedback should be based on vague judgments without specific examples.
- Feedback should be genuine.
- Feedback should be immediate.
- Feedback should focus on the KRAs and KPIs set out in the workplace.

Summary

- An outcome of a formal feedback session is a list of agreed KPIs that will demonstrate the employee's ability to improve.
- A performance objective must be specific, measurable, achievable, relevant and time-bound (SMART). It must provide a clear set of goals and a pathway for the employee to achieve the expected work outcomes, and the opportunity to make up shortfalls for a particular period.
- Once the performance objectives have been established, you need to collaborate with the employee to develop a performance improvement plan (PIP) to show how they will achieve the new KPIs.
- As part of the performance management system, you must monitor the performance of your team members and provide ongoing coaching support to assist in the improvement process.
- Monitoring involves consistently reviewing and observing the employee's performance, and evaluating their outcomes against the agreed KPIs in the PIP.
- **Support services may be offered to employees who are dealing with personal issues, mental health conditions or other stress-related problems.**
- Termination of an employee's contract is a final option when all other initiatives have failed, and requires careful adherence to organisational procedures, policy and legislative requirements. It should only be carried out in conjunction with HR or another specialist.
- An organisation's use of recognition, rewards and positive feedback is an indication of how much it values its staff. The approach must be balanced, ensuring everyone in the team is rewarded and recognised for positive achievements.

Learning Checkpoint 4

Manage follow-up

Part A

1. Which of the following statements about performance improvement plans (PIP) are correct? Tick all that apply.

- A PIP explains how employees are to go about lodging a claim for unfair dismissal.
- The purpose of a PIP is to help staff address and correct any issues in their work that may be affecting the organisation's objectives.
- A PIP is developed after disciplinary action has been taken.
- It is important to collaborate with team members when planning their PIP to ensure they are engaged in the process.
- When preparing the PIP, employees should be given opportunities to provide their feedback on the KPIs and improvement strategies included.

2. What is the purpose of mentoring? In your answer, list three traits of good mentors.

3. How can managers ensure that recognition and feedback are balanced? List at least **three** considerations.

Part B

Read the following case study and answer the questions that follow.

Case study

Cherry works as an office manager for a medium-sized plumbing company. The business is run by a chief executive officer and there is a HR manager on-site during standard working hours.

Blake is a long-term team member and his performance is usually up to standard. Over the past three months, Cherry has noticed multiple instances of abusive and bullying behaviour from Blake, which is out of character for him.

Cherry has counselled Blake and formally recorded this behaviour, as well as the conversation with him. The records clearly state that Blake 'has agreed to not be abusive or bully fellow employees in the future'.

1. Describe what action Cherry needs to take to monitor Blake's behaviour following the recent meeting.

2. A few moments ago, Cherry received notification that Blake had called a customer a racially abusive name. The incident was witnessed by several employees and the customer's partner. Describe some disciplinary actions Cherry can take to deal with this situation. Ensure you cover organisational obligations and the documentation that needs to be completed.



3. Cherry and the HR manager are considering terminating Blake's employment. Describe whether a termination would be considered fair and reasonable under the Australian unfair dismissal laws.

