BSBMGT502
Manage people performance

Release 1

Learner guide

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Aspire Version 1.2

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Version control and modification history

Version	Release date	Modification
Release 1, version 1.1	April 2017	First release
Release 1, version 1.2	May 2018	Correction to Learning Checkpoint 1, page 34 and minor corrections as part of our continuous improvement program.

Aspire is committed to developing quality resources that meet the needs of our customers. However, occasionally Aspire finds, or is notified of, errors. Please refer to our website at www.aspirelr.com.au to see if there are any updates that may be relevant to you.

BSBMGT502 Manage people performance Release 1

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Contents

Before you begin

This learner guide is based on the unit of competency *BSBMGT502 Manage people performance*, Release 1. 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 and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight 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.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	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 outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Learning	• Consolidates and improves own knowledge and skills by coaching, mentoring or training others
Reading	• Gathers, interprets and analyses texts in organisational documents to facilitate performance management
Writing	• Plans and prepares documents for allocating work and managing performance suitable for the target audience and in accordance with organisational requirements
Oral communication	• Uses language and structure appropriate to context and audience to explain expected standards of performance, provide feedback and coach staff
Numeracy	• Extracts and evaluates mathematical information embedded in a range of tasks and text relating to performance standards and risk analysis
Navigate the world of work	• Appreciates the implications of legal and regulatory responsibilities related to own work and the organisation as a whole • Monitors adherence to organisational policies and procedures
Interact with others	• Recognises and 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
Get the work done	• 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 with relevant people on work to be allocated and the resources available	❑ Confident ❑ Basic understanding ❑ Not confident
	1B Develop work plans in accordance with operational plans	❑ Confident ❑ Basic understanding ❑ Not confident
	1C Allocate work efficiently, cost-effectively and with a focus on outcomes	❑ Confident ❑ Basic understanding ❑ Not confident
	1D Confirm performance standards, codes of conduct and work outputs	❑ Confident ❑ Basic understanding ❑ Not confident
	1E Develop and agree to performance indicators with relevant staff	❑ Confident ❑ Basic understanding ❑ Not confident
	1F Conduct a risk analysis	❑ Confident ❑ Basic understanding ❑ Not confident
Topic 2 Assess performance	2A Design performance management and review processes	❑ Confident ❑ Basic understanding ❑ Not confident
	2B Train participants in the performance management and review process	❑ Confident ❑ Basic understanding ❑ Not confident
	2C Conduct performance management in accordance with protocols and time lines	❑ Confident ❑ Basic understanding ❑ Not confident
	2D Monitor and evaluate performance on a continuous basis	❑ Confident ❑ Basic understanding ❑ Not confident

Topic	Key outcome	Rate your confidence in each section
Topic 3 Provide feedback	3A Provide informal feedback to staff regularly	❑ Confident ❑ Basic understanding ❑ Not confident
	3B Advise relevant people about poor performance and take necessary action	❑ Confident ❑ Basic understanding ❑ Not confident
	3C Provide on-the-job coaching to improve performance	❑ Confident ❑ Basic understanding ❑ Not confident
	3D Document performance	❑ Confident ❑ Basic understanding ❑ Not confident
	3E Conduct formal, structured feedback sessions	❑ Confident ❑ Basic understanding ❑ Not confident
Topic 4 Manage follow-up	4A Write performance improvement and development plans and obtain agreement	❑ Confident ❑ Basic understanding ❑ Not confident
	4B Seek assistance from human resources specialists	❑ Confident ❑ Basic understanding ❑ Not confident
	4C Reinforce excellence in performance through recognition and feedback	❑ Confident ❑ Basic understanding ❑ Not confident
	4D Monitor and coach individuals with poor performance	❑ Confident ❑ Basic understanding ❑ Not confident
	4E Provide support services	❑ Confident ❑ Basic understanding ❑ Not confident
	4F Counsel individuals who perform below expectations and implement the disciplinary process	❑ Confident ❑ Basic understanding ❑ Not confident
	4G Terminate staff in accordance with legal and organisational requirements	❑ Confident ❑ Basic understanding ❑ Not confident

Topic 1
Allocate work

Performance management is the process of establishing a shared understanding between employee and employer about what is to be achieved at an individual level. It 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 sufficient 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 focused, efficient and productive workplace.

In this topic you will learn how to:

1A Consult with relevant people on work to be allocated and the resources available

1B Develop work plans in accordance with operational plans

1C Allocate work efficiently, cost-effectively and with a focus on outcomes

1D Confirm performance standards, codes of conduct and work outputs

1E Develop and agree to performance indicators with relevant staff

1F Conduct a risk analysis

1A Consult with relevant people on work to be allocated and the resources available

A manager is expected to clearly communicate the expected standards of performance to their staff and to provide effective feedback and support. Having an objective and planned approach to the performance management system can facilitate these outcomes.

Central to effective workforce planning is the need for consultation. Whether the 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 type of resources required. Consultation allows you to identify:

- relevant positions needed
- appropriate working conditions that meet organisational and legislative requirements
- tasks required
- expected outcomes
- resources required.

Management

As a manager, it is your responsibility to identify the types of roles required by your team to achieve organisational objectives. This may be done in conjunction with the senior management team. Roles must be regularly reviewed to ensure the allocation of work and resources available meet any changes in the organisation's operations. Here are some reasons to consult with senior management about roles and organisational objectives.

Reasons to consult with senior management
Prepare position description statements outlining the responsibilities, skills, knowledge and expected outcomes required by 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 under your supervision 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 impact your team's ability to deliver outcomes.

Internal consultants

When preparing a position description, you may need to consult with internal stakeholders such as human resources (HR) staff, work health and safety (WHS) representatives or subject matter experts to ensure staffing conditions are accurate and up to date.

The information contained within a position description will have resource implications that must be included in the planning process. For instance, working hours may be defined under an industrial award or a workplace agreement that may require negotiation or special allowances.

You may need to consult with the finance manager to negotiate the funds available to your team, or renegotiate time lines with senior management.

Internal stakeholders such as subject matter experts can be very useful when developing a work allocation plan. They may offer the technical knowledge specific to the task and assist in the drafting of a position description.

Information gathered from internal consultants includes:

- working hours
- workplace conditions
- leave entitlements
- union requirements
- legislative requirements
- developmental opportunities
- training needs.

Staff

When allocating work, make sure you consult the team members involved so they 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 work role and responsibilities encourages accountability in the workplace.

Allocate work effectively

To ensure you are allocating work effectively you need to identify and discuss the skills and knowledge held by 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 hidden 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 appropriate internal industrial relations (IR) or human relations (HR) expertise is not present in the organisation. 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.

Workplace relations

Australia has historically had a complex workplace relations system that is governed by either Commonwealth or state/territory legislation and is applied through one of many industrial awards or agreements that are based at either an industry level or with an individual employer.

The complexity of the workplace relations system was simplified when the provisions of the *Fair Work Act 2009* (Cth) were introduced from 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 crown employees.

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

Awards and agreements

The minimum wages and conditions that employees are entitled to is set out in awards (now referred to as modern awards). All employees in Australia are covered by an award, unless the employer has a separate enterprise agreement or registered agreement that covers the employee.

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 National Employment Standards still apply.

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 http://aspirelr.link/fair-work-awards.

National Employment Standards

With introduction of the *Fair Work Act 2009* (Cth), 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 of 10 minimum standards of employment which are outlined below.

NES 10 minimum standards of employment

1. **Maximum weekly hours of work**

   38 hours per week, plus reasonable additional hours.

2. **Requests for flexible working arrangements**

   An entitlement allowing employees in certain circumstances as set out in the *Fair Work Act 2009* to request a change in their working arrangements because of those circumstances.

3. **Parental leave and related entitlements**

   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.

4. **Annual leave**

   Four weeks paid leave per year, plus an additional week for certain shift workers.

5. **Personal/carer's leave and compassionate leave**

   10 days paid personal/carer's leave, two days unpaid carer's leave as required, and two days compassionate leave (unpaid for casuals) as required.

6. **Community service leave**

   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.

7. **Long service leave**

   A transitional entitlement for employees as outlined in an applicable pre-modernised award, pending the development of a uniform national long service leave standard.

8

Public holidays

A paid day off on a public holiday, except where reasonably requested to work.

9

Notice of termination and redundancy pay

Up to five weeks notice of termination and up to 16 weeks severance pay on redundancy, both based on length of service.

10

Provision of a Fair Work Information Statement

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.

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 as to the requirement for additional IT staff.

The consultant immediately schedules a meeting with the existing IT personnel to glean as much information about the system as he can in order to develop a set of criteria for the 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

Think of a role in an organisation. Research and identify the relevant information you may need if you were to design the role from its inception, and enter it into this table. Additionally, identify who you may need to consult during the process.

Position	Information required	Relevant people to consult with	Reason for consultation
Position title:			

1B Develop work plans in accordance with operational plans

An operational plan is derived from an organisation's strategic plan. It is a detailed action plan to accomplish the objectives of the organisation. A work plan describes an individual's responsibilities with regard to the operational plan and provides the opportunity for the individual to negotiate their agreed level of performance. Team members should have the opportunity to discuss their plan and make relevant amendments during its development and at performance appraisal sessions.

Create a work plan

A work plan is a set of criteria scheduled for individual or team performance over a specified term. The creation of the work plan should be in accordance with prescribed organisational guidelines or, in the absence of guidelines, to a set format (or template) that can be re-created in the future for reliability and consistency.

A work plan can be an agreement between an individual and a supervisor, a work group and an organisational representative, or even two organisations.

There is no prescribed format for the creation of a work plan; however, there are several elements that should be considered in order to facilitate a meaningful agreement between supervisor and employee.

An individual work plan should include:

- purpose
- performance objectives and measure
- short- and long-term goals
- time lines
- identification of any constraints that may impact the achievement of objectives
- identification of who is accountable for completing tasks
- strategies for overcoming restraints
- signatures of both manager/supervisor and employee.

Performance objectives and measures

A key factor in the creation of an individual work plan is the definition of performance objectives and performance measures. Below is a description of each of these terms.

Performance objectives	Performance measures
Performance objectives rely on the job task to be completed. They may range from a single set of discrete criteria that includes specific tasks and their goals, expected quality, and time lines, to a broader range of qualities and values that may be measured, such as profit targets and other organisational goals. Many organisations combine specific performance criteria based on quantitative objectives, with a list of characteristics that the person should display within the conduct of their job role; for example, the number of product units sold and appropriate workplace behaviour. This combined approach is a more holistic method and has proven to be of more benefit to both the individual and the organisation.	Performance measures are used by management to set particular levels of achievement towards the organisational objectives, and to allow interim performance to be measured rather than waiting for the completion of the task. This allows managers to address issues early and get performance back in line with objectives if necessary. Managers must therefore be cognisant of organisational objectives at all times when negotiating performance measures. For production-level job roles, these are often prescribed and little negotiation is entered into; for example, a machinist on a production line where performance is mechanical and repetitive and externally driven. For supervisory and client contact roles, measures may be more liberally negotiated; for example, you might decide to measure the frequency of sales calls against sales closure rates in order to establish a balance that suits both parties.

Goals

Individual employee goals are recorded on an individual's personal development plan with reference to the objectives described in the work plan. The important distinction is that an employee may wish to leave the role to follow a different career path within or outside of the organisation; these plans should not affect the work plan objectives for the role. The differences between long- and short-term goals are provided below.

Long-term goals

It is important to establish long-term goals for any role within the organisation. Personal goals of the employee are separate to these objectives in many instances, as the aim is to plan the progression of the role in relation to expected organisational growth or change.

Contingencies are often included in these objectives to ensure the role can sustain issues which may occur such as socioeconomic changes or market aberrations. At the same time, professional development opportunities should support the individual in terms of their career path, as long as these opportunities also enhance the job role.

Short-term goals

Short-term goals are typically those that will be completed within a calendar year. Short-term goals can include the completion of specific projects or simply compliance with the prescribed or agreed performance measures.

Authenticity and agreement

Gaining a formal agreement between the employee and supervisor, or the organisation's representative and the work group, gives each party to the process a level of accountability. The work plan serves as a legal agreement and can be used to establish what each party intends to achieve in the forthcoming year(s).

In some cases, an employment contract can include a work plan. More often than not, the work plan is a separate agreement and is designed to align the more specific operational objectives with the job function to be performed. The work plan can be a powerful tool for managers and employees when creating meaningful goals and objectives throughout the employee's time with the organisation, not just as an initial contract.

Example: develop work plans in accordance with operational plans

The university has a documented approach to aligning career goals with strategic objectives.

The CareerGoal system includes:

- Section A – Preparing for the initial discussion and negotiation
- Section B – Reviewing personal performance
- Section C – Setting work objectives, indicators and targets
- Section D – Planning for career development

The document forms part of an interview process that is designed to:

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

Practice task 2

Review an existing work plan that is used by your organisation, or an example you have sourced from your research (via the internet, or from another organisation) and complete the following tasks.

1. Describe how the work plan attempts to align the objectives of the job/role with those of the operational plan of the organisation.

2. Make three recommendations on how to improve the work plan to better align the job/role with the operational plan in your report.

1C Allocate work efficiently, cost-effectively and with a focus on outcomes

The aim of workforce planning is to improve functionality, performance and efficiency. As a manager you need to be able to allocate work to your team that coincides with budget requirements and ensures that each team member contributes to achieving team objectives and organisational outcomes.

Cost-effectiveness

Cost-effectiveness is the outcome of efficiently allocated work and resources. The process of achieving cost-effectiveness can lead to trade-offs in quality, choice of distribution system, pricing, product or service performance. From a cost perspective, managers have a number of different baselines from which they can choose to set the quantitative measurements of efficiency and cost-effectiveness.

The measurement of effectiveness depends upon the baseline you choose and how you measure performance. For instance, choosing to measure production rates as the baseline requires you to set a range of acceptable quantities. If rates dip below your prescribed range, the outcome is less cost-effective (on a per-unit basis) than desired. If the performance regularly exceeds your prescribed range, then you must investigate how you arrived at the baseline range. It could mean that production is simply more effective than you allowed for, or that some other factor is affecting performance.

Cost baselines may include:

- hourly rates or salary
- production rates
- return on investment (ROI)
- net present value (NPV)
- fixed resource costs
- international monetary exchange rates
- share value (earnings per share).

Use software tools

Online analytical processing tools such as Microsoft Project Server incorporate complex mathematical algorithms so managers can input a set of variables to create a detailed report based on achieving the most effective and efficient outcome with the best use of resources. Outlined below are some examples of what can be achieved through the use of software tools.

Software tool possibilities
Allow managers to access a range of time-saving tools for developing workforce planning strategies by providing forward personnel estimates and budgetary analysis.
Must be selected according to organisational needs and research as each software package varies in design and suitability.
Are widely used by large-scale manufacturers, multi-outlet retail chains and global financial firms.

Do not consider all the variables that may pertain to all organisations and cannot predict any certain outcomes.

In large-scale organisations, certain mathematical predictors can be applied to basic principles of probability, making the prediction of outcomes more reliable.

Efficient allocation of work

The effective allocation of work relies on the manager's ability to schedule the right resource (person), to the right task (skills alignment), at the right time.

Efficiency can be thought of as the compromise between cost and quality. It is the balance between the fastest or most productive output and the ability of the workers to process the workload while maintaining the motivation to continue.

Motivation is influenced by a variety of external influences, such as positive workplace relationships, a healthy work–life balance, or incentives such as wage rises. Maintaining motivation to create a sustained level of output requires a careful balance between several variables. The particular balance depends upon the individual, context, task, and restraints placed upon management.

Gantt charts, PERT diagrams and work breakdown schedules can serve as effective time planning and monitoring tools, especially in the allocation of project-related work tasks with defined completion dates.

Maintain motivation by balancing between:

- competitive pay rates
- maximum/minimum output metrics
- social and other interactive experiences for staff
- training and education
- career development opportunities
- skills, knowledge and task alignment.

Integrate scheduling tools

Workplace knowledge management systems often include applications for the scheduling of tasks. To ensure that these systems are utilised for effective work allocation, the manager responsible must endeavour to incorporate use of the systems in everyday work activities such as daily reporting, individual task prioritisation, gathering of regular feedback, induction or ongoing training and skills analysis.

Integration of an effective scheduling tool can assist staff and managers to maintain the focus on organisational objectives by incorporating key performance measures into the efficient scheduling of tasks.

Integrated scheduling tools may include:

- customer relationship management (CRM) systems
- marketing/management information systems (MIS)
- knowledge information systems (KIS)
- earned value systems (EVS)
- office applications, such as Entourage, MS Outlook, Lotus Notes, Task Manager, Agile, MS Access, MS Project, SAP, or Seibel.

Limitations of an efficiency focus

Efficiency is not simply a mathematical calculation. 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. These can include social impacts of domestic breakdowns and other effects of extended, high-pressure work hours such as debilitating stress and anxiety. Too much emphasis is placed on cost efficiencies may result in staff resignations.

Accelerating a work task for early completion in order to save costs has inherent risks. Risks could include:

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

Example: allocate work efficiently, cost-effectively and with a focus on outcomes

The human resources (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 technically based interview and evidence of relevant tertiary qualifications.

With strict deadlines in place, scheduling of tasks such as regular progress reports and feedback sessions is integral. The HR manager develops a Gantt chart outlining project deadlines and posts it on the company intranet noticeboard. 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 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 3

Read the scenario, then complete the following task.

Scenario

The local fruit and vegetable store wants to hire a new driver to go to the local markets at 4.00 am each day, select and buy the produce as directed by the shop owner and deliver the goods to the shop by no later than 5.45 am. The truck is a dual-axle refrigerated vehicle.

The shop owner has hired your team as a consultant to ensure the work is allocated efficiently, cost-effectively and with a focus on outcomes.

Describe what measures you might use to ensure the job is conducted efficiently and cost-effectively.

1D Confirm performance standards, codes of conduct and work outputs

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

Quantitative performance standards

Quantitative performance metrics involve an evidence-based method of collection and analysis of work-related data. The 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 position description or work plan should indicate the key performance measures in relation to the quantitative elements of job performance. These elements are based on the function of the role and must be discussed and confirmed with the staff member before they commence their job, and thereafter 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 here provides examples of the metrics applied to traditional functional areas.

Position	Key performance measures
Receptionist	• Number of rings before answering incoming calls • Time on calls • Number of errors when directing calls
Technical service assistant	• Time taken to allocate jobs to service agent • Number of complaints received/handled • Customer feedback rating (for example, out of five stars)
Accountant	• 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. A typical set of criteria for qualitative performance assessment might include quality of work, knowledge, desire to learn, initiative, reliability 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 job 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

Code of conduct

Most organisations have a code of conduct that outlines the responsibilities and proper practices for individual and team behaviour within the organisation. This includes the way in which employees interact and behave towards one another, customers, and other external stakeholders.

In a diverse workforce, individual differences may cause conflicting behaviours. Where there is a greater risk of conflict due to natural biases, managers must ensure effective behaviour measures are in place to eliminate any poor conduct in the most efficient manner.

Staff must agree to the code of conduct as terms of their employment prior to commencing work with the organisation. It is not only a manager's right to demand appropriate behaviour in the workplace; it is their obligation under federal work health and safety (WHS) legislation and state anti-discrimination legislation.

Keep accurate records or all instances where employee behaviour contradicts the code of conduct to be used in performance review processes.

Code of conduct rules may relate to:

- punctuality
- ethical practices
- trust and confidentiality
- anti-discrimination
- language
- specific organisational conditions, such as dress code.

Work outputs

While quantitative and qualitative measures confirm output during and after the event, a manager can avoid the need for reactive measures by confirming expected levels of performance with teams and individuals prior to work commencement.

As agreed performance standards and codes of conduct provide a framework for the employee to operate within, confirming the work output sets the performance metric for the employee from the start of their employment. It is important for a manager to align an individual's work plan with the team requirements, as well as the broader organisational goals, to produce optimum results.

Example: confirm performance standards, codes of conduct and work outputs

A graphic art company regularly employs university students on short-term contracts to complete design work for its range of clients. The contract terms serve as a type of internship, where the students 'learn the ropes' of the graphic design industry and apply the skills to their university arts degrees.

The performance standards are simple: the work has to meet the clients' needs within the given time. Most other work-based measures, such as progress reporting, are implied or ignored, as long as the work is done.

After completing a three-month contract with the company, Cindy finishes her degree and applies for work with the company on a full-time basis. The owner briefs Cindy on the company's code of conduct and general performance standards. They are higher than Cindy expected after her lax introduction to the organisation a few months earlier. They include a dress code, regular job progress reporting and monthly designer briefs where each member of the design team is required to present their current tasks to the group. Cindy expresses surprise that the student requirements are lower than for full-time employees. She says that she enjoyed the relaxed atmosphere in which she had only minimal accountability and is not sure she wants to work in a more formal setting.

The company's owner reviews the student contract scheme and realises that he has set a lower behaviour standard, which encouraged a relaxed environment but created a host of other problems with respect to talent acquisition and retention. He changes the scheme to mirror the standards expected of a full-time role with the company.

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Practice task 4

1. Review and describe the organisational performance standards of your current role, or a role you previously held or, alternatively, a role recently filled by one of your team members.

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2. Briefly describe the organisational code of conduct or and behaviour requirements designed to the role identified in task 1.

3. Explain how your organisation enforces its code of conduct.

4. Explain the legislative and regulatory requirements that apply to the role identified in task 1.

1E Develop and agree to performance indicators with relevant staff

Managers must develop and agree to performance indicators with relevant staff in the process of allocating work. A work plan should outline the agreed measures against which performance outcomes are gauged. This serves as an ongoing control measure for behaviour and technical performance.

Metric indicators

A metric indicator is a quantitative measure of a performance outcome with respect to a predefined performance standard. A key performance indicator (KPI) used to measure individual or team performance against organisational standards is an example of a metric indicator. Below is a description of how metric indicators can be applied to business and operational plans.

Business plan	Operational plan
Metric indicators can be applied across an entire organisation through the implementation of the strategic business plan. This high-level document serves as a one- to five-year blueprint for the company's success. In larger organisations, this document is broken down into smaller operational plans and tactical strategy documents; but in all cases, the overall objectives are supported.	From a personnel perspective, operational plans provide the detail from which job roles can be allocated. The details should involve performance standards for a division, unit or functional group. These standards are then applied to the position description and work plan for the individual. This funnelling effect ensures that the work carried out by each employee contributes to the organisation's key objectives. From office maintenance to contract negotiations, each key performance indicator is designed to help achieve the company's goals.

Negotiate KPIs with staff

It may seem counter-intuitive to negotiate a KPI (key performance indicator) when the overall company goals are at stake, but this process has several benefits, which are shown below.

Benefits of KPI negotiation
Highlights the strengths and weaknesses of individual employees
Allows managers to allocate the right work to the right staff based on the outcomes of the negotiation process
Increases the level of personal commitment to KPIs by employees

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Allows the manager to have a better understanding of the employee's perspective

Allows for feedback and critical analysis of the role and the performance measures applied to it

Write 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. Generally, there are no more than four or five KPIs (key performance indicators) per role, as many daily tasks outlined in a position description combine to achieve one or two KPIs. For example, work start and finish times, together with completing various production tasks, combine to form a production target (or KPI).

To be clear and unambiguous, KPIs need to be written as 'SMART' objectives. That is, specific, measureable, 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, competitive pricing, the KPI is realistic and achievable.

KPIs should be written concisely 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.

S	M	A	R	T
Specific	**Measurable**	**Attainable**	**Realistic**	**Time framed**
Target and clearly define a specific area that you want to improve.	Suggest an indicator of progress; quantify if possible. Determine how you will know the goal has been achieved.	Agree what the goals should be and keep them achievable in the time frame.	Identify what results can realistically be achieved given the available resources, knowledge and time.	Specify when the result can be achieved; make sure there is enough time to achieve the goal, but not too much time.

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 organisation'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.

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

Louise holds a meeting with her staff and negotiates a level of services and product sales for each hairdresser, and level of product sales only for each casual. The agreed values for each staff member are formalised into KPIs, with incentives and penalties attached for below- and above-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 5

Read the scenario, then complete the following task.

Scenario

You are the manager of a four-member sales team in a small business selling widgets to the public. Your organisation's objectives are to sell 500 widgets per month at a profit margin of no less than 20%. Market research indicates that the maximum expected margin is 28% and competitors sell for as low as 10%.

Using this table, create a set of KPIs for two of the team members by negotiating with them and dividing the labour based on skills and ability.

Be creative and try to develop meaningful KPIs that will achieve the company's objectives and the individual's objectives.

KPIs for Sarah	KPIs for Natalie

1F Conduct a risk analysis

A general risk analysis determines the likelihood of a negative event preventing the organisation meeting its objectives and the possible consequences of such an event on organisational performance. When identifying risks, you must be aware of the areas where a risk event can occur. These are called hazards. For example, if you work near flammable liquids, the hazard is the flammable liquid; the risks might include fire, explosion, chemical corrosion or negative environmental impact.

A risk analysis is conducted by following these four steps:

1. Hazard and risk identification (determine the hazards and the risks they pose)
2. Risk assessment (determine the likelihood of the event happening)
3. Risk evaluation (determine the effect of the occurrence on the business)
4. Risk control (mitigate the risk through a series of control measures)

Many organisations have risk management plans that include human resource management issues. It is important to familiarise yourself with these processes prior to conducting a risk analysis.

Step 1: Hazard and risk identification

You cannot manage risk without first identifying what the risks are. Workplace relations and employee performance management issues relating to personnel can give rise to numerous issues. These issues should be identified as risks before they happen in order to create processes to mitigate the risks.

Personnel and HR-related risks include:

- legislative obligations
- employee conflict
- staff retention
- loss of skills and knowledge.

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)
Employers must ensure they provide a safe and healthy workplace for all employees and have a system for risk management in place. Federal laws relating to work health and safety include: • Current relevant legislation includes *OHS Act 2007* and OHS Regulations 2007 (Vic and WA), *WHS Act 2011* and WHS Regulations 2011 (revised 2014) (ACT, NT, NSW, QLD, Tas) • 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 in a jurisdiction a code of practice must be approved as a code of practice in that jurisdiction. • *Safety, Rehabilitation and Compensation Act 1988* (Cth) – sets out the safety requirements for employers in respect of their employees and also provides for compensation and rehabilitation for employers injured in the workplace.

Anti-discrimination
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. An organisation cannot discriminate against current or potential staff based on age, race, sex, physical ability, culture or religion. Federal laws relating to anti-discrimination include: • *Age Discrimination Act 2004* (Cth) – makes it unlawful to discriminate on the basis of age. • *Disability Discrimination Act 1992* (Cth) – makes it unlawful to discriminate against a person on the grounds of a disability (including a disease). • *Racial Discrimination Act 1975* (Cth) – makes it unlawful to discriminate on the grounds of race, colour, national or ethnic origin. • *Sex Discrimination Act 1984* (Cth) – 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. • *Australian Human Rights Commission Act 1986* (Cth) – provides an avenue of redress for those alleging discrimination and provides for the rights of these persons. Each state/territory has its own specific laws covering discrimination.

Industrial relations

Make sure you are up to date with industrial relations laws.

Managers need to be aware of any union involvement within their workplace to ensure representatives are included in relevant staff communications.

Federal laws relating to industrial relations include:

- *Fair Work Act 2009* (Cth)
- Industrial relations legislation and regulations
- Fair Work Commission, established under the *Fair Work Act 2009*, provides for employers:
  - help to resolve issues, disputes and dismissals
  - confirmation if a right of entry permit is valid
  - approve or vary enterprise agreements
  - help to find an agreement or find an award
- *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* (Cth) – includes the requirement to collect statistics for four target employment groups: women, Aboriginal and Torres Strait Islander people, people from diverse cultural and linguistic backgrounds, and people with a disability.

Privacy, confidentiality and defamation

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.

Federal laws relating to privacy include:

- *Privacy Act 1988* (Cth), which includes the 13 national privacy principles and credit reporting.

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 http://aspirelr.link/austlii.

Contract law and tort law

Contracts cannot be created to contradict existing legislative and common law. Employers cannot contract out the legal rights of individual employees as prescribed under the laws previously listed.

A tort is a legal term referring to a ‘civil wrong’. The most common tort is negligence. Civil negligence occurs when a ‘reasonable person’ given the same circumstances would have performed the action differently to avoid injury or harm to the other person. In business this can be the omission of basic safety requirements, failure to provide safe processes and supporting policies, or failure to provide necessary training, resulting in harm.

Employee conflict

Allocating work tasks requires knowledge of potential conflict scenarios to avoid putting individuals in situations where emotional or physical harm may occur. Ignorance of potential conflict is not a defence if it can be established that a reasonable person would have believed conflict would have occurred.

The risk of employee conflict is high when:

- communication between managers and staff is poor
- skills and knowledge are poorly aligned with the work tasks
- differences exist between personal belief systems of employees.

Staff retention and loss of intellectual resources

Staff members may choose to leave the organisation if they feel they are not receiving the treatment or fulfilment they perceive as their right. Critical roles within the organisation must be identified as a priority for the purposes of retention of valuable skills and knowledge. Staff retention is one of the costliest risks associated with human resource management. When a staff member is lost, recruitment, training and enculturation can take months and cost tens of thousands of dollars.

Step 2: Risk assessment

Assessing the likelihood of a risk event occurring can be a very subjective task. The risks associated with any single action can vary dramatically given variables such as prevailing workplace relations or employment environment. The likelihood of a risk occurring can be expressed as a rating value A to E as shown below.

Likelihood of risks occurring		
Rating	**Descriptor**	**Equates to**
A	Extremely likely	The incident will most probably occur under almost all circumstances. Risk has more than a 75% chance of occurring.
B	Likely	The incident will probably occur under most circumstances. Risk has 50–74% chance of occurring.
C	Possible	The incident may occur under certain circumstances. Risk has 25–49% chance of occurring.
D	Unlikely	The incident will probably not (is unlikely to) occur. Risk has less than 25% chance of occurring.
E	Rare	The incident is highly unlikely to occur, or will only occur under the most exceptional circumstances.

Step 3: Risk evaluation

Once the likelihood has been determined, you need to carry out an assessment of what may be the result of the risk event occurring. Some examples of ranked risked consequences are provided below.

Result/impact of risk event occurring		
Rating	**Descriptor**	**Equates to**
1	Insignificant	• Little impact; low or no financial or material loss • Risk consequences dealt with by routine operations
2	Minor	• 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	• 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	• 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	• 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

Analysis matrix

Taking the likelihood and impact, input this data into the analysis matrix to determine the overall risk associated, as described in the table below. Based on the determination of the associated risk, the manager is better informed about the decision-making process. An example risk analysis matrix based on the previous risk likelihood and consequence tables is shown below.

Analysis matrix					
Level of likelihood	**Level of impact**				
	1 (Insignificant)	2 (Minor)	3 (Moderate)	4 (Major)	5 (Outstanding/ catastrophic)
A (Expected)	Medium	High	High	Very high	Extreme
B (Probable)	Low	Medium	High	High	Extreme
C (Possible)	Low	Medium	Medium	High	High
D (Improbable)	Low	Low	Medium	Medium	High
E (Rare)	Low	Low	Low	Medium	Medium

Step 4: Risk control

Your goal is to eliminate or avoid risks where possible and, should risks materialise, control the outcome. There are various options available for a manager to control or manage risks associated with human resources.

Select appropriate risk treatments according to the priority of the risk, the cost and other resources available to control the risk, the level of urgency required in addressing the risk, and legal implications.

The following information outlines the four major strategies which 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.

Example: conduct a risk analysis

Julian is a young man with relatively 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 choice 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 6

Choose an organisation and conduct a risk analysis regarding the allocation of work tasks and responsibilities. Ensure you make reference to the following steps:

- Hazard identification (determining the hazards and the risks they pose)
- Risk assessment (determining the likelihood of the event happening)
- Risk evaluation (determining the effect of the occurrence on the business)
- Risk control (mitigating the risk through a series of control measures)

Summary

1. Consultation is a central requirement for effective workforce planning.
2. A work plan should include agreed performance measures, agreed performance standards, short- and long-term objectives and a method of establishing authenticity and accountability.
3. Cost-effectiveness is the outcome of efficiently allocated work and resources.
4. Qualitative and quantitative performance measures should be combined when developing effective performance measurement tools.
5. Negotiating performance standards with staff can contribute to employee commitment.
6. Risk analysis is performed by identifying, assessing, evaluating and controlling potential risks relating to the allocation of tasks.

Learning checkpoint 1
Allocate work

This learning checkpoint allows you to review your skills and knowledge in allocating work.

Part A

1. Describe how the following relevant groups should be consulted with when allocating work in an organisation.
   a) Supervisors and/or managers of the relevant position
   b) Staff affected by the role
   c) External consultants such as HR experts or union representatives
   d) Other internal stakeholders, such as HR staff, WHS representatives and subject matter experts

2. Describe three strategies to ensure that work plans meet an organisation's operational or business plan.

3. Describe two methods that can be used to gain efficiency and cost-effectiveness from staff members.

4. Describe two ways to confirm qualitative and quantitative performance standards with team members, making reference to codes of conduct, policies or work outputs relevant to the team member's role.

5. Explain three benefits of negotiating and agreeing on key performance indicators with team members prior to the commencement of work.

6. Explain the risk analysis process in relation to staffing and work allocation issues.

7. Identify where information can be sought relating to the awards and certified agreements used within an organisation for the purposes of performance management.

Part B

Read the case study, then answer the questions that follow.

Case study

Opto Cellular is a mobile phone retailer with several city outlets. At the CBD outlet, a new sales staff member, Steve, is joining the team and has been asked to attend an interview with you to establish the agreed performance indicators for the role.

Opto requires that all sales staff contribute to the store's success. The store currently employs two sales staff and one administrator/manager. Steve will be number three. The store's KPIs include:

- 50 new connections per month
- 80 upgrades from old contracts or handsets
- no stock over 90 days old.

1. Prepare a brief work plan for Steve.

   Use dot points to list the performance standards and code of conduct Steve will need to adhere to.

   Develop the performance indicators for Steve, ensuring that:

   - store objectives are maintained
   - Steve's KPIs are fair and in accordance with relevant legislation.

2. Explain how you would ensure Steve understands his KPIs.

3. Describe the control options you could use to ensure Steve achieves his KPIs.

Topic 2
Assess performance

The fundamental goal of performance management processes is to promote and improve employee effectiveness. 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.

Assessing performance of individual staff members requires a systematic approach to provide reliable, consistent, fair and valid evaluation of skills, knowledge and attitude.

In this topic you will learn how to:

2A Design performance management and review processes

2B Train participants in the performance management and review process

2C Conduct performance management in accordance with protocols and time lines

2D Monitor and evaluate performance on a continuous basis

2A Design performance management and review processes

Many organisations implement an effective performance management and review process within their policies and procedures. This ensures a consistent approach is adopted across functional business units, providing a standard for:

- recruitment and selection
- professional development and training
- career progression
- wage and salary decisions
- performance management and termination.

A limitation of this integrated approach is that managers can slip into a habit of 'doing performance management' as opposed to really managing performance. There are steps that can be taken to avoid this.

Performance management system

Before developing a performance management system, you should consider whether or not your organisation has human resource management practices in place to support the performance management process. These include well-designed job descriptions, effective supervision, comprehensive employee induction and training opportunities and a positive and supportive work environment.

The establishment of a well-designed performance management system requires time and resources and the support of senior management.

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 job role expectations
- include positive and constructive feedback and provide 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.

Performance management process

When developing a performance management process, you may decide to form a committee made up of employees and managers to increase commitment, understanding and support for the process.

Whether you are implementing a new performance management process or modifying an existing process, it is essential that you clearly communicate the purpose and steps in the process to employees before it is implemented.

The performance management process should be reviewed after the first year and adjustments made as necessary.

Here is a description of each of the stages of a performance management process.

1. Plan – identify, clarify and agree upon expectations; identify how results will be measured; agree on monitoring process; and document the plan.

2. Monitor – monitor and evaluate progress and take corrective action or make changes if required.

3. 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 the creation of a robust performance management process comes with the understanding that performance is essentially an individual trait. It is highly dependent on the motivation, skills, knowledge and resources the employee has to do their job. Trying to 'manage' someone's behaviour in the hope they will perform the work to the required standard can be an expensive waste of time.

The information below outlines the requirements for designing a performance management process.

Requirements for designing a performance management process

1

Understand organisational characteristics

Understand the key characteristics of the organisation and its culture.

Where is the organisation heading? What are its goals and objectives, and where has it come from to get to this point? 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.

For example, an organisation with a tendency to measure quantitative metrics of production may prefer a more thorough appraisal document covering specific work outcomes. A qualitative orientation, which might exist in a design studio or hair salon, 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.

2

Assess current systems

Test and review how performance management is currently working.

Consulting with 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:

- What is meant by the term ‘job performance’?
- What works well in the current performance management approach?
- What area of improvement may be required?

The aim is to establish the strengths and weaknesses of the current system and develop approaches for initial and continuous improvement.

3

Include stakeholder input

Include key stakeholders in the design process and identify fundamental skills and training requirements.

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:

- application of the performance management process; for example, different processes for different parts of the organisation
- buy-in from relevant groups and personnel
- selecting the right objectives and performance metrics
- regularity of reviews within each functional area.

4

Provide support systems and training

Provide visible and significant support after the implementation to help managers become comfortable and competent in managing performance.

Not all supervisors and managers have experience with modern forms of performance management. It is therefore essential to provide training and support to those individuals to ensure they are knowledgeable about, and comfortable with, the process.

Support systems can be online, face to face, or a mixture 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.

An effective assessment of the managers’ abilities must also be conducted prior to implementation to avoid conflict, resentment, disassociation and other negative outcomes.

Performance management tools

Individual performance can be formally and accurately recorded using a performance management tool.

During the process of ongoing performance management, managers may require access to a range of forms and documentation, such as records of conversation; corrective action records, agreements or improvement plans; performance appraisal forms and templates; or professional development plans (for short- and long-term goal planning). Documentation should explain the reason for the performance review, when it will be carried out, the process to be followed, the responsibilities of the employee, and what happens if the parties disagree.

There are various tools and techniques a manager can use to gather information and provide feedback in the ongoing management of a team member's performance.

Formal reviews may result in opportunities for personal and professional growth or remedial actions when performance falls short. You need to have a method and process for recording and actioning use of performance management tools.

Check that performance management tools are:

- simple to understand and easy to use
- are concise and unambiguous
- align with organisational objectives
- avoid unnecessary criteria
- cover quantitative and qualitative standards
- accessible by relevant personnel
- abide by relevant legislation, industry regulations and policy requirements.

Performance appraisals

Performance appraisals are a common performance management tool. There are both online (software-based) and hard copy assessment tools available to suit organisational requirements for conducting performance appraisals. For example, larger workforces spread over a wide geographic area might be more effectively managed via an online performance system where initial data is gathered from the employee before formal meetings are arranged. Hard copy performance evaluation occurs when an interview takes place and notes are taken by the manager and the employee.

Performance appraisals or reviews should be conducted regularly. In many organisations reviews are undertaken at least once a year (calendar or fiscal). In more dynamic roles, organisations or environments, reviews may be conducted quarterly or biannually. This is to establish performance in relation to rapidly changing organisational or market trends. The performance appraisal process should be in line with organisational objectives and policies. Performance appraisals provide a number of opportunities as shown below.

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

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Provide feedback about individual performance against KPIs, how the individual views their performance, and what has impacted on that performance since the last review.table_text
Review performance against generic skills such as the ability to problem-solve, meet deadlines, prioritise 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.

Example: design a 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 last six-month period, plus their goals for the six months ahead, and make 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 time sheet' with allotted time slots so staff can nominate when they would prefer an interview to be held.

Practice task 7

1. Describe the performance management system in your organisation, or in an organisation you are familiar with.

2. List the pros and cons of the performance management system. Make three recommendations on how the process could be improved.

3. List the formal documents used by your organisation, or an organisation you are familiar with, in conducting performance appraisals.

2B Train participants in the performance management and review process

It is essential that managers, supervisors and staff are familiar with an organisation's performance management and review process. Anyone who is unsure needs to undergo training.

Performance management process should include staff from all levels of the organisation, including senior management, to ensure a organisational 'top-down' commitment to the process.

Supervisor and management training

Supervisors and managers will be responsible for applying the performance management process and ensuring the organisation's objectives are met. Depending on the size of the organisation, training for supervisors and managers may include face-to-face training sessions; coaching and mentoring from trained system experts; group training; or interactive online training.

Supervisor and management training should include information on:

- how and why the performance management process was developed, with a focus on organisational relevance
- what systems are in place for gathering, reporting and storing employee information
- definitions of the components of the system, such as personal development plans, appraisal forms and records of conversation
- expectations of senior managers
- guidelines for performance and appraisal meetings
- relevant industrial relations and other legislation
- performance management guidelines for corrective actions
- record retention and resource requirements
- support and ongoing training options
- instructions on the use of templates or forms and knowledge of other relevant procedures or policies.

Staff training

Non-supervisory staff members have a vital role in the successful implementation of a performance management and review process. They are the members of the organisation who will ultimately benefit from a well-constructed process.

Staff should be informed of the process during their induction and shown the various forms they may be required to complete prior to the performance review.

Prior to the performance review staff may need a refresher session that could include a staff meeting, a specific training session, email notification, or instructions on a message board (electronic or physical).

Staff training should include information on:

- how the performance management process will work
- what happens with the information gathered during performance appraisals

- what input staff have before, during and after the review process (including appeals processes and feedback opportunities)
- how performance will be evaluated
- what criteria will be applied to job roles
- how qualitative feedback will be gathered and applied.

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 performance processes. The paper discusses the effects of a lack of senior management commitment to organisational processes. It finds that poor management commitment leads to:

- staff resentment of the process
- shortcuts being created by line managers
- quality, consistency and validity issues resulting from poorly run appraisals.

Despite the implementation of training for line managers and supervisors, they did not assume an appropriate level of accountability 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. Additionally, it recommends that KPIs regarding the use of the performance management system should be introduced into the supervisors' and managers' work plans.

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Practice task 8

Consider a time when you have undergone training or organisational performance management processes. Review your experience in this table.

What the trainer demonstrated or explained	Yes/No	Comment for improvement or satisfactory performance
How the performance management system will work		
What happens with the information gathered during performance appraisals		
What input I have before, during and after the review process (including appeals processes and feedback)		
How I will be evaluated		
What criteria will be applied to my role		
How qualitative feedback will be gathered and applied		

Unit release 1 (Aspire Version 1.2)

2C Conduct performance management in accordance with protocols and time lines

It is essential that performance management processes are conducted in accordance with organisational policies and procedures. This includes protocols relating to:

- conducting informal reviews throughout the year
- the timing of formal appraisals
- informing staff of a formal review
- conducting the review appropriately
- providing information if there is a dispute
- follow-up action after a formal review
- documenting and storing performance appraisals.

Large organisations often have schedules for the conducting and submission of performance reviews by line managers, supervisors and senior staff. Input from the specific performance cycle can then be entered into the organisation's information management system 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 performance management process should provide a framework to value staff within the organisation, foster a working environment that acknowledge staff contributions and build 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 resources department.

Performance management methods

There is a range of methods managers can use to obtain information about a person's workplace performance. Details of each of these methods is shown here.

Regular reviews and formal 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: • 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 gather 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, supervisor and subordinate 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 to future 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 have been followed. These instruments form part of the organisation's due process if termination becomes necessary.
Professional development plans
Preparing professional development plans (PDPs) give the employee and supervisor/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 supervisor.

Communication skills

It is essential that you develop the communication skills to articulate expected standards of performance and to provide effective feedback. You may also need to support staff in improving their own communication skills.

The basic premise for good communication is the participant's 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. Some tips for developing communication and active listening skills are provided here.

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 up more than normal, and other times to take the extra time to listen and let others speak.
Consider developing a formal tool for evaluating how aware team members are of each others' emotions and how well these feelings are communicated within the team.
Demonstrate active listening skills 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. If employees display a desire to progress, Ralph creates a chart for display in the back office showing the progress of the staff members 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 9

1. Obtain a copy of a performance management policy and procedures document from your own organisation, or an organisation you are familiar with. Carefully read the policy and procedures and complete this table.

Elements of performance management policies and procedures	Is this element included? Yes/No	Briefly explain this element
Objectives of policy		
Audience and applicability		
Conditions		

continued...

continued...

Legislative requirements		
Responsibilities and delegations of staff		
Responsibilities and delegations of managers		
Monitoring		
Evaluation		
Reporting requirements		
Timelines		
Contact details of HR representative		

continued...

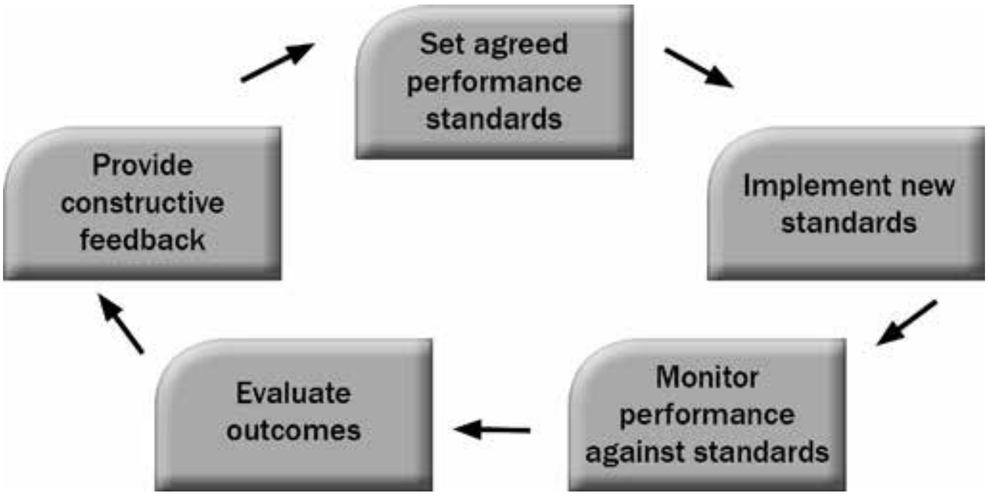
continued...

2. Consider whether there are any crucial elements or information missing from the policy and procedures you have obtained. What improvements could be made to ensure the performance management process is conducted in accordance with organisational protocols and time lines?

2D Monitor and evaluate performance on a continuous basis

Performance management by definition 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 over a set period, at which time a formal review is conducted and a new set of goals agreed to, to 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 required standards for conducting work. The standards are in place to support the organisation's overall objectives. The importance of meeting the objectives should be emphasised when the team member's work plan and KPIs (key performance indicators) are developed.

Once the standards have been agreed upon, the period for implementation and monitoring is established. This is generally the reporting period and should be no more than 12 months between reviews. This period allows the employee to evaluate their skills, knowledge and attitudes towards the tasks and whether they are equipped with the necessary resources to complete the tasks to the agreed standard. The manager uses this time to observe the employee in the workplace and monitor the daily or weekly progress they are making towards the set standards.

Evaluate outcomes

Performance evaluation methods can be formal or informal as described here.

Informal evaluation	Formal evaluation
Informal evaluation is usually conducted in the workplace 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 is conducted during the 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.

Provide constructive feedback

Performance management is an integral component for any continuous improvement approach. Even the best systems, production facilities or service will not achieve success without focused and committed employees. The technique of providing constructive feedback to foster improvement is a valuable management skill.

The steps to providing quality feedback should be approached methodically. These are designed to appeal to the psychological needs of the employee by allowing them to come up with their own approach to succeed. This provides a sense of esteem and control. Berating or embarrassing the employee will not achieve the same outcome.

If the need for quick, informal feedback is required you can use the 'sandwich' method: begin with a compliment or positive acknowledgement, provide the critical feedback, then finish with another positive observation. If there is sufficient time, these three steps should not replace the methodical approach, which is shown below.

Methodical steps to providing quality feedback
1. Remove emotion before providing feedback.
2. Begin with positive feedback regarding areas of performance that the individual has shown improvement in 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 for suggested methods of meeting standards in the future.

6. Negotiate approaches for improvement over the coming period.

7. Agree to and set the 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.

Schedule for ongoing performance management

Applying a continuous improvement process to a performance management model involves the setting of regular milestones. These milestones are specific to the work context.

Scheduling in today's business environment can occur more easily through the use of technology such as networked meeting requests, project tools and email. Conducting scheduled meetings can also occur more easily in organisations where geographic dispersion is an issue. Web-based meeting applications can be set up to provide private, one-on-one meetings with the ability to record the information for personnel and organisational records purposes.

Milestones may include:

- daily work group meetings
- weekly performance updates
- monthly performance reports
- quarterly reports or evaluations
- annual or biannual performance appraisals.

Interim reports

In addition to scheduled evaluation sessions, there may be a need for interim reports when team members change their area of employment, go on extended leave or change job roles. Interim reports should be included or referred to in the next scheduled evaluation.

Example: monitor and evaluate performance on a continuous basis

Performance monitoring within a furniture manufacturing company is performed as part of the quality control process undertaken by managers who regularly walk the manufacturing floor at their large furniture production facility. Managers, and delegated supervisors from other areas, review tasks conducted over a monthly cycle during their walks. The process is informal. However, management keep staff members fully informed of the process and use the opportunity to offer immediate coaching-style advice and feedback to workers.

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

Practice task 10

Describe how your organisation, or an organisation you are familiar with, monitors and evaluates performance on a continuous basis in relation to the following aspects.

1. Standards

2. Evaluating outcomes

3. Providing constructive feedback

Summary

1. Performance is essentially an individual trait that is highly dependent on the motivation, skills, knowledge and resources the employee has to do their job.
2. Managers, supervisors and staff who are not familiar with the performance management and review process will require appropriate training.
3. Supervisors and managers require different training content than non-supervisory staff members.
4. Conducting performance management processes can include holding informal meetings; regular reviews; peer, supervisor and subordinate assessments; formal appraisals; improvement plans and personal or professional development plans.
5. It is essential to develop the communication skills to articulate expected standards of performance and to provide effective feedback.
6. Active listening is one of the most important communication skills a supervisor or manager can master.
7. Both formal and informal evaluation methods may be used to provide continuous feedback to an employee.

Learning checkpoint 2
Assess performance

This learning checkpoint allows you to review your skills and knowledge in assessing performance.

Part A

1. Describe two ways to ensure that performance management and review processes remain consistent with organisational objectives and policies.

2. Describe one method that could be used to train staff and one method that could be used to train managers or supervisors in performance management and review processes.

3. Describe two methods for conducting a performance evaluation in the workplace. Explain the method and the common outcomes achieved.

4. Explain the role and importance of weekly performance meetings in ongoing performance management and identify three types of information covered during this process.

5. Identify the legislation that governs the delivery and record-keeping requirements for the conduct of performance reviews in an organisation.

6. Identify the government body that could assist employers with information relating to unfair dismissal laws and employee rights. Explain how this government body can be contacted.

Part B

Read the case study, then complete the following task.

Case study

The accounts department at a national retailer has eight staff responsible for accounts receivable and accounts payable. Their KPIs include the following:

- aged accounts are less than 5% of total outstanding
- incoming and outgoing calls must be conducted in a courteous, friendly and helpful manner.

As the manager in charge of this department, the CEO has asked you to design a performance management process to ensure staff members are meeting their KPIs.

Write a report describing:

a) the method you will use to conduct performance management process
b) how you will train staff so they are familiar with performance management process
c) a schedule for ongoing monitoring and evaluation.

Topic 3
Provide feedback

An essential element of any performance management process is the provision of quality feedback to those being appraised. Feedback allows the individual or team to reflect on their performance, understand their weaknesses or deficiencies and, where perceptions are involved, clarify discrepancies or points of misunderstanding. Feedback also gives the employee the opportunity to make any necessary improvements.

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

In this topic you will learn how to:

3A Provide informal feedback to staff regularly

3B Advise relevant people about poor performance and take necessary action

3C Provide on-the-job coaching to improve performance

3D Document performance

3E Conduct formal, structured feedback sessions

3A Provide informal feedback to staff regularly

Effective management involves the provision of regular and useful feedback. You want your staff to understand that feedback is a technique you will employ 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 allows employees to know what they do well, and what areas are in need of improvement.

Benefits of feedback:

- Helps improve job performance while promoting professional and personal development
- Improve 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

There are several types of feedback that can be delivered regularly and informally as shown below.

Positive feedback

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 area of activity that should be reinforced. Positive feedback provides this information.

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'.

Constructive feedback

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.

> 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?'

Negative feedback

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. If an employee fails to meet a KPI (key performance indicator), then providing feedback to that effect is negative. Negative feedback should always be counteracted by constructive and positive feedback to maintain personal self-worth, value and self-esteem.

> 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!'

Destructive feedback

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.

> 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?'

Provide informal feedback

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

Water-cooler discussions

'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.

Workstation coaching

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.

Informal discussions

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:

- arranging a private and quiet location where no interruptions will occur
- checking information and determining the consequences relating to the poor performance or non-performance of the standards to be discussed
- ensuring documentation sticks to facts and avoids emotive statements or generalisations
- documenting possible solutions for improving the employee's performance.

Staff meetings

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.

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. So 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 chat'.

After a short time, new staff are open with ideas and goals that they want to achieve within the business. They now look forward to the opportunity to share the 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.

Practice task 11

1. Describe three benefits of giving and receiving informal feedback within your work team.

2. Describe a situation you encountered in your workplace where you received, or witnessed someone else receiving, destructive feedback. Explain the effect that this had on the individual receiving the feedback.

3. Describe two methods of providing informal feedback that you regularly use within your workplace.

3B Advise relevant people about poor performance and take necessary action

A difficult skill for new managers to master is dealing with poor performance issues. In larger organisations, the human resources department is usually involved with processing continuously poor performers. If you are in a smaller organisation and it is your responsibility, you need to know how to deal with the day-to-day management of underperforming staff. Poor performance may range from having a negative attitude to consistently failing to reach key performance indicators.

Report on poor performance

Once you have identified instances of poor performance, you may need to inform others.

It is inappropriate and may breach privacy laws if you report poor performance to anyone outside the employee's direct chain of command or authority. An employee or union representative may only be involved if the matter is likely to affect broader workplace relations; however, 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

Take appropriate and necessary action

As a manager, it is essential that you respond appropriately to poor performance. From an organisational perspective, that means as soon as poor performance is identified, action should be taken to remedy the problem. From an employee's perspective, that means the situation should be handled in such a way that the employee is not embarrassed, harassed, belittled or unfairly treated.

Here are a number of strategies you can use to follow up instances of poor performance that you have identified.

Strategies to manage poor performance

1

Conduct an informal feedback session

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:

- arranging a private and quiet location where no interruptions will occur
- checking information and determining the consequences relating to the poor performance or non-performance of the standards to be discussed
- ensuring any documentation sticks to facts and avoids emotive statements or generalisations
- documenting possible solutions for improving the employee's performance.

The first session should be conducted one-on-one and in an informal manner if possible.

2

Conduct a formal feedback session

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 conversation or similar procedural form.

A formal performance review may include:

- a statement and agreement as to the specific area of performance issues
- record of previous sessions read and signed (or noted on the record of conversation that they have been read)
- discussion about future options for the employee and for the organisation:
  - methods for improvement
  - additional training options
  - dismissal or relocation procedures for consistent failure to meet standards
- formal (signed) agreement as to the chosen path of the employee
- signed and witnessed record of conversation (usually presented and signed within 24 hours of the meeting).

A formal process highlights the severity of the performance issue with the staff member and provides a record trail for the organisation to refer to if needed.

3

Provide accurate documentation

If you are reporting poor performance of a team member 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, is concise and clearly written with accompanying evidence. In some instances, the employee may be asked to sign the report as being an accurate account.

Understand 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* (Cth). The commission's responsibilities include assisting organisations on how to deal with workplace issues and disputes, termination of employment, and 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.

Below are list of 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: advise relevant people about poor performance and take necessary 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 their skills on the job. The typical length of employment for these workers is 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 one night. 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 her side, Trevor would have little chance of avoiding prosecution.

Practice task 12

1. List the people you must report to within, or external to, your organisation when dealing with poor performance in your team members.

2. Describe one strategy used within your organisation to address the poor performance of team members.

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

3C Provide on-the-job coaching to improve performance

Key performance indicators (KPIs) are set within organisations to assist employees in meeting agreed individual targets. Managers use a range of evidence from day-to-day observations, the quality of work produced, feedback gained from staff and customers and formal performance appraisals to identify when 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

Coaching is a technique used by managers when there are specific definable goals to achieve, areas in need of improvement, tasks to complete and challenges to meet. Mentoring is a formal, structured system in which an experienced expert gives instruction to provide knowledge and skills and improve performance.

Coaching is most effective when:

- the approach is proactive, not simply a response to a problem
- the coach understands their role is one of helping people learn and develop
- the coach gives guidance on what needs to be learnt and feedback on efforts and performance as learning progresses
- individuals have the motivation to want to learn and improve their performance
- the coach uses new as well as past experiences as an opportunity for learning.

Create coaching opportunities

When coaching has been identified as the most appropriate strategy to use, the manager needs to spend time with the person or team to plan their approach.

There are six steps providing a basic outline for an effective approach to coaching as shown below.

Effective approach to coaching
1. Confirm the current performance level.
2. Establish the obstacles to performing effectively.
3. Identify what needs to be done to improve.
4. Plan a sequence of training sessions.
5. Provide regular feedback on progress. Suggest different strategies if improvement is slow. Give praise when performance improves.
6. Provide time to practise.

Maintain excellence in performance

Excellence in performance means regularly and consistently exceeding the performance targets established by the organisation.

In many instances, staff may already have sufficient motivation to achieve a high level of performance, but should that effort go unrecognised, the motivation would soon taper off. An effective supervisor or manager should identify good performance and spend time with that individual or group to encourage further achievement, reinforce positive behaviours and learn from their approach to work to apply it in other areas. Coaching to achieve above-target performance can have positive effects not only on the individual concerned, but on the team and the organisation as a whole.

According to renowned psychologist Abraham Maslow, people achieve the highest level of motivation when they feel their work contributes to a higher cause: one which they identify closely with. Passing on of knowledge to others can serve as a powerful motivation for people who enjoy their work and complete it at a regularly high standard. Offering peer coaching opportunities to these people can have very positive results for the organisation.

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. With management support, supervisors at the hospital provide ongoing coaching as the staff development tool-of-choice due to the personal nature of the health services industry and the camaraderie developed in the teamwork 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 underpinning secret to 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 13

Explain the importance of the following statement in relation to employees achieving above-target performance. Use examples from your workplace.

'The coach gives guidance on what needs to be learnt and feedback on efforts and performance as learning progresses.'

3D Document performance

Organisational guidelines for documenting performance should indicate the type of written documentation that must be provided, storage requirements and location, privacy and confidentiality requirements, retrieval methods, and the people 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.

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 (key performance indicators), 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

Keeping track of all activities within an organisation is crucial. If performance reviews, achievements and progress are not recorded, supervisors and managers may have difficulty determining whether an employee is competent in a particular area, whether a person is regularly achieving their KPIs (key performance indicators), where skill gaps lie 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 action agreed on after their last performance review or the type of training they had completed to fill a skills gap.

Organisations may also need to maintain records that verify any training that has taken place in order to complete an end-of-financial-year audit. Complete all records according to the organisation's policies and procedures.

Follow organisational policies and procedures to ensure:

- the correct forms or templates have been used
- information is accurate, 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.

Access information

All employees, former employees and employee representatives may view certain contents of their personnel files with advance notice to human resources (HR) staff. However, access to some information must be restricted to designated people within the organisation for the purposes of carrying out specific organisational duties.

Personnel files must usually be reviewed in the presence of an HR staff member. No part of the personnel file may be removed from the office by the employee.

Information accessible by employees

- Documents relating to the employee's qualifications for hire, such as the application, promotion, and transfer
- Disciplinary action documentation
- Policy sign-off forms
- Training records

Information not accessible by employees

- References or reference checks
- Records of any investigation undertaken by management
- Medical records
- Documents relating to judicial proceedings
- Any document that would violate the confidentiality of another employee
- Documents used for employee planning

Example: document performance

A tile company has eight consumer tile showrooms throughout NSW. The organisation keeps records for 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 (key performance indicators) within the business.

For sales staff, the store managers are able to print a staff report at any time which shows up-to-date sales performance data, any outstanding issues and resolutions to past issues. The report also presents a page that details the staff member's professional development plans. Having instant access to these documents allows managers to be more prepared in instances where facts are required, such as immediate performance issues or other staff problems.

Practice task 14

1. Describe how your organisation, or an organisation you are familiar with, collects and stores staff performance data and information.

2. Does the current method meet legislative and organisational objectives?

3E Conduct formal, structured feedback sessions

Managing people performance through conducting formal, structured feedback sessions ensures the manager remains up to date on the skills, knowledge and performance of team members and can adequately and appropriately respond to poor performance with corrective action.

Formal feedback sessions

Formal and structured feedback sessions should be carefully planned prior to taking place to ensure the session maximises the opportunity to begin a performance improvement process for an employee. The manager should establish what needs to be discussed prior to the meeting and issue an agenda to the team member if required. The team member should also be given sufficient time to prepare for the session.

A formal, structured feedback session is necessary in a number of situations as described here.

Standard process	**As part of a standard performance management process** A formal performance review or appraisal should be conducted and recorded at least once a year, and must follow the procedures laid down by the organisation. The manager should take the employee through a series of structured sections that include discussing current performance, identifying whether the KPIs (key performance indicators) have been met, identifying where improvement needs to be made, confirming short- and long-term goals and preparing a professional development plan. While formal in its outline, the session should be conducted in a non-threatening, open manner that encourages active participation and discussion and allows the employee to speak freely and be open to suggestions.
Unsuccessful informal feedback	**If informal feedback has been unsuccessful in modifying behaviour** A formal, structured feedback session may be necessary if performance remains poor after other strategies have been implemented. As this may be a tense or emotional meeting, make sure you give the employee sufficient notice of the meeting so they know what the session will be about and can prepare themselves. Remain calm and follow a sequence of steps to: • explain the reason for the meeting • describe the current situation • ask for reasons for the poor performance • identify possible strategies for improvement.

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	In some cases, the reason for the poor performance may be a personal matter and giving the staff member time off to resolve it may be all that is needed. In other situations, the meeting may identify solutions such as in-house coaching, external training or mentoring; other resolutions may involve formally cautioning the employee or dismissal. The meeting should be formally documented and signed by both parties. In some circumstances you may decide to have a witness and a formal record of conversation (or recording device). This will ensure that all the key information can be referred to at a later date if required. It also adheres to the Fair Dismissal Code recommended under the *Fair Work Act 2009* (Cth). Note that when recording a person's voice, ensure you gain permission from those in attendance.
Misconduct	**If the misconduct is of a serious nature such as violence, fraud or theft** Where a breach of the employment code of conduct occurs, formal feedback should be arranged shortly after in order to capture as many of the facts as those involved can remember. Organisations should have procedures for dealing with serious misconduct outlined in the employment contract, or signed by the employee during their induction. It is vital to follow the existing protocols to avoid accusations of mismanagement, unfairness or bias. In many organisations, a misconduct claim must be supported by witnesses. If the matter is of a criminal nature, police should be informed in accordance with company policy. If the matter is to be dealt with by managers within the organisation, it may be prudent to gather witness testimony prior to conducting the formal feedback session with the offending staff member.
Skills audit	**As part of a skills audit** When training needs are being analysed, organisations may conduct a skills audit to test the current competencies of staff within a given area. As a part of this process, managers or supervisors may wish to conduct formal feedback sessions to prepare employees for future training requirements. The skills audit feedback session is similar to a standard feedback session in that it compares performance against predefined standards to identify gaps. In this case, however, the gaps are identified for the specific purpose of arranging training for the staff concerned.

Deal with misconduct

There are a number of steps that should be followed when using a formal, structured feedback session to deal with misconduct. These are listed here.

1. Identify the incident of misconduct.
2. Isolate the offender (in an office or away from the scene).
3. Conduct brief interviews with third-party witnesses to gather information.
4. Avoid talking with any party accusing the offender of the misconduct, as their testimony will often be biased – rather ask any witnesses to stick to factual accounts only.
5. Prepare yourself emotionally (allow any heightened emotions to settle).
6. Organise for a third party to be present at the session (must not be a lawyer – preferably someone with no vested interest in the events).
7. Conduct the feedback session by asking the offender to describe the events.
8. Ask the witness to take detailed notes of the conversation – make sure you give them time to write important points – don't rush.
9. Agree on a process with the employee in accordance with company policy.
10. When the record of conversation is completed, all parties should sign and date.
11. Store the record on the employee's personnel file for future reference.

Example: conduct formal, structured feedback sessions

Hugh has recently been employed as a golf instructor at an exclusive Gold Coast golf club. His employer follows the standard induction process which include careful consideration of the etiquette and conduct of staff and patrons at the club.

During a session, Hugh becomes frustrated with a client who is seemingly not listening to his instructions. As his emotions boil over, Hugh yells at the client and tells her to 'Forget about it and learn lawn bowls instead!' The outburst is overheard by at least five other staff and clients on the range at the time, one of whom goes to Hugh and says, 'You'd better keep it down and apologise to the client'.

Some hours later, the club secretary approaches Hugh and asks to talk with him about the events of the day. He also asks the club president to join them in the ante-room where they can talk privately.

The secretary produces three forms. One is the record-of-conversation form, another is a formal letter of warning, while the last is a copy of the code of conduct previously signed by Hugh. The secretary explains that this process is to address Hugh's behaviour that day and to discuss what corrective action may be initiated.

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Practice task 15

Describe the situations in which your organisation, or an organisation you are familiar with, conducts formal, structured feedback sessions with employees. Make reference to the following:

a) The types of feedback sessions used.

b) The process for dealing with serious misconduct.

c) Organisational policies and procedures, and legislative requirements followed.

Summary

1. Effective management involves regular, informal feedback. You want your staff to understand that feedback is a technique you will employ frequently. Feedback directs behaviour. It reinforces positive behaviour and reduces negative behaviour.
2. It is essential that managers know how to deal with the day-to-day management of underperforming staff. In addition to developing an employee's KPIs, you may wish to create a list of poor behaviours so staff recognise what the organisation considers indicative of poor performance.
3. Only personnel within the reporting line of the employee should be advised of poor performance issues.
4. The *Fair Work Act 2009* (Cth) and the Fair Dismissal Code provide the legal framework for poor performance management.
5. Informal feedback should be conducted regularly to encourage workers to participate freely and reduce the stress of formal sessions.
6. Formal structured feedback can be used during standard organisational performance reviews, or as a means of escalation and misconduct management.

Learning checkpoint 3 Provide feedback

This learning checkpoint allows you to review your skills and knowledge in providing feedback.

Part A

1. Explain how the use of regular informal feedback contributes to better performance within an organisation.

2. List the people within an organisation who should be informed about a team member's poor performance. Describe the necessary action that must be taken and the legal limitations that may exist.

3. Describe three strategies for providing on-the-job coaching when necessary to improve performance and to confirm excellent in performance.

4. Describe two types of documentation required in an organisational performance management process.

5. Explain the purpose of a formal, structured feedback session.

Part B

Read the case study, then complete the following task.

Case study
An oil spill off the Australian coastline triggered a large investigation by the authorities and the management of the ship's owners, Westerway Oil and Gas. During the investigation, environmental lawyers uncovered a culture of 'cutting corners' by the crew of the ship responsible for the spill. This resulted in unsafe and hazardous work practices. While no loss of life occurred as a result of this incident, investigators believed the risk of death to be extremely high. You are part of the management team for Westerway Oil and Gas appointed to correct organisational performance management processes found to be lacking in the investigation.

Using your knowledge of performance management, identify the approaches you would implement to:

a) improve the performance of the crew on the ship
b) establish a culture of excellence in performance
c) deal with poor performers.

Topic 4
Manage follow-up

A comprehensive performance management system operates in an ongoing cycle. An important part of that cycle is the progressive management of individuals whose performance or behaviour has come under scrutiny. Managing the follow-up process with these individuals is an important responsibility of all managers.

There are several methods of follow-up designed to monitor and control the performance of an individual once a performance issue has been identified. The final process, if all else has failed, is to terminate the employment of the individual for the sake of both parties.

In this topic you will learn how to:

4A Write performance improvement and development plans and obtain agreement

4B Seek assistance from human resources specialists

4C Reinforce excellence in performance through recognition and feedback

4D Monitor and coach individuals with poor performance

4E Provide support services

4F Counsel individuals who perform below expectations and implement the disciplinary process

4G Terminate staff in accordance with legal and organisational requirements

4A Write performance improvement and development plans and obtain agreement

An outcome of a formal feedback session is a list of agreed key performance indicators (KPIs) that will demonstrate what the employee has to achieve in order to show that they have improved from their current position. These KPIs are then consolidated in a document known as a performance improvement plan (PIP) or performance development plan. Note that this is a different document to the personal/professional development plan (PDP), which outlines the employee's goals and objectives of their job role.

Create performance objectives

A performance objective must be clear, concise, fair, and unambiguous. Performance objectives should provide a pathway for the employee to achieve work outcomes and the opportunity to reflect on how a particular standard was achieved. It is important that the employee can visualise how they may achieve the result.

A performance objective is a specific end result that contributes to the success of the work team or organisation, that an employee is expected to produce.

Creating performance objectives starts with understanding what performance objectives are and aligning them with organisational goals and priorities. The steps involved are shown here.

Creating effective performance objectives
1. Understand the purpose of performance objectives – providing focus to an employee's work to ensure that their actions are directed towards achieving important work-related outcomes.
2. Compile resources – gather sources of information that will assist you to write accurate, job-specific performance objectives, for example, position descriptions, or policies and procedures.
3. Determine priorities – make a list of the most important aspects and work activities of the job that are critical to supporting the organisation's goals.
4. Ensure work activities lead to desired end results – specifically identify the end results desired of specific work activities to direct the employee how to perform in the completion of work tasks.
5. Make objectives SMART – specific, measurable, achievable, realistic and time-framed.
6. Review performance objectives – determine whether you are missing any critical components.

Prepare a performance development 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 training or coaching sessions, time set aside for practice (where appropriate) and when formal feedback sessions are scheduled.

This is best done in conjunction with the employee so the strategies are arrived at cooperatively and there is consensus with the suggestions.

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

When preparing the plan:

- be positive
- remain calm and unemotional
- allow the employee to agree with you on small points first, as this establishes a pattern of positive responses that can lead to a more open and frank discussion
- explain how you can arrive at each of the KPIs together and ask for suggestions.

Develop a performance improvement plan

A performance improvement plan (PIP) is a written record of how an employee is expected to correct deficiencies in performing their role. This protects the employee and the employer and avoids confusion about expectations.

The purpose of a PIP is to help staff address and correct any issues in their work that may be affecting the organisation. A PIP is developed before any other disciplinary action is taken to provide the employee with an opportunity to strategise on and rectify their performance. The steps involved in developing a PIP are provided below.

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.

Document the objectives

When the objectives are agreed upon, you need to document them using the organisation's performance development planning template and ask the employee to sign off on the agreed terms. They also need to understand they will be monitored over the period of the performance plan. In many organisations, the employee is expected to sign the document to show they understand and agree with their new KPIs.

Example: write performance improvement and development plans and obtain agreement

If an employee is consistently achieving sales of between 10% and 15% below budget, some examples of SMART KPIs for this individual would be:

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

The KPIs should be developed in consultation with the employee so they understand where the shortfalls are in their performance and what standard of performance is required. Arrange a time with the employee and let them know the purpose of the meeting.

Practice task 16

1. Why should a performance plan allow for employee development opportunities?

2. Creating performance objectives starts with understanding what performance objectives are and aligning them with organisational goals and priorities. Explain the importance of having the employee and the manager review, accept and sign performance development plans.

4B Seek assistance from human resources specialists

Due to complex work arrangements, specific technical skills and the factor of time, most managers need to seek advice or refer issues to HR specialists from time to time.

Many organisations have personnel assigned to the role of human resources manager. HR is considered a speciality due to the complex rules and legislation surrounding employment in Australia. In small organisations, a manager may have to assume many of the HR responsibilities.

Issues handled by designated HR specialists

Human resources (HR) specialists deal with a range of complex issues that require specialised knowledge. They must be experts in the workings of relevant legislation such as work health and safety (WHS), privacy and industrial relations regulations. An HR specialist will generally perform the following functions.

HR specialist functions
Provide support on the full range of HR services, including recruitment and selection, training and development, performance management, staff welfare and the dismissal process.
Develop effective recommendations and solutions in relation to people management issues such as behavioural difficulties, personal problems, and serious offences such as theft or violence.
Assist with the deployment of solutions/programs in relation to people management by participating in, or facilitating, training and briefings, and being available to follow up advice.
Ensure the management of WHS systems, processes and practices are in place, and that the workplace is safe for employees, contractors and visitors.

Methods of seeking assistance

If your organisation has internal HR specialists, then your approach is dictated by organisational protocols. These might include scheduling a meeting with the relevant specialist, sending an email, directing information via a web portal, or approaching them face to face.

In the absence of an in-house HR specialist:

- 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.

Know when to contact HR specialists

When you are faced with an issue relating to a staff member, you may decide that you have the experience or knowledge to deal with it. However, if you are new to management, you may consider asking the HR specialist for advice. A rule of thumb is 'When in doubt, ask!' This is a safe approach, but can incur timely delays and costs if the referral or information is not necessary.

As a risk management strategy, it is recommended that you establish your own competency level in the areas of HR speciality, and create a reference system for matters outside your expertise.

Alternatively, you can endeavour to gain knowledge and skills in the area yourself by highlighting opportunities on your personal development plan.

It is often best to seek support when any doubt exists, as there are potentially serious risks involved with inappropriately dealing with HR issues outside of your level of expertise. Some examples of these risks are shown below.

- Complaints from staff or external customers
- Decrease in staff morale
- Legal action against the organisation
- Damage to organisational reputation

Example: Seek assistance from human resources 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.

Practice task 17

1. Describe the role of the HR specialist within your organisation, or an organisation you are familiar with. If you do not have an in-house HR specialist, how would you go about seeking more information relating to difficult performance-related issues in the workplace?

2. Explain how the use of an HR specialist can be an effective risk-management strategy.

4C Reinforce excellence in performance through recognition and feedback

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.

Recognition process

Recognition is a powerful motivator. An organisation's orientation towards the use of recognition, awards and positive feedback is an indication of the value the organisation assigns to staff.

HR specialists can play an active role in the recognition process.

HR specialists assist by:

- designing and implementing effective recognition programs
- tracking what works and what doesn't, and using this knowledge to recommend effective changes
- training managers about the organisation's recognition programs
- providing coaching to managers and supervisors.

Recognition strategies

There are several methods of recognition and positive feedback that foster excellence within an organisation. The methods of recognition an organisation uses will depend on the size, nature and culture of the organisation. There is a range of recognition strategies commonly applied within the workplace as shown here.

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:

- sales commissions
- bonuses
- profit sharing
- share allocations.

These rewards must be detailed in performance contracts and visible to the organisation's accounting system.

Gifts of monetary value
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.

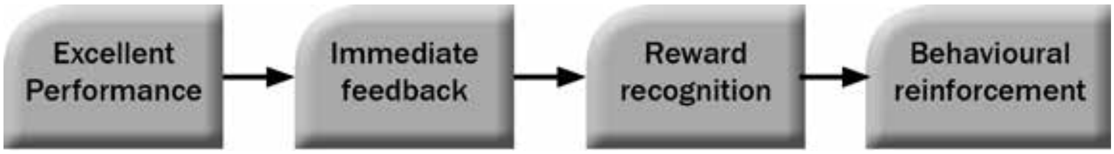
Non-monetary gifts
This includes rewards for recognition or service, performance or other qualities fostered by the company such as: • an article in the company newsletter • an announcement at a staff meeting. For example, 'Employee of the Week' award.

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: • 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.

Achieve performance excellence through feedback

If an employee regularly performs at a standard higher than that expected within their prescribed standards, positive feedback should be immediate, genuine and offer recognition in front of their peers and supervisors. This creates a performance cycle of excellence, where the individual seeks to replicate the behaviour that received the recognition. This is outlined in the following diagram.



Limitations of the performance excellence approach

There are limitations associated with the performance excellence approach.

To avoid the drawbacks that can occur when a system becomes normalised and recognition is no longer something that appears to motivate staff, managers can establish non-routine reward systems by fostering an entrepreneurial or creative culture. This type of system removes the boundaries of excellence to encourage staff to think big and attempt new things in an effort to grow the company and its value.

A mix of team and individual rewards can shift the focus from individual performance to team performance (and back) to encourage a positive group dynamic. This approach is often demonstrated in sales environments and cross-organisational competitions. Simple competitive rewards for team-based success can achieve outstanding performance. The team's opposition can include external competitors, market share numbers or new market opportunities (not just other groups within the organisation).

Limitations associated with the performance excellence approach may include:

- negative effects on others if only one or two staff regularly receive recognition (this can be minimised by broadening the reward criteria)
- likelihood of burnout if the goals are changed (quantitatively increased) to meet the increased performance ability
- dissatisfaction over time as rewards become normalised into everyday work or lose their incentive value.

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 had 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 operate efficiently. Without the support staff, the sales people would not be able to perform their role.

While the explanation is valid, both agree to meet again to discuss a more inventive method of incentivising support staff.

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Practice task 18

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

2. Explain why reward and recognition systems may not be successful in reinforcing excellence in performance.

4D Monitor and coach individuals with poor performance

Monitoring and coaching are effective strategies to help employees who are performing poorly.

Monitoring involves tracking a person's performance through observation, checking completed work, discussing the situation with the employee and asking for third-party reports to identify the cause of continued poor performance or behaviour.

Coaching involves being aware of the factors affecting performance and providing guidance on ways to improve.

The combination of monitoring and coaching acts as a way to keep the employee on track with the aim of returning them to consistent good performance.

Role of the manager

Once an employee has agreed to a set of standards to improve their performance, the supervisor or manager's role is to ensure the performance is kept up throughout the designated period. Here are some of the techniques that can they can use.

Time

Make time

Set time aside for coaching or delegate another experienced colleague as coach.

Mentoring

Mentor staff

Appoint yourself or an appropriate experienced colleague who is a good communicator to act as an ongoing mentor who provides guidance, support and information based on their experience and expertise.

Monitoring

Monitor the climate

Monitor the climate and get a sense of the employee's attitude towards the new set of KPIs. Make sure they understand what they have to achieve

Resources

Ensure available resources

Ensure resources are available and the employee has access to them.

Feedback

Provide feedback

Provide regular feedback and positive rewards for continued improvement.

Relationships

Maintain healthy relationships

Maintain a healthy relationship. When coaching or mentoring, be aware of developing too close a bond with someone you are trying to help. It is important to maintain impartiality in order to keep focused on organisational objectives and your legal obligations.

Acknowledgement

Acknowledge the work team

Acknowledge that the rest of the work team is watching. Members of a team are usually aware of individual differences in performance. The peers of the person you are coaching or mentoring will want to know you have the team's best interests in mind.

Demonstration

Demonstrate performance

Maintain your personal performance as a leader. Your performance is also being judged, not only by your superiors, but by your staff. An important aspect of good coaching and mentoring is being a good role model.

Example: monitor and coach individuals with poor performance

Brandon has worked at a city department store for three years with mixed performance reviews during that time. The organisation runs regular feedback sessions, performance meetings, annual appraisals, and sets PDPs with all full-time staff. Brandon's last PDP indicated that he would like to change departments from men's clothing to music.

Over the last month his performance has fallen dramatically, so much so that his department manager conducts a formal review of his performance to set down some strict performance improvement measures. The measures include his adherence to the store's dress code, attitude and punctuality – all of which are a major issue that affect his team and the store image.

It is agreed that the store will trial Brandon in the music department for three weeks. During that time, his dress, attitude and punctuality will be monitored on a daily basis. He is to report to the music department manager no less than five minutes before his shift starts for a brief and dress inspection.

As the three-week trial draws to an end, the music department manager reports than Brandon's level of commitment to the role is above average and that he has not once arrived late or in a below standard manner of dress and bearing. It is evident that the work environment and renewed interest in Brandon's performance have reinforced the positive behaviour expected by the store.

As a result, his employment continues within the new department, his old team are happy to see him doing well and the store manager has a more productive team in both department

Practice task 19

Read the following scenario then answer the questions that follow.

Scenario

You are the manager of the music department in the city department store where Brandon, an employee, works. You have been asked to provide one-on-one coaching to Brandon to guide him from an attitude of lazy and dishevelled performance, to that of a neat, motivated and focused employee.

Describe your strategy for coaching Brandon to improve his performance in the workplace. Consider the feelings and emotions Brandon may present during the coaching arrangements and explain how you intend to ensure the process is a positive experience for both of you.

4E Provide support services

No matter what your background or experience, you may need to enlist the support of experts when assisting an employee through the performance management cycle.

Technical support

Where performance shortfalls are of a technical nature, supervisors and managers may need to set a variety of KPIs with the employee to cover things such as technical training, quality management, attention to detail and product or service knowledge. These are described here.

Technical training

Technical training refers to the improvement of skills or knowledge in any specific area of expertise surrounding the production, transport or sale of a product or service. Training can cover the use of equipment, production performance, technical manuals, product support materials and computers.

Technical training may be provided by peers, coaches, a third-party expert brought in for a defined period, or by arranging for the employee to receive training off-site by relevant experts.

Quality management

Quality management refers to the ability of the staff member to meet the quality standards of the organisation. This may include:

- production quality
- adherence to operating processes and standard operating procedures
- personal and professional qualities required of the role.

Support services can include skills training, counselling services, coaching, mentoring, peer-assisted coaching, shadowing, or access to subject matter expert assistance.

Attention to detail

A common problem, especially with employees new to their job role or those who are on a tight schedule, is the lack of attention to detail. This shortcoming can result in damage to reputation, profitability and team cohesion and contribute to risk of conflict. Support for issues relating to focus and attention can include counselling, mentoring and coaching. In technically based roles, coaching in the form of explanation, demonstration and intimation (EDI) can be very effective.

Product/service knowledge

Product and service knowledge is another common technical problem which can lead to underperformance. It may be essential for employees to know the features of the product/service, how to use certain equipment, the benefits of the product/service and what it can do for others. Product knowledge can be supported by the following strategies provided by in-house experts:

- Information sessions
- Mentoring and peer-assisted coaching
- Observing experienced practitioners explaining the products and services to customers
- Providing catalogues and product brochures
- Arranging simulated role-plays

Managerial support

When the supervisor does not have the necessary managerial skills to assist the employee, support can be sourced from a number of areas. The skills and knowledge that commonly require support in this context include language and literacy support, legal advice, industrial relations (IR) or human resources (HR) specialist advice and personal advice are described below.

Language and literacy support
If English is the employee's second language, then support may be obtained through organisations such as ESL Support or local government and community groups. If the employee has reading and writing difficulties, then federal government support is available through the Reading Writing Hotline and vocational support centres.

Legal, IR or HR advice
Access to a trained practitioner is recommended. Larger organisations have dedicated staff to help in these areas, and there are many private and government organisations able to help smaller businesses. They include the following: • The Australian Government's online business support provides support to small business through access to legislation, regulation and industrial laws, precedents, and case studies. • The Australian Securities and Investments Commission deals with company law, company regulation, etc. • State chambers of commerce provide employer assistance lines, award information, and representation to government at industry level. • Trade unions can provide advice in HR and IR, and consultation processes. • Legal practitioners can assist with legal matters, interpretations and contract law (including employment contracts). • The Australian Industrial Relations Commission assists in brokering disputes between employer/employee, and can be a useful source of up-to-date advice on awards, pay disputes, etc. • Industry bodies (skills councils, institutes, associations) can assist with peer support, education and training and provide assistance and expert industry knowledge in legal matters to members.

Personal advice
Ethical boundaries should be set and not crossed when conducting performance management. Make sure you are aware of ethical practices when discussing: • health issues (including stress, injury, emotional issues, obesity, and sexual problems) • relationship issues • family problems (including domestic violence, divorce or separation) • drug- and alcohol-related issues • depression and suicidal tendencies. Support for employees experiencing these issues can be sought from local, professional counselling and legal services. Some organisations contract to professional services, which maintain strict confidentiality and allow for a non-partial third party to support the individual. These services are usually offered free of charge to staff members. In cases where you may be legally bound to report a suspected issue, consult with your HR representative or local police.

Example: provide support services

Luke's progress since his formal review has been steady, but he has not met all the required standards agreed to in his development plan. His manager Cheryl is worried about him as he seems distant and lacks focus when he's at work.

Cheryl is a competent, long-term professional engineer but her people skills are not as developed as she would like, so she decides to approach her HR specialist for advice on helping Luke. Diane, the HR specialist for the firm, encourages Cheryl to talk with Luke in a non-confronting manner and in a non-threatening environment. She suggests that this could be in the park across the street during a morning tea break.

Cheryl takes Diane's advice and approaches Luke before the break.

'Can we meet in the park for 10 minutes? I'd like to ask you about your progress.' Cheryl carefully words her request so Luke clearly understands her.

The meeting is productive, as Luke shares that his father passed away last week and he is not dealing with it well. Cheryl empathises, as her parents had passed away not that long ago and she can recall the feelings at the time. Cheryl recommends a free-call support service for Luke to call and recommends he seeks comfort with friends and other relatives.

Practice task 20

Using this table, prepare a database of local contacts to seek advice from, or use to support staff in the performance management process.

Type of support	Local contact details
State chamber of commerce	
External HR specialists	
Management consultants	
Trade unions	
Legal practitioners	
Counsellors	
Specialists (for example, translators)	

4F Counsel individuals who perform below expectations and implement the disciplinary process

When 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 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 underperform. Following due process ensures you are operating within a legal perspective.

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. These 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 conversation were taken and clear guidelines for performance were agreed to. During that process, mention of disciplinary procedures taking place should have been made. By the time the 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 the use of:

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

Disciplinary proceedings

In the first instance, the aim of implementing a disciplinary action is to correct the behaviour of an employee by escalating the consequences of inaction on their behalf. It 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

In wrongful dismissal cases, lawyers defending an organisation's right to terminate employment will seek to establish a long period of poor performance. Showing adherence to a process of performance reviews, feedback, development plans and records of conversation over time 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 of increments
- withholding of an increment
- suspension with or without pay
- termination of employment (unsatisfactory performance or serious misconduct).

Example: counsel individuals who perform below expectations 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.

Practice task 21

Briefly summarise the process in your organisation, or an organisation of your choice, for implementing disciplinary action towards an employee. Explain how this process would benefit an employee.

4G Terminate staff in accordance with legal and organisational requirements

The final step in an ongoing performance management issue when satisfaction cannot be realised is employee termination. Termination is the cessation of the contract of employment between an employer and an employee, at the initiative of the employer within relevant industrial agreements. For legal compliance, termination must be accompanied by several legal and organisational documents.

Organisational and legal requirements for termination

Procedural and documentation requirements 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, then leave must be granted. Often, an employer will pay for 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) then leave without pay may be enforced. Commonly, contractual arrangements will enforce attendance at the workplace during the notice period, with sometimes one day off 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/dismissal is the formal letter required under law to be sent or handed to an employee whose employment contract has been terminated. A copy must also be kept on record along with payroll records of termination, for no less than seven years. The termination pay statement must be given to the employee on or shortly after the time of 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 nothing is heard from the employee. Note that every effort should be made to contact the employee or their designated next of kin to ensure that 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.

Other legal requirements
Termination must be lawful. That means it does not breach the employment contract, equal opportunity, discrimination or other legislation, and is compliant with any award or agreement that covers the employee. Additionally, there must be a valid reason for the termination. The date and reasons for termination must be clear to both parties. Any notice to terminate the employment must be in writing. This can be a letter of termination or a letter of resignation. The employee should be offered assistance if they need to draft a letter of resignation to ensure it: • covers the necessary information required • does not defame any individual or organisation • does not inflame relations between the parties. The employer must ensure that it is compliant with notice periods required by legislation, awards, or contract (whichever is the most generous). For example, a resigning employee must give the required period of notice and a terminated or retrenched employee must receive at least the minimum period of notice required by law, or payment in lieu of that notice (if the award or agreement permits). Employees must receive payment of their accrued entitlements. This may include payment for untaken annual and long service leave if required by the legislation.

Due process

If an employee's employment is terminated, the employer must follow due process. This means that the employee is entitled to:

- a valid reason for the dismissal
- a fair and transparent process leading up to the dismissal
- a written notice of the date of termination
- receive all wages due up to the time of dismissal
- receive a separation certificate
- full payment for any annual leave accrued
- full payment, if applicable, for redundancy entitlements
- full payment, if applicable, for long service leave not taken or pro rata long service leave.

Finalise a termination

A termination checklist is required by many organisations to ensure personal and organisational property is returned and processes are followed. The employer should collect any property belonging to the organisation that was issued to the employee, before the employee leaves the workplace.

Property to be returned by the employee may include:

- vehicles
- laptop computers and other equipment
- mobile phones
- credit cards
- business cards
- uniforms
- product samples
- security/access cards or keys.

Example: terminate staff in accordance with legal and organisational requirements

John has worked for Patterson's Manufacturing for six months. John's work performance has been well below standard for the last three months. John's boss Rick has counselled John and offered support services in the hope that his personal situation would turn around and his performance would improve.

Rick continues to monitor John's performance but notices that things are getting worse, not better. He formally counsels John and they agree that if his performance doesn't improve in the following two weeks that termination will result.

After two weeks, Rick has not seen an improvement in John's work. As a result, Rick begins the process of termination.

Rick contacts Rosey, his accounts administrator, to finalise John's pay. According to the company guidelines, John is entitled to four weeks at full pay. As John's performance is not adding to the organisation, Rick agrees with John that he can take this time off and that the pay will still be forthcoming, but leave will be deducted. John is not entitled to any accrued sick leave or long service leave.

Unlawful termination

Unlawful terminations are associated with breaches of the *Fair Work Act 2009* and are primarily based on discriminatory grounds. Under the Act, employment must not be terminated on certain grounds.

The Act grants employees the option of seeking a remedy if they have been terminated on unlawful or discriminatory grounds. Employees have the right to make a claim in relation to unlawful termination, and so the employer or the manager must be able to clearly demonstrate (based on facts and records kept) that the reason claimed by the employee was not the specific reason for termination of employment.

If an employee is eligible and decides to proceed, they need to make an application to the Fair Work Commission within 21 days of the dismissal taking effect.

An employer must not terminate an employee's employment for one or more of the following reasons:

- Temporary absence from work because of illness or injury
- Being a trade union member
- Participating in trade union with the employer's consent during working hours
- Not being a member of a trade union
- Seeking office, acting or having acted in the capacity as an employee representative
- Filing of a complaint or participating in proceedings against an employer involving alleged violation of laws
- Race, sex, sexual preference, age, disability, marital status, family or carer's responsibilities, pregnancy, religion, nationality or social origin
- Absence from work during maternity leave or other parental leave
- Temporary and reasonable absence from work for engaging in a voluntary emergency management activity

Unfair dismissal

Unfair dismissal is dealt with separately from unlawful termination by the *Fair Work Act 2009*. Unfair dismissal happens when an employee's dismissal from employment is harsh, unjust or unreasonable and was not a case of genuine redundancy.

If the employer is a small business, then unfair dismissal occurs if the dismissal was not consistent with the Small Business Fair Dismissal Code

The Fair Work Commission decides on cases of unfair dismissal and there is a time limit of 21 days for making an application to the commission for unfair dismissal.

Minimum employment periods can affect the eligibility to make an application for unfair dismissal. Generally, an employee must have been employed for at least six months before they can make an application for unfair dismissal, but in small businesses this period is 12 months

Practice task 22

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.

continued ...

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Summary

1. An outcome of a formal feedback session is a list of agreed key performance indicators that will demonstrate the employee's ability to improve from his or her current position.
2. A performance objective must be clear, concise and fair. There should be no room for ambiguity as this will lead to issues in the future measurement of performance.
3. HR is considered a speciality due to the complex rules and legislation surrounding employment in Australia. In small organisations, a manager may have to assume many of the HR responsibilities.
4. An organisation's orientation towards the use of recognition, awards and positive feedback is an indication of the value it assigns to staff.
5. The combination of monitoring and coaching acts as a way to keep the employee on track with the aim of returning him or her to regularly good performance.
6. Termination of an employee's contract requires careful adherence to organisational procedures, policy and legislative and award requirements.

Learning checkpoint 4
Manage follow-up

This learning checkpoint allows you to review your skills and knowledge in managing follow-up.

Part A

1. Write a brief performance improvement plan based on your current job position, or a position you have previously held. Ensure you create SMART objectives that relate specifically to the role and future plans for performance improvement.

2. Describe two ways in which human resource specialists can assist organisations in managing people performance.

3. Describe two ways in which recognition and continuous feedback can be used to reinforce excellence in performance.

4. Describe three ways to monitor and coach individuals with poor performance.

Part B

Read the scenario, then complete the following task.

Scenario

Blake is one of your staff members. His performance of duties has been up to standard, but you have noticed multiple instances of abusive and bullying behaviour. You have counselled Blake and formally recorded this behaviour, and the conversation you had with him. The records clearly state that Blake 'has agreed to not be abusive or bully fellow employees in the future'.

A few moments ago, you received notification that Blake had punched a customer. The incident was witnessed by several employees and the customer's partner.

1. Describe the action you must take to deal with this situation. Ensure you cover your legal obligations, your organisational obligations and the documentation you would be required to complete.

2. Describe any specialist advice or support services that you should access in this situation.