

Commissioner's Advice

**GUIDELINES FOR PERFORMANCE  
MANAGEMENT SYSTEMS**

**Office of the State Service Commissioner**

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# Contents

1.	Introduction	2
2.	Performance Management in the Tasmanian State Service	3
3.	Legislative and Policy Framework	4
	3.1 The <i>State Service Act 2000</i>	4
	3.2 Related Documents	5
	3.3 Commissioner’s Direction on Performance Management	6
4.	Establishing an Effective Performance Management System	7
	4.1 Planning and Development	7
	4.1.1 Define objectives	7
	4.1.2 Consider the environment	7
	4.1.3 Develop the model	8
	4.1.4 Pilot the model	9
	4.2 Implementation	10
	4.2.1 Develop an implementation plan	10
	4.2.2 Education and training	10
	4.3 Monitoring and Evaluation	11
	4.3.1 Performance Measures	11
	4.3.2 Reporting	12
	Compliance Checklist	13

# 1. Introduction

The *State Service Act 2000* aims to encourage modern management practices within the workplace and provide Agencies with the flexibility to manage human resources in a changing environment.

The State Service Principles and Code of Conduct form the basis of employment within the State Service and seek to ensure that the State Service is a well managed workplace, providing opportunities for employees based on access, equity and fairness and delivering a high standard of services to the community.

Under the *State Service Act 2000*, the State Service Commissioner (the Commissioner) has a duty to promote and uphold the Principles and Code of Conduct.

In addition the State Service Commissioner is required under section 18 (1)(h) of the State Service Act: *‘to develop principles and standards to assist Heads of Agencies in evaluating the performance of employees and provide assistance to Heads of Agencies in the application of those principles and standards’*.

The State Service Commissioner has issued a Direction to Heads of Agency establishing mandatory minimum standards for performance management systems. These Guidelines for Performance Management Systems are designed to assist Heads of Agency to meet their statutory obligation to implement a performance management system within their Agency.

The Guidelines cover the legislative basis for performance management, provide an outline of the elements of performance management systems and offer suggestions about how to establish and implement an effective performance management system.

Agencies are encouraged to use these Guidelines in a flexible manner to suit their own requirements and situations.

## **2. Performance Management in the Tasmanian State Service**

Performance management is an important tool that can assist Agencies to improve their organisational capability, to meet organisational objectives and to deliver high quality policy advice and services to the community on behalf of the Government.

Effective performance management integrates organisational, business and individual planning and performance, enabling employees to understand the goals of the organisation and to see how individual and team outputs contribute to the achievement of organisational objectives.

The performance management process articulates the standards of work expected of employees and the values and behaviours employees are expected to uphold in meeting their job requirements, and communicating and working with others. Performance management assists employees to understand what work they do well and how they can improve their performance, and provides a basis for career development.

Appropriate performance management is an important tool to assist State Service Agencies to meet the requirements of Government and the community. Agencies are increasingly recognising the need for organisation planning to link Government priority plans such as Tasmania *Together* to Corporate plans, branch business plans, team plans and ultimately to individual employee performance plans.

### 3. Legislative and Policy Framework

The legal framework provided by the *State Service Act 2000* outlines the Government and community expectation that the State Service is focused on managing its performance and achieving results.

#### 3.1 *State Service Act 2000*

Section 8 of the Act requires Heads of Agency to uphold, promote and comply with the State Service Principles found in Section 7 of the *Act*. Further, an officer and an employee, when acting in the course of State Service employment, must behave in a way that upholds the State Service Principles. The following Principles are specifically relevant to performance management:

- the State Service is accountable for its actions and performance, within the framework of Ministerial responsibility, to the Government, the Parliament and the community;
- the State Service is responsive to the government in providing honest, comprehensive, accurate and timely advice and in implementing the government's policies and programs;
- the State Service delivers services fairly and impartially to the community;
- the State Service develops leadership of the highest quality;
- the State Service establishes workplace practices that encourage communication, consultation, cooperation and input from employees on matters that affect their work and workplace;
- the State Service focuses on managing its performance and achieving results; and
- the State Service provides a fair system of review of decisions taken in respect of employees.

Under section 9 of the *Act*, State Service employees are also responsible for complying with the State Service Code of Conduct.

The Code of Conduct and the State Service Principles define the behavioural standards with which all Heads of Agency, officers and employees must comply:

- an employee must behave honestly and with integrity in the course of State Service employment;
- an employee must act with care and diligence in the course of State Service employment;
- an employee, when acting in the course of State Service employment, must treat everyone with respect and without harassment, victimisation or discrimination;
- an employee, when acting in the course of State Service employment, must comply with all applicable Australian law;
- an employee, must comply with any standing orders made under Section 34 (2) and with any lawful and reasonable direction given by a person having authority to give the direction;

- an employee must maintain appropriate confidentiality about dealings of, and information acquired by, the employee in the course of that employee's State Service employment;
- an employee must disclose, and take reasonable steps to avoid, any conflict of interest in connection with the employee's State Service employment;
- an employee must use Tasmanian Government resources in a proper manner;
- an employee must not knowingly provide false or misleading information in connection with the employee's State Service employment
- an employee must not make improper use of –
  - (a) Information gained in the course of his or her employment
  - (b) The employee's duties, status, power or authority –In order to gain, or to seek to gain, a gift, benefit or advantage for the employee or for any other person;
- an employee who receives a gift in the course of his or her employment or in relation to his or her employment must declare that gift as prescribed by the regulations;
- an employee, when acting in the course of State Service employment, must behave in a way that upholds the State Service Principles;
- an employee must at all times behave in a way that does not adversely affect the integrity and good reputation of the State Service; and
- an employee must comply with any other conduct requirement that is prescribed by the regulations.

The State Service Principles and Code of Conduct make it clear that in managing performance, the State Service is not only concerned with meeting targets and achieving results but also with the manner in which these targets are reached.

## 3.2 Related Documents

There are two Commissioner's Directions that must be considered in the context of performance management. Commissioner's Directions No 5 establishes the procedures to be followed in managing alleged breaches of the State Service Code of Conduct. Commissioner's Direction No 6 establishes the procedures to be followed when it is alleged that an employee is unable to efficiently and effectively perform their duties.

Those Directions make it clear that most performance issues can and should be able to be dealt with as part of a normal performance management process. Performance management provides the ability for the Head of Agency to take a number of actions to assist employees to manage their performance without dealing with a matter as a breach of the Code of Conduct or an inability to effectively and efficiently perform duties.

The Commissioner's Directions indicate that performance management should always be considered as the first option for managing performance issues.

### 3.3 Commissioner's Direction on Performance Management

The State Service Commissioner has issued a Commissioner's Direction under the State Service Act setting out the minimum principles and standards to assist the Head of Agency to develop and implement a performance management system. This is contained in Commissioner's Direction No. 4 . These guidelines are to be read in accordance with this Direction.

## 4. Establishing an Effective Performance Management System

Performance management should be viewed as part of an integrated system of corporate and human resource management. Effective human resource management has a direct impact on an Agency's ability to deliver its corporate objectives.

### 4.1 Planning and Development

#### 4.1.1 Define the objectives

If a performance management system is being developed for the first time or an existing system is being redeveloped, a clear picture should be formulated that aligns the performance management system with Agency corporate objectives.

Agencies should consider and define what their organisation is trying to achieve through performance management. Some possible objectives may include:

- Better alignment of individual and agency performance;
- Ongoing assessment of individual performance against agreed targets and performance measures;
- Provision of a mechanism for staff feedback and input;
- Linkage between learning and development activities and individual, team and Agency needs; or
- To identify employee and Agency achievements.

#### 4.1.2 Consider the environment

There are a range of environmental factors that will impact on an Agency's choice of system and what works best in a particular organisation.

**Culture of Organisation** – a strong values-based culture may exist in some Agencies, which may influence the type of system that will be most appropriate for staff and/or how the system is implemented.

**Industrial climate** – this may influence the nature and pace of implementation. Industrial Agreements may provide for a particular approach to performance management.

**Leadership** – The style and level of commitment of Heads of Agency and senior executives will influence the speed and style of implementation.

**Organisational history of performance management** – analysis of past experiences may aid Agencies in the design, implementation or evolution of performance management within their Agency. If a performance management system already exists, consider how it is viewed by staff and how change is likely to be received.

**Maturity of systems** – the nature of the performance management system and pace of implementation can be affected by other systems such as internal communication, personnel data systems and mechanisms for staff feedback.

**Cost of the system** – the cost of the system can affect the pace of implementation through the ability of an Agency to educate staff. The quality and ongoing effectiveness of the system may be affected by the ability of an Agency to provide sufficient staff and funding support to the program.

**Skill base available** – the effectiveness of the system will be dependant on the level of skill of managers and human resource professionals within the organisation and additional training and development may be required.

### 4.1.3 Develop the model

The following section outlines a number of factors that Agencies may wish to consider in designing an appropriate model to suit their needs.

**Staff involvement** - for successful development of a performance management system Agencies should involve staff in the development process. Involvement in the creation of the system may help to establish ownership and understanding by staff.

**Integration of the system** – Agencies should consider how the performance management system will be integrated with Agency corporate and business planning systems. In general, Agency objectives should be translated from the corporate and business plans into individual employee performance plans. As corporate and business planning cycles occur annually, an effective performance management system would require at minimum an annual performance review.

Aggregate data gathered through the performance management system should also be used as an input into Agency and branch planning processes and should form the basis for training and development activities within the organisation.

**Complexity of the system** – in general, the simpler the system is to use and support, the more sustainable it is likely to be in the long term. Agencies should consider the timespan of the performance cycle (ie how many assessments and reviews over what period of time), time commitment required by staff and managers to manage and administer, what administrative records are required to be kept and by whom.

**Performance assessment** – Agencies should consider whether the system should use generic criteria and competencies across the agency, branch specific or individual criteria, or a combination of both. In addition, the mechanisms to be used to evaluate

performance should be determined (quantitative, qualitative, vertical feedback, 360 degree feedback, etc).

**Managing performance** – Agencies should consider what reward and recognition mechanisms may be used to manage good performance, but also how underperformance will be managed. In addition, a clear and accessible mechanism for resolving grievances should be available, such as an Agency’s internal grievance process.

**Data and records** – Agencies should consider who will have access to performance management data and what will it be used for. While individual performance appraisals are confidential records, there may be data (such as individual training requirements) that can usefully be aggregated to assist in Agency planning.

**Measuring the success of the system** – In the planning stage, Agencies should give some thought as to how the long-term effectiveness of the performance management system will be measured. It is likely that both qualitative and quantitative indicators will need to be monitored to gain some measure of effectiveness of the system in achieving stated objectives.

#### 4.1.4 Pilot the model

Depending on the time and resources available, and the size of the organisation, Agencies may wish to consider piloting one or more different models within a small group within the organisation prior to introducing a performance management system throughout the Agency.

Piloting provides the opportunity to fine tune the model before it is implemented, and may increase the likelihood of success. While the pilot is underway, regular feedback to employees and managers about progress, common challenges being experienced, etc, will demystify the concept of performance management, increase understanding and prepare the ground for the introduction of performance management systems in the remainder of the Agency.

If the system is not piloted, it is advisable to road test feedback forms and manuals for usability/comprehension on a sample group of potential users of the system.

## 4.2 Implementation

### 4.2.1 Develop an implementation plan

When deciding when a new system should be introduced, Agencies should ensure the timing of implementation is relevant to Agency corporate and business planning processes.

Agencies should develop an implementation plan that sets out specific activities and actions with timeframes for completion and allocates responsibilities and sufficient resources for implementation.

A communication strategy should also be developed explaining the role of performance management within the organisation, and the linkages between corporate/business planning processes and individual performance and development.

Managers and employees must have a clear picture of how the process is to operate and what they can expect as participants.

Agencies may wish to consider a range of mechanisms to assist to raise awareness about the system and educate managers and staff on their roles and responsibilities. This may include:

- Discussing the system with managers, either individually or in groups;
- Conducting information sessions for employees;
- Developing resource manuals, brochures or information for the Agency internal website explaining the system and how it will operate; and
- Providing a central contact point for queries (such as a Human Resource Branch member).
- Consultation with Unions.

## 4.2.2 Learning and Development

In addition to undertaking general awareness raising, Agencies may wish to provide individual or group training to employees and managers involved in the program to ensure that participants have the appropriate skills to participate effectively in the process.

The competency areas that Agencies may consider for development of managers might include:

- Giving and receiving constructive feedback;
- Cross-cultural awareness and communication;
- Effective performance standards;
- Setting realistic objectives;
- Coaching skills;
- Training needs analysis;
- Managing under performance and rewarding good performance; and
- Conflict resolution.

The following is a list of development possibilities that could be considered for employees participating in the program.

- Negotiation skills;

- Cross-cultural awareness and communication;
- Appropriate assertiveness / Self confidence;
- Individual performance and organisational achievement;
- Setting work goals;
- Self assessment; and
- Giving and accepting feedback.

## **4.3 Monitoring and Evaluation**

Ongoing monitoring of the performance management system will ensure that the system remains relevant and useful to the Agency and employees.

### **4.3.1 Performance Measures**

Under the Commissioner's Direction, Heads of Agency are required to develop a set of performance indicators to evaluate the effectiveness of the Agency's performance management system.

Quantitative measures such as participation rates in performance management are useful but are not sufficient to track effectiveness of the system. Measurement of alignment of individual performance management outcomes with Branch, Division or Agency outcomes, or tracking the take up rate of training and development outcomes identified in the performance management process are other examples of quantitative measures.

Qualitative measures may be tracked through methods such as staff surveys and may include the level of staff satisfaction with the system, the effectiveness of feedback mechanisms, or the value of training and development activities in improving performance.

In addition the Head of Agency must review the Agency's performance management system at least once every four years to ensure that it complies with the Commissioner's Directions.

### **4.3.2 Reporting**

Under the Commissioner's Direction, Heads of Agency must annually evaluate and report on the effectiveness and outcomes of the Agency's performance management system.

Heads of Agency are also required to evaluate and report to the Commissioner on the employment policies and practices of the Agency including details of and statistical information (where applicable) relating to performance management.

The State Service Commissioner will analyse and report on comparative Agency performance. The focus will be on identifying performance management benchmarks across the State Service and identifying good/best practice.

## Compliance Checklist

The following checklist represents the best practice **minimum** requirements for establishing a performance management system.

- The objectives of the system are clearly defined and the system is documented
- The system is aligned with corporate objectives, priorities, strategies and processes and these linkages are understood by employees
- The effectiveness of the system is measured and reported and the system is reviewed on a regular basis
- The system is designed in consultation with employees
- The system is fair and equitable
- The system operates on a regular cycle with performance reviews occurring on at least an annual basis
- The system ensures the confidentiality and appropriate use of all information generated in the performance management process.
- The system promotes and maintains the State Service Principles
- The system is linked to training and development priorities