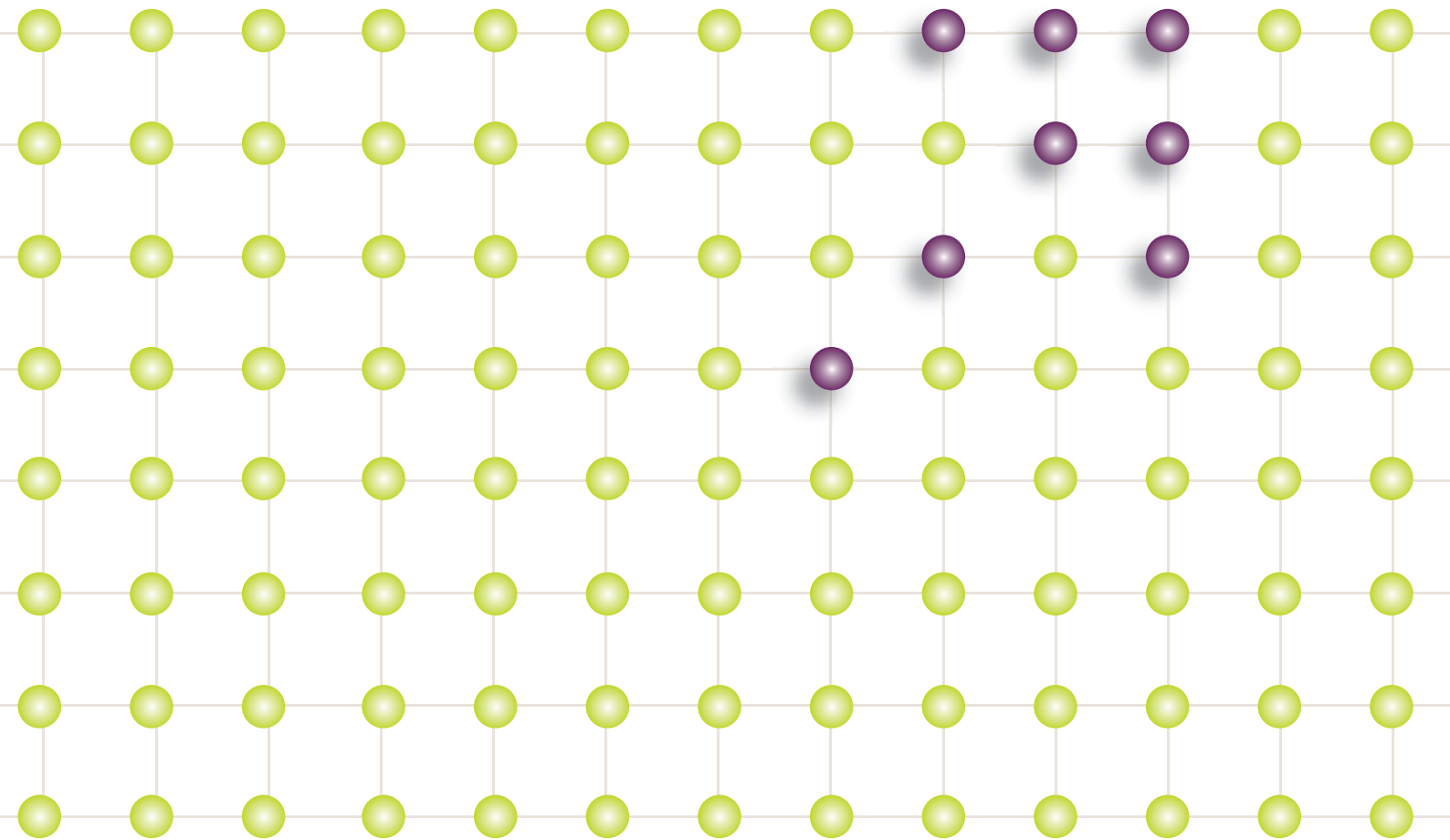


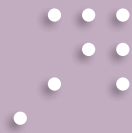
Managing for **Performance**

GUIDE FOR MANAGERS



**Performance Development
Framework**

NSW Public Sector



Using this guide

While there is no one-size-fits-all approach to managing people and their work performance, there is a range of core management practices that can help you maximise individual and team performance. This guide aims to help you do this.

Part 1 introduces you to the NSW Public Sector Performance Development Framework, its six components and essential elements, which the Public Service Commission (PSC) has established as mandated practices for everyone in the sector.

Part 2 describes how the six components of the Framework are applied, each representing a suite of good performance management practices and processes focused on aligning individual and team effort with business outcomes. These practices are currently not mandatory.

Each component is structured around 'what is involved' and 'when' it should be applied, followed by links to the 'how' in Part 3.

Part 3 lists a range of practical tips and tools you can use to manage employee performance.

Part 4 aims to bust some of the myths and perceived barriers to managing performance.

This is not intended to be a comprehensive guide for managing employees and teams, or a substitute for agency policies or specialist advice from HR teams.

Publication and contact details

Managing for performance: Guide for managers

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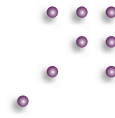
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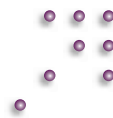
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Foreword

As a manager, your role involves managing the most fundamental resource within the NSW public sector: our people.

Performance development is not about once-yearly reviews, following a rigid process, or focusing only on unsatisfactory performance; the large majority of public sector employees want to and do perform well.

We know that we all work best when we:

- have clear goals and understand what is expected of us
- receive fair and regular feedback about how we are performing
- have the capabilities to do our job
- are recognised for a job well done
- receive feedback about how we can improve.

You have a critical role in making sure this happens for your team.

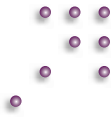
But it is not a one-way process—feedback should go both ways. Regardless of role or level, every employee is responsible for managing their own performance and career development, but you need to support everyone you manage to perform to the best of their ability.

The new NSW Public Sector Performance Development Framework provides a practical guide with six core components, each of which are mandatory. There is no one-size fits all approach to managing people; this guide is a reference to help you apply good management practices for each of these six components.

While annual reviews are certainly not the be all and end all of performance development, we know from our recent People Matter Survey that not everyone in the sector is having these conversations. These are an absolute must and we are now tracking this to make sure these conversations happen universally across the sector. But as this guide makes clear, annual reviews are just a building block for more regular and effective performance development.

I hope this guide helps you in your role as a manager. Better performance development will help us achieve our commitment to creating a highly performing and engaged public sector.

Graeme Head
Commissioner



Introduction

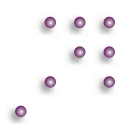
The NSW Government is committed to creating a high-performance public sector. To achieve this, it is crucial to improve the performance of the sector's workforce.

As a manager, you should work with employees to:

- set and clarify expectations, by ensuring employees understand their roles and what is expected of them
- monitor employees' performance and engage in ongoing two-way discussions to continuously develop their performance
- plan and review employees' work objectives, and help them understand how their achievements link to agency and sector objectives

- develop the capabilities employees need to effectively fulfil their roles and perform at a high level
- recognise employees for good performance
- resolve unsatisfactory performance promptly and effectively.





NSW Public Sector Performance Development Framework



Figure 1: Components of the Performance Development Framework

According to legislation¹, all public sector agencies must have a performance management system that meets essential elements and guidelines set by the Public Service Commissioner.

The NSW Public Sector Performance Development Framework contains these guidelines and sets the approach for managing all aspects of employee performance in the NSW public sector.

As depicted in Figure 1, the Framework consists of six components. Each component has essential elements that define the mandatory benchmarks for agency performance management systems. These are set out on page 8 of this guide.

The Framework's components are not designed to be applied sequentially. It is important to understand the purpose of each component and apply them appropriately, whether individually or in combination, depending on the circumstances.

The PSC will review the Framework regularly to support ongoing improvements in performance management across the sector and to ensure it is aligned with further workforce management reforms.

¹ Section 67 of the *Government Sector Employment Act 2013*

Managing for performance

‘Managing for performance’ describes management practices and activities to improve performance and align individual and team efforts with the organisation’s objectives. ‘Performance’ in the context of this Framework comprises not only what an employee does in their role, but also how they go about doing it – their behaviour.

Effectively managing an employee’s performance is a hallmark of a successful manager. Research shows that employees work best when they have clear goals and understand what is expected of them and their work; receive fair and regular feedback about how they are performing; are recognised for a job well done; and get constructive advice about areas of unsatisfactory performance and how they may improve².

An organisation’s performance is the result of the combined efforts of the individuals within it. Figure 2 illustrates how every employee plays an important role in achieving divisional, departmental and state-wide objectives. As a manager, you play a critical role in aligning employee capabilities and efforts with organisational outcomes.

This involves ensuring your employees clearly understand what they need to achieve; what capabilities they need to be successful in their role; any processes and procedures they are expected to follow; and the standards and behaviour expected of them. Managers also need to work with employees to identify their capabilities, leverage their strengths and provide development opportunities to close any gaps between their capabilities and what is expected of them.

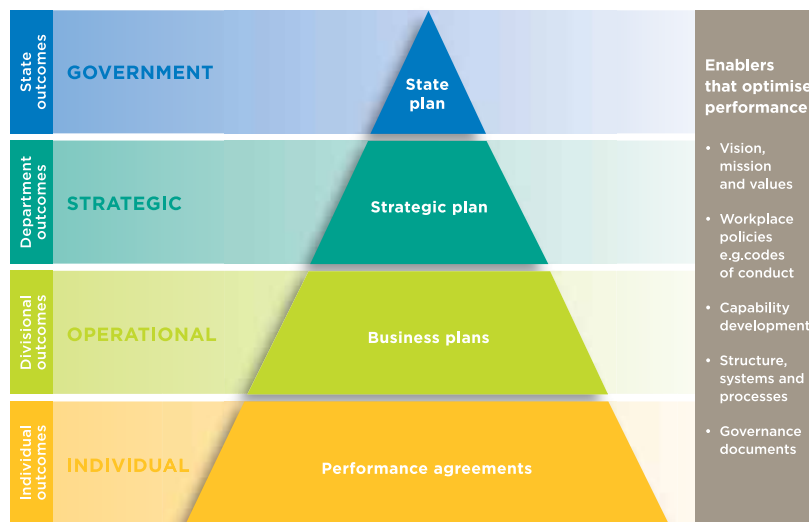


Figure 2: Individual objectives feed into state-wide strategies

² Corporate Leadership Council (2005), *Managing for high performance and retention*, Corporate Executive Board, Washington DC.

Performance management isn't about once-yearly reviews or focusing only on unsatisfactory performance. Nor is it about filling in forms and ticking boxes over the year as you complete each activity. Rather, it is an ongoing process involving regular discussions with employees about continuously improving their performance. These discussions are an opportunity for you to set and manage your employees' expectations; acknowledge good performance through positive feedback; provide constructive advice to realign expectations and performance; help them develop key capabilities; and, if necessary, address unsatisfactory performance. A large majority of employees want to, and do, perform well. Unsatisfactory performance is only an issue for less than 5 or 10% of employees³.

Good performance development is about managing all aspects of employee performance consistently, equitably and transparently. This enables you to:

- build and maintain open and constructive working relationships with your employees
- help them understand the link between their everyday work, your role and the organisation's objectives
- allocate work tasks more effectively
- better target learning and development to meet individuals' and the organisation's needs
- recognise and develop talent
- improve employee engagement⁴.

According to research by the Corporate Leadership Council, an employee's understanding of expectations and standards – and how they relate to their work and the organisation – is the biggest driver of employee and organisational performance. When employees understand this, their performance can improve by as much as 36%⁵.

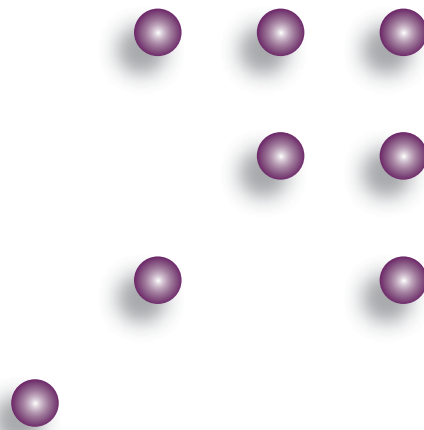
As a manager, there is a range of actions you can take to effectively support and build the performance of individuals and your whole team. These are set out in the next part of this guide.

³ US Office of Personnel Management (1999), *Report of a special study – Poor performers in Government: A quest for the true story*. The Office of Merit Systems, Oversight and Effectiveness found that, contrary to the popular perception that poor performance was a problem in the federal public service, poor performers represented only approximately 3.7% of the workforce.

⁴ The concept of 'employee engagement' is generally recognised as an employee's connection and commitment to their organisation, its goals and values as a whole. For further information, refer to page 41 of *How it is: The State of the NSW Public Sector Report 2012*.

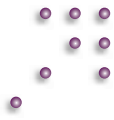
⁵ Corporate Leadership Council (2002), *Building the High-Performance Workforce – a quantitative analysis of the effectiveness of performance management strategies*, Corporate Executive Board, Washington DC.

*Components
of the*
Framework
*and good
performance*
**management
practices**



Components and essential elements of the NSW Public Sector Performance Development Framework

	Component	Essential elements
CONTINUOUS	Set and clarify expectations Collaborative process between manager and employee to set performance expectations and clarify them on an ongoing basis.	<ul style="list-style-type: none"> Each employee has an up-to-date description of their role, including required capabilities and responsibilities, linked to the organisation's strategy. All employees understand the public sector values, the capabilities required of them in their roles, and the deliverables for which they are accountable. All employees are aware of the codes of conduct, policies, procedures and standards they are expected to observe. All new employees (in the sector or the team) undergo a review process that includes informal and formal reviews.
	Monitor Ongoing joint evaluation of progress towards achieving work goals and expectations, involving regular two-way feedback.	<ul style="list-style-type: none"> All employees have regular opportunities to discuss their work with their manager and receive informal feedback on their performance (either individually or as a team). All employees have the opportunity to provide informal and formal feedback (through a structured assessment method) to their manager.
	Plan and review Collaborative process between manager and employee to plan performance, linked to corporate objectives, with periodic reviews of progress towards achieving work goals.	<ul style="list-style-type: none"> All employees have an annual formal performance agreement with their manager that sets out individual performance objectives linked to corporate objectives as well as the capabilities they are required to demonstrate in their role. Performance agreements for all executives who have financial accountability include mandatory performance objectives set out in Appendix A. Performance agreements for all employees who have responsibility for managing people include mandatory performance objectives set out in Appendix B. All employees have a formal performance review at least once a year. Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.
CYCLICAL	Develop Collaborative process to identify and develop employees' capabilities with periodic reviews of progress.	<ul style="list-style-type: none"> Development plans are based on the capabilities required in the role, the employees' existing capabilities, and his/her performance objectives and/or career goals. Progress against development plans is formally reviewed at least once a year.
	Recognise Regular practice of recognising employee efforts and excellent performance outcomes and achievements.	<ul style="list-style-type: none"> Agencies have guidelines in place to help managers appropriately recognise employees at the local level.
EVENT-DRIVEN	Resolve unsatisfactory performance Process of addressing employee unsatisfactory performance.	<ul style="list-style-type: none"> Managers promptly work with the employee to understand and resolve instances or patterns of unsatisfactory performance.



Set and clarify expectations

Good performance starts with employees having a clear understanding of goals and expectations. This first critical step establishes the requirements for them to perform their role.

What's involved

An employee needs to know:

- their role, required capabilities, responsibilities and contribution within the team and the organisation
- what they are accountable for and expected to deliver to their team and organisation's mission and goals
- expectations around ethics, values and behaviour
- how their performance will be measured and assessed.

You should discuss these expectations clearly and openly with each employee, making sure that you both have a shared understanding of each other's responsibilities and accountabilities.

Performance expectations should be based on the capabilities employees need to carry out their role effectively. They should also be derived from the public sector core values and directly relate to your agency's mission and goals. Performance expectations must describe acceptable behaviours and actions expected and define work outputs required.

You should develop these expectations collaboratively with each employee (except for legislated or mandatory corporate requirements or objectives) to ensure you both understand what is required.

Once you have established expectations, you should continuously monitor your employees' performance, provide feedback to reinforce their performance and clarify expectations on an ongoing basis.



When to set or clarify expectations

You should set and clarify expectations on an ongoing basis, but particularly when a new employee starts work, an existing employee takes on a new role or their responsibilities change, and when you take on a new team or the team's responsibilities change. Doing this will help employees clarify their responsibilities and realign their performance.

Failing to set clear standards of performance and behaviour can cause employee confusion or misunderstanding, leaving employees unable to perform their role even if they are capable of doing so.

While it is important to set and clarify expectations for employees individually, it is equally important to do this for the whole team.

Setting expectations for your team

Teams are diverse, with different dynamics, cultures and people. Change – whether within the team or in the environment it operates in – can create uncertainty.

One of the most important steps in building a high-performing team is to set or clarify expectations. This gives the team an opportunity to discuss their expectations before working together.

What's involved

When setting and clarifying expectations for your team, discuss shared goals and values, and how they relate to those of the organisation and the public sector. Ask your team to consider its role within the organisation and what it is expected to deliver.

It's important to determine the key roles and responsibilities within the team and how decisions will be made. To ensure good working relationships, establish how team members are expected to behave and conduct themselves at work, and with other team members; and what behaviours will not be accepted, such as bullying or harassment. Lastly, set the performance standards they are expected to meet, and how these will be measured and assessed.

When to set or clarify expectations

You should set, or clarify and discuss expectations with a team when:

- you start to lead a new team or a new employee joins the team
- the team's responsibilities change or team member responsibilities need to be clarified
- workplace or organisational policies that guide employee conduct and behaviours are introduced or changed.

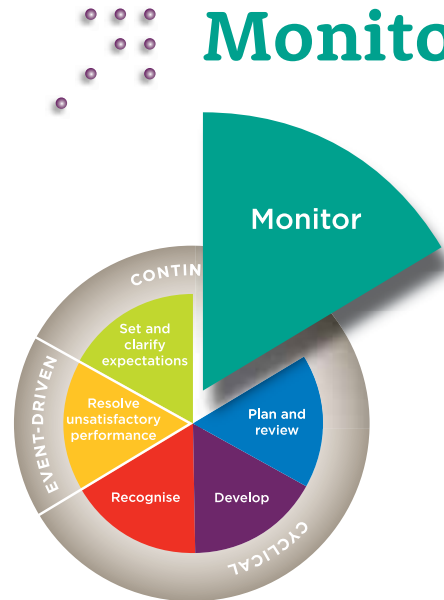
Setting expectations and regularly clarifying and reinforcing them on an ongoing basis will avoid misunderstandings, conflict and disagreements within the team.

Useful tools and references

Refer to Part 3 of this guide for more information on:

- Capability frameworks (page 23)
- Codes of conduct, and workplace policies and procedures (page 24)
- Developing senior executive services (SES) performance agreements (page 32)
- Preventing bullying in the workplace (page 23)
- Probation review, which allows you to support a new employee's progress and learning in their new role (page 34)
- Role definition (page 35)
- Values statements (See also: codes of conduct, and workplace policies and procedures) that articulate an organisation's values and expected behaviours (page 37)

Monitoring performance ensures your employees are aware of how they are progressing against set expectations. You can provide feedback to motivate employees to develop and maintain effective performance, discuss and clarify expectations and realign their performance if needed.



What's involved

When monitoring your employees' performance, you should listen and ask questions about how they are doing. Meet with them regularly to discuss their work progress, their capabilities and possible development activities.

Give feedback on their work and encourage good performance by acknowledging their achievements. Conversely, if their performance is below expectations, clarify or reset what is expected of them and coach them to improve their work.

Informal but regular meetings and discussions will allow you to engage with employees on an ongoing basis. Both of you should come prepared to discuss factors affecting the employee's work goals, targets, and performance and development activities, and how they may be resolved. This can be an effective addition to informal monitoring, particularly where the work environment does not allow for regular contact.

Influence of feedback on performance⁶

Respondents to the 2012 *People Matter Employee Survey* who received formal and informal feedback had more positive perceptions of performance management than those who didn't receive any feedback.

Respondents who received informal feedback in the previous 12 months were also more highly engaged than those who only received formal performance appraisals or no feedback at all.

Employees who received a formal appraisal and informal feedback on their performance also reported that they had more learning and development opportunities.

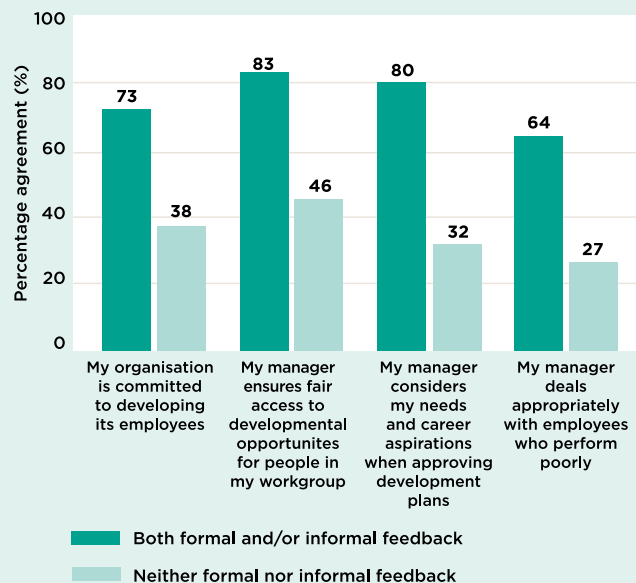


Figure 3: Employee perceptions of the ways performance management is approached

⁶ Public Service Commission (2012) *State of the NSW Public Sector Report 2012*, State of New South Wales

When to monitor performance

Performance monitoring shouldn't be left until the six-monthly formal performance reviews. By proactively monitoring performance on an ongoing basis, you can recognise progress and achievements, clarify the future direction, and identify and effectively address a performance issue when it happens – and before it worsens. In such instances, give clear advice on improving performance. Regular feedback and support resolves the majority of instances of unsatisfactory performance. Refer to the section on resolving unsatisfactory performance on page 19 for more information.

Employees who regularly meet and exceed expectations still require monitoring and should be recognised for their efforts and achievements. Without goal clarification and help with prioritising work demands, high-achieving employees can be underutilised and become demotivated.

Where operational circumstances make it possible, you should provide feedback to employees throughout the workday and deal with problems as they arise.

On some occasions, there is a greater need to monitor performance, such as when:

- a new employee starts work or when an employee is in a new role and needs additional support
- something changes that is affecting the employee's performance
- the employee's responsibilities change.

The principles for monitoring individual performance apply equally to teams. Team discussions should centre on the work, how it is achieved, achievements and the future of the team's work.

Monitoring team performance

Once you have set team expectations and objectives – and when the team starts to get results – you need to monitor the team to ensure it stays on course. This includes recognising the team's achievements, making any necessary corrections to prevent small problems from becoming major disasters and taking the steps needed to get the best performance possible from the team.

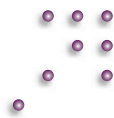
Team meetings are one way to help you manage performance. These meetings are an opportunity to periodically clarify and reinforce the team's purpose, and to build and strengthen teamwork. They are an ideal way for the whole team to communicate and share information and ideas, and to monitor its progress against its objectives.

While you may provide general feedback on the team's performance to the group as a whole, you should also hold regular short meetings with each team member to discuss their work, provide specific feedback on their performance and discuss their development. Any discussion about an individual's performance should be done privately, not during a team discussion.

Useful tools and references

Refer to Part 3 of this guide for more information on:

- Capability frameworks (page 23)
- Coaching to enhance performance (page 24)
- Engaging in difficult conversations (page 26)
- Giving and receiving feedback (page 30)
- Ongoing monitoring (page 31)
- Performance agreements (page 32)
- Preventing bullying in the workplace (page 23)



Plan and review

To help employees understand their role within the organisation, you should provide a coherent performance agreement with specific work objectives linked to the corporate strategy. Planning and reviewing performance objectives with your employees is an essential part of your responsibilities.



What's involved

When planning performance objectives with employees:

- identify the objectives and required capabilities, ensuring they are clearly linked to business plans and corporate strategies
- discuss and confirm how performance will be assessed and measured, and how progress towards their targets will be monitored
- document the key elements discussed and agreed to between you and the employee in their performance agreement.

A simple way to align employee objectives to the corporate strategy is to set performance objectives in a cascading manner. You should give employees a copy of your objectives and ask them to draft their performance objectives based on what you need them to achieve. Employees can also add other objectives that may be critical to their role, but are not necessarily included in your performance agreement. Then you and your employees discuss and agree on which objectives will be included in their performance agreement.

Some objectives or targets are non-negotiable, including mandatory government or corporate objectives. You should discuss these with your employees so they clearly understand which targets are not negotiable and why.

There are two mandatory objectives currently in place across the sector.

Performance agreements for all executives who have financial accountability must include mandatory performance objectives set out in

Appendix A. These objectives are part of a range of measures approved by Government to significantly improve financial management in the NSW public sector.

Performance agreements for all employees who have responsibility for managing people must include mandatory performance objectives set out in Appendix B. These objectives, focused on people and capability management, are one of a number of public sector reform initiatives aimed at improving workforce management across the sector.

After setting the performance objectives, you and your employees can discuss strategies for meeting them. This discussion should cover the capabilities the employee needs to be successful, any capability gaps they will need to address, possible approaches they might take and anything that might affect their ability to meet their objectives. Refer to the next section on developing capabilities on page 15 for more information.

Reviewing objectives

Annual or other periodic performance reviews are the best time to formally assess employees' progress towards meeting their objectives. Executives should review their objectives informally at least every quarter, with one formal annual review. All other employees should have one informal and one formal annual review. The review process is supported by ongoing monitoring and regular two-way feedback between reviews.

Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.

During the discussion, you and your employees should:

- review the employee's progress against the performance objectives and targets in their performance agreement
- recognise their achievements
- review their objectives and reset targets to help realign their performance, if needed or appropriate
- review any development activities they have undertaken and how they have applied their learning
- adjust expectations, responsibilities, goals or development activities, as required.

When to plan and review

Performance objectives are generally set annually and should flow on from the corporate or business planning process to ensure individual objectives are aligned with state-wide strategies. Your agency's corporate planning calendar will drive the timeframe for employee performance planning and reviews.

Useful tools and references

Refer to Part 3 of this guide for more information on:

- Capability frameworks (page 23)
- Difficult conversations (page 26)
- Disagreements (page 29)
- Measuring performance (page 31)
- Performance reviews, and getting employees involved (page 32)
- Performance agreements (page 32)
- Setting performance objectives and standards (page 36).

Setting and reviewing team objectives

Before you set individual goals and objectives, it may help to understand how individual, team and organisational goals align.

When setting team objectives, get the team to discuss the organisation's vision, purpose and strategy, and how these have translated into the organisation's objectives and targets for the year. Next, determine what the team needs to achieve for the organisation to meet its objectives. Finally, decide what individuals need to do to achieve the team's and the organisation's objectives.

This process gives everyone a say in developing the team's goals and helps them better understand their personal contribution.

A group of employees undertaking the same or similar roles may meet as a group to discuss and set objectives, targets and measures that apply equally to all members of the team. While general feedback on the team's performance may be provided to the group as a whole, you should also hold regular short meetings with each team member to give them specific feedback on their performance and development.

Workforce development involves strategically developing employees so they can achieve their objectives and the organisation’s vision and goals. Development improves employee capabilities and performance, in turn enhancing the performance of the organisation and, ultimately, the sector.

Your role is to help employees address their capability gaps and support ongoing developments by ensuring your employees receive appropriate development opportunities that align with the organisation’s vision and goals. By supporting their development, you can build strong relationships with your employees, and help them identify and realise their career goals.

Workforce development programs should take into account the agency’s strategies for developing high-potential employees, managing talent, developing leadership or management skills, planning succession for critical roles, and other workforce planning and development programs.

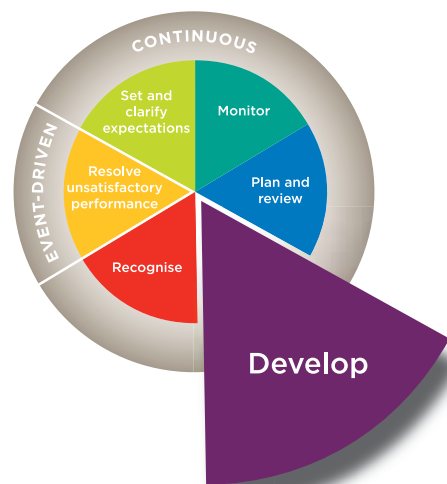
You should also consider your employee’s goals, as well as your agency’s and the sector’s needs, and opportunities to align those needs to benefit everyone.

What’s involved

The first step is to be clear on what capabilities are needed for the role.

Capabilities are the knowledge, skills, and abilities that must be demonstrated by public sector employees to perform their roles effectively.

The NSW Public Sector Capability Framework describes ‘core’ capabilities expected of all public sector employees, as well as other common capabilities that only apply to some roles. For example, people leadership capabilities for roles that include supervisory responsibilities.



The Capability Framework can help you and the employee to reach a clear understanding of job expectations and provide a starting point for capability assessment and planning development.

Refer to the Capability Framework’s behavioural indicators and, together with the employee work out how they may be applied to achieve the key outcomes agreed to during the performance agreement development process.

Once you’re both clear about the capabilities needed for the role, your discussion should focus on identifying the employee’s current level of capability, their strengths and development needs. This may be achieved through formal assessment, professionally administered 360-degree feedback, psychometric assessments or self-assessment. In the absence of any formal tools, you can identify your employees’ needs through observation, work examples and discussions with them.

Next, identify the activities that will help the employee develop the capabilities to meet the requirements of their current role and/or their next role. Professional development should use a 70:20:10 blend – 70% from on-the-job experiences, tasks and problem solving; 20% from peer-based learning or examples; and 10% from formal courses and reading.

Development activities include rotating or swapping jobs, undertaking project work, acting in different roles, shadowing colleagues or managers, attending conferences, joining professional bodies, completing benchmarking exercises, or taking on a professional coach or on-the-job coaching by a manager.

Discussions around career progression should not just be limited to an upward move. To gain exposure to many different environments – both in and outside of the employee’s area of expertise – the employee may wish to consider a lateral move into a different work area, agency, function, or even outside of the sector for a time.

Document the employee’s learning and development activities in their development plan.

Team development

Team development increases productivity, enhances communication, improves relationships and strengthens trust, and builds individual and group skills.

Team building can:

- increase team effectiveness and productivity
- enhance communication within the team
- help translate organisational goals and objectives into team outcomes
- develop and strengthen trust within the team.

Consider job rotation or swaps within the team, group activities and peer coaching.

When to develop

Due to the rapidly changing nature of the workplace, identifying development needs and building individual and team capability should be undertaken throughout the year, either formally or informally.

The formal process may be based on the outcomes of assessments used during recruitment, management or leadership programs, or the PSC’s Executive Development Program or other initiatives, which may identify an individual’s capabilities, strengths and areas of development. Formal discussions to plan and set individual objectives should identify specific learning and development needs and the desired outcomes.

Regular discussions with your employees are an opportunity to assess their progress against development plans, and identify and take up opportunities for informal learning, such as workplace coaching or mentoring.

You should also look for opportunities for employees to share their knowledge and skills with others. This may include mentoring or coaching other employees, or participating in projects where they can add significant value. You can also consider giving them more responsibility or delegating some of your work to stretch their capabilities.

Developing the team is just as important as individual development. You should consider the development needs of individuals and the team as a whole.

Useful tools and references

Refer to Part 3 of this guide for more information on:

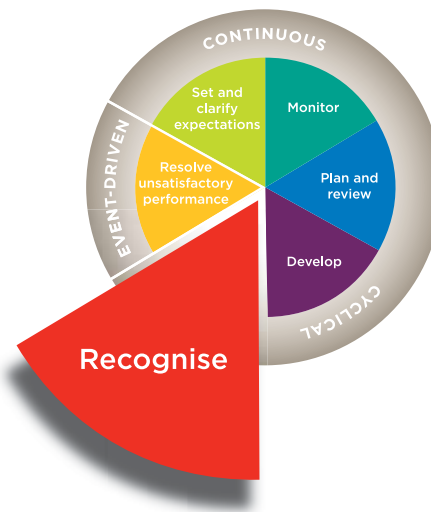
- Capability frameworks (page 23)
- Coaching to enhance performance (page 24)
- Development planning and plans (page 25)
- Developing SES performance agreements (page 32).

Recognise

Most employees want to be acknowledged for their contributions.

Recognising employees' efforts and achievements is an integral part of your role in managing for performance. Recognition sends a message to the recipient, and those around them, about the value of their work. It is a powerful motivator for developing performance, and an effective way to reinforce positive actions and behaviour.

When employees know that their efforts are appreciated, it increases their morale, sense of fulfilment, self-confidence and job satisfaction.



What's involved

There are two aspects to employee recognition. The first is to identify or realise an opportunity to recognise an employee's good performance. The other is the physical act of acknowledgment and praise for their good work.

Employees want to know that their contribution and efforts are valued. However, you should be mindful that people value and respond to recognition differently.

Talk to your employees to find out how they would like to be recognised for their efforts in a meaningful way. There are many ways to recognise achievements that are effective at engaging employees and improving performance. These include thanking them in person or by email, publicly acknowledging their achievement, nominating them for a team, organisation or sector award, or giving them an opportunity to work on a challenging project.

You should ensure that employees understand what they have been recognised for. Any recognition should be clearly linked to actions and behaviours that you want to reinforce, and the achievement of important outcomes, such as exceptional discretionary effort, consistently high levels of performance and instances of outstanding performance.

Make sure the recognition matches the significance of the individual's achievement or effort, and aligns with the organisation's objectives, values and priorities. If employees can't see what they did to get recognised, the recognition may demotivate them.

When to recognise

Recognition is much more effective when it does not occur regularly or become routine. They should also be visible and awarded by the appropriate level of authority soon after the achievement is made. If no recognition occurs over a period of time, the behaviour may stop.

Recognising teams

You should recognise teams rather than individuals if, due to the nature of the work, it is hard to identify which individuals within a team deserve credit for the outcomes, and there is significant interdependence between the work of individuals in the team. In these situations, team members should understand that the team's success was the result of their combined efforts.

Team recognition is also more appropriate than individual recognition in workplaces where teamwork, active cooperation and collaboration are top priorities, and where team performance reviews are the norm.

You should not use team-based recognition programs:

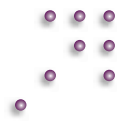
- to get out of making difficult decisions about which individuals to recognise
- as a default option because you have seen people working as a team
- as a way of creating teamwork and positive performance or behaviours when there are no other team-based systems in place.

When considering recognition that reinforces teamwork, you should make sure that the recognition (team-based benefits like presenting projects to senior employees or team outings) are accessible, equitable and motivating for all members. Suggest that the team nominate some options.

Useful tools and references

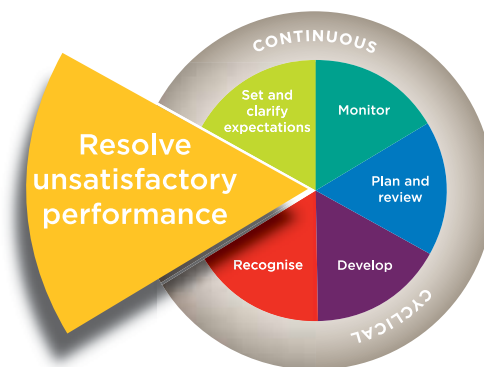
Refer to Part 3 of this guide for more information on:

- Recognition (page 35).



Resolve unsatisfactory performance

Unsatisfactory performance, poor performance and underperformance are often used interchangeably and involve an employee failing to perform their duties to a standard that the organisation expects. Unsatisfactory performance can have negative effects on employees who are performing satisfactorily and can impact on an agency.



Unsatisfactory performance can include:

- unsatisfactory work, in terms of quantity, quality or timeliness
- breaches of work practices, procedures and guidelines, or not following a manager's reasonable direction
- breaches of policies, expectations and codes of conduct that do not warrant a misconduct investigation, such as absenteeism and lateness
- inappropriate behaviour, such as poor interactions and communication problems with work colleagues, customers or stakeholders
- a series of minor issues that, when taken together, make for a difficult working environment.

Unsatisfactory performance can occur as a result of:

- recruitment mistakes or poor job fit, when the employee doesn't have the capabilities for the job or doesn't like the job they are doing
- unclear expectations, if managers are not clear enough on what they want an employee to do and employees don't take the time – or are not confident – to ask about things they are unsure of
- missed performance appraisals
- poor supervision

- workplace culture – for example, loyalties, personal relationships and conflict of interest make it difficult to confront work issues, or workplace bullying may have occurred
- inappropriate behaviour, such as denying responsibility, resisting advice and change, or reacting with emotion or defensiveness, which can mean minor issues escalate into larger problems
- poor training and development
- lack of communication
- personal issues, such as family stress, physical or mental health issues, or problems with drugs or alcohol.

Unsatisfactory performance differs from misconduct, which involves unacceptable or improper conduct, that is outside of the law, policy or directions.

What's involved

The first step in responding to unsatisfactory performance is to monitor the employee, then identify the cause of unsatisfactory performance, provide regular feedback and give clear advice if they are not meeting expectations. Regular feedback resolves the majority of instances of unsatisfactory performance. This approach works even with patterns of long-term unsatisfactory performance.

When to deal with unsatisfactory performance

Section 68 of the *Government Sector Employment Act 2013* outlines specific actions which may be taken by the head of a government sector agency where an employee's performance is determined to be unsatisfactory according to the agency's performance management system. Clause 36 of the *Government Sector Employment Rules 2014* sets out the requirements for dealing with an employee's unsatisfactory performance before action can be taken under section 68 of the Act.

Action under section 68 of the Act will not normally be instigated unless it is clear that you have set expectations, properly monitored your employee's performance, identified unsatisfactory performance and provided feedback. You should inform the employee that their performance is not meeting expectations, set and clarify what they are expected to do and by when, and give the employee the opportunity to improve.

For information about misconduct please refer to page 31 of this guide.

Resolving unsatisfactory team performance

Unsatisfactory team performance and conflict can significantly impact on employees and the ability to achieve team and organisational goals.

To address unsatisfactory performance, you should provide feedback to the group in a team meeting. Make it clear that is the performance of the team that is concerning. Be specific about how the team has not met expectations, but be careful not to single out individuals. Discuss with the team why its performance – or poor behaviour – is unacceptable. Instead of dictating actions to be taken; clarify your expectations for the team and give them the opportunity to come up with suggestions on how the issue/s may be resolved.

Don't allow the team or individuals to single out team members for blame. The aim is to understand why the team is performing poorly and for team members to work collaboratively to resolve the performance issue/s.

You should document the actions and steps to be taken in a plan and agree on how progress against the plan will be monitored. Involve the team in monitoring its progress against the plan.

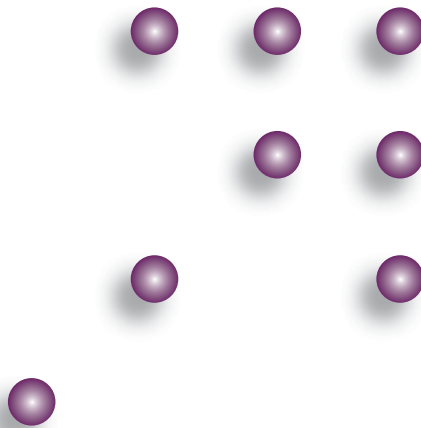
Useful tools and references

Refer to Part 3 of this guide for more information on:

- Difficult conversations to address unsatisfactory performance (page 26)
- Misconduct (page 31)

Reference guide

*to support
good management
practice*



Many of the tools in this part of the guide are available from your agency intranet or your HR team. The matrix below identifies the tools and references that may be useful for more than one component of performance management.

Page	Tool or reference	Set and clarify expectations	Monitor	Plan and review	Develop	Recognise	Resolve unsatisfactory performance
23	Capability frameworks	X	X	X	X		
35	Role definition documents	X		X	X		X
37	Values statements	X	X	X	X		
24	Codes of conduct and workplace policies and procedures	X	X	X	X		X
34	Probation review	X			X		X
32	Performance agreements (Refer also to Guide on SES Performance Agreements)	X	X	X	X		
23	Bullying in the workplace	X	X				
31	Ongoing performance monitoring	X	X		X	X	X
30	Giving feedback and two-way feedback	X	X	X	X	X	X
24	Coaching to enhance performance		X		X		X
36	Setting performance objectives and standards		X	X	X		X
31	Measuring performance		X	X	X	X	X
32	Performance reviews		X	X	X	X	
26	Difficult conversations	X	X	X	X		X
29	Dealing with disagreements		X	X			
25	Development planning				X		
35	Recognition	X	X			X	
31	Misconduct						X

B

Bullying in the workplace

Bullying is repeated unreasonable behaviour directed towards an employee or group of employees that creates a risk to health and safety⁷. Whether intentional or unintentional, it is a workplace health and safety issue that you must swiftly address and resolve.

Direct bullying can include verbal abuse, putting someone down, spreading rumours or innuendo, or interfering with someone's personal property or work equipment.

Indirect bullying can include:

- unjustified criticism or complaints
- deliberately excluding someone from workplace activities
- deliberately denying access to information or other resources
- withholding information that is vital for a worker or workers to perform effectively
- setting tasks that are unreasonably above or below a worker's ability
- deliberately changing work arrangements, such as rosters and leave, to inconvenience a particular worker or workers
- setting timelines that are very difficult to achieve
- excessive scrutiny at work.

A single incident of unreasonable behaviour can potentially escalate into bullying and should not be ignored. Single incidents can still create a risk to health and safety.

As a manager, you are responsible for ensuring your employees' health and safety at work.

Reasonable management actions carried out in a fair way are not bullying. For example:

- setting performance goals, standards and deadlines

- allocating work and rostering work hours
- transferring workers
- deciding not to select a worker for a promotion or development opportunity
- addressing unsatisfactory performance or informing a worker about inappropriate behaviour
- implementing performance management processes or organisational changes
- giving constructive feedback
- downsizing.

For guidance on managing bullying in the workplace, refer to WorkCover Authority of NSW *Bullying prevention kit*.

C

Capability frameworks

Capabilities are the knowledge, skills, and abilities that public sector employees must demonstrate to perform their roles effectively. They are central to establishing a clear shared understanding of the behaviours expected of each employee.

The capabilities required for a role should be identified when it is first created and reviewed if it is updated. Taken in combination with the role's broad objectives and the deliverables relevant to the review period, the identified capabilities provide managers and employees with a good starting point for assessing performance and planning development.

A 'capability framework' is a description of the range of capabilities an organisation needs to achieve its goals. A capability framework provides a systematic basis for creating roles; recruiting to roles; managing performance; capability development and career planning; and, more broadly, workforce planning.

⁷ WorkCover NSW (2009), *Preventing and responding to bullying at work*, Edition 3. NSW Government

The NSW Public Sector Capability Framework issued in 2008 and the draft Executive Capability Framework developed in 2011 are used by many agencies across the sector. Various other agency-specific capability frameworks are also currently in use.

The Public Service Commission has revised the two sector-wide frameworks to develop a single, streamlined framework that describes the capabilities required by all public sector employees, both executive and non-executive, as well as other capabilities common to many roles (for example, people management capabilities for roles which involve supervision of management of other staff). The new NSW Public Sector Capability Framework, due to be progressively introduced across the sector from 2013, can be complemented by occupation-specific capability frameworks, for example the Skills Framework for the Information Age (SFIA) for ICT roles or profession-specific capability frameworks used by agencies.

For the purpose of performance management, you should refer to the capability framework currently used by your agency or cluster, using its behavioural indicators to underpin planning and assessment for key performance outcomes at the agency, team and individual level.

Coaching to enhance performance

Coaching is about facilitating individual development. It is an effective way to make positive change in a short time.

As a manager, you have the most direct contact with – and the most influence on – your team members. Work with your employees to determine what their goals are and break these down into achievable steps. Keep individuals focused on their own objectives and support their personal development.

Below are some tips to help you take on a coaching role.

- **Listen actively.** Suspend your own judgment and opinions.

- **Question.** Your questions should be short and open, prompting a discussion-based response that helps move the employee towards their goal. For example, you might ask “What’s the first step?” and “What result do you expect?”
- **Challenge constructively.** This process involves challenging an employee’s thinking and behaviour in a way that does not destroy the relationship. You might ask ‘what’, ‘why’ and ‘how’ questions, or if the employee can see any other way of achieving their goal.
- **Hold individuals to account.** When an employee commits to doing something and there is someone to keep them accountable, it drives them forward.
- **Encourage employees to explore different perspectives and options.** This may include considering what any proposed changes will mean to their work performance.
- **Encourage and support.** Acknowledging employees’ efforts and achievements is a powerful motivator and can be the difference between someone going on or giving up.
- **Keep your focus on the employee.** If an employee knows that your attention is focused on their professional development, they will focus on reaching their goals and objectives.

Codes of conduct, and workplace policies and procedures

Organisations use policies and procedures, including codes of conduct, to set expectations and controls around business activities. These documents – which align with the organisation’s purpose, mission, values and principles – guide employees in day-to-day decision making and behaviour.

Use these documents as the basis for standards of professional conduct and performance, including standards around acceptable behaviour.

You may also use them in team meetings to encourage discussion about ethical dilemmas, prejudices and behavioural grey areas that arise during day-to-day work.

Deal with breaches of policy promptly, and make sure the consequences suit the severity of the breach – whether it is a warning or a formal action.

D

Development planning

Development planning is usually undertaken as part of a formal performance review or probation review; however, it can be conducted at any time.

Below are some ways you can help employees develop their capabilities.

Use the NSW Public Sector Capability Framework to define capabilities

The NSW Public Sector Capability Framework can help identify employees' development needs. Refer to Capability frameworks on page 23.

Identify development needs and strengths

Work with your employees to identify any gaps in their knowledge, skills, experience or motivation. Look for ways to build on the employee's strengths, and discuss their career interests and aspirations.

To identify an employee's development needs, you may:

- review with the employee specific work examples that demonstrate the development they need
- seek feedback from clients or other sources
- have the employee conduct a self-assessment
- organise for a professionally administered 360-degree feedback, which involves getting feedback on an individual from a variety of sources, such as clients and colleagues
- use more formal assessment tools, such as the results from the NSW Executive Development Program, the HR Leadership Program, recruitment assessment results, psychometric tests or any other assessment tools.

Key questions in establishing development needs

<p>What does the individual need to do their work?</p>	<p>Your employees may need specific capabilities to meet their performance objectives. You should ensure that they understand those objectives and your expectations of them, and that they have the tools and development opportunities they need to perform well.</p>
<p>What will they need in the future to meet the emerging requirements of their job?</p>	<p>Most jobs are subject to change from time to time, perhaps as a result of new technology, changing government priorities or a new direction. You need to ensure your team has the skills necessary to undertake the job's requirements. You may meet this need by recruiting new staff, engaging external services or developing existing employees.</p>
<p>What do they need to develop and progress in their career?</p>	<p>Identify capabilities that need to be enhanced and new capabilities that need to be developed for the role, or as part of the individual's career development. Career progression could include lateral movement within the organisation or a secondment outside of the employee's current organisation. These opportunities are valuable both for the individual and the organisation.</p>

Offer mentoring and coaching

A mentor is a more experienced person who guides and helps an individual to set and achieve their goals. A coach directs the employee as they think about issues and discover their own insights and solutions.

Link development with other systems and processes

When considering appropriate development options, you should think about the opportunities inside and outside of your agency. The employee may benefit most from participating in workplace mobility programs, talent management initiatives, or career or succession planning pathways that may be available inside your agency, within another agency or even outside of the sector.

Create development plans

As shown in Figure 4, a development plan is an agreement with an employee that documents development gaps, solutions to address those gaps, timeframes and responsibilities. The plan may also include an employee's career aspirations or retirement plans, desired timeframes for progressing their career, and a plan of action to achieve their goals. The usual timeframe for a development plan is 12 months, which generally aligns with the timeframe of the performance agreement, assuming that the two are combined. However, in the case of career aspirations or retirement plans, it is appropriate to have a longer-term plan in place covering two or three years.

Track progress

Monitor and review the employee's development activities so you both know how the plan is being implemented, if the development activity is achieving the desired outcome, and what changes or improvements are being seen on the job.

Difficult conversations

Difficult conversations need to be handled respectfully, responsibly and in a timely manner. People generally respond better when they are treated with dignity and respect.

The following tips will help you confidently conduct difficult conversations and ensure the employee acts on the feedback.

When discussing unsatisfactory performance, you should focus on:

- the employee's actions, events or behaviours, rather than attitudes, personality and feelings
- providing specific examples of the unsatisfactory performance in question
- identifying any underlying causes for the unsatisfactory performance – remain open to what the employee has to say on this matter
- working with the employee to identify specific actions they can take to improve their performance



Figure 4: Performance planning and development

Provide a range of learning and development options

The most effective growth and development strategies allow employees to learn and develop a new skill or behaviour by applying and practising it in real-life workplace situations.

Professional development should be a 70:20:10 blend – 70% on-the-job experience, tasks and problem solving; 20% peer-based learning or examples; and 10% formal courses supported by reading and listening. The following table provides examples of learning and development options.

On the job (70%)	Peer-based learning (20%)	Formal training (10%)	Reading and listening
On-the-job experience and tasks, and sharing best practice examples	Observing and working with role models; receiving and giving feedback	e-learning, interactive tutorials	Reading professional articles, books or journals
Modelling a behaviour or demonstrating a skill for colleagues	Mentoring colleagues, reverse mentoring	Self-paced learning	Researching for a workplace task
Shadowing a more experienced colleague	Coaching or being coached	Formal short training courses	Participating in webinars
Undertaking a new task or project	Joining professional networks or communities of practice	Seminars, conferences or lectures	Listening to podcasts and watching vodcasts
Acting in another role, undertaking higher duties	Participating in learning circles and forums	Professional association activities	Listening to interviews with experienced professionals
Pursuing career development opportunities	Interacting with peers to undertake a task or discuss issues	Leadership development programs	Reading discussion papers and professional magazines
Accepting temporary appointments	Designing or delivering a training session for others	Management development programs	
Participating in a task force, team or committee	Sharing learning	Tertiary courses	
Preparing or presenting a report	Instructing others in professional development		
Undertaking job rotations			
Interacting with peers to complete a project or solve a problem			

- setting timeframes for the employee to demonstrate improved performance
- maintaining appropriate documentation to record the performance issue, the agreed plan of action, the timeframe for improvement and a review mechanism.

You should keep written records of any meetings about an employee's unsatisfactory performance. The extent of documentation you need to retain depends upon the seriousness of the performance issue, but diary notes, action plans, file notes or feedback logs may be sufficient.

Before the meeting

You should plan ahead before meeting with an employee to discuss their unsatisfactory performance. It is important to be clear on what the issues are, and to provide examples of the areas of concern. You should also consider how the employee may react during the meeting; this may help you manage your own response. When booking the venue for the meeting, make sure it is private and free from interruptions – the employee is entitled to your full attention.

During the meeting

It is important to outline the purpose and agenda of the meeting. Use non-threatening, objective language and acknowledge that this is a difficult conversation. Remain calm and objective, and be aware of your own reactions. Listen to what the employee has to say, and acknowledge their emotions (for example, by saying “I can understand why you're upset” or “I can see that you're angry”). It may be helpful to take timeouts during the discussion, but ensure this doesn't become a way of avoiding the discussion.

Discuss what the employee is doing

To start the discussion, give positive feedback on elements of the employee's performance that are working well. The next step is to give constructive feedback on how the employee's performance is not meeting expectations and how this affects their team's performance. Clearly describe the unsatisfactory behaviour or actions, providing specific examples.

Let the employee speak first, ask open questions to clarify the issues and use silence to prompt the employee to participate in the conversation. Discuss possible reasons why the employee's performance is below expectations. Don't accept the first cause the employee suggests if you feel it may not be the real reason. Rather, attempt to uncover the root cause while being sensitive but resolute.

If the cause of the unsatisfactory performance is personal, be sensitive when asking further questions. Offer appropriate support, for example, by referring the employee to the Employee Assistance Program. While remaining sensitive to the employee's needs, try to determine how long the personal issue will persist. A personal cause does not negate the need for the employee to meet the required performance levels; however, you may need to be flexible around the timeframe for achieving expectations to accommodate the personal issue.

Decide on what the employee needs to do differently

You should discuss how to solve the problem by clearly stating what is expected of the employee and the timeframe within which they should achieve this level of performance. Identify specific actions the employee can take to improve their performance and any support they may need, such as coaching, training or additional resources. You should also commit to any actions you may need to take to help the employee improve their performance.

Determine what happens next

Towards the end of the meeting, it is important to confirm the required actions – who is expected to do what and by when. Clearly articulate how matters will proceed, how you will monitor the employee's progress and the timeframe within which their performance is expected to improve. Set ongoing meeting times to review and discuss the employee's progress.

Lastly and most importantly, make sure the employee understands that they own the solution and that their success relies on their commitment to performing the actions identified.

Disagreements

Your employees may disagree with aspects of the performance management process. It is important that the process is fair and open and that you manage any issues that arise appropriately.

When dealing with a conflict during a performance discussion, be clear that you want to work toward a resolution. Listen to the employee and seek to understand their point of view. Be open to valid explanations, but focus on the solution rather than on attributing blame.

You should reframe the issue, or express issues and solutions in a way that ensures employees clearly understand them. Focus on the win-win impact of the proposed solution, such as the positive effect the change will have for the employee's career and for the output of the team or organisation.

Above all, be resolute. Remain calm and objective. As a manager, you can allocate and supervise work, give your employees reasonable work-related directions and provide feedback.

Figure 5 summarises and illustrates the steps for dealing disagreements during performance discussions.

If the employee refuses to take action to resolve an identified problem, or refuses to follow a lawful direction you have given them, you may need to take a more structured approach. Begin by asking your HR team for advice about further steps you should take.

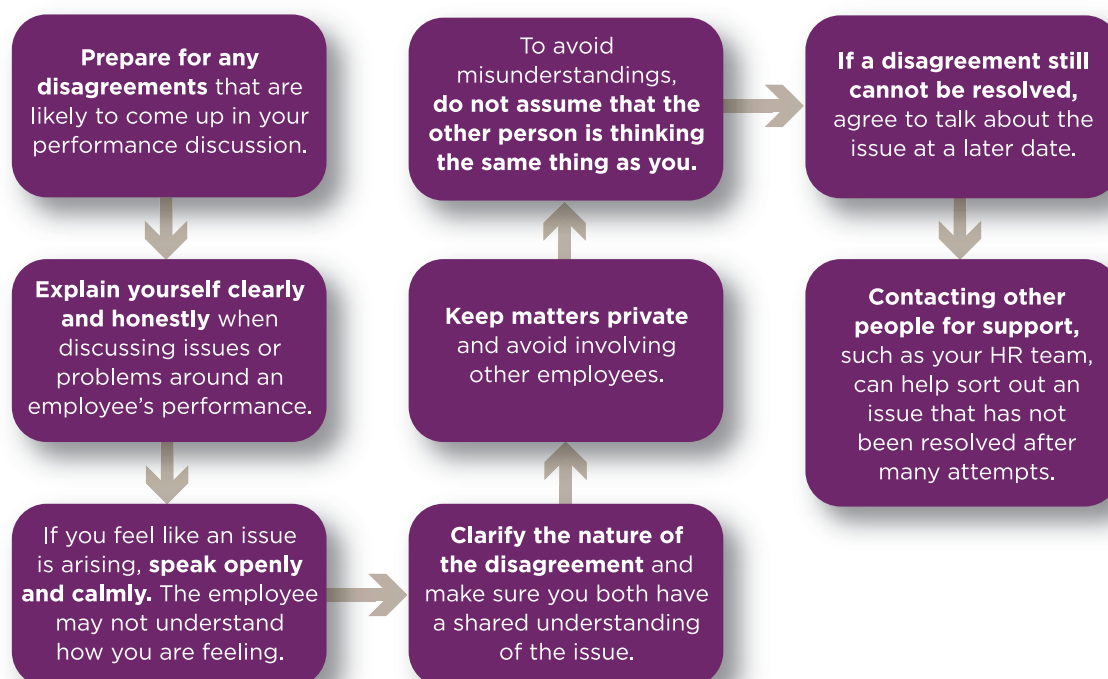


Figure 5: Steps for dealing with disagreements

F

Feedback

Feedback to employees builds better self-awareness and confidence and identifies capabilities they need to learn or develop. You should conduct all interactions with work colleagues respectfully and professionally by listening to concerns and issues from all sides, acknowledging differences of opinion, focusing on common solutions and celebrating achievements. Two-way feedback involves both a manager and an employee giving and receiving feedback to each other.

Giving feedback

Giving individual feedback is one of the most useful things a manager can do to reinforce positive performance, realign expectations or address unsatisfactory performance.

When providing positive feedback, it's very important that employees know exactly what they've done well and how they've succeeded, so that they can build on these areas in the future. It can also help you develop better relationships with your team. Feedback may consist of simple praise, with emphasis on why or how the job was done well.

Providing positive feedback can be straightforward; however, giving constructive feedback can be more challenging and requires some preparation.

Constructive feedback is most effective in reinforcing or improving work performance when it is:

- respectful, and acknowledges the contribution of the other
- objective, with a focus on specific facts, observations, actions and examples
- direct but not directive, so the employee can consider alternative approaches, learn, and change and enhance what they do or how they behave
- based on genuine interest in enabling the best possible performance.

You can use one of the two models below to help you provide effective constructive feedback.

Model 1	Model 2
Action, impact, different way	What worked well? What didn't work so well?
When you ... the impact is ...	What would you do differently next time?
What can you do to ensure that ...	
Let's discuss ...	

Both models of constructive feedback alert an employee to an area of their performance they can improve. It gives them enough information to decide which behaviours to continue, what to change and how they might go about performing better next time.

Feedback on performance should be regular, meaningful and provided as close as possible to the action in question. Ensure you give feedback directly to the employee, rather than allowing it to be passed on through their colleagues or someone else.

Remember, when you are giving constructive feedback the focus of the discussion should be on the employee and not yourself. Don't give feedback about everything; pick important issues that are directly related to their performance. Deal with one issue at a time.

Receiving feedback

Whether you are a manager or an employee, feedback can help you develop better working relationships with your team by giving you a better understanding of how your actions affect others. You may ask for feedback from your employees or your team if you are not sure about your own actions and behaviour.

When receiving feedback, it's important to listen to the substance rather than the delivery of the feedback. Think about what the other person is really telling you, in terms of actions you have taken or things you have said. If you are clear on what the feedback is about, you can repeat the desired behaviour or action if the feedback is positive, or do things differently if the feedback is constructive.

If you receive feedback that is not clear or specific enough, ask the person to provide some specific examples to help you identify the relevant action or behaviour. This should be a two-way, open discussion so that both parties have a clear view of what the feedback was, what behaviour or action has led to the feedback, and what needs to be reinforced or done differently.

Receiving feedback helps you succeed in your role and there is no need to feel threatened by it.

M

Measuring performance

Once you have established performance agreements, you and your employees should agree on how their performance will be evaluated and how their progress towards achieving goals will be measured.

Measuring performance starts with comparing the results the employee has achieved against the objectives in their performance agreement, which should include well-defined goals and performance indicators.

Key performance indicators define how performance may be measured. They may be:

- Quantitative indicators. These are measures of quantity, such as ‘How many?’, ‘How often?’ and ‘How much?’
- Qualitative indicators. These measure the quality of the result against the standard, for

example, ‘What was the result?’ or ‘How does the result compare to the planned result?’

Misconduct

Misconduct involves improper, wrong or potentially unlawful conduct that is outside of policy, directions or the law. It usually involves an allegation of an employee’s act or omission arising from negligence or with intent. Serious allegations or incidents where the facts are unclear are more likely to be considered as allegations of misconduct. Examples include assault, theft, blatant disregard for policies, or other serious actions that may require investigation. Misconduct is dealt with in section 69 of the *Government Sector Employment Act 2013*.

Where an allegation of misconduct by an employee is made you should consult Clause 37 to 41 of the *Government Sector Employment Rules 2014*.

Monitoring

Employees must be able to put their performance agreements into action, solve problems independently and stretch their abilities to meet challenges. However, they may need your support and input to achieve these goals.

It is a good idea to have a formal performance monitoring process. One-to-one meetings work best, where you can discuss work in progress and any help the employee needs, and find solutions for problems they have.

Ongoing performance monitoring	
Observe and evaluate progress	Observe your employees’ progress towards achieving their goals. Review plans and recognise if there is any slip in employee achievement, if the performance agreement needs to be adjusted to reflect changing circumstances, or if they need training, coaching, assistance or your guidance to meet their goals.
Listen	Actively listen, particularly to any issues they have with their work, and provide advice and direction where appropriate.
Question	Maintain an active interest in their work and find out how they are doing.
Give feedback	Give positive feedback to foster good performance, enthusiasm and motivation. When necessary, give constructive feedback so the employee can adjust their behaviour or modify their current work outputs to help them reach their goals.
Receive feedback	Be open to receiving feedback in return, especially around how you can help your employees do their job better.

In cases where many people are doing the same or similar work, a team meeting can help you monitor your employees' performance.

P

Performance agreements

Performance agreements are likely to vary in title and structure from agency to agency. They are developed collaboratively between the employee and their manager, and are used to record the performance objectives for the upcoming period and results of the formal performance review.

Senior Executive Service Guidelines

All members of the Senior Executive Service (SES) or equivalent in the NSW public sector are required to have a performance agreement.

An executive's performance must be formally reviewed at least once a year by their senior executive or another nominated person. Statutory and Other Officers Remuneration Tribunal (SOORT) Administrative Guidelines provide that decisions to grant a pay increase must be based on a formal assessment of performance.

For more guidance, refer to the *Guidelines on SES Performance Agreements*. This is available at www.psc.nsw.gov.au

Performance reviews

Formal performance reviews are usually held once or twice yearly, in addition to the regular monitoring and ongoing feedback to employees that is given on a daily basis. For employees who are new to a role, more frequent review, monitoring and feedback may be necessary and the steps outlined in the section on probation review may be adapted for this purpose.

Each employee's formal performance review should:

- be based on their performance agreement
- be conducted at least once a year (face-to-face reviews are preferable but other communication methods may be more suitable for geographically dispersed employees) (see Figure 6)
- be a cyclical process aligned with business planning and budgeting cycles
- include a review of the document that defines the employee's role, to ensure it is still relevant
- discuss performance during the year or prior six months
- consolidate all of the performance discussions held in the previous six or 12 months.

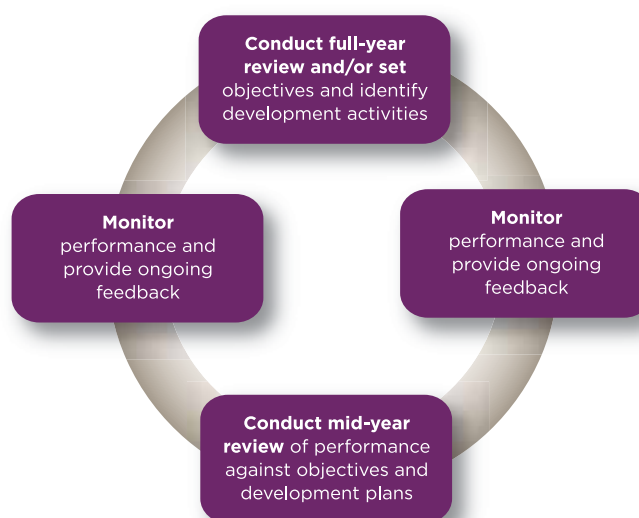


Figure 6: The cyclical process of setting targets, reviewing progress and monitoring

What to discuss in a formal performance review

Performance reviews should involve open and factual discussions between you and your employees about what they have achieved and how; what has not been achieved and why; development activities and their outcomes; and the employee's career aspirations.

You should also discuss how the employee's activities and behaviour have contributed to the organisation meeting its goals, services and values. The sample questions below may help you guide the conversation.

At this review there should be no surprises—this is not the time to table instances of unsatisfactory performance for the first time. You should have addressed any unsatisfactory performance issues promptly when they occurred. This doesn't mean you can't discuss areas of unsatisfactory performance that have been addressed and rectified, or that are ongoing, but this discussion is a holistic review of the employee's past performance, not just specific instances.

Performance review discussions are more effective if both participants are prepared. The employee should draft their review

response using a performance agreement template and forward a copy to you. This encourages the employee to think about their achievements and gather any material that may support their assessment of their performance over the previous six or 12 months.

You should then conduct your own assessment, gathering any supporting material to support your findings and record the results on the same document. This may include the results of formal assessments, 360-degree feedback, psychometric assessments, self-assessment or, in the absence of any formal tools, through observation and discussion.

The jointly developed assessment document forms the basis for the review discussion.

Two-way feedback

This is also a time when you may seek feedback on your performance from your employees' perspective. This may come from formal assessment tools such as 360-degree feedback or it may be a series of questions you pose. To ensure you receive meaningful feedback, let your employees know in advance that you will be seeking their opinions so they have time to consider the questions before the meeting.

Sample questions	
Situation	What was the situation? What worked well? What didn't work? What were the challenges? What resources were available? Who was involved?
Task	What tasks did you need to accomplish? Had you performed these tasks before? What did you learn while doing them? Did they take as long as you expected?
Action	What did you do to complete the tasks? How did you manage your time? How did you gather resources? How did you deal with challenges?
Result	What were the results? Were you satisfied with the results? What effect did the results have on your team or agency? How did your results measure against the benchmark?

Recording performance review discussions

Record keeping varies by agency. Check with your HR team about what is required within your agency.

As a minimum, you should record:

- performance agreements, as they are the basis for discussions around monitoring and reviewing performance
- any capability development the employee needs, along with the outcomes of any performance or capability assessments, as part of the development plan
- your assessment of the employee's performance in their annual review.

Both you and your employees should be able to access records of discussions and performance agreements, as they are working documents over the period of the agreement.

Employees should consider using their past performance reviews and the outcomes of any formal assessments they have undertaken to support their career development. These documents highlight the employee's achievements and strengths and the steps they have taken to address any gaps in their capabilities. This can be useful information in a competitive process such as applying for a new role or seeking to undertake a development activity when spaces are limited.

Probation review

The probation review is a managed process that sets clear expectations as soon as a new employee starts working in the organisation.

Regular monitoring and feedback give you and the employee the opportunity to identify their strengths and areas where they may need development, and to clarify expectations, where needed. This process also allows you and the employee to assess their fit in the role, team and organisational culture, and gives you time to provide and adapt training opportunities to maximise the employee's chance of success in the role.

During the probation period

Arrange review meetings at regular agreed intervals, as well as at the end of the probation period. These review meetings should include time for:

- feedback and a self-assessment from the employee
- a performance assessment you conduct
- discussion about how the employee is settling into the role
- adjusting performance milestones as needed, based on the employee's capabilities and the length of the probation period.

At each milestone, you should identify any development activities the employee might undertake and record these in their development plan. This plan should list areas where the employee's performance needs to develop and record the employee's progress towards these goals.

You are responsible for ensuring that employees have access to the support they need to be successful in their new role and for monitoring their progress. In turn, employees are responsible for actively participating in the probation review process and providing feedback on how they have improved and if they need any other support.

You should immediately raise any performance concerns with your HR team, which will advise you on the next steps.

At the end of the probation period

If the new employee meets performance expectations and is permanently appointed to the role, you will need to move them into your agency's performance management system, and work with them to develop a performance agreement and a development plan.

If the new employee's performance continues to fail to meet expectations, you should consult your HR team again well before the probation period ends, to discuss your options. For a probationary appointment to be annulled, there needs to be a record of discussions on performance, including expectations, where expectations aren't being met and the support provided.

R

Recognition

Employees should be recognised for their efforts and achievements. However, people value recognition differently depending on their role, motivations, personal style and values.

You might like to recognise an individual or team when a project team achieves a greater than expected result; an employee responds voluntarily and successfully to challenging situations; or an employee displays a spontaneous act of leadership that makes a positive difference. It may also be appropriate to recognise consistently outstanding performance by an employee or team; a proposal for process improvement that benefits the team or organisation; or someone who has gone the extra mile to deliver excellent customer service.

How to give recognition effectively

Communicating appreciation for a job well done is most effective when it is meaningful, simple and sincere. The recognition should be appropriate to the achievement and given out as close as possible to the achievement or event.

Research has shown that most employees find it more meaningful to receive genuine verbal recognition from their manager, customers, clients or peers, or from a more senior manager within the organisation than a financial reward.

Get to know your employees and find out what is important to them. This will enable you to recognise them in a meaningful way.

What motivates your employees?

Your employees may be motivated by:

- more interesting or challenging work
- a sense of achievement
- their colleagues
- an opportunity to show initiative
- professional development
- increased responsibilities.

Social recognition such as morning teas, lunches and the like also reinforce positive performance and behaviour. Personally written emails or letters are another way to reinforce high performance.

Options for recognition include:

- verbal acknowledgement in meetings
- ‘escalated’ recognition, when a senior manager provides verbal recognition
- newsletter or email recognition copied to the team or a senior manager
- an award certificate presented by a senior executive or the Director-General
- a tiered system of awards culminating in a ceremony with the Director-General or a senior executive
- nominating the employee for a formal award program, like the Premier’s Award for Individual Excellence and Achievement or, in the case of team recognition, for a Public Sector Award.

However, be mindful that over frequent recognition can lead to a sense of entitlement and lose their value. An element of surprise can heighten the effectiveness of recognition⁸.

Role definition

There are many names for documents that define the responsibilities of a role, for example job description, position description or role profile⁹.

Regardless of what it is called, an effective role definition document should:

- outline the purpose and organisational context of the role
- describe the requirements, accountabilities and outputs of the role
- identify the capabilities needed to successfully carry out the role
- detail who the employee reports to and who reports to them (if applicable)
- link the role to the agency’s capability framework

⁸ Wagner, R. & Harter, J (2007), *The Fourth Element of Great Managing*, Gallup Business Journal, 9 August 2007, adapted from 12: The Elements of Great Managing – <http://businessjournal.gallup.com/content/28270/the-fourth-element-of-great-managing.aspx#3>. Downloaded 15 April 2013.

⁹ A role definition may include or is sometimes known as a role description, position description or statement of duties.

- set out the legislative or corporate responsibilities of the role, such as workplace health and safety, adherence to organisational policies and procedures and other specific requirements
- be written clearly, simply and succinctly so that anyone can read it and understand the role.

S

Setting performance objectives and standards

The performance planning process enables you to help employees identify individual performance objectives that are linked to corporate objectives and strategy. The process helps all employees to understand how they contribute to helping the organisation achieve its objectives and where they fit in the organisation.

Role definitions are used to:

- clarify the employee's understanding of the purpose, responsibilities and requirements of the role
- manage work distribution within your team
- recruit the right candidate for the role
- ensure that all work responsibilities are being carried out by someone in the team
- effectively manage a new employee during the probation process
- set performance expectations for new and existing employees
- identify areas for employee development.

Specific	<ul style="list-style-type: none"> ● Goals focus on results (for example, 'reduce customer waiting time' instead of 'provide customer service'). ● Goals include imperative verbs (such as 'reduce', 'develop', 'maintain' or 'negotiate') so the employee knows that action is required.
Measurable	<ul style="list-style-type: none"> ● Results are assessable either qualitatively or quantitatively. Assessable goals include words like 'on time', 'on budget', 'meets quality standards', 'required quantity' or 'to completion'.
Agreed	<ul style="list-style-type: none"> ● One way to achieve this is for you to show the employee your own performance agreement, and for the employee to develop a set of objectives based on this and what they think meets the business's objectives. You and your employees then discuss these proposed objectives and come to an agreement. This also ensures that employees' objectives are effectively linked to yours and the corporate strategy or business plan. ● It is important to note that there may be non-negotiable objectives that are set by the agency or mandated by the Government and must be included in the performance agreement.
Realistic	<ul style="list-style-type: none"> ● Objectives are designed to challenge employees but must be realistically within reach, otherwise they may not be motivated to achieve them. ● The objectives should cover areas within the control of the employee or that they have influence over. ● The objectives should not be set too far below the employee's capabilities, which can demotivate them.
Time-based	<ul style="list-style-type: none"> ● Each goal has a completion date, so the employee can plan their work. ● Multiple deadlines are staggered.

Good performance indicators and targets are clearly expressed so they are easy to understand and work towards. They should also be easily measurable, and should contribute to the organisation's objectives by clearly linking to the corporate strategy or business plan.

You should formulate a development plan for each employee that identifies any areas where they need additional skills or knowledge, and states what the employee must do to develop these skills or acquire the knowledge. Development activities should be directly linked to helping the employee achieve their performance goals, and in some cases may also be linked to the employee's future career aspirations.

Each employee's performance objectives should be 'SMART'. This makes it easier to identify how achievement will be assessed and how the employee has performed against the objective.

V

Values statements

(See also: Codes of conduct, and workplace policies and procedures)

Individual and team performance comprises what the employee or team does, and how the employee or team does it.

This distinction is important because as public sector employees we must conduct our business activities in ways that are consistent with high ethical standards.

The Ethical Framework for the public sector sets out how public sector employees must act when they carry out their responsibilities and duties. It identifies the minimum standards of behaviour expected of all public sector employees in our day-to-day activities, including how we treat each other and our clients, customers and stakeholders.

These standards of behaviour include preserving the public interest and implementing the decisions of the government of the day, and conducting ourselves in ways that are consistent with four core values – integrity, trust, service and accountability – and the 18 principles of the Ethical Framework for the NSW public sector. Details can be found at www.psc.nsw.gov.au/Sector-Reform/Ethics.

In addition to conducting ourselves to the standards identified in the Ethical Framework, agencies, workplaces and professional associations may have additional values and standards of behaviour that apply to their particular circumstances. These typically complement the requirements for all public sector employees, but if there are any inconsistencies between the Ethical Framework and the values and standards of an agency or professional association, the Ethical Framework objectives, values and principles prevail as a legal requirement for the NSW public sector¹⁰.

Managing employee and team performance requires ensuring the necessary work gets done to a high standard, on time and on budget, and that the work is carried out in a way that is consistent with the Ethical Framework. In your informal and formal reviews of employee behaviour and team practices, consider if they are consistent with the Ethical Framework's objectives, values and principles.

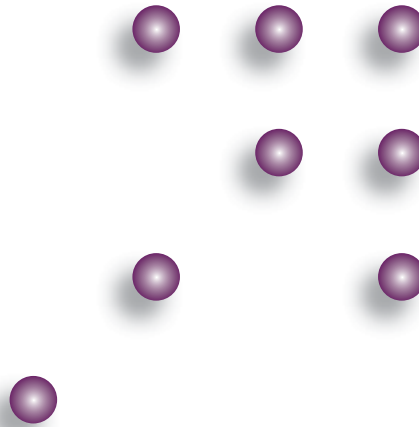
To help your employees understand and apply these values and standards of conduct, you may consider:

- having a standing agenda item in your team meeting to discuss how you can put the values and principles of the Ethical Framework into operation in your workplace with your clients and stakeholders
- asking employees to assess their own work behaviour against the Ethical Framework, and agency and workplace values.

¹⁰ Part 1.2 of the *Public Sector Employment and Management Act 2002*

Myths

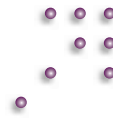
*about
managing for
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The following are some of the myths and perceived barriers that stop some managers from correctly managing employee performance. This part of the guide aims to bust some of those myths and break down the barriers to managing for high performance.

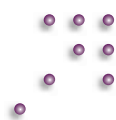
Myth	Busted
<p><i>Performance management is about managing employees with unsatisfactory performance.</i></p>	<p>Performance management has been wrongly perceived as a negative or punitive process, rather than a good management practice that helps align individual and team efforts with the organisation's objectives.</p> <p>Performance management is a holistic process involving regular two-way discussions between you and your employees, focused on building and continuously improving employee performance. These discussions are an opportunity to set and manage expectations; acknowledge good performance through positive feedback; provide constructive feedback to realign expectations and performance; develop key capabilities; and address unsatisfactory performance, where necessary.</p>
<p><i>We are doing alright without it. It's just more bureaucracy.</i></p>	<p>Managing the performance of your employees is an integral part of your management role and responsibilities.</p> <p>It helps employees to:</p> <ul style="list-style-type: none"> ● be clear about what they are supposed to do ● stay on track ● know what their work objectives and priorities are, and not waste effort and resources on unnecessary work ● alert you to any problems that arise ● suggest how systems and processes can be improved ● form a good working relationship with you and their colleagues ● continually lift their performance and their value to your team and the agency.
<p><i>I've got 10 direct reports. How can I get any work done if I have to do an annual performance agreement and review, drop by for chats and schedule catch-ups as well?</i></p>	<p>This is time invested, not lost. Managing the performance of people is a critical part of your role and responsibility as a manager. Also, a team of employees working effectively will be more productive – and achieve more – than you can ever do on your own.</p>
<p><i>I have to wait until I have a performance discussion to discuss work progress with my employees.</i></p>	<p>Between performance discussions, informal meetings or catch-ups allow you to monitor your employees' work, praise achievements and efforts, address current issues and concerns, and help employees prepare for new or challenging tasks, as well as explore development activities.</p> <p>They may be scheduled regularly and/or occur ad hoc, such as during a quick conversation before allocating a task.</p> <p>Catch-ups avoid surprises in the formal performance discussions and provide an opportunity for you to correct an issue before it becomes a larger problem.</p>

Myth	Busted
<i>My employees are professionals – they know their job. They are not going to like it if I start checking up on them every other day.</i>	<p>Don't underestimate yourself. You may be surprised how much your employees value the opportunity to discuss their work with you.</p> <p>The frequency of your catch-ups and informal or formal performance discussions with each employee will depend on a range of factors, such as the employee's level of capability, the work they are doing, and how new they are to the organisation or to their role.</p>
<i>Our agency is restructuring. Performance priorities, structures and reporting lines will likely change so there's little point in undertaking performance planning or management.</i>	<p>The work of the agency and your business area still goes on. Management direction and support is particularly important during structural change to help employees maintain focus on their work objectives.</p> <p>Performance objectives and plans don't have to be for 12 months. You can set them for shorter periods and review them when necessary.</p>
<i>Aligning individual performance agreements to business unit and corporate plans is a great idea, but sign-off for agency business plans is always delayed because we are waiting for the budget.</i>	<p>Don't delay the performance planning cycle. You can assume that your usual work activities will continue and base them on draft business plans. Performance agreements can be adjusted if necessary after they are approved.</p>
<i>What is there to discuss? Our service targets and standards are set.</i>	<p>Some performance objectives and targets may not be negotiable, but all targets and strategies to achieve them should be discussed and agreed upon.</p> <p>You can still discuss qualitative aspects of each employee's role – how things are done as well as what is done.</p>
<i>What is to stop me from changing targets just because the employee is not going to meet them?</i>	<p>Plans need to be realistic and may need to change if circumstances change. But if the employee has performance issues, you need to speak with them, diagnose the causes and initiate corrective action together.</p>
<i>We don't have enough employees or resources to undertake developmental activities.</i>	<p>Think beyond traditional training courses.</p> <p>Many developmental activities can be done on the job, such as coaching by you or another senior employee, acting in a higher role or buddying with another employee.</p> <p>You can also give employees short breaks to undertake online learning.</p>
<i>People just have to get on with their work and resolve issues – you cannot do everything for them.</i>	<p>This is true to a certain extent. But as a manager you will get better results if you share your knowledge and experience, listen to and question your employees, and help them come up with solutions to problems. This will also help build your employees' confidence and capability so that they can resolve issues themselves. If a small issue is left unresolved, it may escalate into a larger problem that is more difficult to manage.</p>
<i>If you are going to get that involved, you might as well do the job yourself.</i>	<p>You are enabling your employees – the effort you need to put in will reduce as they develop the skills they need to do the job.</p> <p>A team of employees working effectively will be more productive – and achieve more – than you ever could on your own.</p> <p>Managers who try to do it all demotivate their employees and reduce their skills, and end up burning out themselves.</p>



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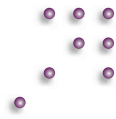
Appendix A:

Mandatory performance objectives of executives managing budgets

Financial management

	Director-General	Chief Executive Officer	Chief Financial Officer	Executive-level budget holding operational managers
Budget compliance – operating	The Cluster has operated within its approved net cost of services limit, without any negative impact across the forward estimates.	The Agency has operated within its approved net cost of services limit, without any negative impact across the forward estimates.	The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency operated within its approved net cost of services limit, without any negative impact across the forward estimates.	The Executive manager has operated within his/her operating budget (budgeted expenses and, where relevant, revenues).
Budget compliance – capital	The Cluster capital program has been delivered within approved capital expenditure authorisation limits.	The Agency capital program has been delivered within approved capital expenditure authorisation limits.	The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency capital program has been delivered within approved capital expenditure authorisation limits.	The Executive manager has operated within his/her capital budget.
Budget compliance – employee expenses	The Cluster has operated within its approved Labour Expense Cap.	The Agency has operated within its approved Labour Expense Cap.	The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency has operated within its approved Labour Expense Cap.	The Executive manager has operated within his/her labour expense budget.

	Director-General	Chief Executive Officer	Chief Financial Officer	Executive-level budget holding operational managers
Delivery of savings	The Cluster savings measures incorporated into the Budget are supported by rigorous implementation plans.	The Agency savings measures incorporated into the Budget are supported by rigorous implementation plans.	The Cluster/Agency CFO has provided appropriate information & advice to the DG/CEO to ensure that savings measures incorporated into the Budget are supported by rigorous implementation plans.	The Executive manager has incorporated rigorous implementation plans into the Budget to achieve savings measures.
Management reporting	The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.	The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.	The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.	N/A
Statutory reporting	The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.	The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.	The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.	N/A



Appendix B:

Mandatory performance objectives for everyone managing people

People and capability management

People and capability objectives	Director-General	Chief Executive Officer	Executive	Manager
Managing for performance	The Agency has a performance management framework in place that is linked to the corporate planning system.	The Agency has a performance management framework in place that is linked to the corporate planning system.	All employees in the division have a current performance agreement that is clearly linked to organisational objectives and is reviewed annually.	All employees in the business unit have a current performance agreement that is clearly linked to organisational objectives and is reviewed annually.
Workforce planning and development	The Agency has a strategic, systematic approach to align its workforce capability and capacity with the organisation's current and future priorities and objectives.	The Agency has a strategic, systematic approach to align its workforce capability and capacity with the organisation's current and future priorities and objectives.	The division implements strategies to align its workforce capability and capacity with the organisation's current and future priorities and objectives.	The business unit implements strategies to align its workforce capability and capacity with the organisation's current and future priorities and objectives.

