

# 43. Employee Review and Performance Management Policy and Procedure

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## Purpose

Australian Quality Care expects all employees to show competence, care, good faith and compliance with instructions, policies and procedures in the performance of their duties and to conduct themselves in a manner which respects the rights and safety of their co-workers, clients and other stakeholders.

Australian Quality Care is committed to ensuring that fair and effective systems exist for both managing underperformance and recognizing performance that meets and exceeds the Company's expectations.

Where an employee's work performance does not meet a satisfactory standard, an appropriate process of investigation and corrective action may be taken. The action taken shall conform to the relevant legislation and accord with the principles of natural justice and procedural fairness.

## Scope

This policy is applicable in the management of all employees, at every level, of Australian Quality Care.

## Definitions

**Performance Management** – a well-established, all-encompassing term used to describe the practice that drives decisions about performance, remuneration, promotions, disciplinary procedures, terminations, transfers and development needs within an organisation.

**Performance Appraisal (also Employee Review)** – the process of identifying, evaluating and developing the work performance of employees to help achieve the goals and objectives of the organisation. Australian Quality Care conducts Employee Reviews annually.

**Performance Improvement Plan (PIP)** – a documented plan of action developed and agreed upon by both employer and employee to improve performance. It must clearly outline expectations, any support required and a date for review of performance improvement. This is not used during the Performance Appraisal but used on an as-needs basis whenever underperformance is identified and needs to be addressed FORMALLY.

## Policy

Australian Quality Care is committed to building a work environment that strives for and recognises high performance, maximises flexibility, and encourages employee professional growth and development. In support of its key values, this policy and the procedures incorporate the following principles:

**1. Clear and regular communication**

Through regular opportunities for open and constructive communication between employees and their supervisors, this policy provides a basis for building a shared understanding between supervisors and employees regarding the employee's role in the company, and performance expectations.

**2. Effective work planning and employee development**

Australian Quality Care acknowledges that planning and employee development are key to improving individual productivity and organisational performance.

**3. Feedback, recognition and reward**

This policy will guide managers to provide constructive feedback regarding performance and give recognition, and where appropriate reward, that is of high standard.

**4. Fairness and transparency**

This policy will guide managers to objectively assess performance against key duties and expectations and fairly making recommendations and decisions for rewarding high performance and addressing below standard performance.

## Employer Responsibilities

Australian Quality Care and management will:

- Initiate and ensure a performance appraisal is completed annually for each employee
- Treat employees in a fair and equitable manner
- Provide the employee with details of work expectations, including setting performance objectives and reasonable timeframes for their achievement
- Provide employees with recognition where appropriate
- In consultation with the employee, establish performance criteria that align with operational and strategic plans
- Discuss work performance with the employee on an on-going basis, including identifying and clarifying underperformance issues
- Review employee performance against established criteria in the position description
- Develop, in consultation with the employee, strategies for performance enhancement
- Where required, facilitate employees to undertake professional learning opportunities that align with the work goals and where possible support other career development opportunities.

## Employee responsibilities

Employee responsibilities are to:

- Consult with their supervisor, seek advice and express views about any aspect of work
- Provide input on performance objectives and plan performance enhancement strategies
- Self-assess achievements against approved objectives
- Seek clarification on job expectations; and
- Seek opportunities and take responsibility for ensuring staff development and career advancement needs are met.

## Recognising satisfactory and excellent performance

Australian Quality Care is committed to ensuring that fair and effective systems exist for recognising satisfactory performance, and performance that exceeds the Company's expectations. Examples of an Employee Recognition program identifies when an employee has exceeded expectations by awarding an employee of the month.

## Underperforming and Unsatisfactory Performance

Australian Quality Care is committed to ensuring that fair and effective systems exist for managing underperforming and unsatisfactory work performance.

The management of underperforming and unsatisfactory performance requires the principles of **natural justice** and **procedural fairness** to underpin all actions undertaken by supervisors or managers.

The principles of **natural justice** are:

- All parties will have the right to be heard and judged without bias; and
- All issues are investigated thoroughly and justly.

The principles of **procedural fairness** are as follows:

- The standards of work performance required will be made clear to the employee by documentation or during counselling
- The employee will be made aware of the likely next steps in the event that satisfactory performance is, or is not, maintained
- The employee will be afforded the right to be accompanied by a support person (or employee representative) at discussions or counselling interviews, at any level of the process; and
- When a complaint about performance is brought to the supervisor's attention by a third party, the substance of the complaint will be verified before any action is taken on the matter.

These procedures do not replace the normal responsibility of a supervisor to discuss work issues with employees, to ensure that employees have a clear understanding of the work expected of them and to provide appropriate feedback on their performance.

THE EMPHASIS SHOULD ALWAYS BE ON **EARLY** INTERVENTION AT A **LOCAL** LEVEL AND **INFORMAL** RESOLUTION OF A PROBLEM, AS OPPOSED TO A MORE FORMAL INTERVENTION AT A LATER TIME.

IN ANY EVENT, UNLESS THE MATTER IS OF A SERIOUS NATURE, THE **FORMAL PROCESS OUTLINED IN THIS POLICY SHOULD ONLY BE COMMENCED WHEN IT BECOMES CLEAR TO THE SUPERVISOR THAT A WORK PERFORMANCE PROBLEM HAS NOT BEEN CORRECTED THROUGH RELATIVELY INFORMAL DISCUSSION/S BETWEEN THE SUPERVISOR AND EMPLOYEE.**

## Procedure

### Informal Performance Management

Early intervention is key to resolving performance issues and can be started by the employee or manager.

Managers should make certain they have a clear and unbiased understanding of what is happening. Always consider whether there may be underlying factors that are contributing to or causing the performance issues.

It may be worth checking with other managers who work nearby, or interact with your staff member, to check if they align with your own observations or assessment.

Even a single incident of performance below the required standard calls for some feedback to the employee — it can just be an informal comment rather than a meeting.

Not every performance issue needs a formal, structured process. Explore other options for improving performance, such as:

- The use of a written task list (paper or electronic)
- Continuous feedback
- A buddy
- Changes to allocation of tasks
- Identification of relevant training
- Coaching
- Mentoring
- More regular performance catch-ups where feedback can be given.

### Guide to managing a performance issue **INFORMALLY**

#### Step 1 – Identify the problem

It is important to understand the key drivers of performance or performance issues within your work area.

It's also important to correctly and specifically identify the problem. Some common reasons, or factors, for performance issues are identified later in this guide.

## **Step 2 – Assess and analyse the problem**

The employer should determine:

- How serious the problem is
- How long the problem has existed; and
- How wide the gap is between what is expected and what is being delivered.

Once the problem has been identified and assessed, the employer should organise a meeting with the employee to discuss the issue that they have identified. This can be quite informal and part of a usual catch-up or feedback conversation. This is not a disciplinary meeting.

## **Step 3 – Meet with the employee to informally discuss the issue**

It is important that the meeting takes place in private and in an environment that is comfortable and non-threatening, away from distractions and interruptions.

The employer should begin by holding a discussion with the employee to explain the problem in specific terms. From this conversation, the employee should be able to clearly understand:

- What the issue is
- Why it is an issue
- How it impacts on the workplace
- Why there is a concern.

The employer should discuss what they wish to achieve from the meeting.

The meeting should be an open discussion in which both parties discuss the issue with open minds. The employer should listen carefully to any explanation about why the issue has come about and to any other comments the employee makes.

When having this type of meeting, it's useful to also refer to any recent positive things that the employee has done to show them that you also recognise and appreciate their strengths.

Key points for employers to remember when holding the meeting are to:

- Talk about the issue and not the person
- Explore the reasons why there is an issue
- Clarify details
- Stay relaxed and encouraging
- Summarise to check your understanding of the situation.

And, when discussing shortfalls in any area, it's important to check that the employee:

- Is aware that it is a task that is required of them
- Has been shown what is required
- Understands the gap between what is happening and what is required.

#### **Step 4 – Jointly develop a solution**

Where possible, it's important that a solution is formed together with the employee. Where an employee has contributed to the solution they will be more likely to accept and act on it.

When working out a solution, the employer should:

- Explore ideas by asking open questions
- Emphasise common ground
- Keep the discussion on track
- Focus on positive possibilities
- Offer assistance, such as further training, mentoring, flexible work practices or redefining roles and expectations.

Once the manager and the employee are clear on the issues and expectations, they should work towards a solution. This can be documented informally by noting down the goals for improving performance, any support needed and when the manager will check back in with the employee.

The plan can:

- Reflect an understanding of performance expectations and what is to be achieved over the specified time period (development milestones)
- Clarify roles and responsibilities of the employee
- Include strategies for training and career development
- Include timeframes for improvement (these may vary depending on the issue and needs of the business, however it's important to give an employee adequate time to improve their performance)
- Reinforce the value and worth of the role being performed.

*\*A Performance Improvement Plan (PIP) is NOT to be used for informal performance management. PIPs should only be used for formal matters (see Formal Performance Management in the following section).*

Set a date for another meeting with the employee to review progress and discuss the employee's performance improvement, or if they need to keep working on improvement.

#### ***Helpful hint***

*When devising a solution, make sure it is clear and easy to follow and does not rely on 'performance-management speak'. Use everyday language for your workplace. For example, if terms such as 'KPIs' (Key Performance Indicators) aren't part of everyday language in your workplace, don't use them in performance discussions and agreements*

#### **Step 5 – Stay in touch and monitor performance**

The employer should monitor the employee's performance and continue to provide feedback and encouragement.

**NB:** *The steps will be the same but the length of time you need to give for improvement depends on factors such as the type of role, nature and size of your organisation. For tips on how to deliver negative or constructive feedback to workers, see our helpful guide located on the Forms webpage or in Employment Hero in your Induction Resources.*

## Formal Performance Management

In some cases, informal meetings, development and support are not effective in raising the employee's performance to the required standard. If this happens management and Human Resources will need to consider a more formal approach with the employee.

Once starting down the path of performance improvement it should be a forward-looking process. Set out what the issues or concerns are and focus on these. If a manager tries later to raise different, older issues then the process may be viewed as being unfair and not in good faith.

All **formal** approaches to performance management **MUST** be referred to Human Resources, who will be guided by employment relations advice in approaching the matter. This is to ensure that procedural fairness is maintained throughout the entire process.

Employment relations advice will include the development of a formal Performance Improvement Plan (PIP) which will help record the expectations agreed, define timelines for improvement, and clearly establish that disciplinary proceedings will be undertaken in the event that the employee fails to achieve and/or maintain the performance standards moving forward.

If an employee does not improve their performance within the timeframe defined in the PIP, they may be issued a formal written warning and if there are subsequent failures in reasonable improvements, the employer may make a decision to terminate their employment.

Managing a performance issue is different to managing a misconduct issue. It's important to use the correct process for the issue you have with your employee. Misconduct usually needs to be managed formally.

*It is an employer's obligation to try to resolve problems in good faith. In cases of performance issues, good faith means giving an employee a real opportunity to improve their performance and helping them to do so, while making sure that they know and understand their performance expectations. In cases of misconduct this means conducting a fair and full investigation and giving the employee the opportunity to be heard.*

### **Management action, not disciplinary action, is needed to fix most performance issues.**

Formal performance management, using warnings and/or dismissal should be considered only after consideration of other management actions (more information, clarification, better leadership, extra training, coaching or counselling) to fix the employee's performance issues.

Disciplinary action, as outlined in Australian Quality Care's Human Resources Policy and Procedure, may be appropriate in the case of an employee's misconduct or misbehaviour.

## Guide to managing a performance issue formally

All formal approaches to performance management MUST be referred to Human Resources, who will be guided by employment relations advice in approaching the matter. This is to ensure that procedural fairness is maintained throughout the entire process.

Employment relations advice may include a formal Performance Improvement Plan which will help record the expectations agreed, define timelines for improvement, and clearly establish that disciplinary proceedings may be undertaken in the event the employee fails to achieve and/or maintain the performance standards moving forward.

Whilst there is no prescriptive pathway in terms of PIP's and/or number of warnings, employment relations advice recommends a minimum of two warnings supported by PIP's to demonstrate that the employee has had sufficient opportunity to respond to any performance concerns and improve their performance over a reasonable period of time. The number of warnings and PIP's will depend on the facts and circumstances of the particular situation; including but not limited to: the length of service of the employee, the seriousness of the performance 'gap' i.e., impact on customer service, profitability etc., the timeframe given for improvement, any explanation given for the poor performance including any personal circumstances as well as the training/coaching provided.

## **Performance Appraisal (Employee Review)**

Appraisals record an assessment of an employee's performance, potential and development needs. They are an opportunity for discussion to take place regularly, in a structured manner, on the overall view of work, content, loads and volume, to review what has been achieved since the last appraisal period and to agree on objectives for the next.

An appraisal is not implemented solely for the benefit of the individual but is a means of improving the performance of the whole organisation. By improving all round job performance, job satisfaction, improved communication and understanding, increased awareness and participation, better planning and co-ordination, the organisation will be in a position to provide an improved service to clients and provide a healthy work culture for it's employees.

It will also assist in developing employees for future roles within the organisation, especially in times of growth.

It is important to remember that appraisals should not be used as part of the disciplinary process, nor should an appraisal meeting be used as an opportunity to raise disciplinary issues with an employee. Disciplinary issues should be dealt with under Australian Quality Care's disciplinary procedure outlined in the Human Resources Policy and Procedure.

**The setting of objectives is central to appraising employees. Objectives are not "tasks" that are given to employees; they are a specific "outcome". It will state what the end situation will be, not how it will be achieved.**

## **Guide to Employee Review/Performance Appraisals**

### **Step 1 – Preparation for appraisal**

At the end of the review period, both the employee and the manager will conduct a review of the employee's performance. This consists of the employee first completing a self-assessment, followed by the employer or manager providing their responses on the electronic platform *Employment Hero*.

During this assessment, both the employee and the Employer may consider the following:

- Achievement in the key competency areas
- Training and development needs
- Progression and completion of outcomes from previous appraisal; and
- Career objectives and goals.

Written feedback from third party sources may be incorporated into the review process but must be confined to agreed performance criteria and outcomes. Relevant third-party sources include:

- Client feedback
- Peer feedback; and
- Feedback from designated indirect supervisors and/or assigned project managers.

### **Step 2 - Appraisal meeting**

The manager will then organise a 1:1 meeting to discuss the assessment. During the meeting, the manager will provide the employee with an opportunity to discuss:

- The self-assessment of the employee's performance
- Gaps in performance and plans to rectify these gaps; and
- Career goals and training and development objectives.

The manager will subsequently discuss the employee's overall performance assessment including:

- Feedback and progression of the action plan from any previous review
- Performance trends
- Detailed explanation of performance accomplishments and gaps with examples
- Recommendations for training and development
- Performance recognition rewards; and
- Action/development needed.

### **Step 3 - Action Plan Following Appraisal**

At the end of the appraisal, taking into consideration the above, the employee and the manager may agree on an action plan – documented on an *Action Plan Following Appraisal* form - aimed at addressing any career goals, training gaps and opportunities, performance concerns and new or amended key competency areas.

This action plan will be used as a framework for the employee's next review. The manager will undertake to fulfil any obligations under this plan, while the employee will be expected to endeavour to satisfy any expectations agreed to.

#### **Step 4 - Action plan monitoring**

The manager may conduct a follow up meeting shortly after the performance appraisal to discuss the employee's progression on the outcomes discussed during the appraisal. During this meeting, the employer will note:

- Positive achievements
- Constructive feedback on the progression of the employee's agreed actions; and
- Any adjustments to the agreed actions.

## **Related documents**

- Position Description
- Performance Improvement Plan template
- Employment Hero Employee Review
- Action Plan Following Employee Review
- Delivering Negative Feedback to Workers Guide

## **References**

- Employsure Advice Team
- Employsure Performance Management Fact Sheet
- Employsure Performance Appraisal Guide
- Human Resource Policy and Procedure
- [Fair Work Ombudsman – Managing Performance and Warnings](#)
- [Business Queensland – Staff Performance Reviews](#)
- [Lawpath](#)