

# **WEEK SIX**

## **Performance Management**

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- Performance Management: objective-setting and systematic performance review
  - Monitoring Performance: control/monitoring systems, absence control and the design of disciplinary procedures
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# Performance Management

The aim of managing performance is to continuously improve the performance of individuals and that of the organisation. It involves making sure that the performance of employees contributes to the goals of their teams and the business as a whole.

**Performance management** (PM) includes activities which ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas.

Briscoe and Claus (2008) say:

***‘Performance management is the system through which organisations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards.’***

Good performance management helps everyone in the organisation to know:

- what the business is trying to achieve
- their role in helping the business achieve its goals
- the skill and competencies they need to fulfil their role
- the standards of performance required
- how they can develop their performance and contribute to development of the organisation
- how they are doing
- when there are performance problems and what to do about them.

If employees are engaged in their work they are more likely to be doing their best for the organisation.

An engaged employee is someone who:

- takes pride in their job and shows loyalty towards their line manager, team or organisation
- goes the extra mile - particularly in areas like customer service, or where employees need to be creative, responsive or adaptable.

The way to manage performance should be fair to all staff and decisions should be based on merit, managers must not discriminate against employees in the way they manage performance.

All managers with responsibilities for performance management must receive training to help them manage performance effectively. This should include information on the

- objectives of performance management,
- how it will operate and
- what their role will be.

Employees will also need training in how to set their objectives and training in other aspects of the system.

### **There are three aspects to planning an individual's performance:**

1. objectives which the employee is expected to achieve
2. competencies or behaviours - the way in which employees work towards their objectives
3. personal development - the development employees need in order to achieve objectives and realise their potential

A regular dialogue between line managers and their team members is at the heart of performance management. Managers should discuss work as it goes along by holding regular informal meetings about:

- how the employee is doing in terms of objectives and competencies and might be added to the employees record of achievement
- things to think about that might be enhanced further
- areas to work on and any concerns about performance. These can feed into the employee's development plan.

**Reviewing performance typically has three elements:**

1. regular informal meeting where line managers discuss current work and development
2. formal interim meeting to discuss progress against performance plan
3. annual appraisal review where the work of the year is discussed and feedback given.

Performance management is usually designed by HR and delivered by line managers, although line managers have become more central to the objectives and use of performance management. Over the years it has become the most important tool in the manager's armory to ensure that the people management side of their job is adequately addressed. In simple terms, performance management is the means by which many firms ensure that managers do what good managers ought to do, ensure people know what they ought to be doing, have the skills to do it and complete it to an adequate standard.

Researchers on performance management found that the relationships between an individual and their line manager is the most significant factor impacting on the individual's willingness to perform. As such they concluded that line managers have a crucial role to play in bringing HR policies to life and none more so than performance

management. They therefore identified performance management as one of the critical processes shaping the link between people management and organisational performance.

**Performance management in its broadest sense would be carried out when the following activities are apparent:**

- communication of a vision to all employees
- setting departmental and individual performance targets that are related to wider objectives
- conducting formal reviews of progress towards these targets
- using the review process to identify training, development and reward outcomes
- evaluating the whole process to improve effectiveness
- expressing performance targets in terms of measurable outputs, accountabilities and training/learning targets
- using formal appraisal procedures as ways of communicating performance requirements that are set on a regular basis
- linking performance requirements to pay, especially for senior managers.

Performance management is a primary tool for managing the business as it is significant in shaping individual behaviour and ensuring these are directed towards achieving the strategic aims of the organisation. As Mohrman and Mohrman (1995) emphasised,

**‘performance management is managing the business’;**

in other words, it is what line managers do all the time.

As a result of this, the history of performance management over the last couple of decades, saw performance management progress from an HR policy firmly within the

HR department to a business process that is central to aligning activity with strategic goals and is as much about managing the business as it is about directing people and controlling the flow of training or reward.

Since the early development of objective-setting and review through all its later manifestations, the underlying assumption of performance management is that individual performance can be raised through a focus on setting and monitoring goals and aligning development and reward to individual aspirations and potential to grow and develop new skills. Further performance management assumes that by raising individual levels of performance, organisational performance will also improve.

### **The role of the line manager?**

The line managers are best placed to talk to employees, to listen to their concerns, counsel and coach them, to check they meet their targets and to ensure they are committed to the business.

### **What SMART objectives mean?**

The SMART acronym is a useful way of getting objectives right:

- **Specific** - objectives should state a desired outcome. What does the employee need to achieve?
- **Measurable** - how will the manager and employee know when an objective has been achieved?
- **Achievable** - is the objective something the employee is capable of achieving but also challenging?
- **Relevant** - do objectives relate to those of the team / department / business?
- **Timebound** - when does the objective need to be achieved?

## **What is a personal development plan?**

A personal development plan is where development needs are set out. They need not be complicated but may include:

- The development needed
- How the development will be achieved
- When the development will be achieved
- How the achievement will be measured

# Control/monitoring Systems

## Absence control and the design of disciplinary procedures

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The levels of attendance at work can be viewed as a reflection of the general wellbeing of an organisation as well as the individuals that work within it. That is because it can be viewed as having causes beyond the immediate health issues of the employees concerned and therefore as a reflection of what goes on within the organisation. For example, people may stay away from work because they are being bullied, or they are under too much pressure, or their boss has an aggressive management style. It is also possible that stress at work can cause physical or psychological problems for employees and in turn this will make it impossible for employees to attend work. It is a significant problem for UK employers.

For example, it has been suggested that the cost to UK employers in 2002 was £11.6 billion. The employee reactions might include a lowering of morale among workers having to cover for absent colleagues and management's loss of credibility by not dealing effectively with people considered to be 'pulling a fast one'. It has been suggested that approximately 26 million requests are made each year for medical sick-notes, of which about 9 million are perhaps not genuine.

A number of sources suggest that absence from work can result from a number of factors that can be categorised under the following headings:

1. **Job content and context.** This can include factors such as the design of the job; work output pressures; the stress levels associated with work; work group dynamics; management style; company procedures and policies; nature and type



of employment contract (permanent or fixed/short-term); and group/organisational norms with regard to attendance.

2. **Employee values.** The level of responsibility that the individual feels towards the job; customers; the work group; management; and the organisation. The personal values that an individual holds in relation to regular attendance under particular conditions (their personal
3. **Work ethic.** Employee characteristics Factors such as age; education; family circumstances and background; and personality.
4. **Pressure to attend work.** Factors such as economic and market conditions; company wage policies and incentive arrangements; company disciplinary and other absence management policies and practice; work group norms and dynamics; and level of organisational commitment.
5. **Ability to attend work** Factors such as illness (short- or long-term); accidents (at work or outside); family responsibilities and commitments; and transport difficulties.

Each of the first four categories will impact on the motivation (or likelihood) that the individual will attend work on a regular basis, whilst the fifth will impact on the ability of an individual to actually do so.

Traditionally, absence will have been dealt with through the disciplinary processes that an organisation has available to it. The underlying logic here is that the contract of employment requires absolute attendance unless a serious issue prevents it. From the discussion above it should be clear that there are many reasons for absence and that a more sophisticated approach is required that would take account of the wide variety of potential causes. One approach to guiding the development of an absence strategy involves the following stages:

- **Assess the absence problem.** Use appropriate and accurate records (perhaps by adopting the measures outlined above) to monitor general and specific incidences of absence. Also engage in benchmarking absence levels against other organisations and industries.
- **Locate specific absence problems, areas or individuals.** Not everyone or every department will have significant absence problems and so it is necessary first to identify where high absence levels exist and who takes the most time off work, and more importantly for what reason.
- **Identify and prioritise absence causes.** This process does not automatically indicate that everyone so identified will be subjected to disciplinary action. It might identify sections in which the stress levels are very high due to work pressures or other factors; it might identify areas of work activity with particular safety problems; it might also identify areas of poor job design. There are many possible reasons for absence and it is necessary to begin to find out what lies behind this before deciding on appropriate courses of action.
- **Evaluate current absence control methods.**
- **Redesign (if necessary) the absence control procedures.** Set targets for absence levels and absence reduction and determine action levels. Establish procedures and guidelines for return to work interviews and 'during absence'/progress reviews. Consider the impact of absence on performance management; career development; and incentive payment practices.
- **Implement the absence control policy and procedures.** Form clear procedural links between the disciplinary procedure and its appropriate application for instances of absence. Disciplining for absence (including dismissal) can be a potentially fair action but only if it is undertaken in an appropriate manner and based on sound information.

- **Monitor the effectiveness of the procedure.** Monitor absence levels and take appropriate action within the established procedures.
- **Provide training and support for line managers.**
- Consider health promotion and occupational health involvement in work design and employee support.
- **Consider various support issues.** These could include flexible working; job sharing; part-time working; tele-working; and medical insurance as ways of minimising the disruptive effects (for employees and employers) of some forms of absence

When seeking to manage absence levels care should be taken to avoid presenteeism, which refers to situations where individuals will feel pressured to attend work when they should not do so and to stay at work beyond their normal working hours. Common difficulties with effective return to work arrangements include a lack of consultation with employees, their trade union, HR staff and line managers; a lack of training in making work/job adjustments possible; and little or no budget allocations for such adaptations or return to work processes.

## **DISCIPLINE PROCESS**

### **Correcting Employee Behaviour**

Discipline in the workplace is the means by which supervisory personnel correct behavioural deficiencies and ensure adherence to established company rules. The purpose of discipline is to correct behaviour. It is not designed to punish or embarrass an employee.

## **Stage 1: Counseling Interview**

- The immediate supervisor should advise the employee of his concern over the absences, try to establish the reasons for the sickness and determine what needs to be done to improve attendance.
- If any medical condition is identified at this stage, and is likely to have an effect on job suitability, the supervisor should arrange an appointment with a company-approved doctor. This should be confirmed to the employee in writing within five working days.
- If, from the discussion, the problem does not appear to be due to an underlying unfitness for work, the supervisor should advise the employee that, while the recorded ailments may be genuine, a sustained improvement in attendance is expected or the next stage in the procedure will be taken.
- A review of the attendance will automatically be made each month for the next six months.

## **Stage 2: First Formal Review (Verbal Warning Stage)**

If the employee's absences continue to worsen following analysis and regular monitoring, he should be invited to attend a formal review meeting with the supervisor. The absence record should be detailed in a letter inviting the employee for this interview. The employee should be advised that she is entitled to be represented by a union representative or a colleague as appropriate.

The purpose of this meeting will be to:

- continue to discuss the underlying reasons for the absences,
- advise the employee of the service and cost implications of her absence, and
- warn the employee (except when deciding to seek medical advice) that if there is not a substantial and sustained improvement, her employment may be terminated because of her inability to maintain an acceptable attendance level. This constitutes the verbal warning.

- Where medical attention is warranted, action must be taken immediately. The meeting is therefore only adjourned to allow this part of the process to be completed. Within five working days, the employee must receive medical advice. The meeting is then reconvened with HR and the doctor's opinion is discussed.
- If the doctor confirms fitness for work, the employee should be warned about the consequences of continued absence.

### **Stage 3: Second Formal Review (Written Warning Stage)**

Where regular monitoring indicates that no improvement in the absence pattern has occurred, a second formal meeting will be arranged with HR.

- The letter inviting the employee to the meeting will include the absence record and, again, advice on representation.
- Any new information given at the meeting regarding ill health or a change in the nature of sickness may need to be assessed by a company-approved doctor.
- The employee should be given the opportunity to explain his or her absence record. If appropriate, the supervisor should inform the employee that a formal written warning is being issued and that this warning will remain in the employee's file for a specified period. A copy of the warning should be issued to the employee and to his/her representative.
- The employee should be informed that failure to comply with the company's attendance expectations, and to improve on the present unacceptable record of absence, will result in the termination of the employee's employment.
- Where fitness for work is in doubt, proceed with redeployment options according to the guidance received by the doctor. Consult with the employee's union representative (if applicable) on the redeployment process and options.

## **Stage 4: Temporary Suspension From Work**

- If, following the implementation of the previous stages of the disciplinary process, no improvement in attendance occurs, management may proceed with a temporary suspension without pay. The intention to suspend should be confirmed in writing with details of start and end dates. A copy of the letter of suspension should be sent to the employee's representative (if applicable).

## **Stage 5: Termination of Employment**

- This is the final stage in the disciplinary process whereby the employee is dismissed for inability to comply with the company's requirements for attendance at work. Dismissal can only take place with the written authorization of a senior manager and HR.
- The letter calling the employee in will, again, include advice on representation and will outline the absence record. The employee should be advised that, as a result of the interview, he or she may be dismissed for incapability to perform work duties.
- Again, the company doctor may have to be consulted if any new information is forthcoming in regard to the employee's health or capacity for work.
- Where redeployment is not possible, or appropriate, consider proceeding with dismissal for reasons of capability. Eligibility for disability benefit will depend on the circumstances of each case.
- If a decision is made to dismiss on the basis of capability, a copy of the letter of dismissal should be sent to the employee's representative (if appropriate).
- The employee may have the right to appeal against dismissal. The appeal should be in line with the company's disciplinary procedures.

It is important to try to take the subjectivity out of managing absenteeism and to ensure that all employees are treated the same. It is essential to be consistent, persistent, and fair to all. When absence is not addressed or addressed in an inconsistent manner,

lower morale can result. Employees can feel they have been treated unfairly when they perceive other absent employees are “getting away with it.”

The majority of employees will appreciate policies and programs that are facilitative, rather than punitive. Stringent or punitive measures that force employees to come to work can result in employees that then become, "absent while at work."

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