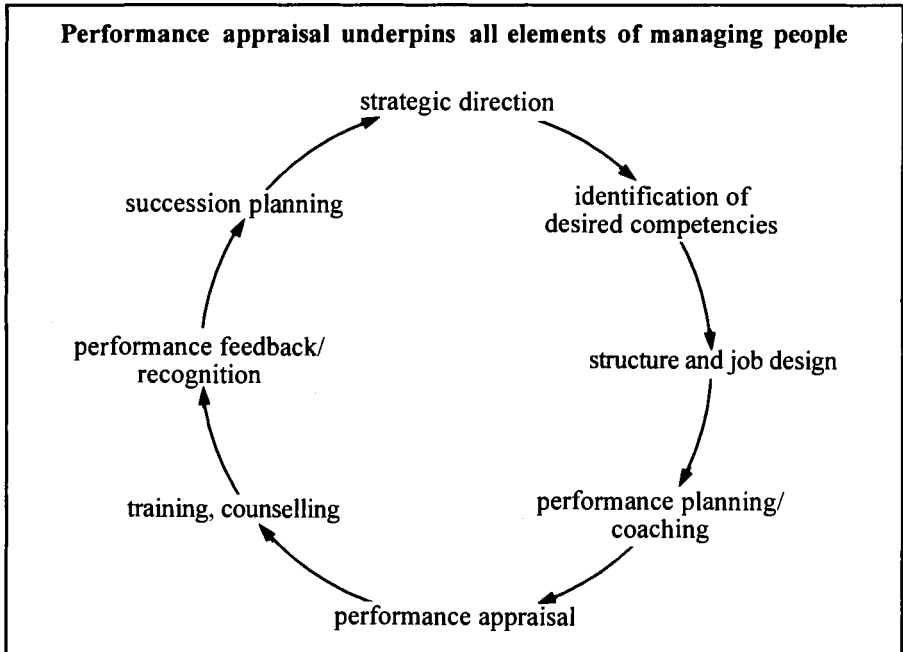


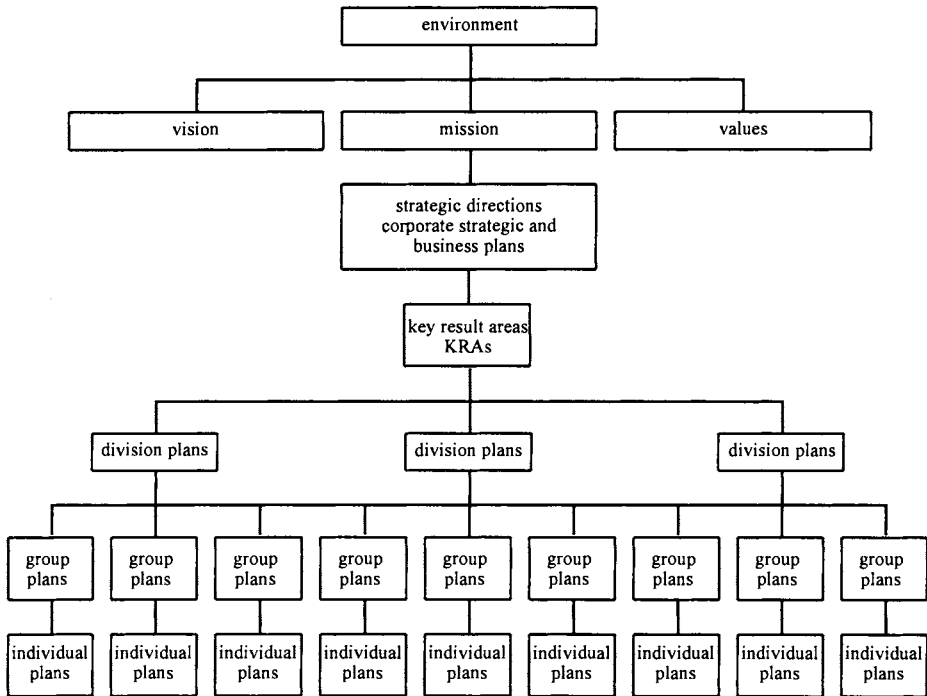
## GETTING STARTED – DESIGNING THE PERFORMANCE MANAGEMENT APPRAISAL SYSTEM

Performance management appraisal is not just a system for annual employee assessment, it is an activity that impacts on every aspect of how each individual is managed in the organisation.



Planning and measuring are key processes of the performance management system. These are the processes that link goals to actions and achievements. In an ideal world, the planning system links all areas of activity and the work of every employee to the organisation's goals.

## PLANNING FOR PERFORMANCE



In reality, of course, strategic planning activity is occurring in some public service organisations, particularly those moving towards commercialisation, and not in others. However, lack of perfect corporate planning should not delay the design of the system or the commencement of pilots. The very process of work plan development at individual level will cause a flow upwards and will foster the development of organisational objectives. In effect, the aggregate of the individual plans can form the basis of the division plan and the aggregate of division plans the organisation plan. This is not the ideal but it reflects reality and experience indicates that it works. The pilot period in one ministry or department provides an opportunity for ministries or units not involved in the pilot, to undertake corporate planning exercises in readiness for implementation of individual objective-setting in work plans.

In summary, it has been a common experience in a number of countries that the implementation of performance management is in a *bottom up* manner where the completion of work plans by employees aggregates up the system and helps both to speed up and shore up the mission-building and corporate planning processes. Over time, a balance is achieved and the desired linking of each employee's work to the corporate mission in a more *top down* mode occurs.

## RESISTANCE

Developing a new performance management appraisal system is a major organisational intervention and change strategy. It requires adjustments in many other management activities and practices and raises issues that people find disturbing. Reaching agreement with others on organisational objectives and individual tasks, and roles and changing expectations of supervisors towards discussing rather than directing, entails people having to face what they really should be doing and how well they should be doing it. This can be threatening.

Evaluations have shown that in following a performance management pilot it is often the employees who identify the most benefits from the system and are enthusiastic for the approach. Perhaps for the first time they feel they understand what they really have to do and what standard of performance is expected of them. Also, possibly for the first time, they are receiving regular feedback, guidance and recognition for their achievements. Psychological and cultural studies indicate the degree to which everyone requires attention from authority figures – negative feedback is preferable to no feedback at all. Performance management with its cycle of structured feedback forces even the most people-shy supervisor to provide needed attention to employees.

Supervisors often find that the introduction of performance management encourages them to give immediate attention to managing in a way that is both more people- and more process-oriented. They are required to be analytical and to develop clear, strategic objectives and tasks for their unit, reach agreement with employees on work plans and be subject themselves to regular appraisal. Initially, this undoubtedly forces supervisors to work harder before they can reap the benefits of a regular and consistent approach to work planning and monitoring.

The impact of these changes can be initial resistance to the development and introduction of a new performance management system. The presence of a currently inadequate system or the remembered history of a previously unsuccessful one may add to resistance and negativity.

The Government of Zimbabwe Civil Service Reform Programme commenced in 1989 with the setting up of the Public Service Review Commission and the development of a framework for reform. To date, achievements have included rationalisation of the size and functions of government and the introduction of modern policies and management methods.

A cornerstone of reform has been the introduction of performance management. The Government of Zimbabwe started with a best practice *top down* approach with the training of senior managers and the completion of 15 corporate plans for ministries across government. Training of all employees and the development of individual work plans has now commenced.

## **SPONSORSHIP AND COMMUNICATION**

To deal with this resistance, two issues must be addressed at the very start of the performance management project: the issues of government and/or senior management commitment, and of communication.

Sponsorship at the highest level is needed for a performance management project. This is to ensure that adequate initial and on-going resourcing is provided, and that a clear message comes through to the organisation that the idea is not a fad but a modern management system that will be introduced both for the benefit of the organisation and of the individual. This sponsorship must come from the senior management team and, when appropriate, the relevant minister or Cabinet. The first task of the reform group, personnel division or project team initiating the system is to obtain this sponsorship by appropriate submissions and presentations to ensure top level commitment to the project.

Submissions need to detail the history and current status quo in relation to performance management in the public service or individual organisation, the objectives of the proposed system, expected benefits, resourcing requirements and anticipated timeframes. There should be an official sign-off that provides legitimacy for the performance management project.

Following sign-off, a project plan is developed detailing all action steps involved in development, piloting and implementation, together with timeframes and allocation of responsibilities. To assist in on-going sponsorship and commitment from senior management, they are given a clear role in the project that involves an on-going organisational and public profile. Ideally, a senior management team member would be included on any steering committee or other task direction group set up to oversee design, development and implementation of the performance system.

In line with best change management practice, communication strategies commence at the initial stages of system design and are included in the project plan. Initial strategies include such activities as discussions with key stakeholders, e.g. department heads and representatives of employee associations, circulars to staff at key stages, government media releases and document launches.

## **DESIGNING THE RIGHT SYSTEM**

There are a number of options for designing the appraisal system:

- appointing a steering committee to oversee the project, including representatives of senior management, the human resource and personnel

and training departments, employees, a representative of the public service unions and other key stakeholders;

- placing the project under the control of the director of an appropriate functional area, e.g. the Reform Unit, the Quality Unit, or the Human Resource Division;
- appointing a project officer or project team to carry out development and implementation of the system;
- contracting an outside consultant either to develop the system or to advise and facilitate an in-house project team.

Whichever combination of the above options is adopted, it is critical to the development, implementation and overall success of the performance management system that it is treated as a key change project that requires dedicated resourcing and senior management support.

Staff involved should possess project management, change management, human resource management and policy development skills.

Activities involved for the project in the initial stages will include:

- research of performance management theory;
- research of other performance systems;
- consideration of the strengths and weaknesses of the old system and employee expectations of the new;
- consideration of the impact on and any required adjustments to other people-management processes such as job evaluation and promotion practices;
- consultation with management and employees and employee associations on the policy and procedural rules of the system;
- design of guidelines detailing the objectives of the performance management system, the annual performance management cycle and processes;

- design of appropriate forms for progress and annual reviews;
- identification of pilot sites;
- agreement with pilot sites on participation;
- preparation for pilot through examination of reporting structures, availability of duty statements and other factors that might impact during the pilot;
- development of pilot evaluation strategies;
- development of training strategy and training materials for the pilot;
- briefing sessions for key managers and groups on the nature and expected impact of the performance management system;
- development of communication materials and activities for launch of the guidelines and forms and announcement of the pilot.

#### DELEGATING DESIGN

In some countries, the public service has modernised the performance appraisal system by defining key requirements and then encouraging ministries, departments and other agencies to design systems which meet those requirements but which are tailored to suit their own particular culture and function.

#### THE DESIGN MODE IN LESOTHO

At the end of 1995, a Commonwealth Secretariat consultant worked with a Lesotho Civil Service team of eight members over a five-week period to develop a performance management system. Over this period, consultation across Government was held, system forms and guidance notes, training and evaluation plans and negotiations for pilots in three sites were all completed. Communication and presentation materials were prepared and a major launch for eighty senior members of Government held in the form of a one-day seminar. The pilots will occur during 1996 and full implementation is planned for 1997.

The project was seen to accomplish a major step forward in a very short space of time due to a number factors:

- readiness for a new approach to planning and appraisal, as performance management had been taught for some time as a management training segment at the Government training institute, even though it was not being practised;
- widespread dissatisfaction with the current closed appraisal system;
- combination of a knowledgeable local team selected from a range of key areas including the civil service reform project, the public service human resource and personnel units, and the Government training institute, supported by good resources, dedicated keyboard operator and vehicle driver, and led by a consultant with strong technical expertise in performance management.

The U.K. Civil Service has been seeking to delegate ownership and autonomy as far as possible on performance appraisal. There are only two rules that must be complied with:

- the arrangements must include a means of rating overall performance which is unsatisfactory or unacceptable; and
- they must underpin the organisation's arrangements for performance-related pay.

There are, however, principles which must be taken into account:

- a system for regular appraisal is a key element in the delivery of results and improving the performance of people;
- the system should be appropriate to particular management and operational needs and should be reviewed regularly to ensure they are cost-effective;
- staff should know in advance what is expected of them, how their performance will be assessed, and should get effective feedback: if assessment of fitness for promotion is made, they should be informed;
- those responsible for appraising people should be competent to do so and have received training;
- training and development needs should be identified where not established separately;
- there should be arrangements for recording and handling any disputes and management and staff should be aware of them.

These key requirements are likely to include:

- executive support and sponsorship;
- consultation with management and staff on the objectives and components of the system;
- links to the corporate planning, strategic planning processes, or in the absence of these, to organisational or division goals and objectives;
- development of simple processes, easy to understand forms and guidelines;
- provision for individual work plans with key tasks, and qualitative and quantitative performance measures;
- provision for skill development needed for individuals to complete tasks to required standards;

- provision for on-going review throughout the year and for an annual appraisal based, in the main, on work results;
- strategies for dealing with unsatisfactory performance and for recognising good performance;
- procedures for dealing with grievance resolution;
- systems for ensuring appropriate confidentiality of appraisals and document storage;
- training for all staff before commencing participation in the system.

The Australian Public Services encourages agencies to develop their own performance management system within a framework of guidelines. However, so that equity of pay outcomes across the public sector can be assessed, each agency is required to have a five-point rating scale from (1) Unsatisfactory to (5) Outstanding (Auditor-General's Report No. 16 1993-94 'Pay for Performance').

The following guidance example is given to agencies.

**1 Unsatisfactory**

Performance does not meet the standard expected at this classification level. This level indicates that the employee has failed to deliver satisfactory results against a significant number of indicators.

**2 Adequate**

Performance just meets the standard expected of officers at this classification level. This level indicates that the officer has delivered satisfactory results against most indicators. It could be expected that some inexperienced officers would be rated adequate.

**3 Fully Effective**

Performance fully meets the standard expected of officers at this classification level. This level indicates the officer has delivered satisfactory or better results against most indicators.

**4 Superior**

Performance exceeds the standard expected of fully effective officers at this classification level. This level indicates that the officer has delivered better than satisfactory results against most indicators.

**5 Outstanding**

Performance far exceeds the standard expected of fully effective officers at this classification level. This level indicates the officer has delivered exceptional results against all indicators.

Availability and widespread distribution of definitive guidelines is a key element in introducing a new performance appraisal system. The guidelines provide:

- a consistent and holistic view of the organisation's policy on performance management and what the appraisal system is expected to achieve;
- a day-to-day guide to employees and supervisors of their roles and responsibilities in relation to performance appraisal and how these should be undertaken;
- a source document for the development of performance management training materials that are in line with the particular policy and system details adopted and detailed in the guidelines;
- a means of providing an understanding of the system for employees who may not have yet attended an appraisal training course.

#### **GUIDELINES**

Guidelines should take employees and managers step by step through the stages of the annual performance appraisal process, from objective setting to decisions following the annual review. The language used and the tone of the document should encourage open discussion and participation. Brief but comprehensive and easy to understand guidelines will assist in improving the quality of performance management, lessen misunderstandings about the system, promote a joint ownership approach between employees and those who will review them, ease pressure on personnel inquiry systems and help to cover any gaps left between training and implementation. An example of the contents of appraisal guidelines are given below.

## APPRAISAL GUIDELINES – EXAMPLE OF CONTENTS

### **1. Introduction**

Government policy statement on Performance Management and Appraisal giving authority and compliance status to the material in the document.

### **2. What is Performance Management**

Statement explaining principles of objective-setting, measuring and feedback at level of organisation and the individual.

### **3. Objectives of the Performance System**

Detailing the overall objectives sought from application of the system.

### **4. How does the Performance System work each year**

Diagram providing visual representation of how the system will work, i.e. the annual cycle of organisational planning, individual work planning, progress reviews, annual appraisal and decisions flowing from that appraisal.

### **5. Planning**

One or two paragraphs on:

- Ministry/Division planning;
- Unit planning;
- individual work planning;
- the work plan meeting;
- confidentiality and storage of work plan forms.

### **6. Reviewing progress**

One or two paragraphs on:

- the role and importance of progress reviews;
- when to conduct;
- how to conduct and document.

### **7. The Annual Performance Appraisal**

One or two paragraphs on:

- preparing for the appraisal;
- the appraisal meeting;
- discussion;
- the training plan;
- completing the form.

## **8. Decisions from the Performance Appraisal**

One or two paragraphs on:

- resolving lack of agreement (including any grievance processes to be utilised);
- dealing with unsatisfactory performance;
- rewarding outstanding performance;
- administrative arrangements, roles and responsibilities.

## **9. Examples**

- examples of work plan section of form showing objectives and performance measures for a range of positions.

## **THE FORM**

The same care should be taken in designing the appraisal form. A form that meets all the reporting and systems requirements, that cues the desired responses, controls for bias and is easy to use and understand, can contribute greatly to the success of the appraisal system.

Over-emphasis on numbers, averaging and complex arithmetic should be avoided as it distracts from open discussion and sharing of perceptions between employee and appraiser. The form should be designed to encourage fair and considered judgement and make transparent the basis of the judgement process that has occurred.

The appraisal form may contain the following features:

- brief and simple design;
- form advising that guidelines should be consulted, but each page of the form to contain enough procedural instructions so that the form can also 'stand alone';
- agreed level of confidentiality of the form to be clearly stated;
- information gathered in relation to employee's name, position, etc. to be confined to information that the system genuinely needs;
- form to contain a work plan that is output-focused, with allowance for details of the appraisee's work objectives for the appraisal period, together

with details of the standard expected and how success against that standard will be measured in both qualitative and quantitative terms;

- allowance for details of training needed to complete objectives to be documented on the form when the objectives are developed;
- form to contain a progress review sheet which allows realignment of objectives, if necessary, and early identification of unsatisfactory performance;
- form to include allowance in the annual appraisal section, for achievement against objectives, conformity with organisational behavioural standards, e.g. code of conduct, values etc. and details of additional contributions;
- rating scale descriptors to be positive and not punitive in tone, e.g. the middle of the five-point scale as *good*;
- full statements as to meaning of, or expected performance behind, each rating scale point descriptor to be included on the form;
- full statements of the implications of a particular overall rating, for example *payment of increment requires a rating of satisfactory* to be included on the form;
- allowance for both appraiser and appraisee's comments to be included on the form;
- allowance for training and development discussion and agreement on needs to be included in annual appraisal section;
- allowance for additional comments by other managers in cases of dispute.

#### **EXAMPLES**

Some worked examples of a balanced performance appraisal form and supporting guidelines are provided in Appendices A and B respectively.