An evidence based approach to developing & implementing Performance Management.

Simon Fishwick
School of management, University of Tasmania
Private Bag 16 Hobart, Tasmania 7001. simon.fishwick@utas.edu.au

Abstract

Effectively developing and implementing performance management has proved problematic for many organisations. This paper explores relevant factors for Australian service organisations if they wish to utilize current best practices including those across strategic human resource management, performance management and Australian cultural factors.

This paper proposes an integrated human resource management framework comprising:
- vertical integration with organizational objectives,
- horizontal integration with all other people management policies and practices,
- demonstrated commitment and implementation by line managers with appropriate support from human resource specialists,
- a positive response by employees.

Utilizing an integrated research and practice approach, the paper explores a series of organizational pre-requisites and themes suggesting that many organizations would be well advised to consider developing an organization specific approach to performance management. The importance of a clear commitment from senior levels (with appropriate human resource support) and utilizing a consultative approach followed by trials across a range of functions is emphasized.

Some suggestions for managing the process and gathering and reporting appropriate data to permit a rolling evaluation of progress and issues that require addressing are provided.

This approach can assist in avoiding common mistakes made by other organizations, address reasons for high "failure" rates of appraisal systems and address employees' past negative experiences of appraisal processes.

Key Words

Performance management, integrated human resources framework, organizational culture, workplace feedback, evaluation of human resource practice.

Introduction

Effectively developing and implementing performance management has proved problematic for many organisations. This paper explores relevant factors for Australian service organisations if they wish to utilize current best practices including those across strategic human resource management, performance management and Australian cultural factors.

The reality of modern management is that giving performance feedback can be complex as managers manage messes: there is a new mess every day (if there are more than seven people involved all kinds of forces take hold to create dysfunction). Many of the factors that impact on managerial effectiveness lie in social interactions where the complexity of solutions mirrors complexity of problems. If an organisation wishes to introduce a new initiative in an environment that is already busy, consideration is required as to how time and resources are to be freed to allow a smooth and effective development and implementation to occur.

The Tasmania Fire Service (TFS) sought to introduce performance management in a manner that balanced the theoretical aspects of performance management, the available research, current "best practice" in human resource management (HRM) whilst acknowledging the specific organisational context, history and cultural factors. The reasons for the development were based around commitments in Enterprise Agreements, a required from the Public Service Commissioner for Agencies to have a performance management system and as part of an ongoing change to culture and managerial style away from "command and control" to a more contemporary approach.

Using academic literature to inform Australian performance management practice
Performance management may be defined as "A strategy and process that identifies, evaluates and develops employee performance to meet employee and organisational goals" (Dessler, Griffiths & Lloyd-Walker, 2004:258). It is utilised by nearly 90% of Australian organisations according to a survey of 992 Australian HR professionals in 2004 (Nankervis & Compton 2006) as performance management is a central feature of the rise in importance of Human Resource Management being linked to the philosophy that effective HRM can be an important component in organisational performance.

To full appreciate the potential complexity of performance management; there are some key assumptions that need to be considered:
- Performance can be defined and measured;
- Organisational performance equals the sum of individual performance;
- Employees have the same (or at least compatible) objectives as the organisation;
- A performance management system can motivate employees to improve performance;
- Managers have the capability to motivate employees;
- Employees want to perform better and work harder (that is the assumption that work is a central life interest);
- Most people are good performers: at least 80% of people are competent at least 80% of the time.

To successfully implement the management of performance and from an organisational perspective, it is important to consider:
- The conditions under which the work is performed;
- The organisation's objectives, particularly service objectives;
- Employees' expectations of management style;
- How employees get feedback on performance;

Preconditions for performance management
One of the common errors that organisations make with performance management is that they attempt to "bolt on" the initiative to an existing set of policies and practices without looking at the whole HRM "system" and effectively integrating and mainstreaming performance management into organisational processes. Therefore, consideration of the factors necessary and sufficient to enable a smooth implementation of workplace feedback is required; these can be listed as:
- Effective strategic and business plans;
- Integrated approach to HRM;
- Leadership support and style compatible with the workplace feedback system chosen;
- Organisational culture supportive of PM, particularly one that promotes feedback;
- Certain levels of trust between managers and employees and vice versa;
- Clear and Consistent objectives;
- A method for poor performance and addressing grievances.

HRM framework
To provide a guiding framework under which an integrated workplace feedback process can be developed, the work of David Guest (1987, 1997 and 2000) was utilised under the following categories:

      1. Vertical integration with organizational objectives

HRM is distinguished by a strong focus of integration of HR strategies/policies/practices with organizational goals, business strategy and with each other. Such HR practices each need to be coherent and complement other HR practices and these should fit with other systems and be consistent with the organisation's strategy (Wood, 1999). Central to this point is the consistency between the organisation's espoused culture and the context of its performance management approach.

Horizontal integration with all other people management policies and practices,
The implementation of human resource policies is designed create a set of internally consistent employment polices intended to produce employee commitment, flexibility and quality (Bowen & Ostroff, 2004);

      2. Effective implementation

Managerial recognition of the importance of human resources and their behavioural demonstration Of this is fundamental to the link between organisational goals and their achievement (Boxall & Purcell, 2000). As line managers are increasingly responsible for implementing human resource polices such as performance management, (Purcell et al, 2003), their visibility and manner of implementing policies, practices and processes impacts on the employees' perceptions (Naumann & Bennett, 2000) and hence their motivation and thus performance (Neal & Griffin, 1999). In particular, the manner in which line managers exercise discretion in the implementation of HR policies and practices, together with their general behaviour towards employees plays a significant role in the link between strategy, policy and ultimate performance (Hutchinson, Kinnie & Purcell, 2002).

      3. The employee response (the WIIFM question)
For any human resource initiative that changes the way people work together, particularly those policies and practices that add additional work, the organisation needs to be able to answer the "What's in it for me?" (WIIFM question for all managers and employees) question. UK research sponsored by the Chartered Institute of Personnel and Development has found that organizations that implement Human Resource practices that are "people centric" tend to have employees who are more satisfied and committed which in turn results in positive productivity, quality and financial performance outcomes (Guest et al, 2000).

More practical aspects
TFS incorporated the above research and "best practice" and agreed on a set of themes around which the workplace feedback system was to be developed; these being:
- People are responsible for their performance;
- The organisation is responsible for providing the environment to allow optimal performance;
- "No surprises" meaning that feedback about positive and negative performance should occur as soon as possible after it happens and not be saved up for a future formal interview.
- Self and Supervisory assessment rating based on the principle of equal contribution;
- Using a range of performance information;
- Integrated and flexible criteria developed for the TFS environment;

TFS also recognised that effective implementation has ongoing resource implications, requires a significant investment in dedicated HR specialist time, requires all employees to undergo appropriate levels of training and the process requires an ongoing communication strategy. Performance management systems tend to fail for a variety of reasons including:
- Lack of top management support
- Lack of job-relatedness standards

- Rater bias
- Perceptions of unfairness
- Excessive paperwork
- Conflicting purposes
- Dislike of face-to-face confrontation
- Lack of training
- Lack of employee ownership
- Being seen as a ritual (Williams, 2002)

How the workplace feedback system developed
Following a presentation made to the senior management team that provided an overview of the current research evidence on linking HR polices and practices to performance and on performance management, the executive provided strong unequivocal support to develop performance management in an integrated manner, attempting to avoid mistakes made by other organisations as well as a recognition that the process would involve significant adjustments to the prevailing organisational culture (of command and control).

There was explicit recognition of the key roles of the HR function, line managers and employees in developing a positive feedback culture prior to any implementation of a formal appraisal measurement process.

Using the material on organizational culture, a measured and consultative process was chosen which fitted the desired cultural change and reflected the increase in employees joining TFS as recruits after having had prior careers and therefore are relatively well educated and perceive that they have ideas and skills to contribute in areas including HRM policies and practices.

Consequently, a reference group of self-nominated employees from all major work groups was established. Basic "messages" to the reference group about the development of performance feedback were:

- Strong unequivocal support from the Executive to develop the process consultatively, and attempt to avoid mistakes made by other organisations;

- A recognition that the process will take time as it involved significant adjustments to the prevailing culture of the organisation;

- A focus on positive feedback – finding employees doing something right and telling them so;

- Performance feedback is to be separated from existing operational analysis (that is review and debrief following major operational events);

- The feedback system is to be designed and communicated in such a way to make it easy for everybody to understand and simple to implement;

- Everybody will get training in the new performance feedback system, whatever it becomes;

- The process will focus on giving and receiving feedback and formal appraisal measurement process would be introduced only after a successful full implementation of feedback;

The reference group developed the framework for a trial that centred on the principles of: flexibility, confidentiality, honesty, fairness, respect, commitment, clarity and transparency.

A trial that included approximately 25% of employees undertook workplace feedback through structured feedback sessions to facilitate developing a culture of feedback. This reflects TFS's historical and developing culture, as well as Australian cultural characteristics. The HR function provided both strategic contribution and operational support to the various workgroups through training, procedures and support. Part of this role is to develop a "toolkit" for managers and employees to facilitate consistency across the organisation while permitting variations in areas that justify a specific approach. This is being done with the oversight of a steering committee of managers and employees, consistent with the philosophy of creating "owners" of the system and transferring accountability away from HR (Hope Hailey, Farndale & Truss, 2005).

Evaluation of the trial

There was a clear and consistently high level of support for the Workplace Feedback trial; in particular, for the manner in which the trial had been developed and implemented. A quote that demonstrated the overall response:

"It's been something that we drove and the organisation actually listened and took on board our views – first time in my experience with TFS this has happened".

However, there was consistent feedback that people "eased in" with the review meetings which were relatively gentle. With more confidence and experience, some of the existing "difficult issues" may come into the open.

The nature of the process was that nothing was hidden and expectations were not set too high. On the other hand, the extended period of the trial was seen as an issue and action is required to regain momentum.

For full implementation to work, it is essential that the whole process of informal feedback and review meetings is seen as integral part of how business is conducted within the TFS. For example: "feedback needs to be seen as part of want we want to do not what we have to do". There needs to be encouragement for people to conduct review sessions and consequences if they don't. For all supervisors, they should be reviewed on their support for feedback and timeliness of conducting review sessions.

There was some response (but not across the board) that the trial was seen as more than review meetings. For example: "We had conversations that hadn't happened before – some were work related and some more general inter-personal" and "I have seen positive examples of leadership in the lunch room as people have used the feedback training techniques".

Conclusions

This paper has documents the process towards developing a workplace feedback system adopted by the TFS that utilised a blend of academic, practitioner and organisational specific factors to build a process that was integrated into the organisational strategy and HRM policies and process in a way to maximise the likelihood of acceptance and integration into the day to day operations of the organisation.

The progress suggests that the development and introduction of a new HR policy and set of practices, even in an organisation that has demonstrated considerable explicit support, is time consuming given the necessity of minimizing the impact of operational activity and the new policy not running ahead of the change in the organisational culture. The response of employees to the process, to date, illustrates the importance of employee ownership and the contribution employees made which reflects an increased level of education, maturity and preparedness to contribute their ideas.

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