

# A FOCUS ON PEOPLE

Performance Management in  
the Queensland Public Service



*Office of the  
Public Service*

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## Introduction

At the heart of the management initiatives which are being implemented in the Queensland Public Service is the goal of improved performance. The outcome sought is better quality and more accessible services for clients, delivered in a way which maximises value for money and which is compatible with the budgetary constraints within which the public service must operate.

It follows that the active management of performance should be a priority issue for public service managers. This booklet is designed to provide line managers with an overview of the issues associated with the management of performance to assist them in using it as a strategic management tool to enhance the performance of their work units. It does not prescribe any particular performance management system; this is a matter to be determined by each agency, having regard to its individual circumstances.

Performance management is not a new concept for the public service. Agencies in Queensland have been measuring and reporting on their performance as part of the budget process for over a decade. Individual performance appraisal has also been in place in many agencies for some time.

There has, however, been little use of performance management as a strategic management tool. For the most part, it has been seen as a device for ensuring accountability and control. While these are important issues, the full value of active performance management is gained when it is used as the mechanism to focus organisations on the matters which will maximise their performance, and to achieve alignment of purpose throughout all levels of an organisation.

The model contained in the Workforce Management Strategy (see page 7) provides a comprehensive framework for a discussion of issues relating to performance management. This document is structured to reflect the major elements of the model.

## Managing Performance in the Queensland Public Service

Improved performance is at the heart of the management initiatives being implemented in the Queensland public service. It is a central element of both the Workforce Management Strategy and the Managing for Outcomes initiative of the Queensland Treasury.

Sustained high performance by organisations, teams and individuals is not accidental - it is achieved through the adoption of management processes which treat performance as a priority issue.

### What do we mean by performance?

Performance is a multi-dimensional concept. It is about delivering agreed outputs on time, within budget, and according to specification. It is also about contributing to whole of government outcomes.

While delivering results today is important, so too is having the capability to respond effectively to the challenges of the future. Creating and maintaining this capability is a critical performance issue.

Client satisfaction is a central element of performance. More broadly, it involves managing key relationships with clients, suppliers, senior managers, and opinion makers.

The production of outputs, the achievement of outcomes and meeting the expectations of clients depends on the internal performance of organisations. So performance includes the efficiency and effectiveness of internal procedures.

As the Workforce Management Strategy document noted, performance ultimately depends on the personal commitment of the people working in the organisation. Managing the performance of staff at an individual level, obtaining regular feedback about staff satisfaction with internal procedures and management processes and monitoring organisational climate are all important dimensions of performance.

### What do we mean by performance management?

The active management of performance is obviously central to any attempt to establish a performance culture in an organisation. The primary aim of a performance management system should be to facilitate an on-going discussion about how well an agency, work unit or team is performing in relation to the achievement of its business objectives and the ways in which existing performance levels might be improved.

Performance management is a powerful strategic management tool which enables people at all levels in the organisation to:

- check that they are on course to achieve the objectives set out in their strategic and business plans;
- monitor their rate of progress towards those objectives;
- move quickly and with confidence to adopt new priorities as circumstances change;
- communicate effectively about business priorities;
- co-ordinate effort across work units; and
- engage in a constructive dialogue with clients and opinion makers.

A properly constructed performance management system focuses on the achievement of the business objectives of the organisation as set out in its strategic/corporate plan. At the highest level, it establishes the criteria against which the performance of the organisation as a whole will be monitored and puts in place the data collection strategies that will enable informed judgements to be made. Information about performance not only reports on the success of past activities, it constitutes vital input to the formulation of strategies for the future.

The system should then be capable of cascading down through the organisation to individual work units and teams and, ultimately, to individual employees. In this way, alignment of purpose across all levels of an organisation can be achieved. In the process, a dialogue is created about the key performance issues, their inter-relationships at each level, and the extent to which the allocation of resources is consistent with the priorities which have been identified.

Multiple criteria enable more accurate assessments of performance whether it be at the level of the organisation as a whole or at the level of the individual. The involvement of a range of people looking at performance from different perspectives and against the background of different values is particularly important when it comes to forming views about the performance of teams and individuals. Models such as the Framework for Business Excellence developed by the Australian Quality Council (see Attachment A) or the Balanced Scorecard approach (see Attachment B) are examples of the kind of broadly based approach to performance assessment that might be adopted. These models incorporate ratings by a variety of key stakeholders, such as clients and staff, as well as by managers themselves.

### **Performance Management and Organisational Direction**

Once in place, the performance management system provides a mechanism by which agencies can be steered towards their goals. It enables managers at all levels to monitor existing strategies to make sure that they are achieving the desired results. It also highlights areas where performance is not reaching the desired levels, enabling management to take prompt remedial action. When circumstances lead to the need to adopt new strategies or operating approaches, the performance management system provides managers with a powerful tool to ensure the rapid implementation of the changes.

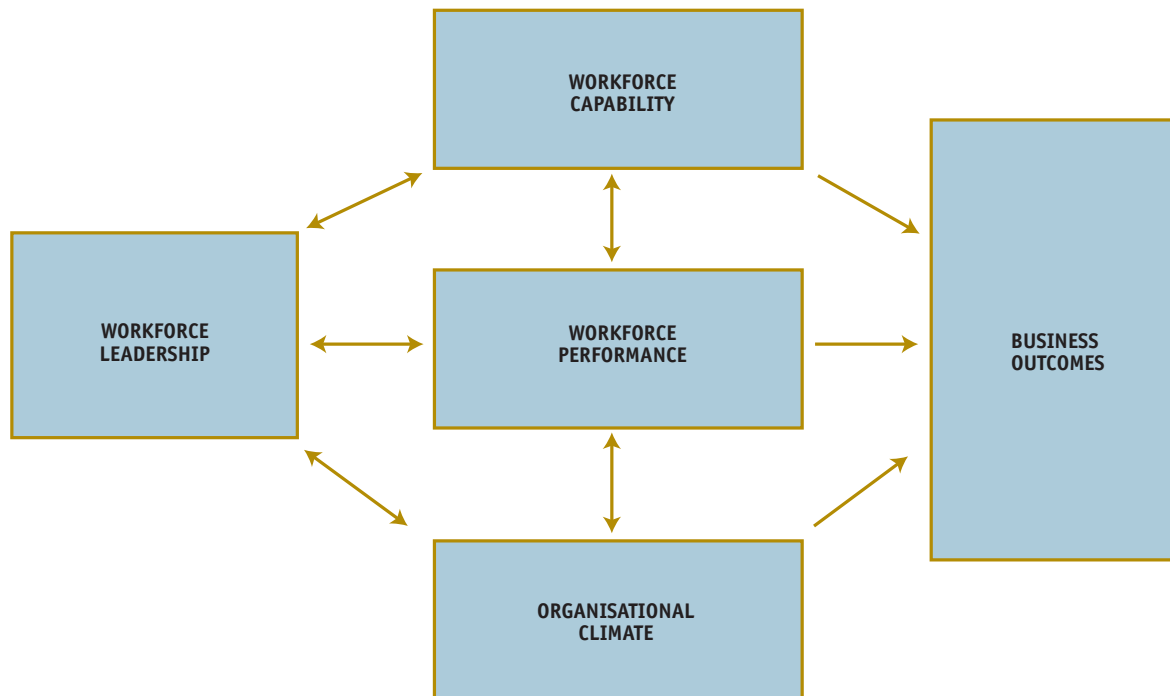
## **Performance Management and Staff Development**

Performance information is an important input into the process of workforce planning. By routinely sharing and discussing information about performance at work unit and team levels, managers and their staff are able to identify priority areas for future staff development and to formulate well targetted individual training and development plans which will lead to enhanced business performance in the future.

In addition to providing a practical context for staff development, there are important second order issues. A soundly based performance management system is an essential precondition for a system of recognition and rewards, including possible greater flexibility in remuneration arrangements. Similarly, it is the foundation upon which any action to address unsatisfactory performance relies.

In order to avoid confusing messages about the purpose of performance management, it is desirable that there be a clear separation between its use for broad developmental purposes and the processes for handling unsatisfactory performance.

## Workforce Management Strategy



## Leadership

### Features

A well designed performance management system supports leaders in their crucial roles of providing overall direction and a strong focus for action for their organisations; and managing key internal and external relationships.

Within an organisation, it provides them with assurance that the strategies they have decided upon are being implemented and that the intended results are being achieved. By the same token, it enables them to identify areas where the expected results are not being achieved, opening the way for timely remedial action.

Performance management systems focus attention on the matters that are critical for the achievement of desired results and help attain alignment of priorities across all levels in an organisation. Issues which require collaboration across work units are highlighted through this process. In the case of whole of government outcomes, analysis of the drivers of performance can clarify cross agency relationships. Ultimately, a detailed understanding of performance issues provides valuable input into decisions about the allocation of resources.

Where discussion of performance issues forms part of the everyday dialogue between managers and staff at all levels, individuals and teams are aware of how the work they do contributes to the business objectives of the agency. With this knowledge they can exercise devolved decision-making authority effectively, and confidently assess new ideas and innovative work practices. Effective leaders use this dialogue to motivate, support and coach individuals and teams as they strive towards best practice performance levels.

Using performance information as the basis for a dialogue between managers and staff rather than as a control process creates an environment where people can be recognised for their contributions and supported as they commit to more demanding performance goals. Such a dialogue highlights the importance of relationship building and of interpersonal and communication skills, as well as the need for sensitivity to the cultural, social and other differences which exist in the workforce.

Because it acts as a steering mechanism, the performance management system is a powerful tool for achieving change in an organisation. As the old adage says, "what gets measured gets done". By revising performance criteria, managers provide staff with a clear message about the need for and direction of changes in operational priorities. By closely monitoring the new criteria, managers can ensure that the desired change occurs.

The use of performance information as an accountability mechanism within government is well understood. But the accountability of leaders extends beyond financial probity and the delivery of outputs.

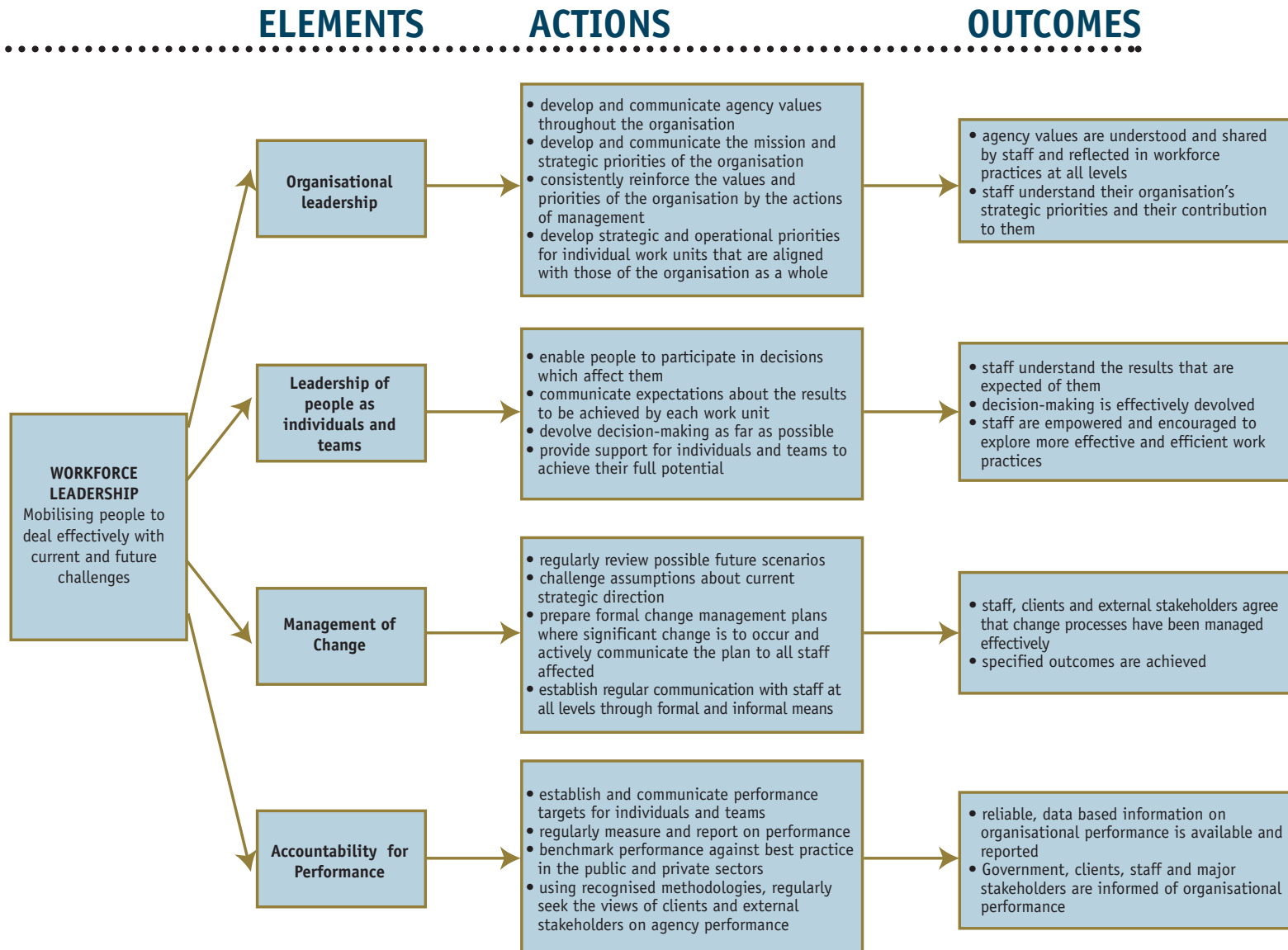
It is the responsibility of leaders to foster the capacity of their organisations to engage constructively with the challenges of the future through the development of their intellectual capital and the creation of a genuine performance culture which is future oriented and which actively supports organisational learning and innovation.

Leaders are also responsible for the reputation of their organisations in the eyes of their clients, their workforce and other major opinion makers.

### **Outcomes Sought**

A well designed performance management system should:

- provide information about not only the delivery of outputs but also the capacity of the organisation to continue to operate effectively in the future;
- focus the attention of managers and staff at all levels on the matters that are critical for the achievement of desired results; and
- provide a framework for dialogue both internally and externally which is centred on performance issues.



## Workforce Capability

### Features

An appreciation of key performance issues provides a solid foundation for agencies to develop workforce plans which will ensure that they have the right people in the right place at the right time.

The performance management framework helps to clarify the skills and other attributes that the workforce needs in order to respond effectively to the demands of the present and the challenges of the future. By relating the workforce plan directly to the drivers of performance, agencies can be confident that the investment they make in training and development, and the decisions they make about recruitment and internal promotions will have a positive impact on business objectives.

The identification of key positions opens the way for the development of succession plans so that business objectives are not compromised by the mobility of individual staff members.

Successful performance management itself requires a range of skills. There is a requirement for staff with skills to carry out the specialised task of data collection and analysis; managers and staff need to be able to understand and interpret the information generated.

Managers need well developed interpersonal counselling and feedback skills in order to engage in productive discussion of performance issues at the individual level. They will need negotiation and presentation skills to interact effectively with clients, stakeholders and staff. It will also be important that they are sensitive to issues of social, cultural and other forms of diversity within their work units. Increasingly, managers will need the skills to operate in an environment where local staff are empowered to make their own decisions about the best way to achieve their performance goals.

Performance management is a critical workforce management tool, consequently it is essential that the process is regarded by staff at all levels as having integrity. This means that the use of performance management is recognised as contributing to a positive dialogue about performance issues and to the support of organisational and individual learning and growth through a purposeful mentoring and coaching process. The performance targets and criteria for measurement need to be recognised as objective and relevant to the business objectives of the organisation. The process by which assessments are made must be accepted as fair.

A deeper understanding of the nature of performance issues may provide a new perspective on employment conditions, so that they are no longer seen primarily in an industrial context but instead are looked at in terms of their contribution to an agency's business objectives. By taking a business case approach to conditions issues, a more flexible environment can be created in which conditions packages are targeted to specific business needs.

### **Outcomes Sought**

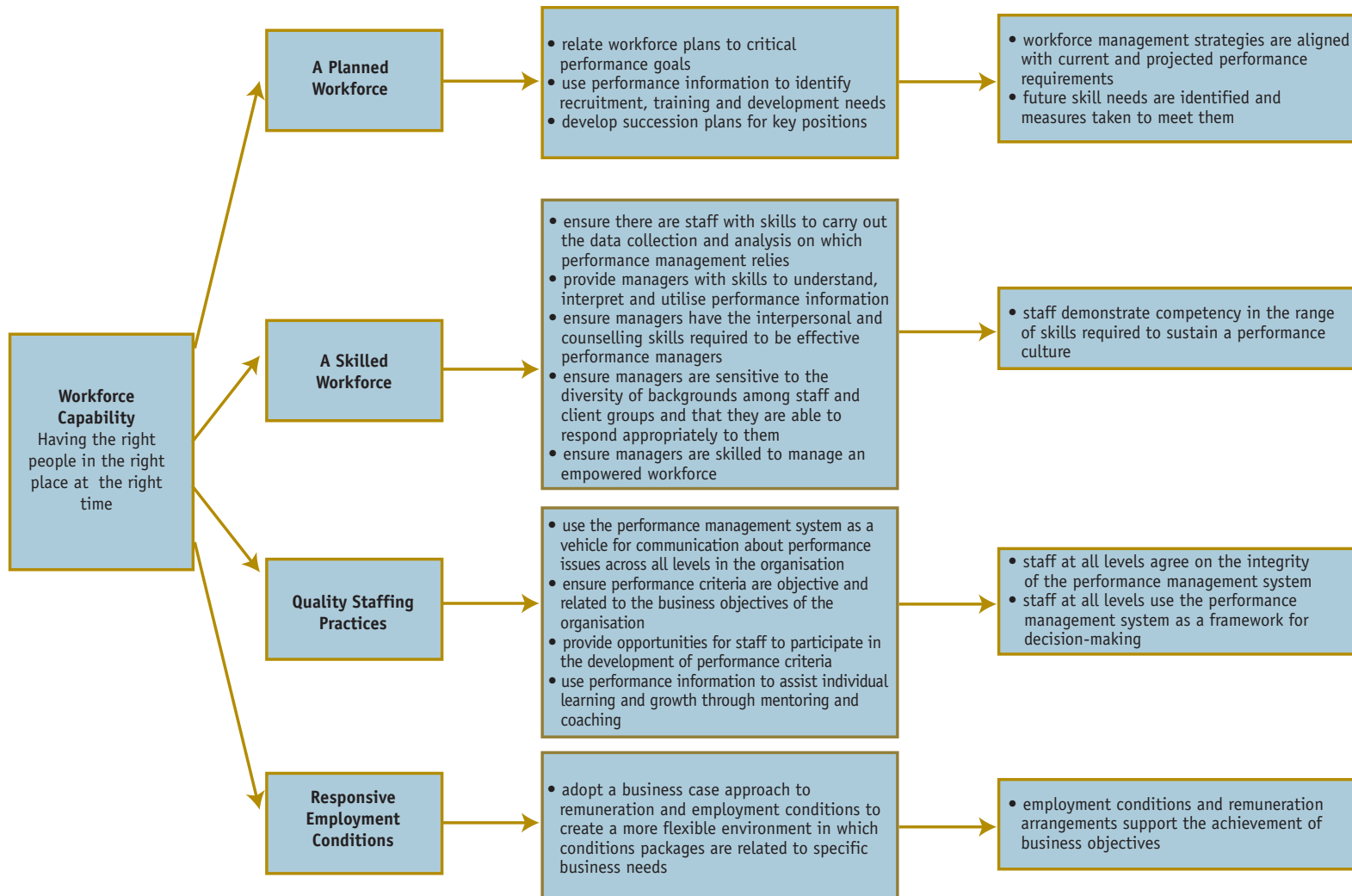
The outcomes sought in relation to workforce capability are:

- performance information is used to clarify workforce planning needs, thereby allowing the organisation to respond effectively to current and future demands;
- staff demonstrate competency in a range of skills required to meet agency and work unit business objectives; and
- employment conditions and remuneration arrangements support the achievement of business objectives.

## ELEMENTS

## ACTIONS

## OUTCOMES



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## Workforce Performance

### Features

A workplace in which performance management is a visible and meaningful part of the management process, and where performance information is routinely shared with staff, clients and other key stakeholders is a prerequisite for the establishment of a performance culture centred on continuous improvement and best practice.

High performing organisations are client centred. The performance management system needs to incorporate performance criteria of importance to clients and to provide them with assurance that their priorities are being addressed.

The most effective way of doing this is to involve the clients in the development of the criteria and to share with them on a regular basis information about how well the criteria are being met. It is important that the mechanisms for client involvement are inclusive of all groups within the client community and are sensitive to social, cultural and other differences. Such client involvement provides a sound basis for better understanding on both sides which leads to improved relationships. It not only allows for areas of success to be recognised and problems areas to be addressed constructively, it also leads to more effective provision of services as evolving client priorities are reflected in delivery strategies.

Performance management is fundamental to the concept of a learning organisation. Best practice organisations constantly review internal processes to create improved performance. Clearly defined performance criteria enable judgements to be made about which processes have greatest impact on performance and so should become the focus of management attention.

Performance management further supports organisational learning and continuous improvement by allowing management to devolve decision-making and encourage innovation yet still be confident that business objectives will be met.

Most importantly, such systems provide a consistent performance message throughout all levels of the organisation, so that people at any level can see a direct link between the work they do and the performance goals of the organisation.

However, even the most well designed system will only provide benefits if it is accepted by the people in the organisation as having integrity, and if it is used as a basis for communication and decision-making.

A performance management system is an essential precondition for the introduction of a formal recognition and reward scheme. This is particularly true if it is linked to remuneration. Regular sharing of performance information between managers and staff presents an ideal opportunity for informal recognition of individual and work unit achievements (eg one on one or at team meetings).

A soundly based performance management system is also essential if unsatisfactory performance is to be dealt with in a way which is fair to the people involved and which provides management with a sound basis for action.

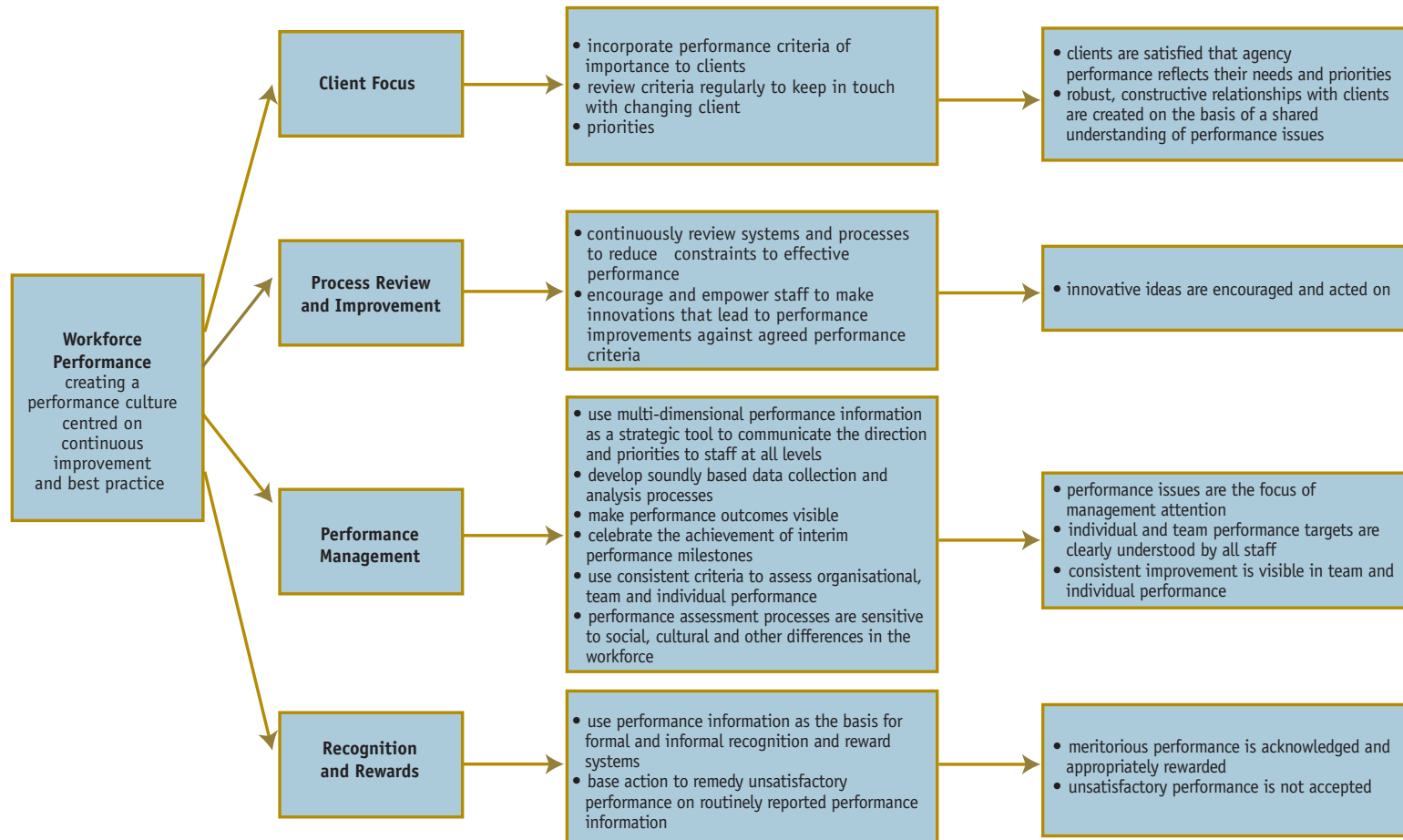
### **Outcomes Sought**

- systematic performance management is used to create a performance culture centred on continuous improvement and best practice;
- the performance management system is used to steer the organisation; and
- shared performance information provides the basis for an on-going dialogue with staff, clients and other opinion makers.

## ELEMENTS

## ACTIONS

## OUTCOMES



## Organisational Climate

### Features

Organisational climate is about creating a positive work environment where people feel valued and respected.

The values of an organisation are reflected in the performance management system. It is important to recognise that the performance management system communicates messages to staff, clients and stakeholders about what is important for the organisation. Active and systematic performance management sends a strong signal to each of these groups that performance is valued by the organisation.

It is the people in organisations who drive performance. The commitment to performance is ultimately a personal decision by each employee. An environment of employment security, where learning and innovation are actively encouraged, where diversity in the workforce is positively supported, where relationships and networks among team members are actively nurtured, and where staff understand that their contributions are valued, is conducive to a high performance culture.

Good performance management promotes a climate of openness and community of purpose. Clearly articulated performance goals, formulated in conjunction with relevant staff and other stakeholders, help employees feel confident about the value of the work they do, and promote congruence between organisational and individual priorities. Morale is further boosted when staff see that decisions affecting the workplace are taken against agreed, performance related criteria. There is potential for increased employee morale as a result of appropriately rewarding superior performance and promptly addressing poor performance.

A commitment to performance translates directly into a concern for employee health and well-being. Reducing the incidence of accidents and time lost through sickness has an obvious impact on the bottom line performance of an organisation. Creating a stimulating and supportive culture which leads to reduced staff turnover and the ability to attract higher quality staff produces similar results.

A performance culture encourages innovation about the way work is done, with suggestions being assessed in terms of the contribution they would make to improved performance measured against established performance criteria. Empowering individual work units and teams to adopt work practices which most suit their particular circumstances (for example, work teams in different localities may adopt different starting and finishing times to reflect the needs of their clients) is to tap into the creativity of the entire workforce.

Evaluation of flexible work practices is facilitated by the availability of reliable performance data that enables managers to monitor that performance targets are met and enables valid comparisons of before and after situations.

### **Outcomes Sought**

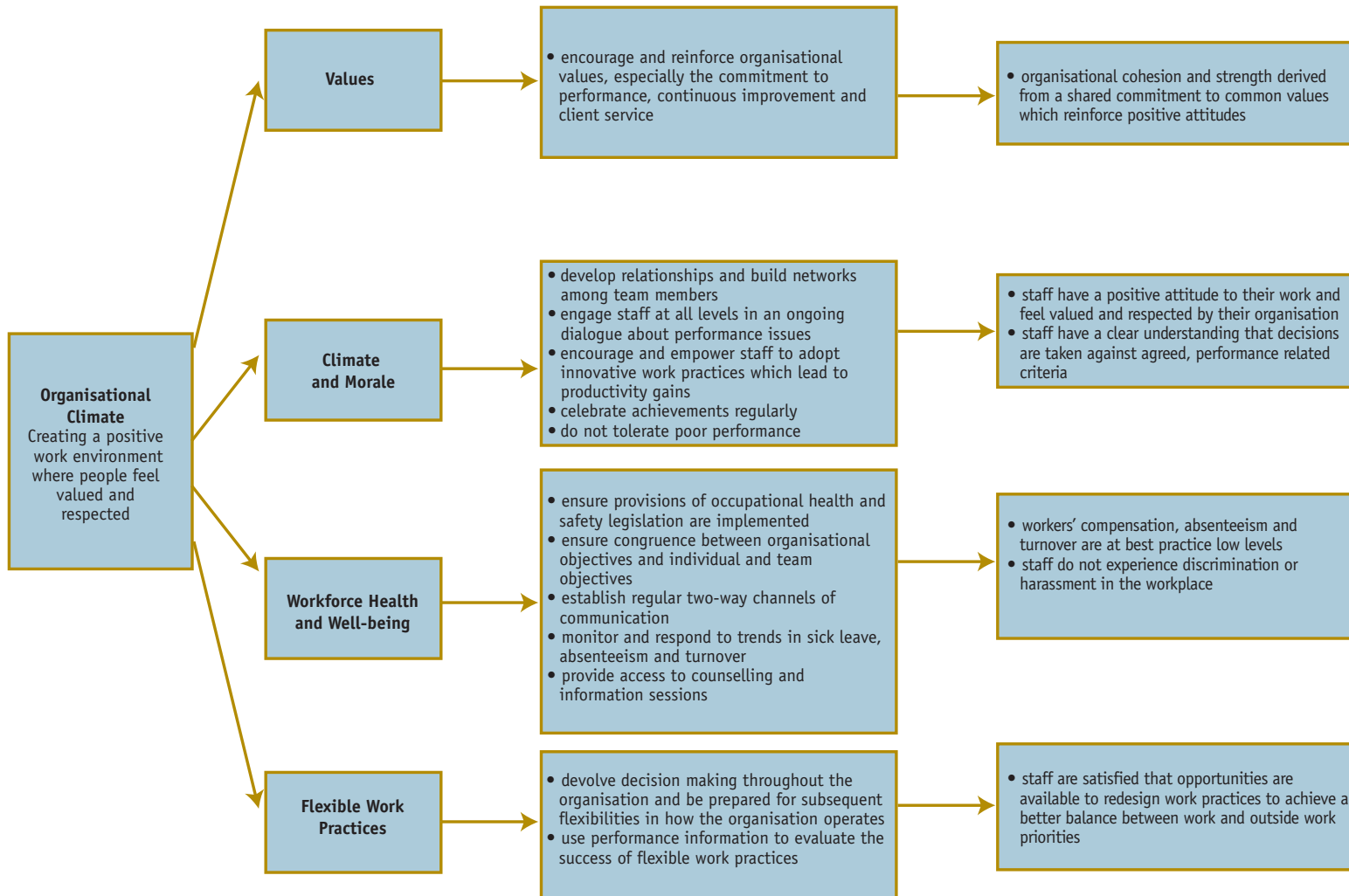
The outcomes sought in relation to organisational climate are:

- staff have a positive attitude to their work and feel valued and respected by their organisation; and
- increased staff morale as a result of appropriately rewarding superior performance and promptly addressing poor performance.

## ELEMENTS

## ACTIONS

## OUTCOMES

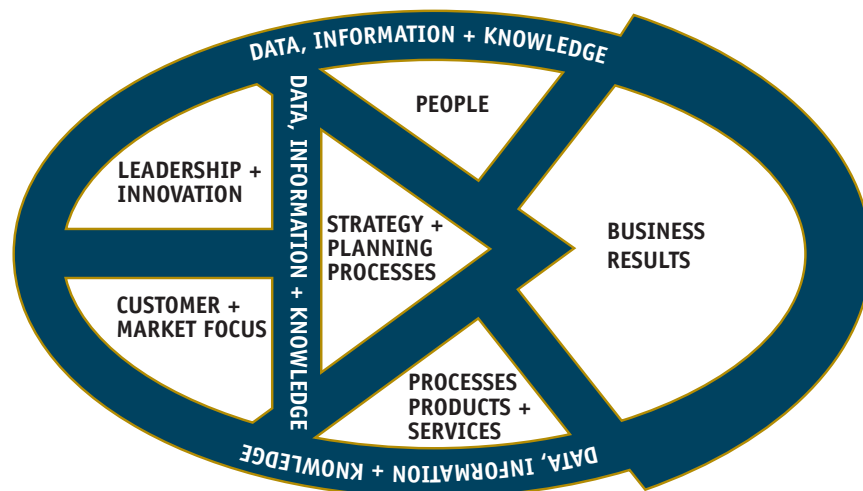


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## Framework for Business Excellence

### Australian Quality Council Australian Quality Awards: The Assessment Criteria

The criteria measure how well the organisation mobilises all of its resources and integrates and directs all of its activities towards improving its processes, products and services and so achieving its goals. In the assessment process, whether used internally for self-assessment or externally to evaluate an Award application, an holistic view is taken. That is, the organisation is seen as an integrated system with all components required to function together efficiently and effectively to achieve organisational goals and to improve. The “assessment criteria relationship” model below describes the interdependence of the assessment categories.



Data, information and knowledge represent the foundation upon which all else relies. The system is driven by knowledge about customers and markets, combined with leadership vision and innovation. The strategy and planning processes respond to these drivers but also have regard to the system enablers of people and processes, products and services. Effective strategic planning integrates these components to focus organisations on their desired business results.

Each of the components of the system is interdependent on the others. For example, innovative leadership could not achieve its goals without working through people or taking account of processes, products and services. Relationships between the various components of the system are dynamic. Leadership and customer focus, for example, drive the system but are also responsive to the outcomes created.

Four principal themes run through the criteria framework:

- an holistic leadership and management system - designed to involve all functions and all people in continual improvement and delivery of increasing value to all stakeholders;
- management by fact - a commitment to continual learning and greater understanding of all aspects of the organisation's business, its relationship, and the environment within which it operates;
- customer focus - the entire organisation concerned with delivering increased value to customers; and
- continual improvement of all aspects of the organisation - not restricted to "small step" improvement of existing processes, but constantly challenging what is done and the way it is done.

## The Balanced Scorecard as a Strategic Framework for Action

adapted from the work of R.S. Kaplan and D.P. Norton

The balanced scorecard allows translation of vision into strategy and strategy into action. It:

- uses measurement to inform the organisation about the drivers of current and future success;
- should be used as a communication, informing, and learning system, not a controlling system;
- permits a balance between short and long term objectives;
- focuses change efforts; and
- provides leaders with a comprehensive framework that can translate an organisation's vision into a coherent and linked set of performance measures for staff - senior executives can channel the energies, abilities and specific knowledge held by staff towards achieving the organisational goals.

### The client/stakeholder perspective:

- core outcome measures include such measures as client satisfaction, client retention, and new client acquisition; and
- client perspective should also include specific measures of the value propositions that the organisation will deliver to clients in targeted market segments ie. those factors that are critical for clients to switch to or remain loyal to their suppliers (eg. clients may value short lead times and on-time delivery; a constant stream of innovative products and services; or a supplier able to anticipate their emerging needs and capable of developing new products and approaches to satisfy those needs).

### The financial perspective of the scorecard:

- the budget processes associated with Queensland Treasury's Managing for Outcomes initiative will address this aspect of the scorecard.

### The internal process perspective:

- this is where the critical internal processes in which the organisation must excel are identified;
- traditional approaches attempt to monitor and improve existing business processes, however, the balanced scorecard will usually identify entirely new processes at which an organisation must excel to meet client and financial objectives;

- the balanced scorecard also differs from traditional approaches in that it incorporates innovative processes into the internal business process perspective.

### **The learning and growth perspective:**

- this perspective measures the infrastructure that the organisation must build to create long term growth and improvement;
- intense global competition requires that organisations continually improve their capabilities for delivering value to clients;
- organisational learning and growth come from three main sources - people, systems and organisational procedures; and
- information systems capabilities can be measured by real-time availability of accurate, critical client and internal process information to employees on the front lines of decision making and actions.

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