



HR Guide – Performance Management

Performance Management is an area of managing employees that managers often find awkward, difficult and avoid the process as a result. Today most businesses need to maximise the performance all of their employees to achieve their results. If businesses do not effectively manage their poor performing employees this may lead to an inferior level of service to the clients or a poor quality product, this can result in a loss of clients or customers, adverse publicity or exposure to liability. Other considerations are:

- termination can be very expensive, it is a much better approach to improve the performance to the required level
- if poor performers continue to be unmanaged this can lead to a reduction in or loss of morale for the other employees, a lower standard of team work or a reduction in productivity
- there is also the added expense of hiring a replacement to consider
- the risk of an improperly managed termination may lead to a potential unfair dismissal claim.

To reduce the risk of an unfair dismissal claim you should ensure that:

- you are aware of the employee and employer rights and obligations
- the employee is aware of the standard of work expected by the employer
- when hiring, the candidate is capable of performing the role
- the employee is clearly made aware of the areas where their performance is below the standard required
- there are probationary periods to assess the performance levels
- employees are given an opportunity to respond to any issues that have been raised regarding their performance
- a performance assessment process is followed to identify when the standards are not being met. The employer must be able to show that any inferior performance levels are objectively defensible
- once the area of performance for improvement has been identified, the individual must be informed, given a chance to respond and an appropriate time to improve
- you take steps to address unsatisfactory performance such as additional training, counselling, making adjustments to the position, establishing effective two-way communication, mentoring, ensuring regular feedback
- it can be seen that the employee has been given 'a fair go'
- each situation is considered carefully - it will be difficult to defend an unfair dismissal case where there are mitigating circumstances for the drop in performance, for example, illness of a partner or bullying occurring in the workplace

You should also ensure that:

- employees are given the opportunity to explain why their performance is lower than expected. If the employee chooses not to share when asked 'is there another reason that

your work standards have dropped?’ then the employer can only work on the basis of the information available at the time

- consistent performance management procedures are followed, across the business, regardless of the department that the employee works in
- employees are also treated proportionately the same
- the employee is advised of the substandard performance as soon as the employer becomes aware of it
- the employee is given the option to have a support person present at the meetings
- ideally, all documents should be countersigned. If the employee refuses to sign, the employer should ensure a note is made of this as the documentation may be used later as evidence.

What are the strategies available to manage performance?

Performance management can cover some or all of the following:

1. **counselling** – this usually takes place at the start of the process and where the performance issues are relatively minor. After counselling the employer should review the performance with the employee. It is normal for counselling sessions to occur a couple of times prior to moving to a warning stage. It is prudent to make a file note of these sessions
2. **warning(s)** – this is where the performance issue is considered more serious in nature. The need to give three warnings prior to termination no longer exists but the employer does need to act fairly. It is recommended that all warnings are documented whether the warning is written or verbal. If the employer has a performance warning policy in place, then they must follow this policy. There is no limit to the number of warnings that must be given, only that the process is fair; obviously the more warnings given tends to reduce the likelihood that an unconsidered process took place. It is imperative that prior to the final warning and termination meeting, that the employee is in no doubt of the seriousness of their situation and that termination could be an outcome
3. **further training or support** – this covers additional training, having a mentor allocated, regular feedback on performance or maybe the provision of some time off if the performance dip is due to a personal issue

It is only after the above strategies have been exhausted that the employer can lawfully consider other options and next steps.

Conducting a performance meeting

1. Ensure that you are prepared, ensure all the paperwork has been completed as much as it can be prior to the meeting
2. Plan the meeting, have notes to guide you to be sure that you cover everything - ideally have someone available to take notes

3. Ensure that you have booked a quiet and private meeting space. Make sure that you have tissues discreetly available, as these meetings can be emotional. If the employee does get upset, pause and give them a moment and ask them whether they are ready to continue
4. Book the meeting with the individual stating it is discuss their performance and they are welcome to bring a support person along with them if they like. If they do not want to bring someone, note this for the record
5. Explain at the beginning the purpose of the meeting and the roles of each of the participants. For example, the note taker is there to only document the meeting, the support person is there for support and can clarify questions or understanding but is not able to defend or respond on behalf the individual
6. Walk through each of the performance issues giving the employee a chance to respond. Where appropriate provide evidence of the current performance level, for example, breakages or sales figures or number of calls taken. Ask the employee whether they can think of anything that would assist them to improve their performance. Consider all requests and then confirm what is possible and reasonable. Suggest other options to assist with the improvement if appropriate
7. Explain the required level of performance and confirm timeframes for the required level to be reached
8. Ask the employee if they have anything else to add
9. Summarise the outcomes of the meeting and the next steps, remember if the next meeting may consider termination of employment, the employer must state this possibility
10. After the meeting, the minutes should be countersigned. If the employee is unwilling to do this make a note of this fact