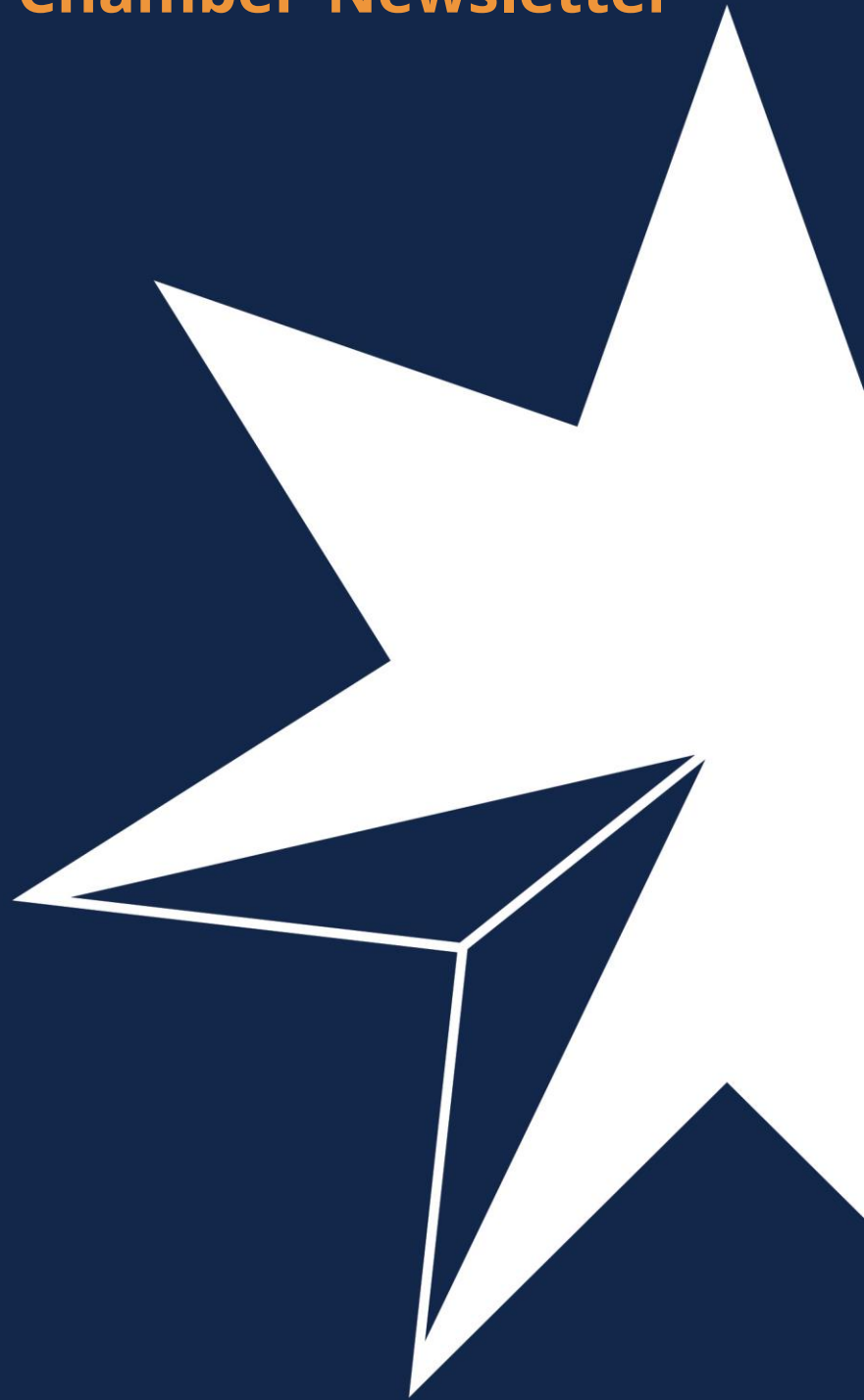


CCIWA Regional Chamber Newsletter

September 2024



Chamber of Commerce
and Industry WA
We stand for business

A Guide to Performance Management

Abbie Smith | *Employee Relations Advisor*

Performance management is a topic the Employee Relations Helpline helps members with daily. From lack of attention to detail to missing deadlines, poor performance can manifest in the workplace in a variety of ways. Ensuring poor performance is identified and addressed both correctly and in a timely manner is crucial for protecting your business and employees.

What is performance management?

Performance management is the ongoing process of reviewing and developing the performance of employees in the workplace. In this sense, performance management should not be a process that is only utilised when the business identifies a poor performer. Best practice is to use it as an ongoing system to ensure employees know what is expected of them in the workplace and allows managers and supervisors to identify where development needs may lie.

It is common practice for businesses to conduct performance reviews or appraisals at various points throughout the year, including in line with any annual remuneration reviews. However having one of these systems in place for all employees, does not prevent managers and supervisors from managing performance as required.

What is poor performance and why does it occur?

Poor performance, also referred to as underperformance, is where an employee is not performing to the standard expected of that role. Poor performance can present itself in a variety of ways, including but not limited to;

- Low productivity
- Low quality of work
- Missing realistic deadlines
- Lack of attention to detail
- Not meeting Key Performance Indicators (KPI)

Poor performance can occur for a range of reasons and employers must ensure they have considered the possible cause for underperformance to address the matter in the most productive and efficient way. Some of the most common causes of poor performance can include:

- Lack of role clarity and communication of employer expectations
- Lack of support and training
- Lack of skills and experience

- Environmental factors, including culture issues and inadequate equipment provided to do the role
- Lack of feedback when underperformance is identified
- Lack of motivation or ability to focus concentrate

There may be other contributing factors to underperformance that are not as obvious at first glance, including things such as workplace bullying, health-related issues and occurrences in the employee's personal life. Therefore, care should be taken when an employer is looking to address underperformance when the cause is not clear.

What is the difference between poor performance and misconduct?

It can be easy to misclassify behavioural issues in the workplace as underperformance issues, instead of misconduct. It is important to remember that there is a clear difference between poor performance and misconduct; poor performance is concerned with an individual's ability to do their job, whilst misconduct is concerned with an individual's inappropriate behaviour in the workplace. Examples of this include, but are not limited to:

- Persistent lateness and unexplained absences
- Excessive use of personal phone during work hours
- Refusing to follow lawful and reasonable directions
- Being rude or argumentative
- Speaking to colleagues in an inappropriate manner

We usually recommend addressing misconduct through a disciplinary process instead of through performance management.

Why is performance management important?

Performance management is important for businesses who are looking to continually improve their operations and remain competitive within their respective industry. Ensuring employees are performing to a high standard is beneficial as businesses will see positive knock-on effects from this, including increased productivity, increased levels of employee engagement, development of a culture that values continuous skill development and improvement, avoidance of legal disputes, such as unfair dismissal or bullying claims, and higher retention of employees.

When should you performance manage?

In an instance where underperformance has been identified, it is important to act on this as soon as practicable. By doing this, it makes resolving the issues easier and ensures that more serious issues do not arise in the future. Performance issues are unlikely to resolve by themselves, and by leaving these issues unmanaged, employers risk the underperforming employee negatively impacting their colleagues. This is especially relevant where work is done in teams.

The process of performance management

The performance management process has 3 different approaches. It is common for employers to progressively move through these, however this is dependent on the severity of the performance issue. Each case of underperformance is unique and should be assessed on its own merits.

Before commencement, employers should confirm if there are any guidelines under their relevant award or enterprise agreement, contract of employment or workplace policy that must be followed.

The three approaches to managing performance are as follows;

- The casual comment
- Counselling
- Performance Improvement Plan

Regardless of whether the employer decides to use a formal or informal approach, it is recommended that detailed notes are kept, including dates and times when conversations took place and the content of discussion. This is important documentation that employers can rely on as proof if performance does not improve and the employer begins considering termination for underperformance.

In cases where an employer has identified a minor performance issue for the first time, and the employer wishes to address this informally, making a casual comment to an employee may be enough to correct the issue. Engaging in this sort of conversation should be done in confidence, meaning the conversation is conducted out of view and earshot of other employees. Employers should also ensure the comments are not being delivered in a way that makes the employee feel as if they are being belittled or threatened.

If performance does not improve after the casual comment is made, employers can move to counselling. The counselling process is a collaborative effort between the employer and employee, with the objective of the discussion being to identify performance concerns and brainstorm ways to solve the problem. During these discussions, the

employer should actively listen to the employee and consider what support the employee requires to improve performance. At the conclusion of this discussion, agreeance should be sought from the employee about a process for improvement moving forward.

In cases when the casual comment and counselling are unsuccessful, employers should move to a more formal performance management process, known as a Performance Improvement Plan (PIP). A PIP is a document that is aimed at helping underperforming employees by clearly setting out expectations of their role and ways in which they can meet performance goals. When creating a PIP, the following information should be included;

- Summary of the employee's current performance and why it is not satisfactory;
- Performance level required of the position, e.g. Goals or KPIs;
- Details of the support the employer will provide to the employee to assist them in reaching the appropriate level of performance;
- A time frame for the PIP, and how often the Employer will conduct check ins with the Employee during this process; and
- Potential outcomes of the PIP if the employee fails to successfully complete it.

Timeframes for PIPs should be in line with performance objectives, and what works best for that position. For example, if sales reporting for a sale's agents occurs on a monthly basis, a month might be an appropriate timeframe for the PIP. This will be different for each employer and each unique position. Employers should also consider an employee's roster and if the employee takes any leave during this period, as employers must ensure the individual is provided with a reasonable amount of time to improve. If an employee takes time off during a PIP, it is recommended that the employer extend the PIP's timeline by an amount of time that is equal to the period of leave.

When setting goals for a PIP, it is recommended that employers use a goal setting acronym, such as SMART. This ensures that the goals set of the employee to achieve are specific, measurable, actionable, realistic and timebound. Setting unrealistic or unachievable goals could impact the employer's ability to meet procedural fairness requirements in the event of a claim.

At the expiration of the PIP, the employer should inform the employee of the outcome, whether they were successful or unsuccessful and proceed with any further required action. In cases where the employee has been unsuccessful, the employer should issue the appropriate disciplinary action. In most cases this will be a written warning. Employers should go through the PIP process until there is a sufficient escalation of warnings, and the employer is satisfied that the individual has had a reasonable opportunity to improve their performance.

Can you terminate for underperformance?

Whilst it is possible to terminate an employee for underperformance, employers should take a more cautious approach in cases where an employee has access to unfair dismissal. Unfair dismissal claims consist of two components; whether the employer had a valid reason to terminate and whether the employer has gone through procedural fairness before terminating. To satisfy procedural fairness, employees must be given a reasonable amount of time to improve their performance. This could mean that the employer needs to undertake multiple PIPs before considering termination. Employers should be diligent in keeping records of performance issues and the actions taken to address the problem, in case an unfair dismissal claim is brought against the business.

How can you prepare your business for managing performance?

In line with best practice, it is advisable that businesses have a performance management policy, which defines what underperformance looks like, and the process the employer needs to undertake to deal with such issues. It is also best practice to have performance appraisals at least annually and PIP templates, to ensure continuity of performance management throughout the business. It is also recommended that any managers or supervisors are trained in performance management and having difficult conversations with the employees.

Helpful Resources

CCIWA's Managing poor performance and misconduct information sheet provides more detailed information please see [ERH Information Sheets](#).

To find out more information, call the Employee Relations Helpline at CCIWA on 08 9365 7660 or email advice@cciwa.com.