



Department of Sustainability and Environment

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Mr Matthew Price
Industrial Officer
Community and Public Sector Union
CPSU SPSF Group Victorian Branch
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CARLTON SOUTH VIC 3053

Dear Mr Price

PERFORMANCE MANAGEMENT AND PROGRESSION SYSTEM REVIEW

I refer to your correspondence of 18 March 2008 in relation to DSE's proposed changes to the Performance Management and Progression System. You raise a number of matters as a result of meetings with your members, and you also ask for information regarding the rationale, intended benefits and likely effects on employees.

Rationale

The Human Resources Branch was asked to consult with staff on the current performance management system to understand what was working well and what could be improved.

Staff feedback pointed to a lack of transparency and concern over complexity in the current system. As a result the rationale for change focussed on the need to simplify the current system and improve alignment between the business plans and individual performance plans. A fundamental aim of any progression system is to increase the quality of discussions and feedback, and inject rigour into the setting of objectives and measures.

Progression criteria

In your discussion with DSE's General Manager Corporate Services and in your letter you indicate that your most pressing concern is around the progression criteria. DSE has made changes since that meeting in response to your comments in relation to 'exceed expectations', the terms of the VPS Agreement 2006 and the requirements for progression.

The revised changes now have four assessment criteria in Performance Standard 1: Did Not Achieve; New to Role; Scope for Improvement; Fully Effective.

Meeting progression criteria in DSE means that individuals will need to be assessed 'overall and on balance' in Performance Standard 1 – Delivery of Results as *Fully Effective* and assessed in Performance Standard 2 – Professional Behaviours as *Achieved*.

You also raised issues relating to the removal of numeric scoring and the introduction of a set number of goals. In DSE's view the removal of the numerical grading system will place renewed emphasis on the importance of discussion and feedback, and away from the scoring process. A written performance appraisal available to the staff member will also provide grounds for consideration and discussion.

Under the current system Grades 1 - 3 have an option to select between 2 and 4 goals and Grades 4 to STS employees have the option to select between 4 and 6 goals. The scoring system currently benefits those who select the minimum number of goals.

In the proposed system there will be 6 goals in Performance Standard 1 for all Grades. Three goals specifically relate to the role performed in DSE. One of the six goals relates to applied learning, previously completed and assessed in another performance standard, and another relates to teamwork. The inclusion of teamwork reflects a view from staff consultation that performance is often a team responsibility as well as an individual one. The sixth goal is optional and relates to corporate contributions, such as fire and emergency management.

Background information

You also asked for various data in relation to employees eligible for progression. I can advise that in 2007 – 2008 approximately 30% of DSE employees were at the top of the value range or grade. In relation to progression under this change proposal, DSE does not expect any variation in practice from the past. DSE's expectation is that in setting agreed progression criteria for Grades 1 to 4 that the overwhelming majority of employees will achieve the objectives and progress in accordance with the 2006 Agreement.

As previously agreed I have also enclosed the results of the survey conducted with VPS 5 and VPS 6 employees and the questionnaire used for this purpose – *Performance Management Effectiveness Survey*.

Communications

In response to your expressed concern about the transparency of the process and sufficiency of communication, all staff were invited to participate in the consultation. An invitation to attend focus group sessions was publicised on DSE's intranet news site, *Inform*, on 19 September 2007. Staff were encouraged to attend a second round of focus groups from the 5 – 27 February 2008 to test the proposed changes.

DSE has not entered into more extensive communication because the changes are still being refined as a result of feedback from stakeholders, including the CPSU. A note to this effect was published on *Inform* on 4 April 2008. Once the changes are finalised, planned communication will ensure all employees are fully informed. Staff and managers will also be provided with training in the new system.

I hope that this addresses your concerns, however if you would like to discuss further please contact Mr Chris Boon on 9637 8206 who will arrange a time to meet.

Yours sincerely



JANICE STANFORD
Director Human Resources

Performance Management Effectiveness Survey

To better understand what staff might want in a performance management process, and provide some quantitative evidence, a survey into Performance Management Effectiveness was undertaken.

The questions were drawn from a Australian Performance Management Effectiveness Survey (2007) conducted jointly by researchers from RMIT University, La Trobe Graduate School of Management and the Performance Management Institute of Australia. A copy of the selected questions used in the survey is attached.

Survey Results

11 October 2007

The survey was sent to 100 VPS 5 & VPS6 employees. Responses were received from twenty-four people.

Aspects with clear and strong alignment between what staff expect performance management to be and their experience in DSE were:

1. Most important aspect of performance management is clarity and direction
2. Most important aspect of performance management is understanding my manager's expectations
3. Effectiveness of performance management is easier to assess when it measures performance in qualitative rather than quantitative terms.
4. Training in assessment and discussion techniques is essential for performance management to be successful.
5. 80% see real value in performance management – not seen as a distraction from more important core activities.
6. Must accompany performance management with extensive communication to ensure its aims are fully understood – 92%
7. Agree it is an essential tool in managing organisational culture - 75%.

In the following area the ideal or what is desired in performance management needs to be improved in DSE.

1. Line managers own and manage the performance management process.
2. Focus of performance management should be developmental – 100% agree
3. Focus of performance management should be results oriented – 100% agree
4. Performance management helps 'DSE' express the value of the people in the organisation.
5. Performance management needs to link the goals of the individual to those of the organisation
6. Currently perception is that aims and objectives are not well communicated – 54%
7. Assessment outcomes are not well communicated – 67%
8. It is an essential tool in managing organisational culture to:
 - Recognise and acknowledge hard work
 - Recognise high performers and results oriented individuals
 - Value 'service'

The areas for improvement reinforced the qualitative input from the focus groups.

Questionnaire

The first sixteen questions seek to understand what people believe performance management should be and the remainder seek to gauge their experience of performance management in the department.

All questionnaire statements were rated in the same way. Respondents were asked to rate statements according to how strongly they agreed or disagreed. The rating scale was as follows:

- Strongly agreed
 - Agreed
 - Disagreed
 - Strongly disagreed
1. The most important aspect of performance management is:
 - Setting challenging and stretch goals
 - Setting direction and providing clarity about work priorities
 - Establishing a common understanding of expectations between employees and managers
 2. Performance management is a chore
 3. Performance management will only succeed if it is part of an integrated approach to the management of people.
 4. Performance management will only succeed if it links the goals of individuals with those of the organisation.
 5. It is essential that line managers own the performance management system.
 6. Performance-related pay is an essential part of performance management.
 7. The focus of performance management should be:
 - Developmental
 - Delivering results
 8. Performance management should be a continuous and integrated part of the employee – line manager relationship.
 9. The main objective of performance management should be to motivate individuals.
 10. Performance management is an essential tool in the management of organisational culture.
 11. The effectiveness of performance management is easier to assess if:
 - Measures are quantifiable
 - It measures performance in qualitative rather than quantitative terms
 12. For performance management to be successful, everyone must be trained.
 13. Performance management distracts people from more important core activities
 14. It is essential that performance management is accompanied by extensive communication to ensure its aims are fully understood.
 15. Performance management should be distanced as far as possible from payment systems.
 16. Quantifiable measures of performance are essential to successful performance management.

The following questions relate to experiences with the performance management system in the department.

17. Line managers own and manage the performance management process in DSE.

18. Performance management is an integrated part of my employee-line manager relationship.
19. Performance management is integrated with other people-management processes.
20. In my experience the focus of performance management is:
 - Developmental
 - PS 1 or results oriented
21. Performance management provides:
 - The direction and clarity I need to do my job
 - An understanding of my manager's expectations to help me do my job
22. Performance management integrates the goals of the organisation with my goals in e-PP.
23. DSE's PMPS effectively integrates the goals of the organisation with my goals in e-PP.
24. Performance management is an integral part of my areas' people management strategy.
25. Performance management positively motivates performance
26. Performance management motivates individuals to complete plans in the system
27. Performance management motivates individuals to actions throughout the year.
28. Performance management is used to manage organisational culture
29. Performance management contributes to a culture that recognises and acknowledges hard work
30. Performance management contributes to a 'can do' culture of high performers and results oriented individuals
31. Performance management contributes to a service oriented culture.
32. Performance management is:
 - Measured in qualitative rather than quantitative terms
 - Assessed subjectively
 - Assessed consistently to achieve a balance between qualitative and quantitative measures
33. Performance management is bureaucratic and time-consuming
34. The aims and objectives of performance management are well communicated and fully understood
35. The assessment outcomes of performance management are will communicated.
36. Performance management helps us express the value of the people in the organisation.