VPS executive performance management handbook

This is the Victorian Public Service (VPS) executive performance management handbook.

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Introduction and foundation principles

1.1 Purpose

The Victorian Public Service (VPS) executive performance management framework provides foundation principles that shape and drive executive performance and behaviours. The framework:

- supports organisations to clearly link executive work to overarching strategic goals;
- provides a means by which individual executive career development can be of focus in order to foster future talent;
- links the performance objectives of executives with organisational and government priorities in a meaningful way; and
- provides a means by which individual executive performance expectations can be assessed and recognised.

1.2 Scope and design

The performance management framework applies to all executives within the VPS. VPS departments and connected service entities are to apply the foundational principles to underpin high performance within the VPS. This framework is designed to encourage a consistent application of performance management within the workplace, where outcomes and expectations align with organisational and government priorities, public sector values and leadership capabilities.

The framework has inherent flexibility to enable organisations to adapt as required to their operational requirements and existing systems.

The design of the framework was informed by expert research, frameworks applied

across other jurisdictions (private and public, nationally and internationally), and broad consultation.

An overview of the process is depicted in Figure 1, noting that the process is interconnected with foundation principles and roles and responsibilities.

1.3 Performance management foundation principles

Research and practice indicate that executives are more likely to be high performing in workplaces that exhibit strong organisational principles and that place a focus on how progress is being made towards the achievement of objectives.

The setting of foundation principles enables a minimum standard of expected behaviours of executives to be achieved.

The performance management foundation principles has been developed with the purpose of supporting high performance while fostering a positive workplace culture. The foundation principles are:

Clear performance expectations

Strategic alignment to outcomes through specific, measurable, attainable, relevant and timely (SMART) goals.

Focus on outcomes

Achieving organisational and government priorities.

Focus on leadership behaviours

Effective leadership behaviours, underpinned by the VPS Leadership Capability Framework.

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Promote and apply public sector values

Demonstrating commitment.

Evidence based decision making

Reward, recognition and re-appointment are driven by data.

Equity through consistency

Performance goals informed by work level standards and measured by a common rating scale.

1.4 Integrating the principles with culture

VPS employers may expand on the above six principles to adapt the framework to their operating environment, where the principles are integrated with culture to foster:

A shared objective of high performance

Setting clear performance expectations through alignment with organisational and government priorities, organisational strategy and work level standards. Aspiring to higher levels of performance and evaluating outcomes through a consistent approach.

Ongoing, regular feedback and discussion

Maximise the impact of regular performance conversations through maintaining awareness of how and when to shift between different purposes which include: performance; development; and career management.

Ethics and trust

Executives hold themselves accountable by role-modelling leadership behaviours

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underpinned by the VPS leadership capability framework and by demonstrating commitment to Victorian public sector values.

Organisations that apply these foundation principles will foster high performing executives who:

- focus on outcomes and performance expectations that reflect desirable leadership behaviours;
- deliver outcomes aligned to performance expectations;
- demonstrate public sector leadership capabilities;
- role model public sector values;
- engage in regular performance discussions and achieve performance expectations; and
- participate in a fair and consistent process, as both a manager and employee.

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Guidance for performance setting

2.1 Performance expectations

Taking into consideration the foundation principles, organisations are accountable for setting clear performance expectations that are:

1. related to individual performance requirements and higher-level objectives, including whole of government priorities;
2. based on the requirements of the executive role, including the role's work value; and
3. are specific, measurable, agreed, realistic and timely (SMART).

All executives work within a complex operating environment and are subject to both formal and informal performance requirements, with only some requirements specified in a performance plan.

All performance requirements should be developed in collaboration between an executive and their manager.

2.2 Executive performance plan

An executive performance plan should document specific expectations, behaviours and goals for an executive for a given performance plan cycle. It is good practice to include the six core elements outlined in Table 1 within a performance plan. These elements are designed to promote a consistent and robust approach to performance management and development of VPS executives and support a fair and transparent process that will assist ease of mobility across government.

Core Elements	Definition
Victorian public sector values and behaviours	The Victorian public sector values and behaviours provide the foundation of the integrity and accountability framework for all public sector employees. The Co de of Conduct outlines and reinforces the Victorian public sector values by describing expected standards of behaviour. The values and behaviours underpin an executive's interaction with the government, community, suppliers and other employees.
Key result areas	With a focus on outcomes, the key result areas provide explicit links between individual result areas and broader organisational and whole of government priorities. Key result areas also take into account the executive's position description. Suggested key result areas: 1. Stakeholder management 2. Resource management and compliance 3. People management and capability development 4. Strategic planning and implementation
Expectations	Performance expectations are observable behaviours and actions which explain how outcomes are to be achieved. Expectations must be clear and precise to everyone responsible for meeting them. Performance expectations vary based on the role and the organisation's operating environment and therefore must be determined collaboratively by the individual, manager and organisation.
Measures	Measures are indicators that help assess achievement of outcomes against performance standards.
Targets	Targets are specific, planned results to be achieved against measures.
Four-point rating scale	A rating scale guide will assist the employer in identifying the level of accomplishment or fulfilment of targets. A fourpoint rating scale is recommended: 1. Does not meet expectations 2. Meets most expectations 3. Meets all expectations 4. Exceeds expectations

2.3 Performance conversations

A coaching approach to performance management conversations enables organisations to retain employees and develop talent. Leaders who coach, develop and hold others accountable, are three times more effective at producing improved business and talent results than those who do not. Guiding resources are at Appendix 2.

It is the responsibility of the collective leadership cohort in an organisation to recognise the impact of unconscious bias in processes, and to collectively commit to mitigating it. Guidance on managing unconscious bias in executive performance conversations is provided at Appendix 3.

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Guidance for performance assessment

3.1 Consistent application

Organisations should aim to apply a set of standards to support a consistent application of final performance ratings.

A good practice process that could be applied is as follows (additional guidance at Appendix 4):

1. Performance feedback is provided by a manager to an executive on an ongoing basis that incorporates feedback from a range of sources.
2. A formal annual performance review process occurs between each executive and their manager. Through this process, ratings are discussed by managers and moderated by People and Culture, or the equivalent, at every executive level to ensure consistency.
3. Once ratings are finalised by managers, performance outcomes and insights are collated centrally and provided to the relevant public sector body Head and/or Executive Remuneration Committee for review and approval.
4. After the internal collation and review process occurs and is approved by the public sector body Head, final performance outcomes are communicated to executives.

3.2 Performance outcomes

Executive performance expectations should be assessed against a defined rating scale to identify the level of accomplishment or fulfilment of target performance outcomes.

Target performance outcomes need to be specific, with planned results to be achieved against defined measures. As a guide, the four-point rating scale is outlined in Table 2.

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Table 2: Good practice four-point rating scale

Four-point rating scale	Definition
1. Does not meet expectations	The executive consistently fails to meet agreed expectations
2. Meets most expectations	The executive meets most agreed expectations
3. Meets all expectations	The executive meets all agreed expectations
4. Exceeds expectations	The executive always meets and sometimes exceeds agreed expectations

3.3 Confidentiality

It is a requirement of all managers and employees, including human resources, to maintain confidentiality when discussing performance of executives and any possible interventions.

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Roles and responsibilities

4.1 Public service entities

Public sector body Head

The public sector body Head will have the authority to endorse final performance outcomes and collect internal performance outcomes to undertake strategic workforce planning and support executive performance development and leadership.

Human Resources

Human resources promote and manage the performance process within their organisation, while maintaining records of performance plan progress and completion. As required, human resources will provide guidance and support and participate in discussions about collated performance results.

Human resources have the ability to train managers on the performance management process, share new information as it becomes available and contribute to strategic organisational initiatives. With such involvement, the human resources function is able to play a pivotal role in workplace culture, capability development and workforce planning.

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The VPSC will maintain relevancy of this performance management framework, guiding tools and resources.

The VPSC will meet with VPS Secretaries to discuss the key outcomes and themes from the application of the performance management framework. The VPSC will report to the Victorian Secretaries Board at the conclusion of the performance cycle.

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The VPSC is committed to executive leadership development and equipping executives with the skills they need to lead effectively in a complex and changeable environment.

The importance of performance management will be supported in the VPS executive induction program (currently being developed) and reinforced through relevant sessions included within the executive leadership and development calendar of events.

4.3 Application of framework to broader public sector

The recent Industry Sector Reviews (ISRs) found that public entities would benefit from clear central policy direction as to the minimum standards for good practice in performance management.

Due to the sequencing of projects, the ISRs did not extensively test the suitability of the VPS performance management framework for adoption in public entities. However this resource suite is available on the VPSC website, and public sector entities are encouraged to consider how the best practice principles and processes can be adopted and incorporated into their systems.

Performance plan examples

Key result areas

Performance needs to be specific, measurable, agreed, realistic and timely (SMART). Performance should align to higher government objectives and be outcome oriented beyond simply outputs or activities. Figure 3 outlines how the SMART tool can be applied to a specific performance goal within a performance plan.

Figure 1: Applying the SMART tool to specific performance goals.

Key result area	Performance expectation	Measures	Targets	Performance
Strategic planning and implementation	Develop and implement the strategic plan successfully	Plan approved 5 projects and 6 programs delivered	By CEO by Feb '20 100% completion, with $5m budget and meeting success criteria	By Jan '20 100% completion, +0.5% over budget and meeting success criteria

Performance expectations

Expectations must be clear and precise to everyone responsible for meeting them. An example of how to apply the four key result areas against performance expectations is shown below in Figure 4.

Figure 4: Applying the key results areas against performance expectations

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Key result area	Performance expectations
Strategic planning and implementation (includes operational deliverables)	• Develop and implement the strategic plan for my portfolio/organisation • Identify and set priorities, ensure that employees and other stakeholders are working towards common goals • Establish agreement around intended outcomes and skills • Assess and adjust team/organisation's response to change • Measure and evaluate goals aligned with strategic plan(s)
Stakeholder management	• Establish and maintain collaborative and constructive relationships with stakeholders • Harness positive influences and minimise negative influences to achieve successful outcomes • Manage expectations, articulate value of engagement and negotiate for successful completion of work • Establish and evaluate stakeholder communication and engagement plan
People management and capability development	• Determine and assess skills and abilities of team/organisation for effective work allocation • Establish expectations and manage performance of team/organisation through constant dialogue to achieve intended outcomes • Build positive relationships with employees based on trust and respect to motivate them
Resource management and compliance	• Develop organisational capacity through effective and efficient use of resources such as financial information, physical/technological infrastructure etc. • Ensure management of portfolio expenditure within allocated budget • Optimise use of resources through identifying and minimising waste (idle times, defects in quality/service/delivery etc., ineffective workflows, excess allocation are some indicators)

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Performance measures

The four key result areas assist with measuring performance. Figure 5 outlines an example of key result areas and performance measures that can be incorporated in a plan.

Figure 5: Incorporating key results areas into a performance plan

Key result area	Performance measures
Strategic planning and implementation (includes operational deliverables)	• Innovation measureables such as increased number of quality of new ideas, rate of success achieved from implementation of new ideas • Plan approved by <responsible person> by <date>% participation in program • % of agencies/groups implementation recommendations • % projects delivered on time, within budget and meeting success criteria
Stakeholder management	• Customer satisfaction score • Net promoter score • Customer/stakeholder feedback • % reduction in response time to queries • % of customer complaints exceeding service level agreement • % of citizen participation
People management and capability development	• Employee engagement index (annual/pulse), values index • High performer retention/attrition, overall voluntary attrition • 100% completion of performance, and development plans in time • OHS measures such as sick leave without pay, OHS incidents etc. • Training compliance • Gender pay equity, employee/asset ratio • % improvement in time to hire, addressing skill gaps
Resource management and compliance	• %reduction in operational costs • Upgrade technology/equipment • % improvement in energy efficiency • % improvement in asset utilisation • % reduction in process time • % improvement in data quality • % increase in submission of best practices • % compliance with legislation requirements

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Performance conversations

The following table provides an overview of some considerations when preparing, holding and reflecting on performance conversations with executives.

Stage	Performance conversations	Difficult conversations
Preparation	Define the purpose, approach and ideal outcome. Gather information, looking at facts and feedback from various sources including peers. What do you want to achieve? What assumptions might you have? What is the ideal outcome? Determine the future opportunities.	Identify the issue that needs to be addressed. What do you want for yourself/ the individual/work relationship? What are the facts and questions? Consider the logistics. What does a resolution look like? Consider individual/your reactions? Consider supports – HR, manager, support person.
Conversation	Highlight examples of individual's good performance. Provide constructive feedback on further improvement areas. Explore and identify the challenges (personal/work). Agree on individual's performance goals and confirm your performance expectations. Describe how you will measure their success. Discuss additional resources that the individual may need (e.g. training, job shadowing, etc.). Share own personal relatable experiences if of interest to individual (personal and/or professional). Set the date for the next meeting.	Start discussion with shared goal. Share your facts. Relate feedback to a business issue. Provide corrective feedback. Communicate ideas in a calm and logical manner. Demonstrate strong positive nonverbal communication cues. Listen and give individual opportunities to respond. Confirm the need for a follow-up discussion. Set a date to review progress. Document agreements, disagreements and action items. Document changes as applicable e.g. through a performance plan.
Reflection	What did you learn? What surprised you in the conversation? What were the benefits of having this conversation? What aspects were challenging? What would you do differently next time, if anything? How will you maximise the possibilities of this conversation?	What did you learn? What surprised you in the conversation? Do you feel proud of how you managed the conversation? Or do you feel let down? What were the benefits of having this conversation? What aspects were challenging? How did you improve? What would you do differently next time, if anything?

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Guide to removing unconscious bias

What is unconscious bias?

Unconscious bias, also known as implicit bias, can be defined as the influence of mental processes over which the individual does not have conscious control.

Unconscious biases may be based on preconceived attitudes and impressions, stereotypes, and social perceptions. They can influence how an individual interprets information and thereby impede their ability to make objective decisions and accurate assessments.

Why we need to remove unconscious bias from performance conversations

Unconscious bias can impede a manager's ability to objectively evaluate the performance of other employees by allowing the evaluation to be influenced by factors unrelated to performance. As a result, managers may unintentionally discriminate against people and rate their performance higher or lower than they deserve based solely on their performance.

Common types of biases

Bias can be present in various forms including:

First impressions

This means forming an immediate mental image of a person. In particular, we tend to judge 'trustworthiness', 'confidence' and 'competence' from a wide variety of characteristics such as gender, age, ethnicity, language, physical traits, attire, accent, posture and voice.

Stereotyping/implicit association

This is expecting all members of certain groups to have the same attributes without having actual information about that individual. We make a positive or negative generalisation with factors such as gender, age, disability, ethnicity, qualifications, attire, etc. with aspects like food, work, social and economic status and other facets of life.

Affinity bias

This means automatically favouring people like ourselves. It is natural to have preferences, however it is discriminatory to disadvantage an individual or a group because of out affinity to perceived similarities such as educational background, mutual hobbies and interests, ethnic background etc.

Confirmatory bias or Self-fulfilling prophecy

This is the tendency to search for, interpret, or recall information in a way that confirms one's beliefs. For example a manager who has recently hired an employee may look to confirm their view that the employee is still in the learning process. The manager would fail to see the true performance of their employee.

Selective attention

This is having perceptual blindness when not paying attention. For example, our unconscious mind may not see positive behaviour or competence of an individual or group because it is not looking for it.

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Priming

This is activating associations in memory just before an action or task. For example, an individual may remind us of someone we know influencing our evaluation of their performance.

Holding a good performance discussion

The manager must introspect and recognise any potential bias before any performance conversation, whether it involves providing ratings, providing feedback or engaging in a career development conversation.

Repeated performance of an action helps the brain create a pattern and form habits. Through regular introspection we shift a less biased review process to the automatic part of our brain, ensuring our commitment to a more consistently objective process for holding performance conversations.

Some questions for introspection are:

- What kind of biases have I experienced myself and how has that affected me?
- Does this decision have an impact on serving my own agenda?
- Are there differences in work styles between me and the employee I am having a conversation with? Are they wrong or just different styles? Can these differences influence my rating?
- What strategies can I put in place to completely engage myself in the discussion?

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Consistent application

Application questions	Answers
What does it involve?	A meeting with managerial peers facilitated by a neutral expert (typically an HR representative) where every individual direct report's performance rating is assessed.
What is discussed?	Initial performance ratings. Quality of evidence provided by manager. Any feedback from other managers. Agreement on final ratings based on discussion.
When should the meeting be held?	At the end of the performance year.
How long is a typical discussion?	Approximately 90 minutes to 2 hours depending on the size of the employee population to be discussed.
How do we record the output of the discussion?	The facilitator documents any changes or outcomes to ratings and shares the notes from the meeting with the managers who can add/modify as necessary.
When do I communicate the performance rating to my direct report(s)?	After completion of the assessment process across the organisation, you may communicate the performance rating to your team.

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