Using this guide

We all work best when we have clear goals and understand what is expected of us; receive fair and regular feedback about how we are performing and what we can do to improve; and are recognised for a job well done.

As an HR professional, you play an important role in supporting managers and employees to manage for optimal performance. This guide aims to help you identify opportunities to improve engagement between managers and their employees. It is divided into three parts.

**Part 1** introduces you to the NSW Public Sector Performance Development Framework, its six components and essential elements, which the Public Service Commission (PSC) established as mandated practices for everyone in the sector.

**Part 2** describes how the six components of the Framework are applied, each representing a suite of good performance management practices and processes focused on aligning individual and team effort with business outcomes. While these practices and processes are currently not mandatory, the intent is that they will become so for the sector in the future.

**Part 3** lists the tools and references you can use to ensure that agencies meet the Framework’s requirements.

This is not intended to be a comprehensive guide for managing employees and teams, or a substitute for agency policies.

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**Publication and contact details**

Managing for performance: Guide for human resources

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Performance development is not about once-yearly reviews, following a rigid process, or focusing only on underperformance; the large majority of public servants want to and do perform well.

We know that we all work best when we:
- have clear goals and understand what is expected of us
- receive fair and regular feedback about how we are performing
- have the capabilities to do our job
- are recognised for a job well done
- receive feedback about how we can improve.

Regardless of level or role, every employee is responsible for managing their own performance and career development. You have a critical role in supporting everyone in your agency to perform to the best of their ability.

As we know from the recent People Matter Survey, agencies are strong in providing information to help you perform, but struggle with other aspects of performance management. As a sector, we have not been consistent in recognising good performance, discussing and resolving unsatisfactory performance, or collaborating on ways to lift performance and help employees pursue their career goals.

The NSW Public Sector Performance Development Framework provides a holistic and practical framework for managing for performance. Each of its six components represents a suite of good management practices and processes focused on maximising individual and team performance.

This guide promotes a best practice approach to performance management and aims to help you identify ways to support managers and employees to perform at their best.

The process to create, test and finalise the Framework has involved many human resource professionals from across the sector. While the evidence that the Framework is based upon was formed from literature and research drawn from across the world and different sectors the Framework has been built through experience on HR professionals on the working group and steering committee as well as through piloting with various NSW public sector agencies.

My thanks and appreciation to all those involved in this significant work.

Graeme Head
Commissioner
The NSW Government is committed to creating a high-performance public sector. To achieve this, it is crucial that the performance of the sector’s workforce be improved, by ensuring that managers and employees work collaboratively to:

- set and clarify employees’ expectations, so they understand their roles and what is expected of them
- monitor employees’ performance, and engage in ongoing two-way discussions to continuously develop their performance
- plan and review employees’ work objectives, and help them understand how their achievements are linked to agency and sector objectives
- develop the capabilities employees need to effectively fulfil their roles and perform at a high level
- recognise employees for good performance
- resolve unsatisfactory performance promptly and effectively.
According to legislation\(^1\), all public sector agencies must have a performance management system that meets essential elements and guidelines set by the Public Service Commissioner.

The NSW Public Sector Performance Development Framework contains these guidelines and sets the approach for managing all aspects of employee performance in the NSW public sector.

As depicted in Figure 1, the Framework consists of six components. Each component has essential elements that define the mandatory benchmarks for agency performance management systems. These are set out in Part 2 of this guide.

The Framework’s components are not designed to be applied sequentially. It is important to understand the purpose of each component and apply them appropriately, whether individually or in combination, to manage the situation at hand.

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\(^1\) Section 67 of the Government Sector Employment Act 2013
Managing for performance

‘Managing for performance’ describes management practices and activities to improve performance and align individual and team efforts with the organisation's objectives. ‘Performance’ in the context of this Framework comprises not only what an employee does in their role, but also how they go about doing it – their behaviour.

Research has shown that employees work best when they have clear goals and understand what is expected of them and their work; receive fair and regular feedback about how they are performing; are recognised for a job well done; and get constructive advice about areas of unsatisfactory performance and how they may improve².

An organisation’s performance is the result of the combined efforts of the individuals within it. Figure 2 illustrates how every employee plays an important role in achieving divisional, departmental and state-wide objectives.

While everyone in the workplace plays a part in an organisation’s performance, as an HR manager you play a critical role in aligning employee capabilities and efforts with organisational outcomes.

This involves ensuring that employees clearly understand what they need to achieve; what capabilities they need to be successful in their role; any processes and procedures they are expected to follow; and the standards and behaviour expected of them. It is also about working with employees to identify their capabilities and leverage their strengths, and providing development opportunities to close any gaps between their capabilities and what is expected of them.

Good performance development is about managing all aspects of employee performance consistently, equitably and transparently. It is an ongoing process involving regular discussions with employees about continuously improving performance. These discussions are an opportunity for managers to set and manage expectations; acknowledge good performance through positive feedback; provide constructive feedback to realign expectations and performance; help employees develop key capabilities; and, if necessary, address unsatisfactory performance.

Figure 2: Individual objectives feed into state-wide strategies

² Corporate Leadership Council (2005) Managing for high performance and retention, Corporate Executive Board, Washington DC.
According to research by the Corporate Leadership Council, an employee’s understanding of expectations and standards – and how they relate to their work and the organisation – is the biggest driver of employee and organisational performance. When employees understand this, their performance can improve by as much as 36%³.

A large majority of employees want to, and do, perform well. Unsatisfactory performance is only an issue for less than 5 or 10% of employees⁴.

Applying the Framework

Agencies, through their HR teams, provide performance management systems and processes that:

- strategically align with corporate plans and strategies
- improve engagement between managers and their employees to optimise performance
- integrate with other workforce strategies, such as capability development, talent management, leadership and management development, and succession planning
- provide a consistent approach to managing for performance but are flexible enough to reflect the needs of a diverse workforce.

The goal is for performance management across the NSW public sector to continuously improve over time and become best practice. The PSC will review the Framework regularly to support ongoing improvements in performance management across the sector and to ensure it is aligned with further workforce management reforms.

Responsibilities for performance

Directors-General and agency heads are legally required to develop and implement performance management systems for their staff. The Public Service Commissioner is legally required to issue guidelines on the essential elements of performance management systems in agencies. Directors-General are required to ensure that all agencies within their department meet, or have plans in place to actively work towards, the essential elements described in the Framework.

In addition to their people management accountabilities, executives are responsible for linking performance management systems with organisational planning, systems and processes. They are also responsible for engaging and developing the workforce at their organisation to achieve outcomes.

Managers are responsible for:

- setting clear performance objectives
- building capability to ensure continual development and success
- monitoring performance
- providing regular and ongoing feedback to develop and maintain performance
- openly receiving feedback from their manager or senior executive and their employees, to drive their own development
- having structured conversations with employees about their performance, development needs and career aspirations
- honestly and openly addressing underperformance.


⁴ US Office of Personnel Management (1999) Report of a special study – Poor performers in Government: A quest for the true story. The Office of Merit Systems, Oversight and Effectiveness found that, contrary to the popular perception that poor performance was a problem in the federal public service, poor performers represented only approximately 37% of the workforce.
Performance agreements for all executives who have financial accountability must include mandatory performance objectives set out in Appendix A. These objectives are part of a range of measures approved by Government to significantly improve financial management in the NSW public sector.

Performance agreements for all employees who have responsibility for managing people must include mandatory performance objectives set out in Appendix B. These objectives, focused on people and capability management, are one of a number of public sector reform initiatives aimed at improving workforce management across the sector.

Employees are responsible for:

- developing their own performance to meet expectations and achieve their objectives
- actively contributing in all aspects of performance management
- having open and honest conversations with managers and colleagues
- providing feedback to managers
- openly receiving feedback
- proactively driving their own development with the support of their manager.

HR teams’ responsibilities include:

- establishing and maintaining performance management systems within their agencies
- ensuring alignment with the Framework's essential elements
- regularly analysing gaps between existing systems and the Framework
- developing improvement plans to address any gaps
- reporting to the Public Service Commissioner on implementing the Framework
- supporting their agency’s employees as they apply the systems and tools available to them.

Who does the framework apply to?

The Framework applies to all employees in the NSW public sector. Agencies may vary its application to casual and temporary employees who are employed for less than three months. However, it does not apply to:

- state-owned corporations
- employees of labour hire agencies
- non-government employees, such as employees of organisations contracted to provide services to or on behalf of a government agency
- employees in specialist classifications who are also covered by performance management provisions enshrined in an award, agreement, piece of legislation or some other instrument.

The next part of this guide sets out the objectives of the components and their essential elements.

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5 The practical application of the Framework to casual and temporary staff will vary depending on the role and length of employment. ‘Set and clarify expectations’, ‘monitor’ and ‘recognise’ good performance apply as a minimum, regardless of role or length of employment. Other essential elements apply for longer periods of employment, e.g. three months or more.

6 These provisions will take precedence over the Framework. However, it is preferable for these arrangements to broadly align with the Framework over time.
PART 2:

Components and essential elements of the Performance Development Framework
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| **Set and clarify expectations**<br>Collaborative process between manager and employee to set performance expectations and clarify them on an ongoing basis. | ● Each employee has an up-to-date description of their role, including required capabilities and responsibilities, linked to the organisation’s strategy.  
● All employees understand the public sector values, the capabilities required of them in their roles, and the deliverables for which they are accountable.  
● All employees are aware of the codes of conduct, policies, procedures and standards they are expected to observe.  
● All new employees (in the sector or the team) undergo a review process that includes informal and formal reviews. |
| **Monitor**<br>Ongoing joint evaluation of progress towards achieving work goals and expectations, involving regular two-way feedback. | ● All employees have regular opportunities to discuss their work with their manager and receive informal feedback on their performance (either individually or as a team).  
● All employees have the opportunity to provide informal and formal feedback (through a structured assessment method) to their manager. |
| **Plan and review**<br>Collaborative process between manager and employee to plan performance, linked to corporate objectives, with periodic reviews of progress towards achieving work goals. | ● All employees have an annual formal performance agreement with their manager that sets out individual performance objectives linked to corporate objectives as well as the capabilities they are required to demonstrate in their role.  
● Performance agreements for all executives who have financial accountability include mandatory performance objectives set out in Appendix A.  
● Performance agreements for all employees who have responsibility for managing people include mandatory performance objectives set out in Appendix B.  
● All employees have a formal performance review at least once a year.  
● Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal. |
| **Develop**<br>Collaborative process to identify and develop employees’ capabilities with periodic reviews of progress. | ● Development plans are based on the capabilities required in the role, the employees’ existing capabilities, and his/her performance objectives and/or career goals.  
● Progress against development plans is formally reviewed at least once a year. |
| **Recognise**<br>Regular practice of recognising employee efforts and excellent performance outcomes and achievements. | ● Agencies have guidelines in place to help managers appropriately recognise employees at the local level. |
| **Resolve unsatisfactory performance**<br>Process of addressing employee unsatisfactory performance. | ● Managers promptly work with the employee to understand and resolve instances or patterns of unsatisfactory performance. |
Set and clarify expectations

Good performance starts with employees having a clear understanding of goals and expectations. This critical first step establishes the requirements for them to perform their role.

What’s involved

Managers and employees meet to clarify:
- what the employee’s role and responsibilities are within the team and the organisation
- what the employee is accountable for and expected to deliver to their team and the organisation
- expectations around ethics, values and behaviour
- how the employee’s performance will be measured and assessed.

For senior executives, this can also involve establishing and clarifying strategic and/or organisational goals and government priorities. Managers and employees should discuss expectations clearly and openly, ensuring that both parties understand each other’s responsibilities and accountabilities.

Once they have established the expectations, the manager is responsible for continuously monitoring their employees’ performance, providing feedback and clarifying expectations on an ongoing basis.

An employee’s expected performance should be based on the requirements of their role, as well as the public sector’s core values, and directly relate to their organisation’s mission and goals. Performance expectations should describe acceptable and expected behaviours and actions and define the required work outputs.

Managers and employees should develop expectations collaboratively (except for legislated or mandatory corporate requirements or objectives) so they both understand what is required.

When to set or clarify expectations

Managers and employees should set and clarify expectations on an ongoing basis, but particularly when a new employee starts work, an existing employee takes on a new role or their responsibilities change, and when a manager takes on a new team or their responsibilities change. Doing this will help an employee realign their performance or clarify their responsibilities.

It’s also important to clarify expectations when workplace or organisational policies, work practices, systems or processes are introduced or changed, or when the sector’s or agency’s strategy – or government priorities – change direction.

Failing to set clear standards of performance and behaviour can cause employee confusion or misunderstanding, leaving employees unable to perform their role even if they are capable of doing so.

Essential elements

Agencies must ensure that:
- Each employee has an up-to-date description of their role, including required capabilities and responsibilities, linked to the organisation’s strategy
- All employees understand the public sector values, the capabilities required of them in their roles, and the deliverables for which they are accountable
- All employees are aware of the codes of conduct, policies, procedures and standards they are expected to observe
- All new employees (in the sector or the team) undergo a review process that includes informal and formal reviews.
Monitoring performance enables managers and their employees to assess how the employee is getting on in their role.

Providing regular feedback ensures that employees are aware of how they are progressing against set expectations; motivates employees to develop and maintain effective performance; and gives managers and their employees an opportunity to discuss and clarify expectations, and realign the employee’s performance if needed.

**What’s involved**

When monitoring employees’ performance, managers should listen and ask questions about how they are doing. They should meet with them regularly to discuss their work progress and the future of their work. Managers should also encourage good performance by acknowledging employees’ achievements. Conversely, if an employee’s performance is below expectations, managers should clarify or reset expectations and coach them to improve their work.

### Influence of feedback on performance

Respondents to the *People Matter* employee survey who received formal and informal feedback had more positive perceptions of performance management than those who didn’t receive any feedback.

Respondents who received informal feedback in the previous 12 months were also more highly engaged than those who only received formal performance appraisals or no feedback at all.

Employees who received a formal appraisal and informal feedback on their performance also reported that they had more learning and development opportunities.

Figure 3: Employee perceptions of the ways performance management is approached

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Informal but regular meetings and discussions allow managers to engage with employees on an ongoing basis. This can be an effective addition to informal monitoring, particularly where the work environment does not allow for regular contact.

Both parties should come prepared to discuss factors affecting the employee’s work goals, targets, and performance and development activities. It allows managers and employees to solve problems together if there are factors affecting an employee’s ability to do their job well.

When to monitor performance

Performance monitoring shouldn’t be left until the six-monthly formal performance reviews. By proactively monitoring performance on an ongoing basis, you can recognise progress and achievements, clarify the future direction and identify and effectively address a performance issue when it happens – and before it worsens. In such instances, give clear advice on improving performance. Regular feedback and support resolves the majority of instances of unsatisfactory performance.

This approach works even with patterns of long-term unsatisfactory performance. Refer to the section on resolving unsatisfactory performance on page 18 for more information.

Where operational circumstances allow, managers should offer feedback to employees throughout the workday to deal with problems as they arise.

Essential elements

Agencies’ HR teams must ensure that:

- all employees have regular opportunities to discuss their work with their manager and receive informal feedback on their performance (either individually or as a team).
- all employees have the opportunity to provide informal and formal feedback (through a structured assessment method) to their manager.

On some occasions, there is a greater need for managers to monitor an employee’s performance, such as when:

- a new employee starts work or when an employee is in a new role and needs additional support
- operational conditions change, affecting the employee’s performance
- the employee’s responsibilities change.

Employees who regularly meet and exceed expectations still require monitoring, and should be recognised for their efforts and achievements. Without goal clarification and help with prioritising work demands, high-achieving employees can be underutilised and become demotivated.
Plan and review

To help employees understand their role within the organisation, they should have a coherent performance agreement with specific work objectives linked to corporate strategy. Planning and reviewing performance objectives with employees is an essential part of a manager’s responsibilities.

What’s involved

When planning performance objectives with employees, managers should:

- identify objectives and required capabilities, ensuring they are clearly linked to business plans and corporate strategies
- discuss and confirm how performance will be assessed and measured, and how progress towards their targets will be monitored
- document the key elements discussed and agreed to in the performance agreement.

A simple way to align employee objectives to the corporate strategy is to set objectives in a cascading manner. Managers should give a copy of their objectives to employees, and ask them to draft their own performance objectives based on what they need them to achieve. Employees can also add other objectives that may be critical at their level, but are not necessarily included in their manager’s performance agreement. The manager and employee then discuss and agree on which objectives to include in the employee’s performance agreement.

Some objectives or targets are non-negotiable, including mandatory government or agency objectives. Managers should discuss these with employees so they clearly understand which targets are not negotiable and why.

There are two mandatory objectives currently in place across the sector.

Performance agreements for all executives who have financial accountability must include mandatory performance objectives set out in Appendix A. These objectives are part of a range of measures approved by Government to significantly improve financial management in the NSW public sector.

Performance agreements for all employees who have responsibility for managing people must include mandatory performance objectives set out in Appendix B. These objectives, focused on people and capability management, are one of a number of public sector reform initiatives aimed at improving workforce management across the sector.

After setting the performance objectives, managers and their employees can discuss strategies for meeting them. This discussion should cover the capabilities the employee needs to be successful, any capability gaps they will need to address, possible approaches they might take and anything that might affect their ability to meet their objectives. Refer to the next section on developing capabilities on page 15 for further information.
Reviewing objectives

Annual or other periodic performance reviews are the best time to formally assess employees’ progress towards meeting their objectives. Executives should review their objectives informally at least every quarter, with one formal annual review. All other employees should have one informal and one formal annual review. The review process is supported by ongoing monitoring and regular two-way feedback between reviews.

Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.

During the discussion, managers and employees should:

- review the employee’s progress against the performance objectives and targets in the performance agreement
- recognise achievements
- review objectives and reset targets to help realign employees’ performance, if needed
- review any development activities undertaken, and how employees have applied their learning
- adjust expectations, responsibilities, goals or development activities, as required.

When to plan and review

Performance objectives are generally set annually and should flow on from the corporate or business planning process to ensure individual objectives are aligned with state-wide strategies. Your agency’s corporate planning calendar will drive the timeframe for planning and reviews.

Essential elements

Agencies must ensure that:

- All employees have an annual formal performance agreement with their manager that sets out individual performance objectives linked to corporate objectives as well as the capabilities they are required to demonstrate in their role
- Performance agreements for all executives who have financial accountability include mandatory performance objectives set out in Appendix A
- Performance agreements for all employees who have responsibility for managing people include mandatory performance objectives set out in Appendix B
- All employees have a formal performance review at least once a year
- Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.
Workforce development involves strategically developing employees so they can achieve their objectives and help achieve the organisation’s vision and goals. Development improves employee capabilities and performance, in turn enhancing the performance of the organisation and, ultimately, the sector.

The manager’s role is to help employees address their capability gaps and support ongoing capability development; the employee’s role is to drive and manage their own development. Supporting employees’ development builds strong relationships between managers and employees, and helps employees identify and realise their career goals.

Workforce development programs should take into account the agency’s strategies for developing high-potential employees, managing talent, developing leadership or management skills, planning succession for critical roles, and other workforce planning and development programs.

They should also consider the employee’s goals, as well as the agency’s and the sector’s needs, and opportunities to align those needs to benefit everyone.

What’s involved

The first step is to be clear on what capabilities are needed for the role.

Capabilities are the knowledge, skills, and abilities that must be demonstrated by public sector employees to perform their roles effectively.

The NSW Public Sector Capability Framework describes ‘core’ capabilities expected of all public sector employees, as well as other common capabilities that only apply to some roles. For example, people leadership capabilities for roles that include supervisory responsibilities.

The capabilities required for each role should be identified when it is first created and reviewed if it is updated. Taken in combination with the role’s broad objectives and the deliverables relevant to the review period, the identified capabilities provide managers and employees with a good starting point for assessing performance and planning development.

Once managers and employees are clear about the capabilities needed for the role, their discussion should focus on identifying the employee’s current level of capability, their strengths and development needs. This may be achieved through formal assessment, professionally administered 360-degree feedback, psychometric assessments or self-assessment. In the absence of any formal tools, managers can identify their employees’ needs through observation, work examples and discussions with them.

Next, identify the activities that will help the employee develop the capabilities to meet the requirements of their current role and/or their next role. Professional development should use a 70:20:10 blend – 70% from on-the-job experiences, tasks and problem solving; 20% from peer-based learning or examples; and 10% from formal courses and reading.
Development activities include rotating or swapping jobs, undertaking project work, acting in different roles, shadowing colleagues or managers, attending conferences, joining professional bodies, completing benchmarking exercises, or taking on a professional coach or on-the-job coaching by a manager.

Discussions around career progression should not just be limited to an upward move. To gain exposure to many different environments – both in and outside of the employee’s area of expertise – the employee may wish to consider a lateral move into a different work area, agency, function, or even outside of the sector for a time.

The employee’s learning and development activities should be documented in their development plan.

**When to develop**

Due to the rapidly changing nature of the workplace, identifying development needs and building individual and team capability should be undertaken throughout the year, either formally or informally.

The formal process may be based on the outcomes of assessments used during recruitment, management or leadership programs, or the PSC’s Executive Development Program or other initiatives, which may identify an individual’s capabilities, strengths and areas of development. Formal discussions to plan and set individual objectives should identify specific learning and development needs, and the desired outcomes.

Regular discussions between managers and their employees are an opportunity to assess employees’ progress against development plans, and take up opportunities for informal learning, such as workplace coaching or mentoring.

Managers should also look for opportunities for employees to share their knowledge and skills with others. This may include mentoring or coaching other employees, or participating in projects where they can add significant value. They should also consider giving employees more responsibility or delegating some of their work to develop their employees’ capabilities.

**Essential elements**

Agencies must ensure that:

- development plans are based on the capabilities required in the role, the employees’ existing capabilities, and his/her performance objectives and/or career goals
- progress against development plans is formally reviewed at least once a year.
Most employees want to be acknowledged for their contributions.

Recognising employees’ efforts, contribution and achievements is an integral part of your role in managing for performance. Recognition sends a message to the recipient, and those around them, about the value of their work. It is a powerful motivator for developing performance, and an effective way to reinforce positive actions and behaviour.

When employees know that their efforts are appreciated, it increases their morale, sense of fulfilment, self-confidence and job satisfaction.

What’s involved

There are two aspects to employee recognition. The first is to identify or realise an opportunity to recognise an employee’s good performance. The other is the physical act of acknowledgment and praise for their good work.

Employees want to know that their contribution and efforts are valued. However, you should be mindful that people value and respond to recognition differently.

Managers should talk to their employees to find out how they want to be recognised for their efforts in a meaningful way. There are many ways to recognise achievement that are effective at engaging employees and improving performance. These include thanking them in person or by email, publicly acknowledging their achievement, nominating them for a team, organisation or sector award, or giving them an opportunity to work on a challenging project.

It is important to ensure that employees understand what they have been recognised for. Any recognition should be clearly linked to actions and behaviours to be reinforced, and the achievement of important outcomes, such as exceptional discretionary effort, consistently high levels of performance and instances of outstanding performance.

If employees can’t see what they did to get recognised, the recognition may demotivate them.

When to recognise

Recognition is much more effective when it does not occur regularly or become routine. They should also be visible and awarded by the appropriate level of authority soon after the achievement is made. If no recognition occurs over a period of time, the behaviour may stop.

Essential element

Agencies have guidelines in place to help managers appropriately recognise employees at the local level.
Resolve unsatisfactory performance

Unsatisfactory performance, poor performance and underperformance are used interchangeably and involve an employee failing to perform their duties to a standard that the organisation expects. Unsatisfactory performance can have negative effects on employees who are performing satisfactorily and can cost the agency dearly.

Poor performance can include:

- unsatisfactory work, in terms of quantity, quality and timeliness
- breaches of work practices, procedures and guidelines, or not following a manager’s reasonable direction
- breaches of policies, expectations and codes of conduct that do not warrant a misconduct investigation, such as absenteeism and lateness
- inappropriate behaviour, such as poor interactions and communication problems with work colleagues, customers or stakeholders
- a series of minor issues that, when taken together, make for a difficult working environment.

Unsatisfactory performance can occur as a result of:

- recruitment mistakes or poor job fit, when the employee doesn’t have the capabilities for the job or doesn’t like the job they are doing
- unclear expectations, if managers have not been clear enough on what they want an employee to do and employees don’t take the time – or are not confident – to ask about things they are unsure of
- missing performance appraisals
- poor supervision

- workplace culture – for example, loyalties, personal relationships or conflicts of interest make it difficult to confront work issues, or workplace bullying may have occurred
- inappropriate behaviour, such as denying responsibility, resisting advice and change or reacting with emotion or defensiveness, which can mean minor issues escalate into larger problems
- poor training and development
- lack of communication
- personal issues such as family stress, physical or mental health issues, or problems with drugs or alcohol.

Unsatisfactory performance differs from misconduct, which involves unacceptable or improper conduct which is outside of the law, policy or directions.

What’s involved

The first step in responding to unsatisfactory performance is for the manager to monitor the employee’s performance, then identify the cause of unsatisfactory performance, provide regular feedback and give clear advice if they are not meeting expectations. Regular feedback resolves the majority of instances of unsatisfactory performance. This approach works even with patterns of long-term unsatisfactory performance. Refer to the Monitor section on page 11 for further information.
When to deal with unsatisfactory performance

Unsatisfactory performance significantly affects the workplace and can become more serious over time if it is left unmanaged. It can lead to further difficulties in the workplace.

It is important to deal with unsatisfactory performance the minute it is identified. Managers can usually pick it up by regularly monitoring employees at work. If the manager identifies and handles issues immediately, they can often be resolved quickly.

How to resolve unsatisfactory performance

Section 68 of the Government Sector Employment Act 2013 outlines specific actions which may be taken by the head of a government sector agency where an employee’s performance is determined to be unsatisfactory according to the agency’s performance management system. Clause 36 of the Government Sector Employment Rules 2014 sets out the requirements for dealing with an employee’s unsatisfactory performance before action can be taken under Section 68 of the Act.

Action under section 68 of the Act will not normally be instigated unless it is clear that the manager has set expectations, properly monitored the employee’s performance, identified unsatisfactory performance and provided feedback. The employee should be informed that their performance is not meeting expectations, told what they are expected to do and by when, and given the opportunity to improve. Managers should keep records of when meetings were held, what the employee was told, the opportunities the employee was given to develop and meet expectations, and what occurred following monitoring.

Misconduct by an employee is dealt with separately from management of unsatisfactory performance in section 69 of the legislation and clauses 37 to 41 of the Government Sector Employment Rules 2014.

Essential element

Managers promptly work with the employee to understand and resolve instances or patterns of unsatisfactory performance.
PART 3: Tools and reference materials
The Performance Development Framework comprises six key components, each with essential elements. These are the legislative requirements for agencies, designed to facilitate best practice performance management.

The goal is for agencies to work towards achieving the expected standards over time. The Framework will evolve as various workforce management reforms are implemented and the sector reaches a common position on its implementation.

**Assessment tool**

The PSC has developed an assessment tool to help agencies assess their current performance management practices and systems against the Framework’s essential elements. How individual agencies undertake the assessment is up to them.

Your department’s response against the mandatory benchmark of 100% will identify any gaps in the organisation’s performance management practices and inform strategies and actions to be taken when developing improvement plans. Each agency’s report is to be consolidated into a single report for the departmental cluster and provided to the Public Service Commissioner on 1 November 2013. The report should include an outline of the assessment methodology, outcomes and proposed strategy to improve performance management.

You can find a copy of the assessment tool in Appendix C.

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8 Section 101A of the Public Sector Employment and Management Act 2002 requires that all agencies have a performance management system for staff that incorporates essential elements outlined in guidelines provided by the PSC.

9 This refers to the nine central Departments to which agencies are attached.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Collection method</th>
<th>Timeframe and frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department assessment methodology and outcomes of the self-assessment against the Framework's essential elements</td>
<td>Department assessment methodology</td>
<td>Annually by 31 January.</td>
</tr>
<tr>
<td>Plan outlining actions to be taken to address gaps identified by the self-assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of performance plans or agreements developed, by employee grade or equivalent measure</td>
<td>PSC Workforce Information data collection</td>
<td>Reports are to be submitted online to the PSC by 30 April and 31 October each year.</td>
</tr>
<tr>
<td>Number of performance reviews completed, by employee grade or equivalent measure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other means of assessing Framework implementation

In addition to the agency self-assessment, the PSC will collect data during the biannual sector-wide People Matter employee survey. The results of these surveys will offer an opportunity for agencies to compare the results from their own assessments with the broader employee population’s views.

### Other tools and templates


These tools are not mandatory and can be adopted or customised to meet each organisation’s needs.

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10 This refers to the nine central Departments to which agencies are attached.
## Appendix A:

### Mandatory performance objectives of executives managing budgets

### Financial management

<table>
<thead>
<tr>
<th>Budget compliance – operating</th>
<th>Director-General</th>
<th>Chief Executive Officer</th>
<th>Chief Financial Officer</th>
<th>Executive-level budget holding operational managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Cluster has operated within its approved net cost of services limit, without any negative impact across the forward estimates.</td>
<td>The Agency has operated within its approved net cost of services limit, without any negative impact across the forward estimates.</td>
<td>The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency operated within its approved net cost of services limit, without any negative impact across the forward estimates.</td>
<td>The Executive manager has operated within his/her operating budget (budgeted expenses and, where relevant, revenues).</td>
<td></td>
</tr>
</tbody>
</table>

| Budget compliance – capital | The Cluster capital program has been delivered within approved capital expenditure authorisation limits. | The Agency capital program has been delivered within approved capital expenditure authorisation limits. | The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency capital program has been delivered within approved capital expenditure authorisation limits. | The Executive manager has operated within his/her capital budget. |

<p>| Budget compliance – employee expenses | The Cluster has operated within its approved Labour Expense Cap. | The Agency has operated within its approved Labour Expense Cap. | The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency has operated within its approved Labour Expense Cap. | The Executive manager has operated within his/her labour expense budget. |</p>
<table>
<thead>
<tr>
<th><strong>Delivery of savings</strong></th>
<th>Director-General</th>
<th>Chief Executive Officer</th>
<th>Chief Financial Officer</th>
<th>Executive-level budget holding operational managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Cluster savings measures incorporated into the Budget are supported by rigorous implementation plans.</td>
<td>The Agency savings measures incorporated into the Budget are supported by rigorous implementation plans.</td>
<td>The Cluster/Agency CFO has provided appropriate information &amp; advice to the DG/CEO to ensure that savings measures incorporated into the Budget are supported by rigorous implementation plans.</td>
<td>The Executive manager has incorporated rigorous implementation plans into the Budget to achieve savings measures.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Management reporting</strong></th>
<th>Director-General</th>
<th>Chief Executive Officer</th>
<th>Chief Financial Officer</th>
<th>Executive-level budget holding operational managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.</td>
<td>The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.</td>
<td>The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Statutory reporting</strong></th>
<th>Director-General</th>
<th>Chief Executive Officer</th>
<th>Chief Financial Officer</th>
<th>Executive-level budget holding operational managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.</td>
<td>The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.</td>
<td>The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix B:

### Mandatory performance objectives for everyone managing people

### People and capability management

<table>
<thead>
<tr>
<th>People and capability objectives</th>
<th>Director-General</th>
<th>Chief Executive Officer</th>
<th>Executive</th>
<th>Operational manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing for performance</td>
<td>The Agency has a performance management framework in place that is linked to the corporate planning system.</td>
<td>The Agency has a performance management framework in place that is linked to the corporate planning system.</td>
<td>All employees in the division have a current performance agreement that is clearly linked to organisational objectives and is reviewed annually.</td>
<td>All employees in the business unit have a current performance agreement that is clearly linked to organisational objectives and is reviewed annually.</td>
</tr>
<tr>
<td>Workforce planning and development</td>
<td>The Agency has a strategic, systematic approach to align its workforce capability and capacity with the organisation’s current and future priorities and objectives.</td>
<td>The Agency has a strategic, systematic approach to align its workforce capability and capacity with the organisation’s current and future priorities and objectives.</td>
<td>The division implements strategies to align its workforce capability and capacity with the organisation’s current and future priorities and objectives.</td>
<td>The business unit implements strategies to align its workforce capability and capacity with the organisation’s current and future priorities and objectives.</td>
</tr>
</tbody>
</table>
## Appendix C:

### NSW Public Sector Performance Development Framework Assessment Tool

<table>
<thead>
<tr>
<th>Essential elements of the framework</th>
<th>100%</th>
<th>75 – 99%</th>
<th>&lt;74%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Set and clarify expectations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each employee has an up-to-date description of their role, including required capabilities and responsibilities, linked to the organisation’s strategy.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees understand the public sector values, the capabilities required of them in their roles, and the deliverables for which they are accountable.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees are aware of the codes of conduct, policies, procedures and standards they are expected to observe.</td>
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</tr>
<tr>
<td>All new employees (in the sector or the team) undergo a review process that includes informal and formal reviews.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Monitor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees have regular opportunities to discuss their work with their manager and receive informal feedback on their performance (either individually or as a team).</td>
<td></td>
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</tr>
<tr>
<td>All employees have the opportunity to provide informal and formal feedback (through a structured assessment method) to their manager.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plan and review</strong></td>
<td></td>
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</tr>
<tr>
<td>All employees have an annual formal performance agreement with their manager that sets out individual performance objectives linked to corporate objectives as well as the capabilities they are required to demonstrate in their role.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance agreements for all executives who have financial accountability include mandatory performance objectives set out in Appendix A.</td>
<td></td>
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<tr>
<td>Performance agreements for all employees who have responsibility for managing people include mandatory performance objectives set out in Appendix B.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>All employees have a formal performance review at least once a year.</td>
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<td></td>
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<tr>
<td>Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential elements of the framework</td>
<td>100%</td>
<td>75 – 99%</td>
<td>&lt;74%</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
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</tr>
<tr>
<td><strong>Develop</strong></td>
<td></td>
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<tr>
<td>Development plans are based on the capabilities required in the role, the employees’ existing capabilities, and his/her performance objectives and/or career goals.</td>
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<td></td>
</tr>
<tr>
<td>Progress against development plans is formally reviewed at least once a year.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Recognise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agencies have guidelines in place to help managers appropriately recognise employees at the local level.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resolve unsatisfactory performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers promptly work with the employee to understand and resolve instances or patterns of unsatisfactory performance.</td>
<td></td>
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</tbody>
</table>