



Performance Management

Effective performance and behaviour management creates a harmonious and productive workplace, which is beneficial for both employees and employers.

Managing Performance

The best businesses are always improving their operations to stay competitive in their industry. To be able to do this, employees and managers need to be performing to a high standard. High performance in business means; increased productivity, engaged and committed employees, and retaining good employees. Underperforming employees can have a negative effect on a business, such as; unhappy customers or clients, decreased productivity, high turnover, and unmotivated and underperforming employees.

Preventing Underperformance

The best way to manage underperformance is to make sure it doesn't happen in the first place. Communication is the key. Steps that employers can take to help prevent underperformance include:

Listing behavioural and outcome expectations in positions descriptions

Employees need to be aware of what is expected of them to perform well. Having accurate, detailed positions descriptions makes it easier for the employee and employer to understand what is expected of the employee and provides a baseline for the performance management process.

Addressing any issues as soon as possible

Having regular performance reviews (including multiple reviews during their probation period) to outline expectations from the beginning and to address any issues that arise during an employee's time with the company ensures the issue doesn't grow and become a larger issue in the future.

Encouraging employees to talk to a manager or employer if they have any questions or concerns

Employers should consider creating and sharing with employees a written performance management policy. The policy should outline what underperformance is, how underperformance will be managed, and the possible consequences of underperformance. Employers should also make sure they keep the policy up to date and apply it consistently in the workplace.

A policy can help to make clear what the employer's and employees' expectations and responsibilities are and what can happen if underperformance occurs. It can also help prevent employees feeling they have been treated unfairly if an issue does come up.

NB: Get in contact with Solutions To Spec to arrange a customised performance management policy.

Addressing Underperformance

Before taking steps to manage underperformance, employers should consider if there are any rules they need to follow under their award or registered agreement, a contract of employment, or a workplace policy.

If an employee underperforms, then as a first step it is a good idea to arrange a private meeting for the employee and employer to discuss the situation. Having a HR representative in this meeting can also be beneficial to ensure everyone is comfortable and following good procedure (also known as due diligence). The employer should tell the employee what the meeting is about and ask them if they want to bring a support person along. Everyone in this meeting should be encouraged to:

- be clear about what the issues or concerns are and listen to the other attendees
- do their best to discuss and agree on a solution together, including clear and reasonable steps for improvement
- document the meeting and outcomes.

Warnings and Disciplinary Action

Depending on the circumstances, an employer may decide to take disciplinary action against an employee because of their underperformance. For example, the employer may issue a written warning.

Disciplinary action should not be taken lightly. Before taking action, employers should ensure they have a valid reason, follow a fair process, and consider seeking independent advice from a HR representative.

There is no general rule that an employer has to give an employee 3 warnings, or even 1 warning, before ending their employment, however an employer should usually give the employee a chance to fix any performance issues. If an employer fires an employee who then makes an unfair dismissal claim, the Fair Work Commission will usually take this into consideration.

If an employer decides to issue an employee with a warning about their underperformance, the warning should be given in writing. The employer should also make sure:

- they are clear about the reason for the warning
- they write down all the details
- they set clear expectations about what needs to be done differently
- the warning is fair and reasonable in the circumstances.

Before taking disciplinary action, including issuing a warning, it's best for an employer to get independent advice from a HR firm, a lawyer, or another workplace relations professional – such as Solutions To Spec.

Following Up After Underperformance

After an employer has taken steps to manage an employee's underperformance, it may be appropriate to hold regular follow-up meetings. They can be used as an opportunity to talk about progress and see if there's any further help or support the employee needs, such as formal or informal training. Where performance has improved, employers should make sure they recognise this.

If Performance Has Not Improved

If the employee continues underperforming, employers may think about:

- if another meeting with the employee would be useful
- issuing a first or additional warning
- changing the employee's duties (if appropriate) or providing additional training
- if they have clearly explained the possible consequences of not improving, including if termination of employment is a possibility.

Termination of employment should only be considered as a final resort. If an employee is fired, the employer needs to make sure the employee:

- is not being unfairly dismissed
- is given the right notice of termination
- is given the right final pay.

If the outcome the employer chooses to use is a demotion, including a demotion of pay, this can be claimed as termination if it is not specified in the employee's contract – which can lead to an unfair dismissal claim.

To ensure you are managing your employee's fairly and in line with legislation, get in contact with Solutions To Spec.



Created by and for Solutions To Spec Pty Ltd, 2022.

