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"A review of performance management in a Government Department"

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the MA in Human resource Management**

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Authorship Declaration

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of MA in HRM, is entirely my own work and has not been taken from the work of others, save to the extent that such work has been cited and acknowledged within the text of my work.

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Abstract

The private sector has been using various systems to manage performance since the 1970s, from around about the time that I joined the civil service. I have throughout my career experienced the civil service approach to managing people with a range of responses that stretched from fascination, through bewilderment and on to frustration. There were many periods of admiration along the journey, but they tended to relate to exceptional individuals who seemed to intuitively know how best to deal with staff, without the guidance of a formal policy or system.

And all the time I harboured a sneaking admiration, sometimes bordering on envy, for my counterparts in the self-styled “real world” of the private sector, who enjoyed all the benefits of cutting-edge management thinking and practice – clarity of focus, borne of the underlying profit motive; staff managed professionally; no tolerance of below-par performance; or so I presumed.

And so, when the civil service “borrowed” the concept of performance management from the private sector, I anticipated that there would be significant changes for the better in the way the civil service managed and performed.

This paper reviews one Government Department’s experience of performance management and seeks to find out whether it has been effective.

Chapter One

1. Introduction: the Research Question

The subject organisation is the Department of Communications, Marine and Natural Resources.

The Research Question is:

1. To review and outline current thinking as to what constitutes best practice performance management, including an examination of what performance management is, what it seeks to achieve, what are the essential components, and where it fits within the broad range of Human Resource Management activities
2. To review the system of performance management that was introduced in the Department of Communications, Marine and Natural Resources
3. To review the effectiveness of performance management in the Department of Communications, Marine and Natural Resources
4. To identify areas where improvements might be made to the performance management system in order to enhance its effectiveness, and to make recommendations accordingly

Chapter Two

2. Profile of the Department

The Department of Communications, Marine and Natural Resources (DCMNR) is one of 14 Departments of State, which have responsibility for carrying out the business of Government on behalf of the Irish people, and in doing so oversee the spending of 40 billion Euro annually. DCMNR as presently constituted dates from 2002, when it was formed through the amalgamation of the former Department of the Marine and Natural Resources with the Communications and Energy functions of the former Department of Public Enterprise, and the Broadcasting function of the former Department of Arts, Heritage, Gaeltacht and the Islands..

The Mission of DCMNR is

To promote the sustainable development, management and regulation of the communications, energy, marine and natural resources sectors in support of national economic and social policy objectives

(Statement of Strategy 2005-2007)

DCMNR's mandate includes a wide range of responsibilities involving public policy for social and economic development: these include sectoral development, market liberalisation, infrastructure provision, delivery of public services, public resource management, public safety regulation, corporate governance, shareholding, enforcement and EU and international relations.

The Department has a wide range and diversity of business programmes, which are a mix of policy, executive, regulatory and corporate governance. It is effectively a conglomerate, comprising 13 distinct business areas dealing with various economic sectors, as well as its own Corporate Support functions, as follows:

- ❖ Communications (telecommunications, broadband, digital media, postal)
- Broadcasting (television and radio, programming access)
- Energy (oil, gas, electricity, peat, renewable)
- ❖ Maritime Safety and Irish Coast Guard
- Maritime Transport (access and shipping)
- ❖ Marine Tourism and Leisure

- ❖ Seafood (sea fisheries and aquaculture)
- Coastal and Fisheries Infrastructure
- ❖ Coastal Zone Management
- Research (marine, hydrocarbons, energy)
- ❖ Hydrocarbons and Minerals exploration and development
- Geological Survey
- ❖ Inland Fisheries
- ❖ Finance and Planning
- ❖ Human Resources
- ❖ Information Systems
- ❖ Corporate Services
- ❖ Strategic Change management and Development

In addition, DCMNR has responsibility for the corporate governance of 19 commercial and 25 non-commercial state bodies, and for 14 harbour authorities.

The Department then approximates to Mintzberg's words:

not so much an integrated organisation as a set of independent entities joined together by a loose administrative overlay

Structurally, the Department has a combination of simple structure, professional, divisionalised form and some machine bureaucracy.

The Department can be characterised in the following way which underlines some of the challenges inherent in its make-up:

- Range and diversity of businesses and programmes
- Mix of policy, executive, regulatory and corporate governance roles
- Diversity and multiplicity of customers and stakeholders
- Geographic dispersal of staff
- Mix of technical and administrative staff
- Diversity and multiplicity of State bodies

The Department's high level organisational policy objective is

to position the Department as a modern, inclusive and results-focused organisation, operating to the highest public service standards

Organisational and operational goals include:

- Organisational change
- Quality services to customers
- Meeting business objectives and individual needs through SHRM
- Internal organisation and management systems
- Teamwork and communications

The “ambitious” change management strategy is intended to

- Build an integrated and cohesive Department with a shared culture, set of values, and sense of purpose
- Transform organisation performance, practices, structures and processes
- Foster a responsive, flexible and learning organisation which supports, develops and challenges staff
- Maximise the benefits of Management Information Systems and ICTs for staff, customers and business service delivery
- Develop robust financial management, expenditure and policy evaluation and foresight capability
- Enhance internal audit, risk management and corporate governance capabilities

The overall goal for the HR function is

To create a modern, best practice Human Resource culture which supports, motivates and develops staff and underpins organisational performance and business delivery

The Department has an annual budget of 480 million Euro, and employs around 680 staff in 30 different locations around the country (mainly Dublin, Castlebar, Valentia and Malin).

The Department's stakeholders are wide and varied, and include customers, clients, consumers, business, enterprise, trade, sectoral players, Ministers, Government, Oireachtas, representative organisations, citizens, environmental and community groups.

Chapter Three

3. Public Sector Reform

According to OECD (1997), performance management involves both the measurement of performance and the mechanisms by which performance is made to achieve the Government's objectives; it noted that the development of performance management systems were now considered a priority area for public sector reformers, which reforms as defined by OECD would be designed to bring about a greater focus on results, particularly with respect to efficiency, effectiveness and service quality.

It is important to look briefly at the context for the introduction of PMDS in the civil service, which is the public sector modernisation programme. In 1994, the Government launched the Strategic Management Initiative (SMI) which sought to address "the significant internal and external demands for improved management of the civil and wider public service in Ireland" SMI aimed to achieve better quality services that are not only results oriented and clearly aligned with Government priorities, but that also provide good value-for money (VFM) and to optimise fully the use of available resources. SMI emphasised the need for the civil service to develop a greater strategic focus, which it saw as imperative in order to facilitate national economic and social development. The backdrop to the demand for such improvements were the rise in consumerism, increased funding for public service provision, rising public expectations for service standards from all product/service providers. Powell (1997) calls this the empowerment of citizens, and sees it as demanding "a new public service ethos, characterised by democratic and inclusive values and devolution of power to service providers and users". It was further recognised that the emerging successful Irish economy needed the support of a responsive, flexible and efficient public service (Sutherland 1997).

SMI's proposals were aimed at the provision of excellent service to the public through the effective and efficient use of resources; moving towards a model based on strategic goal-setting, effective management systems, greater devolvement of responsibility and accountability. In March, 1995 the Government mandated the Co-

ordinating Group of Secretaries of Government Departments, established under SMI, to

- Review existing systems for making decisions, allocating responsibility and ensuring accountability in the Irish civil service; and
- Bring forward for Government consideration proposals for an integrated programme to modernise the systems and practices in question and for the consequent modernisation of existing personnel and financial management in the civil service

The Group's response, *Delivering Better Government (DBG)* (1996) set out a more detailed and specific framework for the achievement of SMI's objectives. It envisioned the civil service as a high performance service with a quality culture, maximum contribution and competitiveness, of value for expenditure, as well as efficiency and fairness. DBG saw the way to achieve this as being through the effective use of Human resource management, of which PMDS would be an integral and pivotal element.

The changes DBG recommended involved assigning responsibility and authority to the person or persons who actually deliver the service. The consequent range of changes recommended in the management structures of the civil service were

"designed to ensure that the assigning of responsibility and authority leads, in turn, to the delivery of an excellent service across the range of civil service activities, including the provision of policy advice"

In its chapter *A Different Approach to Human Resource Management*, DBG states

"The changes being proposed must be supported by other changes, including changes in the existing structures and systems for Human Resource Management in the civil service. The Group believe that the creation of a results-driven civil service clearly aligned with Government priorities and focused on quality of service will not be possible within the existing personnel structures. New structures for allocating authority and responsibility need to be accompanied by a corresponding modernisation in HRM"

The Group expressed the view that traditional personnel policies had too narrow a focus and that a more proactive personnel management approach needed to be adopted. It recommended that

- 1) Personnel management, as currently practised, needs to be more broadly defined since it tends to be mainly administrative by nature, with insufficient attention being given to resource planning, career management, staff development, workload distribution and especially performance management. In short, the more developmental and strategic aspects of Human resource Management as now widely practiced have not had a significant impact on public service management to date
- 2) The degree of central regulation of the Human Resource function has increasingly been called into question, particularly in the context of the more effective Administrative Budget system. In this regard, the Group accepted the increasing need to evolve greater autonomy for the control and management of personnel resources from the centre to Departmental managements, consistent with overall budgetary requirements and policy

The Group recommended that:

- Departmental Personnel Units reorient their activities and focus to take a more strategic/developmental role; and devolve responsibility for day-to-day human resource matters to line managers
- This re-orientation to take place in tandem with an incremental, but concerted and sustained, process of devolving authority from the Department of Finance to Departments generally, consistent with budgetary requirements and policy
- Each Department to develop a HRM strategy linked to the overall strategy for the organisation

DBG noted that the recommendations for HRM reform were put forward in the context that the civil service would continue to operate as a unified organisation, with common grading structures and common basic conditions. It recognised that some critical legislative changes would be required in order to provide Secretaries of Government Departments with the requisite authority to execute responsibility in

critical areas of HRM, particularly in relation to the appointment, dismissal and disciplining of staff.

The case for the development of a new performance management system was put strongly in DBG, which stated

“A more results and performance oriented Civil Service is essential. Rigorous systems of setting objectives and managing performance need to be put in place to support this. Civil Servants must be clearly rewarded for good performance and take responsibility for poor performance within a structure that emphasises teamwork within and between Departments”

The national wage agreement, the Programme for Prosperity and fairness (PPF) underlined the need for an innovative approach to Human resource management in the civil service, particularly in the context of the tight labour market. It identified five key objectives:

- The design and implementation of performance management systems
- Integrated human resource management strategies
- Improved organisational flexibility
- Better targeted training and development
- Strengthening organisational capacity

Payment of the final phase of 4% under PPF was conditional for the civil service on satisfactory progress being made on progress in relation to a number of areas, including performance management. Subsequent pay agreements have continued the linking of performance to pay, including the benchmarking awards.

The Public Service Management Act (1997) is an important component of the changing environment in the Civil Service that both facilitates and demands the development of performance management processes. The Act put in place a new management structure for the Civil Service, which seeks to improve the management, effectiveness and transparency of the Civil Service, and the accountability of Civil Servants. It introduced the concepts of clarity of role, measurement of output, and delegated responsibility. The Act also requires Departments to publish a Statement of Strategy, setting out its mission, values, key

objectives and outputs to be delivered. The Statement of Strategy therefore puts in place an essential and primary building block for performance management, first of all of the organisation, and then of the individuals working in it whose own individual objectives and deliverables can now be aligned with corporate level strategies.

It must be accepted that there are difficulties in measuring performance – itself a concept borrowed from the private sector - in a public sector organisation. The private sector's performance has an inbuilt performance measurement which is unambiguous and has the added benefit of allowing comparison with competitors and against with historic performance. On the other hand, Humphreys (1998) notes the non-commercial character and frequent lack of choice of supplier in the public sector. There are enormous difficulties with measuring public sector performance: the tendency at the strategic level is to gauge performance by reference to outcomes. These, however, can be on such a large scale and impact over a much longer timeframe; and given their complexity are usually influenced by many factors, making it extremely difficult to point to causal linkage with the performance of one arm of Government policy and activity. It must also be borne in mind that the civil service serves a wide and diverse range of customers and clients, whose interests of compete, and whose perception of what constitutes good performance may often differ from each other's and from that of the relevant Department. This is an important factor when determining what performance indicators are chosen: the question is, whose needs should they serve? McKeivitt et al (1998) in their study of performance measurement systems in UK public sector organisations noted that most of the 70 organisations studied favoured measures of performance that placed the emphasis on efficiency and which met the outcomes desired by the institution, or which legitimated its purpose, rather than outcomes which reflected the interests of the citizen/client.

Chapter Four

4. Literature Review

4.1 Performance Management

Organisations exist for a variety of purposes. Those in the business sector have a very clear *raison d'être* – the “bottom line” of profit. Profitability as the distinguishing factor has the advantage of being clearly measurable and comparable from company to company and over time. Others have a non-profit basis, such as many voluntary and charitable organisations. A big player in this category would be the public service - allowing for the existence of a small number of commercial, for-profit bodies within this grouping. Organisations also exist for sporting, social, cultural and leisure purposes. It can be presumed with some certainty that all organisations share a common objective, which is to be successful in whatever realm they operate.

Success, of course, can mean many different things to the plethora of organisational purposes that exist, from the aforementioned generation of profit, to sporting triumph, citizen welfare, participation in the arts, helping the disadvantaged, facilitating economic growth, social inclusion and so on. As Hill and Jones (2004) point out, “the most important goal for a company is to achieve superior performance relative to its rivals in the same industry”. If it achieves this superior performance, then it has achieved competitive advantage: if this advantage is maintained over time, it has what is described as Sustainable Competitive Advantage. While innovation, technology and unique business models may give companies the jump on rivals and lead to short term competitive advantage, these can be replicated over time and, increasingly, over a short timeframe. It has been suggested that the real source of sustainable competitive advantage lies in having a unique and integrated system of getting the best out of employees. As Storey *et al* note

Given that technology and finance are increasingly mobile and that innovations can be copied rapidly, it is the unique use of human resources which is especially critical to long term success

But regardless of what its overall objective is or the yardstick by which it chooses to measure itself, every organisation exists to succeed. Whether or not an organisation will succeed is clearly a function of its performance.

But what exactly is “performance”. The Oxford English dictionary defines it as:

The accomplishment, execution, carrying out, working out of anything ordered or undertaken

While this, as Armstrong (2004) points out, relates performance to the doing of work, as well as the outcome (results), it can be related to behaviour – the way in which organisations, teams and individuals get work done.

For Brumbach (1988), performance means both behaviours and results. On the other hand, Bernadin et al (1995) believe that performance should be defined as “the outcomes of work, because they provide the strongest linkage to the strategic goals of the organisation”.

Campell (1990) cautions against seeing performance as outcomes because, as he points out, they can be “contaminated by systems factors”, which echoes Deming’s (1986) view that job performance cannot be disentangled from system’s effects. This raises an interesting issue in relation to assessing organisational level performance in the public service context, where outcomes across a wide range of government policies are often so dependent and intertwined. The approach taken in the civil service is to view performance in terms of both results and behaviour: thus the performance management system in place is the so-called “mixed-model” approach (Hartle, 1995)

Performance will occur by virtue of the very existence of the organisation and its members. Even if nothing is done, a performance level – in this case zero – will be registered; and it is possible to gauge how far this performance has or has not moved the organisation towards achieving its purpose. Organisational performance depends on the effort and ability of the organisational members. Dreher and Dougherty (2001) define performance as “the extent to which an employee fulfils his or her job requirements”.

But the level of performance is clearly influenced by how that performance is managed.

A fundamental and obvious, if often neglected, requirement to support organisational performance is to ensure that the organisation gets the best out of its employees or members. This can be best achieved by ensuring that employees know what is expected of them; that what is expected of them is aligned with what the organisation is trying to achieve; that they have the ability and are given the resources and supports they need to achieve their objectives; that they receive feedback on their performance (including appraisal); and that good performance – in terms of both what employees do and how they do it – is rewarded. That essentially is what performance management is all about.

As succinctly summed up by Morhman and Morhman (1995)

Managing performance is running the business.

They emphasise that it is not about systems or techniques, a viewpoint demonstrably acted out in the Kerry Group, whose successful management of employee performance management is acknowledged to be driven by the company culture (Barry, 2005); it is facilitated by, but not the result of, its performance management system. Gunnigle *et al* (1997) emphasise the important contribution of performance management as “the key variable in organisational effectiveness and growth”. Pulakos (1997) considers rewarding and promoting effective performance, as well as identifying ineffective performers for developmental programmes or other personnel actions to be “essential to human resource management in organisations”. At this stage it is quite clear that performance management should be an element – and a significant one – of any organisation’s attempt to manage its human resources. For Jack Welch, the hugely successful Chairman of General Electric, his most important task, the one he devoted more time to than any other, was motivating and assessing General Electric’s employees (Dreher and Dougherty, 2001).

Dreher and Dougherty list the components of a performance management system as:

- *Performance planning*
- *Ongoing performance communication*
- *Data gathering, observation and documentation*
- *Performance appraisal and feedback*
- *Performance diagnosis and coaching*

All these elements are integrated and mutually dependent to form a holistic approach to performance management. If any step is left out or not properly functioning, the effect can be fatal to the overall impact.

Fletcher and Williams (1992) see the real concept of performance management as being associated with “an approach to creating a shared vision of the purpose and aims of the organisation, helping each individual employee understand and recognise their part in contributing to them, and in doing so manage and enhance the performance of both individuals and the organisation”. The presumption, which is not too extravagant, is that at more senior levels of the organisation there will exist an unequivocal and clear vision of the purpose and aims of the organisation; that this will lend itself, despite possible complexity and range, to dissemination to employees in meaningful and digestible portions, and that management will have the skills and the will to do so.

Armstrong (1995) indicates that performance management as a concept emerged in the late 1980s as a result of “a growing recognition that a more continuous and integrated approach was needed to the managing and rewarding of performance”. OECD (1997) note that the development of performance management systems as a priority area for public sector reformers, whose particular focus was on results, particularly with respect to efficiency, effectiveness and service quality.

The role of the manager is at the heart of the concept of performance management. Purcell *et al* (2003) comment that “it is the line managers who bring the policies to

life". According to Fowler (1990), "management has always been about getting things done, and good managers are concerned to get the right things done well". This succinctly captures what performance management is: the organisation of work to achieve the best possible results. Fowler's placing of the manager in the linchpin role raises important questions about the role – whether perceived or assigned – of the manager in relation to employees. Performance management then, as Fowler sees it, is not about a system or a technique, but is the "totality of the day-to-day activities of all managers". This perspective raises another interesting issue: much of the debate around the introduction of performance management has focused on the implications for and anticipated resistance of staff, whereas the purpose of its introduction can equally be seen as being to get managers to do their job - assuming this largely comprises the management of people – as much as to gain improved performance from the line employees. In this regard it is interesting to note Sashkin's (1981) suggestion that "an important condition for effective performance appraisal is to ensure that rewards are built in to the performance appraisal system to encourage managers to carry out their appraisals in a careful and conscientious fashion". Dreher and Dougherty describe the managing of employee performance as "one of the most important and most difficult tasks for managers". They emphasise the imperative of managers not only striving to accurately manage performance, but also in bringing about improved performance from employees. However, they acknowledge the significant time commitment required of managers if performance management is to be effective. This can become a contentious matter in a situation where, as in the civil service, performance management is newly-introduced in addition to the manager's existing workload. However, as Armstrong (2004) notes, "performance management should not be imposed on managers as something special they have to do, but should be treated as a natural process that all good managers follow". Hazard (2004) notes that people-centred activities such as managing performance require special people management skills– what Bowles and Coates (1987) refer to as "subtle psychological and social skills" - which some managers do not possess. The contention that implementation of performance management still tends to be resisted, if not avoided, by many managers is supported by Carlton and Sloman (1992) who found evidence of managers being hostile to the "bureaucratic process" of performance management. Appraisal is easy to do when appraisal is positive, but most needed when it is difficult

to do; this can lead to the performance appraisal becoming what Armstrong and Murliss (1998) refer to as “a dishonest annual ritual”.

Armstrong (2004) defines performance management as “a strategic and integrated process that delivers sustained success to organisations by improving the performance of the people who work in them and by developing the capability of individual contributors and teams. The emphasis in this definition on the promise of “sustained success” is a cause of concern. Even with a best practice performance management process in place, the success of an organisation is dependent on a wide range of internal and external factors, such as external market conditions, the business model, recruitment in the first instance of “the right people” in terms of skills, attitude and potential for development and “fit” with the organisation. The danger of touting performance management without qualification as the route to sustained organisational success can result in the presumption that it is a panacea for all organisation/employee pathologies. Might this be a factor in the apparent widespread disappointment and disillusionment with performance management even among its erstwhile disciples: as Dreher and Dougherty comment, almost every major survey of performance management finds that both employees and their managers rate their firms “process as a resounding failure”; similarly, PriceWaterhouseCooper (2003) found that only 9% of HR managers regard their organisations’ performance management as very effective. And yet this private sector model of dubious effectiveness is being peddled enthusiastically in the public sector.

The emphasis on the strategic aspect of performance management has been noted by Sparrow and Hilltrop (1994) who suggest that performance management is essentially “a strategic management technique that links business objectives and strategies to individual goals, actions, performance appraisal and rewards through a defined process”.

Essentially, then, performance management is the means by which an organisation, which has been formed to achieve a defined purpose, ensures that the members it has assembled – and pays – to help achieve that purpose, know what the purpose is and are all pulling in the same and right direction. As Beckhard (1996) notes, in a healthy organisation “the total organisation, the significant sub-parts and individuals manage

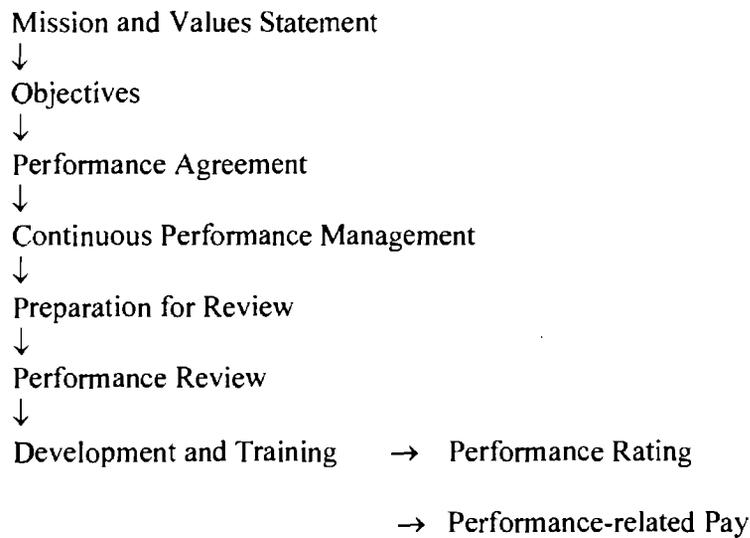
their work against goals and plan for the achievement of those goals". While this might seem blindingly obvious, it is not always what happens within organisations and, we can be sure of one thing: it will never happen automatically or without deliberate focused and structured intervention.

With typically-admirable American directness and economy of expression, the Beer Model (1984) sees the issue of performance management in concise, clear terms, being: to build employee competence, confidence and commitment while guided by the values of "respect people-demand performance". While this approach is appealing in its promise of an adult-to-adult relationship between manager and employee, its core underlying principle of an exclusive relationship between the organisation and the employee as an individual may not be ideally suited to a context, such as exists in the Irish civil service, where employee relations are conducted within the framework of trade union representation.

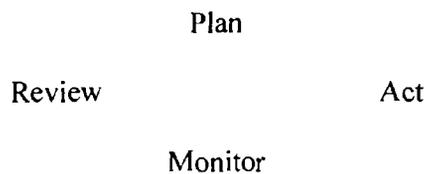
The organisation/individual link is also supported by Bevan and Thompson's (1991) features of a text-book performance management system, which include:

- *It has a shared vision of its objectives, or mission statement, which it communicates to all its employees*
- *It sets individual performance management targets, which are related both to operating-unit and wider organisational objectives*

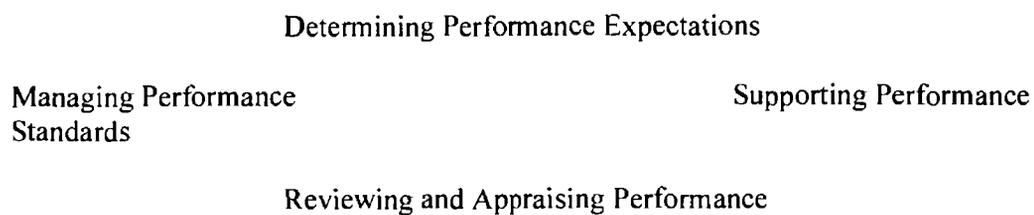
Armstrong (2004) offers a conceptual framework for performance management, as follows:



The Performance Management cycle is outlined by Armstrong and Baron (2002) as follows:



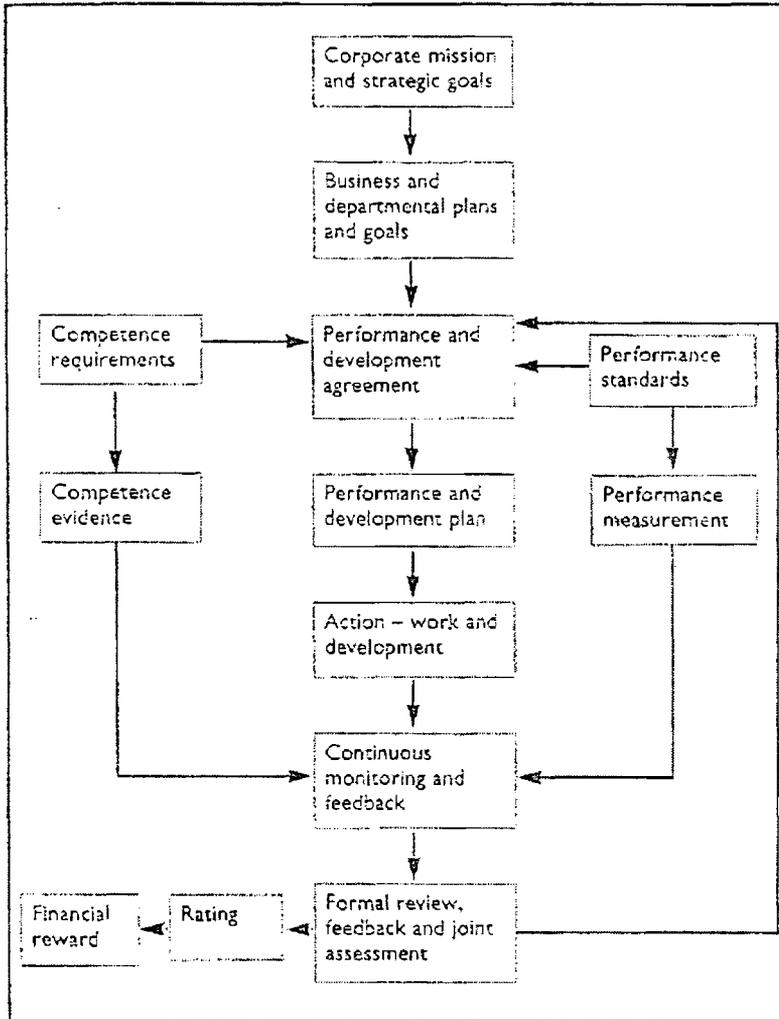
While Torrington and Hall (1995) present this cycle in the following more elaborate terms:



Armstrong and Baron (2002) adapt the following Performance Management Sequence from Cave and Thomas (1998):

THE PERFORMANCE-MANAGEMENT SEQUENCE*

*(Adapted from Cave and Thomas 1998)



While much of the literature promotes performance management as imperative for effective organisational performance, a cautionary note is found in the IPM (1992) survey, which found no evidence that organisational performance is associated with the pursuit of formal performance management programmes. "Such programmes are

as likely to be introduced by poor performers, in relative terms, as high performers; and are even more likely to be adopted if the organisation is in the public sector, where performance measures are more difficult to compare. Indeed it is possible that having performance management in place is a result of a company being progressive and successful, rather than this being the cause of such characteristics”.

The extent of usage of performance management has been identified in a number of surveys:

- IPD Performance Management Survey (1997) found that 69% of respondents operate formal processes to manage performance; while almost half (48%) of the remainder had plans to do so within two years
- University of Limerick Survey (1992) found that 62.6% of respondents had performance management for Management, 59.9% for Professional/Technical, 55.2% for Clerical and 38.6% for Manual employees
- Flood and Guthrie (2005) found that 65% of respondent companies carry out performance evaluation on a routine basis.
- IBEC’s HRM Survey (2002) reports that 73% of companies operated formal performance management/appraisal processes.

Philpott and Sheppard contend that “performance management must be congruent with the existing culture of the organisation” (especially important for consideration when performance management is being introduced) in order to ensure that the process will support the achievement of high performance standards, while assisting to change or reshape attitudes within the organisation, where necessary. This seems to stretch a point: if the culture is not in harmony with the principles of performance management, the introduction of such a system is unlikely to take root, let alone reshape attitudes. On the other hand, it is recognised that the best approach to changing attitudes is to begin by changing behaviours (Beer *et al*, 1993). Perhaps what is required in order for the culture to benefit from performance management is for both to share some middle ground to begin with.

Hazard (2004) cautions that “the most prevalent reason for the breakdown at line management level of even best practice performance management is that the organisation values and rewards short-term bottom-line results over good people management skills”.

Performance management’s aim to integrate individual and team objectives with those of the organisation, in a cascading process, implies that it is entirely top-down. This concept is challenged by the philosophy of empowerment, which suggests that employers should contribute to the formulation of the objectives that directly affect them. It would also preclude what Mintzberg (1998) refers to as “emergent strategy” from making its important contribution to the company’s overall strategy.

If it can be made to work a performance management strategy has several potentially desirable outcomes:

- Improved organisational performance
- Improved employee involvement and motivation
- Improved internal communication
- More positive image for the organisation
- Clear and unifying organisational culture
- Implementation of enlightened management practices
- Enhanced ability to recruit, deploy, develop and retain employees
- Greater harmonisation of objectives

Greville and Barry (2001) also note that high performers will leave if an organisation does not have performance management in place. Performance management can also “provide a sound basis for validating selection methods and decisions”, a neglected opportunity in many organisations according to Cameron (1981). Studies of work stress have shown that a lack of clear performance expectations and detailed performance feedback is a major source of stress (Ivancevich and Matteson, 1980)

Performance Management systems are in operation, according to Bevan and Thompson, when the following conditions are met by the organisation:

- *It communicates a vision of its objectives to all its employees*
- *Its sets departmental and individual performance targets which are related to wider objectives*
- *It conducts a formal review of progress towards those targets*
- *It uses a review process to identify training and development and reward outcomes*
- *It evaluates the effectiveness of the whole process in order to improve its effectiveness*

McGregor (1960) classifies performance appraisal objectives into three categories, as follows:

- *Administrative: providing an orderly way of determining promotions, transfers and salary increases*
- *Informative: supply data to management on the performance of subordinates and to the individual on his strengths and weaknesses*
- *Motivational: creating a learning experience that motivates staff to develop themselves and improve their performance.*

There are mixed views in relation to the linking of reward to performance, which are addressed in detail below. Even if such a link is to exist, Cummings and Schwab (1973) contend that “there should be a separation in time and in procedure between appraisal systems and salary review systems”.

The University of Limerick Survey found that 39.9% of respondents linked reward to performance; IPD’s Survey found 43% with such linkage, but also 41% who regarded the linkage as either not effective or only partly effective.

While performance management is often primarily associated with the performance of individual employees in the organisation, it must not be forgotten that it is the overall performance of the organisation – ideally reflected in the aggregate of employees' performance, that is paramount. Ultimately, the organisational performance will be the yardstick of its success or failure. There are modern, sophisticated models available to measure organisational performance, such as

- (i) the Balanced Scorecard (Kaplan and Norton), which takes into account three perspectives of performance in addition to the traditional financial viewpoint: customer perspective, internal perspective and learning perspective;
- (ii) the Business excellence model, which allows for self assessment against nine criteria, as follows:
 - (a) Management practices (leadership, people management, strategy and planning, resources, quality systems and processes)
 - (b) Results (people satisfaction, customer satisfaction, impact on society, business results)

It must be accepted that there are difficulties in measuring performance – itself a concept borrowed from the private sector - in a public sector organisation. In the commercial world, the measurement of organisational performance boils down at its simplest to the bottom line: what profit did we make. This can be refined in terms of a range of ratio analyses which look at measurements such as the return to the investor. But the business sector's performance has an inbuilt performance measurement which is unambiguous and has the added benefit of allowing comparison with competitors and against with historic performance. On the other hand, Humphreys (1998) notes the non-commercial character and frequent lack of choice of supplier in the public sector. There are enormous difficulties with measuring public sector performance: the tendency at the strategic level is to gauge performance by reference to outcomes. These, however, can be on such a large scale and impact over a much longer timeframe; and given their complexity are usually influenced by many factors, making it extremely difficult to point to causal linkage with the performance of one arm of Government policy and activity. It must also be borne in mind that the civil service serves a wide and diverse range of customers and clients, whose interests

often compete, and whose perception of what constitutes good performance may often differ from each other's and from that of the relevant Department. This is an important factor when determining what performance indicators are chosen: the question is, who's needs should they serve? McKevitt et al (1998) in their study of performance measurement systems in UK public sector organisations noted that most of the organisations studied "favoured measures of performance that placed the emphasis on efficiency and which met the outcomes desired by the institution, or which legitimated its purpose, rather than outcomes which reflected the interests of the citizen/client".

Performance management must be ethical: Winstanley and Stuart-Smith's (1996) outlined the following principles in this regard:

- *respect for the individual*
- *mutual respect*
- *procedural fairness*
- *transparency*

Kim and Mauborgne (2003) elaborate on the procedural fairness imperatives of engagement with those to be affected, explanation of the reasons for decisions, and clarification of expectations in the new situation.

In summary, performance management is a comprehensive and strategic process for the management of individual performance through its alignment with organizational objectives and strategy. As such, it offers much hope, but it should be noted that Grint (1993) concluded "rarely in the history of business can such a system have promised so much and delivered so little"

4.2 Human Resource Management

Performance management is just one of a range of measures available to organisations to deal with the employees. This range has traditionally been called Personnel Management, but is now usually referred to as, and has evolved into, Human Resource Management. It is important to examine this concept in order to understand the setting for performance management. It is reasonable to suggest that, in the absence of a structured and cohesive set of policies and procedures governing the organisation's relationship with its employees, performance management is highly unlikely to be effective.

Mullins (1985) suggests that the following broad headings capture the range and scope of personnel activities;

- *Human resource planning and recruitment*
- *Salary and wage administration*
- *Organisational design and patterns of work*
- *Education, training and development*
- *Employee relations*
- *Employee services, welfare, health and safety*

Sissons (1989) sees the management of people as “probably the key element in an organisation's strategic planning. Perhaps the key underlying and distinguishing feature of HRM is that it involves alignment of how employees are managed and the organisation's business goals and strategy”.

The interest in HRM and performance can be traced to the seminal work by Huselid (1995), which claimed that “more advanced high performance work practices implied a substantial increase in sales and market value per employee”.

Schuler and Jackson (1987) argue for the need to match personnel selection, workforce profile and employee relations practices with the desired competitive strategy. Schuler (1987) suggests that business strategies are most effective when

“systematically co-ordinated with human resource management practices”; and that the main objective of human resource policies is “to develop employee behaviour that fits the organisation’s strategy”.

High Performance Work Systems, which are equated with companies using HRM, have been characterised by the US Department of Labor (1993) as having certain clear characteristics:

- *Careful and extensive systems for recruitment, selection and training*
- *Formal systems for sharing information with the individuals who work in the organisation*
- *Clear job design*
- *Local level participation procedures*
- *Monitoring of attitudes*
- *Performance appraisals*
- *Properly functioning grievance procedures*
- *Promotion and compensation schemes that provide for the recognition and financial rewarding of high performing members of the workforce*

A key factor influencing the upsurge of interest in linking business strategies and human resource policies is, according to Gunnigle *et al* (1987) “the quest for competitive advantage”, which idea has been championed by Porter (1985). Competitive advantage means “any factors that allow a company to differentiate its products from its competitors to increase market share”; this can be achieved through people only by human resource capabilities/competences that are “valuable, rare, imperfectly imitable and imperfectly substitutable” (Pauuwe, 1996).

The emphasis on a strategic and integrated approach resonates with Gunnigle *et al*'s (2002) view that the concept of strategic human resource management refers to “the development of a strategic corporate approach to workforce management” within which approach Fombrun, Tichy and Devanna (1984) conclude, “companies seek to establish a corporate human resource policy that complements their business strategy”.

The Harvard Business School Model (Beer et al. 1984) focuses on the individual employee as the key organisational resource, which management must nurture and develop to maximise its contribution to the company. This involves pro-employee personnel policies to ensure attraction, retention and development of committed, high-performing employees; the objective being to have employee commitment, competence, congruence. The alternative “Michigan” business strategy approach (Fombrun *et al*) view is that organisational performance can be substantially improved by integrating personnel management considerations into strategic decision making to ensure that personnel policies complement business strategy.

Guest’s (1997) model is useful in developing an insight into the relationship between HRM practices and performance:

	HRM Financial	HRM outcomes	HRM outcomes	Behaviour outcomes	Performance outcomes
Strategy	practices	commitment	effort/ motivation	High: productivity quality innovation	profit ROI
Focus (Quality)	-selection -training -appraisal -rewards -job design	quality	Flexibility involvement		
Cost (cost reduction)	-involvement -status and security		Organisat- al citizenship	Low: Absence Labour turnover Conflict Customer Complaints	

In looking at the evolving role of the HR function, Holbeche makes the distinction between traditional and emerging HR roles as follows:

Traditional HR	Emerging HR
Reactive	Proactive
Employee advocate	Business partner
Task focus	Task enablement focus
Operational	Strategic
Stability	Change
How (tactical)	Why (strategic)
People: costs	People: assets

The performance management perspective stresses the need to align HRM practices with the aim of affecting employee and organisational performance. Thus, an integrated set of HRM practices is central to performance management. Studies in the area of the relationship between HRM and company performance often report positive relationships between integrated bundles of HRM practices and different measures of organisational performance (e.g. Delery & Doty, 1996; Huselid, 1995).

HR management practices do not directly influence corporate performance, but rather do so indirectly by influencing the motivation, behaviour and performances of employees, according to Flood and Guthrie (2005), who also find that greater use of High Performance Work Practices (HPWP) has both statistical and practical effects.

HRM practices are important indications to employees, who are slow to pick up on them, organisation's attitude towards its employees (Rousseau & Geller, 1994). The importance of how employees interpret these "signals" and its impact on their commitment and performance is emphasised by Guest (1999).

While having HRM in place is considered to contribute to competitive advantage and financial performance, it is possible that the causal link is the other way around, in that a successful organisation is probably more willing and able to invest in leading edge practices (Hilltop, 1999).

But it's not all roses for HRM. Ulrich (1998) notes with concern serious questions being asked about HR's contribution to organisational performance. He sees the way forward as being HR making the achievement of organisational excellence its work, and he suggests four ways to help:

- *HR should become a partner with senior and line managers in strategy execution, helping to move planning from the conference room to the marketplace*
- *HR should become expert in the way work is organised and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained*
- *HR should become a champion for employees, vigorously representing their concerns to senior management and at the same time working to increase employee contribution – that is, employees' commitment to the organisation and their ability to deliver results*
- *HR should become an agent of continuous transformation, shaping processes and a culture that together improve an organisation's capacity for change.*

There are however some contradictions and inconsistencies in HRM. Legge highlights “the apparent paradox between the traditional commodity status of labour within the capitalist framework and the essentially unitarist perspective of HRM, which sees no conflict of interest between management and workers”. It has traditionally been recognised that there is an inherent conflict of interest between management and workers over the price of labour. Flood (1989) suggests that “HRM emphasises the need for companies to focus on the extrinsic and intrinsic needs of employees and to develop employment practices that increase employee commitment”. But, with HRM personnel considerations are supposed to be integrated with and complement business strategy: however, the interests of shareholders is always likely to predominate over employee interests, when “push comes to shove”. Another apparent inconsistency in HRM is the focus on achieving greater individualism in the management-employee relationship. According to Whelan (1982), “employee relations in Ireland have been characterised by extensive reliance on collectivism”.

As noted by Brewster, the universalist paradigm of HRM is more prevalent in the United States of America, whereas the European tradition takes the contextualist approach.

“The contextual paradigm contrasts with the universalistic paradigm in its insistence on going beyond the immediately declared corporate strategy and approach laid down by senior management by asking whether these have deleterious consequences for individuals within the organisation, for the long-term health of the organisation and for the community and country within which the organisation operates”.

Despite all the extravagant claims made on behalf of HRM, Collins and Porras (1994) found that amongst their 18 high-performing visionary US companies there was no evidence of brilliant and complex strategic planning. Rather, their companies make some of their best moves by experimentation, trial and error, opportunism and accident.

Fleming(2003) cautions that HR reform in the Irish public sector has to take account of its traditional industrial relations structure and show that it is possible to combine both HR and traditional IR. She draws attention to the fact that the major driver for radical HR change in other countries such as NZ and UK was the need to reduce spending; while in Ireland, while cost-effectiveness was a consideration, the primary drivers of change were the development of excellent customer service and contribution to national development.

Roche (1998), as cited in Fleming, argues that “the role of political intervention in public sector pay disputes undermines the strategy-HRM linkage”. Fleming also points to the challenges of applying a pure model of HRM, whose objective is obtain employee commitment through more individualised agreements, in a public sector which has a traditional collectivist approach. She also expresses concern at the traditional lack of emphasis on the development of line managers as people managers; and acknowledges the difficulties facing Personnel Officers (HR Managers) who are charged with responsibility for implementing a strategic HRM approach while simultaneously serving demanding operational and resources-intensive matters in what is a highly rule-bound environment..

Fleming identifies the following Critical success factors for sustained modernisation of HRM in the civil service:

- *Strong and cohesive leadership of key stakeholders*
- *Creating incentives to change and disincentives to maintaining the status quo*
- *Effective change management, with active engagement of staff*
- *A greater emphasis on people management as an integral part of the line management role*
- *Enhanced measures to professionalise and develop the HR function*
- *Development of partnership as a real vehicle for change*
- *A new approach to the balancing of soft (developing staff, obtaining employee commitment, quality of working life) and hard (pressures to deliver value for money, employment control) HRM goals*
- *Developing and sustaining commitment and engagement of all key stakeholders, including employees*

It is recognised that the success of the civil service in meeting the challenges of modernisation will depend heavily on how it makes use of its human resources. As Humphreys (1998) notes “a strategically orientated , responsive, effective, efficient and flexible public service, which competes successfully in the labour market to attract and retain the best staff can only be created through having the right people, in the right place, at the right time with the appropriate skills and competencies. The main reform to personnel function proposed was to move from being mainly administrative to a more developmental and strategic role; and moving from central regulation and control of the HR function to devolution of autonomy and responsibility to departmental management.

The OECD (1997) suggests that the essence of strategic HRM is “ a sustained focus on the people who do the work of the public service”; and that strategic HR planning is essential for maintaining quality public services, attracting high quality staff and ensuring continued commitment from public servants to reform. Also, that the most commonly adopted strategy among member countries is the decentralisation and devolution of HRM to line departments and agencies.

4.3 Culture, Organisational Change and Leadership

The organisational context within which a performance management system is placed will have a bearing on how it is perceived by employees; how it operates in a real world situation, as distinct from the theory and aspirations of the model chosen; and, thus, how successful it will be. This context is organisational culture.

Culture is probably the aspect of organisations that most frustrates those charged with introducing change. Despite their best efforts in devising a new scheme or system; regardless of how good the proposal may seem on paper - as Morgan (1989) notes, "culture may constrain the success of change efforts even though such change may be highly desirable"; and whether or not vast sums of money are pumped into the change project, it may be doomed from the outset if the organisation's culture – and how to deal with it- is not given due attention. Failure to adequately address culture is probably one of the main reasons that so many organisational change projects fail.

By virtue of its legitimate position of authority, management has much influence in organisational matters, a view supported by Bartol and Martin's (1994) definition of organisational structure as "the formal pattern of interactions and co-ordination designed by management to link the tasks of individuals and groups in achieving organisational goals". But Wilson and Rosenfeld (1990) note that the pervasive nature of organisational culture is likely to affect virtually all aspects of organisational life.

As Senior (2004) suggests, permanent organisational change requires that the deeper levels of culture be accessed in the first instance, so that people's attitudes and values can be changed.

What is culture? The organisation itself has been defined by Huczynski and Buchanan (2001) as "a social arrangement for achieving controlled performance in pursuit of collective goals". The existence of both formal and informal sub-systems within the organisation has been recognised in the literature. The formal subsystem includes the strategy, goals, structure, management, operations and technology (Senior, 2002). This can be regarded as the declared, intended resources which the organisation has consciously put in place to facilitate its employees in achieving the organisation's

goals. This aspect of the organisation is, according to Senior, more susceptible to organisational change. But there is another less overt, informal system in operation, which Stacey (2000) calls the “shadow system”. This comprises the organisation’s culture, politics and leadership; Nadler (1998) includes patterns of communication, power and influence, values and norms. Culture in an organisation is imperceptible to the untutored eye. An outsider cannot walk in for the first time to the boardroom, shop floor or canteen and readily identify, let alone observe culture (an exception, perhaps, being Ghoshal’s “spring in Fountainsbleu” insights). Nor should the outsider who really wishes to put his finger on the pulse of organisational culture confine his investigations to the company’s Mission Statement or Customer Charter.

For Schein (1992), culture is “the deeper level of basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously and define in a basic “taken for granted” fashion an organisation’s view of itself and its environment” These definitions suggest that culture is silent and invisible, but deep-rooted, widespread and fundamental to the members of the organisation.

Culture has been described by Drennan (1992) as “how things are done around here”: it is important to distinguish between this definition and the too frequent attempt to characterise culture as “the way management says things are done around here”. This is a trap that the civil service is particularly susceptible to. Relatively recent arrivals in the private-sector world of mission and value statements, but never slow to flourish the might of its pen, the civil service has become adept at producing exquisitely phrased and comprehensive descriptions of its culture (in documents such as the Statement of Strategy) that draw on many clichés in relation to so-called “best practice” from the literature, but which ultimately have more of an eyebrow-raising than morale-raising effect on its members, who know exactly “how things are done around here”, and who will spot a reality deficit in its articulation from a mile away. As stated by O’Reilly “simply because top management is in agreement about how they would like the organisation to function is no guarantee that these beliefs will be held by others”.

It cannot be assumed that performance management, which is a private sector creation, will take root in the civil service environment. Or perhaps performance

There is no doubt that the introduction of performance management into the civil service represents significant organisational change, with implications for its culture both in terms of culture's reaction and culture's reshaping. Given a change programme of such scale, it is inevitable that the covert aspect of the informal organisation would become activated into a response, which emphasises the imperative of the organisation having prepared by means of an analysis of the culture involving assessment of the compatibility of the culture to the proposed changes; identification of likely sources of resistance; and development of a plan to counteract such influence. This is why French and Ball's (1990) metaphor of the organisational iceberg, with culture represented in the informal organisation hidden beneath the waterline, is so apt. Indeed, to continue with this metaphor, it is likely that many change initiatives launched into organisational with all the optimism of fair passage that deluded the builders of the Titanic have been holed below deck through unanticipated impact with the icebergs hidden mass and sunk without trace. As Schwartz and Davis (1981) warn "culture is capable of blunting or significantly altering the intended impact of even well-thought-out changes in an organisation".

It is important to gain an understanding of the type of change taking place in the civil service with the introduction of performance management. Grundy (1993) suggests that there are 3 varieties of organisational change: smooth incremental; bumpy incremental and discontinuous change. In the author's opinion, the introduction of performance management fits into the category of "bumpy incremental change", the triggers for which are likely to come from the external environment as well as internal changes such as "those instigated to improve efficiency and ways of working". Grundy sees such change as associated more with *the means by which organisations achieve their goals*, rather than a change in the goals themselves. Performance management's introduction might also be classified, in Dunphy and Stace's (1993) terms, as "fine tuning" of the match between the organisation's strategy, structure, people and processes

As noted, the informal organisation will respond to, and probably resist, the introduction of change. The recommended approach to planned culture change is to (i) assess the current situation, (ii) have some idea of what the aimed for situation looks like (iii) work out the what and how of moving the organisation away from its

current culture and to what is perceived as a more desirable one. Assessing cultural risk, according to Schwartz and Davis (1981) will help to identify where resistance to change is likely to be met because of incompatibility between strategy and culture.

Beer *et al* (1993) outline six steps to effective change, as follows:

1. *Mobilise commitment to change through joint diagnosis of business problems*
2. *Develop a shared understanding of how to organise and manage for competitiveness*
3. *Foster consensus for the new vision, competence to enact it and cohesion to move it along*
4. *Spread revitalisation to all departments without pushing it from the top*
5. *Institutionalise revitalisation through formal policies, systems and structures*
6. *Monitor and adjust strategies in response to problems in the revitalisation process*

Beer *et al* (1993); Hope and Hendry (1995) support the idea that most effective way of changing mental programmes of individuals is changing behaviours first. This emphasises the importance, at least in the early stages of change, of getting as a minimum compliance with the new processes– what Ulrich (Barry 2005) might term “tick and flick”. The assumption is that even cynics and doubters will, over time, through engagement in the process (behaviour) come to change their underlying attitude in relation to performance management. This of course presumes that the process will be handled professionally and that the experience will be a positive one: otherwise, attitudes against performance management might even harden.

Management sends a clear signal about its attitude, commitment and degree of support for a change programme such as performance management, even if it does not wish to: where management is silent or invisible, its meaning will be inferred. It is essential for management to articulate a credible and consistent message promoting performance management if norms and attitudes at employee level are to change.

There are clearly different roles for management and leadership in a change context. Senior points out that management is more a part of the formal organisation,

leadership part of informal; and that the practice of leadership influences culture. While the carrying out of the performance management process is a matter for managers, and fits in well with Fayol's (1949) management elements of planning, organising, commanding, co-ordinating and controlling, Kotter (1990) sees the role of leadership as "establishing direction, aligning people, motivating and inspiring, and producing change". Leadership, according to Bowditch and Buono (2005), can be thought of as "a process of influence, usually by one person, whereby another individual or group is oriented toward setting and achieving certain goals".

Senior examines the leadership style and behaviour most associated with each of the types of organisational change possible. She suggests that it would be logical for a more consultative style of management when dealing with converging incremental types of change (as I have classified performance management), noting the likelihood of the environmental forces at play being moderate and predictable. Account must also be taken, however, of the degree to which an organisation is open to change initiatives (Strebel 1996); which implies that leadership of change will almost certainly be concerned with overcoming resistance to change.

Kanter identifies the following change leadership skills:

- *Tuning in to the environment*
- *Challenging the prevailing organisational wisdom*
- *Communicating a compelling vision*
- *Building coalitions*
- *Transferring ownership to a working team*
- *Learning to persevere*
- *Making everyone a hero (reward/celebrate)*

Blake and McCaense's (1991) Leadership Grid, based on what are referred to as the Michigan and Ohio studies of leadership, suggests that the most effective leadership style, regardless of context, is one which is high on both concern for people and concern for production. On the other hand, Ekvill and Arvonen (1991) suggest that

what Bass (1990) refers to as “transformational” leadership is most appropriate in a change situation: this requires charisma, inspiration, intellectual stimulation and individualised consideration.



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4.4 Motivation

If we accept that the primary objective of performance management is to increase the level or quality of performance at the individual level, it is necessary to examine what factors that contribute to the standard of performance of any given employee.

In most instances, according to Griffin(1990), employee performance is determined by three things i) ability, ii) the work environment, and iii) motivation. The former, if in place to a satisfactory degree, presents the manager with what can be described as “can do” employees. Whether these actually “will do” is a function of motivation, and opportunity. As Dreher and Dougherty (2001) express it “Will do” plus KSA (knowledge, skills and attributes) = achievement.

Motivation, according to Dreher and Dougherty, refers to “an employee’s willingness to exert effort towards a goal”. It is, in their view, extremely important in understanding and predicting employee behaviour, which they see as “a function of employee motivation and ability to perform”.

It would be tempting, if perhaps simplistic, to assume that the payment of wages and prospect of sanction in the absence of “good” performance might be sufficient to motivate employees. Alas, the reality is a much more complex proposition, which any management regime that ignores or is unaware of will learn to their cost. Managers constantly struggle to overcome the obstacles to organisational success presented by such pathologies as lack of commitment, poor quality work, high absenteeism, dissatisfied employees – at the root of which is likely to be a motivational problem. It therefore behoves management and the HR function to familiarise themselves to an expert level in the whole area of motivation if they wish to make a systematic effort to get the best from their employees, as performance management aspires to do..

The challenge is daunting, however, as the topic of motivation draws on a range of social, physiological, psychological and environmental factors, as will be illustrated. The importance of the effort however is underlined by the realisation that with practically every interaction the organisation has with the employee, which can be bundled together under the heading of its Human Resource Management practices, a

motivational impact-for good or for bad – will arise. Managers must always consider the likely or perceptible effect of such strategies – or modifications proposed to them – will have on employee behaviour, taking account in doing so of the individual characteristics of their employees..

What managers want, essentially, is as Herzberg (1968) put it, “ the surest and least circumlocuted way of getting someone to do something”.

Herzberg demonstrates the complexity attached to the question of how to motivate people when he asks:

What is the simplest, surest and most direct way of getting someone to do something? Ask him? But if he responds that he does not want to do it, then that calls for a psychological consultation to determine the reason for his obstinacy. Tell him? His response shows that he does not understand you, and now an expert in communication methods has to be brought in to show you how to get through to him. Give him a monetary incentive? I do not need to remind the reader of the complexity and difficulty involved in setting up and administering an incentive system. Show him? This means a costly training programme.

If all this may seem off-putting to the manager about to attempt to address the obviously complex question of motivation, and who may be anxiously asking whether it will all pay dividends, it is worth noting that, according to Pettinger (1994), there is a correlation between organisations that go to a lot of trouble to motivate their staff and profitable business performance. HRM practices do not directly influence corporate performance, but rather do so indirectly by influencing the motivation, behaviour and performance of individual employees. Greater use of High Performance Work Systems has both statistical and practical effects on labour productivity (Flood and Guthrie).

Motivation theory is really all about analysing the impact on employee performance of the extent to which the job, the work environment and rewards associated with the work does or does not satisfy the needs –physiological and psychological - of employees. The general conclusion, according to Gunnigle *et al* (1997), is that if these needs are satisfied employees will be motivated to work at high performance levels; if not, performance will be less than satisfactory.

Bowditch and Buono (2005) refer to the three broad classifications of motivational theory

- 1) Static-content theories: what energises human behaviour
- 2) Process theories: factors that channel or direct behaviour
- 3) Environmentally-based theories: sustaining behaviour over time

1) **Static content:** (people have needs, these affect behaviour)

This model focuses on the content of **what** actually motivates human behaviour. It is referred to as static because the theories look at one point in time, past or present; they “do not predict, but help us understand what energises/motivates individuals” (House and Bowditch, 1977)

Maslow’s Theory of the Hierarchy of Needs (1943) suggests that the needs underlying all human motivation can be organised in a hierarchy of 5 basic levels; and that lower level needs must be met before higher level, psychological needs – it is the next unachieved level that acts as the prime motivator. These needs in ascending order are:

- 1) Physiological: basic survival needs (e.g. air, water, food)
- 2) Security needs (safety, shelter)
- 3) Social (the need for affiliation and interpersonal relationships)
- 4) Ego/self-esteem (personal esteem, recognition, prestige, achievement, success, autonomy)
- 5) Self Actualisation: ultimate fulfilment as one’s potential as a person, refers to meeting others’ needs

(According to Maslow, only about 10% of people reach self-actualisation)

There are some criticisms and question marks around Maslow’s theory, such as the lack of evidence to support the concept of hierarchical progression (Porter, 1962); the fact that men and women may differ with respect to Ego needs; the suggestion that highly satisfied needs cease to be motivators; and that ego, social and self-fulfilment needs can act as simultaneous motivators (Wilkinson *et al*, 1986; O’Connor, 2001).

As Siegel and Lane (1987) point out, the main strength of the theory lies in its recognition and identification of individual needs for the purpose of motivating behaviour: by appealing to an employee’s unfulfilled needs, managers can attempt to influence that person’s performance. As Bowditch and Buono conclude, Maslow’s theory emphasises a contingency approach to motivation that suggests that managers and organisations should be flexible and tailor incentives to individual employees.

According to Wiley (1997), employees must be asked on a regular basis what sparks and sustains their desire to work. The key in this regard according to Wessler (1984), is that managers must avoid the assumption that what motivates them also motivates their employees.

Alderfer (1972) modified Maslow's Hierarchy of Needs and found evidence of only three levels of need: Existence; Relatedness and Growth.

- 1) Existence needs relate to survival
- 2) Relatedness needs refer to the need for social interaction and the external facets of esteem (recognition, status from others)
- 3) Growth needs refer to the desire to achieve and develop one's potential and internal facets of ego fulfilment (success, autonomy)

The boundaries of Alderfer's Existence, Relatedness and Growth needs overlap, and there is no need for one to be satisfied before another comes into play. While BB acknowledge that Alderfer's Theory is more researched and empirically supported than Maslow's, they point out that the research is limited. Kanfer (1990) suggests that needs are only indirectly related to action; while the applicability of Alderfer in a diverse, multicultural world is questionable (Landy and Becker, 1987).

McClelland's Theory of Socially Acquired Needs

McClelland (1965) concentrated on identifying motivational differences between people as a means of establishing which patterns of motivation led to effective performance. He identified three basic needs in addition to physical drives that people develop and acquire from larger society over the course of their lives:

- the need for Achievement (*n Ach*)
- the need for Affiliation (*n Aff*)
- the need for Power (*n Power*)

McClelland contends that each of us will at different times be influenced by one of these needs, and that its strength and influence will vary according to the situation: everyone has one dominant. Those with high *n Ach* experience satisfaction from good performance, set higher goals, are more effective at time management and improve performance following feedback. This, combined with a moderate to high *n power*

and a lower *nAch* is, according to McClelland and Boyatzis, a good indicator of success as senior manager. McClelland's work suggests that people can be taught to increase *nAch* (which is particularly useful for dealing with the diverse, multicultural workforce that is becoming increasingly prevalent).

McGregor's Theory X and Theory Y

McGregor (1960) examined managerial assumptions about employees and how these impacted on their approaches to issues such as control, job design and remuneration systems. Managers who take the Theory X viewpoint regard their employees as inherently lazy, that they dislike work and do as little as possible. Theory Y adherents believe that employees like work and want to undertake challenging tasks.

Interestingly in this regard, Randell (1994) proposes that an examination of a company's appraisal system can show a great deal about how a company views its staff and how they should be managed and developed. He suggests that appraisal systems are developed according to what those who design them view as the causes of work performance.

Herzberg's Motivator-Hygiene Theory

Also referred to as the Two Factor Theory of Motivation, this contends that motivation is composed of two largely unrelated dimensions:

- 1) aspects of the job that can prevent dissatisfaction but do not influence employees to grow and develop (Hygiene factors)
- 2) Job-related dimensions that actually encourage such growth (Motivators).

Herzberg concludes that the factors associated with producing job satisfaction are separate and distinct from those preventing job dissatisfaction. This is an important message for employers- it implies that to focus on hygiene factors alone can only prevent job dissatisfaction: for employees to be truly satisfied and to perform above minimally acceptable standards, motivators have to be built into the job.

Bowditch and Buono point out that while there is some support for Herzberg's thesis, many empirical studies refute predictions based on his theory. For example, the needs for salary, recognition and responsibility have been shown to act as both motivators and as hygiene factors (Wall, 1973)). Also, Maldani (1991) points out that, while

motivator factors are linked with satisfaction rather than dissatisfaction, the same is true for hygiene factors, in contradiction to Herzberg's conclusion that hygiene factors are sources of dissatisfaction rather than satisfaction. Further criticism of Herzberg's work comes from Hinton (1968) on the basis that the results he achieved were largely determined by his methodology; and that the research did not take account of cultural inclination to attribute dissatisfaction to others or to the system, while claiming satisfaction and accomplishments to oneself.

Herzberg's work, according to Bowditch and Buono, suggests that the real keys to motivating people lie in achievement, recognition for that achievement, the work itself, responsibility, and the opportunity for growth or advancement. It has called into question a number of practices that emphasise extrinsic, contextual factors at the expense of more content-based, intrinsic aspects.

Process theories

A criticism of the static-content approach is that people vary in the way they respond to similar aspects of the job; many different needs can be operating at the same time; factors other than unfulfilled needs influence motivation.

Other theories of motivation were developed to explain the process of motivation in terms of the factors that channel or direct behaviours. The basic process model is Expectancy (or VIE) Theory, developed by Vroom (1964). This proposes that

- 1) Effort-performance expectation that increased effort will lead to good performance
- 2) Performance-outcome perception that good performance will lead to certain outcomes or rewards
- 3) Value or attractiveness of a given reward

Thus, for an individual to be motivated, the reward must be valued, he must believe additional effort will lead to higher performance which in turn will result in greater reward.

Implications of expectancy theory

- managers must identify valued rewards, not assume or attribute
- employees must perceive that differences in actual performance will result in differences in reward
- employees must perceive that their effort will result in good performance (training, clarifying expectations, increase self-confidence/competency)

Expectancy theory has been criticised by Wakba and House (1974) for assuming that people act in a rational manner and weigh up alternatives.

Path-goal theory (House, 1971)

This proposes that people make choices that reflect their preferences in terms of the relative utility for them (hierarchy of particular outcomes). Individuals will be motivated to produce when they perceive their efforts will lead to successful performance and desired rewards. Management efforts should focus on clarifying the path to a desired goal/objective

Managers can motivate by increasing personal benefits of work–goal accomplishment while clarifying the path to the reward by reducing ambiguities/organisational barriers. This increases probability that effort will lead to goal attainment. Feedback is important; if path is already clear, it becomes redundant, and may lead to decreased motivation.

Locke's (1968) Goal Setting Theory suggests that setting goals can be the cause of high performance. The premise is that a person's conscious intentions (goals) are the primary determinants of task-related motivation since goals direct our thoughts and actions. Goals may not lead to enhanced performance if there is a conflict with another goal or if the goal is perceived as inappropriate. Specific goals lead to higher effort than generalised. With difficult goals, if they are accepted, they lead to better performance than with relatively easy goals (because they induce effort and persistence); they also make self-satisfaction conditional on higher accomplishment.

Conflict arises where goals are assigned rather than participative. According to Bowditch and Buono, goal specificity and difficulty are the key variables in higher performance; with participatively set goals, the cognitive benefits are bigger than the motivational. However, participatively-set goals tend to be higher.

Participation in goal-setting enhances the probability of acceptance of difficult goals, which is important to motivation. In terms of goal setting theory, managers should, according to Bowditch and Buono:

- 1) set clear and specific goals for employees
- 2) make goals sufficiently difficult to be perceived as challenging, but not so difficult as to be viewed as impossible
- 3) involve employees in goal setting to secure commitment
- 4) include subgoals and feedback
- 5) link goal accomplishment with valued rewards

Hinsz *et al* (1997) propose that self-set goals engender high commitment; while Locke and Latham (1991) contend that people with self-efficacy (belief that you can do a particular task) tend to set high personal goals, perform well and succeed in achieving the goals.

Environmental Theory of motivation looks at ways motivation can be maintained over time: within this motivation is seen as an intervening, dependent variable, with the focus on antecedents.

Equity theory, developed by Adams (1965) sets out the individual's cognitive process that determines whether or not they will engage in the effort-reward bargain within the framework of the social exchange process, according to Gunnigle *et al*. It is based on a comparison between inputs and outcomes. People react to perceived inequity of treatment in comparison to others in a number of ways such as reducing their effort (input) if they consider themselves to be underpaid; look to have their pay (outcome) increased to restore equity; rationalise the perceived inequity so that it becomes psychologically palatable to them; or they choose to compare themselves to a different group if that has the effect of seeming to restore equity.

Operant Learning and Reinforcement Theory

Skinner's (1953) Operant Conditioning Theory proposes that human behaviour is determined and maintained by the person's environment. Although behaviour may be random at first, as an individual explores the environment and reacts to it, certain behaviours will be reinforced and subsequently repeated. Skinner's theory is that an individual's behaviour or motivation is a function of the consequences of that behaviour. If rewarded, we make the connection between behaviour and reward and continue the behaviour. The manager must be able to manipulate the consequences of behaviour if he wishes to see it maintained. If all behaviour has an operant conditioning basis, motivation is reduced to identifying needs and providing appropriate rewards (positive reinforcement) or withdrawal of negative consequences. For operant conditioning to be successful, consequences must be tied directly and unambiguously to desired behaviours. Criticisms: ethical concerns about worker manipulation (Kohn); that it works well with animals, but people are more complex; and that it places the emphasis on the environmental to the exclusion of the broader social context.

Skinner's theory is very influential. By linking valued positive reinforcers such as praise, recognition, pay, promotions to desired behaviours (goal accomplishment, increased effort) managers can increase the probability that those efforts will be sustained.

According to Armstrong and Baron, performance management can motivate people by

- *Clarifying goals and expectations*
- *Providing reinforcement through feedback*
- *Providing opportunities for people to use and develop their skills*
- *Facilitating job enlargement, empowerment and job enrichment*
- *Helping people to increase their self-esteem through their work achievements and growth (intrinsic motivation)*
- *Providing opportunities for people to feel they are valued through recognition and praise (extrinsic non-financial motivation)*
- *Rewarding people financially (extrinsic motivation)*

A number of studies suggest that extrinsic rewards can undermine intrinsic motivation (Jordan; Staw, 1976). Internal feeling of accomplishment and achievement may be reduced when the task is done primarily for external reward. Some research found that

adding extrinsic rewards to an already intrinsically rewarding job does not necessarily increase the individual's motivation, performance or satisfaction. Balancing is important. Strongest motivation occurs when people have both a psychological (intrinsic) and a financial (=extrinsic) stake in the organisation's success.

Savery concluded that intrinsic motivators are the most important items influencing a person's job satisfaction and dissatisfaction. The results of his research suggest that enriching the intrinsic motivators of recognition for good performance, feeling of achievement, and interesting and challenging work will have a greater impact than improving salary on both improving the level of job satisfaction and reducing the level of job dissatisfaction.

Fair process (Kim and Mauborgne): "When employees don't trust managers to make good decisions or to behave with integrity, their motivation is seriously compromised". Employees will commit to a manager's decision – even one they disagree with – if they believe that the process the manager used to make the decision was fair. Drawing on research by Thibaut and Walker which established that people care as much about the fairness of the process through which an outcome is produced as they do about the outcome itself, they identified three principles of fair process:

- Engagement, meaning involving individuals in the decisions that affect them by asking for their input
- Explanation, meaning that everyone involved and affected should understand why final decisions are made as they are
- Expectation clarity: once a decision is made, managers should state clearly the new rules of the game

Nicholson *et al* (1995) note that initiatives designed to enhance job performance by increasing employee motivation may not be successful if there is a weak link between job performance and the employee effort. If a company knows what drives employees to work it is in a better position, according to Kovach (1987) to stimulate them to perform well.

Wiley carried out an exercise comparing 1946, 1980, 1986 and 1992 research surveys into what motivates employees, and found they ranked the top 5 motivators as

- 1) Good wages
- 2) Full appreciation for work done
- 3) Job security
- 4) Promotion and growth in the organisation
- 5) Interesting work

Good wages has remained in the top 5 since 1946

And the final word on motivation to one of the great popular philosophers of our time, which may touch on one of the more prevalent, if unspoken reasons, that employees raise their performance levels:

“I think Smithers picked me because of my motivational skills. Everyone says they have to work a lot harder when I’m around” (Simpson, 2004)

4.5 Training and Development

The purpose of performance management is to improve the level of performance of individual employees and, in so doing, to contribute to organisational performance. A number of elements of the process aspire to improving performance in themselves, such as goal setting, clarity of role and objectives, monitoring and feedback, and performance review. But it is clear that there is significant potential for improving individual performance in the developmental aspect of performance management, what can be termed “learning”. The University of Limerick survey (1992) found that performance appraisal accounted for identification of training needs in 59.5%. In terms of the battle for profit and market share, Senge (1990) suggests that the ability of a company to learn faster than its competitors may yet become the only sustainable competitive advantage.

Pfeffer and Veiga (1999) described one characteristic of many high-performing companies as the extensive use of training, a theme he later re-emphasised by stating that “training is an essential component of high performance work systems because these systems rely on frontline employee skill and initiative to identify and resolve problems, to initiate changes in work methods, and to take responsibility for quality”

The impact of training is not confined to improved outputs, as emphasised by Armstrong’s description of training as “a systematic modification of behaviour through which learning occurs as a result of education, instruction and planned experience”. Gunnigle (1997) places the emphasis of training on the future and sees it as concerned with the growth and enhancement of the individual through the acquisition of skills and abilities that are required for future roles in the company. The absence of such forward-looking focus on skill development, in preference to emphasis on the current job, will be unpopular with many employees (Tamkin *et al*, 1995).

Goldstein (1974) sets out the classic model for a training system, which involves three phases: Assessment, Training and Development, and Evaluation. The Assessment phase, which is a Training needs analysis, is effectively provided in performance management through the sum of employees’s Personal Development Plans. This

should be augmented by a high-level assessment strategic training needs to meet future directions of the company.

Dreher and Doughter build on the Goldstein model to suggest that the following conditions are necessary to ensure effectiveness of training and development measures:

- Is the training needed?
- Are employees ready for the training?
- Is there method-purpose congruence?
- Will the training generalise?
- Can training effectiveness be evaluated?

Gunnigle *et al* define the various types of learning as follows:

- Education: assimilation of knowledge and understanding, can be far broader than the individual's work context
- Training: acquisition of knowledge, skills and abilities required to perform effectively in a given role
- Learning: process through which people assimilate new knowledge and skills that result in relatively permanent changes in behaviour
- Development: future-oriented and concerned with the growth and enhancement of the individual: in organisational terms, the acquisition of skills and abilities that are required for future roles in the company

A training Policy reflects the company's attitude towards employee development and governs the priorities, standards and scope of its training activities.

The objective of individual development is that as each employee develops its abilities, knowledge and competencies, so the organisation benefits from this aggregate accumulation. While there is a temptation for organisations that invest in employee development to deem themselves to be learning organisations, Senge (1990) points out that "organisations learn only through individuals who learn. Individual learning does not guarantee organisational learning. But without it no organisational learning occurs".

The extent to which companies engage in employee training varies across a wide range, but the average in industry is that 5 days are but this in reality reduces to 3 days per annum per employee. (Barry, 2005)

4.6 Reward

Reward and performance

The issue of reward is closely linked to management of employees and their performance. It could, in fact, be described as the linchpin around which the two sides of the employment relationship pivot. On the one hand is the employer who wants something (performance, effort, attendance etc.) from the employee; on the other is the employee, who may be willing to give the employer what he wants, provided the inducement offered is acceptable. And thereafter the relationship becomes increasingly complex. But the inducement or reward plays a constant and central role in regulating this mutually dependent relationship. Evidence has been produced (Lawler 1981) that employees are motivated to perform effectively when a performance appraisal system is linked to pay and reward decisions; but there are other views, as discussed below. How to manage the performance-pay relationship to best effect – from their differing and often polarized perspectives - has exercised employers and employees alike for decades.

Reward Management has been defined as “The design, maintenance, communication and evolution of reward processes which help organizations to improve performance and achieve their objectives” (Armstrong and Murlis, 1994).

Managing performance appraisal systems to drive pay and reward decisions can have a major impact on the effectiveness of any organization, through influencing the motivation of employees, the recruitment and retention of high-calibre staff, and the culture of an organization. Lawler (1981) puts forward evidence to support the proposition that when performance appraisal is linked to pay and reward decisions, employees are motivated to perform more effectively.

As Gunnigle *et al* (1997) note, the use of reward management to (i) attract and retain employees and (ii) influence performance and behaviour at work is a critical component of workforce management strategies. But it is deeper and more vital than this description, as evidence by the characterization of the reward system as a powerful indicator of a company’s philosophy and approach to workforce management. Thus, the reward system operated by a company tells an awful lot about

its underlying and deep-seated attitude to the people it employs or intends to employ, a message which the alert employee will not be slow to hear and assimilate, in turn affecting his approach to the employer and his job.

What is a reward system

A reward system or package, at its simplest, is the combination of direct wages, incentives and benefits available to the employee. But even this description fails to capture the full range of what it is that an organisation offers that can be used to attract and retain employees and influence performance and behaviour. This broader concept is called the Total Reward System, and it has been defined by Towers Perrin as “embracing everything that employees value in the employment relationship”. This broader concept captures comprehensively all that the employer does to, in the first instance, secure the services of and, subsequently, which can influence – either positively or negatively – the employees’ performance and behaviour. This is obviously an approach that suits the interests of the employer, in that it articulates in optimal terms its aggregate contribution to the employment bargain, and some of the more advanced companies use it to good effect in branding and marketing themselves as an employer. Examples of this include:

- the Hay Group which refers to its Total Reward System as “inspiration/values; quality of work; enabling environment; tangible rewards; work/life balance; future growth/opportunity”;
- in similar vein, Towers and Perrin’s refer to “pay, benefits, the work experience”;
- and Schuster-Zingham & Associates to “individual growth, total pay, compelling future, positive workplace”

The likelihood that such organisations’ Total Reward Systems will attract high calibre staff must be strong; obviously, their subsequent retention will depend on the truth of the promise contained in the slogans. But the beneficial effect of such representation of what the employer offers will be lost unless it is clearly articulated to, and accepted by, the employees as constituting their overall reward package. This is an area in which I believe the civil service is losing out, and which could if fully

utilised have a significant impact on the perceptions of prospective employees and on performance and behaviour within the civil service.

Objectives of Reward Systems

While the purpose of reward systems may at first sight seem to be straightforward – being to pay the employee for work, it actually has a much wider set of objectives. Lawler (1987) sees the five key objectives of a reward system in its role as a key contributor to organisational effectiveness as: “the attraction and retention of staff; motivation; creation of a desired culture; reinforcement and definition of structure; and cost”. Schuler (1987) lists the core objectives of a reward strategy as being: to attract employees; to retain good employees, to motivate employees and to contribute to HR and strategic business plans. Both approaches cover similar territory up to a point: the more obvious getting and keeping of employees; the more subtle and tricky motivation of those employees; and the somewhat neglected aspect of culture. A difficulty in regard to this latter aspect that, as referred to earlier, the reward system adopted by an employer is in itself a manifestation of the employer’s values and beliefs in relation to his employees; while it may be, as suggested by Lawler, used to create culture, it is unlikely to be so much out of line with existing culture as to serve as a tool to transform it: perhaps the best it can hope to do is to emphasise and reinforce the existing culture. A notable discrepancy between Lawler’s and Schuler’s views on the objectives of reward management is the latter’s lack of reference to the cost aspect: this is undoubtedly a major consideration from the perspective of the employer: employee recruitment, retention, performance, behaviour and motivation cannot be bought without due regard to cost implications by any company that intends at least to remain in existence: the scope for employer discretion, in so far as the financial aspects of the reward system are concerned, is seriously constrained by cost considerations. Schuler emphasises the imperative of both horizontal integration with other HR strategies and practice, which will provide an internal consistency, and vertical integration with business strategies. This is very much in keeping with the aims and approach of performance management, as referred to earlier.

What to reward

A reward system, according to Armstrong (2004) “expresses what the organization values and is prepared to pay”. It is governed by the need to reward the right things in order to convey the right message about what is important in terms of expected behaviours and outcomes.” The basic philosophy is that people should be rewarded for the value they create, which is not always the case. But the key question for the employer is: what do I reward. This is not as straightforward as it might seem: even to follow the Armstrong position outlined above requires a company to be sufficiently enlightened to even know what it is that it values beyond mere output. The employer wants performance from the employee and, therefore, must reward performance. But as the earlier discussion notes, performance can be defined in various different ways, such as outcomes or behaviours, or both. And performance is not always easy to measure, or to attribute to an individual. The main objective of performance-related pay, according to Hume (1995), is “to establish a correlation between the work performance of employees and their subsequent remuneration”. Therefore, a necessary factor within any system of performance-related remuneration is the measurement of the work performance. Other approaches organizations can adopt are to reward employees for level in the organisation, to reward for being there; to reward for the employee’s degree of competency and skills; or to reward for seniority. Jabes and Zussman (1988) note “extrinsic rewards are usually defined in the workplace as salary, fringe benefits and working conditions. Intrinsic rewards refer to feelings of competence, achievement, responsibility, challenge, accomplishment and the independence that tasks generate”. It is worth noting that, according to PWC HR Benchmarking Survey (2005), 58% of respondent employers use a fixed-increment salary scale; 50% globally have performance-based pay (the equivalent figure for Ireland is 36%); while just 12% use competency-based reward. Research conducted by IPD (1998) shows contingent pay to be an important element in many performance management schemes because paying for performance and /or competence was regarded as desirable for three reasons:

- It motivates people to perform better or to develop their skills and competences
- It delivers the message that performance and competence are important
- It is fair and equitable to reward people differently according to their performance, competence or contribution

Ulrich (cited by Barry, 2005) outlines the trends in financial rewards in terms of movement from traditional to emerging best practice as featuring

<u>Traditional</u>	<u>Emerging best practice</u>
Focus high base pay	Increasing pay at risk
Individual performance drives reward	Team performance drives reward
Focus on domestic	Focus on global
External and internal equity	Balanced scorecard
Individual pay based on level tenure/performance	Individual pay based on performance level/tenure
Focus on responsibility, decision making	Focus on competence/performance
Given annually	Given intermittently

The top companies, according to Hay Management Consultants (2001), reward performance: a far greater than average proportion of employee rewards in them is of a variable nature and directly linked to the performance of the company.

Mixed reward approach

Fortunately, particularly in the constrained civil service context, reward is about much more than pay. As Ulrich and Lake (1990) point out, overall satisfaction will result from a mix of rewards rather than from any single reward. Herzberg's development of Maslow's hierarchical needs theory points to the importance of a mix of rewards for motivating staff. As stated by Nadler and Lawler (1997), expectancy theories of motivation indicate that individuals are motivated to perform well if they value the mix of rewards on offer and see that their performance will lead to them gaining those rewards. Fowler however notes that there is inconclusive evidence of money as a motivator.

The objective of Total Rewards programmes, as mooted by Armstrong (2004) is "to drive desired behaviours in your work force". Total Rewards programmes integrate the various ways in which people can be rewarded for their contribution covering both

financial and non-financial rewards. The conceptual basis of Total Reward processes are inter-related, complimentary and mutually reinforcing.

Drawing on Skinner's operant conditioning and Vroom's Expectancy theory, it is clear that ability of an organisation's reward system to influence performance and behaviour must be predicated on the assumptions that the required standards of performance and behaviours desired by the organisation have been clearly articulated; that the rewards associated with them are known; that the standards of performance and behaviour are achievable; that the rewards are valued by the employees; and that the reward follows delivery and is clearly linked to its achievement. There are conflicting view of the success of using rewards as a motivational tool. Spitzer (1996) recognises the pressure on organisations to create meaningful reward systems that actually work, as it is often the case that "the reward system itself is one of the most demotivating aspects of the company". As Robinson (1996) states: "it is the fish who decide what is bait, not the fisherman".

As Stuart (1992) notes, the belief that people will work harder and be more productive as a result of incentives has been challenged by studies that indicate that "rewards typically undermine the very process that they are intended to enhance".

Tietjen and Myers (1998) note that what Herzberg referred to as "positive KITA" (e.g. reward offered on completion of a task), does not elicit motivation, merely movement. The movement to act is temporary, thus the reward does not motivate over time; there are no extended efforts once the bonus is received".

Spitzer (1996) referring to reasons why reward systems fail, notes that excessive dependence on monetary rewards: money is considered as a reward for achievement, although without an actual verbal acknowledgement of this achievement the message the monetary reward is supposed to communicate may be lost. Furthermore he suggests "excessive emphasis on financial rewards tends to create money motivation rather than good work motivation".

Herzberg cautions against the presumption that, because that too little money can irritate and demotivate, more and more money will bring about satisfaction, much less increased motivation.

Benefits to the organisation

The importance of getting the reward system right is borne out by Towers and Perrin's (2003) research, which notes that: "despite costs pressures within organisations today, the number one priority on the HR agenda is still to attract and retain key talent". Similarly CIPD (2005) sees the imperative for employees to "standing out from the crowd" as an employer of choice, particularly in a competitive labour market with high levels of employment and a shortage of key skills. The trick, according to CIPD is to "maximise the perceived value of the rewards at an equivalent and acceptable cost to the employer". And yet, as PWC (2003) indicate, only 19% of organisations stated that their reward system is very effective, while 30% claim it is ineffective or neutral. That's an awful lot of negative evaluation of the effectiveness of what is undoubtedly a significant and in some cases the major cost incurred by companies- and the one they seem to complain about most. Perhaps the focus on wage costs and its impact on competitiveness could be usefully balanced by an attempt by employers to examine and revise the effectiveness of their reward systems.

The organisational benefits of successful total reward systems include:

- easier recruitment of better quality staff
- reduced wastage from staff turnover
- better business performance
- enhanced reputation as an employer of choice
- Maintenance of employee perception of equity
- Enhancement of motivation
- Strategy and behavioural alignment

In addition, an appropriate reward system can help to reduce high turnover of strategic employees (key players and linchpins). Studies have estimated the cost of recruitment and retraining of replacement at 70% to 200% of resigning person's salary (Greville and Barry 2003).

Design of a Reward System

According to Armstrong and Murliss (1998), the criteria for a successful performance, competence or skill-related pay scheme are:

- *Individuals and teams know the targets and standards they are required to meet*
- *The reward is clearly and closely linked to accomplishment or effort*
- *People must be able to influence their performance by changing their behaviour and/or should be able to develop their competencies and skills*
- *The rewards should be meaningful*
- *The reward should follow as closely as possible the accomplishment that generated it*

The questions the employer must address are: whether to reward on the basis of the job, the level, skill, performance, seniority or just “for being there”. The employer must consider the relative emphasis on intrinsic and extrinsic reward; whether it is contingent on performance; compatibility with business goals, business model and market conditions. If reward is to be contingent on performance, there needs to be in place reliable and acceptable mechanism to measure performance. Lawler (1977) suggests that the following considerations should influence the reward system:

- *reward levels must satisfy basic needs for survival, security and development*
- *individuality – the system must be flexible enough to address individual employee's needs*
- *internal equity – the rewards must be fair compared to other employees in the company and be distributed using fair mechanisms*
- *external equity – the rewards must be fair compared to what other companies offer for similar work*
- *trust – managers and employees must believe in the reward system*

Civil Service context

The question of reward in relation to performance management faces a particular set of unique circumstances in the civil service context. Boston (1991) notes that the State performs functions that are not replicated in the private sector; the different methods of accountability; the unique ethos of the civil service and the difficulties associated with rewarding performance in the public sector. While there is increasing insistence mainly from private sector representative bodies that, in the interests of “efficiency”,

reward in the public sector should be linked to, the current remuneration system operating in the civil service does not appear to provide scope for such arrangement, due to a number of factors: the fact that salary scales are uniform across the unified civil service; the almost complete absence of performance related pay; and the traditional strong union aversion to pay linked to performance.

Some work has been carried out in relation to attitudes to reward in the public sector in Canada, Australia and an OECD study. The findings of the three surveys indicate that individuals in the civil service value different types of rewards, depending on their position in the organization and their personal predilection, with significant emphasis on intrinsic rewards such as recognition and development opportunities (Boyle). Jabes and Zussman (1988) propose that serving the country through public service in work that is challenging and interesting is valued by public servants.

An OECD survey (1997) of 11 public sector agencies found that a substantial majority of managers do not value performance-related pay as much as other work characteristics such as challenging job opportunities, a sense of accomplishment, recognition of achievements and respect and fair treatment from colleagues.

Gunnigle *et al* suggest that the strongest motivation comes when people have both a psychological as well as a financial stake in the organisation's success.

Chapter Five

5. The Performance Management and Development System

In January 1997 Hay Management Consultants were commissioned by the civil service to design a performance management process for the whole civil service. The system that emerged from this process to be introduced in the civil service in 2000 was the Performance Management and Development System (PMDS). It was the subject of a General Council Agreement, and the consultancy was overseen by a joint Management/Union Steering group.

Hay noted the following business issues being faced by the civil service:

- Growing demands and expectations of customers and clients; the development of a service-based relationship between the State and the citizen being the critical issue
- Need to ensure that all aspects of strategy and its implementation are flexible and in harmony with each other
- Demands for greater efficiencies and accountabilities in terms of resources and quality of services
- Need to review the nature of work and how it is designed, managed and rewarded in light of developments in learning, technology and expectations of employees

Hay suggest a model of strategic human resource management with the following elements which must be inter-related:

- How Work is organised
- How Work is valued
- How People are rewarded
- How people are selected, developed and motivated
- How performance is managed

Hay suggests, on the basis of this model, that for PMDS to be fully effective, it must be supported by changes in each of the other areas.

Hay define the requirements for modern good performance management processes as:

- A clear linking of the objectives and strategy of the organisation to jobs
- A recognition that performance management is a process based on the active and continuous management of work
- The establishment of shared understanding about what is to be achieved by Departments and how it is to be achieved
- A focus on people
- Recognition that the process must establish a sound balance between meeting the needs of the Department and meeting the needs of employees
- A motivating work climate
- a reward system that creates the conditions for good performance
- an adequate system to remedy performance problems

Hay found support for the introduction of PMDS in the civil service-wide staff survey it undertook. This showed that:

- 71% believe regular performance review is important to them
- 92% believe that their performance review should take into account how they have done the job as well as what they have achieved
- 82% say the focus of their performance review should be on improvement and development
- 63% want to give their immediate manager feedback on his management skills

The majority of respondents believe their pay should reflect their performance to a significant degree and better performers should receive higher pay than poor performers.

The business case presented by Hay for the introduction was that the proactive management of individual performance within the civil service was a pre-requisite for the achievement of its strategy and objectives; and that individuals perform best if they understand, in detail, and gave regularly reinforced, both what they must achieve and what skills and competencies they should demonstrate to be successful. Hay proposed that the most effective performance management would occur when these elements are integrated into a single management process.

The guiding principles for PMDS were that:

- a) It should be: open and transparent; an effective catalyst for developing people to their full potential; aligned to the strategy of the civil service; a continuous process, not a once-a-year event; consistent in approach but permitting of sensible variations between Departments; inclusive of all aspects of performance; and
- b) It should: reinforce the vision and values of the civil service; clarify individual/team accountabilities; help people identify the competencies and skills they need to achieve their objectives; allow for upward feedback, and eventually the use of 360° feedback.

Hay defined performance management as the way people's performance and development is managed by:

- Managing the links between performance as individuals and team members and the performance of the Department as a whole
- Welcoming the active participation by staff, in partnership with other team members and with their manager, in managing their own performance and the development of even better performance
- Working to a common understanding of the aims and values of the Department, focusing and releasing the ability and contribution of team members managing performance on a day-to-day basis , not just once a year
- Supporting managers and staff with some practical tools to help achieve the organisation's goals and develop individual and team performance
- Recording all relevant data on simple working documentation

PMDS has three primary stages:

1. Performance Planning
2. Ongoing Management
3. Annual Performance and Development review

PMDS incorporates the use of competencies, which Hay, drawing on Boyatzis, describe as "personal attributes and behaviours which have been shown to result in superior performance on the job". Hay developed a "competency dictionary" of

seventeen competencies to cover jobs in the civil service, which are grouped in four competency clusters, as follows:

Personal Effectiveness

Achievement
Self confidence
Initiative
Leadership
Teamworking

Cognitive Thinking/Problem Solving

Analytic thinking
Conceptual thinking
Decision making/judgement
Technical expertise

Communications

Written skills
Networking/influencing
Interpersonal understanding
Customer service

Resource Management

Managing and developing people
Managing budgets
Information seeking and management
Concern for Order

There are three key roles in PMDS, as follows:

i) Individual Job Holder

- actively taking part in the PMDS process
- completing and agreeing their own Performance Log with their process manager
- identifying their own development requirements
- gathering information and recording achievements that show they are performing according to their plans
- reviewing their own progress on an ongoing basis

ii) Process Manager

- actively taking part in the PMDS process
- providing and clearly communicating the Department/Section objectives to their team
- agreeing Performance Plans with individuals
- monitoring progress, coaching, supporting and reviewing members of their team

iii) Reviewer

- actively taking part in the PMDS process
- acting as an independent source of help/guidance if difficulties between the process manager and individuals
- coaching process managers to develop their skills
- providing and clearly communicating business objectives in their area
- encouraging and promoting the PMDS process
- monitoring the process and making sure it is working and to a high standard
- reviewing Performance Plans to ensure they are consistent, fair and relevant to the needs of the business

There was considerable debate about whether PMDS should incorporate a traditional rating system. One view was that having an overall rating at the end of the annual performance review was a source of recognition; another, that it was an incomplete and often distorted summary of overall achievements. Account was taken of evidence that the use of rating systems in other organisations was diminishing, with more reliance being placed on the use of narrative summaries of performance. PMDS has elements of two approaches: a simple 3-level rating of individual performance against agreed performance plan, i.e. to what extent did the individual meet, exceed or fail to meet objectives; and a narrative summary of performance which may make use of the competency dictionary to give a more complete and balanced analysis of performance.

The Hay report suggested that PMDS be used to deal with underperformance by acting as a means of identifying underperformance, by putting in place development measures and coaching, and by notification of persistent underperformance (who should be notified was not specified). It further suggested that PMDS should be linked with other HR process through the use of information arising from PMDS to inform decisions being made about the individual, such as promotion and base salary progression.

Finally, The Hay report 5 critical success factors for successful implementation of PMDS:

- Clear objectives for the organisation will be set.
- People must be clear about their role in the civil service, and the skills and competencies which they require to perform effectively
- Senior managers will be the leaders and role models for the process
- The process must be owned by all staff
- All staff must be given training to implement PMDS

Every civil servant underwent 5 days just-in-time training in preparation for PMDS. In accordance with the provision for local customisation, the outline model presented by Hay was reviewed and refined by a DCMNR partnership-based PMDS Project Team. The material and forms subsequently introduced are at Appendix.

PMDS was launched by the Taoiseach in May, 2000, under the slogan “Excellence through Performance – Moving Forward Together”. In his speech, the Taoiseach said

To generate capability at the level of individual organisations, we have to first look to the performance and development of our people, as it is their unique knowledge and skills which provide the foundations for success. It is investment in this area, I firmly believe, is the key to our continued success. It is undoubtedly true that, in the past, the Irish Civil service did not sufficiently invest in people though giving them clear roles and supporting them by training them to do their job well

Chapter Six

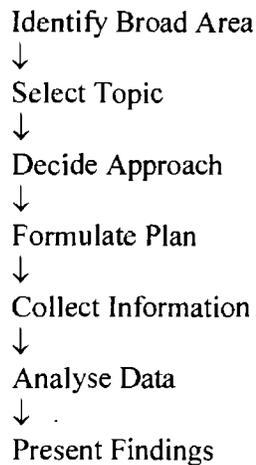
6. Hypothesis

That the Performance Management and Development System introduced in the Department of Communications Marine and Natural Resources may not be well-grounded in the theories underpinning performance management; and that, if it is, it is not being implemented in a manner that will deliver improved performance for the organisation.

Chapter Seven

7. Methodology

As a starting point in my dissertation, it was necessary to draw up a plan of action. Having reviewed the literature, I settled on the following seven-step research sequence proposed by Howard and Sharpe (1983) as cited in Gill and Johnson (1991):



It is my intention to carry out this project to a standard that will qualify it as social research. In this regard, I am guided by Denscombe's (2002) ground rules for good research, which are

- To have clearly stated aims; that are
- Related to existing knowledge and needs; and that are
- Investigated within limitations imposed by time, money and opportunity

My research needs to:

- Contribute something new to knowledge; using
- Precise and valid data
- Collected and used in a justifiable way

As a researcher, I need to adopt an attitude and approach that is

- Open-minded and self-reflective
- Recognises the rights and interests of participants; and is
- Cautious about claims based on findings

Having selected by topic, I engaged in an extensive review of the literature in relation to the primary topic of performance management and the related issues of human

resource management, culture, organisational change, leadership, training and development, reward and motivation.

In deciding what research methodology would be appropriate to the research I intended to undertake, I took the following into consideration:

- **Reliability:** that the results would be consistent over time and would be an accurate representation of the total population under study. This is particularly important given that the performance management process under scrutiny is likely to be in place in DCMNR for some time: the approach allows for similar exercises to be conducted in the future, particularly after the introduction of improvements arising from my proposals – which will facilitate comparison to the baseline this research establishes.
- **Generalisability:** the quantitative techniques I am employing (jointly with qualitative) will put me in a better position to make generalisations based on my findings
- **Validity:** does the research truly measure what it was intended to measure; and how truthful are the research results

Whilst I am clear about my intended approach at the outset, I am conscious of the possible need for some pragmatism and modification as I proceed. As Beckhofer (1974) notes “Research process is not a clear-cut sequence of procedures following a neat pattern but a messy interaction between the conceptual and empirical worlds, deduction and induction occurring at the same time”

I am conducting both primary and secondary research. The former will comprise a questionnaire survey of all staff; a questionnaire survey of middle managers; and structured interviews with Senior Managers. (Questionnaires at Appendix and , interview questions at Appendix c). The secondary research will consist of a review of a Staff Attitudinal Survey carried out in DCMNR in 2003: in this regard I am conscious of Denscombe’s (1998) advice that “paramount in any consideration of secondary data is the inescapable fact that the data were not originally collected for our needs”. I am satisfied, however, that the secondary research material is

sufficiently closely aligned with the subject matter under review as to be likely to make valid and valuable contributions to this paper. The use of secondary research will also facilitate confirmation of data through triangulation.

My approach will follow the ideographic method in so far as I will be: using induction; emphasising explanation of subjective meaning systems and explanation by understanding (emic); generating and using qualitative data; using research in everyday settings. My research will also draw on nomothetic methods in so far as it will generate quantitative data.

I am using the inductive reasoning approach, that is, I am working from observation towards generalisations and theories (a bottom-up approach). In this regard I am looking for patterns or regularities, or the absence of both, in the observations arising from my research. I note Gill and Johnson's (1995) view that explanations of social phenomena are relatively worthless unless grounded in observation and experience. (while deductive theory is speculative and a priori). Because inductive theory develops out of systematic empirical research, it is more likely to fit the data and thus is more likely to be useful, plausible and accessible (Glaser and Strauss (1967).

I will be depending on grounded theory, a research method in which the theory is developed from the data, that is, I will be moving from the specific to the more general. I am conscious of inductive perspective which accuses those working deductively of imposing an external logic upon phenomena that have their own internal logic. The emphasis in my approach will be on the analysis of subjective accounts generated by getting inside, by means of a survey questionnaire – situations in relation to performance management.

In using quantitative data, I am conscious of the danger of using material that merely represents compliance with externally-imposed requirements – what Ulrich refers to as “tick’n’flick”. However, I am satisfied that any such risk is adequately counterbalanced by my access to qualitative data from my questionnaires and interviews.

Denscombe (2002) describes positivism as “an approach to social research that seeks to apply the natural science model of research to investigations of social phenomena and explanations of the social world”. Positivist – covering laws that explain past and predict future observations. The format of explanation and prediction is (Gill and Johnson):

- A causes B, or
- Variation in A causes variation in B, or
- Stimulus A causes response B

This approach may be adequate for natural sciences, but is not adequate for social sciences. Laing (1967) notes that “persons are distinguished from things in that persons experience the world, whereas things behave in the world”

Given that it is humans, with all their individuality and different processing mechanisms, that are engaged in PMDS, I opt instead for the interpretist view of: Stimulus > experience and interpretation > response.

In this, the actors’ subjectivity is taken to be the intervening variable that mediates between the stimuli coming from the external social reality and subsequent human responses expressed as behaviour or action.

Despite the fact that I hope to see my work used as the starting point on a formal internal review of PMDS, I am conscious of the importance of avoiding becoming an internal consultant to the Department, and will endeavour to stand back from the work to that it becomes generalisable to other settings (e.g. the rest of the civil service). I am in no doubt that I bring my own preconceptions and prejudices to this exercise, which I intend to counteract by disciplined objectivity.

Rationale and motivation behind the research topic

Why am I undertaking this research? It is relevant to my role in the Department; it is needed, given that PMDS appears to be floundering; a lot of expense has been incurred in introducing PMDS, and it is imperative that the Department gets a value-for-money return.

I have been a civil servant for 30 years and have had extensive experience of performance management – or, perhaps more frequently, its absence – from the viewpoints of both employee and manager. I have always had a strong interest, ranging at different times from fascination to frustration, ennui and disillusionment, with the civil service approach to how it deals with its people. I am a strong supporter of the Strategic Management Initiative, but have grave reservations as to the speed and effectiveness of its impact. At the same time, I am keenly aware of the many impediments to change in how the civil service operates.

I was fortunate enough to be working in areas within the Civil Service which had responsibility for promoting and implementing many initiatives under SMI at the time of their launch. These included Business Planning, Annual Reports, Assignment of Responsibility/Accountability under the PSMA, the Quality Customer Service Initiative, Human Resource Management, Performance Management and Partnership. This experience has given me a good knowledge of the initiatives and their underlying rationale, but has also enlightened and frustrated me in relation to just how difficult it is to successfully implement such measures, or indeed any change, in a civil service setting (which is not to suggest it is easy in other settings).

Despite the fact that the evidence does not seem to point to performance management as modelled by the private sector being an unmitigated success, I still believe that it offers great possibilities for improvement in the civil service; and bearing in mind that the civil service is good at concepts and systems, I believe it constitutes fertile ground for performance management to thrive. Given the huge effort and costs that have been invested in performance management in the civil service, and the expectations that are built on it, I consider it imperative that more effort be put into evaluating the experience and making the modifications necessary to make it work. Not to do so may leave us in a situation where the civil service is less efficient with performance management than without it, and encumbered by yet another dysfunctional layer of intractable “way we do things” which will only serve to further delay the desired and needed modernisation of the civil service. I am hopeful that my dissertation may contribute in some small way to making performance management work for the civil service.

I consider Performance Management in a Government Department to be a good research topic for the following reasons:

- I am uniquely positioned to have access to the protagonists and records. I was responsible for the introduction and “selling” of Partnership in the Department, and for the customisation, implementation of PMDS and provision of supports such as training, advice and policy formulation. As Personnel Officer I have responsibility for and an insight into the Department’s Human Resource Management strategy.
- I believe my objective is achievable, notwithstanding the time constraints. While the Department’s 700 staff are geographically dispersed, all are accessible via the Department’s Intranet. I believe that there will be a satisfactory level of response to my survey, particularly given the recent “drama” around the payment of the Sustaining Progress general wage round and benchmarking awards, which has heightened interest and emotions around performance management.
- Symmetry of potential outcomes: whatever the findings are, I believe they will be equally valuable in that they will inform how the Department moves forward to enhance the effectiveness of PMDS.
- I have a deep interest in the performance management concept, and am particularly interested in what is happening “on the ground”, especially in light of the apparent failure of the system to become embedded in the Department.
- I believe I have the capability to carry out the research effectively, as I possess strong analytical ability, deep knowledge of the issues and structures and good writing skills.

Survey research design

I am conscious of the importance of sample size, data collection procedures, analysis and measurement to the quality and credibility of survey research.

Analytic surveys, which I am employing, attempt to test a theory by taking the logic of an experiment out of the lab and into the field.

Prior consideration of the relevant theory and literature is vital in determining what kind of questions to answer. In my survey I am looking for evidence regarding the presence and impact of the underpinning theories.

I am using a descriptive survey, effectively to ascertain staff's experience and views, based on that experience, of PMDS.

The research population is all the staff of the Department: I have broken my target audience into 3 categories:

- 1) Employees as job holders. Here I am seeking to determine the experience and attitude of staff of PMDS: its impact of their motivation, performance, commitment, development, clarity, demand, attitude and behaviours
- 2) Middle managers. These represent the front line of managements engagement with staff as employees. They have by far the biggest impact in terms of volume and responsibility and degree of influence. I am also conscious of Kanter's (1979) comments regarding their likely sense of powerlessness.
- 3) Senior managers as represented by 4 Heads of Function . I will conduct structured interviews with these, the main focus of which will be to determine their level of commitment, locus of responsibility, awareness of corporate performance, impact of PMDS on performance, impact on motivation, awareness of what motivates, quality control, leadership, and perception of culture. I will attempt to remove or reduce interview bias through the use of structured interviews, wherein standardise questions will be put to each interviewee, by taking verbatim notes which will subsequently be written up as official records of the meetings, and by tape recording the interviews, which will serve as a further validation of the written records produced.* I will allow myself to ask supplementary questions only where I need clarification of the response I am hearing: I will not lead the interviewees down particular paths that may be of particular interest to me or seem to offer corroboration of a view that I might hold. (* as it happened, I was forced through illness to conduct the structured interviews over the telephone from home, where I did not have access to tape-recording equipment)

Means of contact: I am fortunate in that, as Personnel Officer, I have access to all staff on matters of HRM policy, which includes PMDS. The research I am carrying out will form part of a formal review of PMDS in the Department, and I have already advised both the Departmental Council and Partnership Committees of my intention and requested their encouragement of staff participation. Fortunately, all staff in the Department have access through desktop computers to the Department's Intranet: I have posted the two questionnaires on the HR Homepage of the Intranet, and emailed a covering letter (Appendix)containing the hyper-link to all staff. This afforded my request instant access to all staff, who then at the touch of the keypad had access to the questionnaire. All staff thus had equal opportunity to participate in the survey; I am satisfied therefore that those who did (98 staff of a possible 670; 18 middle managers of a possible 56) can be regarded as a representative random sample. Completion of the questionnaire on-line was an option: in the event, and not surprisingly given anonymity considerations, about 80% of responses came in hard copy through the Department's internal post. I am satisfied that the approach taken combined the most effective means of access with strict cost-efficiency.

In determining the questionnaires format, I focused particularly on ensuring that the structure would be focused and clear; that the phrasing would be intelligible to all readers; that the language would "strike a chord" in order to appeal to staff; that the questions would be short, to the point, clear, unambiguous; that they were likely to elicit relevant and useful information; that the possibility of bias would be minimised; and that staff would get the sense from the nature of the questioning that this formed part of a project that was going somewhere. I placed particular emphasis on the content of the covering letter, which I regarded as my "sales pitch".

The questions were selected on the basis of my review of the literature in relation to performance management and relevant subsets. I researched about 10 different questionnaires in the course of my literature review: I finally drew on two: IPM Survey on Performance Management in the UK (1992); and IPD research on performance management in best-practice organisations in the UK. These gave me about 75% of my questions to my satisfaction (some modified); where there were

gaps in what I required, I formulated my own questions, using a similar snappy style of questioning.

I estimated though completing a questionnaire myself that it would take about 12 minutes of slow-paced filling in. In order to confirm this, and also to test the clarity of the questions and whether any ambiguities might arise for participants, I conducted a limited pilot exercise in which 8 members of the HRD team did a mock completion of the questionnaire. The result of this was that my projected time requirement of 12 minutes seemed more than adequate; and that minor modifications to questions were necessary.

I have structured the questionnaires in a way that will facilitate subsequent analysis of the data yielded: I have offered respondents pro-forma responses along a five-point ordinal Likert scale (Strongly Agree; Agree; Neutral; Disagree; Strongly Disagree). This can, if required be used again in further surveys and allow for validation or comparison.

I am conscious that I have chosen closed questions, but I am confident that the range of questions and possible answers is comprehensive, and is the best way to facilitate analysis and comparison. However to ensure that respondents had the opportunity for full expression the questionnaire included an optional facility for general comments.

In terms of profiling respondents, I was very conscious of and constrained by the probability of high sensitivity around anonymity and confidentiality: this awareness arises through reviewing previous Attitude Surveys over the last few years and noting the degree of mistrust of management; and was further strengthened by intelligence conveyed in a separate arena by union officials that staff were reluctant to engage in surveys “ordered” by management for similar reasons of mistrust. Whilst I feel my research would have benefited from more detailed profiling of respondents (such as, for example, Divisional location), I was concerned that this might be construed as an underhand attempt at identifying individual respondents, and so I limited the personal information requested so as to ensure respondents of absolute confidentiality. The only personal details requested were: grade, gender and length of service.



Ethics:

Consultation with interested parties

- I consulted with the two fora within the Department at which staff are represented, viz. the Departmental Council and the Central Partnership Committee. I advised them of my intentions and the underlying rationale, encouraged their support, and secured their endorsement
- I consulted with the Deputy Secretary General of the Department with responsibility for HRM and secured her endorsement
- I advised the Management Committee
- I discussed with the Heads of Function Forum

Covering letter

In my covering letter I stated

- The purpose of the research: for official Departmental purposes and for dissertation
- Anonymity
- Confidentiality
- That data would only be presented in aggregate, anonymised format
- That results would be published and available to all staff
- That data would inform review of PMDS and formulation of new proposals
- That any new proposals would be discussed by Management Committee, Partnership, Departmental Council, HOFN

I feel my research has been worthwhile because (a) it makes a contribution to the development of existing knowledge: it does this by extracting, analysing and interpreting intelligence regarding the views and experience of staff in relation to performance management; (b) it is timely in that the extent and quality of participation in performance management in the Department appeared to be dis-improving, despite significant investment of resources; (c) it will serve to contribute to specific practical needs being addressed; and (d) it provides baseline data which will facilitate assessment of change and progress over time

Chapter Eight

8. Analysis of findings

Analysis of PMDS 2005 Survey Questionnaires

(A) Questionnaire one : Staff as jobholders

I have broken down the data from the questionnaire responses into 9 categories, as follow:

1. Strategic alignment
2. Demand to perform
3. Experience of the PMDS process
4. Motivation
5. Training and Development
6. Relationship with manager in PMDS
7. Attitude to PMDS
8. Culture
9. Reward

Strongly agree/agree Strongly disagree/disagree

1. Alignment

Know exactly what job is	89%	5%
Know skills needed to do job	94%	0
Aware of DCMNR objectives	76%	3%
See how own work contributes to DCMNR goals	75%	6%
Know how Division is performing	65%	17%
Understand DCMNR objectives and strategy	63%	17%
Understand competencies	79%	7%

2. Performance demands

Objectives difficult	52%	24%
Objectives easy	18%	52%
Objectives challenging	60%	11%
Know what Department expects	52%	14%
Trying to improve performance	87%	0%
Performance hard to measure	46%	17%
Aware of standards expected	77%	9%
Forced to work harder	16%	59%
Held accountable for work results	69%	11%

3. Experience of PMDS process

Regular feedback	30%	19%
Review focus: achievements	67%	21%
Review focus: last year's performance	49%	14%
Never negative feedback	35%	36%
Review focus: improvement and development	24%	28%
Received feedback on behaviour	34%	31%
Availed of Reviewer	3%	88%
Documentation clear and useful	45%	14%
Received useful feedback	31%	27%

4. Motivation

Feel motivated after review	42%	27%
Doing the job better	39%	19%
More committed to DCMNR	17%	42%
More confident doing job	25%	36%

5. Training and Development

Received training to improve Performance	50%	16%
Easy to get agreed training	54%	16%
Encouraged to learn new skills	62%	16%
Skills have improved with PMDS	53%	21%
DCMNR committed to training and development	58%	13%
PMDS helping career development	21%	42%
PMDS helping me do job better	39%	19%
My Personal Development Plan relates to my current job	76%	6%

6. Experience with Manager

Trust my manager	55%	10%
Enough support from manager	60%	13%
Manager comfortable with PMDS meetings	71%	7%
Manager is fair	81%	2%
Active involvement in agreeing work objectives	73%	6%
Difficult to discuss work problems with manager	14%	71%
Manager well-prepared for PMDS meetings	60%	15%
Manager listens to my views and suggestions	71%	7%
Received coaching from manager to improve performance	38%	28%
PMDS two-way process with manager	60%	14%
Not satisfied with way manager conducts reviews	10%	63%
Assessment depends on how well I get on with my manager	21%	46%
I feel respected by my Manager	70%	7%
Manager responsible for ensuring my PMDS is carried out	43%	26%
Satisfied with ratings	82%	4%

7. Staff attitude to PMDS

PMDS is just a paper exercise	36%	38%
I am always well prepared for PMDS meetings	58%	7%
I would perform just as well without PMDS	42%	26%
I have no interest in PMDS	12%	65%
I avoid doing PMDS	8%	78%
PMDS is working well in DCMNR	20%	36%
I understand how PMDS works	86%	6%
Time spent on PMDS worthwhile	57%	18%
Prefer not to do PMDS	17%	53%
Manager's role profile must be completed before I do mine	55%	29%

8. Culture

DCMNR is a high-performance organisation	36%	28%
Senior management is Committed to PMDS	29%	33%
PMDS fits well with DCMNR culture	35%	28%
How I progress in DCMNR has little to do with PMDS	42%	34%
Heads of Function have no role in PMDS	21%	53%
PMDS has nothing to do with Human Resources Division	8%	71%
DCMNR values my contribution	25%	28%
PMDS is being used to address	19%	46%

underperformance

9. Reward

Better performance should get greater reward	75%	4%
I'd perform to a higher standard if performance was linked to reward	35%	32%
Promotion should be linked to PMDS	53%	22%

(B) Questionnaire: middle managers

I have broken down the data from the questionnaire responses into 10 headings, as follows:

1. Strategic alignment
2. Demand placed on staff to perform
3. Manager's skills
4. Experience of process
5. Motivation
6. Training and development
7. Attitude to PMDS
8. Culture
9. Impact on performance

	<u>Strongly agree/agree</u>	<u>Strongly disagree/disagree</u>
1. <u>Alignment</u>		
No difficulty agreeing objectives	73%	0%
Discuss Division's overall objectives with staff	67%	22%
Know how well DCMNR is performing	21%	44%
Know how well my Section is performing	67%	0%
2. <u>Demand on staff to perform</u>		
Set clear behaviour standards for my staff	49%	17%
Staff know exactly what I expect from them	56%	6%
My staff should easily achieve their targets	15%	40%
I hold staff accountable for their results	33%	23%
I set demanding standards for my staff	44%	17%
I demand high performance from my staff	44%	0%

3. Manager's skills

I need more training to do PMDS well	32%	32%
I am not comfortable doing performance reviews	22%	44%
I give consistent and fair assessments to my staff	72%	0%
I am apprehensive about upward feedback	10%	40%
I am comfortable giving Negative feedback	28%	50%
I regularly coach my staff	89%	11%
The last thing I want is to alienate staff during PMDS	83%	0%
I find goal-setting easy	33%	17%
PMDS has made me a better manager	45%	5%
I do a lot of negotiating in PMDS	16%	34%
Praise should be used sparingly	5%	84%

4. Experience of process

PMDS documentation is clear and useful	33%	22%
PMDS works well in my area	44%	22%
I have adjusted staff's objectives during the year	50%	6%
Could put the time spent on PMDS to better use	6%	66%
I understand competencies	83%	6%
I find staff uncomfortable with PMDS meetings	6%	50%

5. Motivation

PMDS helps me motivate my staff	45%	15%
I would like to be able to reward better performance	72%	5%
I know what motivates my staff as individuals	60%	11%

6. Training and development

PMDS has developed the skills and competencies of my staff	56%	5%
I only approve job-related training	16%	84%
I discuss career development with staff during PMDS	73%	16%
My section always benefits from my staff's training	35%	11%

7. Attitude to PMDS

PMDS is just the way I manage staff	27%	28%
PMDS is just a paper exercise	16%	59%
Would manage just as well without PMDS	28%	50%
I avoid doing PMDS	6%	71%
Completing the forms is the most important part of PMDS	5%	66%
It's my responsibility to ensure my staff's PMDS is carried out	69%	10%
I use PMDS to control my staff	17%	82%
I can't do my staff's role profiles until I've done mine	17%	82%

8. Culture

Senior management is committed to PMDS	16%	39%
DCMNR is a high-performance Organisation	26%	16%
PMDS fits well with DCMNR's Culture	45%	15%
We communicate better in my section with PMDS	56%	11%

10. Impact on performance

PMDS helps my staff to perform better	61%	6%
I find it hard to measure staff's performance	26%	36%
Performance of my staff has improved with PMDS	28%	11%
PMDS is useful in addressing underperformance	40%	16%
I am proud of my staff's performance	77%	0%

Analysis of PMDS Climate Survey 2003

Positive

% Agree

Department and Divisional goals understood	84
Clear on individual outcomes and deliverables	86
Clear on my role within Department	83
Opportunity for growth and development of skills	71
My training needs have been identified within PMDS	85
I am part of a group achieving a shared goal	75
Present job provides chance to learn and develop	78
Enough support from immediate manager to carry out my job	80
Manager and I agree on what my job responsibilities are	88

**Analysis of PMDS Climate Survey 2003
Requiring follow-up action**

	% Disagree
Department sets high performance standards for me	31
Performance standards consistent across the Department	72
There is a climate of trust in the Department	46
PMDS is operating effectively in the Department	58
Internal promotion procedures are open, transparent and fair	40
Department passes on relevant information to staff	35
Fair and consistent dealings with staff	55
Management will act on this survey	43
PMDS provides clear and timely feedback	49
Department communicates effectively with me	37
Business decisions and what's happening in Divisions is explained	58
I am consulted on decisions that affect my work	63
New ideas are considered by the Department	49
Team briefings regularly held by managers	35
Regular open for a with senior managers	68

Chapter Nine

9. Conclusions and Recommendations

Strategic alignment

Armstrong emphasises the strategic and integrated nature of performance management; Fletcher and Williams spoke of the shared vision of purpose and aims.

The response to the PMDS Questionnaire Survey (2005) (all staff) provides evidence that PMDS has achieved a good level of success in its goal of strategic alignment. 89% knows exactly what their job is; 94% know what skills they need to do the job; 79% understand competencies; 76% are aware of the Department's overall objectives; 75% see how their own work contributes to the Department's goals; 65% know how their Division is performing. This is consistent with the outcome of the 2004 PMDS Climate Survey results: Department and Divisional goals understood (84%). However, the 17% in 2005 who neither know how their Division is performing nor understand the Departments objectives and strategy is a matter of concern, particularly in light of the requirement that all staff participate in the preparation of the annual Divisional Business Plan; and that Divisional meetings be held monthly at which progress towards the Business Plan objectives should be discussed. Senior managers interviewed placed great emphasis on the contribution of the business plan and divisional meetings towards communications and developing a shared involvement; but the link between these and PMDS seems less than robust.

“Top managers take the mission statements and strategic plans seriously and expect everyone in the organisation to do the same” (Hay)

The production of Statements of Strategy is a legal requirement under the Public Service Management Act 1997. Prior to this legal obligation, there was no formalised attempt to articulate an overall strategic mission or medium term plan for Government Departments. It can be said with some conviction that senior management take the Statement of Strategy (which incorporates the mission statement) extremely seriously, perhaps inordinately so. From my observation I can say that the process engages senior and higher levels of management for a protracted period during its drafting.

The resulting publication, even allowing for the complexity and diversity of the range of DCMNR business, tends to be unwieldy and inaccessible, if extremely well-written. It is not, however, a good starting point for an expectation that staff will engage with organisation objectives and strategy.

Recommendation

The approach to drafting the Statement of Strategy should be revised to ensure that future iterations are readable, interesting, simple and give a clear sense to every member of staff what the Department's mission is and what strategies they are engaging in towards that end, with the objective of engaging staff's intellect, interest, sense of belonging, sense of importance, sense of direction and commitment.

The Statement of Strategy is broken down at sectoral/functional level in the annual Divisional Business Plans (DBP). These are an important bridge between high level strategic objectives and the individuals role profile (work programme and development plan). The formulation of the DBP is, in theory a participative exercise, involving the contribution of all staff. Progress on the DPB is discussed (in theory) at monthly Divisional meetings: this presents an ideal opportunity for Heads of Function to update staff on the state of the relevant industry/environment, and on progress the Division has achieved towards reaching its goals, and any circumstances that have arisen necessitating adjustment of those goals.

Recommendation

The structures are in place for meaningful two-way communication between managers and staff in each Division. The fact is they are not being employed in all areas, and are not being used to discuss Divisional progress in others. Senior Management must make the following compulsory for HOFs: joint management/staff involvement in drafting DBPs; DBPs to include metrics/timeframes; Divisional meetings to take place every month; such meetings to open with an update on the state of the sector and the Division's progress, to be followed by a Q&A session for staff. The linkage between DBPs and PMDS should be clarified and strengthened.

The Department's Annual Report should detail progress, in terms of both outputs and outcomes, towards delivery of the strategic objectives.

Organisational Performance

Aim is to enhance organisational performance

Traditionally, the perception of Government Departments' performance was largely impressionistic: the relevant Minister or the Oireachtas would be either generally satisfied or not with the way the Department was doing its business, but this was not arrived at necessarily on the basis of evaluating performance against a set of predetermined objectives or targets. Instead, the general public would form its view based on some media coverage, Oireachtas involvement or anecdotal evidence; and the customers of the Department would form their view based on their own experience of their dealings with it. Beyond that a Department's performance was formally measured by whether its activities were within its remit, as set out in the ambit of the relevant Vote, in other words was the expenditure legal; and whether the activities of the Department had involved expenditure within the amount allocated (voted). So the almost exclusive emphasis was on financial probity and operating within budget, regardless of the efficiency or effectiveness of the spend. Traditional performance management at an organisational level could be summed up as: "if we're not getting things right, we'll soon be told and we'll react then" (Buckley et al). Senior managers interviewed found that PMDS is more helpful in measuring individual and organisational performance in relation to quantitative matters; not so helpful with qualitative.

Recommendation

There are modern sophisticated models available to measure organisational performance. The Department should explore two of these and decide which best suits its needs and could be adapted most readily to its circumstances. The models are the

- (i) the Balanced scorecard (Kaplan and Norton),
- (ii) the Business Excellence Model

Efforts should be develop sharper and make more transparent performance indicators to measure the Department's progress.

Individual Performance

Performance management, we were led to believe, would deliver services that were customer-focused, efficient, effective, quality, results-driven, high-performance; and all this would take place in the context of continuing decentralisation and devolution of accountability and responsibility. As can be seen, PMDS was introduced in the context of planned major reform and modernisation of the civil service and, as such, it carried huge, and perhaps inappropriate and unwarranted expectations.

✓ Clarity in relation to skills and competencies

Hay identified that successful companies know exactly what they are looking for in terms of skills and competencies from the initial point of recruitment and they design their processes to ensure they get it.

The 2005 PMDS Survey shows that 79% of staff and 83% of managers understand competencies. The PMDS process up to the Personal Development Plan is structured in a way to place competencies as the central plank. Further analysis of the training and development is required to establish the extent of emphasis on enhancing competency levels. Given that 53% of staff and 56% of managers think that staff skills/competencies have improved, the training being provided may be either not focussed on competencies development or may be of poor quality. The "competency gap" in the civil service has been further bridged with the introduction over the last 4/5 years of competency based recruitment and promotion systems, which supports and is congruent with the competency-based PMDS. However, the impact of both measures on organisational performance is dependent on the department knowing what it wants and needs in terms of competencies.

Recommendation

The Department needs to identify, both at strategic and individual level, the competencies it needs to have in place to optimise organisational capability and performance. Organisational culture and HRM in the department need to reflect and support these competencies. Staff need to be fully aware of what the Department expects of them in terms of behaviours, and of the consequences of failing to deliver. The Department needs to move towards the clarity and simplicity of the Beer model of treating employees with respect and demanding performance, while building competence, commitment and confidence.

✓ Performance demand

Beer et al suggest the values of “respect people, demand performance”.

The overriding objective of performance management is to improve performance. The starting point must be to set objectives for staff that, if achieved, will result in a high level of performance. It is interesting to note, therefore, that 1 in the 2005 Survey, 8% considered their objectives easy to achieve; 52% found them difficult; while 60% found them challenging. While it must be recognised that individual staff have their own level of competence which will influence whether achieving their objectives is easy, difficult or challenging, it is suggested that the level of talent available at the individual level should be taken account of and that most staff should be experiencing objectives as, at a minimum, challenging. The range of responses in regard to objectives points to an uneven approach: whether this is the result of some managers being more demanding in setting objectives for all their staff, or managers taking an inconsistent approach within their divisions cannot be discerned, but would merit further investigation.

In terms of knowing what is expected of staff in relation to performance, 77% are aware of the standards expected of them, while 52% know what the Department expects of them. The former would suggest that managers are doing a relatively good

job in setting standards during the role profiling process – although it is a concern that 9% are not aware of the standards expected of them; the latter points to a failure on the Department's part to clearly articulate the performance standard expected of its employees, a topic I will return to below. That 45% consider that performance is hard to measure is perhaps not surprising given the preponderance of qualitative output in civil service work. That 11% are not held accountable for their work is an unacceptable level for any organisation, and is unlikely to contribute to a high standard of performance. While 87% of staff are trying to improve their performance, (with 0% disagreeing) points to achievement of the objective of improved corporate performance, it is surprising that only 16% are forced to work harder, and 59% are not. This strongly suggests that PMDS will not deliver improved performance for the Department.

Senior managers and staff alike did not express any great confidence in the capacity of PMDS to deal with underperformance; the former consider that the identification of underperformance and the underlying reasons, where these relate to capabilities, is facilitated by PMDS, but the next steps remain problematic and unclear.

Only 56% of managers report that staff know exactly what the manager expects from them: this requirement is at the heart of PMDS and is intended to provide clarity about their job and objectives to drive staff performance. Just 49% set clear behaviour standards; 44% set demanding standards; 44% demand high performance; yet only 15% believe their staff should easily achieve their targets. Only 33% hold staff accountable for their results.

In the 2004 Survey, 31% disagreed that the Department set high standards for them; 72% disagreed that performance standards were consistent across the Department.

Whilst the presumption is that PMDS would deliver improved performance at both organisational and individual level, this was never explicitly stated in any of the supporting material or forms. This may have been a function of the process through which its introduction was agreed, which involved protracted negotiations between the management and union representatives. Perhaps reference to higher standards of performance would have raised the spectre of "productivity". But whatever

sensitivities were at play, and whatever the understood nuances at the central negotiations were, I conclude that the message has not reached either managers or staff in Departments that PMDS is to deliver better performance. In my opinion, the result is that managers, with staff's complicity, are effectively managing performance "as is". I believe this is reflected in the Survey findings in relation to both "performance demands" and staff's experience of managers (see below).

Recommendation

In relaunching PMDS (see below), it must be made quite clear that ongoing improved performance must be delivered; mechanisms to measure and report on progress in this regard must be devised.

Systems must be put in place to follow up on underperformance identified in PMDS: these should consist of rehabilitation with the support of intensive development efforts; and disciplinary proceedings in the case of persistent and wilful underperformance.

Culture

The Department's culture must be conducive to performance management; if it is, PMDS can contribute to reinforcing the cultural values. The culture is not necessarily the aspiration articulated in the Statement of Strategy.

According to the 2005 Survey, 36% of staff see DCMNR as high-performance organisation; 35% think PMDS fits well with DCMNR's culture. Just 29% believe senior management is committed to PMDS; while only 25% believe the Department values their contribution. 42% (as against 34%) think PMDS has little to do with their career progression in the Department; only 8% think PMDS has nothing to do with Human resources Division. 19% do not think PMDS is being used to address underperformance, while 46% do. For managers, 36% see DCMNR as high-performance organisation; 35% think PMDS fits well with DCMNR's culture. Just 29% believe senior management is committed to PMDS; while only 25% believe the Department values their contribution. 42% (as against 34%) think PMDS has little to

do with their career progression in the Department; only 8% think PMDS has nothing to do with Human resources Division. 19% do not think PMDS is being used to address underperformance, while 46% do. The 2004 Survey showed that 46% of staff disagreed that there was a climate of trust in the Department.; while 55% disagreed that there was fair and consistent dealings with staff. The majority of Senior managers do not regard the organisation as having a high performance culture; similarly, the majority view is that top management in the Department should lead an exercise to identify what values and culture we aspire to, and what sequential steps we need to take to get there: all emphasised that this must be a real exercise in which top management lead by example and “walk the talk”.

There are serious issues for the Department to tackle in terms of its culture and the perception of senior management, if PMDS is to have a facilitating environment.

Recommendation

The reality of the situation is that DCMNR, in common with most Government Departments, simply does not know what its culture is. And how could it, when no structured attempt has ever been made to diagnose the culture. This in itself may be of no great consequence, but in the context of the introduction of an organisational change programme of the significance and pervasiveness of performance management, it becomes very important. Pacanowski and O'Donnell-Trujillo (1982) go so far as to state that culture is something an organisation is, not has. Ogbanna and Harris (1998) opine that culture can be managed, that culture may be manipulated, but that it cannot consciously be changed. The starting point, however, must be to assess what the current culture is; then to develop some idea of what the aspired-to situation will look like; and then to work out the what and how of moving the organisation forward in that direction . Without taking these steps, there is no prospect of implementing Schein's (1985) “unfreeze-move-refreeze” prescription for successful organisational change.

Senior management needs to explore the negative perception staff have regarding its commitment to PMDS, and put in place practices and structures to convey convincingly to staff that it is leading PMDS, as well as the overall change

programme. In this regard, they should be guided by the work of Beer et al (1993) and Kanter.

Management in PMDS

As discussed above, it is my view that management, in the absence of clear instructions to the contrary, have adapted PMDS to managing “as is”. This would concur with the Survey findings, which may suggest a somewhat cosy relationship between managers and staff. Contributory factors may be (a) managers and staff were trained together for PMDS, with perhaps insufficient distinction between respective roles; (b) the locus of responsibilities in relation to PMDS may not have been explicitly stated.

The Survey shows that 55% of staff trust their manager; 60% get enough support; 81% feel the manager is comfortable with PMDS meetings; 71% see their manager as fair; 60% that he is well-prepared for PMDS meetings; 71% that he listens to staff views and suggestions; 73% that they are actively involved in agreeing work objectives; 60% that PMDS is a two-way process; 70% that they are respected by their manager; 82% are satisfied with their ratings; just 14% find it difficult to discuss work problems with their manager, while 715 do not. Only 10% are not satisfied with the way their manager conducts reviews, while 63% are. On the negative side, only 38% receive coaching from their manager to improve their performance; while 21% believe their assessment depends on how well they get on with their manager (which most apparently do given high satisfaction level with ratings). Perhaps managers would not be rated so highly by their staff if they were “demanding performance”.

In terms of the managers themselves, 32% need more training to do PMDS well, which is high given the amount of resources invested in such training already, but should be addressed given the pivotal role of the manager in PMDS. 225 are not comfortable doing performance reviews; 28% are not comfortable giving negative feedback; 33% find goal setting easy: these relate to essential skills and attributes for a manager in PMDS. 89% state that they regularly coach staff, which is at odds with the staff perception. Just 5% believe praise should be used sparingly, while for 83%

the last thing they want to do is alienate staff during PMDS. 16% state that they do a lot of negotiating in PMDS; 34% state they do not.

Recommendation

As suggested above, the role and remit of managers needs to be redefined in a revised PMDS. Furthermore, the training needs of managers for successful implementation of PMDS should be addressed as a matter of urgency.

Motivation

Motivated staff is a prerequisite of good performance. But, as the extent of theory illustrates, it is a complex and difficult subject.

The 2004 Survey shows that 42% of staff feel motivated after the review meeting, while 27% do not. Given that performance is a function of, inter alia, motivation, this is a disappointing outcome. That only 39% are doing their job better suggests that PMDS is failing to deliver improved performance; which may not be unrelated to the fact that just 17% feel more committed to the Department (42% do not), and 25% feel more confident doing their job.

Just 45% of managers find that PMDS helps them motivate their staff, which has implications for the ability of the process to generate improved performance. 72% would like to reward better performance. 60% claim to know what motivates their staff as individuals. This latter finding is worrying as, in the absence of any structured attempt to establish what motivates staff, it has to be based on intuition.

Senior managers had not seen evidence of increased motivation or commitment: it was the reliable conscientious staff who seemed to derive some impetus from PMDS. None considered financial motivation to be likely to be effective.

Recommendation

The Department should undertake a survey to establish what it is that motivates its staff, in both extrinsic and intrinsic terms, and develop mechanisms to meet these needs in way that links valued rewards to desired performance and behaviours.

Development

In the top companies surveyed by Hay, people's career development was seen as an investment, not as a cost. Figures of 6-8% of payroll being invested in people development was not uncommon among these leading edge organisations.

DCMNR is currently allocating 7% of its payroll budget to training and development, with an aspiration of 10 days training on average for each individual annually, which will amount to around €2 million in 2005. This in itself might indicate good performance management practice, but it merits further scrutiny.

The 2005 PMDS Survey shows that 58% of staff believe that the Department is committed to training and development; this is lower than might be expected given the high level of funding made available and the frequently repeated statements of commitment to training and development from senior management. This also suggests a more negative perception than the 2004 Climate Survey, when 71% agreed that there was opportunity for growth and development of skills.

The 2005 Survey shows that the Personal Development Plan for 76% of staff relates to their current job, while 16% of management agree that they only approve job-related training; presumably the other managers provide a mix of job-related and personal development opportunities, with the balance tilted in favour of the former. 62% of staff are encouraged to learn new skills, so a balanced approach appears to be in place. This might seem at odds with just 21% seeing PMDS as helping their career development, but progress with career development can be influenced by a range of other factors (opportunity, level of competition, ability etc.). 54% find it easy to get the training agreed in their PDP: this low given the availability of funding, and may

influence the perception of the organisation's commitment, referred to above. Just 50% have received training to improve performance, and the skills of 53% have improved: but this is not reflected in just 39% finding that PMDS helps them to do their job better, pointing again to a failure of PMDS to deliver improved performance. Senior managers seemed unclear as to the appropriate basis for determining the balance between job-related and personal development support.

The primary source of information in relation to the training and development needs of staff should be the performance management system itself. In this regard, PMDS is well structured, and involves the completion of an annual Personal Development Plan which outlines the training, development (including self-development, coaching and mentoring needs of the individual). However, there is no linkage required between this aspect of PMDS and the earlier identification of required competencies for the job. While one would presume that the job holder and manager will ensure that this connection is made, it is likely that in some cases that this does not happen. The T&D menu is broken down between on the job training, formal training courses and other, e.g. self-learning. While there are no statistics on the breakdown of actual demand (itself a significant failing), I am aware from anecdotal evidence that the inclination with many employees and managers is to opt for the formal training prescription; and that, in cases where this arises, it is usually instigated by the job-holder, with the manager, perhaps not having any better ideas, acquiescing. Indeed, it can reach the stage where for a manager to demur would be construed as denying staff their right to training.

There is no evaluation of the training other than the on-course "happy sheets": neither managers nor staff are required to subsequently demonstrate the impact of training. This becomes a serious issue where the amounts of money involved are so big. Another source of training requirement comes from the Prof/technical areas, where refresher training takes place as a matter of course; but this is done within professional guidelines and with the proactive involvement of managers. €240,000 is being spent annually on the refund of 3rd level fees. The courses being undertaken do not, in most cases, directly relate to the student's current posting in the Department, and yet there is no stipulation in the refund agreement that the Department may assign

those undertaking the courses to areas in the Department where the benefit of this education might accrue to the Department.

Recommendation

Strategic level identification of competency requirements for the organisation (Management Committee).

Devolved training budgets to line managers.

Emphasis on job-related competency development (a small percentage, perhaps 10%, to be allowed for other personal development).

Managers should receive training in coaching and mentoring and be encouraged to rely on these routes more frequently.

Evaluation of training impact should be effected through pre-briefing and post-briefing with manager.

Third-level education support should be contingent on individual agreeing to work in relevant area of Department, if requested.

Employee Communication

The Hay survey states that effective organisations measure the satisfaction of their workforce. This includes practices on asking people what they think as well as 360 degree processes to give managers feedback on how effectively they manage.

DCMNR carried out two staff attitude surveys in recent times. 2003 on HR, the results of which are influencing the shaping of policy in a number of areas; and in relation to PMDS, which was really to prepare the ground for the introduction of upward (180degree) feedback, which is being introduced on a phased basis as part of PMDS.

The 2005 Survey shows that 52% of staff know what the Department expects of them; and that 65% know how the Department is performing. The 2004 Survey shows that 37% disagree that the Department is communicating effectively with them, while 25% disagree that the Department passes on relevant information. This clearly indicates shortcomings in communications from the Department to the staff. In terms of the

reverse route, perhaps the most telling statistic comes from the 2004 Survey: 43% disagreed that the Department would act on the Survey outcome. Unfortunately, they were right.

Senior managers indicated that communications had improved in their Divisions, but they attributed this to the Divisional Business Plan meetings.

Partnership is the most noteworthy vehicle in the Department for staff to air their views. However, each new pay agreement or SMI initiative seems to ratchet up the level and degree of responsibility of Partnership (from signing off on Strategy Statements to launching Bullying policy) to the extent that it is likely to choke itself on the volume and complexity of the issues before it. In this way the agenda tends to be set by management, leaving limited time or scope for articulation of levels of satisfaction or grievance among staff. Besides, it is a moot point whether the staff representatives involved in Partnership actually represent staff in any meaningful way: they may have unintentionally become another layer of bureaucracy somewhere between management and the office floor.

Recommendations

The partnership arrangements should be reviewed with a view to, inter alia, ensuring that it is a meaningful forum for the employee voice to be heard, on issues of its choosing as well as on the modernisation agenda.

The Department should carry out a Staff Attitude Survey every 18 months; progress or failure to progress can be measured from the baseline of data thus provided. HR policies and practice and management approach should be manifestly modified, as appropriate, in response.

Reward

The top companies reward performance; a far greater than average proportion of employee rewards are of a variable nature and directly linked to the performance of the company (Hay).

The five key objectives of a reward system are: the attraction and retention of staff; motivation; creation of desired culture; reinforcement and definition of structure; and cost (Lawler 1987). The use of reward for attracting/retaining staff and motivation are important and topical issues in the context of Civil Service HR approaches.

The scope for reward in the Civil Service using pay is very limited. This is principally due to the unified structure for pay and conditions that is in operation, which gives very little flexibility. Fortunately, reward is about much more than pay. As Ulrich and Lake (1990) point out, overall satisfaction will result from a mix of rewards rather than from any single reward. Herzberg's development of Maslow's (1946) hierarchical needs theory points to the importance of a mix of extrinsic and intrinsic rewards for motivating staff. Expectancy theories of motivation indicate that individuals are motivated to perform well if they value the mix of rewards on offer and see that their performance will lead to them gaining those rewards (Nadler and Lawler, 1977)

The findings of OECDs surveys indicate that individuals in the civil service value different types of rewards, depending on their position and personal predilection, with a significant emphasis on intrinsic rewards such as recognition and development opportunities (Boyle). Jabes and Zussman (1988) propose that serving the country through public service in work that is challenging and interesting is valued by public servants.

The 2005 survey shows that 75% of staff think better performance should get greater reward; surprisingly, then, only 35% would perform to a higher standard if performance was linked to reward. 53% think promotion should be linked to PMDS, 22% do not. 72% of managers would like to be able to reward better performance. Senior managers are not in favour of financial reward as a motivator.

So what rewards are available to Civil Servants? It is important in answering this question to take account of the total reward system, which comprises the total range of extrinsic rewards and consequences. For Civil Servants this would include (though they may not generally realise it)

- Tenure: Civil Servants are permanent employees. Unfortunately, this is reward for being there, not for performance
- Pension: a generous non-contributory package is in place. Again, the amount is not directly linked to performance
- Increments: traditionally awarded on a rubber-stamping basis, not related to performance. Rewards seniority, which may reflect complacency, lack of initiative
- Interesting work opportunities
- Delegation of authority: this is increasing, but is experiencing some resistance
- Promotion: traditionally heavily dependent on seniority, but the civil service is moving away from this. In DCMNR, all promotion is merit-based (competency) and by open, competitive process
- Exceptional performance awards: very limited funding available (0.02% of salary budget); too little to inspire, but enough to be extremely divisive
- Training and development opportunities; will enhance performance capability and, if perceived as reward, can motivate
- Performance-related pay: only available at Asst. Secretary level for delivery of stretch targets; perception of effectiveness is poor
- Benchmarking; probably the lost opportunity in terms of motivational tools. Tentatively linked to organisational improvement and modernisation
- Career path: most Civil Servants have the luxury from the outset of their career of a clear, defined and achievable career ladder
- Family friendly policies: including flexitime, work-sharing, career breaks, term time, parental leave etc.

Recommendations

The job-for-life guarantee for Civil Servants is coming to an end with the Civil Service Regulations (Amendment) Act which will delegate recruitment, disciplinary and dismissal powers to Secretaries General; make underperformance a disciplinary issue; and open access for Civil Servants to the Unfair Dismissals machinery. This presents an opportunity to tackle the long-standing bugbear of underperformance, which contributes to inefficiencies and whose tolerance is de-motivational to performing staff. Probation, the payment of increments and assessment of performance should be linked to performance. Even now, after 4 years of PMDS, it is not in any meaningful way. This should be changed in the context of integrating PMDS with HR policy and practice; such a development could immediately transform PMDS into a serious, meaningful and effective mechanism to deal with performance.

Staff should be educated to understand that the list of “benefits” above constitutes the total reward package.

The Department should review its Merit Award scheme in light of its findings in relation to what motivates staff.

Experience of PMDS

Giving regular feedback is a fundamental tenet of performance management. Only 39% of staff in the 2005 Survey report receiving regular feedback. This is unacceptable low: it may point to the introduction of PMDS facilitating managers who are not that comfortable with, or who do not appreciate the importance of regular feedback resorting to mechanistic feedback at appointed scheduled reviews only. This must be addressed. In terms of the feedback that is given, 35% never receive negative feedback, which may not be unreasonable as one could assume a significant proportion of staff do their job to a standard that would not merit negative feedback. On the other hand, the 36% who disagree presumably do receive negative feedback: whether this is a high proportion for the organisation is less important than the fact that managers have been willing and able to deliver such feedback, which presumably should lead to corrective action. However, just 31% have received useful feedback, while 25% (who presumably have received feedback) disagree. The focus of the

review meetings varies: for 67% it is on achievements, which suggests a positive, encouraging approach by managers; 49% focus on the previous year's achievements; and 24% on improvement and development. Given the objective of PMDS to improve performance, it would seem that a forward-looking, developmental approach would be appropriate, allowing for the need to take the previous years performance into account for rating purposes. 14% do not find the documentation clear and useful, and just 14% do; the quality and usefulness of PMDS documentation should be reviewed. 88% have not availed of the Reviewer, one of the three key players in the process: this may be a function of lack of clarity around the role of the Reviewer.

A high 83% understand competencies. Half have adjusted staff's objectives during the year, which suggests appropriate recognition of the organic nature of the process to reflect changing priorities (this may also indicate poor planning). Only 44% consider PMDS to be working well in there are, while 22% do not. 65 could put the time spent on PMDS to better use against 66% who disagree: this is a very positive endorsement.

Recommendation

Most of the deficiencies identified above can be dealt with in the proposed retraining of managers.

Attitude to PMDS

The 2004 Survey shows that almost as many (36% versus 38%) think that PMDS is just a paper exercise as do not, which suggests that we are a long way off PMDS becoming embedded as part of the way we do things. It is not surprising then that just 57% think time spent on PMDS is worthwhile, or that 42% think they would work just as well without PMDS. While only 12% have no interest in PMDS; just 8% avoid doing it; and 17% prefer not to do it; only 20% think PMDS is working well in the Department. 55% think it is necessary for their manager's role profile to be completed before they do theirs.

6% avoid doing PMDS; 5% consider completing the forms the most important part of PMDS – 66% do not; 16% think PMDS is just a paper exercise – 59% do not; and 28% think they would manage just as well without it, while 505 do not. 695 see it as their responsibility to ensure staff's PMDS is carried out, against 19% who do not. Just 17% use PMDS to control their staff, 82% do not.

Recommendation

Staff and managers' attitudes to PMDS should be re-surveyed after the revised scheme has been in place for 12 months

General conclusion

The Performance management and Development System operating in DCMNR is well-grounded as a system in the theories underpinning performance management. But there have been serious gaps in its implementation that have diminished the capacity of the system to deliver improved individual and organisational performance. These include insufficient leadership; a failure to address cultural issues; inadequately focused, even generously resourced, development effort; the absence of means to measure organisational performance; a failure to examine staff motivation; and the constraints of civil service systems in relation to reward. But perhaps the most unhelpful feature has been the reluctance and failure to state honestly and clearly that, in PMDS, staff must deliver more in terms of improved performance. Without such imperative, staff will not perform to higher levels, despite all the other positive attributes of PMDS. I conclude, therefore, that as hypothesised, PMDS is not being implemented in a manner that will deliver improved performance to the Department.

I recommend that the Department should conduct a thorough review of PMDS, which should be informed as to its scope and conduct by this paper.

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To all staff

Review of Performance Management and Development System

As you know, PMDS has been operating in the civil service for over 4 years now. In 2003, Mercer Human Resource Consulting carried out an evaluation of PMDS on behalf of a General Council Sub-committee. Its report indicated, among other things, that improvements were needed to

- Enhance the effectiveness of PMDS; and
- Link PMDS with HR strategy and process

Proposals are already at an advanced stage centrally that will enhance the integration of PMDS with HR practice. Also, as you will be aware, the option of Upward Feedback will soon be available to all staff. In addition to these central developments, however, it is considered prudent and timely to conduct a review of PMDS as it operates in DCMNR. This internal review will, hopefully, provide insights into aspects of our PMDS which might need to be revised or developed in order to enhance the operational and strategic potential of performance management, for the benefit of both the organisation and individual members of staff. Such information would then be used to inform proposals for consideration by the Management Committee, Partnership, Departmental Council and the Heads of Function Network.

I should at this stage declare an additional, personal interest. I am completing a Masters in HRM and have chosen as my dissertation topic "A Review of Performance Management in a Government Department". It would be my intention to draw on the results of the proposed review for this purpose also.

The first phase of the review will consist of a survey of staff opinion. This will be done by way of questionnaires for staff and middle managers and structured interviews with senior managers. There will be two questionnaires: the first is for every member of staff; the second will issue shortly to HEOs and equivalent grades and relates their perspective as managers in the PMDS.

It would very much appreciated if all staff (including HEOs) would complete the staff questionnaire, available at the following link: - <http://intranet/NR/ronlyres/947F3B59-B01C-4C2A-AC08-E8E0F7370D5F/0/PMDSQ1.doc>, (it should take about 12 minutes) based on their experience as jobholder, and return it to the address below. The questionnaire is anonymous, and the data generated by the survey will be presented only in aggregated form to appropriate third parties. Again I would emphasise that the sole purpose of the survey is to help us to generate ideas to improve the operation and effectiveness of PMDS in the Department. The quality of the review will depend very much on the extent of staff engagement.

Thank you in anticipation of your participation.

Tony Fitzpatrick
Personnel Officer
4 May 2005

Completed Questionnaires should be returned, by Wednesday, 18th May please, to:

Tony Fitzpatrick
Personnel Officer
29-31 Adelaide Road
Dublin 2

PMDS: Staff Survey Questionnaire

Ratings: 5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree

Please tick

	5	4	3	2	1
1. I know exactly what my job is					
2. I am aware of the Department's overall objectives					
3. I get regular feedback on my performance					
4. My PMDS reviews deal with what I have achieved					
5. Better performance should get greater reward					
6. I am trying to improve my performance					
7. I know what skills I need to do my job					
8. I am generally satisfied with my rating					
9. I have received training to improve my performance					
10. I understand competencies					
11. My work objectives are quite difficult to attain					
12. I trust my manager					
13. I find it easy to get the training agreed in my development plan					
14. I can see how my work contributes to the Department's goals					
15. I am aware of the standards expected of me					
16. My skills have improved with PMDS					
17. The focus of my annual review is my previous year's performance					
18. PMDS is just a paper exercise					
19. It is hard to measure performance in my job					
20. I receive enough support from my manager to do my job well					
21. I am always well prepared for PMDS meetings					
22. I would perform just as well without PMDS					
23. The Department is a high-performance organisation					
24. I never receive negative feedback					
25. The focus of my annual review is improvement and development					

	5	4	3	2	1
26. My manager is comfortable with PMDS meetings					
27. My Personal Development Plan relates to my current job					
28. I have no interest in PMDS					
29. My work objectives are easy to achieve					
30. I am encouraged to learn new skills					
31. I know how my Division is performing					
32. I am held accountable for my work results					
33. I avoid doing PMDS					
34. I feel motivated after a review meeting					
35. I have received coaching from my manager to improve my performance					
36. PMDS fits well with the Department's culture					
37. I have received feedback on my behaviour in achieving my objectives					
38. How I progress in the Department has little to do with PMDS					
39. I am forced to work harder with PMDS					
40. My manager is well prepared before PMDS meetings					
41. I understand how PMDS works					
42. PMDS has helped me do my job better					
43. My manager listens to my suggestions and views					
44. Promotion should be linked to PMDS					
45. I have referred a PMDS issue to the Reviewer (second supervisor)					
46. My Head of Function has no role in my PMDS					
47. My manager is fair					
48. I am actively involved in agreeing my work objectives with my manager					
49. I feel more committed to the Department since PMDS					
50. Senior Management in the Department is committed to PMDS					
51. I understand the Department's objectives and strategy					
52. The Department values my contribution					
53. PMDS documentation is clear and useful					
54. My work objectives are challenging, but achievable					
55. I feel more confident doing my job since PMDS					
56. I find it difficult to discuss work problems with my manager					
57. The Department is committed to my training and development					
58. In my experience, PMDS is a two-way process between me and my manager					
59. I know what the Department expects of me					
60. I get useful feedback from PMDS reviews					
61. I am not satisfied with the way my manager conducts performance reviews					

	5	4	3	2	1
62. My assessment depends on how well I get on with my manager					
62. I feel that PMDS is helping my career development					
65. PMDS is working well in the Department					
65. My manager is responsible for ensuring my PMDS is carried out					
66. Time spent on PMDS is worthwhile					
67. I would prefer not to do PMDS					
68. My manager's role profile must be done before I do mine					
69. PMDS has nothing to do with Human Resources Division					
70. PMDS is being used to address underperformance					
71. I feel respected by my line manager					
72. I'd perform to a higher standard if performance was linked to rewards					

General Comments (optional):

Personal Profile

Grade: _____

Male/female: _____

Length of service: _____

HEO and equivalent: PMDS Survey Questionnaire

Ratings: 5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree

Please tick

	5	4	3	2	1
1. PMDS helps me to motivate my staff					
2. I need more training to do PMDS well					
3. I set clear behaviour standards for my staff					
4. PMDS helps my staff to perform better					
5. I am not comfortable conducting performance reviews					
6. PMDS documentation is clear and useful					
7. PMDS works well in my area					
8. I have no difficulty agreeing objectives with my staff					
9. I give consistent and fair assessments to my staff					
10. I discuss the Division's overall objectives with staff					
11. I would like to be able to reward better performance					
12. I am apprehensive about upward feedback					
13. PMDS has developed the skills and competencies of my staff					
14. PMDS is just the way I manage my staff					
15. I am comfortable giving negative feedback					
16. I only approve job-related training					
18. PMDS is just a paper exercise					
19. I find it hard to measure my staff's performance					
20. I know how well the Department is performing					
21. I would manage just as well without PMDS					
22. My staff know exactly what I expect of them					
23. I focus on previous year's achievements during annual review					
24. The performance of my staff has improved with PMDS					
25. My staff should easily achieve their targets					
26. I avoid doing PMDS					
27. My staff are responsible for ensuring their PMDS is done					
28. I know how well my Section is performing					
29. I hold staff accountable for their results					
30. I set demanding standards for my staff					
31. I focus on the future during annual reviews					
32. I discuss career development with staff during PMDS					
33. I regularly coach my staff					
34. The last thing I want is to alienate my staff during PMDS					
35. I have adjusted staff's objectives during the year					

Ratings: 5 = strongly agree, 4 = agree, 3 neutral,
2 = disagree, 3 = strongly disagree

	5	4	3	2	1
36. My staff come to PMDS meetings well prepared					
37. I find goal-setting easy					
38. Completing the forms is the most important part of PMDS					
39. PMDS has nothing to do with Human Resources Division					
40. Senior management is committed to PMDS					
41. It's my responsibility to ensure my staff's PMDS is carried out					
42. I focus on staff output, not behaviour					
43. I'm clear about what I am supposed to be doing in PMDS					
44. I could put the time I spend on PMDS to better use					
45. I understand competencies					
46. The Department is a high-performance organisation					
47. My section always benefits from my staff's training					
48. I use PMDS to control my staff					
49. I can't do my staff's role profiles until I've done mine					
50. PMDS fits well with the Department's culture					
51. PMDS is useful in addressing underperformance					
52. Using PMDS has made me a better manager					
53. I demand high performance from my staff					
54. I know what motivates my staff as individuals					
55. We communicate better in my section with PMDS					
56. I do a lot of negotiating in PMDS					
57. I believe that praise should be used sparingly					
58. I am proud of my staff's performance					
59. I find my staff uncomfortable with PMDS meetings					

General Comments (optional):

Personal profile

Male/female: _____

Length of service in grade: _____

Admin or Prof/tech: _____

Number of staff (optional) _____

Structured interviews with senior managers.

Q.1 Are staff making a more effective contribution to the work of the Division

Yes

Q.2. Is performance seen in terms of (a) outputs (b) behaviours

Both. Staff are rallying together, under one umbrella. PMDS allows them to engage more formally. Gives them an opportunity to meet.

Q.3 Is performance measured. Is this difficult.

Yes its difficult, there's an element of subjectivity

Q.4 Has the performance of your Division improved

Q.5 How do you know your Division is "successful". How do you measure this

Q.6 Are your staff more (a) motivated (b) committed.

Q.7 Do you know what motivates your staff. Should department establish this in a structured way

Q.8 Have communications improved in your Division

Q.9 Do you find PMDS useful for dealing with underperformance

Q.10 Are you committed to PMDS. Do you articulate a "vision " to staff. How can we persuade staff of senior management commitment

Q.11 Do you have enough time and resources to deal with PMDS

Q. 12. Do you know what the Department's culture is. Do you consider it high-performance. Where should culture be generated. Is our culture compatible with PMDS

Q.13 Do you engage in quality control of PMDS in your area

Q.14 What are your views on linking reward to performance

Q.15 In your Division, is the developmental focus on (a) job role (b) personal

Q.16 Do you experience any frustrations in relation to PMDS

Department of Communications, Marine and Natural Resources

Performance Management 2005

Phase 1: Performance Planning

Role Profile Form

Name:
Section/Office:
Job Title:
1 Purpose of job: (State the broad purpose of the job)
2 Key SMART* Objectives: (list the main outputs from the divisional business plan to be achieved or worked on in the next 12 months, including work on cross-cutting issues within DCMNR and inter-departmental and Central Partnership Committee and Subgroups)

***Specific, Measurable, Achievable, Relevant, Time bound**

Role Profile Form

3 Key Performance Indicators:

(identify the standards by which the achievement of the key objectives will be measured)

4 Critical Success Factors:

(list the key elements which must go right/must be in place that will help me achieve my key objectives)

Role Profile Form

6 *Personal Training and Development Plan*

Identify the training, development (including self development), coaching and mentoring needs and list them below in agreed order of priority.

On the job training: (if this is by way of coaching or mentoring please state)

Formal training courses: (if required)

Other e.g. self-learning:

How is the Performance Management Process working in your area?

(Upward Feedback will be introduced formally when requested at Interim Review Meeting – have you attended mandatory training and read Upward Feedback manual on Intranet?)

Name of Job Holder:

Unit and Grade:

Signed by: _____ **(Job Holder)** **Date:**

Signed by: _____ **(Manager)** **Date:**

Signed by: _____ **(Reviewer if required)** **Date:**

Date sent to SDU:

Date first interim Review Meeting:

The **complete** Role Profile Form (including the Personal Training & Development Plan) should be sent to Anne Soper (<mailto:human.resources@dcmnr.gov.ie>) at Human Resources Division, 3rd Floor, 29-31 Adelaide Road, Dublin 2 once the form is complete and signed off by the job holder and manager. **A copy of this page will be sent to Staff Development Unit by Human resources Division.**

Competency Framework

Personnel Effectiveness	
Column 1	Column 2
Achievement, Drive and Commitment	<ul style="list-style-type: none"> • having a strong focus on results; • set new challenges and strive for improvements; • set challenging standards and goals for yourself and others.
Self Confidence	<ul style="list-style-type: none"> • work confidently within agreed parameters; • take and stand by decisions; • deal confidently with difficult situations and setbacks; • present oneself with assurance.
Initiative	<ul style="list-style-type: none"> • anticipate what needs to be done and do it; • anticipate what needs to be done and go beyond what is expected; • make forward plans and be adaptable to changing circumstances; • be capable of new thinking and be creative in developing effective solutions.
*Teamworking	<ul style="list-style-type: none"> • be a good team player, work well with others; • encourage and support others; • seek to resolve team tensions.
*Communications	<ul style="list-style-type: none"> • be able and willing to communicate; • present factual information effectively, both orally and in written form; • have good writing skills; • be effective in oral presentation; • be a persuasive communicator.
Thinking Style and Problem Solving	
Analytical Thinking	<ul style="list-style-type: none"> • break down projects into simple steps; • think through issues logically and set priorities; • see relationships between issues and identify coherent solutions.
Conceptual Thinking	<ul style="list-style-type: none"> • see patterns/trends in data; • see the links between related information; • provide clear and useful explanations; • think creatively; • think strategically.

Decision Making and Judgement	<ul style="list-style-type: none"> • assemble the facts and outline course of action; • weigh up pros and cons and make recommendations; • consult and seek advice when there is no precedent; • apply good judgement, especially where a degree of risk exists; • make decisions where there are conflicting issues.
Specialised Expertise	<ul style="list-style-type: none"> • offer specialised advice to others; • be accepted by colleagues as "expert" • draw on innovations and best practice in devising solutions.
* Competencies pre-selected by MAC for all staff	
Group and Interpersonal Effectiveness	
Column 1	Column 2
Networking/Influencing	<ul style="list-style-type: none"> • appeal to people and win them over; • make effective contacts; • build behind-the scenes support; • keep others well informed; • develop key relationships.
Interpersonal Understanding	<ul style="list-style-type: none"> • understand explicit content; • understand other underlying feelings and concerns; • use this understanding to achieve agreement.
Customer Service	<ul style="list-style-type: none"> • be helpful in dealing with customers; • offer appropriate advice; • anticipate customer needs and work to meet them; • help organisations to respond effectively to customer needs.
Managing and Developing People	<ul style="list-style-type: none"> • clarify roles and responsibilities; • check progress and offer useful feedback; • let people know what is needed; • coach people through an activity; • provide help, advice and support; • offer assignments and development opportunities.
Leadership	<ul style="list-style-type: none"> • manage a group or team; • develop a vision for the future; • keep people informed about developments; • guide the performance of others; • make choices and decisions which take the organisation forward in a changing environment.
Managing for Results	
Managing Budgets and Resources	<ul style="list-style-type: none"> • monitor income and/or expenditure; • present case for monies/funding; • address inappropriate use of monies and tackle irregularities;

- make resource allocation decisions and evaluate them.

Appendix 1

Information Seeking and Management	<ul style="list-style-type: none">• collect information to assess the present state of a problem or situation;• find out the reasons why something happened;• develop and put in place information systems;• manage information effectively.
Concern for Clarity and Work Quality	<ul style="list-style-type: none">• be clear about what is expected and ask for help when unsure;• set standards for others;• challenge existing standards;• check the work of others;• be accurate and organised.

Department of Communications, Marine and Natural Resources

Performance Management 2005

Phase 2: Ongoing Management of Performance

Interim Performance Review Form

Name:

Section/Office:

Job Title:

List current status of, and identify any changes to Key SMART

Objectives: (In areas where difficulties have arisen identify how these can be overcome)

Identify any changes to Key Performance Indicators:

Identify any changes to Critical Success Factors:

Interim Performance Review Form

Has the training identified in the Role Profile Form taken place?

(Yes/No – if no please specify reason; did you take up previously offered training options?)

If there are any changes or additional requirements, please indicate them below

On the job training: (if this is by way of coaching or mentoring please state)

Formal training courses: (if required)

Other e.g. self-learning:

How is the Performance Management Process working in your area?

Name of Job Holder:

Unit and Grade:

Signed by: _____ **(Job Holder)** **Date:**

Signed by: _____ **(Manager)** **Date:**

Signed by: _____ **(Reviewer if required)** **Date:**

Date sent to SDU:

Date set for Annual Review Meeting:

A photocopy of this page will be sent to Staff Development Unit electronically by HR Unit.

Interim Performance Review Form

Upward Feedback Discussion

If you intend to engage in the Upward Feedback process please note that training is mandatory for all staff in advance of such discussions

Have you been given the opportunity to give Upward Feedback?

YES NO

Have you had formal training?

YES NO

Has the Upward Feedback Discussion taken place?

YES NO

If yes, tick the appropriate box

No follow-up action required

Action plan for manager agreed following discussion

Note: Discussion remains confidential between jobholder and manager in 2005.

Issues arising from the discussion should be logged by the manager in the format set out in Template 2 of Upward Feed back Guide.

Signed by: _____ (Job Holder)

Date:

Signed by: _____ (Manager)

Date:

Copy to be retained by jobholder and manager

Department of Communications, Marine and Natural Resources

Performance Management 2005

Phase 3: Annual Performance & Development Review

There are four parts to the Annual Performance and Development Review Form.

Part 1: The Jobholder and the manager, in advance of the meeting, separately review performance.

- Self Appraisal Form**
- Managers Appraisal Form**

Part 2: The formal review meeting.

- Assessment of Overall Performance**
- Strengthening Performance**

Part 3: For PSEU Grades only

- Assessment for progression to higher scale**
- Assessment for promotion**

Part 4: Upward Feedback Discussion.

Part 1: Self Appraisal Form

In advance of the formal review meeting please consider and set out clearly under each of the headings

- The areas where acceptable progress is being made
- The areas where progress is achieved, and how the difficulties can be addressed.

To what extent have:

Key SMART Objectives been achieved

Key Competencies been developed and displayed

Training and development issues been addressed

Comment on the overall performance (taking into account each of the above and any factors outside the control of the job holder which impacted on performance)

How is the Performance Management Process working

Part 1: Manager's Appraisal Form

In advance of the formal review meeting please consider and set out clearly under each of the headings

- The areas where acceptable progress is being made
- The areas where progress is achieved, and how the difficulties can be addressed.

To what extent have:

Key Objectives been achieved

Key Competencies been developed and displayed

Training and development issues been addressed

Comment on the overall performance (taking into account each of the above and any factors outside the control of the job holder which impacted on performance)

How is the Performance Management Process working

Part 2: Joint Assessment of Overall Performance (Form to be used at review meeting)

Please give assessment of the overall performance based on the criteria set out earlier. (This should take account and make reference to any factors outside the control of the job holder which impacted on the performance).

Rating on overall performance (based on achievement of objectives and demonstration of competencies required for the role)

Rating System 1 (please indicate on the continuum)

|-----|-----|

Does not meet the requirements of the job/role and needs significant development.	Meets the requirements for the job/role (expected level of performance)	Exceeds the requirements for the job/role
---	---	---

Rating System 2 (For CPSU Grades only – please tick the relevant box)

<i>Exceeds the requirements for the job/role in all aspects</i>	<input checked="" type="checkbox"/>
<i>Meets the requirements for the job/role and exceeds in a number of aspects</i>	<input type="checkbox"/>
<i>Meets the requirements for the job/role (expected level of performance)</i>	<input type="checkbox"/>
<i>Does not meet the requirements for the job/role and needs significant development</i>	<input type="checkbox"/>

Part 2: Strengthening Performance

(This will help in preparing for performance management in next year)

What, if any, improvements in performance are required?

What support and follow up actions are required?

Signed by: _____ (Job Holder)

Date:

Signed by: _____ (Manager)

Date:

Comments on the overall performance (Reviewer - if necessary)

Signed by: _____ (Reviewer)

Date:

Personal Training and Development Plan

Identify the training, development (including self development), coaching and mentoring needs and list them below in agreed order of priority.

On the job training: (if this is by way of coaching or mentoring please state)

Formal training courses: (if required)

Other e.g. self-learning:

What can others in the team do to help me improve my performance?

What can I do to help others on the team improve performance?

How is the Performance Management Process working in your area?

Name of Job Holder:

Unit and Grade:

Signed by: _____ **(Job Holder)**

Date:

Signed by: _____ **(Manager)**

Date:

Date sent to SDU:

Part 3: Promotion Assessment

For PSEU Grades only - to be completed where the job holder wishes to be considered for promotion

Self Assessment by job holder Based on the criteria set out earlier, assess those aspects of your performance which would demonstrate your potential for the higher grade (including the key competencies developed and displayed)

Promotion Assessment by the manager Based on the criteria set out earlier in the guide lines, assess those aspects of the job holder's performance in the present post which you consider:

- would contribute to performance at the higher grade

- might take from performance at the higher grade

Based on your experience of jobholders at this level, do you regard the potential of this jobholder for the higher grade as:

Qualified for promotion:

- Exceptionally well qualified
- Well qualified
- Qualified, able to undertake higher duties adequately

Not qualified for promotion:

- Likely to qualify in time, not able to undertake higher duties adequately but should qualify after more experience
- Unlikely to qualify unless performance significantly improves

If the jobholder is not qualified for promotion at present, indicate the reasons for this conclusion (e.g. lack of experience, inadequate performance, deficiency in qualities required for the higher grade). The job holder should be told of your conclusion, given the reasons and, where appropriate, follow-up action should be identified.

Follow up action required:

Signed by: _____ (Job Holder)

Date:

Signed by: _____ (Manager)

Date:

Comments by Reviewer (if required) In the event of different view arising the matter should be referred to the reviewer for consideration and resolution.

Signed by: _____ (Reviewer)

Date:

Annual Review Meeting Completed

Jobholder Name.....

Signature.....

Section.....

Date.....

Manager Name.....

Signature.....

Date.....

Were all your training needs met satisfactorily?

YES

NO

If NO, please specify.

Annual Performance & Development Review

Part 4: Upward Feedback Discussion

If you intend to engage in the Upward Feedback process please note that training is mandatory for all staff in advance of such discussions.

Have you been given the opportunity to give Upward Feedback?

YES NO

Have you had formal training?

YES NO

Has the Upward Feedback Discussion taken place?

YES NO

If yes, tick the appropriate box

- No follow-up action required
- Manager implementing action plan as agreed at Interim Review Meeting

Signed by: _____ (Job Holder)

Date:

Signed by: _____ (Manager)

Date:

Copy to be retained by jobholder and manager