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PERFORMANCE MANAGEMENT: CREATING HIGH PERFORMANCE, NOT HIGH ANXIETY

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Anxiety about the evaluation of performance in the Australian Public Service (APS) affects both supervisors and those being assessed. We will explore some of the reasons for this anxiety, how it affects these organisations and the gap between the ideal of performance management and the more complex reality of practice. Our research suggests that we need a substantial change in the way we think about performance management conceptually and the way in which it should be implemented across the APS.

We believe that performance management systems could be reoriented to enable *high* performance across individual, group, organisation and system levels, rather than following a more typical focus on *underperformance*. The preoccupation with underperformance in practice has, we argue, contributed to performance management being used as a pejorative term—something that is 'done to me', something I am going to 'do' to people, which leads to higher levels of anxiety in both employees and managers (see Kahneman and Tversky 1979 in Alford

and O’Flynn 2012, 78; de Vos et al. 2003). Instead we will argue that by framing performance management as being about the more positive notion of high performance, we can reduce the associated anxiety.

Performance anxiety emerges when an individual is concerned about something to do with their employment and this affects the way that they perform. In an ideal situation, performance management systems are focused on encouraging high performance and supporting innovation through setting clear goals and identifying learning and development needs. This enables individuals to undertake more challenging work, thereby increasing the capacity of a workforce and reducing anxiety. However, in practice the processes involved in performance management systems could, in themselves, create anxiety.

The tensions between these points are important as they reflect the promise and pitfalls of performance management systems, enabling us to discuss the source of performance anxiety in organisations. We observed several sources of anxiety, including a lack of clear performance expectations, over-measurement, and a focus on process compliance rather than outcomes.

In the first part of this chapter we outline our research project,¹ explaining how it was established and the aims. In the second part we set out the data collection processes. The third part explains the reconceptualisation of performance management which developed from the project. In the fourth part we set out the key elements of the new performance management framework the project team developed, explaining how these can be used to manage and, potentially, reduce performance anxiety. In the final part we make the case that focusing on high performance and aligning individual and organisational goals can reduce anxiety and increase innovation in practice.

Why this project?

The project developed as part of the implementation of the *Ahead of the Game: Blueprint for Reform of Australian Government Administration* (AGRAGA 2010) report. The Blueprint set out a program of reforms, including attention to strengthening the performance framework and developing more collaborative relationships between academic and practitioner experts. A key driver for

¹ This chapter is based upon a partnership between The Australian National University, the Australian Public Service Commission, the University of Canberra and the University of New South Wales, Canberra, which led to a new performance framework for the Australian Public Service. A partnership approach was seen as important to enable the partners to learn from each other and develop strong links between theory and practice. The three-year time frame enabled deep exploration of the literature, rigorous data collection and analysis, and ongoing interaction between academics and practitioners to develop a framework with practical implications.

the focus on performance management was emerging evidence—from both Australian Public Service Commission (APSC) (2012) research and scholarly literature (Grumana and Saks 2011; Truss et al. 2013)—linking notions of employee engagement with performance.

The APSC (2012), through its Employee Census (n=87,214), identified that performance management has a substantial influence on employee engagement. It observed a relationship between employees receiving quality feedback and other forms of support, including coaching on the one hand, and higher engagement, commitment and performance levels on the other. In Figures 5.1 and 5.2, the graph on the top shows that higher performance is associated with simply receiving feedback; the graph on the bottom demonstrates that higher engagement is achieved by receiving feedback that the employee views as positive or constructive (see APSC 2012a).

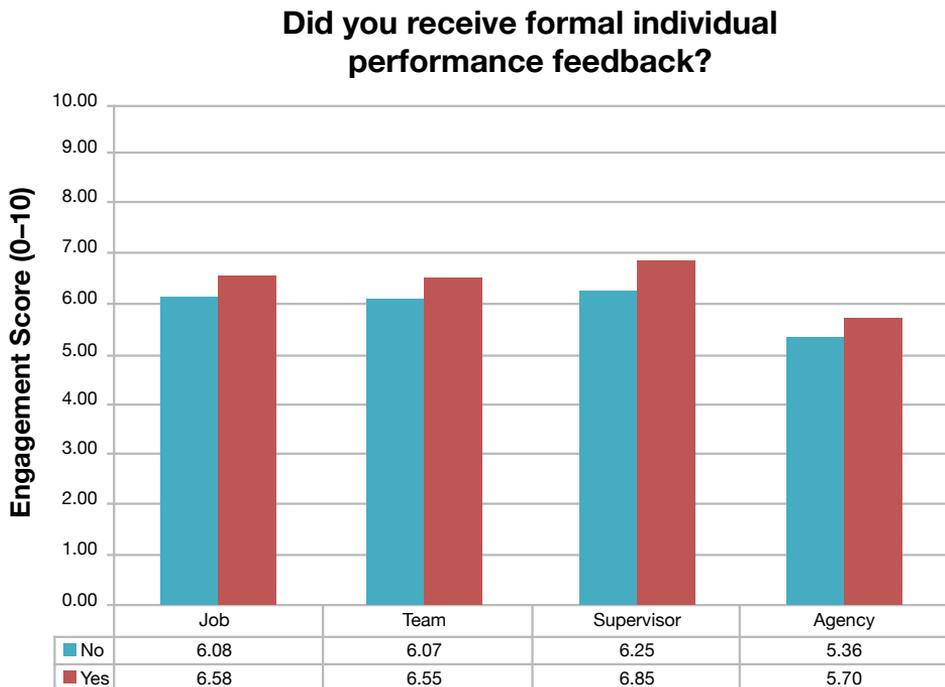


Figure 5.1. Responses on performance feedback

Source: *State of the Service Report* (APSC 2012a).

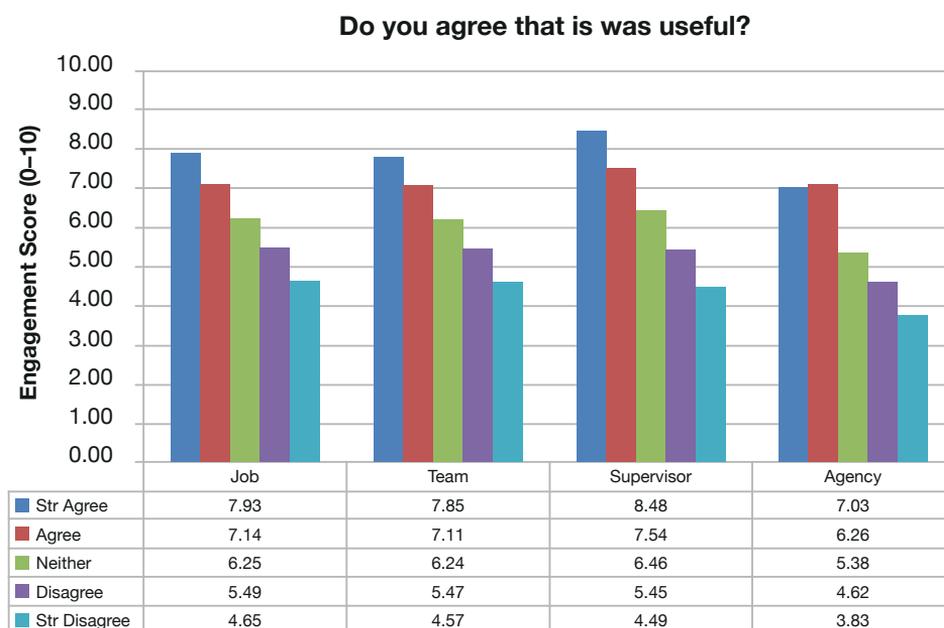


Figure 5.2. Responses on performance feedback

Source: *State of the Service Report (APSC 2012a)*.

Findings from the Employee Census also emphasised the need for employees to receive feedback and support, with the return being greater engagement, performance and intention to stay (APSC 2012a).

These findings support those in the scholarly literature which illustrate the relationship between human resource systems and practices more broadly (beyond simple performance management), and employee engagement and performance (Alfes et al. 2013; Barbier et al. 2013). For example, some have found that trust felt by the employee in the organisation mediates the link between Human Resources (HR) practices and organisational performance (Patel et al. 2013; Mone et al. 2011). This highlights the importance of a productive employee–supervisor relationship and the provision of fair, regular and quality feedback, as these both affect and are affected by trust. Unfortunately, performance management is a tool that is not being used effectively for achieving productivity and performance gains in the APS, as demonstrated by ongoing reports that identify long-standing problems with the way performance is being managed (Blackman et al. 2012; Cheng et al. 2007; GAO 2004).

Research undertaken by the APSC and other organisations demonstrates that performance management is a long-standing issue for the APS (see, for example, ANAO 2004; APSC 2012a). The majority of organisations require all employees to have a performance agreement and most employees report receiving some

form of performance feedback over the annual performance management cycle. Unfortunately, fewer than half of them report that this feedback will help improve their performance (see Figure 5.3).

Questions	2009–10	2010–11	2011–12
Agencies require employees to have performance agreement	93%	90%	92%
Employees receive formal performance feedback	88%	88%	79%
HOWEVER ...			
Percentage of employees who agreed that most recent performance review would help them improve their performance	51%	50%	48%
Percentage of employees who agreed that their agency deals effectively with underperformance	24%	23%	21%

Figure 5.3. *State of the Service Report* findings regarding performance management

Source: *State of the Service Report* (APSC 2012a).

This is one of the most concerning statistics for the APSC, particularly when other research identifies that most managers—there are between 30,000 and 40,000 in the APS—rate their own performance management abilities quite highly, but most employees rate their managers’ ability to undertake effective performance management as quite low:

The 2012 employee census showed that 80% of managers said they were confident in managing the performance of others. This is in sharp contrast to the virtually 80% of APS employees who did not respond positively when asked if they perceived their agency manages underperformance well. Managers who said they were not confident in managing performance agreed they would be helped through access to training on performance management (51%), improved guidelines on the performance management process (46%) and improved access to advice within their agency (51%) (APSC 2012a, 193).

Another issue which emerges in research undertaken by the APSC is the inconsistent implementation of performance management across the APS. The percentage of employees who report receiving feedback varied from just over 10 per cent to approximately 96 per cent. The variable implementation of performance management may be explained by additional research that demonstrates variability in managers’ spans of control (i.e. the number of people they have to manage). This research demonstrates that the wider a manager’s span of control, the more likely that they will report not having enough time to manage performance (see Figure 5.4).

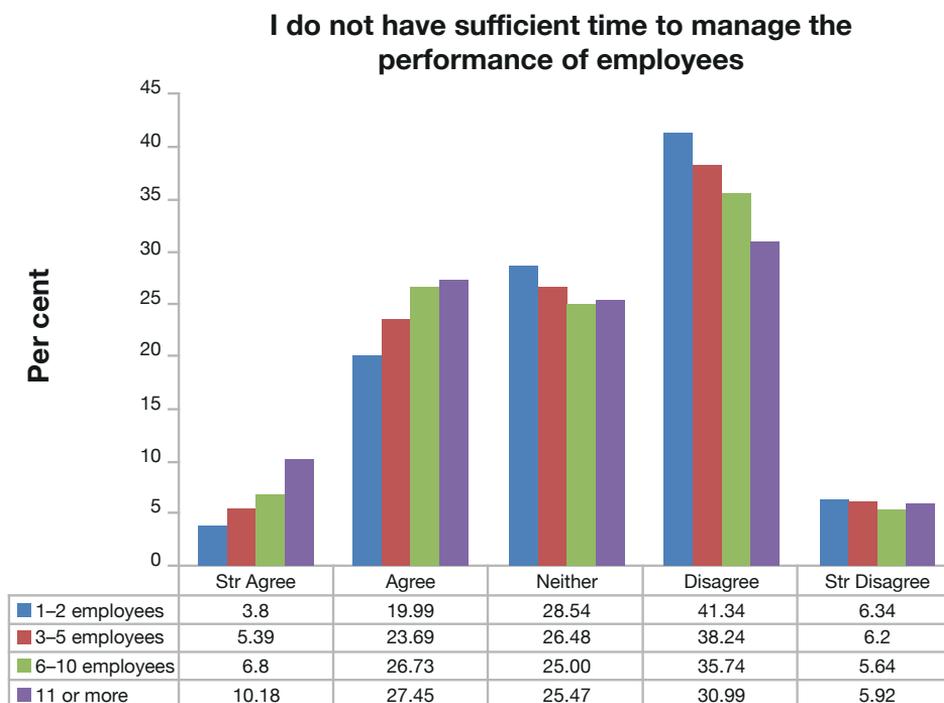


Figure 5.4. Management responses to time availability for performance management

Source: APSC 2012b.

The APSC has recently completed 20 capability reviews of large APS organisations (APSC 2013), and its results reaffirm findings from the survey research discussed earlier. It is becoming clear that the implementation—not the design—of performance management systems is the critical problem. While many of the processes reflect current good practice, the implementation stage is where the promise of performance management dissipates. Here is the crux of the performance anxiety issue: many employees are not concerned about performance management *per se*, but rather the implementation of these systems, which creates uncertainty, confusion and stress. All of these have the potential to create anxiety around performance management practices and reduce their efficacy in organisations.

The issues discussed above led to three critical questions for the APSC in thinking about how to create an effective performance management framework and encourage a high performance culture:

1. Is people management valued appropriately if insufficient time is devoted to it?
2. Is performance management a managerial capability issue?

3. Is the potential of performance management more of a reflection of the way that management work is structured, rather than the competence of the individual manager?

These questions on performance management and engagement provided the impetus for the 'Strengthening the Performance Framework' project. To answer them, a team of practitioners and academics was formed. The team was to develop a new research foundation for performance management that would focus on developing high performance and implementing processes and procedures effectively. If a new perspective could be developed which would change the accepted norms in place, performance should improve and anxiety reduce. The co-production model was adopted in order to trigger innovation; since the more traditional models of consultancy had not delivered novelty, the research model itself needed to be different.

Revisiting the theory: Developing a new conceptual model of high performance

The first stage of this project was an in-depth review of the general performance management literature, with a specific focus on the high performance organisation, individual and work systems literature. We also looked at current practice in the Canadian Public Service, the United States Federal Public Service and reviewed studies undertaken by the Organisation for Economic Cooperation and Development (OECD) to establish what was happening globally.

We noted that the majority of the focus in the performance management literature is on the individual, with organisational performance as a secondary concern. There was fairly little literature that substantively considered these two levels of performance in a meaningful way and there was nothing (that we could identify) which then linked this more broadly to the overall system performance. Our first proposition was, therefore, that performance management needed to be reconceptualised as a four-tier model, with HR practices being used at each level to achieve high performance outcomes (see Figure 5.5).

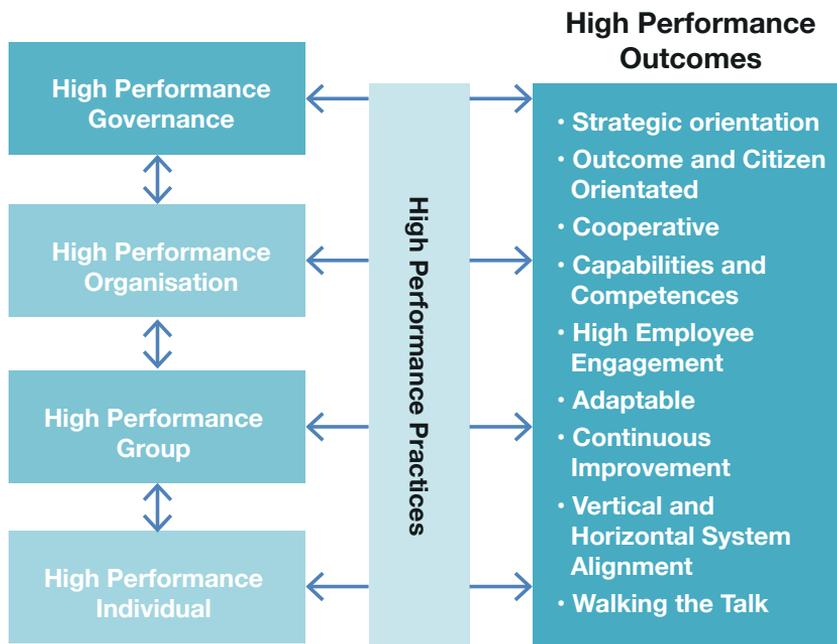


Figure 5.5. Achieving high performance outcomes through four levels of performance

Source: Blackman et al. 2012, 8.

The first level of our model is the *individual*, who is usually the focus of any conversation—we always talk about individual performance management, about agreements, about measurement. However, we considered that perhaps the gap between apparently good process and poor outcomes was related to the levels of analysis (for more details on this section of the work please see Blackman et al. 2012). We were struck by an example of a US organisation where everybody got a rating of 4 or 5 out of 5 for their individual performance agreement, yet the organisation was not achieving its outcomes. This confirmed that focusing solely on the individual is not a magic bullet for performance. In the US case it was apparent that there needed to be a clearer link between the individual goals and tasks, and the organisational imperatives; thus, the organisation became another level of the framework to ensure that there would be consideration of alignment.

The second level of the model was confirmed and clarified as we conducted the empirical research. The literature stresses the importance of teams and the relationships between rewards and team outcomes, but there is very little literature about performance management of groups more generally. It became increasingly clear that the *group* level is an important mediating factor between the individual and their organisation, even when an individual's work was

not reliant upon other members of the group. So the second element of the model emerged as requiring performance to be at least harmonious with, and preferably supportive of, the group level.

The third level is that of the *organisation*. In the literature there are key outcomes that can be identified with high-performing organisations (Blackman et al. 2012). The performance management system needs to be designed (in conjunction with other HR practices) to enable the alignment of individual with organisational goals in order to achieve those goals. This is because the stated organisational outcomes and the ways they are to be measured will have a strong impact on performance management outcomes.

The fourth level—which we did not find in the literature—is about high performance *governance*. This links to ideas discussed by Glyn Davis in the Australia and New Zealand School of Government’s (ANZSOG) Paterson Oration on 6 August 2013, when he raised the impact of the Dawkins Report: the related change in governance structure had a huge impact on all the universities because it changed the overarching system in which they worked. A high performance governance system is aimed at setting the system-wide architecture which enables high performance across a whole system, such as the public service. One reason for performance systems failing is that there are systemic issues inhibiting the changes needed for effective implementation. When governance is conceived of in this way, the orchestration of connections and actions between multiple actors becomes central.

The development of the four-tiered model highlighted several possible areas which could create performance anxiety. These include a mismatch of expectations between the individual and the organisation; tensions created within a group when performance systems are seen as unfair or creating competition within teams; structures which prevent performance from having the desired effect; or systems which either prevent the levels working together or create actual tension between them.

There is substantial literature about high performance work practices (see Becker and Gerhart 1996; Bullera and McEvoy 2012; de Waal 2012; Huselid 1995; Sung and Ashton 2005), almost all of which is targeted at the individual, despite being apparently relevant to the organisation. While there is some focus on the organisational level, most of the high performance work practices are geared toward establishing targets for the individuals in the expectation that they will change the organisation. This seems rather hit-and-miss, leading the research team to argue for something a bit more focused—this might be where performance management implementation was failing.

Faced with areas of potential performance anxiety, poor implementation and lack of system coherence, the researchers set out to consider empirically what could be done to support high performance in an ongoing way.

Data collection

The team undertook seven case studies. These were selected to ensure a range of small, medium and large organisations, as well as varying degrees of performance management effectiveness (according to *State of the Service Report* data; see APSC 2012a).

In case study research, multiple sources of evidence are collected (Yin 2003) to gain a deeper understanding of the studied phenomenon. This study employed semi-structured interviews to ensure consistency across interviews as well as adherence to the areas of interest, but still allow for sufficient flexibility for the participant to respond (Bryman 2004). Ninety participants were interviewed between August and November 2012. Exploratory focus groups (Dahlin-Ivanoff and Hultberg 2006) were also conducted, with 136 participants taking part in 22 discussions.

Interview and focus group participants were selected through a stratified purposive sampling technique, which involved the selection of participants from particular subgroups of interest ('strata') that were fairly homogenous. This facilitated comparisons across groups, enabling the researchers to capture variations and commonalities (Patton 1990). Invitations were sent to public servants within each case study based on their hierarchical level (senior manager, middle manager, operational staff) and geographical location (national office, selected state and regional offices). This led to an overall sample of 226 participants (see Table 3). Seventy-one were employees at the operational level, 113 at the middle management level, and 42 at the senior management level.

The primary qualitative data were complemented by:

- documentary analysis from agency reports and information about government processes;
- analysis of secondary data from the SOSR reports undertaken by the APSC; and
- an analysis of international systems gathered through interviews undertaken with senior government, ex-practitioner, think tank and international organisation officials in Washington (World Bank; IBM Center for the Business of Government), Ottawa and Paris (OECD) in 2012. All those interviewed were involved with advising on, developing and/or implementing performance

management policy and systems in public sector organisations. The objective was to establish global trends, good practice and challenges.

Empirical findings: What is going on in practice?

What is high performance?

One of the most important findings was the lack of shared understanding of what constituted high performance within organisations. When we coded our data, we could identify 125 different definitions of what high performance meant, with remarkably little agreement within or across organisations. Often during the interviews, we asked participants: 'Do you have conversations about what high performance in your organisation looks like if it is working?' 'No' was a common response. Many participants reported a focus on problems but limited attention on what denoted high performance in their individual, group or organisational setting.

So why does that matter? This lack of clarity about what high performance is has implications for performance measurement, evaluation and anxiety. It severely impedes the ability to establish clear performance expectations and this flows through to important aspects of performance systems, such as rating schemes. In our research, we found that people didn't know what was required to achieve high ratings, what differentiated the levels in the ratings scheme and how decisions were made regarding the allocation of ratings. The practice of performance management, therefore, resulted in considerable levels of performance anxiety amongst employees. For example: 'I'm given a 3 or a 4 but it's not clear to me why I'm a 3 or a 4. It's not effectively communicated to me how I become a 5'; and, 'I've had different ratings throughout time even though I've done nothing different'.

This lack of clarity extended beyond the individual to groups where, in some cases, generic performance agreements were put in place. We found instances where whole sections (groups) had identical agreements, because that was the approach their manager preferred. We also found instances where job descriptions were essentially 'cut and pasted' into the performance agreement. We argue that both of these examples, neither of which is an isolated incident, reflect a 'compliance' approach in practice: although the forms were completed on time and could be reported as an operational success, they were unlikely to lead to meaningful discussions or improvements in performance. Practices such as these create performance anxiety for both those completing the agreements and those undertaking the performance management discussions.

According to participants, anxiety also emerged because those involved did not feel equipped to undertake the process effectively. The reasons for this, which interviewees all thought were linked to the lack of clarity about high performance and/or clarity of desired outcomes, included:

- Supervisors were not sure how to rate employee performance, leading to tensions around the measurement systems.
- Capability of employees and managers to undertake effective performance management was low because nobody was sure what high performance meant at all levels of the model.
- Evaluation was difficult with no clarity regarding desired outcomes.
- Innovation was difficult, because the focus was on *tasks* and measuring the task as it was listed in the agreement.
- Performance agreements might, but often did not, link to the required outcomes.

Our empirical work also shed light on the narrowness of what constitutes performance management: there is an overemphasis on performance agreement writing and appraisals as a compliance exercise, but a lack of integration between performance management activities and other people management activities, such as recruitment, selection, probation and development. There is also a lack of integration more substantially into the other levels of the conceptual framework we developed—from individual to group to organisation to system. Hence, our identification of *role clarity* as being crucial for articulation and management of expectations. We argue that this is one of the critical aspects of performance management and a key driver for high performance (see Blackman et al. 2013).

The role of informal feedback

Despite initial assessments of performance management effectiveness at the organisational level implying that we should find better practices in some cases, the empirical work showed that both good and poor practice occurred in all the case study organisations. This was very much in evidence when considering the disconnection between managers' and employees' perceptions of informal feedback.

The importance of regular (often informal) feedback was widely discussed. Participants often focused on the importance of the informal conversations between managers and employees about various facets of the employee's work, what was required of them, how they were going and the provision of feedback on specific tasks. Interviewees emphasised how much this ongoing feedback helped to guide employees' on-the-job behaviour. Said one senior manager:

I think when [performance is] managed well there's no surprises for the individual, they understand how they're tracking because it's not waiting until a six-month performance cycle to tell them that they're not achieving whatever goal or benchmark they're expected to perform at.

Many managers claimed to provide employees with informal feedback on a regular basis, yet employees often did not appear to recognise informal conversations as a form of feedback. This led to the perception amongst some employees that they were *not* provided with regular feedback. A positive example came from one manager we interviewed, who was cited as an example of achieving good practice by several other interviewees. When a new employee arrived, this manager established what the desired group outcomes were, discussed them with the employee's group and changed the work patterns for all group members so that the right people were undertaking the right work and every employee was learning and growing. In this case they were receiving clear feedback, which they recognised, with no mismatch emerging between the manager's perception and that of the employees. This demonstrates the need to align the different levels of the model.

This type of practice was quite rare, despite general agreement that increased levels of informal feedback could reduce anxiety and increase high performance. The research highlighted the importance of informal performance conversations (rather than compliance activity), which provide timely and ongoing feedback and can link together the various levels of performance management.

Performance management is hard

The majority of participants, regardless of hierarchical position, thought that performance management offered great potential for organisational improvement and high performance. However, we found that for the most part it has developed into a largely negative, value-laden term, synonymous with 'underperformance' management. Many managers did not consider that performance management was core to their roles and found that it was overly time-consuming. This was partly because performance management was seen as something that was hard, involving 'difficult conversations', and often led to anxiety because of a perceived lack of support when addressing underperformance. Managers reported feeling 'abandoned' and unprepared to undertake such a process again. This led to a focus on compliance, rather than using the performance management system in a more positive and potentially performance-enhancing fashion.

The separation of performance management and core business appears to have been strengthened as a result of the over-focus on *compliance* with a performance management system and formal processes, rather than on performance management itself. We saw many examples of organisations focusing on

'improving' information technology (IT) systems, designing new forms and instituting extra conversations in the formal process, leading to the expectation that a new system might solve ingrained problems. We also heard about training and development on how to navigate the IT system, rather than how to implement it more effectively through better conversation, better feedback or greater clarity of the desired outcomes. In our US research, we observed a very large organisation spending half a billion US dollars on installing a new system and training people how to use the IT system, but providing no training on how using it could actually develop better performance.

These findings demonstrate some of the challenges associated with the effective implementation of performance management. If not addressed, these challenges can lead to increased performance anxiety, which can in turn impede the achievement of high performance. Conversely, good performance management can attenuate anxiety. To achieve this, performance management must have a clear purpose and be meaningful to employees.

From the findings discussed above, we established that for performance management to lead to high performance:

- There needs to be a shared understanding of what high performance means for the organisation.
- Performance measurements and ratings need to reflect the high performance definitions.
- There should be a shared understanding of what behaviours and attributes are required to achieve particular ratings.
- Performance management must enable alignment between organisational, group and employee goals.
- Performance management should help to establish role and goal clarity, enabling the articulation and management of expectations.
- Performance management must be integrated with other management practices, including rewards mechanisms and learning and development.
- Performance management should be used as a mechanism for monitoring and reviewing performance, in particular progress against performance expectations and goals.
- Performance feedback should relate to individual, group and organisational outcomes and be clearly articulated and understood.
- Performance management processes should be seen as core business.
- All those involved need to know how to make the performance process useful for themselves.

A new framework

As a result of our findings, and to assist this list of recommendations, the project team developed a new performance management framework. It is derived from both our empirical research and key ideas from the conceptual model. The new framework (see Figure 5.6) is designed to assist in the implementation of performance management approaches rather than set out a universal system to be adopted. In this way it is a flexible, system-wide framework that can guide tailored approaches at the organisational or sub-organisational levels.

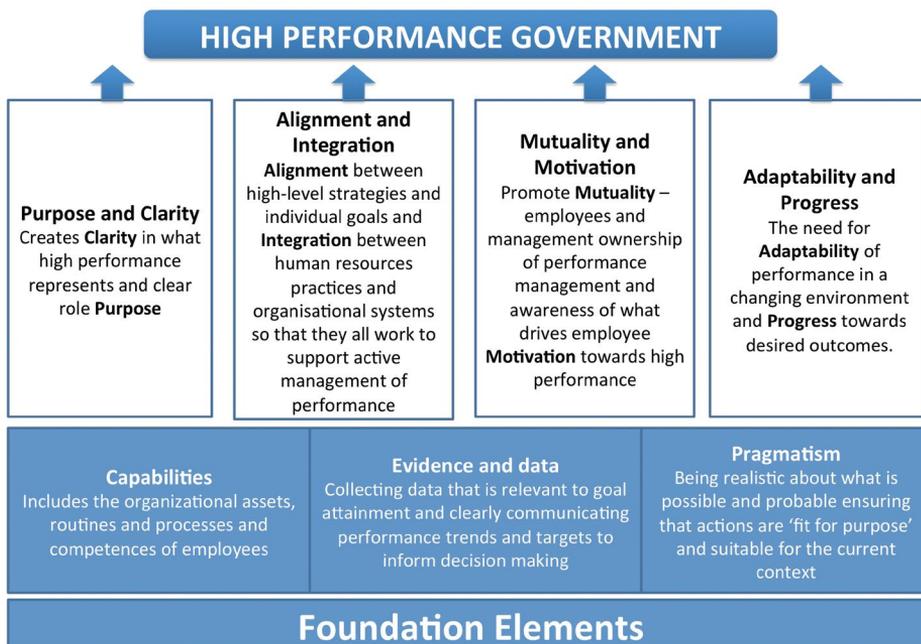


Figure 5.6. A framework for high performance

Source: Blackman et al. 2013, 5.

Our framework is designed to 'wrap around' the performance management process. We see it as the mediating level between the processes and systems that an organisation adopts and the emergence of outcomes. The objective is to focus on an outcome—high performance—rather than the inputs of processes, measurements or agreements for the sake of compliance. By concentrating on the implementation, not the process, the focus of both employees and managers can be on achieving the outcome of high performance. Stability of processes should reduce change anxiety. In addition, the attention to high performance should support a positive orientation that enables innovation through being clearly aligned with the organisational goals—and thus disposed to *outcome* rather than *process* aspirations.

The framework comprises seven components: four principles and three foundation elements. We argue that every performance management system requires these components in order to be implemented effectively. The four principles reflect what the framework needs to achieve, whereas we consider the three foundation elements to be critical factors underpinning the implementation of the principles. Any performance management system can be analysed against the framework to determine whether or not it fulfils each component. In the following discussion, we set out the principles and foundations and the key findings that emerged from them.

Framework principles

Clarity and purpose

A key factor that enables high performance relies on organisations, groups and employees having both role and goal clarity. Through our research, we found that many people did not feel their goals and roles were as clear as they could be. The risk with goal and role ambiguity is that it may contribute to increased levels of anxiety; hence the importance of providing clarity. Therefore, this principle focuses on the following questions: Is there a shared understanding of what constitutes high performance in different contexts? Does the organisation have a strategy comprising clear and simple goals, framed around the achievement of high performance? Do people understand what their specific role is about and how it contributes to the goals? Do they know what high performance means for them?

Alignment and integration

This principle focuses on illustrating why the work undertaken by groups and employees is important for achieving the organisation's goals. It was surprising how many of our participants did not really understand the relationship between what they did on an individual level and their organisation's priorities and outcomes. This can create real tensions, including inefficient prioritisation of work, thereby increasing performance anxiety levels. An example of the difference made when the goals are clear came from one of our case study organisations, demonstrating 'why the mail matters'. In this particular organisation, the manager explained to employees in the mailroom how what they did enabled the organisation—and more broadly the government—to achieve its desired outcomes. In doing so, employees learned why processing the mail in a timely manner was pivotal to organisational success, and thus why

their individual roles were important. Performance increased and individuals not only knew the goal, but also how their individual tasks fitted into the bigger picture.

This principle also focuses on utilising HR and management practices in a complementary way to enable alignment and high performance. The right people should be in the right jobs at the right time, undertaking the right work in order to achieve organisational goals. In order to manage and control the growth of an organisation, there is a tendency to develop new policies and procedures to manage new parts of the system. But if the remainder of the system is not amended to fit the changes, or if the new part is not set up to be in harmony with the current system, effectiveness will decrease. One form of anxiety emerges when different practices or people are asking for apparently inconsistent or competing outcomes (for example, when a target for increased numbers and speeds of outputs is seemingly causing problems with an alternative call for increased quality). By seeing the organisation and the way that it is managed in a holistic way there will be less disconnection between new initiatives and ideas.

Thus, this principle focuses around the alignment and integration of the systems, both vertically and horizontally across the levels identified earlier in Figure 5.4. The questions here are as follows: Do groups and employees know how their role aligns with the organisational goals? Are organisational goals cascaded throughout the organisation? Do individuals and/or groups know how they align with the rest of the organisation? Are different parts of the organisation in alignment with other parts?

Mutuality and motivation

In our research, people talked about *being performance managed*—seeing performance management as something that was done *to* them—and stressed that, for the majority, the term was seen to mean *underperformance management*. The language indicated performance anxiety, uncertainty and often a rather adversarial view of the manager undertaking something negative. Yet the ability to motivate performance requires both employees and management to engage with performance management in a positive way. Mutuality means that there is a shared view that the outcomes will be of benefit to both the individual and the organisation. To achieve this there needs to be a common view on what is needed or wanted by the employee and the organisation.

However, one of the issues that came out strongly from management was: ‘Well, if we can’t reward people with money, we can’t do anything’. At the same time the employees were saying: ‘It’s not about money. I want to know how my work is affecting other people’. It was apparent that these disconnected

ideas meant that many organisations were not harnessing employee motivation: management thought financial rewards would increase employee motivation, overlooking techniques of alignment and ensuring that employees know why their job is important.

The key is that all those involved in performance management willingly engage in the process, meaning nothing is 'done' to anybody else and employees feel sufficiently in control so that anxiety levels are reduced. This principle emphasises the importance of employees taking ownership over their own performance and managers being held accountable for enabling employee performance.

Adaptability and progress

Our research suggests that the ability of organisations, groups and employees to adapt to change is critical for high performance. This is also important for reducing the anxiety commonly associated with change; employees must be supported in this process to reduce their anxiety and enable them to perform. The ability to track progress against performance targets is important for supporting the adaptability to change, however, it is difficult as performance agreements are often very static and reflect a particular moment in time. In addition, progress needs to be measured in ways that do not kill innovation, create fear or lead to undesirable results.

The first thing is to recognise what would be the *ideal* and what is *likely*; just because something has not yet been achieved does not mean it is a failure. The importance of establishing stretch goals at the organisational level was evident in the United States, where some organisations set themselves a very big stretch goal with the recognition that they were not necessarily going to achieve it. Crucial to this was a change in the way achievements were measured.

For example, in one organisation a senior manager reported that progress had been facilitated by moving from having '255 measurements ... [and spending] every senior management meeting checking if we were getting there' to focusing on three key questions: 'Do we know where we're going? Are we there yet? ... If not, how are we doing?' This was argued to be 'a much more useful conversation', which helped the senior manager to progress.

This highlights the importance of focusing on fewer, but critical, performance measures in order to facilitate adaptability to change, progress and high performance. The key for individual performance management would be to identify the stretch goal and then to clarify what would be acceptable progress that can be charted and recognised as an achievement while still working

toward the overall goal. All of this should also help to reduce performance anxiety as it helps to clarify what employees need to focus on, particularly when priorities change.

Foundation elements

Evidence and data

Our findings suggest that the move toward high performance can be facilitated through the collection and provision of performance data that is directly relevant to goal attainment. This performance information can then be used to inform strategic and operational decision-making. In most case study organisations, however, participants highlighted that a myriad of data was collected and not necessarily used to inform decision-making. For example, the *State of the Service Report* provides rich data and the key is to establish which bits really add value in this context. In other words, what is the evidence that will help organisations understand what will support more effective performance?

In a similar way, once organisations and/or managers have identified specific targets, they will need to consider which questions or measures provide real evidence of progress. Evidence from the literature suggests that individuals will work to achieve whatever goal is set (Blackman 2006; Knight 1999; Norreklit et al. 2008). Participants agreed that they would focus upon the things that they knew were being assessed, as this would enable them to demonstrate good performance, thereby reducing one form of anxiety. Hence the choice of evidence is critical both for achieving goals and managing anxiety. However, what is measured is often just *what is measurable*, rather than what needs to be measured. Thus, those involved in implementing performance management need to consider what high performance will look like and what evidence will enable progress to be charted in a meaningful way.

Capabilities

Interviewees in Canada revealed that historically there had been so much focus on leadership that fundamental management skills needed by people were not being developed. Yet over time, managers' spans of control had been increasing, their resources were diminishing, the systems were becoming more complex and their teams needed more support and direction. Therefore, the Canadian Public Service decided that all managers would require certification before taking on

managerial responsibilities. They also supported the development of managerial competencies through instituting a community of practice to support managers and ensure they had access to a support network.

Through ensuring employees, managers and leaders have adequate competencies, organisations can facilitate self-efficacy and reduce performance anxiety. This foundational element emphasises the importance of developing the capabilities necessary to achieve organisational goals. It highlights the importance of leveraging organisational resources, routines, structures, systems and processes to support high performance. It also highlights the importance of developing employee, manager and leader competencies—one of which is actually being able to undertake effective performance management.

Pragmatism

A common issue for the case study organisations was increased levels of performance anxiety and stress as a result of trying to do ‘more with less’, rather than reprioritising responsibilities as goals change. This is particularly important in times of austerity, highlighting the importance of questions such as: ‘What is likely? What is possible? What is achievable?’

Another common problem was that of managers’ and employees’ identifying formal development opportunities in their performance agreement when the learning and development budget had diminished considerably. When formal development opportunities are identified but not taken up due to budgetary constraints, employees’ expectations are not met, leading to cynicism regarding the performance management process. Thus this foundational element emphasises the importance of being realistic about what is happening and what is possible and, in particular, what can be achieved with the resources available.

Conclusion

In this chapter we have made a link between performance anxiety and performance management, arguing that poorly designed or implemented performance management systems will create or encourage performance anxiety. Such anxiety may emerge from measuring or focusing on the wrong things; over-focusing on what can be measured rather than developing alternative metrics to encourage desired outcomes; feeling unable to undertake the performance management system effectively; lack of transparency within a system; or a lack of understanding about what is actually required. We argue that focusing on high performance requires the development of a shared understanding of what

is meant by good performance at different levels of the model throughout the organisation. This creates a more positive perspective, which can thus reduce performance anxiety.

However, we have presented data that highlights serious problems with the capacity of all employees and managers to undertake effective performance management. High performance is often not articulated clearly, feedback does not achieve the intended outcomes, and many managers and employees find performance management to be challenging and difficult. Indeed, performance management is often perceived as a negative thing. These findings supported our contention that the problem is with the *implementation* of performance management systems rather the systems themselves.

To overcome some of the problems we have presented a new performance framework which acts as a guide for implementing performance management systems. The framework is designed to enable organisations to self-evaluate: a) whether their systems will achieve the desired performance outcomes; and b) whether they have set in place foundations to support these outcomes. Our contention is that using the framework enables a more outcome-oriented approach. This should increase transparency, enable goal clarity and clarify what should be measured—and will thus reduce performance anxiety for both employees and managers, while supporting the development of high performance.

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