



Managing Underperformance Guide



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This guide is for employers and managers. It explains the advantages of taking a best practice approach to managing underperformance, and how to identify, address and minimise underperformance.

Performance Management process

Implement a performance system

A performance system provides employees and managers with a framework for goal setting, constructive feedback, continuous skill development and regular discussions about performance. This helps reduce the chance of underperformance occurring.

A performance system doesn't have to be complicated or time-consuming. To implement best practice in your workplace you could consider:

- **expectations** - discuss your performance system during induction, training and in staff communications – this will help make performance a regular part of workplace conversations
- **template agreements** - create a simple performance agreement template for your workplace
- **discussions** - meet with employees to set clear performance expectations, discuss and record their individual performance goals and training needs
- **feedback** - monitor employees' performance and provide regular, specific feedback, in a timely manner, about things they do well and things they can improve on
- **training** - support employee's skills and performance through training, coaching and mentoring
- **review** - conduct performance reviews every few months. Track employee performance against the agreed goals and set new goals
- **self-review** - ask employees to complete a short self-review ahead of the performance review - this helps employees feel more involved with and committed to the process
- **reward** - recognise and reward employees who do a good job. This doesn't have to be a financial reward. Many employees appreciate a simple acknowledgement of their effort or achievements.

Address underperformance

Addressing underperformance can be challenging for both managers and employees. Failure to address underperformance appropriately, sensitively and promptly, can have a significant impact on your workplace culture and productivity. The issue is unlikely to go away on its own, and other employees may lose motivation if they have to carry the burden of poor performing colleagues.

Address underperformance issues straight away. It will make it easier to resolve issues and avoid more serious problems. It will also assist if you decide later to dismiss an employee for underperformance.

Process

Step 1 — Identify the problem

Write down:

- examples of the behaviour or action that is causing an issue
- when it's occurring
- why it's an issue
- specify how the behaviour or action needs to change or improve.

Get any documents that demonstrate the problem, such as business statistics, examples of the employee's work or customer feedback. Make copies to give to the employee.

Step 2 — Assess and analyse

If you identify a problem, consider:

- how serious is the problem
- how long the problem has existed
- the gap between what's expected and what's being delivered.

Once you have assessed the problem, organise a meeting with your employee to discuss it.

Let the employee know the reason for the meeting in advance so they can adequately prepare. If you will be going through specific documents, provide copies to the employee before the meeting.

Explain to the employee they can bring a support person of their choice to this meeting. A support person may be a co-worker, family member, friend, or union representative. Their role is to support the employee during the meeting - not to speak or advocate for them.

Step 3 — Meet with the employee

It's important the meeting takes place in a private, comfortable, non-threatening environment, away from distractions and interruptions. The meeting should not be overheard by others.

During the meeting you should:

- clearly describe the problem and refer to specific examples
- explain the impact on the business, the employee's work or co-workers
- explain the outcomes you want to achieve from the meeting
- give the employee an opportunity to respond and give you their view of the situation
- listen and ask questions to understand their response to the problem and why it has occurred
- if possible, refer to recent positive things the employee has done, to show them you also recognise and appreciate their strengths
- use a relaxed and encouraging tone and show confidence in the employee's ability to improve.

Step 4 — Agree on a solution

After discussing the problem, you and your employee should work together to find a solution. Employees are more likely to improve their performance if they feel they have contributed to this process.

When developing a solution, you should:

- make sure the employee understands the change you require
- explore ideas by asking open questions. For example, ask the employee ‘what can we do to improve this in future?’
- suggest ways to fix the problem, and invite the employee to make suggestions as well
- offer appropriate support and assistance, such as training, mentoring, or adjustments to the employee’s duties
- reinforce the value of the role the employee performs.

Consider recording the agreed actions in a performance improvement plan. This is a document that sets out what the employee needs to do to improve their performance. It should:

- clearly identify the performance that needs to improve or the behaviour that needs to change
- outline how this will be done, and list any support that will be provided to help the employee improve
- explain each party’s responsibilities
- give the employee a reasonable time to improve their performance
- set a date for a follow up meeting to review progress and discuss the employee’s performance against the agreed plan
- in cases of serious or ongoing underperformance, specify clearly and preferably in writing the possible consequences if the employee’s performance does not improve.

Both you and the employee should keep a copy of any performance improvement plan

Step 5 — Monitor and review

Once you have a solution in place, make sure you:

- follow through with any training or other support you offered the employee
- regularly check-in with the employee to discuss how they are progressing
- continue giving feedback and encouragement
- have a follow up meeting at the agreed time to review their progress.

It often takes more than one conversation to resolve an issue. A follow up meeting is a good chance to acknowledge the employee’s progress and focus on the improvements that are still required.

Remember, give the employee a reasonable period to improve. What is reasonable will depend on the employee’s role and the duties they perform.

If you have a performance improvement plan in place, update the plan at the follow-up meeting to specify:

- whether the current performance is satisfactory or not
- what has improved

- what still needs to be improved
- what support is being provided
- when the performance will be reviewed again.

Both you and the employee should keep a copy of any updated performance improvement plan.

Once the performance has improved to a satisfactory level, acknowledge that the issue has been resolved and discuss how the improvements will be maintained.

If an employee's performance doesn't improve after a reasonable period, you need to consider your options.

In some cases, it may be appropriate to continue performance management or issue a formal written warning. If the employee is still underperforming after a reasonable period, it may be appropriate to dismiss them.

Dismissing an employee for underperformance

Ending an employee's employment is a serious step. You must have a valid reason for the dismissal relating to the employee's capacity or conduct, and follow a fair performance management and dismissal process.

Employers cannot dismiss their employees in circumstances that are "harsh, unjust or unreasonable". What is harsh, unjust or unreasonable will depend on the circumstances of each case. However, it is important to be fair to employees particularly when it comes to termination of employment. They should be given reasons for dismissal and an opportunity to respond to those reasons.

It's important that before dismissing an employee you can show you have:

- told them the purpose of performance meetings in advance and allowed them to prepare
- told them they could have a support person present
- clearly outlined the expected level of performance and the improvement that was required
- clearly warned them that their performance needed to improve
- gave them time and support to improve their performance
- told them that they may be dismissed if their performance didn't improve.

Before dismissing an employee, provide the employee with written reasons why you are considering dismissal and give the employee a reasonable opportunity to respond to those

reasons. You must take into consideration any response the employee provides before you make a decision about dismissing the employee.

A failure to follow these steps before dismissing an employee may result in a successful unfair dismissal claim against you.

You also need to give the employee written notice of termination and pay the employee any accrued or outstanding entitlements.

Common performance issues

The following provides a summary of common issues faced by employers and employees when managing performance and identifies key ways to improve performance management systems in the workplace.

Issue	Possible causes	Actions
Employee does not undertake work as required, showing signs of apathy and laziness. Employee does not appear to understand job requirements or directions.	Job content and design. Inappropriate job fit. Personal or external issues.	<ul style="list-style-type: none"> <input type="checkbox"/> Begin with informal performance discussion. <input type="checkbox"/> Be clear about the performance requirements and expected contribution of the role to the work of the business. <input type="checkbox"/> Focus on interest in work tasks, and how they might be improved. <input type="checkbox"/> Explore options for opportunities in other areas of the business, if possible. <input type="checkbox"/> Refer to counselling service if personal circumstances are impacting performance.
Employee will not follow directions or perform tasks as required.	Failure to understand what is required. Inability to perform tasks. Personal issues.	<ul style="list-style-type: none"> <input type="checkbox"/> Begin performance improvement process starting with informal discussions around what is required in the position. Look at possible options for training and development if a skill deficit is identified. <input type="checkbox"/> Commence formal performance management process if no improvement forthcoming.
Employee fails to acknowledge they are underperforming.	Performance issues have not been adequately explained Process has not been adequate applied. Employee does not accept management assessments.	<ul style="list-style-type: none"> <input type="checkbox"/> Re-establish expected outcomes, use evidence of how performance has failed to meet expected standards, explain the impact of this on the success of the business. <input type="checkbox"/> If necessary commence formal performance management process.

Employee does not complete work tasks to the required standard.	Lacks the required skills and capabilities.	<ul style="list-style-type: none"> <input type="checkbox"/> Identify training and development opportunities as a part of performance improvement plan. <input type="checkbox"/> If employee fails to develop required skills, progress through performance management process to possible options such as reassignment of duties, or transfer to another area to achieve a better job fit (if possible). <input type="checkbox"/> Review recruitment practices to ensure appropriate selection decisions are being made.
Employee is cynical of work environment and tasks, bringing negative opinions to the work environment.	<p>Has become disillusioned with work environment.</p> <p>Fails to understand value of work being undertaken.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Establish team culture based on respect and support. <input type="checkbox"/> Re-establish role of the position, and the value of outcomes delivered by the organisation. <input type="checkbox"/> If possible, explore opportunities for career transition and movement.
Employee is regularly absent without cause.	<p>Job content and design. Inappropriate job fit.</p> <p>Management style.</p> <p>Personal or workplace issues.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Identify cause behind absenteeism. <input type="checkbox"/> Explore possible strategies for job redesign, job fit, changes to working arrangements, management of health issues. <input type="checkbox"/> Re-establish expectations of attendance.

Performance Management Checklist

A workplace involves more than just understanding and complying with the law. This checklist will help you when managing and preventing underperformance within your business:

- ☐ **identify and promptly address** - identify and assess underperformance problems when they occur. Address underperformance issues straight away
- ☐ **process** - follow any performance management process set out in your award or enterprise agreement, the employee's contract or relevant workplace policies about performance management
- ☐ **meeting** - organise a meeting with the employee to discuss a problem when there is one. Conduct the meeting in a private, non-threatening, comfortable and quiet location
- ☐ **prepare** – prepare for any meetings. Provide relevant documents to the employee, give the employee time to prepare for the meeting and invite or allow them to bring a support person
- ☐ **be specific** - explain your specific concerns to the employee. Provide evidence and clearly outline the improvement required. Discuss the consequences of continued poor performance
- ☐ **questions** - ask questions, give the employee an opportunity to respond
- ☐ **listen** - before considering what actions you might take next
- ☐ **solution** - ensure the employee understands what's expected of them and work together to find a solution to improve performance
- ☐ **document** - record the solution in a performance improvement plan with milestones and time frames for further review. Document all discussions, and keep records
- ☐ **follow-up** - schedule a follow-up meeting to review the employee's performance against the agreed plan
- ☐ **monitor and support** - monitor the employee's performance and continue to provide feedback. Provide training and support to help the employee improve. Where an employee's performance is suffering due to the employee's personal circumstances,

discuss with the employee any external support, such as referral to professional services or counselling

- ☐ **dismissal (if no improvement)** - if performance doesn't improve and you are thinking about dismissing the employee, ensure the process is fair and the employee is given an opportunity to respond to the reasons you consider justify dismissal before dismissing the employee.