



SUBMISSION TO EXECUTIVE MANAGEMENT COMMITTEE OF NHLS

Title	Performance Management Policy
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APPROVAL HISTORY

Structures Consulted	Target date for Discussion	Date Discussed/Approved
Exco	13 April 2016	
BLRF	6 April 2016	
EE & SD	25 May 2016	
R&HRC	6 June 2016	
Board	27 July 2016	

SUBMISSION CONTENT

<p>Purpose: For NHLS stakeholders to provide input and make proposals regarding the performance management process and policy at NHLS, the final submission to RHRC & approval by the Board.</p>
<p>Motivation: NHLS has embarked on a process of updating and renewing its policies which are governing its people practices. This submission is specifically for the performance management process and how it must be regulated within NHLS. Performance Management is an important process of bringing the activities of all individuals within the NHLS in line with its overall vision, mission and strategic objectives. In addition the process further contributes to the participatory and empowering of individual capacity building within the NHLS. Amongst varying principles performance management must be embedded as:</p> <ul style="list-style-type: none"> ▪ a continuous and evolutionary process, in which performance improves over time – as such continuous development and quality improvement are integral to it. ▪ an account, communication and feedback process between employee and direct supervisor and both should take ownership of it; ▪ a process which underwrites the principles of fairness and equity by engendering consensus and co-operation rather than control or coercion; ▪ a vehicle to translates NHLS goals into individual, team, department and divisional goals, as such helps to clarify corporate goals.
<p>Financial implications: None.</p>
<p>Attachment/s: Performance Management Policy</p>

Conclusion/ recommendation

We request Exco to support the implementation of the Performance Management System and consult further with BLRF, RHRC and Board respectively.

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POLICY

Title : Performance Management

Document number : POLH0018

Version number : 1

Written by : Human Resources Division

Checked by : Executive Manager HR

Approved by : Remuneration and Human Resource Committee

Active date : July 2016

<i>Date Reviewed</i>	<i>Date Signed Off</i>	<i>Reviewed by</i>	<i>Action</i>
13 April 2016		EXCO	For Input
06 April 2016		BLRF	For input
25 May 2016		EESDT	For Consultation
6 June 2016		RHRC	For approval
27 July 2016		Board	For Final Approval
December 2020	January 2021	HR Division	For Review

Date withdrawn :

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PERFORMANCE MANAGEMENT POLICY

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1. PREAMBLE

The NHLS accepts that its employees are its greatest asset and are key to NHLS' ability to fulfill its mission and vision and achieve its strategic objectives.

The NHLS further recognizes that managing and reviewing employee performance and fostering employee development are critical factors in achieving the strategic organizational priorities and overall success.

In pursuit of its vision to be the leader in pathology services, surveillance and academic health sciences, a key strategy of the NHLS is to implement an organisation-wide performance management system.

2. DEFINITION OF KEY TERMS

Annual performance rating: as part of an employee's assessment that takes place at the end of the performance cycle. The result of this rating is the overall annual performance score for the employee during the entire performance cycle.

Assessment instrument: an assessment tool used to assess the performance of an individual employee in relation to the achievement of key result areas and technical competencies as contained in the performance agreement.

Competence: relates to an employee's capacity to meet the job requirements (job competence).

Competency: a competency is a particular mix of knowledge, skills and attributes required to effectively perform a job/task/role.

Customer: any person which receives and output from a service delivered by the employee.

Development: training and development activities to enhance the employee's competencies and to improve performance.

Feedback: objective and timely information by the manager/supervisor on the employee's performance against set expectations and standards, understood by the staff member, and aimed at improving performance.

Key Performance Area (KPA): an area of a job in which performance is critical for making an effective contribution to the achievement of departmental strategies, goals and objectives

Moderation: the review of employee assessment scores by a committee to ensure consistency and fairness across the department through a common understanding of performance standards required at each level of the rating scale.

Operational plan(s) (or business plan): a one-year plan derived from and giving life to the strategic plan by translating the strategic objectives identified in the strategic plan into key result areas and activities with measurable standards, for a particular year for the Department or Laboratory.

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Outcome: a broad statement about a specific objective, aim or intent, the achievement of which will require one or more specific outputs to be achieved.

Output: a concrete result or achievement (i.e. a product, action or service) that contributes to the achievement of a key result area.

Performance: the accomplishment of a given task, measured against preset known standards and measures which leads to the delivery of results.

Performance agreement: a document agreed upon and signed by an employee and his or her supervisor, which includes a description of the job, selected KPA's, success measures and the employee's personal development plan.

Performance assessment: the rating of employee performance. The formal annual process is usually referred to as performance appraisal or assessment, while more informal processes are referred to as performance review.

Performance cycle: a twelve (12) month period, for which performance is planned, managed and assessed. It must be aligned to the same period as the Department's annual business plan i.e. 1st April to 31st March of the following year.

Performance evaluation: a constructive process to acknowledge the performance of an employee. An employee's evaluation shall be sufficiently specific to inform and guide the employee in the performance of her/his duties.

Performance incentives/rewards: a set of (a) financial rewards linked to the results of performance appraisal, including pay progression, performance bonus, and (b) a variety of non-financial rewards that may be contained in the departmental performance incentive scheme.

Performance indicator: a measure used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).

Performance Improvement Plan (PIP): a measure which is put to place by agreement with an employee regarding how and what must be done to assist the employee to improve his/her performance.

Performance management: a purposeful, continuous process aimed at managing and developing employee behaviour for the achievement of the organisation's strategic goals

Performance management system: an authoritative framework for managing employee performance, which includes the policy framework as well as the framework relating to all aspects and elements in the performance cycle.

Performance standard: mutually agreed criteria to describe work in terms of time-lines, cost and quantity and/or quality to clarify the outputs and related activities of a job by describing what the required result should be. In this framework, performance standards are divided into indicators and success measures/indicators.

Performance review: a structured and formal, at least half-yearly, discussion between supervisor and employee to monitor progress, resolve problems and adjust success measures

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during the performance cycle, thereby providing an opportunity for improvement before the annual review takes place.

Personal development plan (PDP): a requirement of the performance agreement whereby the important competency and other developmental needs of the employee are documented, together with the means by which these needs are to be satisfied and which includes time lines and accountabilities.

Provisional rating (PR): an employee's total rating score that has been agreed upon between the employee and her/his supervisor prior to performance moderation.

Rating: the allocation of a score to a KPA, and/or to overall performance in accordance with the five-point rating scale of the Performance Management System.

Strategic plan: the end product of strategic planning, setting out the mission and vision statements and the medium and long-term strategic objectives of the Department.

Strategic planning: the process by which top management determines the overall strategic direction and priorities, as well as the organisational purpose and objectives and how they are to be achieved.

Technical Competency (TEC): the technical skills, knowledge and attributes people possess, to perform the activities within an occupation to a defined standard, consistently and over time.

Weight: each KPA is allocated a weight or percentage and the combined weights must add up to 100%.

3. GUIDING PRINCIPLES

The Performance Management system will derive specific benefits for both employee and the NHLS as a whole. It will contribute to the realisation of its vision and mission if it lives up to the following principles:

- 3.1 The process brings the activities of all individuals within the NHLS in line with its overall vision, mission and strategic objectives;
- 3.2 The process contributes to the participatory and empowering of individual capacity building within the NHLS;
- 3.3 It's a continuous and evolutionary process, in which performance improves over time – as such continuous development and quality improvement are integral to it;
- 3.4 The employee and direct supervisor should take ownership of the Performance Management Process;
- 3.5 The process of performance management underwrites the principles of fairness and equity by engendering consensus and co-operation rather than control or coercion;
- 3.6 The principles and format of the process must be applied in a standardized manner throughout the NHLS;

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- 3.7 The process translates NHLS goals into individual, team, department and divisional goals, as such helps to clarify corporate goals;
- 3.8 It creates a shared understanding of what is required to improve performance and how it will be achieved;
- 3.9 It requires continuous, timeous and meaningful feedback, which enable self-management of individual performance;
- 3.10 Though its purpose is not financial reward, it provides NHLS leadership with a framework for recognizing and differentiating colleagues' individual contribution and rewarding them through differentiated remuneration.

4. SCOPE AND APPLICATION

The Performance Management System is a framework for managing performance which applies to all permanent employees and fixed term contract employees (18 months and more) as well as Joint Appointment Staff.

5. PERFORMANCE MANAGEMENT PROCESS

Performance management at the employee level is an on-going interactive process between an employee and her/his supervisor about the employee's performance. Face-to-face on-going communication is an essential requirement of the process and covers the full performance cycle.

In simple the process is about (i) *setting a plan*, (ii) *acting upon it* by executing the work which meets the demands, (iii) *monitoring & reviewing the progress* of work on continuous, (iv) *final assessment & evaluation* of all which has been achieved at the end of the performance cycle.

Embedded within this process is performance enablement through personal development plan and performance improvement plan, which both seeks to proactively identify what is needed for the employee to succeed and if "off track" and put an improvement plan to return staff into "positive performance track".

The performance cycle is a twelve (12) month period, for which performance is planned, executed and assessed. It must be aligned to the same period as the Organisation's annual business plan i.e. 1st April to 31st March of the following year. The deliverables (Outputs) set must be of an annual nature and periodic review and final evaluation must assess progress made and final achievement respectively. The twelve (12) month cycle is also linked to the financial year for the purpose of planning, annual remuneration, pay progression and other talent management processes.

5.1 PERFORMANCE PLANNING AND AGREEMENT

Managers and employees work together to plan performance for the year. Planning refers to the setting of performance expectations and goals for individuals to channel their efforts towards achieving departmental and/or organisational objectives.

5.1.1. Performance Planning

Performance planning sets the stage for individual and organisational success. Managers should ensure that performance goals and objectives are clearly identified and communicated during this process, ensuring that employees have the tools, resources and training and development needed to carry out responsibilities successfully.

In this process the line manager must ensure that employees get shared understanding of how their performance plan or agreement is aligned to NHLS and/or Divisional strategy. It is this understanding which will enable employees to appreciate the value/impact they have on the organisational direction and future.

Managers should aim to set **Specific, Measurable, Attainable, Realistic and Time-related (SMART)** objectives.

- *Specific* – target a specific area for improvement.
- *Measurable* – quantify or at least suggest an indicator of progress.
- *Attainable* – specify how it can be done.
- *Realistic* – state what results can realistically be achieved, given available resources.
- *Time-related* – specify when the result(s) can be achieved.

5.1.2. The performance agreement (PA)

The performance agreement is the cornerstone of performance management at the individual level. All employees must enter into and sign performance agreements before the end of the first quarter of every new cycle. Departmental and laboratory performance measures should inform the development of the individual employee's PA. The PA format applies to all levels in the department and the contents must reflect the department's strategic and annual operational plan, component business plans and the employee's job description, job role and actual activities and responsibilities.

5.1.3 Personal Development Plan (PDP)

The purpose of the development plan is to enable the employee to reach goals and objectives set in the PA and strengthen performance. This mechanism will allow managers/supervisors and employees to identify learning needs, set objectives to meet those needs and pinpoint the resources necessary in order to achieve them.

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The employee and the manager/supervisor are required to take joint responsibility for the achievement of the PDP with allocated accountabilities clearly recorded on the PDP agreement document.

5.2 PERFORMANCE MONITORING AND REVIEW

This process enhances the manager/supervisors ability to track an employee's behavior and performance during the year. It sets the stage for providing meaningful, timeous and periodic feedback to an employee as the manager reviews and observes activities that lead to outputs.

5.2.1. Performance monitoring

Performance at the individual level must be continuously monitored to enable the identification of performance barriers and changes and to address development and improvement needs as they arise, as well as to:

- Identify and provide the support needed;
- Ensure continuous learning and development;
- Modify objectives and targets if no longer relevant;
- Enable supervisors and employees to deal with performance-related problems;
- Determine progress and/or identify obstacles in achieving objectives and targets;
- Creating documentation for legal purposes, to support decisions and reduce disputes.

5.2.2. Performance review

Performance review meetings are an integral part of the monitoring process. These reviews must take place as often as is practical and/or required by circumstances. The reviews are necessary to motivate and to reveal to the employee areas that need improvement and if required, to modify the performance agreement.

A formal review will take place after six (6) months preceding the employee's annual performance assessment. The review is a one-on-one discussion between the supervisor and the employee. The content and outcomes of the half-yearly feedback session and the end of year assessment should be signed by both parties.

5.3. PERFORMANCE ASSESSMENT AND EVALUATION

Performance of the employee will be evaluated for the entire year during this process. The annual assessment provides the provisional assessment rating prior to performance moderation on which performance rewards and incentives are based.

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5.3.1 Provisional rating (PR)

The process commences with a self-assessment by the employee, followed by the assessment of the supervisor. An overall score, in accordance with the assessment rating is provided as a summary of the outcome of the annual performance review for KPAs, success measures and TECs. The assessment rating calculator may be used to provide a score based on adding the scores achieved for the KPAs/Outputs. During this face-to-face session the supervisor and employee must endeavour to reach consensus on the employee's rating (self assessment and supervisor assessment).

If there is consensus between the supervisor and employee on the rating, this becomes the **provisional rating (PR)**.

5.3.2. The 360 Degree Leadership Evaluation

The 'how' of performance; which refers to the behavioural dimensions that may impact on performance are evaluated using the NHLS 360° Leadership Assessment; which is a feedback system or process in which employees receive confidential, anonymous feedback from the people who work around them i.e. feedback from the employee's manager, peers, direct reports and/ or customers. All leaders at NHLS will be required to go through the 360° Leadership Assessment annually.

The 360° Leadership Assessment enables leaders to be more self-aware, and understand how their actions and attitudes are perceived by others. Further it enables the individual to develop focused action-plans to improve their behaviour and develop skills that will enable them to excel at their jobs, improve employee engagement and the employment relationship.

5.3.2.1. Weight Allocation of Ratings

The assessment will provide a **leadership proficiency score** based on the following weight allocations: (weights may be redistributed when 'customers' are added).

- Leader = 50%
- Subordinates = 25%
- Peers = 25%
- Self = 0%

The proficiency score contributes 20% to the employee's composite performance score.

The following formula will be used to calculate the individual employee's composite performance score:

Composite Performance Score	=	Performance Rating	+	360° Leadership Assessment Score
		X		X
		0.80		0.20

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This tool will provide behavioural descriptors which are deemed important for:

- Upholding NHLS Values;
- Delivering greater results;
- Providing strategic direction;
- Managing self and building teams;
- Creating a conducive environment.

The self – evaluation score shall be used for self-development.

5.3.3. The Performance Evaluation Scale

During an annual review, employees and their managers rate the employee's performance based on the KPA's or Outputs, Success Measures/Indicators captured in the Performance Agreement (PA).

The NHLS makes use of a five-point evaluation scale. This means that a rating of 3.0 meets all expected standards for a position. In evaluating an output a full rating shall be allocated, no fractional points should be provided.

Table 1: Performance Evaluation Scale

1.	Unacceptable	Performance does not meet the set standards of the job. The jobholder has achieved less than fully effective results against almost all of the performance criteria and success indicators as specified in the Performance Agreement.
2.	Not fully effective. Does not meet expectations.	Performance meets some of the standards expected for the job. The jobholder has achieved less than fully effective results against more than half of the performance criteria and success indicators as specified in the Performance Agreement.
3.	Fully effective. Fully Meets Expectations.	Performance fully meets the standard expected in all areas of the job. The review / assessment indicate that the jobholder has achieved as a minimum effective results against all of the performance criteria and indicators as specified in the Performance Agreement.
4.	Performance above expectations.	Performance is significantly higher than the standard expected in the job. The jobholder has achieved better than fully effective results against more than half of the performance criteria and success indicators as specified in the Performance Agreement and fully achieved all others throughout the performance cycle.
5.	Outstanding – Performance exceptionally above expectations.	Performance significantly exceeds the standard expected of a jobholder at this level. The the jobholder has achieved better than fully effective results against all of the performance criteria and success indicators as specified in the PA and maintained this in all areas of responsibility throughout the performance cycle.

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The table below depicts the performance evaluation scale that will be used to determine the Provisional (PR) and Final Rating (FR).

5.3.4 Performance Moderation

The purpose of this process is to set out a systematic way that will support the implementation of the Performance Management System as approved. The moderation process is designed to ensure that ratings are fairly and consistently applied across the organisation.

The process involves moderating final ratings within a Department and then within a Division and finally across the Organisation. There must be a correlation between individual's scores and the overall achievements of the Department's targets. This process of moderation ensures that employees are assured that their performance scores honestly reflect their performance.

The purpose of performance moderation by respective appointed panels is to ensure that:

1. Line managers evaluate staff performance in a consistent fair manner,
2. The integrity of the performance management process is protected, and
3. There is a common understanding of the standards required at each level of work.

There should be a common understanding of minimum required performance for each level of work, which will be carried through to positions that are similar. This common standard must be used during the contracting on the success measures.

5.3.4.1 Moderation Panels

Moderating of performance takes place at different levels in the organisation to contribute to consistent and fair performance management and assessment processes.

There will be three (3) levels of moderation within the NHLS:

- i. **NHLS Executive Management levels:** which is responsible for the Executive Members Committee's performance – this is the responsibility of Reward and Human Resources Committee (RHRC & Board).
- ii. **NHLS Senior Management levels:** which is responsible for the Senior Managers and Managers' performance – this is the responsibility of Executive Management Committee (EXCO). This level will further consist of a special panel responsible for Heads of Department of Academic Institutions across the NHLS reporting directly to the Area Managers and on NHLS conditions of employment but has functional accountability in a matrix structure to respective tertiary universities.
- iii. **Divisional levels:** which are responsible for the divisional/departmental staff performance – this is the responsibility of the Division.

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As noted above, the employee's provisional rating (PR) is that which is agreed upon between the employee and her/his supervisor. At this point the employee is aware of the rating. Any change, especially if the intention is that the rating score should be lowered must be dealt with in a consultative, just and transparent manner.

The line manager will present facts and evidence to the Moderation Committee regarding his evaluation of an employee. The moderation committee will provide a platform for reflection to the supervisor to determine leniency or harshness when doing a performance evaluation/assessment. Ownership, accountability and responsibility of the final rating will remain that of the supervisor.

The proposal for the composition of respective panel shall be approved separately by the respective responsible structures as proposed above.

5.3.4.2 Performance moderation process

The process shall aim to uphold the principles of fair, equitable and transparency as outlined in this policy. As such the process shall be as follows:

- i. Each line manager shall present their staff provisional performance ratings to the moderating panel.
- ii. The moderating panel shall use the normal distribution curve and/or success measures and established norms as a reality check to avoid central tendency and lack of performance differentiation.
- iii. Where necessary the line manager should provide evidence to support exceptional or poor performance skews based on actual achievement.
- iv. The moderating panel shall discuss the spread of ratings, and endorse based on the basis of fairness.
- v. Where there is a need to adjust individual ratings 'up' or 'down', if they appear to be too 'unreasonable' ('harsh') or 'lenient', the line manager should reflect on the evidence presented and adjust the scores accordingly.

5.3.5. Final Rating (FR)

Having considered evidence, input of moderation committee and reached consensus the supervisor/manager shall determine the final rating of the employees in his/her department.

The supervisor/manager shall ensure that the employee is notified of his/her final performance rating with the attached evidence and submit it to the Human Resources Department within the prescribed period.

5.4 CONSEQUENCE MANAGEMENT

This process deals with employees who have either fully performed or exceeded expectations as well as employees who have underperformed.

- 5.4.1 Employees who are deemed as underperformers following the implementation of the Performance Improvement Plan (PIP) interventions; i.e. counselling, mentoring, coaching, training, continuous evaluation and feedback, will follow the managing poor performance route and be put on performance term for at least three (3) months. If this is not productive, incapacity proceeding must be instituted as per code of good practice and our policies. This type or level of performance must be discouraged in all respect.
- 5.4.2 Employees who have fully meet expectations after completion of a full performance cycle, are those whom have fully account for their outputs relative to their remuneration within the same cycle. These are to be appreciated, encouraged and recognise for keeping the organisation on in its “positive performance track” towards achieving and realising their set strategic objectives.
- 5.4.3 Employees who have exceeded their performance expectations have delivered greater results. These are to be highly encouraged, appreciated and recognise; as well as be integrated within the NHLS talent mapping. It’s the effort of these employees which has enable NHLS to exceed their expectation and/or enable it to achieve their strategies despite less than desirable results by the underperformers.

Though performance management is primarily about ensuring alignment of individuals, teams and divisional performance with organisational objectives, an effort must be made to express gratitude and appreciation through some form of tangible initiatives – for this please read the remuneration and reward policy.

6. POLICY REVIEW

This policy shall be reviewed at intervals to be determined by the Remuneration and Human Resources Committee, unless the Executive Manager HR request an earlier review due to significant changes required for both operational and legal reasons.

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