



## Health Care on Hand



### **Overview**

We are providing this Briefing Document to provide guidance on Performance management and the benefit for employees, management, and the organisation as a whole. The people team's aim is to help support management in dealing with employee performance in a positive and proactive way.

### **Introduction**

The information within this Briefing paper provides management with essential knowledge and understanding of performance management and reward. We will look at why organisations have performance management and what this includes, the main factors to consider, key factors in achieving effective rewards systems, and the relationship between reward and performance with examples of the importance of treating employees fairly in relation to pay.

### **The purpose and components of performance management. (AC 4.1)**

Performance management, according to CIPD (2022) is the communication between line managers and employees to ensure the organisation's goals and objectives are being met and that employees are reaching a satisfactory level for their role and understand what is expected of them, this is then monitored according to the method used, it provides Health care on Hand the opportunity to provide constructive feedback and set realistic aims and goals, motivates and encourages employees to take accountability for themselves to benefit the organisation and employees.

According to Waite, et, al (2021) Some organisations see the importance of monitoring and controlling performance whilst for others it is about developing and improving employees, as it helps build motivation.

Waite, et, al (2021) advises components of performance management are set out within organisations procedures and processes and need to be unique to that business.

Health Care on Hand needs to look at the process we currently have in place to take into consideration what would prove most effective for our organisation, whether that be formal or informal reviews, and look at who is the most appropriate manager to carry out the reviews and how performance is to be measured. We need to ensure that employees' job descriptions and roles are aligned, and managers are aware of the learning and development options to embed this into the performance management process. Performance management includes setting employees' goals and ambitions for their future

careers and how this can be achieved it also gives Line Managers the opportunity to address any issues or problems at the same time.

### **The main factors that need to be considered when managing performance. (AC 4.2)**

There are many factors to consider when looking at managing performance. According to Waite,et,al (2021) managing performance needs to be fair and balanced by measuring motivation, capability, clear view of organisational goals and aspirations, support and guidance from line managers, and available resources to carry out tasks. we are likely to achieve higher performance levels when performance management is carried out effectively and positively.

According to Mindtools (2023), Motivation and ability/ level of skill go hand in hand when looking at managing performance within the organisations, someone who is 100 percent motivated but only 75 percent ability achieves above-average performance compared to someone with higher ability but lower motivation, showing the importance of motivation for employees within organisations. Line managers need to assess motivation and ability/ skill level when managing performance as It helps see areas of improvement and where possible training is needed.

Clarity of organisational goals is also an important factor when managing performance. According to Forbes (2022) goals are important for employees to be able to align work performance with the company's overall strategy. Development goals look at personal development whereas performance goals help employees improve their ability to accomplish tasks efficiently and effectively in line with the company's expectations.

Forbes (2022) suggests that many organisations use SMART as an effective measure to set goals, advising that specific, goals are set to help individuals have a clear understanding of what they want to achieve, measurable, thinking about how this goal can be measured, achievable, ensuring what the goal is that it is realistic and can be achieved, relevant, that goals are in line with the organisations strategy and time bounding, to ensure that all goals that are set have a time limit attached so this can be measured accordingly.

### **Explain different methods of performance review. (AC 4.3)**

According to Waite,et,al (2021), there are a variety of different methods that can be used when undertaking a Performance review such as self-assessments, management assessments, appraisals, peer assessments, 360 appraisals, formal and informal reviews, informal conversations, spot checking etc.

HR Central (2017) advised there are pros and cons to formal and informal reviews, suggesting formal appraisals tend to focus on the long-term goals of employees and the organisation whereas informal appraisals look at more short-term and is dependent on what the organisation feels they want to achieve at that time opposed to long term strategy so breaks this into more manageable goals for employees to reach.

Formal appraisal look at employees' personal and professional goals and tend to be professional tick-box meetings where some employees may find it hard, to be honest and open about how they are feeling, coping with workload, stress etc whereas informal conversations individuals usually feel more comfortable in opening up about their aspirations and feedback is given on a more regular less stressful environment, giving an opportunity to address any problems or issues at early stages, it can also build motivation and trust between Line managers and employees.

Another method we could look at in Health Care on Hand would be Self Assessments/self-reflection.

This method gives employees the opportunity to assess and look back on their own performance and compare this to the expected standard. This method according to Harvard Business Review (2022) determines between extraordinary professionals from Mediocre, it gives employees the opportunity to take ownership and value their own learning and development. Line Managers then have the opportunity to discuss the Self-assessment with employees, draw on what the employee has learned and ensure realistic and achievable goals are set following the assessment and reviewed within set time frames

HR Daily advisor (2018) advised a key factor in performance management is feedback as it is vital in the development and growth of both employees and employers. It is suggested that although many organisations still carry out annual reviews or quarterly reviews, it is thought these types of reviews limit feedback due to the gap between reviews being so long. According to HR daily advisor (2018), continuous reviews showed a significant increase in improved performance as employees feel supported which encourages motivation.

### **Key components (financial and non-financial) that are required to achieve an effective total reward system. (AC 5.1)**

According to CIPD (2023) Total Reward Systems need to be fair, consistent, and motivational. The total reward System needs to be measured and policies and procedures in place to benefit both the employee and the organisation.

The total Reward System can include both Financial and nonfinancial rewards to be success full. According to REBA (2021) everyone is driven by different things, some people are driven by Financial rewards such as pay rises, bonuses for achieving targets etc whilst others are driven by nonfinancial rewards such as employers' praise, public recognition, an employee of the week acknowledgement, flexible working incentives, training and development opportunities.

There are many benefits to implementing a Total Reward System that includes both Financial and nonfinancial rewards as it can help retain employees, builds strong motivation and morale, promotes positive company culture, helps attract new talent, and helps with well-being and productivity within the organisation.

## **The relationship between reward and performance, and the links to motivation. (AC5.2)**

According to Mindtools (2023) there are two types of rewards that helps with motivation and performance being extrinsic when we can use external factors to encourage employees, such as pay rises, time off bonuses, and intrinsic motivation, having the desire to produce high quality of work and overcoming challenges.

Reward can be used to encourage performance standards within organisations, Perkbox (2023) suggest to be competitive with competitors reward management has become intrinsic to treat all employees fairly and consistently, having rewards in place can also help retain staff as it increases motivation, and employees feel valued which increases productivity and performance within organisations.

There are various motivational theories Waite,et,al (2021) advise one being Expectancy Theory, Vickor Vroom. The theory explains how motivations are perceived concerning three factors. Expectancy is where employee's believe if they make an effort it will result in achieving a particular target or result, instrumentality, is when an employee believes if they achieve a set target this will bring reward, Valence, the value placed on the reward, the thinking that if an effort is made to achieve the specific target how much value the employee places on the reward following this.

The theory shows the need for work targets to be met they need to be realistic and achievable which will result in employees feeling more motivated achieve better performance helped by having the rewards system in place.

## **At least two reasons for treating employees fairly in relation to pay. (AC 5.3)**

Treating employee fairly is a legal requirement and are express terms that are set out in employees' contracts of employment according to Waite,et,al (2021). CIPD (2021) suggests that treating employees fairly helps build trust as employees feel valued and supported.

Such examples would be to comply with legal minimum standards. ACAS (2023) advise that if you are over 23 you are entitled to the National Living Wage, if you are under 23 National minimum wage, and an apprentice's wage if you are under 19. Employees who intentionally underpay workers risk being named and shamed on Government and low-pay websites they are also often published in the media and can be damaging to a business's reputation as well as this according to (people book) employers can be taken to an employment tribunal if they do not meet these standards if an employee is dismissed because of their right to uphold this legal obligation, claims can be brought for unfair dismissal

ACAS (2023) The Equality Act 2010 advise Woman and Men have the right to be paid the same where the same work is being undertaken. It is important that employees are treated

fairly, if the equality clause is not adhered to employee's have 6 months to bring a claim to employment tribunal of leaving the organisation or any time whilst being employed.

It would then be up to the employer to provide evidence suggesting the work was not like for like, not rated equivalent under evaluation, and not work of equal value, if the claim does not fall within this remit the employer would need to prove the pay gap is due to a material factor. If the employee wins at tribunal the employer could be awarded backpay for up to 6 years as well as the possibility of having to award the worker a pay increase or a benefit moving forward. It is a legal obligation that employers report gender pay data if the organisation employs more than 250 employees, if this report is not submitted organisations can be fined up to £20,000 per worker.

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