MANAGING EXPECTATIONS TO CREATE HIGH PERFORMANCE GOVERNMENT

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INTRODUCTION

Enhancement of government performance is a focus of public administration and management research, policy and reform (de Waal, 2010). Recently, the focus is on achieving governmental outcomes through developing ‘high performing organizations’ (HPOs). According to Blackman, Buick, O’Donnell, O’Flynn and West (2012) the key HPO characteristics required are: Strategic Orientation, Outcome and Citizen Orientated, Co-operative Partnerships, Capabilities and Competences, High Employee Engagement, Continuous Improvement, Vertical and Horizontal System Alignment, and Walking the Talk. Such HPOs are characterized by high performance work practices: Job Design, Recruitment and Selection, Employee Development and Training, Performance Management; Rewards and High Involvement Work Practices. What distinguishes HPOs is when all the practices work in a complementary way, developing the competencies and characteristics to support the organizational strategy.

This paper posits that HPOs develop when employees are clear about their job requirements, understand how their role fits within the organization and receive regular feedback which supports and confirms these expectations. We clarify the role of managing expectations in developing behavior and underpinning the effective performance management of individuals. A qualitative study demonstrates the need for clear shared definitions of high performance within an organization, the role of managing expectations in delivering successful performance management systems and the importance of ongoing feedback if high performance is to be an ongoing outcome.

LITERATURE REVIEW

Expectations are the beliefs individuals hold about what will happen as a result of something else (Hubbard & Purcell, 2001); they change as individuals modify them based upon their perceptions of their environment, the result of communications or other triggers (Herrera, 2003). Expectancy theory outlines that individual motivation is framed by valence, expectancy of effort and instrumentality. In terms of High Performance we argue that: Valence occurs where individuals understand what high performance is and ascribe personal value; Instrumentality occurs
where employees recognize that high performance working leads to desired rewards; and Expectancy emerges where there is a perception that high performance criteria are achievable. Proposition One: To be a high performing organization, an organization must have a clear definition of high performance which can be cascaded through the organization.

Theorists cite management practices as ways of influencing behavioral outcomes, of which performance management is a critical example; it is a process establishing a shared understanding between employees and their supervisors (and often peers) about what is to be achieved and how it is to be achieved (Armstrong & Murlis, 2004; Cho & Lee, 2012; Huselid, 1995). The performance of an individual can be identified as the accomplishment of a recognized, defined task, but it can also be the way in which the task is undertaken. If a desired organizational outcome is high performance then the performance management cycle will be a critical element in the achievement of this because it will act as a framework for the expectations developed by an employee. This leads to Proposition Two: To be a high performing organization, performance management is a key mechanism for managing expectations.

If performance is enhanced through the management of expectations when undertaking performance management and setting goals, then the expectations of an employee must be absolutely clear. It is unrealistic to expect certain behavior from an individual if an alternative behavior is clearly favored, where there is goal confusion, or where individuals cannot recognize the desired behavior (Kerr, 1995; Schmidt & Dolls, 2009). Reasons given in the literature as to why performance management is less than fully effective include: timeliness, inconsistency of ratings, lack of employee input, lack of manager commitment or interest, no goals amendment if business needs change and no line of sight to organizational goals (Armstrong & Murlis, 2004; Marrelli, 2011). Thus, whilst other issues will reduce effectiveness, there will be no outcome change unless the individual knows what their organization does and how their role fits within that: Proposition Three: Role and goal clarity are crucial for the effective management of expectations and, consequently, achievement of high performance.

METHODS

A collective case study approach was adopted, allowing cross-case analysis and comparison. Seven cases (4 large organizations, 2 medium and 1 small) were selected using a combination of convenience and purposive sampling techniques. They represented policy, regulatory and operational types and were effective and non-effective in terms of performance management. Ninety semi-structured interviews and 22 focus groups were conducted with a total of 226 participants: 71 operational employees, 113 middle managers and 42 senior managers. Interviews and focus groups were recorded, transcribed and entered into NVivo. Inductive analysis using open, axial and selective coding led to core emergent themes. Documentary analysis included internal performance management reports and the analysis of secondary data from the APSC State of the Service Reports (comprising an Agency Survey and Employee Census).

RESULTS

Theme One: Lack of agreement concerning ‘What is High Performance’

There was no clearly shared understanding of the meaning of high performance or the expectations it should engender in any of the case studies. There were 125 separate nodes used to describe high performance in our NVivo file of which only 23 were mentioned more than five
times, with no clear uniformity within organizations in terms of what high performance should look like in a given context or organization. The main consistent theme was the importance of valuing people where the focus was on having respect for all employees and valuing their contribution.

The overall lack of consistency and shared understanding of what high performance looked like meant that many employees neither knew what was expected of them in terms of their performance, nor the standard that was considered to be high performance in their organization or group. This was evident from the lack of consistency used for rating individual performance; participants identified no shared agreement regarding what constituted high, medium or low performance for each hierarchical level, functional area and job type: “The ratings system as well has been a bit of an issue. I guess staff have a concern that it hasn’t been well enough explained what developmental is, what fully effective is, and things like that” (Operational, large-operational). The lack of consistency in defining high performance meant that the allocation of ratings was often seen as arbitrary and inconsistent.

A common perception was that only one or two ratings (out of four or five) were utilized and that the lack of clarity about what constituted good performance exacerbated that. It was clear that expectations were not being consistently managed across the organizations; many senior managers stated there was no moderation of results and yet, the majority of middle managers and operational staff were sure it was in existence: “There is this rule, unwritten or otherwise, they talk about the bell curve” (Middle manager, medium-policy).

The lack of a shared understanding of what constituted high performance, combined with the occurrence of moderation meant that many managers struggled to articulate what would be required for higher performance: “The very hardest thing that I can be asked in performance conversation ... is, ‘OK, so you’ve rated me as a [three or a four] ... so, what would I need to do in the next six months before our next interim performance conversation, please tell me what I would need to do in order to get a four or to get a five?’ And at which point you’re kind of flummoxed really, it’s almost an impossible question to answer” (Senior manager, large-policy).

Overall, it appeared that having a shared understanding of high performance assisted with establishing and managing expectations. It provided: a benchmark for the level of performance required at each hierarchical level to achieve each level of the rating scale; clarity as to what it would take to achieve the highest level; consistency regarding the provision of ratings, and a clear basis for establishing underperformance. Employees at all levels expressed a desire for their organizations to actively discuss high performance and to identify what the organization and the jobs would look like; if people do not know what is expected of them, focused on high performance, they will not achieve it. Therefore, Proposition One is supported.

Theme Two: The role of performance management in managing expectations

Formal performance management was used to manage employee expectations by setting goals and targets. Participants focused on the annual cycle; performance agreements were established at the start of the financial year, reviewed during a mid-cycle review and again at the end of the cycle. If performance was satisfactory at the end of the cycle, employees would usually be entitled to a pay point progression. However, the effectiveness of formal performance management mechanisms was inconsistent within, and across, case study organizations.

In many areas, formal performance management was not conducted well; four main reasons were given for this which undermined expectation management: Firstly, performance agreements were often not completed in an appropriate timeframe. In all case studies, formal procedures clearly stipulated that agreements must be completed within a designated timeframe, ensuring that
managers’ expectations of employee performance and behavior were clearly articulated and documented at the start of the performance cycle. However, in reality, this did not always occur, with many agreements late or missing. Secondly, formal performance management was not taken seriously. Examples were given where employees wrote their own agreements, often in isolation from their manager who treated performance management as an unimportant, but onerous part of their role. The impact of this was that employees were often unclear regarding their managers’ expectations of them or how the performance management process was designed to improve their work experience. Thirdly, performance agreements were generic and not specific to individual employees’ roles and responsibilities. Performance agreements were often created by copying and pasting the content from the previous years’ agreements, that of a colleague or their job description. One middle manager explained that: “People generally do their agreements, which is copy last year’s, paste it in [and] stick it in the bottom draw ... I don’t think there is a huge emphasis on what goes into an agreement” (Middle manager, medium-policy). Fourthly, performance agreements were static. Despite stipulations that performance agreements were “living documents”, to be updated when changes occurred during the 12-month period, this rarely occurred. Although the organizations were in a constant state of flux with ever changing expectations and priorities, there was no commensurate formal review process enabling the ongoing updating of agreements; examples were given of new team members who had had no agreement or even a one on one review in the first four months in their role.

Some employees and managers indicated that clear expectations were being clearly articulated, monitored and regularly updated through informal practices of performance management. This was undertaken by managers who recognized the role of ongoing review in setting goals and achieving their group outcomes. For some, the formal and informal aspects were seen as complementary to one another, with regular conversations meaning that expectations could be managed on an ongoing basis. Adjustments could be encouraged to employees’ performance, ensuring alignment between managerial expectations and employee performance. This meant that the formal aspects became a customary process that focused on reviewing overall performance and confirmed what had been discussed throughout the performance cycle. Three issues were identified as enabling effective expectation management. Firstly, emphasis was placed on regular feedback and ongoing conversations. Participants focused on informal conversations which occurred between managers and employees regarding various facets of the employee’s work, what was required of them, how they were progressing and the provision of feedback on specific tasks. The importance of the informal aspects of performance management was central to the management of expectations: “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” (Senior manager, large-operational). Secondly, managerial competencies were lacking. It was evident that many managers were not fully engaging in performance management processes because they did not have the competencies to do so; participants explained that some managers simply did not know how to undertake performance management. Many managers found it challenging to clearly articulate their expectations: “There aren’t those many managers that could sit down with me even and say, ‘well [Fred], here’s where you’re lacking and here are the judgments that I’ve formed, and here’s where I think you can improve based on core competencies’” (Middle manager, medium-policy). There was no development focusing upon performance as a core element of the managerial role. Thirdly, the inability to clearly manage expectations was also attributed to the managers’ own lack of clarity regarding their roles and responsibilities, deliverables and accountabilities: “they haven’t had the clarity to say ‘this is what I
expected, this is where you’ve delivered against that expectation, this is how we’re going to help you improve this part of it, and this part of it’s great, and this part of it’s good enough, fit for purpose”’’ (Senior manager, medium-operational). Therefore, Proposition Two is supported.

Theme Three: The importance of role clarity in developing sustained high performance

Whilst discussing performance management, participants placed clear emphasis on the importance of having clear strategic direction and priorities, as well as clear vision, goals and objectives. This was not just at the organization or department level, but was also about how well each employee understood their individual role and goals in relation to the bigger picture.

Importance was placed on employees having role clarity and knowing what they were working towards and why it was important: “So from our point of view in our section ... it works really well; we know where we’re going, we know what we’re doing, we know how we’re going to get there” (Operational, medium-operational). What was critical in high performing areas was a clear idea regarding what they were supposed to do and why it was important; they had clear key performance indicators that were to be achieved within clear and designated timeframes.

Importance was also placed on clear alignment with organizational business. Alignment involved “giving people clear information about what is their job. Where does their job fit within the mission of the organization? What are the Australian Government’s expectations?” (Middle manager, large-operational). Employees needed to understand the broader context, the interdependencies which existed within and across organizations and why it was important for them to perform to a high standard. The ability to successfully achieve alignment was attributed to how closely the relevant functional area aligned with the nature of the organization’s business. Natural alignment did not occur in all areas but examples were given where staff had the impact of their role on core business clearly explained and the differences that this could make, highlighting the importance of senior managers establishing connections between the different parts of the organization. Where alignment was successful: groups engaged in open and frequent communication; employees had exposure to strategic conversations; employees were involved in high level meetings in order to enhance their understanding of the broader perspective; and there was clarity as to why a particular direction or focus had been adopted. Therefore, Proposition Three is supported.

DISCUSSION AND IMPLICATIONS

Three key implications emerge from this study:

Redefining characteristics of high performing organizations

In the literature, one of the characteristics of high performing organizations is that of strategic orientation, which focuses on the alignment of plans with the organizational vision and mission. The literature prioritizes management processes, with little emphasis on alignment between organizational and individual elements; there is an implicit assumption that individual employee role and goal clarity will automatically follow once the organizational direction is determined. A second omission is the ongoing management of expectations through regular feedback and discussion. Both of these need to be made more explicit and added to the literature.

Developing characteristics of high performing organizations
The extension of the characteristics is important as the second implication is need for a shared organizational understanding of what high performance looks like in a context and for their staff. This understanding will necessitate defining and describing which high performance characteristics to apply to the organization. It is important to articulate how they will be manifested for that organization, both in an ideal and a pragmatic sense.

**Extending the scope of individual performance management**

The third implication from our research concerns the high performance work practices identified in the literature. Given the emphasis on both informal performance management and probation processes as critical mechanisms of managing expectations in our research, we firstly propose that the list of practices explicitly incorporates the importance of regular and ongoing feedback. The danger is that listing these informal mechanisms will drive organizations to formalize practice. Our data is clear that it is the informal nature of the exchanges that matters and so the change needs to be about developing management capability to recognize that this is a part of their core work, rather than setting up further management processes.

We also propose that the implementation of performance management be reconsidered. In our literature review we showed that performance management is defined as “a process which enables establishing a shared understanding between employees and their supervisors (and often peers) about what is to be achieved and how it is to be achieved”, and that, as an extension of this, it is a critical part of the managing expectations process. What matters about this definition is that any process which enables this to occur is, in fact, performance management. Recent practice has taken the term to mean the formal appraisal or other review process undertaken usually on an annual basis. However, our data shows that there are other human resource practices that also manage expectations and, consequently, performance in very important ways. Of these, the most influential emerged as the use (or abuse) of the probation process which was highlighted as a critical point where employees’ expectations need to be managed, being the first opportunity to establish individual role and goal clarity. It was argued that this was just as important for developing high performance as it was for avoiding poor performance.

**CONCLUSION**

In this paper we have considered whether the management of employee expectations is conducive to the development of High Performance Government. Our argument has been that whilst the link between the management of expectations and performance management is clear in the organizational behavior and human resources management literatures, this relationship has not been overtly discussed in the literature on HPOs. Overall, we propose that the effective management of expectations is an important element of developing high performance in general and government in particular. Our case study organizations would have had more opportunity for success if they had had a shared conceptualization of high performance which they could then integrate into practice and use to frame employee expectations and reviews.

**REFERENCES AVAILABLE FROM THE AUTHORS**