

## **THE HONG KONG HOUSING AUTHORITY**

### **Memorandum for the Human Resources Committee**

### **Performance Management in the Housing Authority**

#### **PURPOSE**

The paper outlines a framework for performance management in the Housing Authority and reports the progress of development and applications to-date.

#### **BACKGROUND**

2. Performance management and development has been identified as a 'driver' in the Management Enhancement Programme to enhance the management of performance through people, to develop their potential and to achieve cultural change and service enhancement. It has thus been included in the Human Resources Management Plan of the Housing Authority as a key area requiring priority attention. Since it aims at providing a crucial link between individual attitudes / behaviour and the vision, mission and core values of the Department, performance management should not be covering just performance appraisal, but also other elements relating to management of staff performance, including, induction and probation, management of under-performance and behavioural problems, development planning and incentives.

#### **PROBLEMS WITH EXISTING PRACTICES**

3. With the help of three focus groups<sup>1</sup>, we have identified a number of problems with existing practices under individual elements of performance management. At present, these elements are taken care of on a

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<sup>1</sup> Each focus group has about 10 to 15 members coming from various grades.

piece-meal basis. While there might well be a set of objectives for each element, there is no strategic focus as to how different initiatives generated from each individual element could contribute to help each staff member give his best towards attaining corporate goals.

4. As far as induction is concerned, not all new appointees are provided with a proper orientation programme immediately after they report for duty, let alone structured induction course or job-related training. Some of them are even not aware of the expected standards of performance.

5. Major problems with the existing performance appraisal system include over-reliance on the system to determine promotion, subjective assessment with varying standards adopted by different appraising officers, over-assessment and insufficient feedback on performance. Although career development issues for staff are briefly covered under the existing system, there is no formal mechanism for following up development activities proposed.

6. Given that incremental progress is almost automatic and coupled with the cumbersome civil service procedures in dealing with misconduct and under-performance, line managers have experienced great difficulties in managing their staff, not to mention getting full support from their staff in their endeavours to improve service.

## **THE PROPOSED FRAMEWORK**

7. To address problems with existing practices under individual elements of performance management and enable a linkage among these elements, we propose grouping all of them together under a framework for performance management. The proposed framework aims to

- equip new staff with the necessary knowledge and skills to enable them to contribute effectively as quickly as possible;
- facilitate increased productivity and efficiency by maintaining individual performance;

- obtain the best out of individuals through maximising their potential and improving their commitment;
- drive individual staff to contribute towards the vision, mission and core values of the Department;
- provide a system whereby each individual staff is assessed equitably and given feedback on his performance and development needs; and,
- support new requirements arising from initiatives of the Management Enhancement Programme, such as the need to draw up business plans, the impending devolution of HRM functions and assessment using competency approach.

8. The framework covers initiatives we plan for staff from the time they report for duty to their leaving the service. It starts with efforts in providing them with a good induction and making the best use of the probation mechanism, followed by constant monitoring of performance, coaching and regular performance reviews, with emphasis on identifying potentials and deficiencies for further development, both for self-betterment of individuals and eventually for contributing more towards service enhancement. Issues as regards handling under-performers and staff with behavioural problems also form part of the framework.

9. We have already embarked on a number of programmes to take this forward. The details and progress so far are given in the ensuing paragraphs.

## **INDUCTION AND PROBATION**

### **Induction**

10. We hope that all newcomers will be able to contribute effectively to the work of the Department after the first month, during which they will be given orientation and induction training. We are planning to arrange an orientation programme for all newcomers on the first day they report for duty. To this end, consideration will be given to asking

newcomers to report for duty on fixed dates in a month to tie in with the schedule of orientation programmes. However, flexibility will be allowed in the system to cope with urgent staff requirements. The orientation provides an introduction to the vision, mission and core values of the Department, the Department's organisation structure and core functions. Other information, such as major rules and regulations of the Civil Service, which should be observed will also be passed to newcomers.

11. Following the general orientation, newcomers will be given an induction programme drawn up specifically for them. The programme will cover job description of the post, the line of command, the expected standards of performance and conduct. It will be complemented as necessary by job-related training programmes for cases where particular technical or professional aspects of a job need to be addressed. At present, such induction programmes are arranged for grades where there are mass intake of staff, like Housing Officers, Works Supervisors. We are exploring the possibility of extending this to more grades with the help of the Appointments Section by having newcomers taken in groups. For those grades which would not have specific job-related training programmes organised by the Training and Development Centre, line managers will be asked to ensure that formal arrangements are put in place for on-the-job training or attaching officers to personal informal mentors for some time before taking up the post formally.

### **Probation**

12. The probation mechanism helps monitor the progress of newcomers and ensure that they are settling in well. Line managers will be reminded of the need to use the mechanism to closely supervise and monitor probationers' performance. Counselling sessions should be conducted and remedial actions to be taken as soon as under-performance or any signs of unfitness for the job are spotted. Action will be taken to remove apparent wrong recruits from service during the probationary period, if need be. Officers responsible for recruitment will be kept informed of such cases as it provides feedback for gauging the effectiveness of the selection process.

### **REVISED PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM**

13. Having regard to comments from staff and making reference to the performance management systems used in various public organisations and private companies,<sup>2</sup> we consider it necessary to introduce a new performance management and development system incorporating the good practice of objective setting, regular monitoring of performance, open assessment using a competency-based approach, feedback and development planning.

### **Objective Setting for More Objective Assessment**

14. Under the revised system, appraisees will have to discuss and agree with their appraising officers on the work objectives and targets to be achieved during the reporting period, having regard to the corporate objectives and the business plan for the same period. In addition, both parties should have a clear understanding on what is to be measured and how performance is to be observed.

15. The proposed system helps to address the problem of subjective assessment as it facilitates a more objective performance assessment through setting work targets and adopting a competency-based approach. The tendency of loose-marking has been a long-standing problem within the Department. We propose to instil upon line managers the message that over-grading means lowering performance standards and will diminish the usefulness of the system as a management tool. We also propose to appoint one single head for each grade/rank (assisted by a number of grade managers) to ensure consistency in standard of reporting. The inclination to over-grade in fact originates from an over-reliance on performance appraisal as the main tool for selecting officers for promotion. While it is not entirely possible to segregate performance appraisals completely from promotion, other measures, such as promotion interviews or having prospective candidates put on trial in the higher rank and confirmed only after they have proved to be competent in handling the higher responsibilities, will be employed as supplements for particular ranks when situation so warrants. The adoption of competency-based assessment referred to in paragraphs 16 and 17 below will also help to address the problem.

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<sup>2</sup> Reference have been made to organisations including Cathay Pacific, Hongkong Bank, Hong Kong Telecom, China Light and Power and Hospital Authority.

### **Competency-based Assessment**

16. In addition to appraising appraisees against the work objectives agreed, the proposed system helps to identify appraisees' potential, promotability and skill enhancement needs by adopting a competency-based assessment. Appraising officers will assess how far the appraisees have demonstrated competencies (knowledge, skills and abilities) required of current and next higher rank. Staff will be briefed that promotion is not solely determined by performance at the current rank, but also on the basis of competencies required for the next higher rank.

17. Core competency profiles for directorate officers and professional grades have been drawn up and endorsed by HBB. Competency profiles for leadership, customer service and performance management have been agreed. Grade-specific and functional competencies for respective disciplines would be drawn up in consultation with supervisors and staff from the particular disciplines.

### **Regular Monitoring and Feedback**

18. Though the existing system also calls for appraisal interviews, such have not always been properly carried out. We propose to instil among appraising officers the importance of providing timely and honest feedback to their staff on their performance. Two formal reviews will be conducted in a year - one in the middle of the review period and the other at the end.

## **Development Planning**

19. An important feature of the proposed system is the inclusion of a section in the appraisal form on development planning. Development for staff helps them into better equipping themselves for their job and would ultimately contribute to continuous service improvement. Both line managers and staff have put relatively little emphasis on this area at present. They incline towards concentrating efforts on rather short-term goals; say, getting promoted as long as they do well in the present post. The need to be more devoted into developing attributes necessary for the next higher rank or further self-betterment might well be neglected.

20. With the introduction of the development planning section, the appraisee and the supervisor will be required to jointly plan development activities to enhance performance and develop the required competencies. Such development activities may be attending training programmes, job rotation for gaining exposure and experience, taking up new responsibilities or even reading journals and meeting with professionals. The information in the development plan is vital to the grade management who will be tasked to ensure that appropriate follow up action is taken. With the strengthening of grade management in the near future, we plan to draw up career paths for individual officers and arrange career postings to allow officers to gain exposure on different domains within their profession. The information provided will also assist in succession planning.

## **The First Try-out**

21. A draft review form for the system has been prepared and is being cleared with the Civil Service Bureau. Given that we would like to secure support from senior management on the proposed system and coupled with the fact that competency profiles for the Directorate ranks have been drawn up, we propose to adopt a top-down approach by introducing the proposed system first on the Directorate staff. A seminar will be arranged for the Directorate officers some time in November to prepare them for the implementation of the system for the reporting cycle from 1 April 1998 to 31 March 1999. An evaluation will be conducted at the end of the reporting period. We propose that the system, with modifications as appropriate, will be extended to cover

other departmental grade staff in the Department, notably, the management/professional grades. As for junior grades, instead of devoting a detailed section for performance planning, work standards and behaviour-anchored rating scales will be introduced for them. In this regard, we propose to seek the help of a consultant to advise on the best way to take this forward.

### **Training**

22. A series of training courses will be developed to facilitate officers concerned on the use of the revised performance management and development system. These will include training sessions on setting work targets, the importance and techniques of coaching and ways of conducting effective appraisal reviews, etc.

23. In addition, training programmes on developing specific competencies will be designed to help staff address deficiencies identified through competency assessment and areas for further development outlined when drawing up the development plan.

### **INCENTIVES AND REWARDS**

24. The Department recognises the importance of staff recognition and incentives to motivate staff to give their best. A new Staff Incentive Scheme has been launched. Details of the award programmes have been covered in HRC Paper No. 31/97, presented to Members of the Human Resources Committee on 10.7.97.

### **MANAGEMENT OF UNDER-PERFORMANCE AND MISCONDUCT**

25. We understand that this is a major concern for supervisors. Line managers will be reminded of the fact that early intervention and positive support may result in improved performance. However, when efforts to help become futile, disciplinary action will be taken. We take a serious view on misconduct and action is on-going to arouse staff's awareness in this regard. Figures on disciplinary actions taken and warnings issued are published from time to time to reinforce the message. A Code of



Conduct is being finalised and it will be issued to all newcomers, leaving them in no doubt as to the conduct expected of them.

26. Efforts are being made to equip managers with necessary knowledge and skill to handle disciplinary cases. These include organising disciplinary seminars and workshops for officers taking up supervisory duties, issuing a checklist for issuing warnings to staff and a manual on staff management.

27. Responding to supervisors' concerns about the time and efforts needed for actions against offenders, a separate review is being conducted with a view to streamlining the procedures for handling formal disciplinary cases, making reference to practices in other public organisations.

## **ROLES OF PARTIES CONCERNED**

28. The success of the framework in gearing staff towards giving their best for attaining corporate goals will depend very much on the efforts of various parties. Roles of parties concerned have been defined as follows -

### *Senior Management*

- to agree on the induction requirements of newcomers and to plan induction / on-the-job training for them,
- to actively involve in trying-out the proposed performance management and development system and providing feedback for modifying the system before further rolling-out; and,
- to foster within Branches and Divisions a culture of effective performance management where staff are motivated, their efforts duly recognised and under-performers / staff committing misconduct coached and punished as appropriate.

*Line Managers*

- to participate actively in nurturing newcomers, ensuring that they are settling in well,
- to practise participative management whereby involving staff in setting work targets and objectives and assessing their performance against targets set,
- to emphasise on development planning for staff and help ensure that deficiencies addressed will be followed up by planned development activities,
- to adopt coaching as an important feature for staff management, and,
- to recognise staff efforts and take prompt action on under-performers.

*Staff*

- to be responsible for self-development through active discussions with managers on setting work objectives and drawing up development plans for themselves.

*Human Resources Managers*

- to act as facilitators to help monitor and strengthen the performance management mechanism through keeping line managers and staff informed of details of the proposed initiatives, evaluating the effectiveness of the framework by conducting constant reviews and proposing improved initiatives as necessary.

*Training and Development Centre*

- to draw up competency profiles for staff groups in consultation with Business Directors and staff,
- to develop training resources and conduct programmes to equip staff with the necessary skills to implement the framework initiatives,
- to provide in-house advisory services to line managers on developing staff competencies for enhancing performance; and,
- to facilitate the role of line managers in performance management and development.

*Grade Managers*

- to draw up for each staff member a career road map and monitor the performance of individual staff, and to ensure that follow up action on development activities are taken; and,
- to help in consulting staff on their views of the new initiatives, communicating details to them and helping staff in coping with the new system.

**IMPLEMENTATION**

29. While work have already started for a number of initiatives proposed under the framework, we envisage that full implementation of all these initiatives across the entire organisation will take several years to complete. Details are given at the **Annex**. Meanwhile, we will review and refine the arrangements after taking into account experience gained during their implementation. We will report work progress through the annual report on the implementation of the HRM Plan.

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## **STAFF CONSULTATION**

30. We appreciate that the proposed framework embodies many new initiatives and will no doubt entail additional workload for all parties concerned, not to mention the likelihood of generating anxiety among some staff. With the help of a consultant to be engaged for rolling-out of the new performance management and development system, we will develop strategies for addressing issues like staff consultation, staff buy-in which will include addressing concern of staff on the new system such as tension caused by the need to set work targets and be judged upon such objectives and so on.

31. Besides, staff consultation will be an on-going process whereby staff will be informed of details of the initiatives together with the proposed time-table for implementation. Their comments and suggestions will be taken into consideration for refining the framework.

## **ASSESSMENT ON THE EFFECTIVENESS OF THE PROPOSED FRAMEWORK**

32. Performance management as a driver programme for culture change and support for other HR initiatives is a long term goal and it would probably take some time to say how effective it is. Nevertheless, immediate response on staff reception on the proposed initiatives under the new framework serves a good indicator when evaluating the proposed framework on a short-term basis. Staff surveys, focus group discussions and consultations through staff associations would be conducted to gauge feedback from line managers and staff on the new framework.

33. Besides, whether the framework proves to be a successful management tool will be judged upon how best it could address problems arising from existing practices. Reviews will be conducted to find out whether problems like insufficient support to newcomers, over-assessment and so on have been solved, whether managers have begun taking a more active role in managing performance of their staff and whether there is a general upgrade in the standard of performance appraisals written.

34. In the longer term, indicators for success of the proposed framework for performance management link closely with how far corporate objectives are met. Whether the proposed framework has been effective or not could be reflected by issues like how successful MEP programmes are implemented, whether there is an improved performance among staff thus enhancing service delivery, whether the new initiatives under the framework have helped identify and develop suitable candidates for advancement and contributed in succession planning; and, whether the overall staff satisfaction level has been lifted.

### **RESOURCE IMPLICATIONS**

35. Financial resources required for implementation of various initiatives under the framework will mainly be for the engagement of a human resources management consultant to advise on the rolling-out of the new performance management and development system. Funds are available in the current and following year's budget in this regard and also for the related on-going programmes as regards managing performance.

### **ADVICE SOUGHT**

36. Members are invited to note details of the performance management framework and to comment on any further areas which should be addressed within the framework.

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File Ref. : L/M in HD(SM) 1/28 II

Date : 30 September 1997

