

## Managing performance & warnings

Effective performance management creates a harmonious and productive workplace which is beneficial for both employees and employers. Find out more:

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### Why manage performance

The best businesses are always improving their operations to stay competitive in their industry. To be able to do this, employees and managers need to be performing to a high standard.

High performance in business means:

- increased productivity
- engaged and committed employees
- retaining good employees.

Poor performing employees can have a negative effect on a business, for example:

- unhappy customers or clients
- decreased productivity
- high turnover
- unmotivated and underperforming employees.

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### What is underperformance

Underperformance, or poor performance, is when an employee isn't doing their job properly, or is behaving in an unacceptable way at work. It includes:

- not carrying out their work to the required standard or not doing their job at all
- not following workplace policies, rules or procedures
- unacceptable behaviour at work, eg. telling inappropriate jokes
- disruptive or negative behaviour at work, eg. constantly speaking negatively about the company.

There is a difference between underperformance and serious misconduct.

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### Serious misconduct

Serious misconduct is when an employee:

- causes serious and imminent risk to the health and safety of another person or to the reputation or profits of their employer's business or
- deliberately behaves in a way that's inconsistent with continuing their employment.

Examples of serious misconduct include:

- theft
- fraud
- assault
- being drunk at work
- refusing to carry out work duties.

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## Preventing underperformance

The best way to manage underperformance is to make sure it doesn't happen in the first place. Communication is the key.

Steps that employers can take to help prevent underperformance include:

- listing behavioural and outcome expectations in position descriptions
- addressing any issues as soon as possible
- having regular performance reviews to outline expectations from the beginning
- encouraging employees to talk to a manager or employer if they have any questions or concerns.

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## What to do when underperformance happens

If an employee is underperforming, a private meeting can be arranged for the employee and employer to discuss the situation. It's a good idea for the employer to tell the employee what the meeting is about and ask them if they want to bring a support person along. In this meeting:

- be clear about what the issues or concerns are and listen to the other person
- make sure both parties have discussed and agreed on a solution together, including clear and reasonable steps for improvement
- document the meeting and outcomes.

### Best practice tip

Employers should consider writing down a performance management policy that outlines how underperformance will be managed and the possible consequences of underperformance. Being clear about what could happen can make it clear what the employee responsibilities are. It can also help prevent employees feeling victimised if an issue does come up.

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## Warnings and unfair dismissals

It's best practice to give employees warnings in writing before ending their employment.

An employer doesn't have to give an employee 3 warnings, or even 1 warning but an employer should give the employee a chance to fix any performance issues. If an employer fires an employee who then makes an [unfair dismissal \(www.fairwork.gov.au/ending-employment/unfair-dismissal\)](http://www.fairwork.gov.au/ending-employment/unfair-dismissal) claim, the [Fair Work Commission](http://www.fwc.gov.au/)  (<http://www.fwc.gov.au/>) will usually take this into consideration.

If a business does use warnings they need to make sure:

- they are clear about the reason for the warning
- they write down all the details
- they set clear expectations about what needs to be done differently
- that the warning is fair and reasonable in the circumstances.

For specific advice about using warnings and terminating staff, it's best to get independent advice from an employer association or lawyer.

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## Following up after underperformance discussions

After an employer has explained their concerns to an employee and provided them with strategies on how to improve performance, regular follow up meetings should be held. They can be used as an opportunity to talk about progress and see if there's any further help or support the employee needs, such as formal or informal training. Where performance has improved, employers should make sure they recognise this.

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## If performance hasn't improved

If the employee hasn't changed their behaviour and continues underperforming employers may think about:

- if another meeting with the employee would be useful
- changing the employee's duties (if appropriate) or providing additional training
- issuing a first or additional warning
- if they have clearly explained the possible consequences of not improving, including if termination is a possibility.

Termination should only be considered as a final resort. If an employee is fired, the employer needs to make sure the employee:

- isn't being [Unfairly dismissed](http://www.fairwork.gov.au/ending-employment/unfair-dismissal) ([www.fairwork.gov.au/ending-employment/unfair-dismissal](http://www.fairwork.gov.au/ending-employment/unfair-dismissal))
- is given the right [Notice of termination](http://www.fairwork.gov.au/Ending-employment/notice-and-final-pay/dismissal-how-much-notice) ([www.fairwork.gov.au/Ending-employment/notice-and-final-pay/dismissal-how-much-notice](http://www.fairwork.gov.au/Ending-employment/notice-and-final-pay/dismissal-how-much-notice))
- is given the right [Final pay](http://www.fairwork.gov.au/Ending-employment/notice-and-final-pay/final-pay) ([www.fairwork.gov.au/Ending-employment/notice-and-final-pay/final-pay](http://www.fairwork.gov.au/Ending-employment/notice-and-final-pay/final-pay))

The employer may also think about getting independent advice from an employer association or lawyer if necessary.

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## Templates to help manage performance

Download our templates to help manage employee performance:

- [Setting up a performance system checklist \(DOCX 32.7KB\)](http://www.fairwork.gov.au/ArticleDocuments/715/setting-up-a-performance-system-checklist.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/715/setting-up-a-performance-system-checklist.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/715/setting-up-a-performance-system-checklist.docx.aspx))
- [Managing underperformance - initial steps checklist \(DOCX 34.9KB\)](http://www.fairwork.gov.au/ArticleDocuments/715/managing-under-performance-initial-steps-checklist.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/715/managing-under-performance-initial-steps-checklist.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/715/managing-under-performance-initial-steps-checklist.docx.aspx))
- [Managing underperformance - formal steps checklist \(DOCX 32.8KB\)](http://www.fairwork.gov.au/ArticleDocuments/715/managing-under-performance-formal-steps-checklist.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/715/managing-under-performance-formal-steps-checklist.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/715/managing-under-performance-formal-steps-checklist.docx.aspx))
- [Performance improvement plan \(DOCX 50KB\)](http://www.fairwork.gov.au/ArticleDocuments/766/performance-improvement-plan.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/766/performance-improvement-plan.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/766/performance-improvement-plan.docx.aspx))
- [Underperformance meeting plan \(DOCX 46.5KB\)](http://www.fairwork.gov.au/ArticleDocuments/766/underperformance-meeting-plan.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/766/underperformance-meeting-plan.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/766/underperformance-meeting-plan.docx.aspx))
- [Performance review discussion plan \(DOCX 35.4KB\)](http://www.fairwork.gov.au/ArticleDocuments/766/performance-review-discussion-plan.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/766/performance-review-discussion-plan.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/766/performance-review-discussion-plan.docx.aspx))

### Help for small business

- Find tools, resources and information you might need on our [Small business page](http://www.fairwork.gov.au/Find-help-for/Small-business/default) ([www.fairwork.gov.au/Find-help-for/Small-business/default](http://www.fairwork.gov.au/Find-help-for/Small-business/default)) .

### You might also be interested in

- [Probation](http://www.fairwork.gov.au/employee-entitlements/types-of-employees/probation) ([www.fairwork.gov.au/employee-entitlements/types-of-employees/probation](http://www.fairwork.gov.au/employee-entitlements/types-of-employees/probation))
- [Difficult conversations in the workplace online course](http://www.fairwork.gov.au/how-we-will-help/online-training/online-learning-centre/difficult-conversations-in-the-workplace-manager-course) ([www.fairwork.gov.au/how-we-will-help/online-training/online-learning-centre/difficult-conversations-in-the-workplace-manager-course](http://www.fairwork.gov.au/how-we-will-help/online-training/online-learning-centre/difficult-conversations-in-the-workplace-manager-course))
- [Managing employees online course](http://www.fairwork.gov.au/how-we-will-help/online-training/online-learning-centre/managing-employees) ([www.fairwork.gov.au/how-we-will-help/online-training/online-learning-centre/managing-employees](http://www.fairwork.gov.au/how-we-will-help/online-training/online-learning-centre/managing-employees))

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Fair Work Infoline: 13 13 94

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Speak & Listen: 1300 555 727. Ask for the Fair Work Infoline 13 13 94

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