

## PERFORMANCE MANAGEMENT POLICY

Policy Number	Department	Policy Status	Issue Date
HB/HR/PL 003	Human Resource	New	August 2018

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## **1. POLICY OVERVIEW**

The objective of this policy is to create an effective performance management system where Employees have a clear understanding of the work expected from them, receive ongoing feedback regarding how they are performing relative to expectations, to distribute rewards accordingly, to identify development opportunities, and to address performance that does not meet expectations.

## **2. SCOPE**

This policy is applicable to all Heckerbella Limited Employees.

## **3. PURPOSE**

The performance management policy has been designed to ensure standard and consistent management of Employee performance across the organization. The purpose of the performance management policy is to:

- 3.1. Provide a criteria and formal framework by which Employees' performance will be evaluated.
- 3.2. Align individual performance with business goals, from the setting of objectives according to respective/relevant approved business plans, through to performance monitoring and review against goals.
- 3.3. Engage Employees in objective setting to ensure that Employees have a clear understanding of what is expected of them and how they contribute to the overall success of the organization.
- 3.4. Encourage open dialogue between Line Managers and subordinates through collaborative objectives/target setting.
- 3.5. Identify the necessary resources, training, development and support that Employees need to carry out their role and achieve their objectives.
- 3.6. Evaluate contribution in respect of how well objectives have been met and in respect of other skills which maximize effectiveness.
- 3.7. Provide a basis for linking exceptional contribution to reward.

## **4. POLICY STATEMENT**

Performance management is a critical factor in achieving our strategic objectives. Each employee's performance makes a difference to the Company's results. Line managers are responsible for managing and optimizing the performance of Employees reporting to him/her. Heckerbella Limited performance system has been designed to not only reward consistent and exceptional performance but also create an enabling environment with the appropriate level of target to ensure Employees perform at their optimal and full potential.



## 5. POLICY GUIDELINES

### 5.1. Objective/ Target Setting:

- 5.1.1. The Performance Management cycle will run from January through December of each year.
- 5.1.2. Objectives/ targets shall be set at the beginning (January) of each year for each Employee and shall form the basis for assessing the Employee's performance for the period.
- 5.1.3. Individual objectives shall be derived from the relevant departmental objectives; aligned with established organization-wide objectives. All completed and approved objectives shall be submitted to Human Resources Department on or before 31<sup>st</sup> of January each year.
- 5.1.4. The Human Resources Department shall be responsible for coordinating all objective setting activities across the organization.
- 5.1.5. Organizational targets shall be cascaded down from top management and reflected in the individual performance targets of all Employees.
- 5.1.6. To ensure objectives are clear, Employee objectives/ targets shall be written using the 'SMART' methodology.
  - 5.1.6.1. **Specific** - Define the results to be achieved;
  - 5.1.6.2. **Measurable** - Discrete unit of measure can be used to determine the extent of achievement of the targets;
  - 5.1.6.3. **Achievable** - Challenging yet achievable; targets or objectives that are realistic and achievable.
  - 5.1.6.4. **Relevant** - Objectives support' business goals with practical targets that can be achieved; and
  - 5.1.6.5. **Time bound** - Delivered within a specified timeframe
- 5.1.7. When a new Employee joins the organization, he/she is expected to have a signed-off performance objective form indicating the objectives and KPIs for the year. This must be done within the first month of assumption of duty by the Employee and Line Manager.
- 5.1.8. Performance objectives shall be reviewed on an ongoing basis as part of interim performance appraisal exercise to ensure continued relevance and appropriateness of defined objectives towards the achievement of the organization or department objectives and targets.

## **5.2. Performance Appraisal and Feedback**

- 5.2.1. **Balanced Feedback** - Feedback shall be provided regularly with essential information that will help Employees improve their performance. It must be specific and also describe the action the Employee took and the impact it had.
- 5.2.2. The annual performance appraisal cycle shall consist of the following;
  - 5.2.2.1. **Interim Appraisal:** Monthly performance discussions and quarterly reviews.
  - 5.2.2.2. **Formal Appraisal:** Mid-year appraisal conducted in June and a year-end appraisal in December.
- 5.2.3. All Employees shall be required to undergo regular performance appraisal to assess their achievement of agreed objectives and identify areas for improvement or development.
- 5.2.4. Performance shall be divided into 3 parts:
  - 5.2.4.1. Individual Performance;
    - 5.2.4.1.1. Feedback (positive and developmental)
    - 5.2.4.1.2. Adjustment of objectives in line with changes in the business priorities
    - 5.2.4.1.3. Review of the development plan
    - 5.2.4.1.4. Support required to move forward
  - 5.2.4.2. Departmental Performance
  - 5.2.4.3. Organization/Corporate Performance.
- 5.2.5. Performance shall be benchmarked against the target set for the respective areas (individual, departmental and corporate).

## **5.3. Performance Monitoring:**

- 5.3.1. In addition to the formal appraisal sessions at mid-year and year-end, Line Managers shall on monthly basis conduct informal performance discussions with their Employees to provide ongoing feedback on performance, review learning points and generate or share ideas to foster improved performance.
- 5.3.2. Quarterly reviews shall be conducted, documented and retained in the respective department for future reference.

## **5.4. Documentation of Performance Outcomes:**

- 5.4.1. All evaluated performance documents must be duly signed and submitted to Human Resources Department by the 30th of June and 15th of December every year to cover both evaluation periods.
- 5.4.2. Duplicate copies of all appraisals must be retained in the Employee's Performance File to be managed by the line manager.



5.4.3. Human Resources Department shall carry out a quarterly audit exercise to ensure performance process is implemented and documented accordingly.

5.5. **Communication of Performance Outcomes;**

- 5.5.1. Performance appraisal results shall be communicated to individual Employees through evaluation feedback sessions upon finalization
- 5.5.2. It shall be the dominant factor for reward, definition of training and competency development requirements as well as career advancement in the organization.

5.6. **Performance Evaluation**

- 5.6.1. Only immediate Line Manager or Head of unit with whom contact has been established over the last three (3) months before the performance review period shall appraise the Employee.
- 5.6.2. Where an Employee has been in more than one unit or department within the review period, the line manager in the function in which the Employee has spent the most time shall perform the appraisal, incorporating inputs from the other relevant line managers.
- 5.6.3. Responsibility for appraisal shall not be delegated except in instances where the immediate Line Manager is unavailable due to resignation, incapacitation, termination or death.
- 5.6.4. The completed performance appraisal form must be endorsed by the employee, line manager and where applicable, Head of Department.
- 5.6.5. All approved appraisal forms must be forwarded to HR Department.

5.7. **Performance Rating**

- 5.7.1. Performance shall be evaluated using a five (5) point rating scale. Table below gives a summary of the scale and description.

RATE	DESCRIPTION
1	Below Expectation (BE)
2	Meets Some Expectations (MSE)
3	Meets Expectation (ME)
4	Exceeds Expectation (EE)
5	Significantly Exceeds Expectation (SEE)

- 5.7.2. The above rating scale will be used to rate each performance objective, as well as overall performance. Each performance objective shall also be assigned an appropriate weighting.
- 5.7.3. Where no performance agreement was approved, and no performance appraisal has been completed, the Employee will not qualify for a performance based annual salary increase or performance bonus payout.
- 5.7.4. If an Employee will be away during the performance review period, it is the responsibility of both the Employee and the line manager to ensure that the performance review is completed before the Employee goes away.
- 5.7.5. When an Employee transfers from one department to another within Heckerbella Limited, the current manager must conduct a formal performance review before the Employee transfers. The score should be kept on record and will be incorporated into the final score at the end of the performance management cycle.
- 5.7.6. When a line manager or supervisor resigns or will be away for an extended leave period (three (3) months or more), he or she must appraise all his or her direct reports before leaving. This should be discussed with the new manager or supervisor and should be incorporated into the final score at the end of the performance cycle. However, discretion should be exercised by the HR Department; it may not be in Heckerbella Limited best interest for the resigning line manager to do appraisals depending on the circumstances.
- 5.7.7. The appraisal must be reviewed and signed-off by the Departmental Head to be valid for submission to HR Department.
- 5.7.8. If an Employee joins Heckerbella Limited after the 30th of September, he or she does not qualify for a performance based annual salary increase.
- 5.7.9. Performance agreement must be in place and approved at the beginning of the of each year or within one month of an Employee joining the organisation for an Employee to qualify for performance based annual salary increase.
- 5.7.10. Performance based annual salary increase will be implemented by the discretion of the management and with the approval of the Company's Board of Directors.
- 5.7.11. To promote consistency in ratings across the Company, a moderating committee shall be set up to moderate all Employees' appraisal scores.

## **5.8. Performance Moderation**

- 5.8.1. This section explains the concept of moderation and also clarifies the categories of employees whose scores will be moderated at the different moderation levels.
- 5.8.2. The purpose of moderation is to ensure that appraisal outcomes of individuals are aligned with the broader performance context of their specific team or department and accurately reflects the overall performance of the Organization.



5.8.3. Moderation committees shall be set up for each department to carry out performance moderation. Each department pre-moderates scores prior to organization-wide moderation. This is to ensure that individual performance ratings reflect the actual performance of the department.

5.8.4. The Moderation Process, therefore takes place at the following management levels:

**5.8.4.1. Departmental Moderation Level**

This consists of the following:

- Head of Department or Member of the Management Team
- Line Managers
- HR Manager

5.8.4.1.1. At this level, the performance scores of all Employees within the department are discussed. Line managers shall present and defend the ratings of their direct reports, with supporting documentation for good or poor performance.

**5.8.4.2. Organisational Moderation level**

This consists of the following:

- Managing Director
- Head of Departments
- HR Manager

5.8.4.2.1. At this level, the organisation-wide performance score will be discussed. In addition, the committee will review departmental performance bands across the organisation.

5.8.5. At all Moderation levels, line managers will be required to review their scores if the desired rating or score is not achieved.

- The final post moderated scores as approved by the Managing Director shall be communicated to the employees via line manager feedback discussion and email notification.

**5.9. Appeal Process**

5.9.1. The Appeal Process shall take place after the Moderation Process.

5.9.2. Where there is a disagreement between an employee and a line manager regarding the final appraisal scores, the following process shall be followed:

5.9.2.1. Employee will prepare a written appeal to the next level of management in the department or organisation within five (5) working days of receiving the final performance score and also inform HR Department in writing.

5.9.2.2. The next level of management shall resolve the disagreement within 2 working days.



- 5.9.2.3. If unresolved, the matter will be escalated to HR within two (2) working days of receipt of response from the next level of management. The HR Department will make the final decision within 2 working days of receipt of the appeal.
- 5.9.2.4. Performance evidences of both parties and the aggrieved employee's Performance Agreement as well as the response letter from the 1<sup>st</sup> level of appeal will be reviewed and investigated during the process.

## **6. PERFORMANCE EVALUATION FOR EMPLOYEES WITH SHORT TERM CONTRACT**

- 6.1. Performance evaluation shall be conducted for Employees with three (3) months contract and above.
- 6.2. The Employee and Line Manager shall identify and agree KPIs at the beginning of the Employees' contract with Heckerbella Limited.
- 6.3. Employee will be evaluated based on the agreed KPIs at the end of every three (3) months.
- 6.4. Employees performance will be rated based on agreed Heckerbella Limited performance rating parameter.
- 6.5. Extension of Employee's contract will be determined by the performance evaluation result.
- 6.6. Employees with less than three (3) months Contract shall agree a set of work expectations to be signed and documented with the Contractor and their assigned line manager.
- 6.7. At the end of their Contract, their job outcome will be evaluated against the agreed work expectations.

## **7. MANAGEMENT OF UNACCEPTABLE PERFORMANCE**

- 7.1. Where an Employee's work performance does not meet a satisfactory standard an appropriate process of investigation and corrective action shall be taken.
- 7.2. An Employee's performance is unacceptable if his/ her performance is rated below expectation within any evaluation/appraisal period or at any time during the financial year. Such occurrence if not properly managed may ultimately lead to;
  - 7.2.1. A decrease in productivity and quality
  - 7.2.2. Unbalanced workload that could lead to dissatisfaction amongst Employee and ultimately result in high turnover; and
  - 7.2.3. Reduced organizational profitability – Employee underutilization.
- 7.3. An Employee's performance will be deemed unacceptable if the following occurrences are proven;
  - 7.3.1. Incompetence - Consistently achieving unacceptable levels of performance due to lack of capacity.
  - 7.3.2. Unprofessional Attitude.
  - 7.3.3. Lazy attitude to work- consistently performing below the expected performance level.
  - 7.3.4. Absenteeism- frequent and unexplained absences from work.

7.4. An Employee is responsible for:

- 7.4.1. Ensuring they are aware of their role and responsibilities.
- 7.4.2. Performing their duties to a satisfactory level.
- 7.4.3. Engaging in any relevant training and development that will enable them achieve the required performance levels for the job.
- 7.4.4. Proactively and consistently seeking feedback on work performance.
- 7.4.5. Informing their line manager of any issue affecting their work performance.

7.5. The role of the Line Manager's in managing unacceptable performance issues include:

- 7.5.1. Agreeing and communicating performance standards to Employee.
- 7.5.2. Identifying and addressing unacceptable performance as it becomes apparent to avoid detrimental impact on the business.
- 7.5.3. Providing appropriate training, or access to training for all Employees for whom they are responsible to enable them acquire the knowledge and skills needed to perform assigned tasks.
- 7.5.4. Providing prompt and regular feedback on work performance to Employee.
- 7.5.5. Ensuring that matters relating to work performance are dealt with fairly and in a timely manner.

7.6. The Human Resources department is responsible for:

- 7.6.1. Providing necessary guidance to Line Managers on handling cases of unacceptable performance.
- 7.6.2. Ensuring consistent and equitable interpretation and application of the policy on unacceptable performance.

7.7. **Procedure for conducting Performance improvement**

The performance improvement process shall be instituted for Employees whose performance is deemed to be unacceptable (. i.e. below expectation) in an appraisal period. Appraisal score rating from 2.5 below at the end of an appraisal year will be categorise as unacceptable performance. In deciding on whether to commence the Performance improvement procedures the following steps shall be taken.

7.7.1. **Formal Meeting/discussion:**

The line manager shall conduct a formal meeting or discussion with the Employee to determine where the Employee is falling short, what standard is not being met, and discuss the matter fully to see if the reason for the poor performance can be established.

- 7.7.1.1. The line manager is required to establish the cause and in collaboration with the Employee agree on a mutually acceptable way of dealing with it.



- 7.7.1.2. The line manager must be specific and document what improvement is required, what standard is required to be met, in what area and by when.
- 7.7.1.3. The line manager shall agree interim targets and review timelines with the affected Employee to monitor subsequent performance.
- 7.7.1.4. Subsequent reviews to assess improvement in the Employee's performance should be done within a period of four (4) weeks following the initial discussion.
- 7.7.1.5. The Line manager must warn the Employee of the consequences of failure to improve where such warning is appropriate.
- 7.7.1.6. Where the Employee's performance still remains below par; the line manager shall involve the Human Resources Department via a memo stating the issues and actions taken so far.
- 7.7.1.7. The written memo initiates the next step of the process.

#### **7.7.2. The Performance Meeting**

- 7.7.2.1. The HR department will organize a performance meeting between the Line Manager, Employee and HR giving attendees at least two (2) days' notice.
- 7.7.2.2. HR shall facilitate the agreement of new performance targets to be reviewed after a 90 days period as well as the steps to be taken to achieve the required performance standard.
- 7.7.2.3. The Line Manager shall also identify additional support or training that may be required to improve the Employee's standard of work and arrange for this to be provided at the earliest opportunity. The Line Manager is expected to encourage and support the Employee during this period.
- 7.7.2.4. The performance targets and intervention must be documented and signed off by both the Employee and the Line Manager.
- 7.7.2.5. After the completion of the meeting, the Line Manager will confirm to the Employee and HR Department in writing, the date, time and venue of the final performance review meeting which will take place at the expiration of 90 days.

#### **7.7.3. The Final Performance Review Meeting**

- 7.7.3.1. This meeting will take place between the Line Manager, the Employee and HR Department.
- 7.7.3.2. The final review meeting will be held to review performance progress and to determine whether an acceptable standard of work has been reached based on the set targets.

- 7.7.3.3. If performance is considered to be acceptable, the Line Manager encourages the member of Employee to sustain this level of performance and continue to monitor progress.
- 7.7.3.4. If there has been some improvement but the Employee has still not reached the required level of performance, the Line Manager may consider extending the review period and agree on a new review date.
- 7.7.3.5. In the event where after the 90day plan, there is no improvement in Employee' attitude or performance, the line manager will work with the HR department to agree an appropriate next step which may include termination of appointment or redeployment to an appropriate department or job level.

#### 7.7.4. Exception

- 7.7.4.1. The above procedure can be shortened if the Line Manager considers that the impact on the business, customer or other Employees is sufficiently severe that the normal procedure cannot be followed.
- 7.7.4.2. This abridged process can only be approved if agreement is obtained from Human Resources Department, Departmental Head, and the Managing Director.

### 8. PROBATIONARY PERFORMANCE EVALUATION – EMPLOYMENT CONFIRMATION

- 8.1. The probationary period is required to review performance during the initial phase of employment.
- 8.2. The probationary period is six (6) months for all initial and promotional appointments.
- 8.3. A six (6) month probationary period is also served upon a lateral transfer to a different department.
- 8.4. If the Employee's performance is found to be unsatisfactory during the initial probationary period, the Employee shall be given an extension for another three (3) months.
- 8.5. If the Employee's performance is still found to be unsatisfactory during the extension period, the Employee's employment shall be terminated.
- 8.6. If the Employee's performance is found to be unsatisfactory following a promotion, the Employee may be demoted to the same or similar position the Employee held prior to the promotion.
- 8.7. If a transfer to the former position cannot be made, the current employing department will retain the Employee until a transfer can be arranged.
- 8.8. Written notice of removal or demotion due to failure of probation must be issued from Human Resources by the Line Manager OR Head of Department prior to the end of the probationary period.



8.9. Time spent on an approved leave of absence (paid or unpaid) shall not be counted as part of the probationary period. The probationary period shall be extended by an equal number of days the Employee spent on the approved leave of absence.

8.10. **Procedure**

8.10.1. The Line Manager must conduct a monthly evaluation during the Employee's probationary period.

8.10.2. A performance evaluation shall be completed prior to the end of the Employee's probationary period.

8.10.3. Human Resources must notify the Line manager at the end of the probationary period on the evaluation.

8.10.4. If the probationary Employee's performance is unsatisfactory, the Line Manager shall inform Human Resources and Human Resources will communicate to the Employee and the Line Manager details of the extension of probationary period.

## **9. ROLES & RESPONSIBILITIES**

9.1. **Head of Department**

9.1.1. Ensuring compliance with the organization's defined performance Management Policy.

9.1.2. Ensuring alignment of individual Employee objectives and targets with approved departmental or team targets and measures.

9.1.3. Ensuring continuous monitoring of Employees' performance vis-à-vis set objectives by immediate Line Manager; and

9.1.4. Reviewing and challenging where required, Employee performance appraisal ratings vis-à-vis set targets and achievements to ensure objectivity, transparency and consistency of performance ratings.

9.2. **Line Manager**

9.2.1. Providing direction and support to job holder in setting SMART performance objectives and targets in line with the departmental or team objectives.

9.2.2. Agreeing and signing off on jobholder targets and objectives.

9.2.3. Ensuring the appraisee is equipped with the resources required to achieve set targets;

9.2.4. Monitoring the performance of the job holder and providing feedback on an on-going basis.

9.2.5. Ensuring timely and objective assessment of the performance of the appraisee during the appraisal exercise

9.2.6. Ensuring developmental plans for appraisees, address identified gaps and areas for development.

### 9.3. **Employee**

- 9.3.1. Obtaining a clear understanding of the departmental or team objectives.
- 9.3.2. Understanding the job responsibilities and expectations as specified in the job description.
- 9.3.3. Setting and agreeing objectives that are SMART, align with business objectives and address personal development needs.
- 9.3.4. Seeking on-going performance feedback from Line Manager and
- 9.3.5. Approaching the informal performance monitoring and annual formal appraisal sessions with a positive attitude and an open mind.

### 9.4. **The Human Resource**

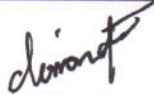


- 9.4.1. Providing on-going process guideline and support (including training of all Employee or managers on effective performance management) across the organization in the execution of the performance management process.
- 9.4.2. Proactively identify and address Employee appraisal issues and/or conflicts.
- 9.4.3. Assisting in monitoring the implementation of appraisal review recommendations, especially with regard to career and training issues
- 9.4.4. Ensuring the maintenance of accurate performance appraisal records and timely update of the Employee performance management database.

## 10. DEFINITION OF TERMS

Acronyms	Meaning
HR	Human Resources Department
Company	Heckerbella Limited.
KPI	Key Performance Indicator



## APPROVAL

Approval	Name	Job Title	Signature	Date
Reviewed by	Patience Diamond	H.R.M		22/10/18
Reviewed by	Peter Okiti	COO		15-10-18
Approved by	Yemi Keri	CEO		30/10/18