The Australian Experience of Contract Employment (under AWAS) as a Tool to Manage Public Sector Performance: Implications for HRM

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ABSTRACT: This paper considers the perceptions of Senior Executive Service officers of the Australian Public Service on the extent to which their move to contract employment under Australian Workplace Agreements impacted on their performance and performance management. It summarises a brief selection of literature dealing with performance management and assesses the efficacy of contract employment (under AWAs) as an HR tool for managing performance in the public sector. The majority of Senior Executive Service respondents surveyed reported no perceived improvement in performance management and provided some evidence of negative impacts following their move to individual contracts under Australian Workplace Agreements. Most had little credibility in the performance appraisal process as assessments were moderated to reduce significant differentials. The majority perceived that the sanctions for poor performance were limited and that there was little reward for superior performance. The paper finds the use of AWAs as drivers of performance resulted in a weak and/or flawed system of performance appraisal from the perspective of the employees participating in it. The move to contract employment under Australian Workplace Agreements was not therefore an effective way of advancing public sector performance management in Australia. It concludes with a brief discussion of the implications of these findings for HRM.

Keywords: performance management, Human Resources Management, organisational performance, perception, work performance.

INTRODUCTION

After federation, Australia’s industrial relations system developed during the early years of the twentieth century into a highly centralised, adversarial system of state and federal awards based on the notification and settlement of disputes through various processes of arbitration and conciliation. For most of this time the collective bargaining system focused on industries, occupations and general awards rather than particular employers or enterprises; and on unions rather than on staff or employees. Decisions generally resulted in national or state-wide rather than local application. While it generally served the country well during the first half of the century and for the period of high post-World War II growth, it was not a particularly flexible system nor one that enabled quick responses to the rapidly changing economic circumstances of the late 1960s and the 1970s (e.g. the oil crises). The introduction of the Total Wage in 1967 with its consolidation of the former minimum (basic) wage with skills margins resulted in the national wage process becoming a key instrument of wage determination and control (Deery, Plowman, Walsh, & Brown, 1997; Sappey, Burgess, Lyons, & Buultjens, 2006a). Despite the industrial turmoil of the late 60s (collective negotiations) and 70s (wage indexation), and the Accords of the 80s, the system remained highly centralised despite a concerted and ongoing push to decentralise these collective bargaining processes in an attempt to increase the system’s flexibility and to make it more responsive to the particular circumstances of individual enterprises.

The Hawke Government’s adoption of the Restructuring and Efficiency Principle (March 1987) in conjunction with a two tier wages system, followed by the Structural Efficiency Principle (August 1988), the Enterprise Bargaining Principle (October 1991) and ongoing Award Restructuring were significant events which, by linking wages outcomes to factors such as the employer’s ability to pay and to specific levels of productivity growth, contributed to the decentralisation of Australia’s industrial relations system. The Keating Government reformed the system further in 1993 through a number of legislative changes to the former Industrial
Relations Act, which took effect in March 1994. This enabled the Australian Industrial Relations Commission to develop and adopt a new set of wage-fixing principles that linked awards and enterprise agreements. These principles effectively limited the flow-on of award changes and enabled the introduction of a system of Enterprise Flexibility Agreements (EFAs) (Deery et al., 1997; Sappey et al., 2006a), thus progressing the devolution of workplace relations.

**Australian Workplace Agreements**
When the former coalition (Howard) government came to power in 1996 it continued the process of devolving and deinstitutionalising workplace relations by introducing the concept of the Australian Workplace Agreements (AWA) as its preferred instrument for setting remuneration and employment conditions in Australia. This was achieved through the Workplace Relations Act 1996 (Parliament of Australia, 1996, (Sappey, Burgess, Lyons, & Buultjens, 2006b) which came into effect from 1 January 1997. Its AWA provisions commenced on 12 March 1997, with the first AWAs endorsed by the newly established Office of the Employment Advocate (OEA) in April 1997(OEA, 1998b). Australian Workplace Agreements (AWAs) were established as individual contracts of employment between the employer and each employee as a voluntary alternative to the system of industry awards and enterprise based workplace agreements. AWAs set the employees’ conditions of employment and remuneration and defined their responsibilities and obligations. While AWAs could be negotiated collectively, they had to be signed individually. A strong component of the rationale for the AWAs was that the individual nature of the agreement would increase flexibility of outcomes for both the employee and employer and lead to improved individual performance and organisational productivity (DIR, 1997; Gollan, 2004; OEA, 1998a, 1998b, 1999; Sappey et al., 2006b).

The uptake of AWAs was quite low (OEA, 1997, 1998a). To encourage a higher adoption of AWAs across various industry sectors, the government undertook to model the benefits of the system within the Australian Public Service (APS). A new, complementary Public Service Act was passed in 1999 (Parliament of Australia, 1999; Van Gramberg, Teicber, & Griffin, 2000) which devolved full responsibility for all APS employment and conditions matters from to individual agency and departmental heads through the employer powers provisions of the Act. This change enabled all members of the Senior Executive Service (SES) across the APS to progressively move the basis of their employment provisions from enterprise based agreements to individual AWA contracts between themselves and their agency CEOs. The use of AWAs in Australia was further entrenched through amendments to the WR Act in 2005 and the passage of the WorkChoices legislation in 2007.(DEWRSB, 1999; Riley & Sarina, 2006; Sappey et al., 2006b)

**Current Situation**
In late March 2008 the new Rudd government repealed that aspect of WorkChoices and prohibited the establishment of any further AWAs. Individual AWA contracts entered into before 28 March 2008 were, however, able to run their course before being replaced by enterprise based collective agreements (Workplace Authority, 2008). As a result a large number of employees in Australia continue to be employed under their AWA conditions. During the March 2009 parliamentary debate on the Rudd government’s new Fair Work Bill of 2009, it was reaffirmed by the Minister for Workplace Relations that existing AWAs would continue with no absolute cut-off date being set for them. Passage of the Fair Work Bill (passed on 18 June 2006) signals the end of WorkChoices and leads in to the new “National Employment Standards” that are intended to come into effect in Australia on 1 January 2010 (Parliament of Australia, 2009)

**The Issue**

The Australian experience of contract employment (under AWAS)
The APS adoption of AWAs under the WR Act combined with the employment powers vested in agency heads under the new PS Act meant that the SES became the first group of employees to move exclusively onto AWAs as the basis for their employment contract. Given that the previous government promoted AWAs as a means of achieving greater flexibility, improved performance, improved productivity, and greater accountability, the move to AWAs should have changed the way in which they were managed. This suggested a number of hypotheses related to the impact of contract employment under Australian Workplace Agreements on performance management and accountability at the senior executive level of the Australian Public Service that would test the validity of these claims through greater research.

This paper focuses more narrowly on the relationship between AWAs and performance. It addresses the hypothesis that the introduction of AWAs improved SES performance by examining SES perceptions on the extent to which their employment under ASWs impacted on their performance and performance management. The paper also presents a brief selection of literature dealing with performance management and assesses the efficacy of contract employment (under AWAs) as an HR tool for managing performance in the public sector. The key research question from this hypothesis focused on the relationship between this form of contract employment and performance management within the SES. The study looked at issues such as: performance with respect to what; whether performance improved; the nature and extent of those improvements; and related issues such as rewards and motivation, commitment, performance measurement and appraisal. This broke down into a number of sub-questions relating to performance management including: how was performance managed in the federal public sector; how was performance assessed and improvement demonstrated; how, and to what extent, were AWAs used to manage SES performance; and what were the consequences of these approaches to performance management?

Relevance?
The answers to these questions have a direct bearing on the way in which this aspect of human resources management operates within the Australian public service. This study is important for a number of reasons. Firstly, the introduction and acceptance of AWAs into Australian workplaces changed the nature of the employment relationship, the way organisations managed their employees, and the way in which employees perceived themselves in relation to their work. Secondly, under AWAs employers and employees contractually determined the rewards, incentives, conditions of employment, and employee/employer performance expectations; yet the relationship between AWAs and performance management had not been subjected to any in depth examination. This study sought to increase our understanding of the link between contract employment under AWAs and performance in the APS. The findings may also be generalisable to other employment areas utilising similar forms of contract employment and may inform aspects of human resources management and broader managerial practice relating to performance and accountability.

CONCEPTUAL FOUNDATION / RELEVANT LITERATURE
Performance and performance management is a subset of the general management discipline and derives its theoretical base largely from work undertaken in the areas of rewards and employment conditions – within the literature on human resource management (HRM); performance management as an organisational change intervention – within the organisation development and change management literature; and motivation – within the organisational behaviour literature. In the context of this study, AWAs were used as instruments for setting individual reward and employment conditions and prescribing performance requirements. Standard management texts typically approach the issue of performance management by focusing on three areas: measuring performance; comparing the measured performance against an agreed standard; and taking managerial action to correct deviations and inadequacies.
This form of performance management is typically managed through the performance appraisal process. Much of the literature on HRM tends to approach the issue of performance management from the perspective of goal directed (or criteria centred) performance appraisal, and the use of performance linked pay systems (Legge, 2005; Nankervis, Compton, & Baird, 2008; O’Neill & Kramar, 1995; Stone, 2008). The AWA, in prescribing levels of remuneration and performance requirements may be seen as providing a performance linked pay system. The issue of whether or not performance related pay is a requirement for effective performance management is somewhat problematic and not universally accepted within the HRM framework. There is a considerable body of literature that questions the causality of the relationship (Anonymous, 2000; Fandray, 2001; Joinson, 2001; McBain, 1998; O’Donnell & O’Brien, 2000). This questioning is supported by the results of the first HR based survey of performance management in New Zealand, conducted by Deloitte Touche Tohmatsu (Anonymous, 2001). That survey suggests that the practice is often approached mechanistically, does not focus on outcomes related to the strategic goals of the organization, and often involves people simply going through the motions. That study found that some thirty percent of the survey respondents “either didn’t indicate or don’t have any strategic purpose for their performance management system” (Anonymous, 2001).

**Appraisal**

In many cases it is the performance appraisal component of performance management that has come under fire. Fandray (2001), in examining performance management within a number of US organisations, argues that the ritualised appraisal process should be abandoned in favour of a system of performance management that embraces “an array of elective, flexible, coaching tools and formats” (Fandray, 2001, p. 38). He presents evidence to show that those organisations that adopted such an approach have achieved improved employee satisfaction and significant reductions in turnover. The flexibility claims made for the AWA process and their individual nature suggest that they could be used to promote such an approach and reduce the risk of ritualisation. Joinson (2001) suggests that many organisations have weak or flawed performance appraisal systems that act as demotivators of employees and make it difficult for the employers to attract and retain talented people. She argues that flawed or weak performance evaluation systems result in performance reviews that are not fair, not accurate and not timely. As a result “they fail to reward star performers, fail to provide encouragement and guidance to borderline workers and fail to give proper feedback to those whose work is substandard” (Joinson, 2001, p. 37). She puts forward a set of guidelines for HR professionals which propose three key design elements for getting performance appraisal systems right: flexibility; employee involvement; and clear objectives – all features that were claimed for AWAs. The main advice she offers is to keep it simple and consistent, to make sure the employees are involved in the system’s design and in the evaluation process, and to ensure that the timing of the evaluations are linked to the organisation’s business planning cycle (Joinson, 2001).

**Performance Management Systems**

Grensing-Pophal (2001) also identifies a number of dysfunctional aspects of contemporary performance management systems. She accuses HR professionals and senior management of creating performance management systems that “make managers procrastinate, hesitate or just plain resist because they see the system as a hassle, not a tool for developing and rewarding employees” (Grensing-Pophal, 2001, p. 45). She argues that many performance appraisal systems are too complicated and time consuming, and that managers see little evidence of their use affecting the quality of the work of employees whose performance is being reviewed. She also argues that many managers are wary of possible legal challenges from employees who link a negative performance appraisal with a missed promotion or pay rise. Her advice to HR
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professentials is to seek greater managerial commitment and compliance to performance management by making the process meaningful to them. This can be achieved by involving them in the systems design, by providing training in performance management, and by demonstrating to the managers that it is in their own interest to make performance management work. She argues that if this is done effectively, then the managers will embrace effective performance appraisal as part of their own performance goals (Grensing-Pophal, 2001, pp. 44-48). A change is needed in the mindset of managers to view performance appraisal as a process through which managers manage, rather than as a discrete managerial task.

Performance Evaluation

A large number of researchers into performance management link performance management and the appraisal process to accountability and control (Cutting & Kouzmin, 1999; Digh, 1998; Epstein & Birchard, 2000; Gaiss, 1998; Hogbin, 1995; Osborne, 2000, 2001; Schlegel, 1999; Siers, 1999). Schlegel, for example, looks at associations as an organisational form and argues that they need to operate ‘on performance based criteria that demonstrate strong accountability to members and other stakeholders’ (1999:75). He argues that the performance appraisal process should be linked to an organization-wide program of evaluation “that ensures alignment of the entire association toward achieving its strategic objectives” (Schlegel 1999:75). The link with organisation-wide evaluation does not readily fit with the concept of individually negotiated employment contracts such as AWAs. His conception of performance evaluation goes beyond mere appraisal of employees. He proposes two requirements for his organization-wide program. First, he argues that the organization should commit to an annual performance review “of every organizational component – the governing board, executive committee, standing and ad hoc committees, task forces, foundation, for-profit subsidiaries, and staff” (Schlegel 1999:75). Second, he advocates the use of a “multiple-year strategic agenda” to provide a common thread through each performance evaluation. His argument is that without a strategic plan, organisations have little accountability and are “simply in the business of keeping busy” (Schlegel 1999, p. 76). Although Schlegel proposes differential performance criteria for evaluating different aspects of the organisation based on the functions they perform (for example the criteria for evaluating the performance of the governing board compared to evaluating staff performance), he nevertheless argues for simplicity in design and consistency of approach. This is a common argument across much of the performance related HRM literature.

Organisation Development Perspective

The organisation development and change management literature accords performance management a key role as an human resource management based change intervention (Burnes, 2004; Cummings & Worley, 2005; Graetz, Rimmer, Lawrence, & Smith, 2006; Stace & Dunphy, 2001). This perspective sees individual and group performance as the end result of the organisation’s application of goal setting, performance appraisal, and performance linked reward systems within the context of the organisation’s overall business strategy, level of employee involvement, and the technology in use (Cummings & Worley, 2005).

Organisational Behaviour Perspective

The mainstream organisational behaviour literature defines performance as a “summary measure of the quantity and quality of task contributions made by an individual or group to the work unit and organisation” (Wood, Zeffe, Fromholtz, & Fitzgerald, 2006, p. 60) and broadens the discussion to link performance management and individual performance levels with job satisfaction, rewards, goal setting and Management by Objectives (MBO), learning, motivation, and stress (George & Jones, 2005; Ivancevich & Matteson, 2002; McShane & Travaglione, 2007; Patrickson, 2001; Wood et al., 2006). MBO features prominently across the general management, human resource management, and organisational behaviour literature. The
AWA, by providing an instrument that stipulates rewards and responsibilities can be seen as having broad similarities with an MBO approach.

Performance and Job Satisfaction
Research into individual performance and job satisfaction has established that the two are closely linked, although debate continues on the nature of that link, i.e., whether a high level of job satisfaction leads to higher levels of performance, or whether the achievement of a high level of performance creates greater job satisfaction. (McShane & Travaglione, 2007; Wood et al., 2006). Porter & Lawler (cited in Wood et al. 2006) see rewards and the perceived equity of rewards as key intervening variables between performance and satisfaction. The confidential nature of AWAs would not appear to promote perceived equity.

Performance Management in the Public Sector
A significant problem with performance management within the public sector is the dynamic nature of politically set agency objectives. Departments and agencies frequently have multiple objectives whose nature and priorities change as government policies develop and change (Laurent, 2001). In examining the performance of the federal bureaucracy in the US, Laurent also found that “A recurring theme … is that politicians who eagerly denounce agencies for poor performance often create or fail to remove management obstacles and refuse to fully fund programs” (2001:12). While Laurent’s study relates to the US, many of her findings are equally applicable to the Australian public sector as demonstrated in Hogbin’s (1995) analysis of the impact on government trading enterprises (GTE) of Australian Commonwealth and State governments’ micro-economic reform programs of the 1980s and 1990s. The problem of competing goals related to the delivery of goods or services, community service obligations, policy, and regulatory functions means that “reliable measurement of performance becomes virtually impossible” (Hogbin, 1995), p. 43). It is in this context that this study has been undertaken.

METHODOLOGY
The theoretical framework for this study comes from the key discipline areas of management, including human resource management, organisation development and organisational behaviour; employment relations; and public sector management. The study explores SES perceptions of the relationship between AWAs and accountability. The research commenced with a preliminary study of the literature on the WR Act; AWAs; contract employment; related HR practices; performance and performance management; accountability; APS reforms and the SES. This was supported by an archival search and examination of related APS employment practices covering the introduction and use of AWAs, the SES, performance management and accountability in the APS. Preliminary data gathering commenced with an informal exploratory study based on an experience survey of four APS SES officers from a number of agencies who had moved onto AWAs and four APS human resource management practitioners who had direct involvement in managing the introduction of AWAs and AWA processes within their respective agencies. The experience survey helped narrow down the topic; confirmed the practicality of the study; identified a number of data and information sensitivities; and contributed to the development of a self-administered survey questionnaire and a set of qualitative interview questions.

The survey instrument and interview questions went through several iterations and were tested on four SES officers within the Australian Taxation Office (ATO) and on a small number of academic staff within the School of Marketing and Management at Charles Sturt University. Both instruments were modified in the light of feedback from the testing and the data gathering proceeded based on the revised survey and interview instruments. The key question for this study focused on how this form of contract employment impacted on public sector performance.
management. The study set out to examine, through a series of sub questions: how performance was managed in the federal public sector; how performance was assessed and improvement demonstrated; how, and to what extent, were AWAs used to manage SES performance; and what were the consequences of these approaches to performance management? The data was collected through a self-administered survey containing a mix of Likert scale and open ended questions (linking performance management with AWAs) and through a series of structured interviews with SES officers of three APS agencies: the ATO; the Department of Defence (DoD); and the former Department of Immigration, Multiculturalism and Indigenous Affairs (DIMIA). Further data, by survey only, was collected from SES officers in the Department of Foreign Affairs and Trade (DFAT). There were 411 Australian based SES officers employed within these four agencies of whom 77 (18.1%) responded to the survey while a further 15 participated in the interviews. The survey instruments were provided to the agencies and distributed internally by them to their SES officers in hard copy with reply paid envelopes within the ATO, DIMIA and DFAT, and in electronic form via e-mail within the DoD. No contact names and addresses were provided due to security and privacy considerations, so it was not possible to undertake a follow-up of individual SES officers to try to improve the response rate. Data analysis was based on descriptive statistics and content analysis.

FINDINGS
This part of the study found that, despite AWAs being promoted as tools for enhancing performance, they were not used effectively for this purpose. Respondents reported that while their AWAs referred to performance requirements, the contracts were vague on this issue, stating primarily that the officers were eligible for performance based pay, but not detailing the performance requirements that would gain such pay. Performance in the federal public sector is managed more through separate performance appraisal processes based around formal performance agreements negotiated between subordinates and their supervisors than through AWA contracts of employment. While the terms of the AWAs formally linked them to these appraisal processes, the processes themselves were seen as largely dissociated from the terms and conditions of employment (including the rewards) that were stipulated in the AWAs. These processes had limited credibility with the SES who reported that individual assessments were moderated to reduce significant differentials in appraisal outcomes. This resulted in a perception of limited sanctions for poor performance and offered little incentive, recognition and reward for superior performance. The implications of these findings for HRM will be considered later in this paper.

SES Perceptions on Performance Management
The majority of the SES officers perceived performance management processes and outcomes under AWAs as inequitable because they resulted in appraisals and rewards that were dissociated from actual performance outcomes. It was largely this dissociation between the rewards and outcomes that contributed to the limited credibility of performance management under their AWAs. Most reported that the system fostered a performance disincentive as there were limited sanctions for poor performance, and little reward for superior performance. Many of the interview respondents described the whole process as demeaning and demotivating. None reported it in a positive light.

Responses
Some of the key findings discussed above are derived from the SES responses to questions relating specifically to the relationship between contract employment under AWAs and performance management. These are highlighted in Table 1.
Table 1: SES Perceptions of the Link between AWAs and Performance Management

<table>
<thead>
<tr>
<th>Question</th>
<th>Response Rate to Question</th>
<th>Of those who responded to this question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is performance managed within your department/agency</td>
<td>100.0%</td>
<td>Yes (96.1%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No (3.9%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>If yes, what type of performance is managed?</td>
<td>27.3%</td>
<td>Overall outcomes (44.4%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance against deliverables (22.2%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance of individuals and org units (11.1%)</td>
</tr>
<tr>
<td>If yes, what types of performance indicators are used?</td>
<td>28.6%</td>
<td>Milestones and outcomes (26.3%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Generic outcome indicators (15.8%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quantitative and qualitative (15.8%)</td>
</tr>
<tr>
<td>If yes, how is performance management undertaken?</td>
<td>27.3%</td>
<td>Appraisal against performance agreements (55.9%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Evaluation reports (22.2%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual performance reviews (11.1%)</td>
</tr>
<tr>
<td>Is your own performance assessed?</td>
<td>100.0%</td>
<td>Yes (98.7%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No (1.3%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>If yes, how?</td>
<td>64.9%</td>
<td>Through my performance agreement (60.0%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assessment of actual against expected performance (6.0%)</td>
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<tr>
<td></td>
<td></td>
<td>Review of achievements against deliverables (6.0%)</td>
</tr>
<tr>
<td>If yes, by whom?</td>
<td>76.6%</td>
<td>Direct manager (79.7%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jointly by managers, clients and peers (8.5%)</td>
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<tr>
<td></td>
<td></td>
<td>Jointly by manager and CEO (3.4%)</td>
</tr>
<tr>
<td>What happens with the assessments after they have been made?</td>
<td>84.4%</td>
<td>Sent off for moderation at higher level (26.2%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nothing. They just get filed away (12.3%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Used to determine my performance pay (12.3%)</td>
</tr>
<tr>
<td>What is your understanding of the consequences to SES staff who achieve low performance assessments?</td>
<td>85.7%</td>
<td>Nothing happens (16.7%)</td>
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<tr>
<td></td>
<td></td>
<td>I don’t know (12.1%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You are moved out of your job (9.1%)</td>
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<tr>
<td>What is your understanding of the consequences to SES staff who achieve medium performance assessments?</td>
<td>81.2%</td>
<td>You get a 5% bonus (38.1%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nothing happens (23.8%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I don’t know (6.3%)</td>
</tr>
</tbody>
</table>
### Key SES Perceptions on AWAs and Performance

Most (96.1%) of the responding SES officers reported that performance was managed in their department/agency. A significant majority (98.7%) also reporting that their own performance was assessed, although only 60% stated that it was assessed against a performance agreement leaving 40% who were not sure what their performance was assessed against. The majority (55.3%) of SES officers across the four agencies surveyed did not believe that AWAs were effective performance management tools. Only about a fifth (21.1%) thought they were effective tools. Similarly the majority (53.3%) believed that their performance had deteriorated following their move to an AWA. Only about an eighth (12.0%) thought their performance had improved since they went onto an AWA. Of particular interest to HRM practitioners is the...
finding the most of the surveyed SES officers (71.4%) thought that there was nothing in their AWA contracts that motivated them to improve their performance. While most (98.7%) agreed that their own performance was assessed, there appeared to be considerable uncertainty and confusion both within and across agencies on precisely what performance was being measured, what happened to the assessments afterwards, and what the consequences were for those officers who achieved low, medium and high performance assessments. The largest group of respondents (16.7%) believed that there were no consequences for poor performance. The figure is so low because of the sheer volume of different responses to this question. The uncertainty carried over to a slightly lesser extent onto the consequences of medium and high performance ratings.

Conclusions and implications for HRM
These findings disprove the hypothesis that the introduction of AWAs improved SES performance. The evidence suggests that the move to contract employment under AWAs did not achieve any improvement in SES performance nor any perceived improvement in their performance management. Some of the evidence suggests a negative impact on performance following their transition onto AWAs with the majority reporting that their experience of the AWA process was an alienating one; largely divorced from performance management. This leads to the conclusion that the impact of AWAs on SES performance and performance management was neutral at best, negative at worst, and that contract employment under AWAs did not work as a tool for advancing public sector performance management in Australia.

Implications for HRM
There are a number of implications for HRM flowing from these findings and a number of lessons and caveats on what to do and what not to do when considering using contract agreements and documents to manage performance. Findings that the move to AWAs triggered increased levels of alienation, created performance disincentives, and effectively reduced motivation and performance for the majority of the employees beg the question, why would an organisation want to go down the AWA path? The literature in the conceptual framework section of this paper suggests that these outcomes are indicative of weak or flawed performance appraisal systems (Joinson, 2001). The issue for the HRM practitioner is whether this was due to the nature of the AWA contract or to the way in which the AWAs were implemented. If the outcomes were due primarily to the nature of AWAs, then HRM practitioners would have been well advised to steer clear of them and look to alternate ways for determining pay and employment conditions. Within Australia, that would have meant retention of enterprise based collective certified agreements (with or without the involvement of unions in the negotiation process). If the outcomes were due primarily to the way in which the AWAs were implemented, then it could be argued that a greater involvement in, and management of, the AWA process by HRM professionals may have mitigated the negative effects of the coercive approaches taken. This lack of dialogue, which led to a perception of coercion with very limited scope for negotiation resulting in high levels of resentment, could have been easily avoided.

Joinson’s three key design elements for getting performance appraisal systems right (flexibility; employee involvement; and clear objectives) in her guidelines for HRM practitioners seem to have been completely ignored. The one-size-fits-all approach used for the SES AWA contracts destroyed any scope for flexibility. SES officers were not consulted on the introduction of the AWAs which were virtually imposed, by decree, from the top on a take it or leave it basis. They had very limited opportunity to become involved in the system’s design and its evaluation. Thus there was no buy-in and no ownership of the system and its processes. AWAs in the APS were imposed as a result of a political process. There was no integration with existing departmental/agency HRM strategies and policies and this resulted in considerable fragmentation of the performance management process. Performance requirements were
embedded in AWA contracts without any specific outcomes stipulated resulting in their disconnection from the performance appraisal process. To be meaningful the process needs to fit better with the organisations’ total HRM frameworks and not sit apart as an isolated add-in. The findings demonstrate that commitment and ownership will not be achieved by arbitrarily grafting a change of this type onto an organisation without first doing the work necessary to involve and engage the people who will be affected by it.

**Weaknesses in the System**
These findings point to a number of weaknesses in the way in which AWAs operated at the SES level of the APS, with respect to their intended role of facilitating improved performance and performance management including:

- Arbitrary nature of the agreements within the AWAs
- High degree of coercion used in moving people onto AWAs
- Loss of trust
- Lack of understanding of the role and purpose of AWAs
- Lack of understanding of how performance management links back to AWAs
- Lack of transparency in the appraisal process
- Lack of understanding of consequences of varying performance levels/assessments
- Lack of understanding of the linkages between performance and rewards
- Perceived inconsistencies in the system
- Perceived arbitrariness of the moderation process
- Perceived lack of fairness in the system

**Improving the System**
The findings also reinforce a number of parameters for setting rewards and conditions that most HRM practitioners would already be aware of. The system could have been improved and more positive outcomes achieved through:

- Ensuring a clear articulation of the organisation’s HRM strategies, policies and operations
- Making the AWA process an integrated component of the organisation’s HRM strategy
- Utilising basic HRM consultative practices when introducing AWAs
- Involving the SES officers in developing the processes for establishing and implementing AWAs to generate ownership and commitment
- Ensuring greater transparency and consistency in linking AWAs with performance expectations and management
- Ensuring greater transparency in the appraisal process
- Providing basic training to inform on the process and manage expectations
- Providing basic training in performance appraisal and on the role and purpose of moderation in the appraisal process

To sum up, the reported experiences of the responding APS SES officers demonstrate that the linkage of AWAs with performance resulted in a a weak and/or flawed system of performance appraisal. The move to contract employment under Australian Workplace Agreements cannot therefore be seen as an effective way of advancing public sector performance management in Australia. Its use in this context appears to be a failed political experiment.

The Australian experience of contract employment (under AWAS)