

# PERFORMANCE DIFFERENTIATION A RELATIVE MISSED OPPORTUNITY?

In June, RBS informed UNITE of changes to the Performance Management Framework and the mechanisms of Performance Differentiation. The changes are underwhelming, ill conceived, confusing and contradictory, representing a missed opportunity to begin to mend what the majority of members view as a broken system of Performance Management. The announcement was not without merit; however the positive aspects of the announcement have been undermined by confusing and conflicting messages, particularly around Peer Group Relativity (PGR). The key elements of the announcement were:

- The removal of a centrally driven Group wide Performance Ratings Distribution Curve
- Employees should not be rated as “underperforming” if they have met their objectives and displayed the required behaviours
- Divisions empowered to adopt Divisional approaches to Performance Management, including PGR, whilst adhering to the above bullet point re underperformance
- Performance Rating Definitions, that continue to include reference to PGR and being ranked as underperforming if an employee has performed less well than their Peers.

## BACKGROUND TO THE ANNOUNCEMENT

UNITE have long argued that the RBS Performance Management process, Forced Distribution Curves and PGR, is fundamentally flawed and removed the control and influence that individuals should have over their own performance. The system that operated in RBS meant that someone could be rated as a level 2, not because they had not performed or not hit their objectives, but because Managers have a limited number of level 3s, 4s & 5s to award and because the bank argue that the Peer Group has performed better. The arguments that UNITE had continually presented to RBS represented the views of the union’s members and the feedback that the union receives on a regular basis. This was then reinforced by the deluge of responses and posts on the Stephen Hester blog on the subject of Performance Management, which then facilitated the review of Performance Management and Performance Differentiation.

## OVERVIEW OF THE ANNOUNCEMENT

RBS consulted with UNITE extensively throughout the Performance Management review and the union detailed the main concerns that our members have fed back to us, as well as reiterating the fundamental unfairness of PGR and Ratings Distribution Curves. It was argued that members should be measured against fair, achievable and transparent objectives, with their rating being determined against their own performance against their objectives, not being influenced by the performance of others. RBS released an Insite message in December 2010 which confirmed the end of a “Group centrally dictated distribution curve” and that “division/function leadership teams will ensure that the ratings for teams accurately represent the results and performance achieved in that business”. The message further confirmed for the 2011 performance year that “the focus will be on your objectives and behaviours – your performance will be measured on what you have achieved and how you’ve done it”. These messages were welcomed by UNITE, with the latter statement effectively marking the death knell for PGR, an initial position which paved the way for constructive dialogue between UNITE and RBS on the subject of Performance Management.

RBS continued to consult with UNITE throughout the back end of 2010 and through the first half of 2011 on the issues of Performance Management and there were a number of constructive conversations regarding PGR, Distribution Curves and Performance Definitions. Further consultations took place in June 2011 when the bank were eventually able to articulate the Performance Management approach that would be adopted, with UNITE completely shocked at what the union described as “Emperor’s New Clothes”. Very little appeared to have changed and the Performance Management landscape was being further confused by conflicting messages around PGR. As previously mentioned, the bank announced the end of the Group centrally dictated distribution curve and a position that staff would not be deemed to be underperforming providing they achieved their objectives and demonstrated the correct behaviours. These two very welcome and progressive positions are then undermined by a position where individual business divisions have the autonomy to continue the use of PGR and also by the Group wide wording of the performance definitions.

At level 2 and 3 performance levels, the descriptors state respectively "One or more key objectives not achieved and/or behaviours not demonstrated. Performance is less favourable compared with peers, and further development is required for current role" and "Fully achieved objectives throughout the year and behaviours have been demonstrated at required level. Performance is in line with the majority of the peer group".

It is easy to see why both managers and staff are confused by conflicting messages that state that if you achieve, you can't underperform, but then the descriptors at level 2 (under-performing) and 3 (performing) both reference PGR.

The bank have been clear in their discussions with UNITE, staff that have performed against their objectives and behaviours, will not be rated as a level 2 due to PGR, but it begs the question as to why the descriptors do not reflect this.

The bank have also been clear however that someone exceeding their objectives could be a level 3 or 4, as opposed to 4 or 5, due to PGR. Therefore the same rules apply in terms of PGR as have in the past, PGR cannot be applied retrospectively, if you exceed your target for a quarter, half year or year, then you have exceeded, the bank cannot retrospectively impose a higher target based upon Peer Performance.

The bank can however amend a target moving forwards dependent upon Peer Performance and members are entitled to understand and be provided with information regarding the Peer Group that they are being compared with in terms of their performance. Each bank division is in the process of deciding and confirming their approach to PGR and whether to operate it, which is a fundamentally flawed process.

When introduced in the mid '00s PGR was poorly communicated, implemented, conceived and executed, remaining in the opinion of UNITE as a deliberate attempt to avoid awarding achievement.

# UNITE COMMENT

As already stated, RBS have missed a huge opportunity to overhaul their performance management processes and to have a system fit for a high performance, 21st Century organisation, but it appears that we are left with broadly more of the same. The positive elements of the changes are lost in the confusion and conflicting message around PGR and this confusion is being demonstrated by the calls that UNITE receives from both managers and staff. UNITE also maintains that the position around PGR represents a shift away from what was communicated in December 2010, where performance would be measured against an individual's achievement and what they have done, not the performance of peers.

Members will also question why they made their thoughts and opinions known via Stephen Hester's blog, when these concerns appear to have resulted in a largely unchanged, performance management framework. More so now than at any other time it is imperative that members challenge their performance ratings if they disagree with these, particularly if these are underperformance ratings or ratings that have been awarded unfairly in respect of PGR. Any members who are unhappy with their rating, whether this is half year or full year, who have been unable to resolve this informally with their line manager should contact your local Workplace Rep, the helpline on 0870 241 4425 or e-mail [rbsinfo@unitetheunion.org](mailto:rbsinfo@unitetheunion.org).

## UNITE Representatives

UNITE concluded negotiations with RBS in late 2010 on a new and improved UNITE Representatives Agreement. We are always seeking members to take on one of the four UNITE Representative roles, i.e. Workplace, Union Learning, Safety and Equality. Any UNITE members interested in finding out more about becoming a UNITE Representative please contact the UNITE RBS Helpline or e-mail [rbsinfo@unitetheunion.org](mailto:rbsinfo@unitetheunion.org)

## Not a Member?

Join UNITE's one and a half million members and have a voice on this and other issues, as well as receiving support, advice and representation for £11.48 a month for full time staff and £5.72 per month for part time staff working less than 21 hours a week. Membership forms can be obtained by phoning **0845 850 4242** or emailing [rbsinfo@unitetheunion.org](mailto:rbsinfo@unitetheunion.org) plus you can join on line at [www.unitetheunion.org](http://www.unitetheunion.org)

## UNITE RBS UPDATES & UPDATE YOUR DETAILS

If you would like to receive regular updates electronically from the union and have not already advised the union, please email from your preferred email address to [rbsinfo@unitetheunion.org](mailto:rbsinfo@unitetheunion.org). It is also important that members ensure that their membership details are up to date and accurate, i.e. home address, workplace address, whether you are full time or part time etc. If you believe that your membership details are out of date, please also e-mail [rbsinfo@unitetheunion.org](mailto:rbsinfo@unitetheunion.org) with your updated details, alternatively you can contact your local District Office by phoning 0845 850 4242 or logging onto 'My UNITE' at the website [www.unitetheunion.org](http://www.unitetheunion.org) where you can update your own details.

### **\*\*Stop Press\*\***

**UNITE have held off communicating on this issue, as at the point that this newsletter was to be published in early September, further dialogue with RBS on the issues raised was facilitated, with a view to seeking resolution and changes to the Performance Management Framework. No real progress has yet been made through these additional discussions, therefore whilst consultation and dialogue will continue to seek real improvements in the Framework, UNITE could no longer reasonably withhold communication on such an important issue, particularly in light of the issues being raised by members.**