



# Performance Management for an Ethical Culture

Good Practice Guide **ibe**

Good Practice

By Ruth N Steinholtz with Nicole Dando

## Summary

**Establishing an ethical corporate culture is recognised as key to business success, yet identifying mechanisms which sustain a commitment to ethical decision-making, influence behaviour and motivate employees is a challenge.**

**One of the key tools that organisations have to accomplish this is their performance management process.**

This Guide will help organisations use their performance management process to embed ethical values into business practice and sustain a culture of high ethical standards. Central to this is embedding desired values and expected behaviours into goal setting and performance assessment, and establishing appropriate consequences relating to how well an employee performs against them.

Drawing on the experience of UK and International companies, this IBE Good Practice Guide considers:

- What needs to be in place so that the performance management process itself drives organisational effectiveness and promotes ethical behaviour
- How organisations can develop performance management processes which measure the 'how' as well as the 'what'

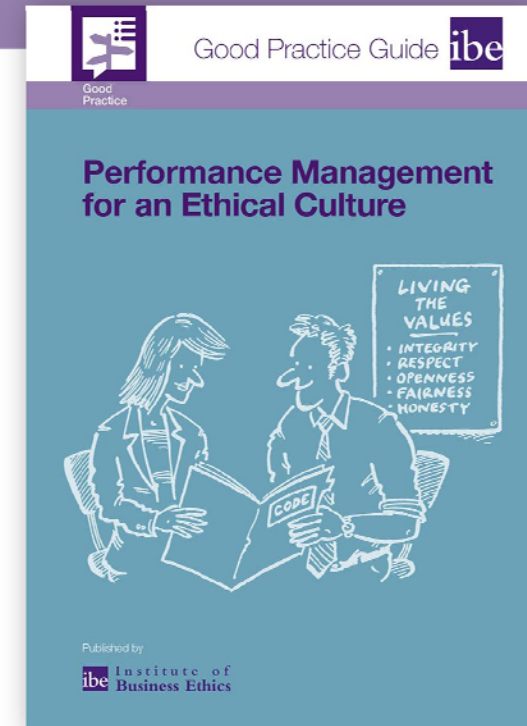
**Part 1** describes the context and prerequisites for

ensuring that your performance management process supports your ethical values; i.e. that it is fair and just, that it is effective and contributes to the success of the organisation as a whole as well as optimising the performance of individual employees, and that it integrates an assessment of ethical behaviours.

**Part 2** shows how organisations incorporate ethical values, behaviours and competencies, i.e. *how* business is done as well as *what* has been achieved, into their performance management systems. It gives examples of good practice in setting and assessing goals, and behaviours.

**Part 3** looks at how the results of the appraisal process are applied to compensation and other rewards.

**Part 4** provides a checklist to assist with embedding values into a performance management process.



In addition to those working in an Ethics and Compliance Function, this Guide will be useful for Human Resources Practitioners involved in designing appraisal systems, and for general managers considering how to incentivise and reward their employees.

### ***Performance Management for an Ethical Culture***

by Ruth N Steinholtz with Nicole Dando is an IBE Good Practice Guide available from

[>>](http://www.ibe.org.uk)

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