

Setting Fair Performance Targets and KPIs: A Practical Guide for Managers



Performance targets and key performance indicators (KPIs) are essential management tools. When designed well, they clarify expectations, align effort with organizational goals, and support continuous improvement. When designed poorly, however, they can erode trust, encourage unsafe behaviours, and undermine both employee wellbeing and operational outcomes.

For HR directors and occupational health and safety (OHS) managers across North America, the challenge is clear: performance metrics must drive results without compromising fairness, safety, or compliance. Setting equitable, realistic KPIs is not just a leadership best practice; it is a critical component of sustainable workforce management.

Why Fair Performance Targets Matter

Fair performance targets are those that are achievable, role-appropriate, and within an employee's reasonable control. They recognize the realities of different job functions, work environments, and resource constraints. In contrast, poorly calibrated KPIs can lead to unintended consequences such as burnout, disengagement, underreporting of incidents, or shortcuts that increase safety risk.

From an HR perspective, unfair targets can negatively impact retention, morale, and employee relations. From an OHS standpoint, misaligned KPIs may incentivize speed over safety, discourage hazard reporting, or penalize workers for factors outside their control—outcomes that conflict with the duty to provide a safe and healthy workplace.

Align KPIs With Role and Risk Exposure

The first principle of fairness is alignment. Performance targets must reflect what an employee can reasonably influence given their role, authority, and work conditions. A frontline supervisor's KPIs, for example, should differ significantly from those of a senior manager or administrative professional.

For OHS managers, this means resisting the temptation to apply uniform safety metrics across vastly different job types. A manufacturing operator, a lab technician, and a remote office worker face very different hazards. Fair KPIs account for these differences rather than masking them under broad, one-size-fits-all indicators.

Ask a simple question when designing each KPI: *Does this metric measure performance, or does it measure circumstances?* If it is the latter, it likely needs adjustment.

Focus on Leading, Not Just Lagging Indicators

Many organizations still rely heavily on lagging indicators—injury rates, lost-time incidents, or workers' compensation claims—to measure performance. While these metrics have value, they should not be the sole basis for performance evaluation.

Fair performance systems incorporate leading indicators that reflect proactive effort, such as participation in safety meetings, completion of training, quality of hazard assessments, or timely reporting of near misses. These measures encourage preventive behaviors rather than reactive ones.

For HR leaders, this approach also supports fairness by recognizing effort and engagement, not just outcomes that may be influenced by chance or external variables.

Involve Employees in the Process

One of the most effective ways to ensure fairness is to involve employees in setting performance targets. This does not mean relinquishing managerial responsibility, but rather seeking input on what is realistic, meaningful, and achievable.

Consultation helps surface practical constraints managers may not see, such as staffing levels, equipment limitations, or competing priorities. It also increases buy-in and reduces perceptions of arbitrariness—an important factor in both performance management and labor relations.

For OHS managers, employee input can be especially valuable in identifying safety KPIs that reflect real-world risk rather than theoretical compliance.

Account for Systemic and Environmental Factors

Fair performance management acknowledges that results are influenced by systems, not just individuals. Equipment reliability, workload distribution, staffing shortages, training quality, and organizational culture all affect performance outcomes.

Holding employees accountable for targets they cannot reasonably meet due to systemic issues undermines credibility and trust. HR and OHS leaders should work together to distinguish between individual performance gaps and organizational barriers—and address each appropriately.

This distinction is particularly important when performance data is used in disciplinary processes or compensation decisions.

Review and Adjust KPIs Regularly

Workplaces evolve, and so should performance metrics. New technologies, regulatory changes, economic pressures, and emerging hazards can quickly render existing KPIs outdated or unfair.

Regular review ensures targets remain relevant and achievable. It also demonstrates organizational commitment to fairness and continuous improvement. For North American employers operating under dynamic regulatory and labor environments, this flexibility is not optional—it is essential.

Balance Accountability with Psychological Safety

Finally, fair performance management must support psychological safety. Employees should feel able to report hazards, mistakes, and near misses without fear of punishment tied to performance metrics.

For OHS managers in particular, this means avoiding KPIs that implicitly discourage reporting in order to “protect numbers.” True safety performance is reflected in transparency and learning, not artificially low incident rates.

Conclusion

Setting fair performance targets and KPIs is both an art and a discipline. For HR directors and OHS managers, it requires balancing accountability with empathy, results with realism, and performance with protection.

When KPIs are aligned with roles, focused on prevention, informed by employee input, and grounded in organizational realities, they become powerful tools for engagement and safety. When they are not, they risk becoming barriers to the very outcomes they are meant to achieve.

Fair metrics do more than measure performance – they reinforce trust, support wellbeing, and help build resilient, high-performing workplaces across all sectors.