CONDITIONS NECESSARY FOR EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM: A CASE STUDY OF DELOITTE & TOUCHE

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA) SCHOOL OF BUSINESS. UNIVERSITY OF NAIROBI

SEPTEMBER 2007
DECLARATION

This project is my original work and has not been submitted for award of a degree in any other university.

Signed (Signature) Date 26/10/2007

This project has been submitted for examination with my approval as a university supervisor.

Signed (Signature) Date 26/10/2007

Professor K'Obonyo
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DEDICATION

To my loving, patient and caring husband Chris Kamuna, my inspirational daughter Tiffany Zawadi – may you grow up to love and enjoy studying, and my mother Florence Wambui who envisioned me from infancy to attain a Masters degree.
ACKNOWLEDGEMENT

I sincerely acknowledge my husband Chris for the moral support, encouragement and being there for me. for his patience, love and support especially throughout the Masters Degree Program. I acknowledge my Daughter Tiffany Zawadi who persevered long hours of Mom’s absence as I studied.

I also appreciate Professor K’Obonyo for his insightful guidance and time he dedicated to see this project to completion, for the inspiration that kept me going.

Also thanked are my colleagues in school of Business. Deloitte Finance Department. Deloitte and Touche staff, especially the human resource department for their support and information they willingly provided. This research would not have been successful without you.

Lastly. I thank the Almighty God who has been so good to me throughout my life and his grace has been overly sufficient. His faithfulness and loving kindness has brought me this far.
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ABSTRACT

The professional firms have grown steadily in Kenya since the 1950s. However, despite this growth there has been widespread dissatisfaction by employees in these firms stemming from the firm’s failure to satisfy clients’ needs. As a result, it has become increasingly necessary for professional firms to lay major emphasis on their performance management systems (PMS) in order to remain competitive in the global market. Studies have shown that the organisations that have applied PMS have been successful in terms of performance. Thus, competitive firms should embrace performance management systems in their Human Resources departments.

The study was designed to determine the extent to which Deloitte and Touche management satisfied conditions that are necessary for an effective design and implementation of performance management system. A case study approach was used. The respondents were 12 key staff from all the departments. Primary data was collected through interviews. The data was then analysed using content analysis.

One of the major findings of this study was that most of the tenets for successful implementation of PMS exist in the organization. The company has established a performance management system that enhances cooperation and consensus. Furthermore, there are proper communication channels in the organization. These findings are invaluable to the human resource practitioners as they can use them as a basis of evaluating how their own performance management systems function and whether they measure up to the standards.
CHAPTER ONE

INTRODUCTION

1.1 Background

The professional firms have grown steadily in Kenya since the 1950s. (Deloitte Resources. 2000). However, despite this growth there has been widespread dissatisfaction by employees in these firms stemming from the firms' failure to satisfy clients' needs and offer customers value for their money. As a result, it has become increasingly necessary for professional firms to lay major emphasis on their performance management systems in order to be competitive in the global market. There is a need to develop in their employees the skills and knowledge required to survive in the current and future business environment (Williams, 1991). Performance management system (PMS) is a natural process of management not a technique or automation (Fowler. 1996). PMS is about managing within the context of the business both internal and external environment. PMS affects everyone in the business not just the managers (Jones. 1995). Managers and their teams are jointly accountable for results and are jointly involved in agreeing what they need to do and how they need to do it, in monitoring performance and in taking action (Lawson. 1995). In view of this, the researcher intends to study one of the leading professional services firm in Kenya Deloitte & Touche to assess conditions necessary for an effective performance management system.

1.1.1 Performance Management

PMS have come to the forefront in the recent years in management practice as a means of providing a more integrated and continuous approach to the management of performance than was provided by previous isolated and often inadequate merit rating of performance appraisal schemes, (Stollsteimel. 2000).

PMS is based on the principle of management by agreement or contract rather than management by command. It emphasizes development and initiation of self managed learning plans as well as integration of individual and corporate objectives (Campbell. 1990). Performance management is a relatively new concept to the field of management.
Performance management literature typically starts out with various examinations of the term "performance" (Williams, 1998). Supervisors have conducted performance appraisals for years. Employees have attended training sessions for years. Organization members have worked long, hard hours for centuries. Processes, such as planning, budgeting, sales and billings have been carried out for years in organizations. But all too often, these activities are done mostly without contributing directly to the preferred results of the organization (Rice, 1990). Performance management reminds us that being busy is not the same as producing results. It reminds us that training, strong commitment and lots of hard work alone is not results. The major contribution of performance management is its focus on achieving results, useful products and services for customers inside and outside the organization. Performance management redirects our efforts away from busyness toward effectiveness. (Frank, et al. 2004).

Recently, organizations have been faced with challenges like never before. Increasing competition from businesses across the world has meant that all businesses must be much more careful about the choice of strategies to remain competitive. Everyone (and everything) in the organization must be doing what they're supposed to be doing to ensure strategies are implemented effectively (Armstrong, 2004). This situation has put more focus on effectiveness, that systems and processes in the organization be applied in the right way to the right things, to achieve results. (Gregory, 2003). All of the results across the organization must continue to be aligned to achieve the overall results desired by the organization for it to survive and thrive. Only then it be said that the organization and its various parts are really performing. (Carter McNamara, MBA, PhD. Authenticity Consulting, LLC). Effective performance management system, largely determine the amount and speed of input the employees give and the output generated. This can be seen through increase in revenue, excellent customer service and satisfaction, customer retention. Which is a result of proper performance management system, good leadership styles, reward management, knowledge management among others (Dussler & Schider, 2001). Performance management in this study refers to the process that consolidates goal setting, achieving the goals, appraising performance and evaluating goals through employees so as to reward employees and strengthen the company's strategic aims (Dessler, 2005). Performance management can be
viewed as a daily supervisory responsibility and integral to management. If proper goal setting, coaching and feedback are done periodically, then the results of the performance evaluation will not be a surprise (Mpanga, 2004).

D&T started Performance management many years ago and has been doing well till a couple of years ago when employees' performance began to decline and staff turnover increased. The management has noted that Employees performance has been on the decline and the matter needs to be addressed as soon as possible. (Deloitte Quarterly, 2004). The annual performance appraisal seems not able to capture and address this problem despite the constant use by managers in the entire organization. The appraisal system at D&T seemed to be failing because some managers rate employees “high” to avoid conflicts and win their support. Since our society is one of collectivism, it is not possible to rate an employee accurately because this may mean losing their jobs or being reprimanded and may lead to individual conflicts. (Nyambegera, 2002). Some managers choose to rate employees the same because this seems more neutral: consequently, proper feedback is not given. At times the managers/supervisors are involved in an argument with their subordinates during feedback and consensus is not arrived at. The appraisal system is used by some managers/organizations as a means of threatening employees. Annual evaluations are like reckoning times for employees who fear that their supervisors will evaluate them downwards and this may cause them to lose promotions and pay rise (Johnson et al, 2001). Some supervisors even flaw the information so that they can achieve their goals of intimidating the subordinates. worse of all the goal setting is not mutually agreed by the employee and the supervisor it is merely imposed on the employee without their input (Hofstede, 2002).

There are consistent concerns that corporate goals are not communicated by the management to employees; views of employees are not taken seriously by the management. Therefore, the researcher will carry out a study to help fill knowledge gap in regard to the conditions necessary for effective performance management systems.
Conditions Necessary for Effective Application of Performance Management System

For performance management systems to be successful certain conditions need to be met (IRS, 1996). In particular: PMS need to translate the corporate goals into individual, team, department and divisional goals that will help clarify corporate goals; PMS should be a continuous and evolutionary process, in which performance improves over time; the system should be more of consensus and cooperation rather than control and coercion; it should encourage self-management of individual performance; the management style should be open and honest and should encourage two-way communication (Armstrong, 2004); There should be continuous feedback; it should encourage measurement and assessment of performance against jointly agreed goals; finally, the PMS should apply to all staff.

1.1.2 Deloitte & Touche

Deloitte Touche Tohmatsu is an organization of member firms devoted to excellence in providing professional services and advice. It focuses on client service through a global strategy executed locally in nearly 150 countries. With access to the deep intellectual capital of 120,000 people worldwide, their member firms including their affiliates deliver services in four professional areas: audit, tax consulting and financial advisory. They serve more than one-half of the world’s largest companies as well as large national enterprises, public institutions, locally important clients and successful fast-growing global companies. (Deloitte & Touche (D&T) Intranet, 2007). For regulatory and other reasons certain member firms do not provide services in all four professional areas. Deloitte & Touche (D&T) in Kenya was established in 1957. It is one of the oldest Auditing Professional firms in Kenya. Its vision is "the standard of excellence" and mission is "to help their people and clients excel". In Kenya it has branches in Nairobi and Mombassa. In its operations in the global alignment prospectus, the global firm leadership acknowledges that "the only sustainable competitive advantage available to a professional services firm is maximizing the value of its human capital. According to the company, one hundred years since inception still is a leader in its field, with a solid emphasis on information technology, committed, knowledgeable and professional staff a strong capital base and superior customer service." (Deloitte resources,
To fulfill its vision of being standard of excellence D&T must properly manage its performance management systems.

1.2 Statement of the Problem

Research done in the western world has shown that PMS that organizations have applied have yielded good results (Lawson, 1995). That is, firms that have applied these systems have been shown to perform better. It, therefore, follows that to be competitive firms need to embrace performance management systems as part and parcel of their Human resource management. However, this happens only where necessary conditions for successful PMS are put in place. For performance management systems to be successful the following conditions need to be met (IRS, 1996). First, management through PMS, need to translate the corporate goals into individual, team, department and divisional goals that will help clarify corporate goals. Second PMS should be a continuous and evolutionary process, in which performance improves overtime. The system should be more of consensus and cooperation rather than control and coercion, encouraging self-management of individual performance. Armstrong (2004) contends that, for PMS to be effective there should be a management style that is open and honest and encourages two way communications between superiors and subordinates - this way continuous feedback is enhanced which is core to PMS. Third, there should be feedback loops that enable the experiences and knowledge gained on the job by individuals to modify corporate objectives. Fourth, effective PMS should measure and assess all performance against jointly agreed goals. Fifth, the PMS should apply to all staff. It should be noted that PMS is not primarily concerned with linking performance to financial reward.

The five conditions mentioned above are critical for the success of any performance management system. Therefore, these conditions form criteria that can be used to ascertain a management systems probability of success. Performance management systems at D & T have evolved over time; however, the system has not worked well. Several concerns have been raised by D & T staff among which staff are complaining of being on the same position for a very long time, inflation rate increment of salary annually, they are demanding for
benefit merited promotions, a clearly outlined career structure and an end of victimization through favoritism. It is, therefore, important to conduct a study to find out if it is due to failure to satisfy the necessary conditions for design and implementation of the system. The research question is: To what extent did the implementation of PMS at D&T satisfy conditions that are necessary for the system to succeed?

1.3 **Objective of the study**

To determine the extent to which D&T met the conditions that are necessary for effective implementation of performance management system.

1.4 **Importance of the Study**

The findings of this study will be important to the following

(i) All human resource practitioners, consultants, managers and employees in understanding the important role that effective performance management system play in the organization.

(ii) Students of management who will be provided with further information in the area of study of performance management.

(iii) Researchers/academics will use the findings as a basis for further studies.

(iv) Findings on improvement in performance and work attitudes as a result of effective Performance Management Systems at Deloitte & Touche will prove consistency and enhance solid study on performance management.

(vi) In addition, this study would not only enable the researcher to qualify for an award of MBA but also help her gain knowledge and experience on how to conduct research and as a result open further opportunities in this area of research 1.4 Significance of the study

The findings of this study will be important to
CHAPTER TWO
LITERATURE REVIEW

2.1 Performance Management

The evolution of the concept of performance management as a new human resource management (HRM) model reflects a change of emphasis in organizations, away from command and control towards a facilitation model of leadership (Beer and Ruh, 1976). This change has been accompanied by recognition of the importance to both the employee and the institution, of relating work performance to the strategic or long-term and overarching mission of the organization as a whole (Hoten, 1995). Employees’ goals and objectives are derived from their departments, which in turn support the mission and goals of the organization (Armstrong and Baron, 1998). We achieve performance management through a variety of tools and interventions at different levels in the organization these includes: first. Strategic planning second, definition of organizations goals, priorities and values. third. Identification and application of appropriate performance goals and fourth, measures for the organization key processes, functions and individual employees (Walter, 1995). The precise mix of these different activities varies from one organization to the other and may also vary within a single organization depending on the corporate needs and objectives that have been identified. Nevertheless, if we were to manage performance effectively we need to ensure that our various interventions are coordinated and that all are aligned with the organizations requirement (Walter, 1995).

Aims of Performance Management

PMS aims to clarify the organizations needs for business performance and setting up a process which ensures that it’s delivered. This can only be done with a high level of strategic alignment of all the process involved in the management and development of people throughout the entire organization. Each policy, procedure, system and process which relates to the development of the people, must be mutually reinforcing, if, the organization is to ensure that, a clear message goes out about the direction in which its policy and the individual performance which is required to enable it get there (Connock, 1991). The main
purpose of performance appraisals is to give the employee a chance to receive feedback on the job performance and get praise and recognition for the good work done and instruction regarding the areas that need improvement (Wrennal, 2005). The emphasis of performance management system is on continuous communication between the employee and supervisor. This will result in less gap existing between supervisor expectations and employee performance. If the two have a consistent understanding of what tasks need to be done and how they will be done, the tasks will most likely be done consistently well. On the other hand, if only an annual performance appraisal is conducted with no formal or informal work in progress, chances are that there will be a greater discrepancy between employee performance and supervisor expectations (Nyambegera, 2005). Performance management includes practices through which the manager defines the employee’s goals and work, develops the employees’ capabilities, evaluates and rewards their effort. This should be done within the framework of how the employees’ performance is contributing towards achieving the company’s goals (Dessler, 2005). Performance management process provides an opportunity for the employee and the performance manager to discuss development goals and jointly create a plan for achieving those goals. Development plans should contribute to organizational goals and the professional growth of the employee (Disney, 2003).

**Purpose of Performance Management**

Armstrong (2004) argues that the purpose of performance management should be a means of getting better results from the organization teams and individuals, by understanding managing performance with an agreed framework of planned goals, standards and competence requirements. It is a process of establishing shared understanding about what is to be achieved and an approach to managing and developing people in a way that increases the probability that it will be achieved in the short and long term. It is owned and driven by the line management. According to Williams (2001), performance management is concerned with performance improvement, employee development, satisfying the needs and expectations of the organization, communication and involvement in order to achieve organizational effectiveness. Performance management is a strategic and integrated approach to delivering sustained success to organizations, which is done by improving people’s performance and developing capabilities of teams, individuals and giving proper feedback on performance (Armstrong, 2004) Argues that, performance management should
be a time for the employee to discuss with the supervisor any unmet needs, for example, need for more or less supervision, more resources, more leeway for creativity, and more input decisions. (Nyambegera, 2005).

Performance management is used in most organizations for determining pay rises, promotion, transfers and assessment of training and development needs, demotions and discharges (Schuster Zingheim, 1992). Fletcher (1993) holds that performance management provides an opportunity for the supervisor to restate company job performance and behavior expectations of the employee and let the employee know what areas need improvement (if any) in order to receive a desired rise or promotion. Performance management provides a framework in which managers can support their team members rather than dictate to them. It focuses on activities like: future performance planning and improvement, clear job descriptions, selection of the appropriate people with an appropriate selection process, negotiate requirements and accomplishment based performance standards, outcomes, and measures, providing effective orientation, education and training, provide on-going coaching and feedback, conduct quarterly performance development discussions, design effective compensation and recognition systems that reward people for their contributions. (Truss & Gratton, 1994). It also provides promotional/career development opportunities for staff and assist with exit interviews to understand why valued employees leave organization rather than on retrospective performance appraisal. It provides basis for regular and frequent dialogues between managers and individuals or teams about performance and development needs. (Wright & McMahan, 1992).

Performance management is of interest to most organizations internationally and nationally for instance in the United States of America (USA) Human Resource Management (HRM) invariably embraces Pay-for Performance at the individual level (Heike & Bruch, 2001). They emphasize great need to build human capital within the firms through development. In Europe performance management is mainly concerned with customer satisfaction, people satisfaction, and impact in society are achieved through leadership. This drives policy and strategy people management, resources and processes leading to excellence in business results and can be used as a basis for measuring individuals as well as organizational
performance (Armstrong, 2004). In regard to Africa, Mpanga, (2004) indicates that in countries such as Botswana, performance management is used to manage performance at organizational, departmental and individual levels. Performance management at the individual level starts when an employee is furnished with job responsibilities and informed about performance standards and output expected from them. The appraisal process entails setting of performance expectation or targets, monitoring performance and a formal review of performance at the end of a predetermined period. (McGregor, 1972). The immediate supervisor conducts performance using techniques like: rating scale, critical incident, management by objectives, employee competency and employee comparison. (Heathfield, 2001). Performance based management requires the support of fair equitable pay. In order to ensure that public service organisations provide the highest services, performance management system (PMS) has been instilled throughout the public service (Debra, 2004).

In South Africa, human resource practitioners see the most important workplace challenge as performance improvement, equity, training and development among others (Frank, Stella & Mohamed, 2004).

Accordingly, the use of job evaluation by HR departments in medium and large organizations is common practice for establishing the relative worth of jobs ranking as a basis for designing a grading structure. Managing diversity, job design, training and development and performance management seem to be dominant HRM functional areas driving the agendas of South Africa organizations (Frank, et al. 2004). The performance appraisal form in Libya is prepared in consultation with the concerned employee. Each supervisor is responsible for ensuring that each employee understands the form. All performance evaluations focus on personal characteristics rather than on the job (Almhdie & Nyambegera, 2004). Performance management in Kenya is now a common management tool in many organisations including the Public Sector (Daily Nation August. 2007). Rice (1990) argues that the popularity of performance management can be attributed to employees’ feelings. There is a possibility that managers are unsure of what to do. This can be linked to many factors; for example, Nyambegera (2002) argues that ethnicity and kinship affiliation also play a role in areas where performance is used. He explains that those who know people in organizations can protect and spare them when performance management is used to select workers for
redundancy. Also, as the society shifts from collectivist to individualistic ethos especially for urban dwellers, many employees are now expecting rewards on individual performance.

2.2 Performance Management Process

Performance Management process is a continuous self renewing cycle. Its activities are as illustrated in the below diagram

![Performance Management System Diagram](image)

Figure 1: Performance Management System


Performance management is concerned with improving performance in order to achieve positive work attitudes, team and individual effectiveness. Improving performance is only achievable where there are effective processes of continuous development (Armstrong, 2004). This addresses the core competencies of the organization capabilities of individuals and teams. Since performance management is concerned with satisfying needs and expectations of various stakeholders such as owners, management employees, customers, suppliers and the general public, employees should be treated as partners in the enterprise whose interests are of managers and their team members in defining expectations and sharing information on the organization mission values and objectives (Lawson, 1995)

Performance management systems include role profile, performance agreements, objectives and performance measures. These systems are explained below
2.2.1 Role profile

The role profile sets out the purpose of the role holder. The manager states in clear terms what the role holder is expected to do and provides a foundation for the performance management. (Davis, 1985). Role profiles are sometimes described as standing or continuing objectives because their essential nature may not change significantly from one review period to the next if the key task remains unaltered although they may be modified if new circumstances arise (Fletcher, 1993). Key Result Areas are identified; these define the main output areas of the role holder, they also provide headings against which objectives and performance standards are agreed. Key Competencies indicates what the role holder has to be able to do and the behavior required performing the role effectively (Armstrong, 2004). The supervisor and employee should set both preferred performance standards and minimum performance standards. The employee should strive to achieve the preferred performance standards. However if they cannot be achieved for any reason, the minimum performance standards indicate the level of deviation that can be tolerated. The standards should enable the user to differentiate between acceptable and unacceptable results. (Nyambegera, 2005)

2.2.2 Performance Agreements

Performance agreements, also known as performance contracts, define expectations to be achieved and the competencies required to attain these results. They cover objectives and standards of performance which are the results to be achieved, defined in terms of targets and standards. (Tyson, 1994) measures and indicators help to assess the extent to which objectives and standards of performance have been achieved. Competency deals with how levels of competency will be assessed, including discussion to clarify expectation by reference to the competence profile in the role definition and agreements on the sorts of evidence that will be useful in assessing competency (Ulrich, 1999). Core values of organization for quality, customer service, team working and employee development which individuals are expected to uphold in carrying out their work. Certain general operational requirements may also be specified in such areas as health and safety, budgeting control, cost
reduction and security (Graham, 2004). The scope of performance agreement covers objectives, performance measures and appraisals.

The objectives of the performance agreement can be expressed as targets which are quantifiable results to be attained, which can be measured in such terms as return on capital employed, output, throughput, sales, levels of service delivery, cost reduction, reduction of reject rate, (Wenger and Snyder, 2000). It can also be expressed in terms of tasks/projects to be completed by specified dates. Whichever they are expressed in, Objectives should be:

Specific- clear, unambiguous, straight forward, understandable and challenging;
Measurable- quantifiable, quality level, time and money; Achievable- challenging but within the reach of a competent and committal person; Relevant- to the objectives of the organization so that the goals of the individuals are aligned to the corporate goals; Time framed- to be completed within an agreed time scale. The integration of objectives is important in order to achieve a shared understanding of performance requirements throughout the organization, thus providing for everyone to make an appropriate contribution to the attainment of team, departmental and corporate goals and to upholding core values (Whittington, 1993). Ideally objectives are intended to bring about change. They should cover all the important aspects of the job (key result areas) and not focus on one area at the expense of the others. thus they should be SMART (Armstrong, 2004).

Performance Measures are agreed when setting objectives. The process involves defining not only what is to be achieved but how those concerned will know that it has been achieved. performance measures should provide evidence of whether or not the intended results has been achieved and the extent to which the jobholder has produced that result. (Stebler and Robinson 1985). This forms the basis of generating feedback information for use not only by managers but also by individuals to monitor their own performance (Raise performance principles. 2002). Bhambra (1999) contends that individual performance measures should relate to results not efforts. Measures should be objective and observable. The results must be within the jobholder’s control. Data must be available for measurement. Existing measures should be used or adapted wherever possible. The evaluation of individual performance is an inevitable part of organization life. Everyone is constantly evaluated by his or her boss peers
and subordinate. (Marentette, 2000). Much of the evaluation is informal but most organizations have a formal appraisal system designed to collect systematic information about the performance of employees. The formal systems usually include a form on which supervisors indicate their evaluations of subordinate’s performance (Derek and Laura, 2002).

**Performance appraisal:** A good system should focus on the individual and his development, so as to make him achieve the desired performance. Performance system identifies areas where the employees need training and once the contents are identified it becomes easy to select technology, reading material and other training necessities. (OPM, 2001). Similarly, performance appraisal can also provide data to determine promotions, transfers and even demotions of an employee. Thus it has direct bearing on other personnel decisions (Williams, 2001). It has also been found that supervisors are increasingly using data provided by performance appraisal as a basis for counseling the employee. The purpose is to help the employees overcome weakness and become more effective in their job (Wrennal, 2005).

According to Hall and Taylor, 2002 the following are the main principles of appraisal schemes:

First appraisal is usually important to indicate effectiveness in day to day job, leading to identification of satisfactory and unsatisfactory aspect of performance. Strength can be developed and weakness rectified so far as is possible. This will also reveal misfit from opposing points of view. Second, performance appraisal is required most likely in identifying areas of weakness; the implication will be either bad selection by putting the wrong person in the job in the first place or inadequate training. Obsolesce may be a problem especially in management and the opportunity to assess the ability to keep up to date will be built into an appraisal. Third, the purpose of the appraisal needs to be clear. If the main purpose is to indicate success in the present job, it may not be appropriate to try and measure potential at the same time as the job may not itself be suitable as an indicator of potential. This applies to the nature of jobs at Deloitte & Touche. Fourth, it is important to check whether a standard scheme is suitable for all levels in the different departments. If this is managed, then, there is a great saving. It is reasonable to expect that the manager will be looking for a different kind of contribution from a consultant to that from a filing clerk for example; in this case a
diversity approach should be used to appraise. Fifth, the question of when and how often is
difficult to answer and striking a balance between making performance appraisal a ritual and
doing it when the need arises is difficult. Many schemes are attached to salary review and
bonus awarding like previously in D & T where appraisal were annually or when HR asked
for appraisals to be conducted. There is a strong feeling that appraisal of performance, if it
influences salary changes should be separated from talks about money. Appraisals of several
people against carefully planned changes in their responsibilities may be needed at shorter
intervals of say a month as an aid to making decision which is the right person for the
promotion. Sixth, it is important to consult those being appraised about how they should be
appraised. To attempt to appraise people where there is no clear job description,
reasonable/achievable targets because of factors outside their personal control is not fair.
Under such conditions, a manager should expect that appraisal, especially when they lead to
unpleasant or delicate decisions might be challenged and those concerned have a right to
know what was the basis of/or evidence to support such decisions (Fletcher and Williams,
1950) on the contrary, performance appraisal can be used to improve current performance,
provide feedback, increase motivation, identify training needs, identify potential and let
individuals know what is expected of them.

In general, let job objectives be open to the jobholder. If people have made constructive and
sensible proposals for improving the efficiency of their work or its effectiveness in relation to
the whole work which have either been ignored or rejected. For unsound reasons, it’s
unlikely that they will be receptive to appraisal until things have either been put right or
sound acceptance reasons given for rejecting their ideas (Finningan, 1993).

2.2.3 Personal Development Planning

Performance cycle is an important step in managing employee performance. It identifies
some to the key aspect of effective performance by describing the effective day to day
management of performance, (OPM, 2001). It is often given as the reason why no formal
appraisal system is in place because it is taken for granted that performance is appraised
informally on a continuous basis. (McGregor, 1972). It is meant to be viewed as a positive
management tool to enhance employee performance and to support whatever formal
appraisal performance management is in place (Hall and Taylor, 2002). Performance cycle
recognizes the importance of a shared view of expected performance between managers and
employees. This shared view can be in form of a job description, key accountabilities
performance standards, specific objectives or targets and essential competencies. An
important aspect of this shared view of performance suggests that merely handing out a job
description or a list of objectives to the employee is not adequate. (Jacobs, 1986). Instead it
argues that performances expectations need to be clearly explained and where possible
involve the employees' contribution. Without this, it is unlikely that even the most
determined employees will achieve the prerequisite. (Murphy & Williams, 1989).

While the employee is expected to work to achieve the performance agreed, the manager
retains a key role in organizing resources and job training. (Bramback, 1988). However, there
may be unforeseen barriers to the agreed performance that falls within the managers' remit to
address, while at times the situation may require complete reversal of the roles. As a result
continuous coaching during the task is especially important managers can guide employees
through discussion and by giving constructive feedback. (Stebler, 1995). Although it is the
employees' responsibility to achieve the performance agreed the manager has a continuous
role in improving support guidance and in outlining the organizational goals.

2.2.4 Individual Performance

Generally, performance appraisal formats should have mutually agreed result activities/goals
that must be attained or accomplished by the appraisee, identification of training and
development needs of the appraisee and other support systems he/she needs to attain the
mutually agreed key result tasks. Analysis and recording of the employees' performance
parameters, after mutual discussion between the appraiser and the employee, rating on
personal attributes of the employee, communication in terms of feedback to the employee by
the reporting officer for his development and increasing his effectiveness and feedback to the
top management on the kind of rewards and punishments that may be bestowed on the
employee, if performance appraisal is used for such purpose (Williams, 2001). The appraisal
system should be participatory and not a top down on in analyzing these things. Infact, it
should be a culmination and reflection of yearlong learning on mutual interactions, rather
than merely filing up the contents of goals achieved and tick marking the relevant ratings of
individual attributes.

Williams (2001) adds that self-appraisal is an important feature of the appraisal format for it
provides a perspective from employees' point of view. It communicates his contributions,
accomplishments and reflections on various facilitating and inhibiting factors, which played a
role on attaining, or otherwise of the goals he set for himself. His failures and the
capabilities he could discover with himself in the process or the capabilities he could
discover within himself in the process or the capabilities he felt he lacked and the support or
otherwise he obtained from his reporting officers and other colleagues and his views on how
plans to overcome them. (Anderson.1980). It provides a viewpoint or a perspective to the
reporting officer to objectively form his opinion on the performance of employees and the
expected future levels of performance from him. Analysis of performance of the employee
through mutual discussion is a very crucial aspect where the design of the performance
appraisal format is of less importance than the process of conducting it. (Glen, 1990). The
reporting officer should not let their own biases creep in. put the subordinate at ease. set a
constructive tone, listen to subordinates’ self appraisal. present his own evaluation of
subordinates' on the job performance. discuss areas of difference of opinion and arrive at
mutually agreed workable solutions for realizing future goals and for the fulfillment of
professional goals of the subordinates and the organizational goals (Hoyle. 2002). While
rating on the personal attributes, it is important for the reporting officer to go through the
definitions of each attribute, to maintain uniformity in understanding among all the reporting
officers in the organization. While rating on attributes, the appraiser must site specific
instances of behaviors exhibited by the appraisee and record rational for inferences made
(Dussler and Schider. 2001).
2.2.5 Performance Review

This is the last stage in performance cycle. On going review is important for employees to carry out in order to plan their work priorities and also to highlight to the manager well in advance how and when the agreed targets should be achieved. The purpose of this is to give the manager a chance to ensure that the employee is on the right track. But as Bhambra (1999) points out, a common mistake that managers make in providing feedback is to try and use the session as a chance to punish poorly performing employees by emphasizing to them how weak their performance has been. Performance review entails performance Criteria which includes strategic congruence, content validity, reliability, acceptability and specificity.

Performance Criteria

Although people may differ about the criteria to evaluate performance management systems, issues like strategic congruence, content validity, reliability, acceptability and specificity stand out (Mallet, 1994).

Strategic Congruence

Strategic congruence is the extent to which a PMS elicits job performance matching with organizational strategy, goals and culture. Since D&T emphasizes excellence, its performance management Systems should assess how well its employees are serving the company’s customers. Strategic congruence emphasizes the need for the PMS is to guide employees in contributing to the organization’s success. This requires systems that are flexible enough to adapt to change in the company’s strategic posture. When a company’s strategy changes, the employees attitudes need to change too. The fact that they often do not change may account for why many employees see performance appraisal system as having little impact on the effectiveness of the firm (Brunmack, 1988)

Content Validity

According to Laura (2003), this is the extent to which a performance measure assesses all the relevant aspects of performance. This is often referred to as content validity. A performance measure is deficient if it does not measure all aspects of performance.
Reliability
Reliability refers to consistency of a performance measure. One important type of reliability is interrater reliability, which refers to the consistency among the individuals who evaluate the employees' performance. Laura (2003) continues to say that a performance measure has interrater reliability if two individuals give the same evaluations of a person's job performance. The performance measure should be reliable over time and internally consistent.

Acceptability
This refers to whether the people who use a performance measure accept it. Many elaborate performance measures may be valid and reliable, but they consume so much of the managers' time that they refuse to use it. Alternatively, those that are evaluated by a measure may not accept it (Slowman, 1997). Acceptability is affected by the extent to which employees believe the PMS is fair. As the table below shows there are categories of perceived fairness.

Table 1

<table>
<thead>
<tr>
<th>Fairness Category</th>
<th>Importance For PMS</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedural fairness</td>
<td>Development</td>
<td>▪ give managers and employees opportunity to participate in development of systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ ensure consistent standards when evaluating different employees</td>
</tr>
<tr>
<td>Interpersonal fairness</td>
<td>Use</td>
<td>▪ give timely and completed feedback</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Allow employees to challenge the evaluation</td>
</tr>
<tr>
<td>Outcome fairness</td>
<td>Outcome</td>
<td>▪ Communicate expectation regarding performance evaluations and standards.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Communicate expectation regarding rewards</td>
</tr>
</tbody>
</table>


The table above shows specifically how the PMS development, use and outcomes affect perception of fairness. In developing and using a performance management system,
managers should take the steps shown in column labeled implications. to ensure the system is perceived as fair.

**Specificity**
This is the extent to which performance measure tells employees what is expected of them and how they can meet these expectations. Specificity is important for the strategic and development purposes of performance management (Neale, 1991). If the measure does not specify what an employee must do to help the company achieve its strategic goals it does not achieve its strategic purpose (Noe, Hollenben and Wright, 2002).

2.3 Conditions for Effective Performance Management System

2.3.1 Incorporating the Performance Management System in all the organization’s functions.

PMS should have a holistic approach. Performance management should be integrated into the way the performance of the business is managed and it should link with other key processes and functions of the business. Accordingly, its belief is that everything that people do at work at any level, contribute to achieving the overall purpose of the organization. This is also referred to as the vertical integration of the PMS which is achieved vertically with the business strategy and business plans and goals (Barney, 1990).

Team and individual objectives that support the achievement of corporate goals are agreed. These take the form of interlocking objectives from the corporate level to the functional of the business unit levels and down to the team and individual level. In the HR department specifically, the system should support and be integrated with the host of other human resource actions such as selection, disciplinary processes, training and retention efforts. This horizontal integration means aligning performance management strategy with other human resource strategies concerned with valuing, paying, involving and developing people.
2.3.2 The PMS driven by line managers owned by all the staff

The line managers carry PMS throughout the year; they ensure clarity of goals, expectations and accountabilities for achieving success. The line manager should set goals and objectives at flexible levels so that they are adapted or modified to meet changing priorities and business challenges (Campbell, 1990). They should ensure the system is simple, easy to understand, use and efficient. Accountability measures must be built into the system to ensure positive performance related interactions occur and are conducted in a manner that achieves intent. Meanwhile all the other employees contribute to the development of a high-involvement organization by getting teams and individuals to participate in defining their objectives and the means to achieve them. This creates ownership in them.

2.3.3 Conducting a performance improvement Analysis

This entails comparing current performance against specific performance standards. The manager measures the frequency of employee behavior and the outputs the physical evidence of completed work produced by those behaviors prior to any management change. Through this analysis, one measures present performance, establishes standards, specifies why behavior is deficient, calculates the net economic value of the improvement after the cost of solutions and places them in priority order. The result of this analysis is the identification of potentially high payoff behaviors and outputs that can be improved. (Burgoyne, 1996).

Performance management therefore provides a framework for the agreement of objectives as expressed in targets and standards of performance so that mutual understanding of these objectives and the role of both the managers and individual have to play in achieving them is increased.

2.3.4 Performance measurement is essential in the PMS

For any performance shown by the above analysis to have sufficient economic value to an organization, measuring the frequency of the performance against the desired standards is essential. While most organizations measure some performance, there are unfortunately, many key outputs and behaviors that are not measured. (Center for organizations excellence, 2003). What gets measured gets done; desirable performances and the standards for judging them in terms that are measurable, observable and objective are described and communicated. A description of the events that are signals prompting the response should be
Performance measures are agreed when setting objectives. The process involves defining not only what is to be achieved, but how those concerned will know that it has been achieved. Performance measures should provide evidence of whether or not the intended result has been achieved and the extent to which the jobholder has produced that result. This forms the basis of generating feedback information for use not only by managers but also by individuals to monitor their own performance (Raise performance principles, 2002).

2.3.5 Continuous improvement

Feedback on performance should be provided to the individual involved and to the individual’s manager, supervisor or group leader, rapidly preferably immediately with sufficient information to allow self correction. Too often, feedback systems for many key behaviors and outputs are either absent or flawed. (Cave, 1994). The frequency of an individual’s behavior is affected by the consequences that follow it. If the consequences are positive to the individual, the behavior tends to increase. If negative, the behavior tends to decrease. (Merit System Principles and performance management, 1999). Informal feedback should be real time. Saving up performance issues good or bad for discussion at a later date is detrimental to the individual corporate health. Feedback should focus on specific expectations and behaviors that are related to job requirements and organization goals. The PMS is designed to get two people to talk; it provides informal and formal methods of ensuring that managers and employees get to talk constructively about performance planning and development. Communication is a consistent part of the day to day work of both supervisor and employees (Atkinson, 1984).

Performance management, thus, aims to enhance deliberate learning from experience. This entails learning from the problems, challenges and successes inherent in peoples’ day to day activities. Anytime managers issue instructions to individuals or agree with them what needs to be achieved followed by a review of how well the task was accomplished provides a learning opportunity.
2.3.6 Performance appraisal

Performance appraisals should be purely for performance improvement. Numerical ratings and forced distributions of performance measures work against the primary goals of performance and should be avoided. Storey and Sisson (1993, pg 325-386) commented ‘To reduce the subjectivity of PMS and increase the focus on continuous improvement, organizations have tended to move away from rating categories or labels toward summary statements that are behavior oriented and more focused on future improvements’.

The use of ratings to compare individuals for so long a central element of appraisal forms and processes is now declining. Managers who argue for ratings say that it’s not possible to have a performance related pay without an overall rating in cases where performance related pay is wanted or needed. The feeling is that these ratings provide a convenient means of summing judgments so that high or low performances can easily be identified. They claim that ratings should let people know where they stand at least in the mind of the manager and can provide a basis for prediction potential on somewhat dubious assumption that people who perform well in their existing job will perform well in the future in different jobs (Employee Performance and development plan. 2003). This is false because, past performance is only a predictor of future performance when there is a connecting link. However, numerical ratings work against the primary goals of PMS because it is not only difficult to achieve consistency between raters but ratings are likely to be based largely on subjective judgments which could lead to an unfair and discriminatory system. It may also be beyond the manager’s control to sum up the total performance of his staff within a single rating because this may oversimplify what could be a complex set of factors influencing performance. It ends up labeling people with a letter or number which is both demeaning and demotivation (Schein. 1984). This overshadows the developmental aspect of the review since it is known that the end product will be a rating that will inform a pay decision. Finally ratings are backward minded because they convey opinions about past performance and say nothing about the future. Performance management is the development of individuals with competence and commitment working towards the achievement of shared meaningful objectives within an organization and encouraged that achievement. (Williams 1999)
2.3.7 Staff training and development

This process should provide for individual development and career planning. Line managers work together with staff to prepare, implement and review individual performance development plans (PDP's). PDP's should be forward looking and integrate job goals and learning plans. Managers should use feedback sessions as foundations for providing further training, coaching and counseling. Line managers are also expected to mentor their staff. Performance related training philosophy involves relating training specifically to performance and competence requirements (Beardwell. 1998).

2.3.8 Providing objective support to compensation decision.

Individual performance is one factor in determining pay. It is important to communicate a pay philosophy that clarifies the relationship between pay and performance. Typical features of performance are:

Pay progression and performance- the rate and limits of progression through the pay brackets are determined by performance ratings.

Decelerated progression- pay progression relating to performance is typically planned to decelerate through the grade because it is in line with the learning curve theory that pay increases should be higher during earlier period in a job when learning is at its highest rate. (Armstrong, 1994).

2.4 Summary

From the literature review, it is clear that performance management is concerned with improving performance in order to achieve organizational, team and individual effectiveness. Improving performance is only achievable where there are effective processes of continuous development. (Truss & Gratton, 1994). This addresses the core competencies of the organization and the capabilities of individuals and teams. Since performance management is concerned with satisfying the needs and expectations of various stakeholders such as owners, management, employees, customers, suppliers and the general public, employees should be treated as partners in the enterprise whose interests are respected. To this end, performance management encouraged communication and involvement of managers and their team members in defining expectations and sharing information on the organization's mission, values and objectives,(Lawson.1995).
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the method the researcher used to conduct the study. It includes design, sampling, data collection technique and procedure, data analysis and presentation.

3.2 Research Design
This is a case study. This design is considered appropriate since only one organization is involved. It is also appropriate because an in-depth and comprehensive inquiry was conducted.

3.3 Target Respondents
Data was obtained from key informants that included the head of Human resource department, Human Resource Officer in charge of Performance management and the staff Managers from each department. For the two departments that had more than one manager, the researcher selected the manager with more members of staff under them. The total respondents were 12.

Data collection
Primary data was collected through personal interview using the interview guide that is attached in appendix III. Secondary data from the organization’s annual board papers, internal newsletters and any relevant document was also utilized to compliment information from the interview.

3.4 Data Analysis
Since data collected from the interview was qualitative, the content analysis method was used to analyze the data. The data was vetted and edited for consistency, validity and reliability. This technique has been successfully used by other researchers such as Muriuki. (2005) and Kiptugen, (2003).
CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents results of the analysis of data collected through interviews with the 12 interviewees. The interviewees consisted of the human resources manager, the deputy human resources manager in charge of performance management and 10 representatives from other departments of the company. Due to the qualitative nature of the data and the number of people interviewed, content analysis was preferred.

4.2 Analysis and findings

Communication of objectives

The interview guide sought responses on how the corporate objectives of the company were communicated to the staff. From the responses received from the interviewees, it was clear that the corporate objectives were entrenched in the strategic plan for the organization where each department had its objectives that had to be met. All the departmental objectives were congruent with the overall companywide objectives. The staff members are also constantly reminded of their objectives during meetings carried out between managers and other staff members to review their performance during and over a certain specific period of time. This is consistent with the condition of incorporating the PMS in all organizational functions.

Individual Staff Goals

The respondents were asked to explain if they seek to know individual staff goals. The results of the interview indicate that the company understands and appreciates the staff individual needs and factors them in the PMS. These individual goals collectively transform to team goals which are then harmonized to form the corporate goals. This
ensures the individual goals are synchronized with the organizational objectives, a condition for effective PMS.

**Standards of performance measurement**

The researcher also wanted to know standards against which performances of employees are measured. The responses from the interviewees pointed to the direction that the standards measured in the PMS include strategic congruence where individual and group goals are matched with organizational strategy and competencies since the PMS is competency based. This is consistent with the condition that requires a PMS to have standards against with performance is measured and in this case it is the individual competencies that are emphasized.

**Discussions between supervisor and Staff**

The interviewees also agreed that interviews are held between supervisors and staff though no definite time for this was given. However, the meetings cannot be said to be formal as the organization strives to make the appraisee feel normal. This brings out an issue of informality but to the extreme. To be specific, both aspects of formality and informality appear during the meetings. The formal meetings are usually held at specific intervals, that is at the beginning, mid-year and end of the year. The respondents were also unanimous that the meetings are usually very effective in terms of meeting the objectives for which they are convened. This concurs with the requirement of two way communication in PMS and consequent feedback.

**Setting of objectives**

The respondents were asked to state who were involved in setting the performance objectives. The interviewees explained that the responsibility of setting performance objectives is not a preserve of an individual in the firm. It is a team work between the individual and supervisor. The objectives are set from department to department but must be harmonized to reflect the overall corporate objectives. Performance objectives are set at the beginning of every year. This is consistent with the condition of conducting a
performance improvement analysis, this is because by mutually setting objectives the role to be played by both the manager and the staff in achieving them is improved.

**Frequency of goal review**
From the interview guide, the study also sought to understand how often performance goals are reviewed. The interviewees were unanimous that the review of performance goals is regular in the organization. They are reviewed as the assignment continues thus ongoing reviews and end of period/assignment reviews are done. This takes care of changes that might have occurred from the time they were set and the time they are implemented. This is consistent with the condition that states that effective PMS should permit for regular review of objectives to allow continuous improvement.

**Performance appraisal**
On the issue of whether the staff takes a self appraisal, it emerged that this is indeed the first step of performance appraisal in the organization. The interviewees also said that during the appraisal, both the appraiser and the appraisee engage in a dialogue as the appraiser explains to the appraisee the feedback of his performance during a particular time. This was in response to the question on whether the performance review is usually a monologue or a dialogue.

**Performance Management System and company operations**
The respondents were asked if the PMS can be felt in the overall functions of the organization. It was clear from the responses that the performance management system is in the heart of all organizations operations. The study also found that the improvement in staff performance noticed for the past few years is attributed to the performance management system applied in the organization. Indeed, the interviewees were unanimous on the fact that the application of performance management system has improved individual effectiveness hence the overall performance of the company.
Basis of promotion, salary and training
The interviewees were also asked what promotions, salary increments and training was largely based on. From the responses, it can be summarized that promotions are based on merit and performance of an individual. Salary increments are based on performance as one moves to another category in the management hierarchy based on how he performs on the job. Group training is undertaken to equip staff with new developments in the market. Training is usually based on the rate of developments in the field of accounting and auditing. The firm has to equip its staff with relevant skills to carry out their duties in the rapidly evolving accounting and auditing world.

Review of Performance Management System
The performance management system at Deloitte and Touche are usually reviewed from time to time to make it more effective and relevant. This review is done by going through the whole system to ascertain whether the system can be made to perform better than it presently does and also by benchmarking the system to other firms in the same industry so as to come up with a superior PMS. This is usually done on a yearly basis. The interviewees also reiterated that the PMS has been very effective in its quest to manage employee performance.

The interview guide then asked the respondents to comment on a few issues ranging from performance planning to discipline. The respondents said that performance planning was done annually so as to give direction to all the staff. The career path is definite in the company and feedback is usually given to the all the employees on their performance appraisal. It was also found that rewards are tied to performance of an individual. The PMS has also increased work discipline in the organization.

Challenges of implementing Performance Management System
The interviewees believed that the greatest challenge to effective performance implementation in the organization was the attitude problem. Some of the employees do
not see the benefit of evaluating their performance and basing their promotions on them. Some employees also see PMS as a tool for appraisers to pin down some of them.

The appraisers also indicated that they do not have sufficient time to appraise the staff since some have as many as twelve staff under them, hence they are not thorough with the process. It also ends up being more of a Human Resource Department requirement for promotion, increment and thus it is at times just paper work that is completed to meet the time set for submission of appraisal papers.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and Conclusions

This study was designed with the objective of determining the extent to which Deloitte & Touche management satisfied conditions that are necessary for an effective performance management system. Data was collected from key informants that comprised of ten staff managers the Human Resource officer in charge of performance management and the Human Resource Director.

5.1.1 Conditions necessary for successful design and implementation of PMS

The analyses in chapter four gives a clear indication that most of the tenets for successful implementation of PMS exists in the organization.

PMS in all organisational functions

To start with, the company has incorporated the performance management system in all its functions. This can be illustrated by the response from the interviewees who contended that the system is in the heart of all operations of the firm.

Involvement of staff and managers

It was also observed that supervisors are very much involved in the process of performance management. They drive the whole process. Thus, it can be concluded that the PMS is driven by the line managers and owned by the staff. Another issue worth noting is that performance of employees is measured in the PMS existing in the organization. These are done by the supervisors and managers who evaluate performance of their juniors and discuss with them on their findings. Here, another issue that comes out crystal clear too is that feedback id provided to the employees regarding their performance.
PMS improvement analysis
A performance improvement analysis is also conducted in the organization. This is done by comparing performance against prior set standards. The standards of measurement in the company include the set targets for employees and the laid down objectives of the company.

Continuous improvement
Continuous improvement is achieved in the organization in terms of regular feedback given by the evaluators to the employees on their performance. This helps the employees understand areas of their weakness and aspire to improve on the same. The study found that feedback is not only provided to the individuals involved but also to the managers who evaluate performance of employees, their supervisors as well as to the whole group.

Performance appraisal
Performance appraisals are also carried out in the company. This is usually done so that employees can improve on their performance. The discussions about performance appraisal with individuals are usually carried out in an informal way. The ratings are usually in numbers which are not acceptable to some of the staff members. This is in line with the demerits of numerical performance appraisal documented by Schein (1984).

Training and development
The company undertakes training for its staff on a regular basis to upgrade their technical skills to keep them abreast of changing accounting discipline. The managers also develop their staff by being their mentors in the organization. This conforms to the theory that training should be specifically related to performance and competence requirements (Beardwell, 1998).

Support of compensation decisions
The company has a management structure that clearly allows the employee to see how he can move up the ranks. This upward move in rank also comes with increase in rewards in
terms of salary and other perquisites. This link between progression and pay motivates employees to perform better so as to move up the grades.

In summary, all the conditions necessary for effective implementation of performance management system were met. The company has established a performance management system that enhances cooperation and consensus. Furthermore, proper communication channels have been established. This facilitates the informal kind of relationship between management and other employees.

5.2 Suggestions for further research

This study was exploratory hence the case study research design was used. More studies should therefore be done to ascertain the extent to which the conditions are met in different industries. More studies should also be done to find out whether industry has an influence on what conditions are necessary for effective performance evaluation. Studies should also be done to explore more on the challenges that face organizations in their quest to put up performance management systems.

5.3 Recommendations for policy and practice

This study found that performance management system is practiced in the company under study and that most of the recommendations for conditions necessary for effective performance management system exist. These findings are invaluable to the human resource practitioners as they can use the findings as a basis of evaluating how their own performance management systems function and whether they measure up to the standards. The managers who have not established such systems in their companies should take the first step to install one so as to benefit from the merits of such a system. However, the study recommends to the management of Deloitte and Touche to continue looking for ways to improve their system, especially in area of performance rating as the use of numerical scores to determine the rating of an individual suffers from the disadvantages that may soil the very intention of enacting a performance management system in the organization.
5.4 Limitations of the study

This study centered on establishing the extent to which Deloitte and Touche management satisfied conditions that are considered necessary for a successful design and implementation of performance management system. One of the limitations of the study is that since it is a case study, it suffers from the shortcomings that are common to case studies, that is, that the results of the study cannot be generalized to other organizations.

The second limitation is that the interview method is usually a very persuasive method. If the responses are not corroborated by other sources of information, the responses might not be as true as they are given by the interviewees. This study thus suffers from the same as it was not able to gather information from other sources to corroborate with the ones collected from the interviews. Thus, the respondents might have given biased responses.

Another limitation is that it was not possible to find the respondents as the study was carried out during the time when the organization was at its peak of activities. This then meant that some of the respondents had to reschedule meetings while others had to send other people to participate on their behalf.
REFERENCES


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Deloitte & Touche website. https://deloitteresources.com


## APPENDICES

### Appendix I: Deloitte & Touche Staff Managers

<table>
<thead>
<tr>
<th>Department</th>
<th>Target Managers</th>
<th>Staff</th>
<th>Actual Sample</th>
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<tbody>
<tr>
<td>Audit</td>
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<td><strong>12</strong></td>
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</table>
Appendix II: Cover Letter

Date: July 30, 2007

School of Business
University of Nairobi
P.O. Box 30197
Nairobi.

Dear Sir / Madam.

RE: LETTER OF INTRODUCTION

I am a postgraduate student studying at the University of Nairobi currently undertaking a research on conditions necessary for a successful performance management system: A case of Deloitte & Touche.

Your organization is the main focus for the study. The choice is based on its corporate image and its pursuance of excellence. I kindly request your assistance by availing time for an interview (no more than 30 minutes) which will be based on the interview guide enclosed herein. Any documentations, strategic plans, reports or journals that you may have that are relevant to this topic of study may be availed to me at your discretion.

A copy of the final report will be made available to you at your request.

Your assistance will be highly appreciated. You can contact me on the number below to schedule for the interview at your earliest convenience.

Elizabeth Kamuna
Student
0722258118 or ext.2272
c.c Prof P. O. K'Obonyo
Academic Supervisor
Appendix III: Interview Guide

Section A:

Conditions Necessary for PMS to Succeed

1. How are the corporate objectives communicated to the staff?
2. Do you seek to know and understand staff individual goals? Are the employee needs and expectations factored in the PMS?
3. Are the Individuals', teams' and corporate goals harmonized?
4. What standards are measured in the PMS?
5. How often are the discussions/meetings held between supervisor and appraisee? Are they formal or informal? Are they adequate?
6. Who is involved in setting the performance objectives?
7. At what point are the Performance Objectives set?
8. How often are performance goals reviewed?
9. Does the staff first undertake a self-appraisal?
10. Is the performance Review a dialogue or a monologue? Who talks more, the appraiser or appraisee?
11. Can the PMS be said to be in the heart of all the organizations operations?
12. Are there improvements in the staff performance as a result of the application of performance Management? Do the PMS improve individual effectiveness?
13. What are the promotions, salary increments and training largely based on?
14. Is the PMS reviewed/evaluated? If yes how often and by whom?
15. How effective has the PMS been?
16. Comment on the following
   (a) Performance Planning
   (b) Development and career planning
   (c) Feedback, coaching, training and development
   (d) Rewards
   (e) Leadership Development
   (f) 360-degree feedback
(g) Discipline

17. What do you believe is the greatest challenge for effective performance management system in the organization?

18. Please provide any other information which you think might be helpful to this study.

Thank you for your time and participation in this study.