FACTORS INFLUENCING SUCCESSFUL IMPLEMENTATION OF EMPLOYEE PERFORMANCE MANAGEMENT SYSTEMS: A CASE STUDY OF KPMG EAST AFRICA

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A management research project submitted as a requirement for the degree of Master of Business Administration (MBA), School of Business, University of Nairobi

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DECLARATION

I certify that this research project is my original work and has not been presented for any degree in any other university or institution of learning. Information from other sources has been duly acknowledged. No part of this work should be reproduced without my permission as the author.

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Dated this ____day of __________________2010

This research project has been submitted for examination with my approval as the University supervisor.

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Mr. George Omondi
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Dated this ____day of __________________2010
DEDICATION

This research is dedicated
to my sister, PAULINE WANGUI KIROCHO for her
courageous support throughout my life,

to my favourite niece, SHELLOMITH WANJIKU KIROCHO,
for her passion, determination and zest to succeed,

and

for reminding me that indeed, we CAN if we WILL.
Special thanks go to my principal supervisor, Mr. George Omondi, for his counsel, guidance, and tutorship throughout my study. I equally acknowledge the contribution and guidance of Mr. Michael Mwangi, a Lecturer at University of Nairobi, for his guidance in the research design, analysis of data as well as the broad review of my project paper in preparation for its final presentation. Their support and guidance have seen this project to fruition.

To the partnership, management and staff at KPMG in East Africa for their support during my data collection. Special acknowledgement goes to the 85 people who took time to respond to my questionnaire. I thank them for sharing their views and insights, which is a reflection of their passion towards excellence in leadership.

To my study group comprising of Christine Karoki, Mary Mulili and John Ngugi for their moral support and continued encouragement throughout the project.

Last but not least, I give thanks to the Almighty God for the gift of life, good health and wisdom. May He forever look upon me with favour.
Employee performance management has become a business imperative in today’s competitive business arena, where organizations are constantly working to improve their performance and profitability. The purpose of this study was to identify the factors that influence the successful implementation of employee performance management systems at KPMG East Africa.

The research design was a case study. Data was collected using a semi-structured questionnaire. The questionnaires were mailed to the respondents consisting of 100 employees from across the KPMG offices in Kenya, Uganda and Tanzania. Of these, 85 employees responded, thereby giving a response rate of 85%. The data was analyzed using descriptive statistics; mean and standard deviations. Factor analysis was used to rank the factors that influence successful implementation of the employee performance management system at KPMG East Africa.

The findings indicated the significant factors influencing the successful implementation of an employee performance management system to be the users’ understanding of the system and creation of a conducive working relationship that fosters performance. Specifically; KPMG should focus its attention on the leading factors identified, which are listed as follows: personal level of understanding of the employee performance management system; appraiser’s level of understanding of the system; existence of a conducive working relationship between appraiser and appraisee; availability of Information Technology infrastructure to support the system; availability of clearly laid out policies and procedures governing the system; the organization’s culture; appraisees are encouraged to continuously improve their performance; support and commitment of the system from top leadership; availability of documented framework on the system; appraisers are empowered to make decisions pertaining to appraisees’ performance; the performance rating system is relevant and appraisees are encouraged to continuously review their own performance.

From the above findings, it was concluded that KPMG’s ‘Dialogue’ employee performance management system has been successfully implemented. It is recommended that future research should investigate the extent to which these findings can be generalized to other organizations as this was a case study on KPMG East Africa, a partnership offering professional services.