

Performance Appraisal Systems in Accounting Firms

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AUTHORSHIP DECLARATION

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of BA Human Resource Management is entirely my own work and has not been taken from the work of others and to the extent that such work has been cited and acknowledged within the text of my work.

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ABBREVIATIONS

PAS	Performance Appraisal System
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National College of Ireland

SECTION 1

PREFACE AND INTRODUCTION

PREFACE AND INTRODUCTION

This thesis examines Performance Appraisal Systems within top-tier accounting firms in Ireland. Using a review of current literature and qualitative research carried out in a sample of these top-tiered accounting firms, this thesis aims to explore the issues surrounding the success or failure of the introduction of Performance Appraisal Systems. It looks at the design and implementation of a performance appraisal system into Firm A and whether or not its introduction has been a success. It compares the performance appraisal system introduced in Firm A and PAS in three other accountancy firms against current literature.

The research is focused on five main areas, which are the bases of this study. Firstly, the development and design of the Performance Appraisal System introduced in Firm A. Secondly, the implementation of this system. Thirdly, the approaches and methods of performance appraisal used within Firm A. Fourthly, whether or not the introduction of the Performance Appraisal System has been a success in Firm A. Fifthly, whether or not Performance Appraisal Systems have been successful in the other three accountancy firms researched for this study. The underlying rationale in carrying out this research is to explore the key areas of the introduction, implementation and the success or failure factors associated with performance appraisal in accountancy firms in light of the current literature.

Chapter 2 is the executive summary which summarises the findings and conclusions from the main body of the report.

Chapter 3 is a review of the relevant literature concerned with performance appraisal systems. It is concerned with providing reliable information to aid in the understanding of theories and topics relevant to this study. The purpose of this chapter is to outline the key areas of interest, to examine the contributions of experts and academics in the field of Performance Appraisal and to consider the practical implications arising from such theory. It also reviews the performance appraisal system introduced in Firm A.

Chapter 4 outlines the research objectives of this study. It describes the research methodology used, it looks at the collection methods and sources of both secondary and primary data and describes how this data is analysed to produce meaningful and relevant information. Finally, it describes the limitations of the research methods used in this study.

Chapter 5 provides a profile of the accounting firms studied.

Chapter 6 provides a summary and analysis of the research findings.

Chapter 7 deals with the conclusions drawn from the research and the recommendations offered to Firm A (if appropriate) to improve their PAS.

SECTION 2

ABSTRACT/EXECUTIVE SUMMARY

ABSTRACT/EXECUTIVE SUMMARY

Performance Appraisal is an integral part of any organisation and it's visibility and ultimate strengths lie in its ability to assist with staff retention and understand the factors responsible for an individual's motivation.

Empirical evidence and the huge volumes of written material in this area suggests that the implementation of a Performance Appraisal System (PAS) in any organisation is essential if that organisation is serious in it's desire to be successful.

Formal monitoring systems date back as early as the early 1900's and current writers in this area still explore alternative models and uses of Performance Appraisal Systems.

The professional service sector is an area of Irish business that has experienced significant growth and profitability over the past 10 years. This sector not only continues to attract huge volumes of college graduates into its employment net but also attracts high caliber professionals at other levels. Staff retention and motivation are key factors in the continued success of organisations within this sector.

Top tier accounting firms have been foremost amongst the high performing entities within this sector. Four successful accounting firms were targeted to study the success or failure of their PAS. One firm in particular was compared against its peers and relevant literature. Its apparent failure was examined in the context of the success of the others.

Questionnaires were completed and interviews conducted with a wide sample of individuals from these firms. A high success rate in terms of questionnaires

completed (63%) was achieved. Interviews were held with everyone who returned a completed questionnaire.

The outcome of my research concluded that it is clear that Firm A's inability to operate a successful PAS was down to 6 core reasons:

1. Lack of Management Support
2. Ineffective appraisal skills
3. Complex paperwork
4. Failure to evaluate the actual PAS itself
5. Lack of objectives
6. No improvement in performance

A number of recommendations were made to senior management in Firm A in order to improve the implementation and operation of their PAS.

SECTION 3

LITERATURE REVIEW

PART 1: OVERVIEW OF PERFORMANCE APPRAISAL SYSTEMS

Performance appraisal may be defined as a procedure or process which assists in the collection, checking, sharing and use of information collected from and about people at work for the evaluation of their performance and potential for such purposes as improved work performance and staff development. In order for organisations to prosper or survive they need to retain and get the best out of their human resources (McMahon, 1999). The success of a performance appraisal system largely depends on how much it is integrated into the whole performance management process. This is the total process of managing employees' performance in relation to their current and future roles, and in relation to the organisations overall business objectives. IBEC (2004).

The performance appraisal system can be seen to have many interrelated functions including performance evaluation and target setting, the establishment of work standards, the identification of skills gaps and the facilitation of communications and motivation, Gunnigle et al (1997).

This information, which is communicated to the employee through the appraisal interview, is used to determine the relevance of individual and work group performance to organisational objectives and to improve the efficiency and success of the organisation and the work performance of employees.

The terms 'performance management' and 'performance appraisal' are often used interchangeable. Performance appraisal refers only to the evaluation of employee performance whereas performance management describes the whole process of managing an employee's performance, where assessment is only a part of the process IBEC (2004).

THE LAW according to IBEC (2004)

Organisations planning to formalise their process of assessing employee performance should be fully aware of the implications of the Employment Equality Act, 1998 and in particular the provisions relating to direct and indirect discrimination.

It is extremely important to accurately record all issues discussed during the performance appraisal process and indeed any performance related information which may arise throughout the year. Employers should avoid unnecessary reliance on subjective criteria and where appropriate cite particular examples of poor performance. Such information may be very important in defending a dismissal case, for example.

According to McMahon and Gunnigle (1994), there are many objectives to introducing appraisals

Objectives of appraisals

- To review appraisee performance with a view to learning from experience.
- To agree key objectives and explore ideas for the improvement of results achieved.
- To assist employees in analysing their own strengths and weaknesses.
- To assist the appraisee in the identification of training needs and other remedial initiatives; and in assessing the employee's potential and career development prospects.
- To secure feedback on how effectively the employee has been managed or supervised.
- To ensure that the employee is fully aware of how superiors view their performance and contribution.
- To assist with decisions relating to pay increases or new salary levels.
- To maintain equity in the evaluation and treatment of staff, via usage of a standard appraisal and a related appeals system.

- To address the problem of the 'misfit', or sub-standard employee performance, and to assist with decisions in regard to staff retention. Ultimately this may support one's defence against allegations of unfair dismissal or illegal discrimination.
- To maintain an updated set of personnel records for such purposes as the familiarisation of new managers with the objectives, past performance, special problems or ambitions of 'inherited' staff; the validation of selection techniques and employee retention decisions.

Evenden & Anderson (1992) state that the performance appraisals have benefits for managers, employees and the organisation:

Benefits to managers

- Opportunity to learn about employees' hopes, fears, anxieties and concerns relating to both their present job and their future.
- Chance to clarify and reinforce important goals and priorities
- Mechanism for measuring changes in employees' work performance
- Opportunity to motivate staff recognising achievements
- Clarification of overlap or ambiguities that may exist in the work structure

Benefits to employees

- Opportunity to receive feedback on how performance is viewed in the company
- Opportunity to communicate views about the job
- Opportunity to discuss career options
- Recognition of tasks carried out well and objectives achieved
- Basis for identifying training and development needs
- Jointly agreeing objectives for the next review period

Benefits to the organisation

- Assistance with succession planning and the identification of future potential
- Facilitation of human resource planning through competence analysis
- Method of ensuring harmony between business objectives and employee performance
- Generally improved communications throughout the company
- Opportunity to improve performance

History

The first formal monitoring systems are said to have evolved out of the work of Frederick Taylor and his followers before World War 1. Rating for officers of the US armed services was introduced in the 1920's, and this spread to the UK, as did some of the factory-based systems.

Merit-rating came to the fore in the USA and the UK in the 1950's and 1960's when it was sometimes renamed performance appraisal.

Management by objectives then came and went in the 1960's and 1970's and, simultaneously, experiments were made with the critical incident technique and behaviourally anchored rating scales.

A revised form of results-oriented performance appraisal emerged in the 1970's, which still exists today. This form of performance appraisal received a boost during the late 1980's because of the use of performance-related pay based on performance ratings.

Appraisals, has been defined by ACAS (1988) as:

Regularly record an assessment of an employee's performance, potential and development needs. The appraisal is an opportunity to take an overall view of work content, loads and volume, to look back at what has been achieved during the reporting period and agree objectives for the next.

ADMINISTRATION OF THE SCHEME

Who should be covered?

Performance Appraisal Systems can cover all categories of employees or it may be confined to one particular category. The view of many organisations is that all staff should be appraised. Long (1986) suggest that there are numerous reasons for this, including the desire to promote flexible working practices and increasing consistency in the conditions of management and non-management staff. However, the content and frequency should be adapted for each category. According to Fletcher, (1997) the same *elements* of appraisal may be present in the appraisal scheme at different levels, in the sense that there may be objective-setting and assessment of some job-related abilities, but the form and content of them should certainly vary to suit the circumstances.

One possible approach is to introduce the scheme at a management level and encourage it to cascade down through the organisation

Table: 1 - Irish Organisations Appraising Specific Staff Categories (%)

Employee Group	%
Senior Management	72
Middle and Junior management	85
Supervisors	78
Clerical/Secretarial/Admin.	81
Skilled/Semi-skilled	60
Knowledge workers*	84
Manual	55

Source: McMahon and Gunnigle (1994)

*Those who provided professional/scientific and advisory services.

How often should performance appraisal be carried out?

According to Fletcher (2004) Many organisations have a formal review and objective setting session annually, but encourage the appraisers to hold interim review either quarterly or half-yearly. Apart from checking that objectives are still relevant, these also provide the opportunity to take remedial action if the appraisee is having difficulties.

Armstrong (2000) states that the timing of the review can be linked to the corporate business or operational planning programme so as to ensure that teams and individuals can contribute to the formulation of departmental and, ultimately, corporate objectives and to provide for these team/individual objectives to flow from those finally determined at corporate, functional and departmental levels.

Usually appraisals take place annually, as a matter of routine. In some firms the rhythm of the business dictates a more frequent appraisal pattern; it is rare to find intervals of longer than a year in which the appraisal process is taken at all seriously.

Who conducts the appraisal

According to IBEC (2004):

The immediate manager is in the best position to assess the performance as he/she has the responsibility of monitoring performance on a day-to-day basis. It is extremely important that the supervisor fully understands the appraisal process and the problems that may limit its value.

Fletcher (2004) states 'that concerns about the appraisers' objectivity and fairness in assessment have made this model problematic.'

IBEC (2004) states that there are various alternatives which have been tried which are:

- Self appraisal
- External Consultants
- 360-degree feedback

Self appraisal

Armstrong (2000) defines self-appraisal as a process in which individuals review their own performance, using structured approach, as the basis for discussions with their managers in review meetings.

Fletcher (2004) states there are numerous advantages to incorporating self-appraisal into the appraisal process. It is said to engender more commitment on the part of the person appraised, because of its participative nature. It reduces defensiveness by encouraging the appraisees to take the lead in reviewing their own performance rather than having an assessment imposed on them. It encourages appraisees to think about their own performance and development needs in a focused way. And by giving the perspective of two people – the appraiser and the appraisee – it should lead to more objective assessment than if it rested on either one alone.

Margerison (1976) has argued that self assessment appraisal systems are the only way to give a complete picture of the performance of the employee and to avoid a ‘criticise-defend’ scenario.

Assistance of External Consultants

IBEC (2004) states that this approach can bring a greater element of objectivity and ensures consistency across the organisation, once a common measure is used. However, it is important to remember that the line manager is in the best position to assess and monitor performance on an on-going basis.

360 Degree Feedback

360-degree feedback has been defined by Ward (1997) as: ‘The systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance’

London and Beatty (1993) have suggested that the rationale for 360-degree feedback is as follows:

- 360-degree feedback can become a powerful organisational intervention to increase awareness of the importance of aligning leader behaviour, work unit

results, and customer expectations, as well as increasing employee participation in leadership development and work unit effectiveness;

- 360-degree feedback recognises the complexity of management and the value of input from various sources – it is axiomatic that managers should not be assessing behaviours they cannot observe, and the leadership behaviours of subordinates may not be known to their managers.
- 360-degree feedback calls attention to important performance dimensions that may hitherto have been neglected by an organisation.

According to Armstrong (2000) 360 degree feedback as a relatively new feature of performance management which incorporates the views of many individuals from many different perspectives, persons involved include:

- the person to whom they report
- their direct reports
- their peers or team members
- their internal customers/suppliers
- their external customers, clients or suppliers
- self assessment

Feedback is generally obtained through the use of structured questionnaires. Responses are then analysed and the individual receives a report on performance strengths and weaknesses IBEC, (2004).

What is appraised according to IBEC (2004)

Appraisal systems can measure any number of criteria from personality and behaviour to the achievement of previously agreed goals/objectives. Each of these can be measured quantitatively or qualitatively.

While personality and behavioural measures are important, they should not be relied upon solely. Appraisals have been criticised for the fact that too much reliance has been based on the subjective evaluation of personality traits e.g. attitude to work, enthusiasm etc. The difficulty with such measures is that they have been defined differently by appraisers with the results that subjectivity is inevitable. Furthermore, if the personality traits cannot be shown in some way to be related to the job of the appraisee, then their use will be open to challenge. By concentrating on the job rather than the appraisee the level of subjectivity can be reduced.

The objectives of some performance appraisal systems may be to address the problem of sub-standard employee performance. However, it is important that the appraisal process and interview does not take the form of a disciplinary procedure. Some companies have developed performance improvement plans to provide a bridge between performance appraisal and disciplinary procedures. These include feedback, coaching and training.

DESIGN & IMPLEMENTATION OF A PAS

Design

According to Fletcher (1997), the most important stage in the life of an appraisal system is the design. Get it wrong here and it is likely to stay wrong. Design needs careful thought and consideration of a number of issues. At the design and introductory phases care must be taken to ensure that all relevant views are elicited and that the proposed system fits in well with the organisation's practices and culture. Adequate training and publicity also have to be provided to enable parties to get the best out of the system.

Organisational Structure

The structure and the culture of organisations are interconnected, and both need to be considered when designing a Performance Appraisal System.

A highly structured, bureaucratic organisation, (where there is great emphasis placed on formal observance on rules and procedures) will probably need a performance appraisal system which is a relatively formal process, with clear guidelines, a fixed timetable and an appraiser firmly in control of the process.

For organisations that are constantly changing, a flexible and adaptable approach to appraisal is necessary, with a greater degree of local control over content and administration. This type of appraisal is primarily geared to motivation and development and has high level of appraisee participation according to Fletcher (2004).

Fitting the Corporate Culture

The performance appraisal system has got to be in tune with the prevailing culture of the organisation if it is to survive. It would be a mistake to regard it as a separate process with an easily identifiable border, as opposed to being part and parcel of the wider management process. According to McMahon (1999) extensive consultation with all parties to the proposed system will help in this regard. It will also prove invaluable in gaining acceptance of – and adherence to – the final product. All appraisee's, appraisers, sections or divisions with responsibility for acting on any of the outcomes of the process

(e.g. human resource planning, training, payments) must be provided with the opportunity to make an input to the design process. Line managers need to be involved in the design phase, as they are the people who will eventually have to operate the system. It is advisable that they be consulted, either en masse or as a representative sample, so that the new or revised system suits them.

Setting the Performance Objectives and Criteria

According to Beardwell and Holden (1997) a distinction can be made between input or output based criteria:

- Input based criteria relate to the personal characteristics, traits, competencies and skills which an employee brings to a company or job.
- Output based criteria are concerned with individual performance objectives or standards to be met by the employee which relate either to an overall company strategy or a specific job description.

Objectives

Objectives describe something that has to be accomplished – a point to be aimed at. Objectives, or goals (the terms are interchangeable), define what organisations, functions, departments and individuals are expected to achieve over a period of time according to Armstrong (2000).

‘Too many objectives can spoil the appraisal system. “The simpler the message the greater the chance of it being received and put into practice.” says Brian Bramhall, Personnel Manager at Loctite.

According to Armstrong (2000) objectives can be work-related, referring to the results to be attained or the contribution to be made to the achievement of organisational, functional or team goals. They can also be personal, taking the form of developmental or learning

objectives that are concerned with what individuals should do to enhance their knowledge, skills and potential and to improve their performance in specified areas.

According to Beardwell and Holden (1997) objectives are generally jointly agreed upon by the employee and manager and used to measure and assess employee performance. Objective setting is assumed to be an impartial process of evaluation. Often companies use the acronym SMART to help set effective objectives:

S – Specific or Stretching: clear unambiguous and concerned with a single, specific aspect of the results.

M – Measurable: they must contain a number, ratio or description that will clear when they have been achieved: quantity, cost and time.

A – Agreed or Achievable: not too easy-not too hard, appropriate to the organisation and employee's needs and capabilities.

R – Realistic: objective must be within the capabilities of both the department and the individual.

T – Time specified: this must clearly be defined.

There is no golden rule as to how often objectives should be reviewed. Obviously if an employee is undergoing a period of intensive training and development, then objectives will have to be reviewed at regular intervals. Furthermore, if the appraisee's job is undergoing change, then more frequent reviews would be warranted according to IBEC (2004).

Training

The provision of a professional training programme is recognised as central to the attainment of a successful appraisal system McMahon (1999).

Table 2: Training Provided

	Appraisers		Appraisees	
	No.	%	No.	%
Training provided for all	34	43	18	23
Training provided for 75-99%	11	14	10	13
Training provided for 50-74%	7	9	7	9
Training provided for 25-49%	5	6	5	6
Training provided for 1-24%	3	4	3	4
No training provided for anyone	19	24	36	46

Source: Survey conducted by the Faculty of Business, Dublin Institute of Technology, 1998/99.

According to Stewart and Stewart (1987), training in appraisal is of two kinds. There is knowledge training, in which managers are taught the nuts and bolts of the system; and there is skill training, in which they learn to conduct appraisal interviews well.

IBEC (2004) have stated that an essential part of training, and indeed of performance appraisal itself, is writing goals. Long-term benefit is derived from ensuring that managers can write goals that are clear and easily identifiable. Appraisers must also be trained to deal with confrontation in a constructive way.

APPRAISING PERFORMANCE

Methods of Appraising

Outlining performance standards, setting goals, monitoring performance and giving feedback should be addressed on a continuous basis. Similarly, formal review periods and the relaying of that information through the appraisal interview should be arranged regularly and certainly more than a once a year. The purpose of formal review periods and of any subsequent appraisal interview should be to sum up the period under review, relate assessment of performance, receive feedback from employees, and set the agenda and action plan for the next period under review according to IBEC (2004).

There are numerous tools and methods used for measuring performance. A selection of the more commonly used tools include:

- Appraisal forms
- Rating
- Ranking
- Critical incident
- Objectives oriented systems
- Assessment centres

Appraisal Forms

The performance appraisal form is the written medium through which objective goals are set out and quantified.

Williams in IPM (1992) notes that:

The nature of the forms obviously depends on the scheme itself, but having something for the appraisee to work from, an agenda at very least (if no other self appraisal is involved), is usually found to be necessary for a constructive session

Stewart and Stewart (1987) state what is included on the form depends upon the system. General guidelines are:

- Last years objectives and whether they were reached
- An overall rating of performance
- Rating of performance on individual rating scales, and narrative summaries of performance on given criteria
- Any special achievements or difficulties recorded previously

Some appraisal forms are informal and unstructured. The appraiser is given a blank page and is required to give an overall assessment of the appraisee by commenting on his/her work performance. Although straightforward, this approach can be judgemental and there may be difficulties in guaranteeing consistency across all employees. In other cases a specific form may be drawn up by the organisation and completed by the parties at the appraisal interview. The benefit of such forms is that they set out, in an organised way, the areas to be covered according to IBEC (2004).

** Strengths and Weaknesses as per McMahon, G. (1999)*

*Strengths:

- 1) Provides a more rounded and precise description of performance and potential than many other appraisal methods.
- 2) Useful for feedback purposes.

*Weaknesses:

- 1) Subjectivity – with considerable potential for bias
- 2) Time-consuming.
- 3) Appraisers must have an aptitude for clear written expression. As a result, this technique often tells as much about the appraiser as the appraisee.
- 4) Difficult to compare writing styles and reports and, consequently, appraisees.

Rating

According to McMahon (1999) there are a number of variations on the rating scale technique. However, the basic model involves providing the appraiser with a list of job qualities or characteristics upon which they are to evaluate staff. The appraiser is requested to indicate the degree to which the appraisee has performed under each of the following factors:

- job knowledge/abilities at your particular job
- productivity/individual output
- quality of work
- attitude to work
- flexibility
- initiative/perception
- interaction with others
- performance against set targets
- need for supervision

Armstrong (1995) argues that while rating scales are a convenient means of comparing employees and arriving at an evaluation, they tend to ignore the complex set of variables that determine work performance and are a highly subjective method of assessment.

According to McMahon (1999), in an attempt to force appraisers to seriously consider their evaluation some schemes provide for a section at the bottom of each scale where they are required to explain the rating given.

Research reveals that there is the danger that appraisers will choose the 'safe' middle option by selecting option number three – the good performer. The problem can be overcome somewhat by having an even number of options.

The system must be able to accommodate the differences in jobs in terms of job content, work goals and work responsibilities. Where there is a grouping of employees whose

jobs are similar then a standardised performance appraisal form can be used. However, all jobs must not be forced to fit the one system. If the system is to be successful, it must allow for differences. Finally, when designing an appraisal measurement document, it is important to keep the form simple.

***Strengths:**

- 1) Quick and easy to use, yielding quantitative results.
- 2) Facilitates a comparison of employees on relevant performance criteria.
- 3) Its flexibility allows adaptation to all sorts of jobs.
- 4) Can be designed to facilitate concentration (and consequently feedback) on employee behaviour as opposed to personality. It encourages an emphasis on how results are achieved, rather than just on the results themselves.
- 5) It can be used as the basis for rewarding and /or developing staff.

***Weaknesses:**

- 1) Subjectivity – potential for bias and abuse.
- 2) Different appraiser rating standards (e.g. arising from excessive leniency or severity, faulty memory, differing interpretations of the standard scales), may give rise to appraisee feelings of unfairness about the scheme.
- 3) Where personality characteristics are used as criteria they may influence performance, but do not constitute performance per se. As the appraisee's personality is fixed, this would be a bad platform from which to provide feedback.
- 4) Scales need to be periodically updated and validated to reflect job changes. Related to this is the fact that the assessment criteria selected, through relevant, may lack precise psychological meaning and give rise to measurement difficulties e.g. integrity, initiative.

Ranking

According to Gunnigle and Flood, ranking is a method of appraising performance where the appraiser ranks workers from 'best' to 'worst' based on specific characteristics or overall job performance.

*Strengths:

- 1) Simple
- 2) Facilitates comparisons

*Weaknesses:

- 1) Little basis for decisions
- 2) Degrees of difference not specified
- 3) Subjective

Critical Incident

Armstrong states that the critical-incident technique is a means of eliciting data about effective or less effective behaviour that is related to examples of actual events – critical incidents. The technique is used with groups of job holders and/or their managers or their 'experts' (sometimes, less effectively, with individuals not in a group.)

This type of appraisal may take two forms. One system focuses on behaviours and requires the appraiser to draw up a list of critical job requirements. This list is then used to determine if the employee meets the required critical standards. Alternatively, the appraiser observes behaviour all year round, noting a number of behaviours where the employee's performance was either very good or very poor. These form the 'critical incidents' which are then used as a measure of the employees overall performance. This method has been found to be more useful for developmental purposes rather than objective evaluative purposes. While more objective, it is demanding on the appraiser's time and observational skills. The major limitation of the approach is that it only focuses on a selected number of displayed behaviours or performances IBE:C (2004).

*Strengths:

- 1) Job related
- 2) More objective

*Weaknesses:

- 1) Needs good observational skills
- 2) Time consuming

Objective oriented systems

According to Gunnigle, Heraty, and Morley (1997) results oriented systems are based on the underlying principles of 'management by objectives' (MBO), which include the specification of objectives, participation in agreeing objectives, the measurement of performance against objectives, and finally feedback and monitoring. In the results-oriented system, performance is measured against previously agreed targets or key result areas.

IBEC (2004) state that MBO has been criticised as being short-term oriented and that it provides few insights into employee behaviour, and does not facilitate comparisons across employees. Moreover, external variables may inhibit the achievement of objectives and these may not be taken into account when appraising performance.

*Strengths:

- 1) The individual's and the organisation's objectives are linked -- so everybody on the team knows their role.
- 2) The beneficial effect of goal-setting on task performance is one of the most robust and replicated of research findings. However, feedback on performance in relation to goals and objectives is necessary if performance is to be improved.
- 3) It facilitates an open and participative management style. Greater levels of worker motivation, collaboration, commitment and performance are consequently associated with the system.

- 4) The focus is on specific objectives, rather than behavioural or personal attributes. The feedback element of the interview ought then to be more objective and less contentious.
- 5) The appraisee ought not be surprised by the results of the appraisal.

**Weaknesses:*

- 1) Time-consuming to identify SMART objectives, especially for some staff categories.
- 2) Objectives may become minimum performance standards, as appraisees wish to avoid agreeing difficult targets with appraisers.
- 3) An emphasis on short-term results may lead appraiser to ignore the appraisee's effectiveness in other areas. This has also been identified as a preoccupation with the ends rather than the means, or with what has been done as opposed to how it has been done.
- 4) Circumstances may change so quickly as to make objectives irrelevant by the appraisal date. This can be demotivating. More frequent review sessions can help overcome this problem. For example, many of the multinational companies in the electronics sector in Ireland convene quarterly appraisals.

Assessment Centres

This form of appraisal involves taking employees through a series of assessments (e.g. interviews, tests etc.). The value of such a method lies in its ability to assess number of dimensions, and its objectivity. However, while it measures competence, it does not measure on-the-job performance.

**Strengths:*

- 1) Range of dimensions examined
- 2) Objective

**Weaknesses:*

- 1) Expensive

2) Not necessarily job specific.

Table 3: Performance Appraisal Schemes Used in the Surveyed Organisations in the Republic of Ireland

Scheme	Number *	Per Cent *
Objective Setting/Results-oriented	57	72
Self-appraisal	42	53
Rating Scales	38	48
Competencies	26	33
Peer Appraisal	15	19
Descriptive Essay	12	11
Customer Appraisal	9	11
Ranking	7	9
Upward Appraisal	5	6
Forced Distribution	4	5
Critical Incident	4	5
Paired Comparison	2	3
Other	4	5

*This total exceeds the number (or 100%) of organisations using appraisal systems, as some organisations use different scheme types for different employee categories, and most combine schemes types into one system.

Source: Survey conducted at the Faculty of Business, Dublin Institute of Technology, 1998/1999. A complete description of all scheme types, together with examples and a more detailed analysis of the scheme options can be found in McMahon, G. and Gunnigle, P., *Performance Appraisal, How to Get It Right*, Institute of Personnel Management, Dublin 1994.

PERFORMANCE APPRAISAL INTERVIEW

The performance appraisal interview can be an important element in a successful performance appraisal system. The interview is useful in that it provides a forum for one-to-one discussion on employee performance and offers the appraisee the opportunity to respond.

Preparation is vital for ensuring the success of the interview. The first exercise for any employer is to prepare the necessary documentation which will be used prior to, during and after the appraisal.

Required Documentation IBEC (2004)

The forms used to prepare, conduct and record a formal appraisal meeting should include

- a reminder detailing the purpose, format, timing and venue.
- a form detailing the functions of the appraiser and appraisee before, during and after the appraisal. The information should refer to preparation, individual responsibilities and the subsequent action plan. It should seek to involve the employee as much as possible.
- a pre-meeting sheet completed by appraiser and appraisee detailing the issues which both parties wish to cover. It is good practice to exchange these forms prior to the appraisal interview.
- the appraisal summary sheet should be used during the meeting and after to summarise the agreements and decisions reached during the appraisal interview. New objectives, time scales, changes in job description and review periods etc. should be included here.
- a developmental and career objectives sheet should also be devised to record the training and development plans for the employee.

Characteristics of effective interview

Evenden and Anderson (1992) put forward a set of guidelines that can facilitate effective appraisal interviewing:

- Begin the interview with a clear statement of the purpose of the meeting, which will ensure that both parties are aware of the rationale for the interview.
- Attempt to establish rapport and put the employee at ease. While this is a difficult process and is heavily dependent on the nature of the relationship between the parties, it can be facilitated by ensuring that adequate notice of the interview has been given to the employee and he or she has had time to prepare for it.
- Discuss the main tasks and responsibilities undertaken by the employee and invite comments. This stage should take account of any self-appraisal that has been conducted and should focus on the objectives and key tasks of the job.
- Ensure that a balanced discussion takes place. The manager is required to praise the employee for good performance but also to be frank in discussing any perceived weaknesses. The focus should be on the attainment of work targets and standards.
- Encourage the employee to talk frankly about any frustration in the job and any problem areas. Questioning style is particularly pertinent here, especially if the employee is unsure about or unwilling to admit to problems or difficulties.
- Encourage the employee to develop self-analysis and self-discovery, particularly in relation to developing action plans for the future. Greater commitment to new objectives and plans is likely where the employee can make a contribution towards determining them.
- Bring the interview to a close with a summary that clarifies what action is expected for the coming appraisal period.

Feedback

Feedback is the most effective way of learning more about ourselves and the effect our behaviour has on other people. When we receive it we can assess its value, the consequences of ignoring/using it, and decide what we will do as a result of it. If we are

not open to it and do not receive it, we will not be in a position to learn and develop
McMahon (1999).

Guidelines on providing feedback according to Armstrong (1995)

- *Build feedback into the job.* To be effective, feedback should be built into the job or provided within 48 hours of an activity taking place.
- *Provide feedback on actual events.* Feedback should be provided on actual results or observed behaviour. It should be backed up by evidence. It should be backed up by evidence. It should not be based on supposition about the reason for the behaviour.
- *Describe, don't judge.* The feedback should be presented as a description of what has happened but should not be accompanied by a judgement.
- *Refer to specific behaviours.* Relate all our feedback to specific items of behaviour. Don't indulge in transmitting general feelings or impressions.
- *Ask questions rather than make statements.* Thus: 'Why do you think this happened?' 'On reflection, is there any other way in which you think you could have handled the situation?'. 'How do you think you should tackle this sort of situation in the future?'
- *Select key issues and restrict yourself to them.* There is a limit to how much criticism anyone can take. If you overdo it, the shutters will go up and you will get nowhere.
- *Focus.* Focus on aspects of performance the individual can improve. It is a waste of time to concentrate on areas that an individual can do little or nothing about.
- *Provide positive feedback.* Provided feedback on the things that the individual did well in addition to areas for improvement. People are more likely to work positively at improving their performance and developing their skills if they feel empowered by the process.

PART 2: PAS UNDER REVIEW

Firm A

Firm A's Performance Appraisal System (PAS) was introduced in April 2002. It is the key tool to assess the following employees performance

1. Directors
2. Associate Directors
3. Managers
4. Assistant Managers
5. Qualified Staff
6. Semi Senior
7. Business Support

Designing the Performance Appraisal System

A working group was set up for the purpose of designing an appropriate system for Firm A. The composition of this group was small but representative of all of the main parties to be affected by the system i.e. those who have to work the system. Their participation helps ensure their commitment to the system and also ensure that it is made to fit the organisations context.

This group were given specific terms of reference (and a deadline) for the design and implementation of the appraisal system, and the organisation of appropriate training to enable the system to be put in place.

Table 4: Time frame for integrating the Performance Appraisal System with Firm A

<p>Design</p> <p>During this time the following took place</p> <ul style="list-style-type: none"> • The working group was set-up • The systems objectives and how they were going to be measured were defined • The scheme type and the procedures to meet the aforementioned objectives were decided. • Sample documentation was drawn up and tested. • Final documentation agreed. 	<p><i>Aug-Oct 2002</i></p>
<p>Implementation</p> <p>This stage consisted of:</p> <ul style="list-style-type: none"> ▪ Informing staff of the introduction of the new PAS through various presentations. ▪ The following training was provided <ul style="list-style-type: none"> ○ How to conduct effective appraisals for all those responsible for conducting appraisals ○ How to complete the appraisal form for all staff members 	<p><i>Nov 2002-Feb 2003</i></p>
<p>Appraisal Interviews</p>	<p><i>April 2003</i></p>

Performance Appraisal System - Overview

The Performance Appraisal System is the link between individual performance and the goals of the firm. This summary is designed to give an overview of the process.

The process is based on a simple premise – if the individuals growth and development are in line with what is important to the business, everyone will benefit.

For clients, it will enhance ability to provide better solutions. For the firm, it will mean continued success. For individuals, it can result in enhanced performance and greater rewards.

Individual performance will be assisted by having a common understanding of the firm's business direction and clear appreciation of what is expected. The capability to achieve

goals and development objectives will lead to meaningful rewards and career progression.

1. Design Framework

The process is intended to fulfil five vital functions:

- ensure staff at the relevant levels understand the firm's priorities
- create a culture of continuous learning and feedback
- appraise and rate performance
- recognise and reward commitment to the firm's priorities
- identify and meet training and development needs

2. Success by Design

The process is designed to be:

- flexible
- simple
- rewarding
- supportive

3. Core Components

The core components of the PAS include:

- The main areas of work for period under review & their related goals and targets.
- Core competencies required to carry out the job effectively and at a high standard.

A. The Approach (Goal Setting)

The PAS is based on a self-assessment approach. The key tool to structure the setting and measurement of both financial and non-financial goals is an appraisal document. It is based on the following strategic perspectives:

- People
- Client Service
- Effectiveness
- Contribution to Results

To reflect the different nature of the roles within the firm, there are four versions of the form for the following levels:

- Director/Associate Director/Manager
- Assistant Manger/Senior
- Semi Senior
- For internal staff, i.e. support staff (Finance, HR, Marketing, Secretaries etc) they will view internal staff to be their clients in relation to business development and client service.

B. Performance Appraisal

Each year there will be a final Performance Appraisal. It should be a 'no surprises' discussion, as it is expected that by identifying goals and re-evaluating them with the appraiser mid-year, the appraisee will know how they are developing and the types of rewards that are within their grasp.

The appraisal will be conducted by the appraiser i.e. the person who has the most relevant knowledge and experience of the appraisee's work over the preceding 12 months.

The appraisal is focused on measuring performance against the goals agreed 12 months previously.

The assessment rating will be discussed at this meeting and decided upon by the appraiser.

The assessment ratings range from 5 to 1, depending on the achievement of the individual's agreed goals and their contribution to the firm.

The individual prior to the meeting will complete under the core areas

- Individual self-assessment
- Individual targets for next 12 months

This will be passed to the appraiser who will complete their assessment prior to the meeting. At the meeting agreed goals & targets will be discussed/agreed and completed by both parties.

C. Recognition & Reward

The rating will be a critical link between performance and future salary and promotion prospects.

D. Future Potential - Identify Training & Development Needs

Training and Development needs will be identified and recorded on the form. This information will then be used to design training programmes that meet these needs.

Goal Setting

Goals define the 'outputs' that each individual will be responsible for producing. They give direction and focus to roles and responsibilities. They help individuals understand what needs to be achieved and why successful achievement is important.

The primary source for determining individual goals will be the individual self-assessment and target setting. An additional perspective will be gained from the

appraiser, but the appraisees own thoughts about where they can make the most significant contribution must be included.

The responsibility for setting goals is shared between the appraiser and appraisee. Co-development is critical if agreement on goals and targets for the year are to be achieved.

Personal Goals

Personal goals are made up of three components:

- Goal – The goal should specify the desired output. It should be expressed simply and show a clear end result.
- Measurement – What you have achieved and how you achieved it
- Target – It must be set against a realistic agreed time frame

Goals must be SMART

- Specific
- Measurable
- Achievable
- Realistic
- Timeframe

Performance Appraisal

Performance Appraisal meetings are held on a twice-yearly basis. The half-yearly meeting in October will provide an opportunity to confirm that personal goals are on track and are still current. Confirmation that the interim appraisal has taken place will be communicated to Human Resources by the appraiser.

The final performance appraisal meeting in April should be a ‘no surprises’ discussion as it is expected that both appraisee and appraiser will have had discussions about performance throughout the year.

Self-Assessment

Before the performance appraisal meetings the appraisee should spend time reviewing your performance and contribution over the year.

Job Assignment Reports

Where job assignment reports have been completed during the year, these reports should form part of the performance appraisal process.

Performance Appraisal Meeting

The appraisee and appraiser will discuss and rate achievement to date and progress against agreed development objectives. Goals for the coming year also will be agreed.

- Following the final performance appraisal meeting, the appraiser should ensure that all documentation is completed and recorded with Human Resources.

Performance Ratings

A performance rating will be awarded to each individual based on the achievement of agreed goals and overall contribution to the firm.

A decision about an individual’s rating is not a mechanical or mathematical process. It requires the appraiser to keep in mind a number of elements:

- Achievement of individual goals
- The level of contribution
- How challenging the goals are in their particular market

- Leadership behaviours.

Each of the above elements can play a key role in determining a final rating.

Performance Rating Scale

There are five different ratings that can be awarded to an individual. It is critical that both appraisee and appraiser carefully consider the following descriptions when establishing your rating.

- 5 Consistently exceeds goals and has made an exceptional contribution to business performance.
- 4 Frequently exceeds goals and has made high contribution to business performance.
- 3 Meets agreed goals and achieves the **high expectations** of an individual. Contribution to the business performance is positive, capable and consistent.
- 2 Achieves some goals, however, contribution to the business has not been sufficiently strong.
- 1 Has not met the expected performance and contribution to business performance has not been satisfactory.

** An appreciation of what 'high expectations' means is necessary in order to properly understand the criteria. Firm A sets high standards for itself and its staff members. Therefore, meeting the requirements of one's role in an area of performance means working to a high standard.*

Performance Improvement

Performance Improvement

Performance improvement measures will need to be initiated in circumstances where the appraiser has identified any or all of the following:

- under-achievement of goals
- under-performance in the job role
- contribution to the business has not been sufficiently strong
- performance has not been satisfactory and requires immediate significant improvement

The appraiser should discuss his or her concerns with the individual, explaining where performance can be improved.

Performance issues should be documented and an action plan agreed. Further meetings should be arranged to appraise progress against the action plan.

Pay & Promotion

The achievement of agreed goals is a key factor in determining future salary and promotion prospects.

The performance rating will be used as an input for determining the salary review awarded. The rating will also have an influence on promotion prospects.

Other factors that will be taken into account when making pay and promotion decisions are:

- the firm's profitability
- economic, geographic and market conditions

- balancing current and long-term performance
- level of responsibility
- sustained contribution to the firm

Training & Development

A significant element of this new process is the recognition that identifying and meeting both Partner and Staff training and development needs is a key factor for the firm's future.

To ensure that Training & Development needs are met, the firm has agreed to the following:

- Recognise the importance of Training & Development as a key process
- Give full support to provide professional Training & Development to Partners and staff
- Design Training & Development programmes to satisfy the needs identified and recorded on individual forms.

SECTION 4

RESEARCH OBJECTIVES AND METHODOLOGY

RESEARCH METHODOLOGY

INTRODUCTION

This chapter deals with the various means and tools through which one can conduct their research into a particular aspect of Human Resources while exploring the advantages and disadvantages/limitations attached to each tool.

Included in this chapter are:

- a statement of general research objectives
- an outline of the methodology used
- the various sources of primary and secondary data will be described
- an outline of research targets
- an outline of the ways in which the data collected will be analysed.

Tull and Hawkins (1990) view the steps in research methodology as:

1. defining the research objectives.
2. deciding what information to generate and
3. the data collection method.

RESEARCH OBJECTIVES

The research objectives of this study are as follows:

1. to gain an understanding of whether the PAS working in Firm A has been a success and to determine the reasons behind whether or not it has been
2. to gain an understanding of how performance appraisal systems are operating in three other successful accounting firms
3. to determine if the PAS in Firm A needs to be improved or amended in any way as a result of the findings in 1 and 2 above

RESEARCH TYPES

There are two main types of research, *quantitative* and *qualitative* research.

Oakley (1999) illustrates the differences between these two techniques:

Table 5: - Differences between Qualitative and Quantitative Research

QUALITATIVE RESEARCH	QUANTITATIVE RESEARCH
Concerned with understanding behaviour from actor's own frames of reference	Seek the facts/causes of social phenomena
Naturalistic and controlled observation	Obtrusive and controlled measurement
Subjective	Objective
Close to the data: the 'insider' perspective	Removed from the data: the 'outsider' perspective
Grounded, discovery-orientated, exploratory, expansionist, descriptive, inductive	Ungrounded, verification oriented, reductionist, hypothetico-deductive
Process-oriented	Outcome-oriented
Valid: real, rich, deep data	Reliable: hard and replicable data
Ungeneralisable: single case studies	Generalisable: multiple case studies
Holistic	Particularistic
Assume a dynamic reality	Assume a stable reality

It is useful to distinguish between these two forms of research in order to establish which approach is most suitable for this study.

The aim here is to develop a general understanding of Performance Appraisal Systems in a number of accountancy firms and is not in any way intended to give conclusive results. This table then clearly demonstrates the appropriateness of qualitative research to the study of Firm A's Performance Appraisal System.

The methods used in this study to gather such qualitative primary data were:

1. the semi-structured interview (by telephone) and
2. a questionnaire with closed ended questions (see appendix 1)

This approach is one where the interview follows a fairly standard set of questions whilst offering some flexibility and allowing the views of the interviewee to become known.

This type of interview is appropriate when questions require some thought and when responses need to be explored and clarified.

It was confirmed to the interviewees that their identity would remain confidential. This encouraged the interviewee to discuss the topics more openly and freely. Written notes were taken during the interview which were re-written immediately after the interview took place.

Any gaps identified were clarified with a follow-up call.

The use of interviews and questionnaires are regarded as a source of *primary data*.

Primary data is data that is collected solely for the purpose of answering the research question Brannick and Roche (1997).

The use of what is known as *secondary data* must also be considered in line with the findings from primary data.

Secondary data refers to the reviewing of existing data that is available on your research topic. Secondary data is data that is available but which was not developed for the purpose of the research question at hand.

Blaxter et al (2002) defined secondary data as

“Data which has already been collected and possibly also analysed, by someone else”.

Reasons for using secondary data according to Baxter et al (2002) include:

1. Collecting primary data is difficult, time consuming and expensive.
2. You can never have enough data.
3. It makes sense to use if the data you want already exists in some form.
4. It may shed light on, or complement, the primary data you have collected.
5. It may confirm, modify or contradict your findings.
6. It allows you to focus your attention on analysis and interpretation.
7. You cannot conduct a research study in isolation from what has already been done.
8. More data is collected than ever used.

It is essential to analyse the secondary data available to properly define the research question.

The secondary data used in this case study comes from external and internal sources. The external sources used are books and journals based on the topic of Performance Appraisals. Books and journals are a useful source in establishing what some authors believe are the key issues in relation to Performance Appraisals and Performance Appraisal Systems. The internal sources used include company documentation ie (Firm A PAS).

RESEARCH TARGETS

Questionnaires were given (and completed by) and interviews held with a selection of at least one individual from each of the following levels within each accounting firm selected:

- Partners
- Directors/Managers
- Staff members
- Support staff

ANALYSING THE DATA

There can be difficulties in structuring and analysing qualitative data. Brannick and Roche (1997), propose that a researcher is faced with the following issues in trying to analyse qualitative data.

- A massive problem classifying the words and sentences that make the text of the data.
- Making sure that the coverage of the data is adequate, that is, that the full range of the substance of the text is represented and:
- Ensuring that enough detail is included to maximise understanding.

The key is to analyse data in light of relevant theories and literature, and to produce descriptions and draw conclusions from this.

This concludes the outline of the methodology that was used for this research study. It has identified the research objectives and outlined the methodology used. It has described the sources of data used and the way in which the data collected was analysed.

SECTION 5

PROFILE OF ACCOUNTING FIRMS REVIEWED

PROFILE OF THE ACCOUNTING FIRMS SELECTED FOR THIS RESEARCH

This chapter profiles a sample of top-tier accounting firms selected in the research for this thesis as well as the culture and organisational structure found in these organisations.

Firm A

Firm A is one of the world's leading organisations of independent national firms, providing audit, accounting, tax and specialist business advice to growing entrepreneurial organisations. Their common aim is to help business owners achieve success and realise their ambitions wherever they choose to operate.

Their worldwide network is dedicated to understanding and servicing the needs of the people who own and manage growth-oriented businesses.

Business owners can rely on Firm A to provide them with practical solutions and help them to maximise the opportunities and minimise the risk of commercial expansion

Firm A in Ireland has been a premier provider of accounting, consulting, audit, personal financial planning, corporate and personal taxation, corporate recovery and insolvency, and corporate finance services to the Irish business community for many years. The present partnership can trace its history back to 1899 when its founding firm was established in Dublin.

With offices in Dublin and Limerick, including 21 partners and over 220 staff, their clients include public companies, large multi-national corporations and medium-sized manufacturing and retail entities.

As a member of Firm A International clients and staff benefit from a global network operating to the highest international standards.

At Firm A every client gets a personalised service and that means the personal advice and attention of a partner wherever they are in the world. Not many international accountancy firms can claim that: even fewer deliver it.

At Firm A, though, it is why they believe they are in business: and it is the way they do business best. By delivering real partnership and advice clients can trust...personally.

Firm B

Firm B is a member of Firm B International – a global accountancy and consulting organisation with offices in every major economic centre in the World. Membership of Firm B gives their clients access to global expertise and delivers local knowledge in all markets – ensuring a common, worldwide approach and focus.

Key statistics on Firm B world-wide for 2000 include:

Fee turnover of US\$1.763 billion

Located in 88 countries

532 offices

18,515 staff in total

Firm B International has a strong international network and the firm has the necessary skills and resources to advise an international based business.

Firm B has been the fastest growing and most progressive firm of business advisers in Ireland over the last 17 years having a 32 county coverage with offices in Dublin, Limerick and associate offices in Cork and Belfast, with 35 partners and over 400 staff. The firm is organised to provide their clients with a comprehensive range of services including audit and accounting, tax and other financial advisory services.

Their growth has been due to a clear market focus on growing and entrepreneurial businesses. In this market they have developed a close “hands on” relationship with their

clients and they have grown as their clients have grown. Firm B take an active interest in their clients' business and their clients regard them as business advisors, not just accountants or tax specialists. Being a growing entrepreneurial business ourselves they understand the unique challenges and opportunities that growth presents.

Today, they are the leading firm of business advisors in Ireland servicing the needs of entrepreneurial and growth orientated businesses.

Firm C

Firm C is the result of the amalgamation of two firms which merged in May 2004. The international firm which it merged with has experienced significant growth over the past five years and now is one of the fastest growing professional firms in Ireland.

Their philosophy has been to develop to cater for clients' needs when required, but not to grow for the sake of size alone. Their growth has been organic and they have never been involved in a major merger. As a firm they believe they are small enough to provide a personal service but large enough to have specialist expertise in all areas.

Their internal structure, with a high ratio of partners to staff, enables clients to benefit from quick partner response, with fully briefed back-up partners and senior managers always available in the absence of the main partner.

Firm C International network is now one of the leading international audit, tax advisory and consulting groups outside the Big 4, comprising 440 offices of member and correspondent firms in 91 countries worldwide involving some 12,6000 partners, principals and staff.

The aim of Firm C is to provide comprehensive modern services to clients globally, through the development and maintenance of a cohesive network that operates to the same high standards of professionalism and value in each country.

All member firms of Firm C International are independent entities – no partnership or co-ownership exists between them. However every office works actively together sharing information, talent and know how.

Firm D

Firm D is a leading firm of chartered accountants and business advisers in Ireland.

Firm D are the second largest accounting firm in the Republic of Ireland.

The firm has 65 partners and more than 1400 people in offices in Dublin, Cork, Galway and Belfast.

They work with clients in all sectors of Irish business providing a range of services.

The cornerstones of their business are quality of advice, quality of service, and quality of their people

Firm D member firms are a leading provider of assurance, tax and legal, and financial advisory services. With a global approach to service delivery, Firm D responds to clients' complex business challenges with consistent methodologies and common tools across industry sectors and national boundaries.

Fundamental to Firm D's approach is their focus on industry sectors. They believe that they can add value for their clients if they truly understand their industry. This is why they invest in continuously improving their knowledge of the industries they serve.

In 2002, Firm D achieved revenues of US\$10.72 billion driven by strong performances across all functional businesses. Firm D member firms achieved strong results despite the continued global economic decline, widespread upheaval in the industry and a difficult market environment. Firm D remains committed to offering a complementary range of multi-disciplinary skills including Assurance, F&S, Tax and Legal services to clients, which continue to leverage Firm D's in-depth knowledge of their business strategies, cultures, financial plans, control environments and business risks. Nearly 100,000 Firm D

professionals in member firms worldwide collaborate across industry, service and national boundaries to deliver professional services in 150 countries.

Culture

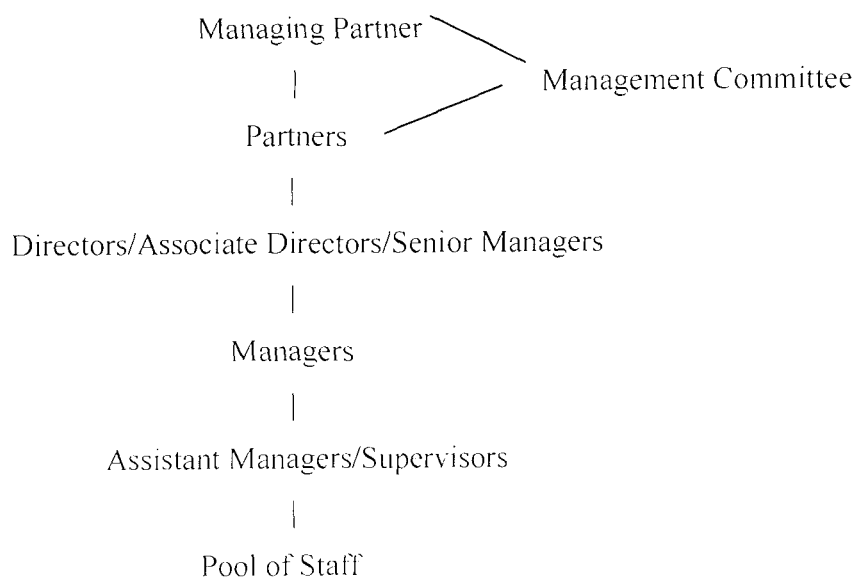
The power culture can be found generally in accountancy firms, where the emphasis of the organisation is driven by a strong entrepreneurial spirit. The power culture is strong and proud, while tough and competitive. This type of culture can be described as a 'web' structure with one or more powerful figures at the centre, wielding power. There are few rules and procedures with this type of culture. This type of culture put a lot of faith in the individual and they judge by results and are tolerant of means.

Where a power culture exists those at the centre base, disburse power and influence throughout the organisation. This is the way the beliefs and aims of the organisation are translated to the employees

Structure

Accounting firms are partnerships and have a hierarchical structure. Such firms are run by a Management Committee which comprises of a Managing Partner and Partners. The Managing Partner acts as the chairperson and has a duty to maintain and protect the reputation of the firm and promote the interests of the firm, its partners and its staff. All plans made/objectives set by the management committee are put to the remaining partners, on agreement the relevant information is passed to the management group i.e. directors and managers. The role of the management group is to translate these plans and objectives into specific objectives and ways of achieving them.

The hierarchical structure of these firms can be viewed as follows:



Supported by:

- Administration
- Human Resources
- IT
- Finance
- Secretarial

SECTION 6

SUMMARY & ANALYSIS OF RESEARCH FINDINGS

SUMMARY & ANALYSIS OF RESEARCH FINDINGS

This chapter provides an overview of the findings of my research which was conducted through semi-structured interviews and questionnaires.

The interviews were conducted and questionnaires completed during June and July 2004. Interviews were conducted with and questionnaires completed by a mixture of

- Partners
- Directors
- Managers
- Staff Members
- Support Staff

35 questionnaires were issued and 22 were returned completed. Of the 22 completed questionnaires the breakdown of those received are as follows

- Firm A - 9
- Firm B - 5
- Firm C - 3
- Firm D - 5

A summary of the responses received from the questionnaire (Appendix V) is provided in a table format below.

After conducting a more detailed analysis of the data received through the questionnaires and the semi-structured interviews the findings show that there are a number of specific reasons why the PAS introduced in Firm A has not shown the same success factors as those shown in the other Firms reviewed.

These findings/reasons are detailed below.

Table 6: Results from questionnaires

	FIRM A	FIRM B	FIRM C	FIRM D
PAS in existence for x yrs	0-2	2-5	2-5	Over 5
Objectives met	N	Y	Y	Y
Designed by	Both	Both	Both	Both
Categories appraised	All	All	All	All
Frequency of appraisal	Bi-annually	Bi-annually	Bi-annually	Bi-annually
Appraiser	Immediate manager	Immediate manager	Immediate manager	Immediate manager
Methods used	Rating	Rating	Rating	Rating
Same method for all categories	Y	Y	Y	Y
Management Support	N	Y	Y	Y
Individual goals linked to organisational goals	Don't know	Y	Y	Y
Individual goals set by	Mainly Appraiser	Both	Both	Both
What training was provided	Completing form	All	All	All
Improved job performance identified	N	Y	Y	Y
Has PAS been modified	N	Y	Y	Y
Frequency of evaluation	Not evaluated	0-2 yrs	0-2 yrs	0-2 yrs
Length of appraisal interview	15-29 mins	30-60 mins	30-60 mins	30-60 mins
Have you encountered any problems with the system	Y	N	N	N
Obvious linked to training & development	Partly obvious	Very obvious	Obvious	Very obvious
Relevance of format of appraisal form	Partly relevant	Very relevant	Very relevant	Very relevant
Effective management tool for improving performance	Not effective	Very effective	Mostly effective	Very effective
Management perception of PAS	Against it	In favour	Greatly in favour	Greatly in favour
Adequate training & preparation provided prior to appraisals	N	Y	Y	Y

Each of the prompts/questions on the left-hand side of this table correspond to the detailed questions posed in the questionnaire as set out in Appendix V.

For the purpose of summarising my research findings I have divided the responses received under the following headings:

- 1) Management Support
- 2) Appraisal Skills/Training
- 3) Appraisal Forms
- 4) Evaluation of PAS
- 5) Goals/Objective setting
- 6) Improved Performance

1) Management Support

For a PAS to be successful it must have the support of management from the outset.

Responses received show the following:

Firm A – 67% of the responses received stated that management support was not evident.

Firms B, C & D – 85% of responses stated that management support was evident.

2) Appraisal Skills/Training

Appraisal skills/training is an important part of the implementation of a PAS. It is imperative that appraisers are trained in how to conduct an appraisal interview so as to ensure that both appraiser and appraisee get the most out of the process.

Firm A – 78% of appraisers stated that sufficient training in conducting appraisal interviews was not provided.

Firm B, C & D – 38.5% of responses received were from appraisers and of those 31% stated that the training provided was satisfactory.

3) Appraisal Forms

According to Fletcher, C. appraisal paperwork should be professional in appearance (ie visibly pleasing without being distracting), economical in its use of space, and effective in generating the information required.

Firm A – 89% stated that there were too many forms and they were too long.

Firm B, C & D – 92% stated that they were happy with the format and length of the appraisal forms.

4) Evaluation

Organisations are operating in a ever changing environment so therefore it is necessary to evaluate the PAS so as to ensure it remains in line with the changing goals/objectives of the organisation and its staff.

Firm A – 100% of responses stated that either no evaluation was completed or that they were unaware of any evaluation or changes to the system.

Firm B, C, & D – All respondees stated that since the introduction of their PAS the elements of the system had been amended or replaced.

5) Goals/Objective Setting

The setting of goals/objectives should be shared between both appraiser and appraisee to ensure that both parties are in agreement and also it ensures buy-in from appraisees.

Firm A – 67% of responses show that goals/objectives were mainly set by the appraiser with little input from the appraisee.

Firm B, C & D – All respondees stated that the setting of goals/objectives was shared between the appraiser and appraisee.

6) Improved Performance

One of the main objectives of a PAS is to contribute to the improvement of both individual and organisational performance.

Firm A – Of the responses received 60% were from management and of that only 36% stated that they saw an improvement in performance as a result of the introduction of the PAS.

National College of Ireland

Firm B, C & D – Management responses accounted for 46% of which 38.5% stated they noticed an improvement in performance since the introduction of the PAS.

SECTION 7

CONCLUSION & RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

Following my study of literature review in the area of performance appraisals, conducting primary research through questionnaires and interviews and finally summarising and analysis the findings of my research it became clear that there are a core number of significant reasons as to why the PAS in operation in Firm A is not operating to its potential and ultimately has not been successful.

These core reasons are as follows:

1. Lack of Management Support
2. Ineffective appraisal skills
3. Complex paperwork
4. Failure to evaluate the actual PAS itself
5. Lack of objectives
6. No performance improvement identified

There are also a number of smaller factors at work which, coupled with the above problems, manifest themselves into much larger problems.

These include: firm culture, staff hostility, human judgements and sensitivities, lack of follow up, support measures and conflicting objectives.

Each of the core reasons are further examined as follows:

Lack of Management Support

In order for a PAS to be a success, managements' ownership of and commitment to the PAS is essential.

It is evident from the research that Firm A did not have the full support of all senior management from the outset.

Reasons for this included

- Management view PAS as a burden. They regarded the formal appraisal as been a waste of their valuable time as they felt that they are appraising on an ongoing basis anyway.
- Management do not take the time to understand the purpose and benefits of the PAS.
- Management are reluctant to use a formal appraisal system because they see it as interfering with, and possibly damaging, the relationship they have with their employees. The difficulty is not only to persuade managers to appraise, but to appraise correctly with commitment.

If the PAS is viewed as not being supported by senior management they it will be very difficult to ensure that all other staff support the system.

Recommendation

In order to ensure support of senior management they should be involved from the outset, i.e. have members of the management team involved in the design and implementation of the system.

An internal communication system (e.g. meetings, email alerts, briefings) should be set up to ensure that all management are informed of the benefits of the introduction of the system and its objectives, these benefits and objectives should be re-iterated at every opportunity.

All management should also be kept updated on the various stages of the design and implementation. This will ensure that management are constantly aware of what is going on.

This needs to be implemented without delay.

Ineffective interviewing skills training

Firm A appear to have an incompetent interviewers appraising staff.

An appraiser who is uncertain, anxious, disinterested or arrogant will give rise to an implicit conclusion that it would have been better off if the appraisal interview never took place. According to my findings % of the appraiser response's stated that they did not receive adequate training in 'how to conduct an effective appraisal interview'.

Recommendation:

Provide appraisal interviewing skills training for all appraisers which will prove to be productive and worthwhile for both the appraiser and appraisee.

It is essential for the appraiser to know how to deal with

- Obtaining information
- Giving feedback, both positive and negative
- Problem-solving
- Motivating
- counselling

This needs to be implemented without delay.

Complex Paperwork

Firm A's managers already feel inundated with paperwork, and many resent the further form-filling required by the appraisal system.

This became apparent from the responses I reviewed. It was evident that the appraisal paperwork was too long and took up too much of managers 'chargeable' time to complete (as managers are mainly assessed themselves on the number of chargeable hours they themselves can bill!).

Some of the other firms used for comparable purposes stated that they have actually amended their appraisal forms for this reason.

Recommendation:

When it comes to the issue of the appraisal form it should be made clear to both the appraiser and appraisee that the purpose of the performance appraisal system is not to generate more paperwork but to motivate employees for the purpose of improving organisational performance.

Those involved in the design of the appraisal form should take on board any suggestions of amendments to the form given by those responsible for completing the appraisal form.

Failure to Evaluate the System

Failure to evaluate a PAS and make improvements where necessary is a major failure of Firm A.

The responses received stated that either no evaluation took place or respondents were unaware of an evaluation taking place. 100% of responses in relation to Firm A's PAS stated that it had not been modified since its introduction which may imply that no evaluation took place.

Recommendation:

Most organisations are operating in a rapidly changing environment, so therefore the appraisal system which was sufficient yesterday may no longer serve its original function. Appraisal systems should be evaluated on a regular basis to ensure it doesn't

remain inert and become a ritualistic exercise which may result in it losing its credibility and become obsolete.

Lack of Objective setting

An essential part of performance appraisal, is setting goals/objectives.

The setting of goals/objectives should be a joint effort between appraiser and appraisee for the PAS to be successful.

However, this does not appear to be the case with Firm A, where the majority of goals/objectives are set by management. By not including staff in the setting of goals this has led to staff hostility towards the PAS.

Recommendation:

It is imperative that both appraiser and appraisee are involved in the process of setting goals/objectives.

This will allow staff to be able to view the system as theirs, likely to benefit them and requiring their active co-operation in achieving the goals/objectives which in turn will improve organisational performance overall.

No improvement in performance

Firm A do not appear to have noticed any improvement in performance since the introduction of the PAS.

Reasons for this include:

- Lack of support from management may have resulted in the system not been supported by staff so therefore it was not used as a tool to improve performance.
- Lack of understanding of the importance of setting personal goals/objectives to ensure that staff are ware of what is expected of the.

Recommendation:

- Ensure that management support is achieved through methods previously mentioned.
- Objectives of the system and the importance of both appraiser and appraisee's involvement in the appraisal interview and the setting of goals/objectives needs to be re-iterated.

This needs to be implemented without delay.

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BIBLIOGRAPHY

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APPENDICES

APPENDIX I

Firm A
Performance Appraisal System (PAS)
Director / Associate Director / Manager

Name: _____ Department: _____
 Position: _____
 Review Period from: _____ to: _____

Main Areas of work for period under review and their related goals & targets	
A. YOUR PEOPLE	
Displaying leadership, creating and developing an effective team, e.g. sharing responsibilities, giving others space & support, encouraging the development of, and giving credit to, team members, maintaining good morale. Providing positive/negative feedback, coaching, identifying training & development needs of staff.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)

B. YOUR EFFECTIVENESS	
Your ability to handle large volume of work, to communicate clearly & concisely both verbally & written. Ability to make sound judgements. Demonstrate motivation & drive together with willingness to overcome obstacles.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
C. TECHNICAL	
Leadership in technical area, the ability to be a reliable point of reference & the capacity to lead complex technical assignments.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)

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Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
D. CLIENT SERVICE	
Delivery and demonstration of new ideas to clients; ability to analyse and resolve problems in an accurate and timely manner, quality of client relationships, speed of response to clients needs.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
E. CONTRIBUTION TO OVERALL TEAM RESULTS	
Levels of fees handled, prompt cash collection, controlling of non-chargeable time.	
Individual's Assessment	(to be completed prior to meeting)

Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
F. BUSINESS DEVELOPMENT Improving own and firm's profile, generation of new work. The ability to identify, and secure relationships with valuable contacts, credibility to be seen as someone to whom leads should be passed.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)

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Mid Year Progress Report	(to be completed at 6 month stage)

Overall Mid Year Progress Report (to be completed at 6 month stage)

Individual Assessment	(to be completed prior to the meeting)
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Appraiser's Assessment	(to be completed at the meeting)
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SIGNATURES: After discussing and agreeing on the content of 6 month progress, both individual and appraiser sign here. The individual should sign this section first followed by the appraiser.

Individual: _____ Date: _____

Appraiser: _____ Date: _____

YEAR END OVERALL CONTRIBUTION & RATING

Provide overall comments including evidence of personal development, training & growth.

Individual Assessment

(to be completed prior to the meeting)

Appraiser's Assessment

(to be completed at the meeting)

Provide comment on any differences between the Individual's assessment and the Appraiser's assessment.

OVERALL RATING CRITERIA

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Rating Scale

- 5 - Consistently achieves challenging and stretch goals
- 4 - Frequently achieves challenging and stretch goals
- 3 - Meets goals and achieves high expectation
- 2 - Improvement in a number of performance areas is needed
- 1 - Immediate and significant improvement is needed

FUTURE POTENTIAL

Comment on how this individual can maximise his / her potential with Firm A.

Appraiser

(to be completed at the meeting)

SIGNATURES

After discussing and agreeing on the content of this form, both individual and appraiser sign here. The individual should sign this section first followed by the appraiser.

Individual:

Date:

Appraiser:

Date:

APPENDIX II

Firm A
Performance Appraisal System (PAS)

ASSISTANT MANAGER/QUALIFIED SENIOR

Name: _____ Department: _____

Position: _____

Review Period from: _____ to: _____

Main Areas of work for period under review and their related goals & targets	
A. TEAMWORK Making a positive contribution to the team by relating well to others including, effective supervision of staff, timely reporting to manager/colleagues and fulfilment of group responsibilities. Maintaining morale and motivation of others.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)

B. YOUR EFFECTIVENESS	
Speaking & writing clearly, interacting effectively with others, being prepared to listen, showing personal commitment to the objectives of the firm and department as a whole. Effective control of caseload and management of resources.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
C. TECHNICAL	
Fulfilling compliance requirements, fulfilling job requirements and using IT systems effectively & efficiently.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)

Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
D. COMMERCIAL AWARENESS	
Understanding the financial & competitive forces which impact on the department's performance, understanding & anticipating client's needs, marketing the department effectively and the ability to make sound commercial decisions.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
E. BUSINESS DEVELOPMENT	
Improving your own, the department and firm's profile. The ability to identify and secure relationships with valuable contacts.	

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Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
F. OPTIONAL	
(Any other skill area not covered in previous sections)	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)

Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)

Overall Mid Year Progress Report (to be completed at 6 month stage)

Individual Assessment	(to be completed prior to the meeting)
-----------------------	--

Appraiser's Assessment	(to be completed at the meeting)
------------------------	----------------------------------

SIGNATURES: After discussing and agreeing on the content of 6 month progress, both individual and appraiser sign here. The individual should sign this section first followed by the appraiser.

Individual: _____ Date: _____

Appraiser: _____ Date: _____

YEAR END OVERALL CONTRIBUTION & RATING
Provide overall comments including evidence of personal development, training & growth.

Individual Assessment	(to be completed prior to the meeting)

Appraiser's Assessment	(to be completed at the meeting)
Provide comment on any differences between the Individual's assessment and the Appraiser's assessment.	

OVERALL RATING CRITERIA	1	2	3	4	5
	□	□	□	□	□

- Rating Scale
- 5 - Consistently achieves challenging and stretch goals
 - 4 - Frequently achieves challenging and stretch goals
 - 3 - Meets goals and achieves **high expectation**
 - 2 - Improvement in a number of performance areas is needed
 - 1 - Immediate and significant improvement is needed

FUTURE POTENTIAL
Comment on how this individual can maximise his / her potential with Firm A.

Appraiser	(to be completed at the meeting)
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SIGNATURES
After discussing and agreeing on the content on this form, both individual and appraiser sign here. The Individual should sign this section first followed by the Appraiser.

Individual: _____ Date: _____

Appraiser: _____ Date: _____

Appendix III

Firm A Performance Appraisal System (PAS)

Semi Senior

Name:

Department:

Position:

Review Period from:

to:

Main Areas of work for period under review and their related goals & targets	
A. PEOPLE SKILLS	
Makes a positive contribution to the team by relating well to others including, timely reporting to manager, colleagues and fulfilment of group responsibilities. Maintains morale and motivation of others. Keeps others informed of progress on tasks; seeks guidance/feedback where appropriate. Accepts direction and follows instructions.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
B. YOUR EFFECTIVENESS	
Ability to communicate clearly & concisely both verbally & written. Capable of making sound judgements. Demonstrates motivation & drive and a willingness to overcome obstacles. Presents quality, accurate work.	

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Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
<p>C. TECHNICAL Demonstrates up-to-date technical knowledge in own area of work and takes personal responsibility for keeping up-to-date. Demonstrates intellectual curiosity and seeks opportunities to apply learning. Seeks professional advice where appropriate.</p>	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)

Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
E. FLEXIBILITY/PROBLEM SOLVING Capably handles complex tasks with only minimal direction. Demonstrates logical commonsense approach to problem-solving. Offers solutions to problems, makes practical suggestions for improving level of service. Adopts positively to organisational change and shows a willingness to accept new challenges/responsibilities.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
F. CONTRIBUTION TO THE FIRM Generates new initiatives. Projects Firm A corporate image and core values effectively when dealing with both internal and external contacts. Takes opportunities for involvement in activities outside "core duties" where these benefit the office.	

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Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)

Overall Mid Year Progress Report (to be completed at 6 month stage)

Individual Assessment	(to be completed prior to the meeting)
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Appraiser's Assessment	(to be completed at the meeting)
------------------------	----------------------------------

SIGNATURES: After discussing and agreeing on the content of 6 month progress, both individual and appraiser sign here. The individual should sign this section first followed by the appraiser.

Individual: _____ Date: _____

Appraiser: _____ Date: _____

YEAR END OVERALL CONTRIBUTION & RATING

Provide overall comments including evidence of personal development, training & growth.

Individual Assessment

(to be completed prior to the meeting)

Appraiser's Assessment

(to be completed at the meeting)

Provide comment on any differences between the Individual's assessment and the Appraiser's assessment.

OVERALL RATING CRITERIA

1	2	3	4	5
☐	☐	☐	☐	☐

Rating Scale

- 5 - Consistently achieves challenging and stretch goals
- 4 - Frequently achieves challenging and stretch goals
- 3 - Meets goals and achieves **high expectation**
- 2 - Improvement in a number of performance areas is needed
- 1 - Immediate and significant improvement is needed

FUTURE POTENTIAL

Comment on how this individual can maximise his / her potential with Firm A.

Appraiser

(to be completed at the meeting)

SIGNATURES

After discussing and agreeing on the content of this form, both individual and appraiser sign here. The Individual should sign this section first followed by the Appraiser.

Individual: _____

Date: _____

Appraiser: _____

Date: _____

Appendix IV

Firm A Performance Appraisal System (PAS)

Business Support

Name:

Review Period

Main Areas of work for period under review and their related goals & targets	
A. TEAMWORK	
Makes a positive contribution to the team by relating well to others including, timely reporting to manager/colleagues and fulfilment of group responsibilities. Maintains morale and motivation of others. Keeps others informed of progress on tasks, seeks guidance/feedback where appropriate. Accepts direction and follows instructions.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Appraiser's Report	(to be completed in a written report)
B. YOUR EFFECTIVENESS	
Communicates clearly, confidently and politely, both by telephone and face to face. Written work is well-structured, free from typographic, spelling and punctuation errors. Interacts well with others, prepared to listen, shows personal commitment to the objectives of the firm and department as a whole. Presents quality, accurate work.	
Individual's Assessment	(to be completed prior to meeting)

Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)
C. TECHNICAL Uses software efficiently and has a level of IT awareness appropriate to sphere of activity. Demonstrates up-to-date technical knowledge in own area of work and takes personal responsibility for keeping up-to-date.	
Individual's Assessment	(to be completed prior to meeting)
Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)

Mid Year Progress Report	(to be completed at 6 month stage)
<p>D. CORPORATE IMAGE Projects Firm A corporate image and core values effectively both internally and externally. Work is neatly presented and in corporate style. Projects a pleasant, good-humoured and professional demeanour, even under pressure. Takes opportunities for involvement in activities outside “core duties” where these benefit the office or firm as a whole.</p>	
Individual’s Assessment	(to be completed prior to meeting)
<p>Individual’s Targets for next 12 months</p>	
Appraiser’s Assessment	(to be completed prior to meeting)
<p>Agreed Goals & Targets</p>	
Mid Year Progress Report	(to be completed at 6 month stage)
<p>E. TIME MANAGEMENT Evidence of planning activities realistically and organising resources to achieve objectives within deadlines. Communicates in good time if deadline unrealistic and makes alternative arrangements.</p>	
Individual’s Assessment	(to be completed prior to meeting)

Individual's Targets for next 12 months	(to be completed prior to meeting)
Appraiser's Assessment	(to be completed prior to meeting)
Agreed Goals & Targets	(to be completed at meeting)
Mid Year Progress Report	(to be completed at 6 month stage)

Overall Mid Year Progress Report (to be completed at 6 month stage)

Individual Assessment	(to be completed prior to the meeting)
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Appraiser's Assessment	(to be completed at the meeting)
------------------------	----------------------------------

SIGNATURES: After discussing and agreeing on the content of 6 month progress, both individual and appraiser sign here. The individual should sign this section first followed by the appraiser.

Individual: _____ Date: _____

Appraiser: _____ Date: _____

YEAR END OVERALL CONTRIBUTION & RATING

Provide overall comments including evidence of personal development, training & growth.

Individual Assessment	(to be completed prior to the meeting)
Appraiser's Assessment	(to be completed at the meeting)
Provide comment on any differences between the Individual's assessment and the Appraiser's assessment.	

OVERALL RATING CRITERIA	1	2	3	4	5
	□	□	□	□	□

Rating Scale

- 5 - Consistently achieves challenging and stretch goals
- 4 - Frequently achieves challenging and stretch goals
- 3 - Meets goals and achieves **high expectation**
- 2 - Improvement in a number of performance areas is needed
- 1 - Immediate and significant improvement is needed

FUTURE POTENTIAL

Comment on how this individual can maximise his/ her potential with Firm A.

Appraiser	(to be completed at the meeting)
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SIGNATURES

After discussing and agreeing on the content of this form, both individual and appraiser sign here. The Individual should sign this section first followed by the Appraiser.

Individual: _____	Date: _____
Appraiser: _____	Date: _____

Appendix V

QUESTIONNAIRE

1. Organisation _____
2. Job Title _____
3. Length of Service _____ month(s) _____ year(s)
4. How long has the PAS been in operation?
 0 - 2yrs 2 – 5yrs Over 5 yrs
5. What are its objectives? Please tick
 To agree training needs
 To assist reward review
 To review job performance during the pervious 12 months
 To discuss future career developments
 To set performance related objectives for the following 12 months
 Other
6. Do you feel the objectives of the appraisal scheme were met?
 Yes No Partly
If the answer is 'no' or 'partly', in what way(s) were they met?

7. Who was involved in the design of the process
 Human Resources
 Management
 Both
 Other
8. Who is appraised?
 Managers
 Supervisors
 Trainees
 Support Staff
 All

9. How often do appraisals take place?

- Annually
- Bi-annually
- Quarterly
- Other

10. Who carry's out the appraisal?

- Immediate supervisor/manager
- More senior manager
- Self Assessment
- HR
- Any other

11. What method is used?

- Rating scales
- Critical Incident
- Ranking
- Narrative report
- Other/a mixture of above

12. Do you use the same method for all categories of staff?

- Yes
- No

If the answer is 'no', please elaborate?

13. Did you have the support of senior management from the beginning?

- Yes
- No

If the answer is 'no', please elaborate?

14. When setting goals/ objectives are they linked to organizational goals?

- Yes No Don't know

15. Who is responsible for setting the goals/ objectives?

- Appraiser
 Appraisee
 Both
 Other

16. What training was provided prior to commencing the PAS? Please tick

- How to conduct effective appraisal?
 How to complete appraisal forms?
 Appraisal interviewing skills
 Other

17. Do you think that the introduction of the PAS has led to an improvement in job performance?

- Yes No

If the answer is 'no' please elaborate

18. Have you encountered any problems with the system?

- Yes No

If the answer is 'yes' what problems have you encountered?

Questions 19 & apply to appraisers and management only

19. Have you modified any section of the PAS since its introduction?

- Yes No

If the answer is 'yes' please state?

20. How often do you evaluate/plan to evaluate your PAS?
- 0 - 2yrs 2 – 5yrs other
21. Do you think that appraisals are:
- Too frequent
 Frequent enough
 Not frequent enough
 Not sure
22. How long do your appraisal interviews take?
- More than 1 hour
 30 mins
 15 – 29 mins
 Less than 15 mins
23. In a well integrated appraisal, training and career development system, the significance of and links between the various areas of activity should be plain to see. In the case of your system is this
- Very obvious
 Obvious
 Partly obvious
 Not obvious
24. Does the present appraisal system contribute effectively to motivation to improve performance:
- Very effectively
 Partly effectively
 Not effectively
 Don't know
25. Do you regard the format of appraisal forms used in recent years as:
- Very relevant
 Partly relevant
 Not relevant
 Don't know
26. How would you describe the appraisal system as a management tool for improving performance?
- Very effective

- Mostly effective
- Partly effective
- Not effective

27. Do you think that the appraisals have, either directly or indirectly led to any improvement in the job performance of the interviewees?

- Yes, in every case
- Yes, in some cases
- No
- Too soon to tell

28. How do you, as a manager, feel about the performance appraisal system?

- Greatly in favour of it
- In favour of it
- Indifferent to it
- Against it
- Other

29. Do you feel you have had adequate training and preparation to carry out the appraisals?

- Yes
- No

30. If there is any other information which you feel would be helpful please state below

THANK YOU FOR YOUR CO-OPERATION; PLEASE ADD ANY COMMENTS YOU WOULD LIKE TO MAKE ON THE BACK OF THE QUESTIONNAIRE.