YHY Accounting Firm

Performance Management System Proposal

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**Introduction**

Performance Management System (PMS) is a continuous process that monitors the performance of employees, the setting of goals, and the objectives to achieve desired outcomes (Aguinis, 2013). PMS will also have the process of giving and receiving feedback and coaching continuously so that every employee has the same opportunity of growth and development in his or her career.

Ideally, the performance system contains goal cascading and team building, performance and development planning, ongoing feedback and review, and an annual performance summary. PMS links organizational strategy to team contributions and links team contributions to individual goals. When employees achieve their goals, the team contributions will also be accomplished. When the teams can carry out the organizational strategy, the organizational performance improves by gaining better financial performance.

PMS is a standardized system that applies across departments horizontally and will apply to different levels of the organization vertically.

**Legal Issues**

PMS is the standardized procedure that monitors employees’ performances. PMS provides guidelines on performance evaluation so that supervisors and managers can evaluate and review with the employees correctly. Supervisors and managers will follow those guidelines to rate employees on the actual job performance. This standard performance reference will allow managerial level personnel to produce accurate ratings and avoid the discrimination of race, gender, and age.

Documentation, comments, notes, records, reports, etc. will be kept electronically in the firm’s database. Any employees can access their own performance reports, notes, comments, records, documentations, etc. through the Human Resource Department. However, employees are not allowed to keep copies of that information. Every performance rating can be traced to a specific incident and activities.

YHY has generated performance standard through conducting surveys regarding specific job duties of each position within the firm. These standards will act as the guideline for conducting accurate performance ratings.

Every employee should have equal opportunity for promotion. All promotions will need justifications that are reflected on the performance report, may it be in the past or the present.

**Organizational Description**

YHY accounting firm is a small business which provides financial consultation and financial services. The mission of XYZ Accounting Firm is to create a better world by providing accurate and reliable financial advice to its clients. The quality and unique services we deliver help establish efficiency and effectiveness in the business world. We hope our business partners can grow their business as a result of our righteousness services. We treasure the future of our clients, and we hope to build a life-long relationship with them.

YHY will provide necessary training and experience that will help to start employees’ career. We hope to be the unforgettable past when employees have achieved their career goals.

**Job Description**

Auditor position

This Audit Staff position is an entry-level position. The employee will work with various types of clients, and provide them with accurate and reliable financial consultation and financial assistance. This position can be full-time, part-time, or internship, depending on the preference of the applicant. The audit staff will report to the department manager on a regular basis and will perform assigned tasks.

Description

Conduct financial and risk management audits that includes reviewing the accounts of companies and organizations to ensure the accuracy and reliability of the financial records and statements. Take the advisory role to generate reports and alternatives for possible improvement for the clients. Work in the audit department with other auditors and under this challenging environment, examine financial statements and resolve tax issues.

Job Requirements

* Minimum of bachelor degree in accounting is required; a master degree in accounting is a plus.
* Certified Public Accounting license is preferred.
* Minimum an Internship experience related to accounting is required; 1 year full-time experience is a plus.

Tasks

* Type/transcribe letters, notes, and report from handwritten material or dictate copy to produce final copy, using word and excel program.
* Assemble audit reports in accordance to the reporting standard of the CPA organization.
* Examine financial statements, research tax questions; ensure the records are accurate and reliable.
* Calculate clients’ finances to determine tax liability, through utilizing interest and discount rates, annuities, valuation of stocks, bonds, and assets.
* Perform regular items check to ensure that the asset of the clients is recorded correctly and disposed of correctly.
* Continue other staff’s work if they were absent for certain reasons.
* Report to senior staff about audit results, changes in operations of clients’ firms, and financial activities.
* Compare and contrast the current audit work with previous work and document the changes.
* Resolve questions of misunderstanding and other accounting compliance from government staff.
* Meet up with potential clients to discuss about the accounting work they want.
* Package mails and documents, then mail through them through the post office.
* Communicate with delivery companies regarding documents, delivery service and delivery schedules.
* Deliver urgent documents to the clients directly.
* Contact clients as questions, doubts, or errors occur during the audit process.

Knowledge

* Accounting – Knowledge of principles and methods for performing accounting, auditing, and taxation work.
* English language – Knowledge of the structure and content of the English language.
* Accounting Software – Knowledge of Microsoft Office software and Accounting software (QuickBooks).
* Accounting Regulations – Knowledge of accounting laws and policies regarding the local community, states, and country.
* Mathematics – Knowledge of mathematical components and equations.

Skills

* Communication – Giving full attention to which clients’ preferences, requirements, and goals they would like to achieve through the financial service.
* On Time – Managing one’s own time and work load.
* Public Speaking – Talking to diverse groups of clients and co-workers to convey information effectively.
* Observant – Identifying problems that occurred in the financial statements and accounting/tax work.
* Negotiation – Compromise with clients, government entities, and achieve a common understanding and common ground.

Abilities

* Problem sensitivity – Ability to proofread and correct work, identify financial problems and generate a solution.
* Mail Procedure – Ability in the understanding of mailing procedure and process.
* Compassion – Ability in understanding clients’ situation and perspective.
* Reporting – Ability in understanding of the accounting reporting standard and able to report to audit managers in a timely fashion.
* Customer Relation Management – Ability to update most current information about the clients and maintain a relationship with them.
* Independent – Ability to work independently and handle multiple assignments in a fast-paced environment.
* Teamwork – Ability to work in a team-oriented environment, and work productively with other assigned members.

**Performance Measurement**

|  |  |  |  |
| --- | --- | --- | --- |
| YHY Performance Review Form | | Supervisor/Manager: |  |
| Employee ID: |  | Job Title: |  |
| Employee name: |  | Date of evaluation: |  |
| Department: |  |  |  |
|  |  |  |  |

Performance review is a continuous process. It aims to provide reliable and valid records for employers to keep track of employees’ performance. Each Manager or supervisor should generate a summary of performance compared to expectations and goals.

The form is standardized and will be used across the entire organization for performance review purposes. The rater will rate the attributes of the employee. The rater can add comments in the comment section if necessary.

|  |  |
| --- | --- |
| Superior (5) | Performance achieved far beyond the goals and expectations |
| Satisfactory (4) | Performance achieved beyond the goals and expectations |
| Meet expectation (3) | Performance met goals and expectations |
| Dissatisfactory (2) | Performance did not meet goals and expectations |
| Unacceptable (1) | Performance achieved far behind goals and expectations |

|  |  |
| --- | --- |
| Attributes | Rate score 1 to 5& provide examples |
| Quantity of work. Meet the required production output. |  |
| Quality of work. Produce accurate and reliable work. |  |
| Knowledge of job. Know and demonstrate the ability to handle assigned work. |  |
| Cooperation with others. Team player and work well with other groups. |  |
| Attendance, reliability and dependability. Available to work in a predetermined schedule. |  |
| Communication. Effectively express information in oral and written format to others. |  |
| Planning and organizational effectiveness. Able to complete assigned task on time. |  |
| Additional attributes: |  |
| Additional Comments: | |

Overall Rating: \_\_\_\_\_\_

|  |  |
| --- | --- |
| Employee Signature: | Date: |
| Supervisor/Manager Signature: | Date |
| HR Department Manager Signature: | Date: |

**360 Degree Feedback**

**Instructions**

The 360 Degree Feedback evaluates mainly on-the-general job responsibilities and provides a scale for self-rating and comment box for self-commenting. The rater can elaborate further to support the reason he or she is giving certain ratings on the job responsibilities. At the bottom of the questionnaire, there are extra comment boxes to allow the rater to justify his or her performance as a whole through providing examples of performance.

|  |  |  |  |
| --- | --- | --- | --- |
| Employee name (ratee): |  | Date of evaluation: |  |
| Department: |  |  |  |

Performance Rating Guide is sampled from HR-survey.com website.

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| --- | --- |
| Rating | Definition |
| 5 | Results consistently exceed expectations. Makes significant contributions well beyond requirements. Outpaces the majority of peers. |
| 4 | Results are fully and consistently on target. Makes a valuable contribution. Is fully competent. This level describes performance of the majority of employees. |
| 3 | Results are usually on target. May need occasional support. Still learning how to perform responsibilities independently. |
| 2 | Improvement clearly needed. Is consistent in performance and requires excessive supervision and support. An action plan for improvement in this area needed. |

|  |  |
| --- | --- |
| Competencies | Rate score 1 to 5& provide examples |
| Problem Solving  Able to develop innovative solutions to problems.  Identifies and assesses all potential responses to a problem.  Asks the "right" questions to size up or evaluate situations.  Actively seeks the root cause of a problem. |  |
| Teamwork  Actively participates as a team member  Creates a culture that fosters and values collaboration.  Fosters teamwork rather than individual competition.  Seeks and listens to other’s contributions |  |
| Bias for Action  Follows-up and takes action when goals are not met to ensure better results in the future.  Set high standards in his or her performance.  Accomplishes goals on schedule and under budget.  Demonstrates a well-organized and timely approach to achieve desired results. |  |
| Leadership  Is a leader within the department?  Improves work quality for the team.  Motivates others to reach and exceed organizational goals and objectives.  Influences the decisions made. |  |
| Responsible  Behavior is ethical and honest.  Sets a good example for others.  Works in a way that makes others want to work with her/him.  Takes personal responsibility for results. |  |
| Decision Making  Asks for additional information when making critical decisions, rather than operate blindly.  Does not lose sight of the big picture when making decisions.  Understands the issues, problems, and potential solutions.  Remains calm when making important or difficult decisions.  Prepares for potential problems and opportunities in working toward desired goals. |  |
| Interpersonal Skills  Adapts management style to meet the needs of the individual or situation.  Gives honest feedback and suggestions for improvement.  Values the opinions of others.  Establishes good rapport with employees and customers. |  |
| Planning  Able to look ahead (beyond the present) when addressing the work/needs of the department.  Identifies resources needed to accomplish objectives.  Regularly plans and participates in networking and recruiting activities to ensure additional help is available throughout the year.  Sets up and monitors timeframes and plans. |  |

Overall Rating: \_\_\_\_\_

|  |
| --- |
| Additional Comment: |

|  |  |
| --- | --- |
| Suggestion: | |
| Employee/Manager/Supervisor name (Rater): | Date: |
| HR Department Manager Signature: | Date: |

**Rater Training Program**

Rater Error Training (RET) will educate supervisors and managers about the possible mistakes and errors that could occur while conducting the performance management reports. The goal is to increase the accuracy of rating and reduce error and increase reliability. This program helps raters be aware of what rating errors they are likely to make. It also provides methods to minimize rating errors caused by the raters.

RET advantages

|  |  |
| --- | --- |
| Reduce: |  |
| Similar-to-me error | Decrease the chance of favoritism. |
| Contrast error | Compare employees against the predetermined standard. |
| Leniency error | Decrease the noise occurred in the performance ratings. |

The RET requires the need to know and focus on the rater’s motivation. It demonstrates the benefits of providing accurate ratings and the reason behind it to the raters. It also educates the raters so that they would know the negative impact of intentionally distorting ratings

The Frame of Reference Training (FOR) will provide raters the skills to perform accurate performance ratings of each employee on each dimension. It increases rater accuracy through getting familiar with various performance dimensions. It includes discussions of the job description of employees; raters need to know them and define each dimension and standard. The rater will use appraisal forms on performance reports to rate employees and will need to justify the ratings as well.

The advantage of FOR is that it is a standardized guideline to compare with employees’ performance. Each performance dimension does not affect each other’s and has its own separate rating scale. The entire dimension is weighted equally and will yield a total rating (all dimension combined).

The FOR requires the raters and employees to understand appraisal forms and all the dimensions that will be evaluated. Rater and employees will need to communicate more often to provide feedback to each other. All the rating and feedback will be traceable and justifiable.

The Behavioral Observation Training (BOT) is to provide raters on how to observe, store, recall, and use information about performance correctly. This training reduces misinterpretation of raters and others. It will also reduce unintentional rating errors caused by the raters. BOT provides traceable records and information on how raters make certain ratings.

The advantage of BOT is that raters will make observational aids such as notes or diaries.

These records will be maintained as a reference. The notes, diaries, or comments can assist in performance evaluation. This training helps raters identify the improvements achieved by employees.

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| --- | --- |
| Employees and raters will receive training to avoid BOT errors and bias: | |
| First impression error | Avoid making an initial favorable or unfavorable judgment; raters and employees need evidence to make judgments and decisions. |
| Stereotypes error | Avoid having an oversimplified view of individuals based on group membership; raters will need notes, comments and evidence to backup the decision and motivation. |
| Halo error | Raters will need to understand the performance system, appraisal forms, each performance dimension, and employees’ job description to avoid the failure in distinguishing the different aspects of performance being rated. |

**Reward System**

YHY provides two different types of reward systems. They are traditional and contingent pay plans.

Traditional pay is a salary reward and the salary increases depend on the position. All the positions will have a base pay that depends on the position. The salary will be fixed and associated with the position only. If employees wish to earn higher pay, they would need to turn to contingent pay.

Contingent pay/bonus/variable pay is an additional salary reward to the traditional pay. It stacks on top of the traditional pay and its increase is determined by the job performance. Employees can achieve these rewards through behaving in certain way that aligns to the goal/mission of YHY. The contingent pay is eligible to all employees within YHY.

The contingent pay is the following:

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| --- | --- |
| Minimum 2% of the annual salary of the employee | Employees who meet the minimum qualification to receive bonus.  Achieving 60% of the total rating |
| 4% of the annual salary | Achieving 70% of the total rating |
| 6% of the annual salary | Achieving 80% of the total rating |
| 8% of the annual salary | Achieving 90% of the total rating |
| Maximum 10% of the annual salary | Employees who scored maximum points during the evaluation.  Achieving 100% of the total rating |

The performance evaluation is conducted every 6 months and employees can receive rewards twice per annum.

Employees can request other intrinsic rewards. They have to discuss directly with the HR department personnel in written format.

**YHY Accounting Firm Performance Management Appeals Process**

**General Provisions**Under YHY policy neither party in the Appeals Process may be represented by an attorney. Company policy provides that the Human Resources President’s decision on an appeal is final and cannot be appealed further.

The Appeals Process has jurisdiction over the following issues only:

* the overall evaluation received as part of the Annual Review
* the rating on one or more principal functions
* the explanatory remarks included in the evaluation

Depending on the actions taken by managers regarding salary increases related to the performance evaluation process, the following issues also may be appealed:

* failure to receive a performance increase and/or performance bonus when eligible
* the amount of the increase or bonus received

An employee is limited to two appeals per annum, regardless of the number of issues involved. The employee should describe the complete remedy desired should the appeal be decided in his/her favor. For example, an employee who appeals the overall evaluation should specify the overall evaluation requested. If such an overall evaluation would result in eligibility for a performance increase, an increased percentage should be stated as part of the remedy requested in the appeal.

By request (and with management approval) an employee may be granted a maximum of 2work days (16 hours) off from regular duties for processing an appeal under this Appeals Process without any loss of pay and without charge to leave.

**Performance Management Review Board**The Human Resources President appoints the Chair of the Performance Management Review Board (Board Chair) and the other members of the Review Board. When a Level B appeal is received, the Board Chair selects a three-member Panel and appoints a Panel Leader. The Board Chair notifies the employee of the name, job title, and department of each proposed Panel member. In order to avoid bias (panel members who has dislike bias towards the employee), the employee has the right to disqualify up to two proposed members by notifying the Board Chair before the date stated in the letter of notification.

Each panel will have one member with supervisory responsibility and two members with no supervisory responsibility. No member of the Panel will be from the employee's own department, and members of the Panel have to be selected from three different departments to avoid any bias; ideally, no member of the Panel knows each other. Any member may be designated as Panel Leader. The Panel determines what information is needed. The involved parties must provide the information requested by the Panel.

The Panel Leader notifies the employee and the department head in writing of the hearing date and location. Every effort must be made to arrange for a timely hearing. The Level B hearing is confidential. It is not open to the media or other persons whose attendance is not approved in advance by the Panel Leader. The employee, the department head, and supervisors involved in the performance review are allowed to appear in person at the hearing.  However, any party may elect not to appear and to have the Panel's Level B recommendation based only on documentation presented to the Panel. The chair must receive advance notification if anyone other than the employee and department head are to provide information to the Review Board. The employee and management do not need to request approval in advance for witnesses to address the Panel. Any witnesses may appear at the hearing as long as they are proven to be related to the appeal directly or indirectly, and must be addressed the participation in the notification in the advance notification period. The chair and the Panel may reject any witnesses during the advance notification period together and only together; any point after the advance notification period cannot add or reject witnesses. Therefore, it is important to address the importance of certain witnesses to the chair in the advance notification period.

After the hearing, the Panel decides whether additional information is needed. Any information requested and received after the hearing is shared with the employee and the department head. After considering all of the information presented, the Panel makes its recommendation by majority vote anonymously and submits its written recommendation anonymously through the Board Chair to the Human Resources President. The Human Resources President accepts, modifies, or rejects the Panel's recommendation and issues the company decision within 10working days of receiving the Panel recommendation. If the Human Resources President rejects the Panel recommendation, the written decision will state the reason(s) for rejection.  The Human Resources President sends the written decision to the employee.

\*This appeals process is sampled from Aguinis’s Performance Management, Chapter 7, Box 1.

**Communications Plan**

The communication plan helps to keep track of the improvement, correction, and any changes on an employee after the evaluation period. This plan records the progress of any employees and aids any employees who previously had poor performance records/evaluations.

|  |  |  |  |
| --- | --- | --- | --- |
| Employee ID: |  | Job Title: |  |
| Employee name: |  | Date of evaluation: |  |
| Department: |  |  |  |

|  |  |
| --- | --- |
| What is the goal/behavior that needs improvement? Please justify. |  |
|  | |

|  |
| --- |
| What is the method/action/tactic/training/course applied to resolve the issue? Please justify. |
|  |

|  |
| --- |
| How does the method/action/tactic/training/course accomplish the desired goal/behavior? Please justify. |
|  |

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| --- | --- |
| How does this goal/behavior align to the mission of YHY? |  |
|  | |

|  |  |
| --- | --- |
| Additional Comment: |  |
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| --- | --- |
| Employee Signature: | Date: |
| Supervisor/Manager Signature: | Date |
| HR Department Manager Signature: | Date: |

**Follow-up**

This follow-up form is a part of the communication plan. This is used to keep track of the improvement of employees who did not meet the expected performance. Any employees who score below 50% of the total rating will put in the probation period. This means an employee needs improvement on his performance.

|  |  |
| --- | --- |
| Meet expectation (pass) | Performance improvement met goals, and expectations |
| Dissatisfactory (fail) | Performance improvement did not meet goals, and expectations |

|  |  |
| --- | --- |
| Is the goal/behavior addressed in the communication plan able to resolve the issue?  Please provide examples. | Pass/fail (Circle one) |
|  | |

|  |  |
| --- | --- |
| Is the method/action/tactic/training/course addressed in the communication plan able to function as expected?  Please provide examples. | Pass/fail (Circle one) |
|  | |

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| --- |
| For circling “fail”:  Why did the goal/behavior fail? Why did the method/action/tactic/training/course fail?  As a supervisor/manager, how would you avoid the mistakes/errors in the future? |
|  |

|  |  |
| --- | --- |
| Additional Comment: |  |
|  | |

|  |  |
| --- | --- |
| Employee Signature: | Date: |
| Supervisor/Manager Signature: | Date |
| HR Department Manager Signature: | Date: |

**Conclusion**

Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (Aguinis, 2013).

Supervisors and managers should consistently rate employees and provide frequent feedback to them. It is important to employees because they will need time to make corrections and changes to their performance. By having a timely performance evaluation and feedback, employees gain the opportunity to improve their performance.

Employees’ performance report depends mostly on their supervisors and managers. Supervisors and managers will certainly favor some employees and write excellent reports for them. Therefore, the PMS guidelines can effectively reduce the chances of favoritism in the workplace.

YHY can achieve success, like flexibility, high performance, and competitive advantage through the utilization of PMS.

**Reference**

Aguinis, H. (2014). *Performance management*. Pearson.

ABC Global 360-Degree Feedback. (n.d.). Retrieved May 05, 2017, from http://hr-survey.com/sd360aq.htm