Performance Management And Reward System

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# Executive Summary

Deloitte is a company of incredible network globally. It is a highly diversified organization with immense international growth. One of the key elements of the company's success is its employees. The emerging markets and competition require more professional and talented people to offer consultancy to the outside world. The company provide financial advisory, consultancy, auditing, enterprise risk and tax. The company is significant for its innovative performance management techniques that keep the employees productive and motivated. The reward system of the company is the best the Big Four that allows their employees to acquire countless benefits. The compensations and employees motivation is one of the significant reason in the company’s global success.

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# Introduction

In the competitive globalized world, companies are constantly increasing their services to reach out to maximum people around the world. Online business and consultancies have become a greater source of transaction where people can easily access everything. Online businesses and consultancies have gained much popularity due to their quick services and efficient delivery. The technological development has defined a new role and responsibilities for employees working in the organization. It has also transformed organizational structures and performance management. The global expansion requires efficient market research, proper planning, merging with the right kind of organizations and satisfaction of employees to work hard for organizational success. Companies regularly evaluate employees performance and manage the issue related to the work environment. The Multinational Companies (MNCs) regularly provides reward systems to their employees to keep them motivated and reward them for their spectacular performance. Every organization has its own evaluation system through which they analyze the performance of employees and provide them with rewards accordingly. However, this paper evaluates the performance management of ‘Deloitte’ and also describes their reward system. It highlights the success of the company transformation from a small consulting venture into a large corporation or financial advisory and risk management enterprise.

# Organizational Overview

Deloitte is a professional services network that provides consulting, auditing, financial advisory and enterprise risk. The company was founded by William Welch Deloitte in 1845 in London, United Kingdom. He was the first auditor of the company, who went on to open his second office in New York in 1880. And thus the expansion of the consulting company gradually expanded worldwide. In 2000, Deloitte decided to expand its services from manual consultancy to online design-based solutions and thus acquired Eclipse. In 2002, Arthur Andersen, which was a consulting company in different countries merged with Deloitte. In 2005, the company further expanded its services towards the East and become the largest accountancy firm in China. In 2007, the company decided to hire former employees of the intelligence agency CIA to work for their intelligence unit known as Deloitte Intelligence. Currently, the company consists of 286,200 professionals, which is the largest number of professionals in any organization that help people in providing services in different departments. The company also has the largest market share in auditing and has ranked the number one company in consulting (Zaffiro & Mourgis, 2018). In 2017, Deloitte was marked as the largest privately owned company that has earned $43.2 billion in revenue in aggregate terms. Such success for the company was not an easy task and required efficient utilization of the available resources to raise the company to new heights. It requires the company to hire the right professional to offer consultancy and could effectively fulfil the organizational goals. It also requires regular training of the employees to educate them about innovative technologies.

# Main Discussion

Deloitte has member firms in overseas countries that function under the legal umbrella of the entity with certain variations according to specific countries. However, the company’s performance management and reward system have earned a distinguished place in the global world. In 2017, the company was recognized as one of the best companies to work with. The company was also titled as the best organization in terms of providing leaves to its employees especially paternity leave. 2019, Fortune Magazine ranked Deloitte among the 100 best companies to work for and is referred to as the best place to start a career. The company is among those organizations which put great importance in their employee's growth and motivation. They believe that quality can be achieved through the provision of compensations outside the work. They offer a great environment and feedback that keeps the employees working hard to achieve their goals. The study analyzes two performance management system that includes Strategic Planning and implementation of performance appraisal.

# Performance Management System

## Strategic Planning

The strategic planning of Deloitte has made it one of the successful company globally. They create strategies which are closely aligned with their business goals. The approaches adopted by the company are highly aligned with the company’s value and overall growth rate in the market. The company regular evaluates their internal and external factors that involve the use of innovative technologies, competition in the market, distribution and consultation policies (Buckingham & Goodall, 2015).

### Effective Business Strategies

Deloitte is highly focused on its vision and targets. They initiate such policies that are in best favour of their employees and the customers. The goals are aligned to the organization's growth, as the businesses have become more complex, the strategies are highly focused towards coordination among the head of the organization and the employees. Consultation and advisory role are not easy and required high intellectual capacity from the employees to incorporate their skills. High professional from different departments is hired for the job to give best and innovative consultancy regarding business developments as well as reducing risks (Groschl & Gröschl, 2011).

### Team Centric Approach

Deloitte is focused on efficient team-centric approaches. They believe that rather on focusing on employees individual performance, we need to focus on their performance in groups. The employee's individuals achievements should count secondary to the contribution in teamwork. The strategy is determined to focus on the organizational goal that can be achieved with teamwork. Whereas the employee's individual performance is mostly believed to encourage their performance. The model is used by Google, Cisco and other companies as well. Deloitte has brought innovative software to analyze team dynamics. This also reduces the hatred and jealousy among employees and everyone work hard to achieve the collective goals (Howard, 2012).

## Implementation Of Performance Appraisal

The success of companies reflects the performance of their employees. Those companies that perform better are supposed to have high professional staff working in their organizations. For MNC’s, it is very necessary to regularly update its appraisal system. The traditional methods for employees evaluation are insignificant in this competitive world. Also in organizations representing themselves globally, they require regular feedback on their employee's performance so that they can overcome the flaws. Thus, more reactive processes are required to address employees concerns before it gets too late (Proctor & Galicia-Almanza, 2017).

### Regular Feedback

Delliote believes in regular feedbacks instead of quarterly or yearly feedback. The company realized that the traditional methods of force ranking once a year was not efficient in the presently changing environment. The traditional system was believed to be damaging employee engagement in their work. A study conducted on the performance evaluation shows that 56 per cent of employees believe that the evaluation has positive impacts on their performance (Oakley & Chen, 2017). Young employees are more looking forward to the feedback regularly that motivates them to improve their work. Also, the old evaluation practices were focused to determine the good or bad performance of employees. It was not focused on the factors and reasons for their performance. The new method was not only limited to the employees but it reflected their team performance as well. The goal was to improve employees performance so that they can work collectively with their supervisors. It diverts the role from merely a directive role to a developmental initiative that makes the employees an important part of the organization (GRISWOLD, 2013).

### Efficient Utilization of Time

The yearly performance evaluation was believed to consumed 2 million hours each year. This was an extremely tough time that they spend on the evaluation instead of their work. It also required to invest much amount in the long and lengthy variables to be evaluated. Thus, instead of wasting money on ineffective processes, the company decided to eliminate the annual evaluation system and replaced it with ongoing coaching. Employees were provided with timely feedbacks that encourages them to focus on their flaws and immediately recover their negative activities that affect their work. This helped in maintain the quality of work by encouraging innovative ideas. The regular evaluation also helped the organization to continue or alter any new policies that did not work for the progress of the organization (Goball, Ayyub, Kohar, & Wahab, 2018).

# Reward System

The reward system of Deloitte is highly efficient focused towards its regular employee's feedback. Important decisions are based on the performance management system that includes whom to promote, and what sort of raises should be given to motivate the employees. Ninety-one per cent of companies based their reward system on continuous performance management that is believed to results in better decisions (Attridge, 2009). The reward system is highly based on equality without any biases and discretion in promotion of employees. Also, an important factor is that employees look for other factors as well besides the paycheck, the workforce needs have been more diverse (AL-Ghamdi, 2013). The reward system of Deloitte is based on appreciation and recognition of their high performers. The company is considered an efficient organization to start up careers due to their early-career work policies. It helps the students to pay their student debt.

The reward system also discourages the traditional benchmarking criteria and highly focused on the motivation of employees. The regularly aligned the system with employees priority of considering what is important to them such as health insurance, travel, nutrition and other services (Churintr, 2010). The reward system is based on meritocracy and has defined structures for pay and promotions. In the Big Four, Deloitte has the most generous pension scheme that makes the employees be loyal to the organization. There are also training sessions for employees that help them in future endeavours (Keckley & Coughlin, 2012).

# Recommendations

Deloitte is considered the most effective organization in terms of careers of employees, as the company regularly motivates its employees to work hard. It is also considered the best organization to start a career with due to its global recognition and development. The companies frequent performance management system is one of the major element of their employee's success. However, it is still needed to be tested up to what extent the method is reliable in allocation benefits and compensations. Many organization still use the traditional rating systems with both qualitative and quantitative measures to be evaluated but the process results in highly biased results (Poulfelt, Olson, Bhambri, & Greiner, 2017). The annual evaluation may not reflect the actual performance of employees and creates biases. Deloitte also focusses on People Leaders that are believed to inspire and empower the organization's teams. The prefer upward feedback as well to reflect on their manager's performance. However, the method is still of high concern that whether the feedback is free of biases or not. the decision of pay, promotion and other rewards based entirely on such evaluation may not be valid. It requires course corrections to employ such benefits for workers (Adams & Zanzi, 2005).

Also, in many global organizations, it is critical to implement innovative performance management techniques due to cultural constraints. They require the organizations to maintain ratings, thus the system of performance management may be highly efficient in the developed world but not in the branches in the overseas. Such as the Adidas group in Asia wants the traditional methods for evaluation because they believed that people respond fairly towards that system. Similarly, the Deloitte in India believed that although the annual performance management system is much better than the regular because it increases the performance of some employees and decreases the motivation of others (Singh & Chaudhuri, 2009). Thus, finding the right solution that will fit all the organizations regardless of any discrepancies will take time. The performance management system cannot work individually but it is backed by high training and change management. The employees need regular training on the changing systems in their organization.

# Conclusion

Deloitte has shifted its focus from talking about people and has concentrated on talking with people in open environments. They encourage and provide regular feedback that immediately results in a change in employees performance. The frequent check-ins have helped to focus on the development of the company. The company has encouraged employee-driven approaches that means that employees can also evaluate the performance of their managers. Thus, the feedback is not one-way and develops greater clarity about performance. However, the current pace of changing trends requires more developments in performance evaluation techniques. It requires to highly encourage diversity to incorporate the best practices with great minds. The reward system of Deloitte still requires modifications due to the changing attitudes of the employees. It requires a holistic reward system that reflects the personalized priority of employees that what they actually prefer as an employee.

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