



“A study on the
Effectiveness of existing Online Performance
Management System (Online PMS) of
Oil India Limited in comparison to earlier system”

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A DISSERTATION REPORT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR MBA (Oil & Gas)

OF

UNIVERSITY OF PETROLEUM & ENERGY STUDIES, INDIA

CENTRE FOR CONTINUING EDUCATION
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DECLARATION

I hereby declare that this Project titled "*A study on the Effectiveness of existing Online Performance Management System (Online PMS) of Oil India Limited in comparison to earlier system*" submitted by me to the University of Petroleum & Energy Studies, Dehra Dun for partial fulfillment of pre-requisites for the completion of 2nd (final) semester under MBA (Oil & Gas), is a bonafied work carried out by me under the guidance of **Dr. Vimal Prasad Mathur, Industry Fellow, ISP, UPES**. This has not been submitted to any University or Institution for the award of any Degree, Diploma, Certificate or published any time before.

Date: 4th August, 2016

Place: Duliajan, Assam



(**Rana Bharali**)

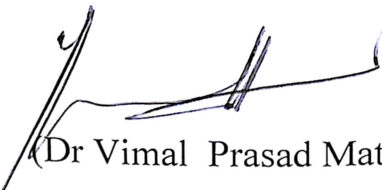
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CERTIFICATE

(From External Guide)

This is to certify that Mr Rana Bharali, a student of MBA (Oil & Gas), Roll No: R-020115023 of UPES has successfully completed this Dissertation report on “*A Study on the Effectiveness of existing Online Performance Management System (Online PMS) of Oil India Limited in comparison to earlier system*” under my supervision.

Further, I certify that the work is based on the investigation made, data collected and analyzed by him and it has not been submitted in any other University or Institution for award of any degree. In my opinion, it is fully adequate in scope & utility, as a dissertation towards partial fulfillment for the award of degree of MBA (Oil & Gas).



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(A Government of India Enterprise)

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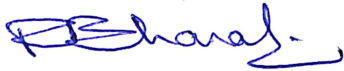
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Executive Summary/Extracts:

After the competencies and expectations from an employee are defined in an objective manner, the need for an effective measurement of the employee's ability to both deliver and improve his/her role is very critical factor to the future success and growth of an organization.

The seven steps of a performance appraisal system are:

Performance objectives: It is the identification and setting quantifiable (measurable) targets so that employees have greater clarity of their activities to be performed. Generally, performance objectives are set together by the employee (appraisee) and their manager (appraiser).

Standards of performance: Standards are the established performance criteria based on job description (role description) and job specification. The standards must be clear, concise and must incorporate all relevant factors.

Performance measures: These are specific measures that outline how an employee is performing against the set targets or standards.

Implementing appraisal: It is the conducting of appraisal by the manager, including conducting of interview and scrutiny of records and reports.

Employee performance: It is finding out the actual performance of the employee against standards of performance for finding out deviations. Deviations can be in the form more than required by the standards of performance or vice versa. Also, to find out where the employee stands, the employee performance is compared with their past performance and that with other employees.

Performance review and discussions: It is the formal discussion between the employee and the manager on the employee's performance for a given period of time. It helps to identify the factors that positively or negatively affect the performance and to prepare action plans to improve the performance using the performance equation.

In my current study, a scientific approach is deployed to find out and compare the effectiveness of earlier paper based annual appraisal system for executives in comparison to existing online system. While doing so, a questionnaire method is tried having specific emphasis to four predefined perspectives of both the systems.

They are:

- **Enhanced objectivity in Performance Assessment**
- **Enrichment in Role clarity**
- **User Friendliness**
- **Increased Transparency**

Analysis of the data collected reveals the following findings:

- Overall positive perceptions to the change process from hard-copy to online system. In-terms of different perspectives of the study, it indicates positive inclinations to *Role Clarity & Ease of use, whereas Performance Enhancement & Transparency* perspectives were viewed as either neutral or less effected by the change process
- In terms of Accessibility & Ease of Use, the present online PMS has many advantages in compared to the earlier paper based Annual Appraisal System.
- Increased Appraiser-Appraisee (Superior-Subordinate) communications on issues of setting Annual Work-plans have been greatly enhanced by the new online system & thereby bringing in more effectiveness in top down approach of Annual Goal Setting as well as accountability to achieve organizational objectives.
- The perception of the officers is inclined positively towards the new Online PMS and the analysis gives enough indication to believe that the officers have taken the new system as a superior one in all the perspectives in comparison to the old paper based system.

While conclusions drawn are:

- The findings may be concluded as having overall positive feedbacks from the users in terms of OIL's initiative of switching over to the online system.
- With added efforts in more transparency & identifying visible indicators of performance enhancements of the organization, the online system of Performance Management System can definitely contribute in more productive work-culture & thereby enhanced organizational performance in days ahead.
- A formalized feedback & coaching is necessary.

Chapter-1: Introduction:

1.1 Problem Statement:

The design & adoption of Performance Management System for a big organization like OIL is very critical in achieving the overall objective of the organization in an effective manner while channelizing the individual efforts & contributions to the core objective. In doing so, existence of a transparent & robust system having capability to capture & compare the expected performance with actual performance of the employees' plays vital role. With changing business scenario in Oil & Gas business, it is now felt necessary to relook the design & features of the existing online PMS to align it with employee expectations & business requirements.

1.2 Background:

Oil India Limited, a Navaratna Oil & gas exploration & Production Central Public Sector Enterprise (CPSE) was following an in-place mechanism for capturing, evaluation & comparison of individual performance of the executive staff for use in various important HR processes, e.g. Transfer, Promotions, Performance Related Payment (PRP) etc. Till FY 2010-11, the Performance Management System for Executives in OIL was done through a paper based system. In 2010-11, DPE issued guidelines that any CPSE having a policy of Performance Related Payment for Executives & Non-unionized supervisors must adopt or develop a Robust & transparent online system for Annual Performance Appraisal System. Accordingly, OIL with the help of a reputed firm, developed an online system & implemented from 2010-11 onwards where all processes including submission of Annual Work-plan to final Assessment is executed through a fully online system.

1.3 Need for the research:

- Till year 2009, the Annual Performance Appraisals for executives were accomplished through a hard-copy format.
- The 2nd Pay Revision Committee recommended that all CPSEs should develop a **Robust, Objective and Transparent** PMS system. DPE issued relevant guidelines.
- Accordingly, OIL initiated the project to transform the existing hard-copy format to an online one with the objective of making the Annual Appraisal system more robust and transparent.

- The change happened in 2010-11, where the whole process of Annual Performance Management (from submission of Annual Work-plan to final Assessment) was converted to a online system with assistance from E&Y.
- From 2010-11 onwards, lots of new features were added to Online PMS.
- There was no scientific study done on this major transformation as to whether the objectives with which the change process was initiated could be attained, if yes, then to what extent.
- The current study will help Oil India Limited in initiating a more rigorous research with larger scope so as to ascertain the actual outcome of the change process vis a vis the planned one.
- Whereas, meaning of “Performance” is “Role based” & “Industry specific”, a comparison of the features & contributions of the existing system with the changed process in Performance Management System is essential for identifying scoped for enrichment in the process.
- This research will be done with premise of providing the required inputs to larger initiatives by the company in context with users’ experience & perceptions so as to derive enriched benefits from the change process in Performance Management System.

1.4 Objective:

i. To study both the Performance Appraisal systems for Executives of OIL (current online system & earlier Hard-copy system) with emphasis to four predefined perspectives & capture the salient features.

ii. Enhanced objectivity in Performance Assessment

iii. Enrichment in Role clarity

iv. User Friendliness

v. Increased Transparency

vi. To make a research based scientific comparison of Effectiveness of the current PMS to earlier system using research methodology concepts (through a perception based survey among users at different levels/hierarchy) in context with four *predefined perspectives*.

1.5 Scope of research:

- The scope of the study will be kept limited to Executives of OIL who are currently at Grade “D” (Manager, Suptg. Engineer etc) & above. *(The reason of assigning this scope is that we need to take inputs about both the system pertaining to specific perspectives & only those active executives will be able to provide a rational & practical inputs who have served few years in OIL prior to adoption of the new Online system in 2010-11)*
- The inputs in the form of a questionnaire are taken from 80 numbers of executives working at the Field Head Quarter of OIL, Duliajan *(due to time constraints in distribution & collection of inputs through a questionnaire).*

1.6 A. Limitations:

- Although it is an extensive study on online PMS of M/s OIL INDIA LTD but due to infancy of online PMS in M/S OIL it is difficult to accurately predict the success rate of online PMS in the organization. An actual prediction may have been possible had the project been carried out after a period of more than 10 years from the date of implementation of online PMS.
- The study was conducted by taking a sample of 80 respondents which is not even 10% of the population of the total executives which is 1450. An effort was made to collect the responses effectively and efficiently, but a more detailed study could have been done by having a larger sample size.
- The study was confined only to field headquarters, Duliajan and doesn't include other spheres of OIL. Also the study was confined only to the executives of grade D, E, F.
- Since the report is based on the primary data collection through questionnaire, occurrence of personal biasness cannot be ruled out.
- Sampling error might have occurred because no sample is the perfect representative of a given population unless the sample size equals to the total population.

1.7 B. Conclusions:

- The findings may be concluded as having overall positive feedbacks from the users in terms of OIL's initiative of switching over to the online system.
- With added efforts in more transparency & identifying visible indicators of performance enhancements of the organization, the online system of Performance Management System can definitely contribute in more productive work-culture & thereby enhanced organizational performance in days ahead.
- A formalized feedback & coaching is necessary.

1.8 C. Recommendations:

- More emphasis of Role clarity is required for aligning efforts deployed by individuals with the overall objectives of the organizations.
- Transparency is one issue which may further enrich the PMS of OIL for achieving larger objectives.

- Adherence to timeline in Performance Assessment will add value to other HR processes linked with individual performance rating.
- Objectivity of Annual Performance Assessment requires further enhancement with inputs from interactions with Appraisees (Employees).

Chapter-2: Literature Review:

2.1 Review of literature from Books:

In order to determine the various factors that affects the Performance Management System of an organization & other contributing factors required to align the business objectives with the efforts deployed by the human resource of the organization, various literature were studied in context with Performance Management Systems.

Reference from two books was mainly much beneficial in understanding the concept of Performance Management & relevant attributes. The book "Performance Management & Appraisal System" by T V Rao was much beneficial in this regard. Page 196-202, where the emphasis was on "Team Performance" was much relevant to the business scenario of OIL where most of our operations were field oriented & a cohesive workforce can only be expected to deliver the desired results in a competitive business scenario of Oil & Gas.

The other book on Performance Management by Herman Aguinis, Pearson Publication 2009 was referred specially to look into areas where behaviours & results are interlinked & can be explained with a term called "Performance". Page 94-115 was studied in details.

A look at the various PPTs & documents available with Personnel Department was closely studied to capture the Philosophy & Design of the Online Performance Management system in OIL. It was indeed much helpful in devising the Questionnaire for my study.

While the area "Performance Management" is a very wide subject, as a part of conducting the study, various literatures were studied in context with the subject so as to understand the philosophy behind & focusing on issues that effect in overall effectiveness of the process.

2.2 A review of PMS in OIL: *PMS is An ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization.*

(Note prepared from internal resources/literature of Personnel Department of Oil India Limited)

THE LEGACY BASED PERFORMANCE APPRAISAL SYSTEM OF M/S OIL INDIA LTD

Formal appraisal of executives is done on yearly basis through Annual Performance Reports hereinafter referred to as APRs. A revised system has been introduced with a view to make the reports quantifiable, less time consuming and easy for computerization. The appraisal system will be SEMI-OPEN up-to grade 'E' and closed for Grade 'F' upwards.

1. **Purpose:**

- (a) To help management in making decisions for career progression of individuals.
- (b) To improve performance through feedback.

2. **Objectives**

- (a) To identify general problems of work nature that reduces the executive's effectiveness.
- (b) Redefine his responsibilities and standards.
- (c) Identifying the potential of the executive to take up higher responsibilities to cater to organisational succession planning.
- (d) Grant of annual increments and special increments.
- (e) Promotions.
- (f) To identify training needs.

3. **Forms**

- (a) There will be four types of Annual Performance Report (APR) forms as under:
 - Form P for Substantive Grades A, B, C & C1
 - Form Q for Substantive Grades D and E
 - Form R for Substantive Grades F and G
 - Form S for Substantive Grade H
- (b) Each of the above forms will have a separate sheet for filling the Training details in respect of the Appraisee. This sheet will be utilised by the Training & Development Department for assessing the training needs.
- (c) Self-Appraisal will be used by executives in all Grades.

(d) For employees on Stagnation Relief (SR) to Grade A, a separate form is used.

4. Method of Filling the Forms

(a) Ratings out of 5 as per 'scale definitions' given at the reverse of the first page in forms P, Q and R will be awarded by the **Initiating Officer (IO)** and **Reviewing Officer (RO)** in parts II and III respectively. The **Senior Reviewing Officer (SRO)** and the **Next Senior Reviewing Officer (NSRO)** will indicate their assessment by ticking off one of the five 'gradation steps' given at parts IV and V (as applicable) of the forms P, Q and R. These 'gradation steps' will also have weightages as per 'scale definitions'.

(b) Form S meant for General Managers will be of descriptive nature. The IO, RO and SRO will write a pen picture of the appraisee highlighting the outstanding performances, failures, strengths and weaknesses and the promotion potential in parts II, III and IV respectively.

5. Self Appraisal

Each executive is required to submit 'self appraisal' in the prescribed format to enable the initiation of the APR.

6. Period of Assessment

(a) The assessment period will be from 1st April to 31st March next year.

(b) The initiation process of all APRs will commence by the first week of April and must be completed by 31st May each year so that the APRs are available for consideration in the selection process for the promotions to be effected from 1st July.

7. Initiation and Review

(a) All APRs will be initiated by an executive NOT below the level of Substantive Grade 'E' and will be reviewed by at least two or three other executives depending on the grade of the appraisee.

(b) For the purpose of initiation and review of APRs, the executives on Personal Upgradation will be treated as per their substantive grades. The eligibility of IO, RO, SRO, NSRO for various grades are as indicated below:

GRADES	IO	RO	SRO	NSRO
A,B,C,C1	E	F/G	G/H	-
D	E	F/G	G/H	H/RCE
E	F/G	G/H	H/RCE	FD
F	G/H	H/RCE	FD	CMD
G	H	RCE	FD	CMD
H	RCE	FD	CMD	-

Table-1:

8. Weightages

(a) The weightages for IO, RO, SRO and NSRO are given below :

GRADES	IO	RO	SRO	NSRO	TOTAL
A,B,C & C1	40	30	30	--	100
D,E,F & G	30	25	25	20	100

Table-2:

(b) IO,RO,SRO and NSRO in respect of each appraisee will be specifically mentioned by the Personnel Department in their letter forwarding the APR forms for initiation to the Departments every year. This letter along with the forms should reach the Department by 15th March each year.

(c) At least 3 different incumbents will be required to initiate/review the APRs so that the total points scored by an executive is moderated. In case NSRO is not available in respect of any appraisee, the SRO will have the combined weightages of the SRO and NSRO.

9. Eligibility of IOs and ROs

An appraise must serve for atleast 6 months under the IO and 03 months under the RO during the assessment year. In case an executive does not complete these periods under the present incumbents during the assessment year, his/her APR will be forwarded to the IO/RO under whom he/she completed the requisite period. In case of separation of the IO/RO from the Company in the meantime, the APR will be initiated/reviewed by the next incumbent in the hierarchy.

10. Communication of Adverse Remarks/Weak Points

- (a) The appraisal system will be semi-open upto Grade E and closed from Grade F upwards. Therefore the adverse remarks or weak points mentioned in the APRs by the IOs and ROs, wherever applicable will be communicated to the appraise by the Personnel Department without disclosing the identity of the appraiser.
- (b) In case of semi open APR i.e., upto Grade E, where an appraise refuses to sign the APR, the IO may record it on the APR stating the reason for his/her refusal to sign.
- (c) As regard to the assessment and comment on "INTEGRITY", if there is any doubt on the integrity of the appraise, the column in the APR form is to be left blank and the matter may be forwarded to the Personnel Department separately.
- (d) The column on attitude towards SC/ST is to be filled in respect of only those executives who have any dealings with employment/assessment/promotion/welfare of SC/ST personnel.

11. Training Plan

- (a) Training plan in respect of the executives upto Grade E will be filled by the HOD and commented by the respective RO/SRO as indicated in the forms. For executives in Grade F and above, it will be filled by IO and commented by respective RO.

- (b) The sheet on Training Plan will be detached and forwarded to Training & Development department for necessary action.

PERFORMANCE MANAGEMENT

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 organisation. There are two main components:

- **Continuous Process:** performance management is ongoing. It involves a never ending process of setting goals and objectives, observing performance, and giving and receiving ongoing coaching and feedback.
- **Aligning with strategic goals:** Performance management requires that managers ensure that employees' activities and outputs are congruent with the organization's goals and, consequently, help the organisation gain a competitive advantage. Performance management therefore creates a direct link between employee performance and organisational goals and makes the employees' contribution to the organisation explicit.

CONTRIBUTION OF PERFORMANCE MANAGEMENT

There are many advantages associated with the implementation of a performance management system can make the following important contributions.

1. **Motivation to perform is increased:** receiving feedback about one's performance increases the motivation for future performance. Knowledge about how one is doing and recognition about one's past successes provide the fuel for future accomplishments.
2. **Self-esteem is increased:** receiving feedback about one's performance fulfills a basic human need to be recognized and valued at work. This in turn, is likely to increase employee's self-esteem.
3. **Managers gain insight about subordinates:** Direct supervisors and other managers in charge of the appraisal gain new insights into the person being

appraised. Gaining new insights into a person's performance and personality will help the manager build a better relationship with that person. Also, supervisors gain a better understanding of each individual's contribution to the organization.

4. **The definitions of job and criteria are clarified:**The job of the person being appraised may be clarified and defined more clearly. In other words, employees gain a better understanding of the behaviors and results required of their specific position.
5. **Self-insight and development are enhanced:**The participants in the system are likely to develop a better understanding of themselves and of the kind of development activities that are of value to them as they progress through the organisation. Participants in the system also gain a better understanding of their particular strengths and weaknesses that can help them better define future career paths.
6. **Administrative actions are more fair and appropriate:** PMS provide valid information about performance that can be used for administrative actions such as merit increases, promotions, and transfers, as well as terminations. In general, a PMS helps ensure that rewards are distributed on a fair and credible basis. In turn, such decisions based on a sound PMS lead to improved interpersonal relationships and enhanced superior-subordinate trust.
7. **Employees become more competent:** An obvious contribution is that employee performance is improved. In addition, there is a solid foundation for helping employees become more successful by establishing developmental plans.
8. **There is better protection from lawsuits:** Data collected through PMS can help document compliance with regulations. When PMS is not in place, arbitrary performance evaluations are more likely, resulting in an increased exposure to litigation for the organisation.
9. **There is better and timelier differentiation between good and poor performers:** PMSs allow for a quicker identification of good and poor performers. Also they force supervisors to face up to and address performance problems on a timely basis (i.e., before the problem becomes so entrenched that it cannot be easily remedied).
10. **Supervisors' views of performance are communicated more clearly:** Performance management systems allow managers to communicate to their

subordinates their judgments regarding performance. Thus there is greater accountability in how managers discuss performance expectations and provide feedback.

11. **Motivation, commitment, and intentions to stay in the organisation are enhanced:** when employees are satisfied with their organisation's performance management system, they are more likely to be motivated to perform well, to be committed to their organisation, and not try to leave the organisation.

ANY EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM INCLUDES THE FOLLOWING COMPONENTS

1. **Performance Planning:** Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the appraisee and also the reviewee in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget, which is finalized after a mutual agreement between the reporting officer and the employee.
2. **Performance Appraisal and Reviewing:** The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which is held in the end of the financial year. In this process, the appraisee first offers the self-filled up ratings in the self-appraisal form and also describes his/her achievements over a period of time in quantifiable terms. After the self-appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised.
3. **Feedback on the Performance followed by personal counseling and performance facilitation:** Feedback and counseling is given a lot of importance in the performance management process. This is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee is also identified

4. **Rewarding good performance:** This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self-esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.
5. **Performance Improvement Plans:** In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved.
6. **Potential Appraisal:** Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

OIL ONLINE PERFORMANCE MANAGEMENT SYSTEM (Online PMS) of OIL

To augment the existing APR system of the company, M/s Ernst & Young Pvt. Ltd. (E&Y) was engaged for the design and implementation of an online KPI based PMS on Balanced Scorecard* approach in OIL in September, 2009. After various rounds of discussions and workshops between EY and top management officials of OIL, a Strategy Map of the organization using 5 perspectives was prepared. The draft Corporate Scorecard was prepared by the Consultant along with the OIL PMS team. The Corporate Scorecard prepared on the basis of the strategic intents of the company and the MoU targets was discussed at various levels from time to time and was successfully implemented in the year 2010-11 across the Company for all the executives in line with Department of Public Enterprises (DPE) guidelines.

The basic premise of the proposed Online PMS is to align the employees towards the Company's vision and mission. Therefore the concept of cascading the strategic objectives reflected in the scorecards/KPI*/KRA* has been given emphasis. Accordingly, draft Scorecards has been made upto Section Head level by cascading the same from the Corporate Scorecards/Director Scorecards/Group Head Scorecards and the HODs Scorecards. The

illustrative KRAs for level-1 executives are being compiled for each department in consultation with the different Departments.

Implementation of an Online PMS is basically a major transformation from the traditional paper based APR system to a paper-less sophisticated computer based system. The major focus of the implementation strategy was "Change Management" for unanimous buy-in almost the executives. Keeping this focus in mind, various workshops were conducted for a few representatives from each department/groups who were exposed to the proposed Online PMS. The representatives so trained are to work as Change Agent Teams (CAT) for their respective departments/groups.

***Key Result Area (KRA):** At first the BOD (Board of Directors) decides upon the Objectives of the company and set a period specific target. This Target becomes the KRA of the CEO. Then it get divided till it reaches the bottom most rung. KRA of each person is linked and fulfillment of KRA will lead to fulfillment of objective set by BOD. Hence, if one person fails it will hamper the attainment of the desired result.

Key Performance Indicators (KPI):A performance indicator or key performance indicator (KPI) is industry jargon for a type of **performance measurement**. An organization may use KPIs to evaluate its success, or to evaluate the success of a particular activity in which it is engaged. Sometimes success is defined in terms of making progress toward strategic goals, but often success is simply the repeated, periodic achievement of some level of operational goal (for example, zero defects, 10/10 customer satisfaction, etc.).

Accordingly, choosing the right KPIs relies upon a good understanding of what is important to the organization. 'What is important' often depends on the department measuring the performance - the KPIs useful to finance will be quite different than the KPIs assigned to sales, for example. Because of the need to develop a good understanding of what is important, performance indicator selection is often closely associated with the use of various techniques to assess the present state of the business, and its key activities. These assessments often lead to the identification of potential improvements; and as a consequence, performance indicators are routinely associated with 'performance improvement' initiatives. A very common way for choosing KPIs is to apply a management framework such as the **balanced scorecard**.

***Key Result Areas:** These are the areas within the HR Department where an individual or group, is logically responsible or accountable for the results. To manage each KRA/KPAs, a set of KPI are set. KRA and hence KPI is attributed to the department which can have effect on the business results and is self-measured where applicable.

The importance and weightage of these elements KRAs/KPAs/KPIs are guided by the:

- Vision Statement.
- Mission Statement.
- Corporate Objectives.
- Corporate Strategy.
- Corporate Business Units/Departmental Plans/Strategy for the budget period which is usually 12 months.

***Balanced Scorecard:**

The balanced scorecard is a **strategic planning and management system** that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by **Drs. Robert Kaplan (Harvard Business School) and David Norton** as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance.

The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full **strategic planning and management system**. The "new" balanced scorecard transforms an organization's strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies.

Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. The balanced scorecard is a management system

(not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise.

Kaplan and Norton describe the innovation of the balanced scorecard as follows:

"The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

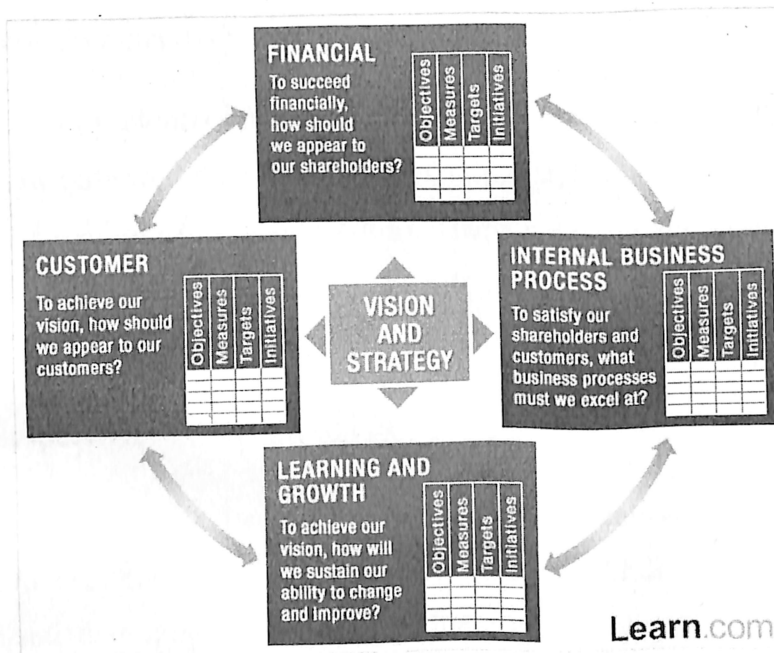


Figure 1

PERSPECTIVES

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

The Learning & Growth Perspective:

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, people -- the only repository of knowledge -- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization.

Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed. It also includes technological tools; what the Baldrige criteria call "high performance work systems."

The Business Process Perspective:

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants.

The Customer Perspective:

Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good.

In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

The Financial Perspective:

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category.

Strategy Mapping:

Strategy maps are communication tools used to tell a story of how value is created for the organization. They show a logical, step-by-step connection between strategic objectives (shown as ovals on the map) in the form of a cause-and-effect chain. Generally speaking, improving performance in the objectives found in the Learning & Growth perspective (the bottom row) enables the organization to improve its Internal Process perspective Objectives (the next row up), which in turn enables the organization to create desirable results in the Customer and Financial perspectives (the top two rows).

Balanced Scorecard Software

The balanced scorecard is not a piece of software. Unfortunately, many people believe that implementing software amounts to implementing a balanced scorecard. Once a scorecard has been developed and implemented, however, performance management software can be used to get the right performance information to the right people at the right time. Automation adds structure and discipline to implementing the Balanced Scorecard system, helps transform disparate corporate data into information and knowledge, and helps communicate performance information.

OBJECTIVE OF THE ONLINE PERFORMANCE MANAGEMENT SYSTEM

- Strengthen Performance-based culture in the Company.
- Higher alignment of individual performance with organisational goals.

- Higher degree of uniformity, transparency, process efficiency, objective evaluation and create a sense of ownership amongst the employees.
- Strengthen link between Individual Performance and other HR Systems.

BALANCED SCORECARD AT M/s OIL

The Online PMS for M/s OIL has been developed based on the Balanced Scorecard concept (BSC). The BSC defines 4 perspectives around which performance measures are defined: Financial Perspective, Customer/Stakeholder Perspective, Internal Perspective and Learning & Growth Perspective. Based on extensive discussion with various stakeholders within the organisation as well understanding of the industry context, Safety, Health & Environment related issues have emerged as a Key Focus Area for OIL. Accordingly, it has been incorporated as the fifth perspective of the Balanced Scorecard. Also the names of various perspectives have undergone slight modification to suit the specific context of OIL. Thus the 5 perspectives of the OIL Balance Scorecard were:

- Financial Perspective.
- Stakeholder Perspective.
- Internal Process/Physical Perspective.
- Safety, Health and Environmental Perspective.
- Organisational Capability Development Perspective.

Major steps in Oil Online PMS

- Goal Setting.
- Mid-year review.
- Year-End Appraisal: Self Appraisal, Assessment, Normalization, Feedback and Final Ratings.
- Appeal.

Timelines:

Process	Timelines Decided
Performance Evaluation Period	April (Y1) to March (Y2)
Goal Setting	April (Y1)
Mid-Year Review	November (Y1)
Self-Appraisal	Mid-Year: November (Y1) Year End: April (Y2) NB: To be completed by July (Y2)
Appraisal by Reporting Authority	
Approval by Reviewing Authority	
Approval by Accepting Authority	
Normalization Process	Post finalization of MoU rating (Oct Y2)
Communication of Final Rating to employee	October (Y2)-December (Y2)

Table-3

Levels of Reporting:

In alignment with the DPE guidelines, for Grade G and above (i.e. Functional Directors, EDs, GMs and DGMs) there would be 3 levels of reporting

1. **Reporting Authority:** The authority who supervises the performance of the officer reported upon.
2. **Reviewing Authority:** The authority who supervises the performance of the Reporting Authority, and supervises the work of the officer reported upon through the Reporting Authority.
3. **Accepting Authority:** the authority who supervises the performance of the Reviewing Authority and the Reporting Authority and is responsible for the actions of the officer reported upon.

For the lower levels (below Grade G), in most cases there would be 2 levels of reporting:

- **Reporting Authority**
- **Reviewing Authority**

However in some cases, for Level 1 employees, wherein the Head of the Department is a Level 4 employee, there would also be an additional 'Accepting Authority'.

COMPONENTS OF ONLINE PMS

In alignment with the DPE Guidelines, the Individual level template for the Performance Planning & Goal Setting has 3 categories across which measures have been defined:

- **MoU measures:** This includes all the measures/targets/weightages defined as part of the OIL MoU document, Annual Operational Plan, etc. These are cascaded to the individual level.
- **Individual Annual Work Plan linked to MoU/Key Performance Measures:**

For Grade 'F' & above- There shall be Individual Scorecard having 5 level of targets which includes from Excellent (100%), Very Good (90%), Good (80%), Fair (70%) and Poor (60%). Those Key Performance Measures that are cascaded down from the next higher level down to the incumbent's scorecard.

For Grade A& E- However, individual executives shall fix their Key Performance Measures (Key Responsibilities) with weightages and targets in consultation with the Reporting Authority having single targets for each KPI. Such measures should vary between 5 and 10. The weightages will vary between 5%-20%.

Competencies: The DPE guidelines provide a set of 10 competencies, applicable to all roles across levels for the Senior Incumbents (Functional Directors, EDs & GMs). The competencies specified as part of the DPE Guidelines have been incorporated as part of the OIL PMS process and all the competencies shall be applicable to all roles across levels at OIL.

RELATIVE WEIGHTAGES OF COMPONENTS OF M/s OIL PMS

The relative weightages against each component for different grades are as under:

Level	MoU(%)	Individual targets Linked to MoU(%)	Competencies (%)	Total(%)
CMD	75	0	25	100
Director	40	35	25	100
Grade I	25	50	25	100
Grade H	25	50	25	100
Grade G	25	50	25	100
Grade F	20	60	20	100
Level- 1(Grade A-E)	15	75	10	100

Table 4

GOAL SETTING

For Grade F & above (Functional Directors/EDs/GMs) (3 Levels of reporting)

- Identification of Measures, Targets, and weightages would happen based on discussion between the Appraisee and the Reporting Authority.
- These would then be validated by the Reviewing Authority.
- Post validation, the same would be finalized by the Accepting Authority.

Below Grade F (3 levels of reporting)

- Identification of Measures, Targets and Weightages would happen based on discussion between the Appraisee and the Reporting Authority.
- These would then be validated by the Reviewing Authority.

Conflict Resolution

- In the event that there is conflict/difference of opinion between the Appraisee and the Reporting Authority.
- For Grade G and above: The scorecard shall be finalized by the Reviewing Authority and reviewed by the Accepting Authority.
- For below Grade G: The scorecard shall be finalized by the Reviewing Authority.

MID YEAR REVIEW

The main objective of Mid-Year review is to review the progress against KRAs and targets set at the beginning of the year and conduct course correction/revise targets, provide feedback/improvement plans and any resources required to achieve overall goals.

The Mid-Year Review shall be conducted as part of the OIL PMS process. While the DPE guidelines do not mention the Mid-Year review process, it has been incorporated as part of the OIL PMS. The Mid Year process provides an opportunity to:

- Review performance mid-way through the Performance Cycle and have a Performance Discussion with the Appraisee without giving any ratings.

- Provide Appraisee with feedback and suggest course correction if required.
- Modify existing Measures/Targets/Weightages/Action Plan in the Appraisee Scorecard, in case of exigencies.

YEAR-END APPRAISAL

Objective: To review achievement against the targets identified for the KRA at the beginning of the year as part of the Annual Work Plan linked to MoU (or revised at the time of Mid-Year), as well as achievement on the competencies and give feedback to the Appraisee.

As per the DPE Guidelines, the flow of information is uni-directional from the Appraisee to the Reporting, Reviewing & Accepting Authority, all of whom will record the changes they make with sufficient justification for the same. However, there is minimal focus on one-one feedback discussions between the Reporting Authority and the Appraisee. The OIL PMS Process would have greater focus on one on one feedback and two-way communication as part of Final Appraisal.

EVALUATION & FINALIZATION OF OVERALL PERFORMANCE SCORE

Finalization of Overall Performance Score would vary based on the Grade:

For Executives in Grades F & Above

- The rating given by the Accepting Authority is the final Overview Performance Score (pre-normalization).
- The Accepting Authority would have the rating given by both, the Reporting Authority as well Reviewing Authority available for reference.

FOR EXECUTIVES IN GRADE A-E

- The rating given at each level, i.e., by Reporting Authority, Reviewing Authority as well as Accepting Authority, would each have a weightage and the weighted average of these scores would become the Overall Performance Score.
- The weightage given at each level would vary depending on there is an Accepting Authority defined the Appraisee.

Weightages: It shall depend on the level of reporting/assessment as under:

PMS Authority	Weightage in 3 level Reporting	Weightage in 2 level Reporting (3 level in some cases)
Reporting Authority	50%	60%
Reviewing Authority	25%	40%
Accepting Authority	25%	

Table-5

A weighted average of scores across the 2 competencies of PMS (Individual performance measures linked to MoU& Competencies) (based on the weightage pre-defined for each category depending on the grade) would be taken to arrive at the Overall Performance Score of the incumbent. The score of the MoU component will be added later as this score will be same across the levels.

NORMALIZATION PROCESS

While the DPE guidelines specify that out of the total population of the executives, maximum 15% can be rated as “excellent” and minimum can be rated as “poor” and the remaining 75% needs to be spread in very good, good and fair category.

The normalization process has been incorporated as a key stage as part of the M/s OIL PMS and a structured process for conducting Normalization (including identification of Normalization centers across departments/levels) would be clearly defined.

Feedback: Feedback on performance of individuals by his/her supervisor or Reporting Authority would continue to be provided on a continuous basis. However, feedback on performance score would be provided to the individual after MoU rating is received.

Appeals Process: the main objective is to provide a mechanism to individual executives to appeal for review of final rating if he/she is not satisfied. The aggrieved executive shall appeal to the Nodal Officer within 15 days of receiving his/her final score. A duly appointed committee shall examine the matter in consultation with the Reporting and Reviewing

authorities and submit their report to the Accepting Authority who shall take a final decision within 45 days.

Final PMS Reports: The final PMS report of individual executives shall be maintained in the system. The first section of the report shall be printed and retained in concerned dossiers. The detailed PMS report including the summary of Medical report for Grade 'G' and above shall be printed as and when required.

Exception Handling: The M/s OIL PMS shall take into account the process to be followed in certain exceptional circumstances wherein the normal course of action cannot be taken- promotions, transfers, etc. In case the Appraiser has multiple Reporting Authorities through the year, the respective Reporting Authorities will close the Scorecard and give rating based on pro-rated targets for various exceptions (promotions, transfers, etc.).

Chapter-3: Research Design, Methodology & Plan:

3.1 Research Design :(The Tool)

A close-ended likert scale based questionnaire targeting to capture Perception of executives in context with earlier Annual Appraisal System of OIL vis a vis the current Online PMS.

Attributes of the Questionnaire:

- **Close ended questions**
- **Number of questions: 16**
- **Options available to respondents for each question: 5**
 - Strongly Agree
 - Agree
 - Neither Agree nor Disagree (Neutral)
 - Disagree
 - Strongly Disagree

- **Four Perspectives:**
 - Enhanced objectivity in Performance Assessment
 - Enrichment in Role clarity
 - User Friendliness
 - Increased Transparency

In summary, the attributes are 16 questions/4 Perspectives/close ended-5 options

3.2 Data Source:

Primary: Users' perception based feedback through a questionnaire

Secondary:

- a. Intranet site of Oil India Limited
- b. Company Annual Reports
- c. Annual Report of Personnel Departments
- d. DPE's website
- e. Contract papers related to Online PMS project
- f. Various presentations available with Personnel Departments
- g. APRs available in hard-copy formats

3.3 Population Estimation & Sample Size:

Population Target: Grade "D" & above executives in Field Head Quarter

(The reason for selecting bottom grade of planned respondents as "D" is that for providing rational inputs to the research, the participants must have come across both the systems of Annual Performance Evaluation. The Online PMS being implemented from 2010-11 onwards, only those executives are expected to provide a realistic inputs who have served earliest from 2009-10 onwards. i.e. more than 6 years of service)

(Currently we have Grade D: 92, E: 110, F: 174, G: 70, H: 21): Total 467

Sample size: 83 @ 90% confidence level). Actual inputs taken from 80 nos.

3.4 Sampling Plan: Stratified Random Sampling, The strata are executives in grade "D", "E", "F", "G", & "H"

3.5 Tools & Techniques of Data Analysis:

While analyzing our collected data, the four perspectives (i.e. *enhanced objectivity in Performance Assessment, Enrichment in Role clarity, and Increased Transparency & Improvement in Features/Ease-of-use*) are considered having same weight (25%) each in the effectiveness function of the overall process.

Effectiveness of PMS = Function of (*enhanced objectivity in Performance Assessment, Enrichment in Role clarity, and Increased Transparency & Improvement in Features/Ease-of-use*).

So, simple mathematical model is used for arriving at an **Effectiveness Index** for each of the systems.

Simple weighted method is used to find out an index of effectiveness for both the Appraisal systems & there after two types of comparison is made:

- a. In context with same perspective for both system
- b. At overall system level effectiveness

Chapter-4: Analysis of collected Data:

4.1 Analysis Technique:

The data collected through the survey has been analyzed by weighted method having equal weight (25% each) to four pre-defines Perspectives. The overall score is calculated for each system to find out which of the Appraisal system (Legacy based or Online) is more transparent, easy to use, helps in clarifying the roles and helps in improving the performance level.

The presentation of the data has been done through tabular presentation and diagrammatic or graphical presentation (pie charts) in MS-Excel 2010.

The options for responses were in a 5 point Likert scale with 5 options namely **strongly agree, agree, neither agree nor disagree, disagree and strongly disagree**. The first two options strongly agree & agree shows a positive picture and considered as 'yes' whereas strongly disagree & disagree shows a negative picture and are taken as 'no'. But when the reply is 'neither agree nor disagree' it indicates that either he/she is not sure or confident about the system or may hesitate to point out the true picture which may not be positive. Thus the reply to this option has been considered as no/negative for the analysis.

I considered it reasonable and relevant to consider 4 different perspectives for making a requisite comparison between the Online PMS and the earlier paper based Appraisal system with the assumption that these perspectives will adequately reflect the appropriateness and attributes of both the systems and thereby it will be possible to make a valid comparison for arriving at a conclusion.

Now, to arrive at a composite score for "Yes" and "No" responses of the overall study, we have assigned weightages for the different perspectives where each perspective is assigned predetermined weights reflecting their importance for the overall characteristics of both the system. For ease of convenience **"strongly agree" & "agree" responses are considered as "YES" to the question asked. Again, "disagree" and "strongly disagree" are considered as "NO". Neutral responses are discarded as it does not serve our analysis.**

- Perspective 1: (A) Enhanced objectivity, (Weight 25%)
- Perspective 2: (B) Role Clarity (Weight 25%)
- Perspective 3: (C) User Friendliness (Weight 25%)
- Perspective 4: (D) Transparency (Weight 25%)

As per our approach to the study:

Performance Management System effectiveness = function of (A, B, C, D)

4.2 Data source from Questionnaire

Weight to effectiveness function	Q No	Wt of Question to specific Perspective	Questions Included In The Questionnaire
Objectivity 25%	Q#1	25%	Do you agree that the online PMS adopted by the company is able to capture the relevant performance of employees contributing to Company Objectives?
	Q#2	25%	Do you agree that online PMS system able to show the areas in which an employee needs improvement more effectively than the earlier system?
	Q#3	25%	Do you agree that in online PMS is able to alert & identify my performance levels in comparison to other officers in my peer groups?
	Q#4	25%	Do you agree that in online PMS adequately identifies requirements for development or improvement in skill requirements?
Role Clarity 25%	Q#5	25%	Do you agree that the on-line PMS has helped you to know how your work fits in to strategic objectives of the company?
	Q#6	25%	Do you agree that Online PMS helps you to identify what is expectation from you from your current position?
	Q#7	25%	Do you agree that in online PMS, regular updating of goals & objectives along with your Initiating Officer is effectively done compare to earlier system?
	Q#8	25%	Do you agree that change in your role can be well depicted though improved KPIs in Online PMS?
User Friendliness 25%	Q#9	25%	Do you agree that the present Online PMS is a transformation of the earlier hard copy method into an online system without much change in methods and procedures?
	Q#10	25%	Do you agree that working in online PMS does not required sophisticated computer knowledge?
	Q#11	25%	Do you agree that information & records are available in more structured & logical manner in online PMS compare to earlier system?
	Q#12	25%	Do you agree that online PMS portal is well design with graphic and online help which was not available in the earlier system?
Transparency 25%	Q#13	25%	As you can see the target of your initiating officer in online PMS system you can set your goal in line with him/her which was not possible in the earlier system?
	Q#14	25%	Do you agree that Annual Appraisal done through online PMS system is more transparent compare to the earlier system?
	Q#15	25%	Do you agree that guidelines in Assessment by Appraisers are objectively defined to justify your actual on the job performance?
	Q#16	25%	Do you agree that the final assessment on your Performance along with comments is visible to you up-to your expected level after the assessments are over?

Table-6:

4.3 Summary of overall responses/feedback:

Question #	Weight (%)	Agree (Number)	Weighted Score (Agree)	Disagree (Number)	Weighted Score (Disagree)
1	25	35	10.94	45	14.06
2	25	42	13.13	38	11.88
3	25	39	12.19	41	12.81
4	25	52	16.25	28	8.75
5	25	55	17.19	25	7.81
6	25	38	11.88	42	13.13
7	25	54	16.88	26	8.13
8	25	45	14.06	35	10.94
9	25	32	10.00	48	15.00
10	25	38	11.88	42	13.13
11	25	46	14.38	34	10.63
12	25	56	17.50	24	7.50
13	25	39	12.19	41	12.81
14	25	51	15.94	29	9.06
15	25	47	14.69	33	10.31
16	25	50	15.63	30	9.38

Table-7

4.4 DATA ANALYSIS: Analysis of individual Perspectives:

4.4a. Perspective # 1: (Objectivity):

Total number of Questions: 04, Q# 1, 2, 3 & 4

Weight of each question while defining the specific perspective: 25%

Question #	Weight (%)	Agree (Number)	Weighted Score (Agree)	Disagree (Number)	Weighted Score (Disagree)
1	25	35	10.94	45	14.06
2	25	42	13.13	38	11.88
3	25	39	12.19	41	12.81
4	25	52	16.25	28	8.75
Sub-Total			52.50		47.50

Table-8

Note: Each question carry equal weight while inferring the validity of a particular question in context to defining the perception of respondents to specific perspective

Observation:

Out of total 80 respondents, 52.50% expressed that new Online PMS is more objective in nature than the earlier paper based Appraisal System.

4.4b. Perspective # 2: (Role Clarity):

Total number of Questions: 04, Q# 5, 6, 7 & 8

Weight of each question while defining the specific perspective: 25%

Question #	Weight (%)	Agree (Number)	Weighted Score (Agree)	Disagree (Number)	Weighted Score (Disagree)
5	25	55	17.19	25	7.81
6	25	38	11.88	42	13.13
7	25	54	16.88	26	8.13
8	25	41	12.81	39	12.19
Sub-Total			58.75		41.25

Table-9

Observation:

Out of total 80 respondents, 58.75% expressed that new Online PMS has brought in more Role Clarity in comparison to earlier paper based Appraisal System.

4.4c. Perspective # 3: (User Friendliness):

Total number of Questions: 04, Q# 9, 10, 11 & 12

Weight of each question while defining the specific perspective: 25%

Question #	Weight (%)	Agree (Number)	Weighted Score (Agree)	Disagree (Number)	Weighted Score (Disagree)
9	25	32	10.00	48	15.00
10	25	38	11.88	42	13.13
11	25	46	14.38	34	10.63
12	25	56	17.50	24	7.50
Sub-Total			53.75		46.25

Table-10

Observation:

Out of total 80 respondents, 53.75% expressed that new Online PMS in more User Friendliness in comparison to earlier paper based Appraisal System.

4.4d. Perspective # 4: (Transparency):

Total number of Questions: 04, Q# 13, 14, 15 & 16

Weight of each question while defining the specific perspective: 25%

Question #	Weight (%)	Agree (Number)	Weighted Score (Agree)	Disagree (Number)	Weighted Score (Disagree)
13	25	39	12.19	41	12.81
14	25	51	15.94	29	9.06
15	25	47	14.69	33	10.31
16	25	50	15.63	30	9.38
Sub-Total			58.44		41.56

Table-11

Observation:

Out of total 80 respondents, 58.44 % expressed that new Online PMS in more Transparent in regards to various components, more specifically on the objectivity in Appraisals done by superiors in comparison to earlier paper based Appraisal System.

4.5 DATA ANALYSIS: Analysis of overall Perspectives:

Now, to arrive at a composite score for “Agree” and “Disagree” responses of the overall study, we have assigned weights for each perspective where we assumed that the contribution of each perspective is same while looking at the overall characteristics of both the system. For the sake of simplicity as well as unavailability of specific information in context to the contribution of specific perspective, we assumed the weight to be 25% each.

- Perspective 1: Performance Enhancement, (Weight 25%)
- Perspective 2: Role Clarity (Weight 25%)
- Perspective 3 User Friendliness (Weight 25%)
- Perspective 4: Transparency (Weight 25%)
-

This is the optimum weight which has been considered for the study of the existing system.

Perspective	Weight	Agree (weight)	Disagree (Weight)
Enhanced objectivity	25	52.50	47.50
Role Clarity	25	58.75	41.25
User Friendliness	25	53.75	46.25
Transparency	25	58.44	41.56
		55.86	44.14

Table-12:

So, the analysis results in composite score of 55.86% (approx) for ‘Agrees’ and 49% (approx) for ‘Disagree’ with respect to the overall objective of the study. From the above analysis it is clearly visible that the respondents have expressed their acceptance of the new system in comparison to the earlier system.

Resistance to change: It is very difficult to establish a new system in practice overcoming the existing cultural barriers and behaviors of the people experiencing a particular system for a longer period. With this perspective, the summary of responses that we have received from our study is nearly in a balancing position. So we can conclude that with time, people will understand the benefits and relevance of the system for better performance.

Chapter-5: Interpretation of Results

The responses received from users of the existing Online PMS as well as having experiences in the earlier paper based Appraisal system reveals some interesting insights in context to perceptions of users:

- There is coherence in responses among users. For example spread of variation in responses with “Agree” views are from 52% to 58% in different perspectives. This is a comfortable spread among 80 respondents. Similarly, “Disagree” spread ranges from 41% to 47%.
- The spread in variation in the proportion of responses indicate that the respondents are positive about the changes happening in the organization due to implementation of the new PMS where all activities are required to be completed online.

Chapter-6: Conclusion & Scope of Future work

Findings:

Major findings based on primary data collected from the respondents through the questionnaire, personal interview and mainly from the data analysis are stated as follows:

- Majority of the employees feel that the present Online PMS is very less time consuming with some added features compared to the previous paper based appraisal system.
- The communication between the Appraisee-Appraiser has increased which shows a very positive picture for the organization to align individual contributions & efforts to organizational objectives.
- Also the users of the new Online system are very clear that the new system is not a direct transformation of the earlier paper based appraisal method but the concept of evaluation by different level of senior officials is duly captured in the new system as like in the earlier paper base appraisal system.
- The perception of the officers is inclined positively towards the new Online PMS and the analysis gives enough indication to believe that the officers have taken the new system as a superior one in all the perspectives in comparison to the old paper based system

Conclusion:

- The findings may be concluded as having overall positive feedbacks from the users in terms of OIL's initiative of switching over to the online system.
- With added efforts in more transparency & identifying visible indicators of performance enhancements of the organization, the online system of Performance Management System can definitely contribute in more productive work-culture & thereby enhanced organizational performance in days ahead.
- A formalized feedback & coaching is necessary. It's as much about the "how" as to "what."

Limitations:

- The study was conducted by taking a sample of 80 respondents which is not even 10% of the total executive strength in OIL which is 1450. Therefore, there is possibility that the overall findings derived from the study may have inadequate correlation if done through the organization covering a larger sample.
- Due to time & logistic constraint, the study was confined only to field headquarters, Duliajan and doesn't include other spheres of OIL. Also the study was confined only to the four nos. of executives grade C, D, E, F whereas, there exists nine executive grades in the Organization.

- Since the report is based on the primary data and personal interview, occurrence of personal biases cannot be ruled out.
- For facilitating analysis, we have considered only 4 perspectives for our current study or analysis, whereas we have assumed that these 4 perspectives will largely define the overall usefulness or effectiveness of the new system.
- Due to work-load and hectic schedule of OIL executives, it was difficult to interact with many of the executives and getting their responses in time.

Scope of Future work:

- A more realistic study is possible covering inputs from other spheres where OIL's operation is going on.
- Adding more perspectives as compared to four as in our study, with varying weights will bring in a better sense of user perceptions & needs.

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APPENDIX: (Sample of the Questionnaire)

Dear Sir,

In partial fulfillment of the requirements of the degree of MBA (Oil & Gas) under UPES, Dehradun, I am carrying out a study on **“Effectiveness of existing Online Performance Management System (Online PMS) of Oil India Limited in comparison to earlier system”**.

I would be grateful enough if you could spare few minutes and kindly give your precious feedback on the questionnaire attached. Your honest inputs would be very instrumental in carrying out my study. I assure you that the information provided by you shall be kept strictly confidential and shall be used for academic purpose only and not be published anywhere else.

Personal Details: (optional)

Name: _____

Department: _____

Designation: _____

Grade: _____

Experience in OIL: _____ Years

Your time and effort in completing the questionnaire is very much appreciated.

Guidelines for the Questionnaire:

All the questions are in the 5-point Likert Scale. You may tick in the appropriate box of your choice. The numeric values in column heading refers to:

- 1: Strongly Agree
- 2: Agree
- 3: Neither Agree nor disagree
- 4: Disagree
- 5: Strongly Disagree

Thanking you,

(Rana Bharali)

		1	2	3	4	5
#	Description of question	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	Do you agree that the online PMS adopted by the company is able to capture the relevant performance of employees contributing to Company Objectives?					
2	Do you agree that online PMS system able to show the areas in which an employee needs improvement more effectively than the earlier system?					
3	Do you agree that in online PMS is able to alert & identify my performance levels in comparison to other officers in my peer groups?					
4	Do you agree that in online PMS adequately identifies requirements for development or improvement in skill requirements?					
5	Do you agree that the on-line PMS has helped you to know how your work fits in to strategic objectives of the company?					
6	Do you agree that Online PMS helps you to identify what is expectation from you from your current position?					
7	Do you agree that in online PMS, regular updating of goals & objectives along with your Initiating Officer is effectively done compare to earlier system?					
8	Do you agree that change in your role can be well depicted through improved KPIs in Online PMS?					
9	Do you agree that the present Online PMS is a transformation of the earlier hard copy method into an online system without much change in methods and procedures?					
10	Do you agree that working in online PMS does not require sophisticated computer knowledge?					
11	Do you agree that information & records are easily available in online PMS compare to earlier system?					
12	Do you agree that online PMS portal is well design with graphic and online help which was not available in the earlier system?					
13	As you can see the target of your initiating officer in online PMS system you can set your goal in line with him/her which was not possible in the earlier system?					
14	Do you agree that online PMS system is more transparent compare to the earlier system?					
15	Do you agree that guidelines in Assessment by Appraisers are well defined to justify your actual performance?					
16	Do you agree that the final assessment on your Performance along with comments is visible to you up-to your expected level after the assessments are over?					