

**Performance Management System in Pakistan**  
***“A case study on Mari Gas Company Limited”***



**SUBMITTED BY**

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**RAWALPINDI PAKISTAN**

***2005***



**Performance Management System in Pakistan “A case study on Mari Gas Company Limited”**

**Thesis**

**Submitted to:  
Mr Imran Nazir**

**Submitted by:  
Maria Asghar  
073  
MBA 2K4 B**

# *Acknowledgements*

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First of all I would like to thank God Almighty who gave me the ability to work on this research paper and complete it.

I would then like to thank Mr Imran Nazir who helped me and continuously assisted me in writing this research paper.

I would also like to take this opportunity to thank Mr Manzoor Iqbal, Director Human Resource Department and Mr Tauqeer, HR Manager who gave me all the information that I needed to complete this research.

In the end I would like to thank my parents as without their prayers this report would have never been completed

# *Executive Summary*

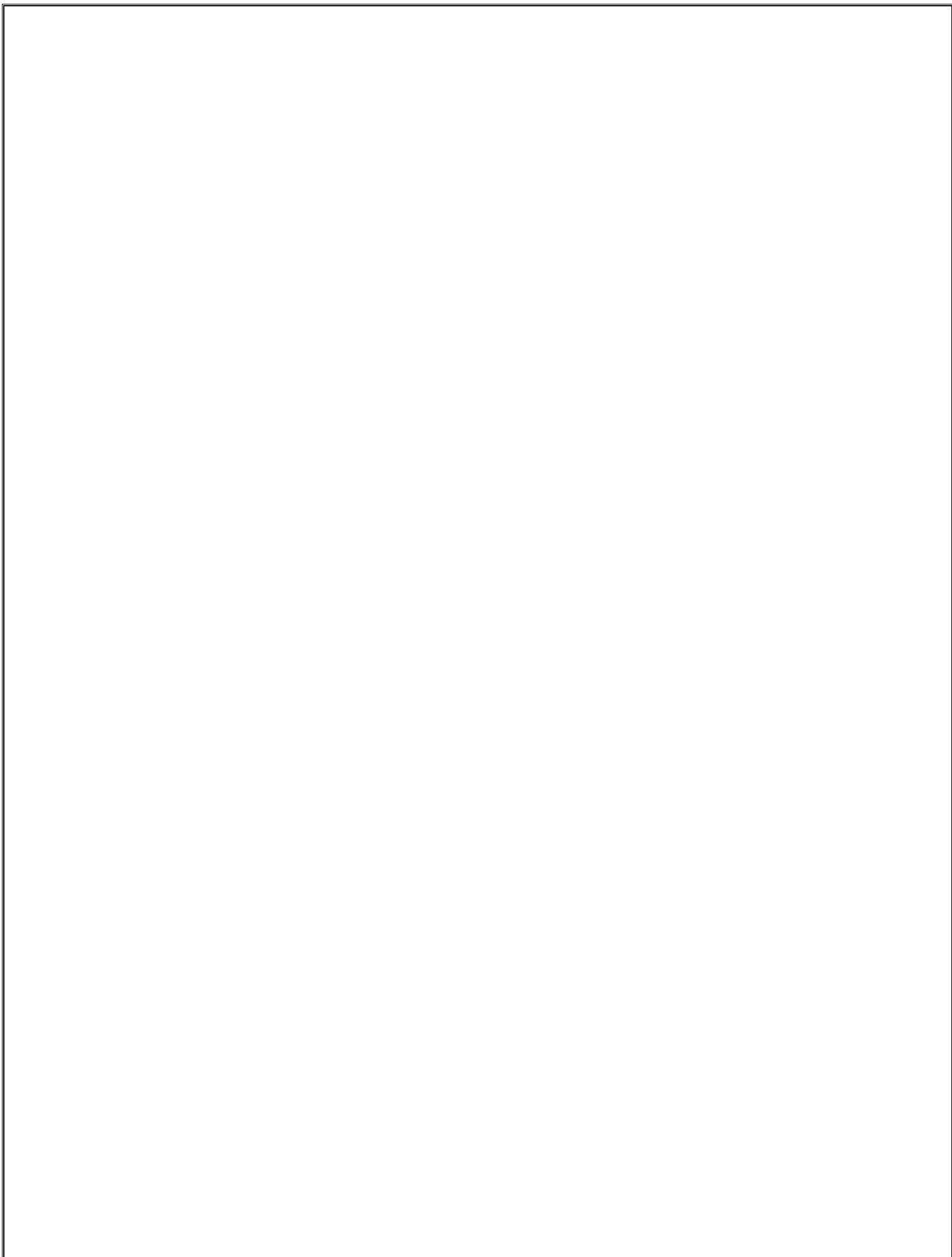
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The main focus of the study has been to inform the readers about the Performance Management Systems, analyze the development of these procedures, study how these procedures help to ensure that only the best candidates are recruited, selected, trained, appraised and compensated and finally the implementation of such concepts in Pakistan organizations.

The Human Resources Management (HRM) function includes a variety of activities, and key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring that personnel and management practices conform to various regulations. Activities also include managing the organizations approach to employee benefits and compensation, employee records and personnel policies.

Based on the understanding of these areas of Human Resource Management, Performance Management System analysis of Mari Gas Company Limited has been undertaken to determine the ongoing policies for its practical implementation in Pakistani organizations.

The study has been done from the broader perspective of the recruitment to appraisal areas of HRM. The scope of the study has been extended to examine the HR practices with appraisal techniques in particular at a Pakistani Organization. The main purpose of the study is to see how much harmony is there in the written rules and ongoing practices in the companies. In order to conduct the study many related articles, case studies and interviews have been reviewed and (added) conducted to have full relevance of the analysis.



**National University of Sciences & Technology**

**MASTER'S THESIS WORK  
Formulation of Guidance & Examination Committee**

Date: October 05, 2006

Name: Maria Asghar

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1. Name: Ms. Ayesha Pervaiz

Signature: \_\_\_\_\_

2. Name: Ms. Zeenat Jabbar

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**APPROVAL**

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Signature of Thesis Advisor

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APPROVED

Program Coordinator – MBA \_\_\_\_\_

DG NIMS \_\_\_\_\_

**MASTER'S THESIS WORK  
SCHEDULE FOR PRELIMINARY EXAMINATION  
(Approval of Research Topic)**

Name of Student:           Maria Asghar          

N.I.D. Card Number: 37405-8515829-8

Thesis Topic: Performance Management System in Pakistan "A case study on Mari Gas Company Limited"

Target date for examination: 13 July 2006

Advisor:                   Mr. Imran Nazir                  

Note: This form should be in the Institute Examination Branch one week in advance of the target date. The examination must be held within a period of from six days before to six days after the target date. In the event of a multipart preliminary examination, only the last segment must be scheduled.

Signature of advisor: \_\_\_\_\_ Date: 13 July 2006

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For College use.

Actual date of preliminary examination: \_\_\_\_\_

Resolution with Form TH-2A: \_\_\_\_\_

**National University of Sciences & Technology**  
**MASTER'S THESIS WORK**  
**REPORT OF PRELIMINARY EXAMINATION**

Student's Name: Maria Asghar NID No: 37405-8515829-8

Institute: NUST Institute of Management Sciences This is a:

- ✓ First preliminary examination  
Second preliminary examination  
following as unsuccessful first  
attempt.

Target date as specified on BS Form TH-2	<u>13 July 2006</u>
Actual Date on which examination occurred	<u>13 July 2006</u>
(For multi-part examinations dates, refer to the final part only)	

Results of the examination: PASS FAIL

<b>Guidance &amp; Examination Committee</b>	
Committee members voting to PASS	Committee members voting to FAIL
1. <u>Ms. Ayesha Pervaiz</u>	_____
2. <u>Ms. Zeenat Jabbar</u>	_____
3. <u>Mr. Naukhez Sarwar</u>	_____
4. _____	_____
<u>Mr. Imran Nazir</u>	_____
Advisor (committee chair)	Advisor (committee chair)

\_\_\_\_\_  
Signature of Advisor

13 July 2006  
Date

If, following failure of a first examination, a second is to be permitted, please list the conditions that must be met beforehand.

\_\_\_\_\_  
\_\_\_\_\_  
It is the student's responsibility to submit this form to Examination branch within two working days of the examination

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Resolution of this form with Form TH-2: \_\_\_\_\_

\_\_\_\_\_  
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**National University of Sciences & Technology**  
**MASTER'S THESIS WORK**  
**Final Oral Exam**

Institute: NUST Institute of Management Sciences Specialization: Human Resource Management

**ABSTRACT**

Complete 3/4 page abstract of thesis of Maria Asghar

Open to Public

Location: Class Room No 4, NUST Institute of Management Sciences Time: 12:30P.M  
Date: 05-10-2006

Mr.Imran Nazir  
Thesis Advisor

**National University of Sciences & Technology**  
**MASTER'S THESIS WORK**

WE HEREBY RECOMMEND THAT THE DISSERTATION PREPARED UNDER OUR  
SUPERVISION BY: Maria Asghar

ENTITLED: Performance Management System in Pakistan "A case study on Mari Gas Company  
Limited"

BE ACCEPTED AS FULFILLING IN PART OF PHILOSOPHY.

**Guidance & Examination Committee**

Member	1.	<u>Ms.Ayesha Pervaiz</u>	Signature: _____
	2.	<u>Ms.Zeenat Jabbar</u>	Signature: _____
	3.	<u>Mr. Naukhez Sarwar</u>	Signature: _____

Advisor/Supervisor: Mr. Imran Nazir

Signature: \_\_\_\_\_  
Date : 05-10-2006

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# *Introduction*

# *Company Profile*

# *Literature Review*

*Research  
Methodology*

# *Findings & Analysis*

# *Conclusion*



# *Recommendations*

# *Bibliography*

# *Appendices*

# 1. Introduction

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## 1.1 Introduction to Topic

This report would be based on a thorough study and would contain information regarding the human resource policies of “Mari Gas”. It would scrutinize the HR policies, reveal serious flaws in the policies and would go on to point ways to eliminate them.

## 1.2 Objective of the study

The main focus of the study would be to study the “Performance Management Systems” of Mari Gas and to inform the readers about the recruitment and selection processes, analyze the development of these procedures, study how these procedures help to ensure that only the best candidates are selected for the organization, the training of the employees and finally pinpoint any areas of improvement in the present system.

As said above, the objective is to study the salient features of HRM and the main focus would be on

- To study the role of Job descriptions in the recruitment and selection process
- To study the recruitment and selection procedures, and how they ensure that only the best candidates are selected
- To evaluate the training policies of the organization and the different types of training provided by the organization to keep the employees abreast about the latest trends in the industry.
- To study the organization management development program with a specific emphasis on the appraisal system

- To establish the horizontal and the vertical linkages in the Performance Management system of Mari Gas

### **1.3 Scope of the study**

The study has been done from the broader perspective of the performance management system areas of HRM. The scope of the study has been extended to examine the HR practices with emphasis on the entire Performance Management Cycle (which starts from job descriptions and ends at training) in the Pakistani environment. The main purpose of the study is to see how much harmony is there in the written rules and ongoing practices in the Pakistani companies. In order to conduct the study many related articles, case studies and interviews have been conducted to have full relevance of the analysis.

### **1.4 Methodology**

For the purpose of this research paper information has been collected from the following sources:

- The study has been completed after carrying out a detailed Literature Review on the subject.
- A part from that HR Director and HR Manager were interviewed to have an in depth analysis of the organization policies about the Performance Management Systems. A thorough questionnaire was prepared to ask for the information.
- Secondary information on the subject was collected through internet, articles and related books.

## 2. Company Introduction

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### 2.1 Introduction to Company

Mari Gas Company Limited is one of the largest oil and gas exploration and production companies in Pakistan which is actively contributing to the national economy. They are operating the second largest gas field in the country located at Daharki, District Ghotki, Sindh. Mari Gas Company Limited (MGCL) was incorporated in mid 80's by Fauji Foundation, Govt. of Pakistan and Oil & Gas Development Corporation (now Oil & Gas Development Company Limited) to takeover the assets, liabilities and operation of Fauji Foundation (Mari Gas) and Pak Stanvac Petroleum Project. The Company commenced business in its own name on December.

It is registered as a public limited company and listed with all the stock exchanges of Pakistan, has the authorized capital of Rs. 2500.00 million. The present fully paid up capital of Rs. 367.50 million is subscribed by Fauji Foundation (40 % with management rights), Government of Pakistan (20%), Oil and Gas Development Company Limited (20%) and general public (20%). The Company is managed by a board of fourteen directors who are elected/nominated by the shareholders in proportion to their shareholdings.

Mari Gas Field, located at Daharki, District Ghotki, Sind, approximately 96 kilometers North of Sukkur. Esso Eastern Inc (EEI) discovered this field in 1957 with the drilling of first well – Mari X-1. It was drilled to the depth of 11110 feet. The gas was encountered at the depth of 2300 feet in Lower Kirthar ZN-‘B’ Limestone formation, commonly known as Habib Rahi Limestone. The field was brought on production in 1967 when the required infrastructure was established to supply 30 MMSCF/Day gas to fertilizer plant of Esso Pakistan Fertilizer Company Limited – now Engro Chemical Pakistan Limited.

## **2.2 Vision**

*To become a model for not only gas companies but also other enterprises by exploring every possible avenue to improve our products and services to the satisfaction of our customers, by creating more opportunities for the development and expansion of gas sector.*

## **2.3 Mission**

*Mari Gas Company, with its customer-centric approach, will make substantial contribution to national economy while securing the interests of the Company and its shareholders in the competitive environment of today's world*

### **2.3.1 Our Commitments**

- Explore and enhance the potential of our human resource.
- Align the interests of our shareholders, human resources, customers and other stakeholders to create significant business value characterized by excellent financial results, outstanding professional accomplishments and superior performance.
- Ensure a safety, reliability and a healthy environment for workforce.
- Adopting advanced technology, cost effective/efficient opportunities, lower costs, increasing operating efficiency and adherence to high environmental standards.
- Provide uninterrupted gas supply to the customers.
- Maintain good operational practices

## **2.4 Production and Customers**

The present production facilities consist of eighty-six (86) producing wells and network of about 255 kilometers gas-gathering lines connecting the wells to two central manifolds. The field is currently producing 464 MMSCF/Day of gas, which is supplied to the five customers under the Gas Purchase and Sale Agreements. The details are shown below: Customers Gas Allocation (MMSCFD)

- Engro Chemicals Pakistan Ltd 103.00
- Fauji Fertilizer Company Ltd Mirpur Mathello 95.50
- Fauji Fertilizer Company Ltd Goth Machhi 184.00
- Water and Power Development Authority 110.00
- Sui Southern Gas Company Ltd 1.60

The gas production is likely to increase to 494.10 MMSCF/Day by the end of 2006 with an additional supply of 20 MMSCF/Day to Fauji Fertilizer – Goth Machhi and 10 MMSCF/Day to Fauji Fertilizer –Mirpur Mathelo.

The Company delivers gas to its customers at Central Manifold at naturally flowing pressure. The responsibility of transmitting the gas from there onward and up to the plants rests with the customers. In order to fulfill gas supply commitments with customers and to produce the field homogenously and to maximize the ultimate gas recovery and, reservoir consultant has concurred to our proposal of compression requirement. The compression project has been approved by the GOP in 2004.

## **2.5 Contribution to National Economy**

The Company has made significant contribution in the national development by providing raw material to the fertilizer industry and supplying gas to WAPDA for power generation. Contribution to the national exchequer in the form of development surcharge, taxes and other levies is now over Rs 10.00 billion per annum. The Company, so far, has contributed over Rs 71 billion on these accounts. Besides contributing at national level, the Company is also active at regional level. It has not only provided jobs to the local population but also created infrastructure in its D&P lease area, which has helped in local development. The Company has so far constructed 295 kilometers of un-metalled and about 52 kilometers of metalled roads benefiting nearly two hundred thousand local residents.



## **2.6 Corporate**

The Company is managed by a Board of fourteen Directors representing Fauji Foundation (6) Government of Pakistan (3) OGDCL (3) and General Public (2) list of present directors.

The directors representing Fauji Foundation and General Public are elected by the shareholders for a term of three years. The directors representing GOP and OGDCL are the nominee directors and they retain this office till their nomination is withdrawn by their respective authorities/organization. In terms of the Articles of Association of the Company, Fauji Foundation has the exclusive right to nominate the Managing Director for the Company.

The Managing Director of the Company is responsible for running the day to day affairs of the Company. He is assisted by a well organized team of General Managers, Managers and other staff members, who are qualified and trained in their respective disciplines of Company's operations.

## **2.7 Board of Directors**

The Company is managed by a Board of fourteen directors. The directors representing Fauji Foundation (six) and general public (two) are elected by the shareholders for a term of three years. The directors representing GOP (three) and OGDCL (three) are the nominee directors and retain the office till their nomination is withdrawn by their respective authorities/organization. In terms of Articles of Association of the Company, Fauji Foundation has the exclusive right to nominate Managing Director of the Company. The Board has also established specialized committees namely Audit Committee, Finance Committee, Technical Committee and Human Resource Committee to assist it by carrying out detailed and analytical evaluation of various proposals. The directors possessing the requisite knowledge and experience are nominated as Presidents/Members of these committees.

**Chairman**

Lt Gen Syed Arif Hassan (Retd)

Managing Director

Fauji Foundation

**Chief Executive**

Lt Gen Imtiaz Shaheen (Retd)

Managing Director

Mari Gas Company Limited

**Directors**

Brig Aftab Ahmad (Retd), Director P&D, Fauji Foundation.

Brig Ghazanfar Ali (Retd), Director Industries, Fauji Foundation.

Brig Munawar Ahmed Rana (Retd), Director SE&D, Fauji Foundation.

Mr. Qaiser Javed, Director Finance, Fauji Foundation.

Mr. Arshad Nasar, Managing Director, OGDCL.

Mr. Asif Bajwa, Additional Secretary, Finance Division

Mr. Muhammad Naeem Malik, DG PC, Ministry of Pet & NR.

Mr. Mobassar A Zafar, Executive Director Administration, OGDCL.

Mr. Shaukat Hayat Durrani, Additional Secretary Ministry Of Pet & NR.

Mr. Muhammad Riaz Khan, A/GM Process & Plants, OGDCL.

Mr. Abdus Sattar, Financial Advisor, MGCL.

Mr. Tariq Iqbal Khan, Managing Director, NIT.

## **2.8 Management and Human Resource**

The Managing Director is responsible for running day-to-day affairs of the Company. He is assisted by an efficient team of professionals comprising General Managers, Managers and other staff. Particular emphasis is placed on attracting and retaining the suitably qualified staff to maintain high level of operational efficiency. An attractive and competitive compensation package is offered to the employees for this purpose. Under an annual plan of continuous learning, the employees are regularly nominated to attend local and foreign professional courses, seminars, workshops and conferences, which help them keep abreast with the latest developments in their respective disciplines.

- Health, Safety and Environment Policy
- Scope and Objectives

Mari Gas Company Limited is committed to undertake all its business with a view to minimize potential Health, Safety & Environmental risk to its employees, environment, contractors, customers, neighbors, communities, stakeholders, others affected by its activities and the public at large.

## **2.9 Policy Statement**

The Company aims to develop, implement and maintain effective HSE management systems for health, safety and environment that are consistent with internationally recognized standards and enable it to:

- Identify, assess and manage risks, and aspire to zero harm, to employees, environment, contractors, customers, neighbors, communities, stakeholders, others affected by its activities and the public at large.
- Prevent accidents and provide a secure working environment by safeguarding the Company, its assets and property, and operations against risk of injury, loss or damage.
- Follow best health, safety and environment practices.

- Take all reasonable precautions to control and prevent pollution or damage to the environment and surroundings.
- Develop our people and provide resources to meet HSE objectives.
- Support the fundamental human rights of employees, contractors and respect the traditional rights of the communities in which we operate.
- Executing all operations in a proper, prudent manner in accordance with good oilfields practices.
- Have commitment for continual improvement in HSE performance and ensure efficient use of natural resources.
- Discourage actions inflicting any potential HSE risk.
- Have commitment to adopt relevant legislations and meet other requirements and comply with statutory obligations

### **2.9.1 Implementation of Policy**

To implement this policy MGCL claims to:

- Identify and mitigate the HSE hazards stemming from its operations, especially prevention of spills, wastes and emissions.
- Coordinate with all stakeholders to develop and suggest realistic laws, regulations and standards to the relevant regulating authorities.
- Conduct environmental operational audit to optimize its performance.
- Encourage and reward timely identification and reporting of risks.
- Impart regular HSE training to increase the level of awareness amongst the employees.
- Adopt broader safety performance indicators.
- Develop Company-wide control protocols for potentially fatal risks in the business and implementing a fatal incident management procedure.
- Continue to drive improvement through effective safety leadership, line accountability, and behavioral change and awareness programs.

### **2.9.2 Responsibility**

While the Company, its employees and contractors are expected to implement the policy in letter and spirit for reduction of potential risks to Health, Environment and safety of its employees, Assets, and all stakeholders, HSE related issues will be mainly looked after by the HSE department of the Company and all the issues will be promptly brought to the notice of the management.

The policy is to be implemented via detailed management standards and standard operating procedures, the requirements of which must be met at all operations.

The Company aims to, communicate with, and encourage, its employees, contractors, business partners, suppliers, customers, visitors and communities to:

- Build relationships based on honesty, openness, mutual trust and involvement.
- Share responsibility for meeting the requirements of this policy.

They will review regularly to ensure this Policy remains relevant to the needs of the Company and other stakeholders. “We will be successful when we are valued by the communities in which we work”.

### **2.9.3 Careers**

At MGCL they offer a wide range of Job opportunities. Throughout the organization, they are committed to workforce diversity; it is a key driver of the opportunities waiting for you at MGCL. They believe that by leveraging the diversity and creating a culture of inclusiveness in the workforce, they will be able to meet this goal and also attract, develop and retain the best talent available. This is the strategic logic behind the commitment to diversity.

## **2.10 Future Expansion/Development**

### **2.10.1 Mari Habib Rahi Shallow Reservoir**

The installation of compressors on Shallow Habib Rahi Reservoir wells is a vital requirement for depleting the reservoir uniformly and to meet pressure requirement of the customers. Arrangements for compression facility are in process and are expected to be finalized by the 1st quarter of year 2006.

### **2.10.2 Mari Goru-B Deep Reservoir**

Apart from the exploration activities outside Mari field, MGCL has also been actively involved in enhancing its reserves of Mari D & P Lease and has made a considerable progress in this regard by adding 1.210 TCF recoverable reserves as concluded by reservoir consultant through discovery in a deeper horizon i.e. Goru-B Reservoir. Economic Coordination Committee (ECC) has dedicated the deep gas for Power Sector. Accordingly, Private Power Infrastructure Board (PPIB) allocated 100 MMSCFD gas for setting up power projects of 300MW capacity near Mari Field. IPPs are making necessary arrangements for setting up Power Plants and simultaneously MGCL is designing production facilities for the supply of this gas on commercial basis.

### **2.10.3 Mari Sui Main Limestone**

Last year, the Company made another gas discovery in its Mari D & P lease area in Sui and Pirkoh Limestone formations. The Company is planning to appraise and develop the reservoir in the near future.

### **2.10.4 Zarghun South Gas Field**

The Government had approved the commerciality and development plan for Zarghun South. According to development plan, the facilities and pipeline shall be completed in 28 months after signing of the GSA.

#### **2.10.4 Ziarat Exploratory Well-1**

MGCL entered into 1st ever operations outside Mari D&P lease area with spud in of Ziarat Exploratory Well # 1 as an operator on September 28, 2005.

The Nawabshah Block Joint Venture has mapped a Hakim Daho West prospect and plans to spud its firm commitment well by October 22, 2005. The Company awaits Government's approval of the farm-in deal with Tullow for acquisition of 20% and 10% in their Kohat and Bannu-west Blocks respectively against a swap farm-out of 20% and 10% interests respectively from its 40% share in Kalchas and Kohlu Blocks to enable execution of Deeds of Assignment with the Government and implement the transfer of interests in these Blocks. The Company continues to pursue its evaluation of potential sedimentary basins of the country to identify new exploration areas as well as assessing prospects and negotiating terms for Company's participation in the already awarded blocks through farm-in arrangements with other companies.

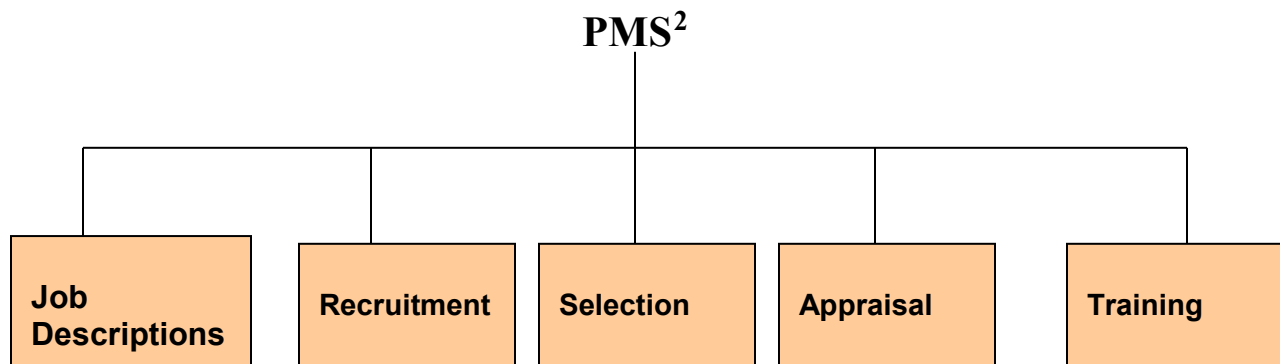
# 3. Literature Review

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## 3.1 Introduction to Performance Management System

Performance Management can be defined as a process or set of processes for establishing shared understanding about what is to be achieved and of managing and developing people in a way which increases the probability that it will be achieved in the short and longer run. The first key phrase in the definition is “what to be achieved” which when seen in the perspective of the organization are the ever changing goals and targets that have to be met in order to keep the corporate body afloat through the efforts of the employees. Secondly the crucial phrase that has to be looked into is, “shared understanding”, which signifies the strategic or type-environment fit, between the goals of an organization on one hand and the aims and aspirations of its employees on the other. Finally the phrase managing and developing the people signifies the performance enhancement of the employees so that shared understanding or strategic fit may be established in relation to that which has to be achieved<sup>1</sup>.

The building blocks of performance management system are



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<sup>1</sup> Performance Management System, Course Pack

<sup>2</sup> Sir Fazl-e-Muqem lectures



Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.<sup>3</sup>

Employee performance management includes:

- [planning](#) work and setting expectations,
- continually [monitoring](#) performance,
- [developing](#) the capacity to perform,
- periodically [rating](#) performance in a summary fashion, and
- [rewarding](#) good performance

Figure 4



### 3.1.1 Planning

In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

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<sup>3</sup> <http://www.opm.gov/perform/overview.asp>

<sup>4</sup> <http://www.opm.gov/perform/overview.asp>

The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

### **3.1.2 Monitoring**

In an effective organization, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals.

Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. And by monitoring continually, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned<sup>5</sup>.

### **3.1.3 Developing**

In an effective organization, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and developmental

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<sup>5</sup> <http://www.opm.gov/perform/overview.asp>

opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology.

Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

### **3.1.4 Rating**

From time to time, organizations find it useful to summarize employee performance. This can be helpful for looking at and comparing performance over time or among various employees. Organizations need to know who their best performers are.

Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organization's appraisal program. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction in force

### **3.1.5 Rewarding**

An effective organization, rewards are used well. Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency's mission. A basic principle of effective management is that all behavior is controlled by its consequences. Those consequences can and should be both formal and informal and both positive and negative.

Good performance is recognized without waiting for nominations for formal awards to be solicited. Recognition is an ongoing, natural part of day-to-day experience. A lot of the

actions that reward good performance — like saying "Thank you" — don't require a specific regulatory authority. Nonetheless, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many nonmonetary items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments.

### 3.2 Job descriptions

A critical component of both compensation and selection systems, job descriptions define in writing the responsibilities, requirements, functions, duties, location, environment, conditions, and other aspects of jobs. Descriptions may be developed for jobs individually or for entire job families<sup>6</sup>

First, let's look at some terms. A **job** is a collection of tasks and responsibilities that an employee is responsible to conduct. Jobs have titles. A **task** is typically defined as a unit of work, that is, a set of activities needed to produce some result, e.g., vacuuming a carpet, writing a memo, sorting the mail, etc. Complex positions in the organization may include a large number of tasks, which are sometimes referred to as **functions**. **Job descriptions** are lists of the general tasks, or functions, and responsibilities of a position. Typically, they also include to whom the position reports, specifications such as the qualifications needed by the person in the job, salary range for the position, etc. Job descriptions are usually developed by conducting a **job analysis**, which includes examining the tasks and sequences of tasks necessary to perform the job. The analysis looks at the areas of knowledge and skills needed by the job. Note that a **role** is the set of responsibilities or expected results associated with a job. A job usually includes several roles.

Typically, job descriptions are used especially for advertising to fill an open position, determining compensation and as a basis for performance reviews. Not everyone believes that job descriptions are highly useful. Read Dr. John Sullivan's article listed at the end of the following links. He points out numerous concerns about job descriptions that many

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<sup>6</sup> [www.hr-guide.com/data/G400.htm](http://www.hr-guide.com/data/G400.htm)

other people have as well, including, e.g., that too often job descriptions are not worded in a manner such that the employee's performance can be measured, they end up serving as the basis for evaluation rather than performance, etc. <sup>7</sup>

### **3.3 Recruitment and Selection**

Finding the right person for the job has always been important and the decision to appoint an individual is one of the most crucial an employer will ever take. This is particularly true in the light of the HRM notion of people as competitive advantage'; indeed, Beaumont (1993) identifies three themes in the HRM literature which appear to have enhanced the potential importance of the selection decision in individual organizations in the current operating environment. First demographic trends and changes in the labor market have led to a "less homogeneous work force" which has placed increasing pressure on the notion of fairness in selection. Secondly, the desire for a multi skilled, flexible workforce and an increased emphasis team working has meant that selection decisions are more concerned with behavior and attitudes than with matching individuals to immediate job requirements. And third the link between corporate strategy and HRM has lead to the notion of strategic selection, i.e.-e a system that links selection to the overall organizational strategy that aims to match the flow of personnel to emerging business strategies<sup>8</sup>.

Recruitment of good employees is a key survival issue in business today. All across the country it is difficult to hire good people today. The market is very tight, especially for entry-level jobs. Thus there is a need to think differently about how to source good candidates

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<sup>7</sup> <http://www.managementhelp.org>

<sup>8</sup> HUMAN RESOURCE MANAGEMENT IN CONTEXT By Helen Newell, 1st edition.

### **3.3.1 What is recruitment?**

In current work environment, businesses that want to stay ahead of the game have recognized the importance of running an efficient, high-performance organization. Building such an organization depends on choosing candidates who are best suited to the organization's specific needs. Now the question is how can the organization ensure that they are selecting the best? By casting a wide net in the recruiting activities--and tapping into the hidden workforce. During these times of restructuring, budget cuts, and hiring freezes, HR executives and hiring managers are focused on implementing recruiting strategies that maximize their resources. A strategy that is cost effective, yet able to deliver quality candidates in a timely manner, is the goal. Recruitment involves seeking and attracting a pool of people from which qualified candidates for jobs vacancies can be chosen.

### **3.3.2 The systematic approach to recruitment and selection**

The key stages of a systematic approach include<sup>9</sup>

#### **3.3.2.1 Define the Job**

The traditional approach involves writing a comprehensive job description of the job to be filled. This enables the recruiter to know exactly what the purpose, duties and responsibilities for the vacant position will be and its location within the organization structure. The need for greater flexibility has led a number of organizations to replace the traditional job description with a concise list of bullet points or accountability statements often limited to a one-sheet paper.

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<sup>9</sup> Human Resource Management by Ian Beardwell and Len Holden

### **3.3.2.2 Define the Person**

The traditional approach involves drawing up a personnel specification based on the job description, which identifies the personal characteristics required to perform the job adequately. Under the HRM banner there is greater emphasis on securing people with the right behavior and attitudes rather than focusing on immediate job requirements.

### **3.3.2.3 Agree Terms and Conditions**

Decisions on terms and conditions are made at various points in the process. Some of these are often not negotiated (for e.g. hours and rewards) until the final selection stages. There is a case for deciding the salary and other elements of the reward package before attracting candidates.

## **3.3.3 Attracting Applicants**

### **3.3.3.1 Recruitment methods**

A wide variety of recruitment methods are available and they have their advantages and disadvantages. The resources available will influence the most appropriate method for any particular vacancy, the level of the post and its importance within the organization<sup>10</sup>.

### **3.3.3.2 Design of advertisements**

The most popular formal recruitment method is press advertising. Effective communication from the employer to potential applicants requires thought and skills and

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<sup>10</sup> Human Resource Management by Ian Beardwell and Len Holden

many organizations use the services of a recruitment agency for the design of the advertisement and advice on the most effective media. The aim of the advertisements is to attract only suitable candidates and therefore it would discourage those who do not possess the necessary attributes while, at the same time, retaining and encouraging the interest of those who are suitable<sup>7</sup>.

### **3.3.3.3 Recruitment Documentation**

The response of the organization should be indicative of the overall image the organization wishes to project. Some organizations prepare a package of documents, which may include the job description, the person specification, information about the organization, the equal opportunities policy; the rewards package available and possible future prospects. Some give candidates the opportunity to discuss the position with an organizational representative on an informal basis<sup>7</sup>.

### **3.3.4 Sources of Qualified Personnel**

An organization may fill a particular job either with someone already employed by the organization or with someone from outside. Each these sources have advantages and disadvantages.

#### **3.3.4.1 Internal sources**

If an organization has been effective in recruiting and selecting employees in the past one of the best sources of talent is its own employees. This has several advantages. First the organization has a general idea of the strength and weaknesses of its employees. If the organization maintains a skills inventory, it can use it as a starting point for recruiting from within. In general, more accurate data are available concerning current employees, thus reducing the chance of making a wrong decision. Not only does the organization



know more about its employees but also the employees know more about the organization and how it operates<sup>11</sup>.

Another advantage is that recruitment from within has a significant, positive effect on employee motivation and morale when it creates promotion opportunities or prevents layoffs. When employees know they will be considered for openings they have an incentive for good performance.

A final advantage relates to the fact that most organizations have a sizable investment in their work force. Full use of the abilities of the organizations employees improves the organizations return on its investment.

However they are disadvantages of recruiting from within. One danger associated with promotion from within is that fighting for promotions can become overly intense and have a negative effect on the morale and performance of people who are not promoted<sup>17</sup>.

Two major issues are involved if an organization promotes from within. First the organization needs a strong employee and management development program in order to ensure that its employees can handle larger responsibilities. The second issue concerns the desirability of using seniority as the basis for promotions.

### **3.3.4.2 External Sources**

External recruiting is needed in organizations that are growing rapidly or have a large demand for technical, skilled or managerial employees.

One advantage of recruiting from outside is that the pool of talent is much larger than that available from internal sources. Another advantage is that employees hired from outside can bring new insight and perspectives to the organizations. One disadvantage of external recruitment is that attracting, contacting and evaluating potential employees is more difficult. A second potential disadvantage is that employees hired from the outside need a longer adjustment or orientation period. This can cause problems because even jobs they

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<sup>11</sup> [www.lg-employers.gov.uk](http://www.lg-employers.gov.uk)

do not appear to be unique to the organization require familiarity with the people, procedures and policies of the organization in which they are performed. A final problem is that recruiting from out side may cause morale problems among people with in the organization who feel qualified to do the jobs

### **3.3.5 Assessing Candidates**

Once recruitment has identified the sources of candidates, the focus now shifts to the selection and the next stages concentrate on assessing the suitability of the candidates.

#### **3.3.5.1 Short listing**

As economic conditions and technological developments are likely to lead more people chasing fewer jobs across the employment spectrum, it is increasingly the norm of the organizations to receive more applicants than they can reasonable interview. Thus the initial step in selection is to categorize candidates as probable, possible or unsuitable. This is done on the basis of the information provided on the applicant form or resume against the predetermined selection criteria. The criteria may either be explicit, i.e. detailed on the personnel specification, or implicit, i.e. only in the mind of the person doing the short listing<sup>12</sup>.

Short listing is the process by which selectors match the information given on the application form with the requirements of the job, using the agreed job description and person specification. The short-listing exercise must be carried out as soon as possible after the closing date and should be undertaken by at least two people and these should be the same people with regard to all applicants to ensure consistency in the process<sup>22</sup>.

Applicants should demonstrate that they meet at least the essential criteria set out in the person specification. Simply stating ‘I have excellent IT skills’ is not sufficient and an applicant would be expected to explain what IT skills they have. The same criteria should

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<sup>12</sup>[www.aidworkers.net/management/people/shortlisting.html](http://www.aidworkers.net/management/people/shortlisting.html)

be applied to all applicants. This means that if one person is not short listed because they do not meet one of the essential criteria, all other applicants who also do not have that essential criterion must not be short-listed.

The selectors should not impose an arbitrary limit on the shortlist but should have regard as to whether or not candidates meet the essential criteria for the post. Where a large number of candidates meet the essential criteria, the desirable criteria may be applied to reduce the interview field to a manageable number. Similarly candidates should not be short listed for interview to "make up the numbers", they should only be invited if they meet the criteria for the post. There should be no artificial restrictions on the number of applicants from any minority group when short-listing<sup>13</sup>.

If after short listing using the essential and desirable criteria, the short listed pool is still too large to interview, it may be necessary to conduct some tests or conduct some preliminary informal interviews in order to reduce the number of candidates<sup>23</sup>.

### **3.3.5.2 Selection Methods**

A number of selection methods are available and a selection procedure will frequently involve the use of more than one method<sup>23</sup>.

#### **a. Interview**

This is far by the most popular selection method and is described as a closed conversation with a purpose. Interviews are usually conducted face to face, although some organizations are now using telephone interviews as a part of their selection procedure. The number of interviews involved in the selection process is frequently determined by the status of the vacancy. Survey data has found that majority of the organizations use

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<sup>13</sup> [www.mybusiness.co.uk](http://www.mybusiness.co.uk)

two or more interviews for managerial and graduate posts, but used single interviews for clerical and manual requirements<sup>14</sup>.

## **b. Tests**

Testing is generally an attempt to achieve objectivity or to put it more accurately to reduce subjectivity in selection decision-making. The main types of tests used for selection are attainment tests, aptitude tests, intelligent tests and personality questionnaires. Tests can be used as part of the selection process to assist with the decision making process. It is not always possible to test whether an applicant meets certain essential criteria from the application form and interview alone. A good example of this is where a candidate is required to have a certain level of competence at typing or word processing to be able to do the job. The candidate may state in the application form that they can type well and may back this up at interview. Similarly formal presentation skills can only be measured to a certain point at interview, and asking candidates to complete a short presentation will give the recruiters a better assessment of the candidate's competence in this area. Other tests include<sup>15</sup>:

- **Written tests:** to measure written skills (e.g. grammar, ability to write reports/letters etc. These can also be used to measure a candidate's knowledge of an area related to the job
- **Case studies:** to measure how candidates will react to certain situations, e.g. financial interpretation tests for Finance staff, how to react to specific difficult scenarios for Personnel staff, Counseling staff etc, drawing up training events for Staff Development staff etc
- **Personality tests:** to measure for specific personality traits

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<sup>14</sup> [www.mdx.ac.uk/policies/docs/hrps7](http://www.mdx.ac.uk/policies/docs/hrps7)

<sup>15</sup> [www.mdx.ac.uk/policies/docs/hrps7](http://www.mdx.ac.uk/policies/docs/hrps7)

- **Ability tests:** to measure specific abilities, such as verbal and numerical comprehension
- **Group exercises:** to measure interpersonal skills, leadership skills and so on.
- **Skills tests:** to measure specific skills required for the job, e.g. typing tests for clerical staff, operating certain machinery for manual staff etc
- **Presentations:** to measure an applicant's oral communication and presentation skills. A presentation can also be used to assess a candidates knowledge of an area related to the job

### **3.4 Training**

Training means the planned and organized activity of a consultant to impart skills, techniques and methodologies to employers and their employees to assist them in establishing and maintaining employment and a place of employment which is safe and healthful<sup>16</sup>.

If organizations are to survive and prosper in the modern world of rapid change, they need to be more flexible, faster-moving and faster-learning than before. Their ability to do this rests upon the abilities of their workforce to have these characteristics – hence the value of training. If individuals are able to learn, develop and change, then so can the organizations.

#### **3.4.1 Assessing training needs**

Providing training for employees not only helps them develop their skills and knowledge, but it is also motivational and a building block to organizational success.

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<sup>16</sup><http://www.google.com.pk/search?hl=en&lr>

It is important for any organization, large or small, to plan the training that its people may need. While there can be enormous benefits in developing the capabilities of the workforce, training doesn't come cheaply. Training needs to be for the right people, it needs to be the right type of training and it needs to be at the right time.

### **3.4.2 The training cycle has four key stages:**

#### **Stage 1 – Assessing the need**

What are the knowledge and skills required to do a job, and how does the employee match up against this knowledge and skill? This is where a job description adds value, as it provides a template against which the individual can be measured, to see where he or she would benefit from training to raise key knowledge and skills. Having a set of job competencies is also valuable. Assessing the need can be carried out by the employee and the employee's line manager together. This makes it particularly powerful, as both will have bought into the training needs assessment.

Assessing the training need is often referred to as a training needs analysis. At the individual level, assessing training needs sits well in appraisals, and ongoing appraisals should be used to cover ongoing training needs<sup>17</sup>.

#### **Stage 2 – Planning the training**

Few small organizations have the capacity to run training courses in-house, and often use external training companies. However, there may be ways of passing on skills and knowledge internally.

If the decision is made to use external training companies, there are two options: an 'open' training course outside the organization or an 'exclusive' training course run specifically for an organization<sup>13</sup>.

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<sup>17</sup> [www.ndi.org](http://www.ndi.org)

### **Stage 3 – Carrying out the training**

Before attending a training course or program, it is vital that the employee and line-manager meet to agree course objectives. They must also meet as soon as the training is over in order to check that it met objectives. This is often overlooked and lessens the impact of training.

### **Stage 4 – Evaluating the training**

Most training companies invite delegates to complete 'training evaluation sheets' at the end of a program, but these have only limited value. The benefit of a training program will only be seen back in the workplace during the weeks and months after the training has concluded. It is useful to assess the impact of training a few weeks after the program has been completed. Does the employee now have the knowledge and skills to be able to achieve the required competency?

## **3.5 Performance Appraisal**

### **3.5.1 Evolution of Performance Appraisal**

The history of performance appraisal is quite brief. Its roots in the early 20th century and can be traced to Taylor's pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resources management<sup>18</sup>.

As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession.

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<sup>18</sup>[http:// Introduction to Performance Appraisal.htm](http://Introduction to Performance Appraisal.htm)

There is, says Dulewicz (1989), "... a basic human tendency to make judgments about those one is working with, as well as about oneself." Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily.

The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate<sup>19</sup>.

Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor expected, a pay rise was in order<sup>20</sup>.

Little consideration, if any, was given to the developmental possibilities of appraisal. It was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this basic system succeeded in getting the results that were intended; but more often than not, it failed.

For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance. These observations were confirmed in empirical studies. Pay rates were important, yes; but they were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have a major influence.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the United States, the potential usefulness of appraisal as tool for motivation

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<sup>19</sup> [www.performance-appraisal.com/intro.htm](http://www.performance-appraisal.com/intro.htm)

<sup>20</sup> [www.cnr.berkeley.edu](http://www.cnr.berkeley.edu)



and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time<sup>21</sup>.

### **3.5.2 Modern Appraisal**

Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

In many organizations - but not all - appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay.

### **3.5.3 Benefits of Appraisal**

Perhaps the most significant benefit of appraisal is that, in the rush and bustle of daily working life, it offers a rare chance for a supervisor and subordinate to have "time out" for a one-on-one discussion of important work issues that might not otherwise be addressed<sup>22</sup>.

Almost universally, where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive. Appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance. Thus the performance of the whole organization is enhanced.

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<sup>21</sup> [web.cba.neu.edu](http://web.cba.neu.edu)

<sup>22</sup> [www.performance-appraisal.com](http://www.performance-appraisal.com)

For many employees, an "official" appraisal interview may be the only time they get to have exclusive, uninterrupted access to their supervisor. The value of this intense and purposeful interaction between a supervisors and subordinate should not be underestimated.

### **1. Motivation and Satisfaction**

Performance appraisal can have a profound effect on levels of employee motivation and satisfaction - for better as well as for worse. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted. In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.

If nothing else, the existence of an appraisal program indicates to an employee that the organization is genuinely interested in their individual performance and development. This alone can have a positive influence on the individual's sense of worth, commitment and belonging. The strength and prevalence of this natural human desire for individual recognition should not be overlooked. Absenteeism and turnover rates in some organizations might be greatly reduced if more attention were paid to it. Regular performance appraisal, at least, is a good start.

### **2. Training and Development**

Performance appraisal offers an excellent opportunity - perhaps the best that will ever occur - for a supervisor and subordinate to recognize and agree upon individual training and development needs. During the discussion of an employee's work performance, the presence or absence of work skills can become very obvious - even to those who habitually reject the idea of training for *them!* Performance appraisal can make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations<sup>23</sup>.

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<sup>23</sup> [www.wpi.edu](http://www.wpi.edu)

### **3. Recruitment and Induction**

Appraisal data can be used to monitor the success of the organization's recruitment and induction practices. For example, how well are the employees performing who were hired in the past two years. Appraisal data can also be used to monitor the effectiveness of changes in recruitment strategies. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

### **4. Employee Evaluation**

Though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal. But the need to evaluate (i.e., to judge) is also an ongoing source of tension, since evaluative and developmental priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual.

Though organizations have a clear right - some would say a duty - to conduct such evaluations of performance, many still recoil from the idea. To them, the explicit process of judgment can be dehumanizing and demoralizing and a source of anxiety and distress to employees. It is been said by some that appraisal cannot serve the needs of evaluation and development at the same time; it must be one or the other. But there may be an acceptable middle ground, where the need to evaluate employees objectively, and the need to encourage and develop them, can be balanced.

### **5. The Link to Rewards**

Recent research (Bannister & Balkin, 1990) has reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Such findings are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other.

There is also a group who argues that the evaluation of employees for reward purposes, and frank communication with them about their performance, are part of the basic responsibilities of management. The practice of not discussing reward issues while appraising performance is, say critics, based on inconsistent and muddled ideas of motivation.

In many organizations, this inconsistency is aggravated by the practice of having separate wage and salary reviews, in which merit rises and bonuses are decided arbitrarily, and often secretly, by supervisors and managers<sup>24</sup>.

### **3.5.4 Appraisal Methods**

In a landmark study, [Locher & Teel \(1977\)](#) found that the three most common appraisal methods in general use are rating scales (56%), essay methods (25%) and results-oriented or MBO methods (13%). Certain techniques in performance appraisal have been thoroughly investigated, and some have been found to yield better results than others.

#### **a. Encourage Discussion**

Research studies show that employees are likely to feel more satisfied with their appraisal result if they have the chance to talk freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals. (e.g., [Nemeroff & Wexley, 1979](#)). Employees are also more likely to feel that the appraisal process is fair if they are given a chance to talk about their performance. This especially so when they are permitted to challenge and appeal against their evaluation. ([Greenberg, 1986](#))<sup>25</sup>.

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<sup>24</sup> [www.themanager.org](http://www.themanager.org)

<sup>25</sup> [www.capterra.com/performance-appraisal](http://www.capterra.com/performance-appraisal)

### **b. Constructive Intention**

It is very important that employees recognize that negative appraisal feedback is provided with a constructive intention, i.e., to help them overcome present difficulties and to improve their future performance. Employees will be less anxious about criticism, and more likely to find it useful, when they believe that the appraiser's intentions are helpful and constructive. ([Fedor et al., 1989](#))

In contrast, other studies (e.g., [Baron, 1988](#)) have reported that "destructive criticism" - which is vague, ill-informed, unfair or harshly presented - will lead to problems such as anger, resentment, tension and workplace conflict, as well as increased resistance to improvement, denial of problems, and poorer performance.

### **c. Set Performance Goals**

It has been shown in numerous studies that goal-setting is an important element in employee motivation. Goals can stimulate employee effort, focus attention, increase persistence, and encourage employees to find new and better ways to work. (e.g., [Locke, et al., 1981](#)) The usefulness of goals as a stimulus to human motivation is one of the best supported theories in management. It is also quite clear that goals which are "...specific, difficult and accepted by employees will lead to higher levels of performance than easy, vague goals (such as do your best) or no goals at all." ([Harris & DiSimone, 1994](#))

### **d. Appraiser Credibility**

It is important that the appraiser (usually the employee's supervisor) be well-informed and credible. Appraisers should feel comfortable with the techniques of appraisal, and should be knowledgeable about the employee's job and performance. When these conditions exist, employees are more likely to view the appraisal process as accurate and fair. They also express more acceptance of the appraiser's feedback and a greater willingness to change. ([Bannister, 1986](#))

## **3.5.5 Appraisal Methods**

### **3.5.5.1 Rating Scales**

The rating scale method offers a high degree of structure for appraisals. Each employee trait or characteristic is rated on a bipolar scale that usually has several points ranging from "poor" to "excellent" (or some similar arrangement).

The traits assessed on these scales include employee attributes such as cooperation, communications ability, initiative, punctuality and technical (work skills) competence. The nature and scope of the traits selected for inclusion is limited only by the imagination of the scale's designer, or by the organization's need to know. The one major provision in selecting traits is that they should be in some way relevant to the appraisee's job. The traits selected by some organizations have been unwise and have resulted in legal action on the grounds of discrimination<sup>26</sup>.

#### **Advantages**

1. The greatest advantage of rating scales is that they are structured and standardized. This allows ratings to be easily compared and contrasted - even for entire workforces.
2. Each employee is subjected to the same basic appraisal process and rating criteria, with the same range of responses. This encourages equality in treatment for all appraisees and imposes standard measures of performance across all parts of the organization.
3. Rating scale methods are easy to use and understand. The concept of the rating scale makes obvious sense; both appraisers and appraisees have an intuitive appreciation for the simple and efficient logic of the bipolar scale. The result is widespread acceptance and popularity for this approach.

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<sup>26</sup> [www.themanager.org/Knowledgebase](http://www.themanager.org/Knowledgebase)

## **Disadvantages**

***Trait Relevance:*** Are the selected rating-scale traits clearly relevant to the jobs of all the appraisees? It is inevitable that with a standardized and fixed system of appraisal that certain traits will have a greater relevance in some jobs than in others. For example, the trait "initiative" might not be very important in a job that is tightly defined and rigidly structured. In such cases, a low appraisal rating for initiative may not mean that an employee lacks initiative. Rather, it may reflect that fact that an employee has few opportunities to use and display that particular trait. The relevance of rating scales is therefore said to be context-sensitive. Job and workplace circumstances must be taken into account<sup>27</sup>.

***Systemic Disadvantage:*** Rating scales, and the traits they purport to measure, generally attempt to encapsulate all the relevant indicators of employee performance. There is an assumption that all the true and best indicators of performance are included, and all false and irrelevant indicators are excluded. This is an assumption very difficult to prove in practice. It is possible that an employee's performance may depend on factors that have not been included in the selected traits. Such employees may end up with ratings that do not truly or fairly reflect their effort or value to the organization. Employees in this class are systemically disadvantaged by the rating scale method.

***Perceptual Errors:*** This includes various well-known problems of selective perception (such as the horns and halos effect) as well as problems of perceived meaning. Selective perception is the human tendency to make private and highly subjective assessments of what a person is "really like", and then seek evidence to support that view (while ignoring or downplaying evidence that might contradict it). This is a common and normal psychological phenomenon. All human beings are affected by it. In other words, we see in others what we want to see in them. An example is the supervisor who believes that an employee is inherently good (halo effect) and so ignores evidence that might suggest otherwise. Instead of correcting the slackening employee, the supervisor covers for them and may even offer excuses for their declining performance. On the other hand, a

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<sup>27</sup> [www.esd.qmul.ac.uk](http://www.esd.qmul.ac.uk)

supervisor may have formed the impression that an employee is bad (horns effect). The supervisor becomes unreasonably harsh in their assessment of the employee, and always ready to criticize and undermine them. The horns and halo effect is rarely seen in its extreme and obvious forms. But in its more subtle manifestations, it can be a significant threat to the effectiveness and credibility of performance appraisal<sup>28</sup>.

***Perceived Meaning:*** Problems of perceived meaning occur when appraisers do not share the same opinion about the meaning of the selected traits and the language used on the rating scales. For example, to one appraiser, an employee may demonstrate the trait of initiative by reporting work problems to a supervisor. To another appraiser, this might suggest an excessive dependence on supervisory assistance - and thus a lack of initiative.

As well, the language and terms used to construct a scale - such as "Performance exceeds expectations" or "Below average skill" - may mean different things to different appraisers.

***Rating Errors:*** The problem here is not so much errors in perception as errors in appraiser judgment and motive. Unlike perceptual errors, these errors may be (at times) deliberate. The most common rating error is central tendency. Busy appraisers, or those wary of confrontations and repercussions, may be tempted to dole out too many passive, middle-of-the-road ratings (e.g., "satisfactory" or "adequate"), regardless of the actual performance of a subordinate. Thus the spread of ratings tends to clump excessively around the middle of the scale. This problem is worsened in organizations where the appraisal process does not enjoy strong management support, or where the appraisers do not feel confident with the task of appraisal.

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<sup>28</sup> [www.performance-appraisal.com/benefits.htm](http://www.performance-appraisal.com/benefits.htm)



### 3.5.5.2 Results Method (MBO Method)

The use of management objectives was first widely advocated in the 1950s by the noted management theorist Peter Drucker. It can be defined as

*“A system in which specific performance objectives are jointly determined by subordinates and their superiors, progress towards objectives is periodically reviewed, end results are evaluated and rewards are allocated on the basis of this progress”<sup>29</sup>.*

MBO (management by objectives) methods of performance appraisal are results-oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met. Usually the objectives are established jointly by the supervisor and subordinate. An example of an objective for a sales manager might be: Increase the gross monthly sales volume to \$250,000 by 30 June. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and specify their strengths and weaknesses. They are expected to monitor their own development and progress.

It is all too easy for managers to fail to outline, and agree with their employees, what it is that everyone is trying to achieve. MBO substitutes for good intentions a process that requires rather precise written description of objectives (for the period ahead) and [timelines](#) for their monitoring and achievement. The process requires that the manager and the employee agree to what the employee will attempt to achieve in the period ahead, and (very important) that the employee accept and buy into the objectives (otherwise commitment will be lacking<sup>30</sup>).

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<sup>29</sup> [www.crfonline.org/orc/glossary/m.html](http://www.crfonline.org/orc/glossary/m.html)

<sup>30</sup> [http://en.wikipedia.org/wiki/Management\\_by\\_objectives](http://en.wikipedia.org/wiki/Management_by_objectives)

MBO's principles are <sup>31</sup>

- Cascading of organization goals and objectives
- Specific objectives for each member
- Participative decision making
- Explicit time period
- Performance evaluation and feed back

### **Advantages**

The MBO approach overcomes some of the problems that arise as a result of assuming that the employee traits needed for job success can be reliably identified and measured.

- Instead of assuming traits, the MBO method concentrates on actual outcomes.
- If the employee meets or exceeds the set objectives, then he or she has demonstrated an acceptable level of job performance. Employees are judged according to real outcomes, and not on their potential for success, or on someone's subjective opinion of their abilities.
- The guiding principle of the MBO approach is that direct results can be observed, whereas the traits and attributes of employees (which may or may not contribute to performance) must be guessed at or inferred.
- The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and varied elements that go to make up employee performance.
- MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts - as one might take apart an engine to study it. But put all the parts together and the performance may be directly observed and measured.

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<sup>31</sup> <http://www.valuebasedmanagement.net>

## **Disadvantages**

Some of the disadvantages of MBO include

- MBO methods of performance appraisal can give employees a satisfying sense of autonomy and achievement. But on the downside, they can lead to unrealistic expectations about what can and cannot be reasonably accomplished.
- Supervisors and subordinates must have very good "reality checking" skills to use MBO appraisal methods. They will need these skills during the initial stage of objective setting, and for the purposes of self-auditing and self-monitoring.
- Unfortunately, research studies have shown repeatedly that human beings tend to lack the skills needed to do their own "reality checking". Nor are these skills easily conveyed by training. Reality itself is an intensely personal experience, prone to all forms of perceptual bias.
- One of the strengths of the MBO method is the clarity of purpose that flows from a set of well-articulated objectives. But this can be a source of weakness also. It has become very apparent that the modern organization must be flexible to survive. Objectives, by their very nature, tend to impose certain rigidity.
- Of course, the obvious answer is to make the objectives more fluid and yielding. But the penalty for fluidity is loss of clarity. Variable objectives may cause employee confusion. It is also possible that fluid objectives may be distorted to disguise or justify failures in performance.

# 4. Research Methodology

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## 4.1 Introduction to Research

Research is an active, diligent and systematic process of inquiry in order to discover, interpret or revise facts, events, behaviors, or theories, or to make practical applications with the help of such facts, laws or theories. The term "research" is also used to describe the collection of information about a particular subject<sup>32</sup>

Research by no means is an invention of the modern day researchers. Although the form used by many social scientists today might be less than 150 years old, and in some special forms even younger, as a tool of gaining knowledge and of gathering information, research has been used extensively for more than 2000 years<sup>1</sup>.

During the 17<sup>th</sup> and the 18<sup>th</sup> century serious research was undertaken by the social philosophers to discover regularities in social and economic phenomena. Research, today is used by people all over the world to find out relationship between variables and to formulate new theories<sup>31</sup>.

## 4.2 Types of research

Several research models have been introduced and are practiced by researchers all over. The diverse practices and uses of research are show below

### 4.2.1 Quantitative research

This refers to the type of research that is based on the methodological issues of neopositivism and positivism, and adheres to the standards of strict research design developed before the research begins. It involves quantitative measurement and use of statistical analysis<sup>33</sup>.

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<sup>32</sup>[en.wikipedia.org/wiki/Research](https://en.wikipedia.org/wiki/Research)

<sup>33</sup> Srantakos S., Social Research, PALGRAVE, Newyork, 1997.

### **4.2.2 Basic research**

This research is usually employed for the purpose of gaining knowledge that will advance our understanding of the social world. It may also help in rejecting or supporting existing theories about the social world.

### **4.2.3 Applied research**

This type of research is directly related to social and policy issues and aims at solving specific problems and establishing policy programs that will help to improve social life in general and specific conditions in particular<sup>32</sup>.

### **4.2.4 Longitudinal research**

It involves the study of a sample on more than one occasion. Versions of this type of research are panel studies and trend studies.

### **4.2.5 Qualitative research**

This type of research refers to a number of methodological approaches, based on diverse theoretical principles, employing methods of data collection and analysis that are non-quantitative and describes reality as experienced by the respondents<sup>32</sup>.

### **4.2.6 Descriptive research**

This form of research is quite common, in most cases as a preliminary study or an explanatory study, but also as an independent investigation. It aims to describe social systems, relations or social events and providing background information about the issue in question.

### **4.2.7 Classification research**

The aim of this research is to categorize research units into groups to demonstrate differences, explain relationships and clarify social events and relationships.

### **4.2.8 Comparative research**

In this type of research, the researcher is interested in identifying similarities or differences between units at all levels. The comparative approach to the study of society has a long tradition dating back to Ancient Greece.

Since the nineteenth century, philosophers, anthropologists, political scientists and sociologists have used cross-cultural comparisons to achieve various objectives. Comparative research, simply put, is the act of comparing two or more things with a view to discovering something about one or all of the things being compared<sup>34</sup>.

#### **4.2.9 Exploratory research**

This research is usually undertaken when there is not enough information available about the research subject. In certain cases it is undertaken in order to provide a basis for further research, for example to define certain concepts, to formulate hypotheses or to operationalise variables<sup>33</sup>.

#### **4.2.10 Case study approach**

A Case Study is an intensive analysis of an individual unit, stressing developmental factors in relation to environment. (from Webster's Third New International Dictionary, page 346). The case study methodology is currently the most important methodology in computer science research, because it is so widely applied, yet so often misunderstood. Case study research is a time-honored, traditional approach to the study of topics in social science and management. Because only a few instances are normally studied, the case researcher will typically uncover more variables than he or she has data points, making statistical control (ex., through multiple regression) an impossibility. This, however, may be considered a strength of case study research: it has the capability of uncovering causal paths and mechanisms, and through richness of detail, identifying causal influences and interaction effects which might not be treated as operationalized variables in a statistical study.<sup>35</sup>

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<sup>34</sup> [http://en.wikipedia.org/wiki/Comparative\\_research](http://en.wikipedia.org/wiki/Comparative_research)

<sup>35</sup> <http://www2.chass.ncsu.edu/garson/pa765/cases.htm>

### 4.3 Type of research used for the research paper

The history of case study research is marked by periods of intense use and periods of disuse. The earliest use of this form of research can be traced to Europe, predominantly to France. Case studies can be single or multiple-case designs, where a multiple design must follow a replication rather than sampling logic<sup>36</sup>.

This is a case study based research paper. In order to properly understand what is Performance Management System and how well these practices are carried out in Pakistan a case study is prepared on the “Performance Management System in Mari Gas”. The research would include a detail analysis of the whole performance management cycle that includes processes starting from recruitment till compensation. The researcher in order to obtain a complete picture has applied a variety of methods, which include interviews, organization based studies and observation. Interviews are one of the most important sources of case study information. There are several forms of interviews that are possible:

- Open-ended
- Focused
- Structured or survey.

In an open-ended interview, key respondents are asked to comment about certain events. They may propose solutions or provide insight into events. They may also corroborate evidence obtained from other sources. The researcher must avoid becoming dependent on a single informant, and seek the same data from other sources to verify its authenticity<sup>37</sup>.

The focused interview is used in a situation where the respondent is interviewed for a short period of time, usually answering set questions. This technique is often used to

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<sup>36</sup> <http://www.nova.edu/ssss/QR/QR3-2/tellis1.html>

<sup>37</sup> Srantakos S., Social Research, PALGRAVE, Newyork, 1997.

confirm data collected from another source. For the purpose of this research paper open ended questions were asked from the respondents<sup>38</sup>.

This research paper is based on qualitative research. “All research ultimately has a qualitative grounding”. This paper is based on qualitative research, as the aim of the analysis is a complete and detailed description. The data collected by the researcher is in the form of words, pictures and objects. It is not in the form of numbers and statistics as in quantitative research. The researcher has conducted analysis of data such as words (e.g. from interviews), pictures and objects. The report does not involve analysis of numerical data.

#### **4.4 Data collection methods**

The data collection methods include

- Interviews from managers of the organizations: The Manager Human resources was interviewed to get an understanding of how the system was established in the organization and how the general procedure is carried.
- Primary and secondary research: Primary information was collected by conducting interviews from employees and secondary information was collected from articles published in the newspaper and magazines. A part from that information was also collected from various HRM books.
- Articles from the Internet websites: Information was collected from various articles on the Performance Management System that are available on the websites.

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<sup>38</sup> <http://www.nova.edu/ssss/QR/QR3-2/tellis1.html>



## **4.5 Importance of topic for Research**

Performance Management Systems is one of the latest developments in Human Resources all over the world. PMS systems with specific emphasis on the appraisal and training and the linkages between them.

A lot of MNC's have entered the Pakistani market. These organizations pay a lot of emphasis on the quality of employees. They have brought with them latest techniques on Human Resources and are paying a lot of attention on employee satisfaction and productivity. As a result of all this we see that now the local companies have also established proper human resource departments and now these companies are paying a lot of attention on the recruitment, selection, training, appraisal and compensation issues.

Because of these latest developments in the human resources area, it is important to study the systems to understand how developed they are and how different they are from the international practices. This case study on Mari Gas is written to understand how Performance Management systems work in the Pakistani setup and what needs to be done to make them more effective.

# 5. Findings & Analysis

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## 5.1 Performance Management System at Mari Gas

To study and understand the organization Performance Management System, an in depth interview was conducted with the HR Director, Brig Syed Manzoor Iqbal and Mr Tauqeer.

## 5.2 Job Descriptions

In response to questions 5, 6, 7 and 8 Mr Manzoor Iqbal and Mr Tauqeer replied that job description is a systematic, orderly written statement of primary functions, work to be performed, extent of supervision exercised and received and minimum qualification, experience, and any other factor required to carry out the job satisfactorily. It serves as a basic record for job analysis and a point of reference as well as guidance to the employee to enable him to know his duties and responsibilities.

They said that it is the responsibility of the Department Heads to prepare the Job Description for all the approved positions in their Department. These are to be reviewed periodically and revised, if necessary. Human Resource Department usually maintains a master file for the job Descriptions of all the approved positions and they provide a copy to all holders of the Job Description Binder. (Detail procedure and necessary contents required in preparing a Job Description are given in the Appendix 1).

They said that the recruitment of the employees was done on the basis of the job descriptions that are prepared by the departments before any job is filled by the organizations.

Referring to the literature review that has been presented in the report we see that this is quite similar to what has been written. According to the international benchmarks and theory, Job descriptions are the first step in the performance management cycle. Job descriptions present the foundation step on the basis of which the recruitment and the appraisal process are carried out.

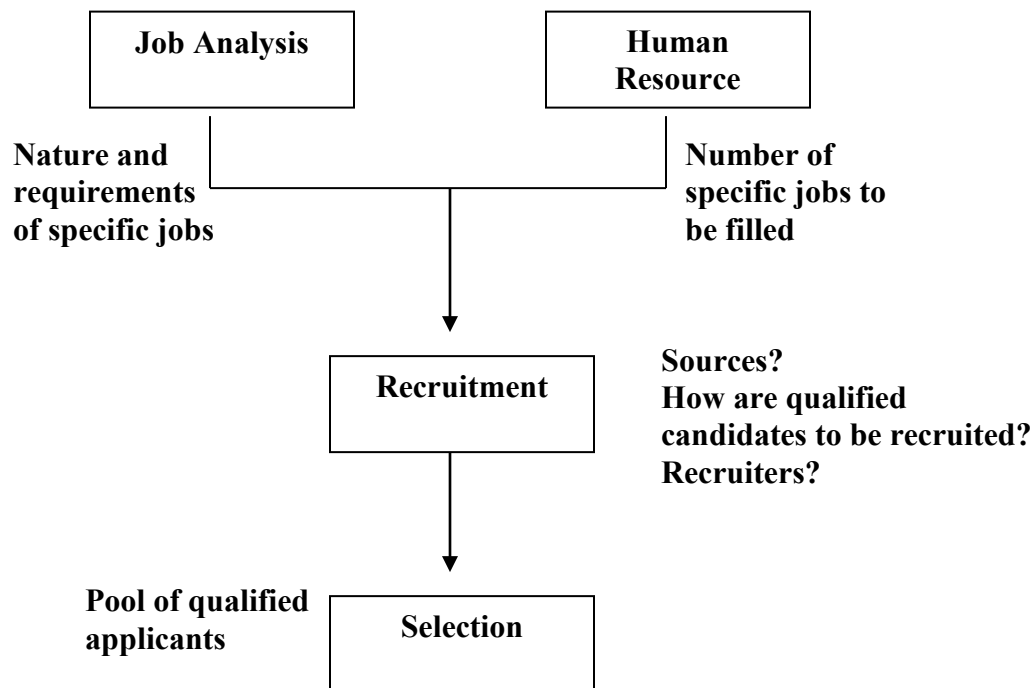
### **5.3 Job Analysis**

In response to questions 9 and 10 Mr Manzoor Iqbal said that systematic evaluation and classification of all salaried positions is essential to fair, equitable and orderly salary administration. It provides a cornerstone upon which to base other aspects of personnel administration, including testing, selection, placement, performance evaluation, training, and organization. The process usually includes the following steps

- **Analysis:** Job Analysis involves position inquiry i.e. gathering and recording facts and identifying major duties. This is the basic step of fact-finding and is accomplished by personal observation, and review of job content, with the employee and his supervisor.
  
- **Evaluation:** Position evaluation is a systematic method for determining the value of a position relative to other positions in the organization. Position evaluation involves:-
  - (1) The assignment of groups of positions having similar duties and requirements to standard classifications and titles.
  
  - (2) Determination of the relative values of all positions, irrespective of the occupation in which they fall, for the purpose of providing internal alignment of positions of similar level of difficulty and responsibility.

- **Classification:** Position classification program is designated to provide an orderly method of cataloging of positions into a series of salary groups based on their relative importance, the degree of difficulty and responsibility involved. In order to provide systematic and equitable compensation treatment, each position in the Company's organization is classified by assigning an appropriate title and salary group.

**Job Analysis: Human Resource Recruitment and Selection<sup>39</sup>**



<sup>39</sup> Based on the interview with Mr Manzoor Iqbal & Mr Tauqeer

Before a new position can be classified, it is necessary that the Department desiring to establish such a position obtains approval of the Managing Director. The Job Description and revised organization chart are prepared and forwarded to the Manager Human Resources accompanied by a request endorsed by the Department Head for classification of the position in question. The Manager Human Resources usually evaluates the position and arrange to submit the proposal to the General Manager (Admin & Human Resources) for his review. All such classifications are then approved by the Managing Director for final review.

The process followed by the organization to carry out the job analysis is very detailed and effective. It is very similar to what has been presented in the literature review. The company understands the importance of carrying out a job analysis review because they help the company to understand the importance the job carries in the company.

## **5.4 Recruitment**

There are a few distinctive steps that are taken before the department begins with the actual recruitment process. Those are commonly called the prerequisites of the recruitment process. These are

- Job descriptions
- Job analysis

Designing the job and determining the specifications for it enables the recruiter to know exactly what the purpose, duties and responsibilities for the vacant position will be and its location within the organization structure. The HR department prepares these job descriptions along with the department heads of the particular departments, so that a detailed job description is made that would again help the organization to select the right person for the job.

In response to questions 1-5 Mr Tauqeer replied that once the Human Resource Department is done with the process of preparing job descriptions and job analysis, they then focus on the recruitment process. The company has very clear guidelines on their recruitment policies. They know what kind of people they want to hire and have designed recruitment policies so as to make sure that only the best are selected for the job.

Once the job descriptions are made they are viewed on a continuous basis for necessary modifications. When ever a job vacancy has to be filled the management goes over the job description etc. to find out the actual requirements of the job. The management develops these job descriptions after conducting a thorough “**job analysis**” which examines the tasks and sequences of tasks necessary to perform the job. The analysis usually looks at the areas of knowledge and skills needed by the job

The kind of people the company is looking for should

- Demonstrate a high level of specific job as well as its related knowledge
- Be motivated and have a strong commitment to the policies and programs of MGCL.
- Possess good analytical skills.
- Be able to work well in a multicultural team.
- Have working experience at national and/or international level.
- Be computer literate.

#### **5.4.1 Recruitment Principles**

The paramount consideration in the appointment, transfer or promotion of the staff is the necessity of securing the highest standards of efficiency, competence and integrity. Importance of recruiting and maintaining the staff on as wide a geographical basis as possible is given due consideration, but of course the emphasis is not loosing site of merit.

- The company is committed to promoting diversity in their workforce.
- They aim to achieve a broad representation of member country nationals and improve gender balance.
- They are striving to provide an environment where the contribution of each individual is valued.
- Selection of staff is normally made on a competitive basis.

In response to question number 2 and 3 he said that recruitment is done from two main sources

- External recruitment
- Internal recruitment

#### **5.4.2 Internal Recruitment**

When ever a vacancy has to be filled the management first looks for an employee who is already working in the organization. In this way we see that the organizations first preferences are the employees who are already working for the organization. The management believes that since the employees have been working with the organization for a long time they know about the culture of the organization. More over they are aware of the policies and procedures and thus find it easy to adjust in the new job. The other reason which the management gives for internal recruitment is the information that they have about the employees. They know about the employee's skills, knowledge, capabilities and his weakness therefore it is easier to train the employees accordingly

#### **5.4.3 External Recruitment**

External recruitment takes place only when no employee within the organization is capable for filling the job. External recruitment also helps the management to select an individual for the job from a much bigger pool of talented candidates. The sources of external recruitment include

- **Newspaper advertisements:** One of the most widely used methods is advertisements in newspapers. The company advertises the jobs in all the newspapers (The News, Dawn, Jang etc) and the leading business journals.
- **Employee Referrals:** Sometimes applicants are often referred by the current employees. However this does not mean that if candidates are referred they would not have to go through the interviews and other requirements. Even if a candidate is referred, he is given the job only if he has the required skills for the job.
- **Direct Applicants:** Another major source of applicants includes the individuals who make direct application by mailing in resumes or by showing up at the office door. If there are vacant positions in the organization then these candidates are called for the interviews. However if no posts are available then the HR department saves the information of these candidates in their database for future reference.

Through these mentioned approaches the company successfully attracts an efficient pool of candidates. Referring back to the literature review we find that the company follows the policies that are presented in the theory and the books. Like said in the literature review, like many other companies, Mari Gas first looks for employees that are already working with the organization. If they feel that a competent employee is not available to fill in the job only then they go for external recruitment. In the literature review we say that most companies go for internal recruitment because of the information that they hold about the employees. This is exactly why Mari Gas also tries to fill the positions from within.



#### **5.4.4 Recruitment Procedures in a "Nutshell" for POSTED Positions**

1. Department identifies a need to fill or create a new position.
2. Department provides the Human Resources Department (HRD) with a written document outlining the duties of the position.
3. HRD will assign a classification if the position is new or verify that the requested position is appropriately classified.
4. HRD collaborates with the departments to identify additional recruitment resources to attract potential candidates if necessary. Once the position closes, HRD screens applicants following the closing date of the recruited position and e-mails departments when employment applications are ready for review.
5. Hiring department identifies an Interview Panel to participate in the interview process. A minimum of two people constitutes an Interview Panel.
6. Hiring supervisor may decide when to interview or delegate this task to the Interview Panel. HRD assistant will schedule all interviews and e-mail confirmation to interview chair and/or panel members if names are provided.
7. Following interviews, a written recommendation to hire an individual will be provided to the HR representative. The HR representative will conduct reference checks and extend an offer of employment to the selected candidate.
8. The HR representative will notify the hiring supervisor of the status of the recruitment.
9. The HR representative will notify campus employees who were not selected for the vacant position by telephone or email and mail a written response to all other applicants.

## **5.5 Selection methods**

In response to questions 5 and 6, they said that the selection methods used at Mari Gas include the following:

- Application forms
- Interviews
- Medical tests

**5.5.1 Application forms:** After initial screening is done the candidates are required to fill out an application form that is provided to them by the HR department. The basic questions asked in the application form refer to the employee's age, gender, religion and national origin.

**5.5.2 Medical tests:** The Company also conducts some medical tests to ensure that candidates that are being considered for the jobs are in good physical condition.

**5.5.3 Interviews:** The interview is either conducted by a single manager or by a panel, depending upon the availability of managers. In case of panel interviews, the people involved in the interview include the manager, the division head of the HR department and the president. Direct structured interviews are conducted for the selection of employees. The candidate either goes through a single interview or through a series of interview from different people in the organization (depending upon the situation).

Once the management is over with all the tests and interviews then is the time to make the final decision, which is made by the panel. The candidate who scores well on both the test and the interview and who possess all the skills that are required for the job, that candidate is selected by the department and then he is successfully placed in the job.

## **5.6 Performance Appraisal**

In response to questions 13-21, the HR director Mr Manzoor Iqbal said that the purpose of appraising performance is to determine how effectively each employee performs his/her work against the requirement or his/her position, the principle reason for such an appraisal is to learn how and in what manner an employee performance can be bettered in order to achieve improved results. The most successful performance appraisal, of which there are numerous variations, emphasizes standards of performance. These are 'work-centered' or 'job-centered'. Job centered approach is concerned with appraising a man's performance against the requirement of his job. Periodically broad objectives are set and the performance is judged in the light of these objectives. Performance appraisal at Mari Gas therefore includes :-

### **5.6.1 Job Description:**

The purpose of the Job Description at Mari Gas is to minimize the possibility of any misunderstanding regarding what the employee's job involves and what is expected of him. Following important points are kept in view:-

- (a) The Job Description should be brief.
- (b) Emphasis is upon specific and important features of the job of the position.
- (c) The Job Description is to be prepared by the supervisor reviewed and modified jointly with the Departmental Head, if necessary, until both agree that it is adequate. The Job Description is then sent to Human Resources Department. Manager Human Resources reviews and obtain approval of the Managing Director.

### **5.6.2 Setting up of Broad Objectives and Target Dates:**

At the beginning of each year, broad objectives are prepared by each subordinate with realistic target dates. These are reviewed by the supervisor and are agreed jointly by the employee and his supervisor and approved by the Department Head. The following points are taken into consideration while setting up objectives:-

- Objectives must be realistic and must represent a challenge. Goals established should go beyond routine work.
- Objectives may be related to a specific project or may be related to broader aspects of the job such as an improvement in general techniques or other efforts to increase efficiency or effectiveness.
- Create atmosphere for free discussion and encourage and provide opportunity to the employee to make suggestions.
- The objectives of the subordinate should be in line with those of his group, section, and Department.
- Both the supervisor and the subordinate must retain a copy of the objectives.
- Set up a definite timetable for periodic review.

### **5.6.3 Job Performance Review:**

Once the objectives are agreed upon and the target dates fixed, periodic review of the performance against the objectives are to be carried out. Sufficient time is allowed to the subordinate to prepare himself for the review. Such reviews, in addition to providing

supervisors opportunities to assess the performance of the employee, allows re-assessment of the validity of the objectives and permit timely revisions in terms of objectives, as well as time schedule.

#### **5.6.4 Procedure for Completion of “Management Appraisal” Form:**

Three-tier system of performance appraisal was introduced for preparation, evaluation, and submission of annual confidential report.

The initial performance reviews is to be carried out by the Supervisors. The Supervisors will fill in the Appraisal Review Forms for all the officers under their control. These appraisals, duly signed by the Supervisors are then handed over to the Departmental Managers.

The Departmental Managers then review these appraisals and give their own assessment of all the officers in their Department on the Appraisals Form in the section “Appraisal by Manager”.

He said that the Appraisal forms are then sent to the concerned General Manager of the Department who reviews both Supervisor’s and Manager’s appraisals. The concerned General Manager then expresses his own opinion regarding performance of all the officers under their control in the section “Appraisal by Senior Manager”. The completed appraisal forms are then forwarded to the Human Resources Department for further action. ( Guide to use the appraisal form is attached to the Appendix 2)

While preparing the evaluations, the following guidelines are to be followed:-

- Evaluation should be made independently, based on appraiser’s own assessment of every officer’s performance during the year.

- In case of any difference of opinion, no appraiser should try to persuade or pressurize the other to make any changes in the appraisal.
- Strengths and weaknesses are to be highlighted with a view to develop the officer's strong points and take corrective measures for the weaknesses.
- A realistic career plan for each officer should be prepared based on his present job competence and potential for future growth. A training and development program is also chalked out to support this career plan.

To make the system more effective following additional guidelines are usually provided to assist the officers in carrying out appraisal:-

- The performance appraisal consists of a period of one year normally, therefore a solitary incident is not usually considered adequate to influence the whole performance appraisal of the employee.
- Wherever performance appraisal is judged below normal or above normal then it should be substantiated with particular incidents and examples. In case the overall assessment is lower than normal then the concerned supervisor or manager must recommend/propose appropriate measures to improve upon the weakness and shortcomings. Needless to say that the suggested action may not always be punitive in nature. Instead the recommendation may be for the purpose of reforming the employee, increasing his efficiency level through counseling or change of duties. The objective is to make the employee an effective member of the team.
- Recommendations for promotion, training courses should be entered in the appraisal form after giving due consideration to individual's potential and his future employment in the Company.

### **5.6.5 Final Review of Completed Appraisal**

There is no hard and fast rule for procedure to be adopted for finalization of Appraisal. These can be varied in nature and approach subject to changes if so required. The following procedure is generally followed for the preparation, finalization, and distribution of the Performance Appraisal form:-

- (a) Appraisal form will be sent to Manager Human Resources for the purpose of presentation to the Managing Director.
- (b) After finalization the Appraisals are to be kept in the personal file of the employee.
- (c) A follow up action, where necessary, is taken.

### **5.7 Appraising Potential**

When judging an employee the company has two considerations. One is his performance in his present job and the other is his capacity for advancement in terms of specific organizational levels or functional areas.

In this process what is being determined is the individual's extent of promotability. A periodic inventory of management manpower to identify men/women who have potential for advancement must be taken. Although, an employee's performance in his present job is significant in forecasting potential for advancement, it is not the only indicator of fitness, or lack of fitness, for a high level position. It is therefore, for this reason that the appraisal for potential for advancement requires analysis and judgement, which is different and goes beyond that is necessary in appraisal of performance. The individual may be, on a job which he is handling very well, show up with a high rating on performance, but he/she may or may not be a good prospect for higher responsibility. Judgements with respect to potential are carefully considered as though a final decision is being made and should represent if possible, the opinions of several qualified observers.

It is essential to remember that there are other factors at work which may make it less likely for some individuals to achieve the level predicted. The following points are therefore considered:-

- (1) Age
- (2) Health
- (3) Mannerism or traits which interfere with his acceptability.
- (4) Preference for location or a special type of job.

When all facts are considered the organization may more clearly approach an estimate of 'attainable potential'. The estimate of potential cannot be very accurate and stable until the organization sees an employee over a number of situations. It is therefore, recognized that these appraisals may well be modified as experience and appraisals indicate.

### **Development Planning:**

He said that the purpose of development planning is to devise specific plans and programs for an employee development and for his performance improvement based on the individual's needs to effectively fulfill his ultimate position. The main objectives of these plans are to help the employees to improve his performance on his present job and to guide the qualified employees in preparation for positions of greater responsibility in the organization. Since the development process is an individual matter, no one set of plans or rules can be applied or utilized in all cases. These will be geared to the needs of the requirements of both the individual and the Company. The following however, are a few suggested guide lines:-

- (1) **Experience on the Job:** This concept emphasizes that learning by doing is the cardinal principle of effective management development.



- (2) **Job Rotation:** Arranging planned rotation of an employee on various allied jobs ensures widening of experience and skills and provides an employee with opportunities for development of his potentials. Rotation must be planned and effected in the early years of an employee's career. The period of rotational assignment must necessarily be adequate to allow an employee to learn, practice and to achieve objectives.
- (3) **Counseling:** An employee's supervisor does not need to wait for a formal appraisal but should administer frequent counseling. Employee learns more quickly if his Superior talks to him regarding his performance in a candid but constructive manner.
- (4) **Special Work Assignment:** Assigning an employee to a special job of a real and practical value requiring independent study affords an opportunity to study the employee in action.
- (5) **Educative Programs:** Development Programs ranging from one week to three months or even more are frequently offered by either the Company or Educational Institutions of Professional Organizations. The Objectives generally are to:-
  - (a) Enlighten the participants on various phases of current problems.
  - (b) Provide intellectual stimulus through effective group discussions.
  - (c) Make available on occasions to meet people of different industries and companies for exchange of views.

- (d) The employees can be nominated to participate in such programs at Company cost and during Company time. Such programs could either be a regular course, a seminar, a workshop, a conference or a study tour.

## **5.8 Management Development Reviews:**

A management development review is the occasion on which a manager reviews with higher levels of management, progress, and plans concerning the effectiveness of his organization and key members thereof. Management development reviews are intended to:-

- (1) Inform top management as to:-
  - (a) The performance and advancement potential of individuals in key management positions.
  - (b) The adequacy of the immediate and longer-range replacement situation for key management positions.
  - (c) Employee with unusually high capacity for advancement.
  - (d) Plans for meeting present and future management personnel problems and requirements.
  - (e) Effectiveness of present organization structure and, if, appropriate recommendations for organization changes to meet future requirement.
- (2) Provide the Department Heads an opportunity to discuss the above areas with top management and obtain their views and counsel on:-

- (a) The adequacy of present and future organization plans.
- (b) The effectiveness of key management personnel, individually and as a team.
- (c) The adequacy and probable effectiveness of the subordinate manager's plans for bringing improvement into these areas.

Management Development Reviews are carried out periodically. Manager Human Resources prepares a schedule of presentation of reviews by each Department Head/Manager.

The whole process of appraisal is very similar to what has been presented in the literature review. As mentioned there performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. This is exactly what is happening at Mari Gas Company because the tone of the appraisal is developmental and not penalizing. Like said in the literature review, the performance appraisal is conducted on the basis of job descriptions and is linked to the rewards that are given to the employees. This is very similar to what the practice is at Mari Gas. The company has a developmental planning and management review attached to their appraisal system. A part from that the company uses its appraisal system as the basis for identifying training needs for its employees, which is exactly what we see in the literature review.

## **5.9 Training and Development**

### **5.9.1 Objective**

In response to question 22, Mr Tauqeer said that the main objective of the training and development program is

*“To provide employees with opportunities to acquire knowledge and develop skills through training and self-development, to the mutual advantage of the employees and the Company, in order to: -*

- a. Improve their performance in present jobs.*
- b. Prepare them for positions of higher responsibilities.*
- c. Provide them with personal satisfaction through their achieving the most of their abilities”.*

### **5.9.2 Policy**

In response to question 23, Mr Tauqeer said that training and development is a continuous process and is designed to bring about a change in the attitude of employees with respect to the job they are doing, the people around them, the new procedures, techniques and skills which they can use. It is also to make them more conscious of their responsibilities and how to perform them well. Therefore, all training is to be planned and coordinated in a systematic manner in terms of the needs and the talents required in the company. The training and development efforts are not confined to a few formal classroom courses but extend in all directions to remove employee’s weaknesses and making the most of their strengths.

Therefore, the scope of training activities is wide and varied and training efforts will be carried on to the degree required in all areas and at all levels of the organization.

### **5.9.3 Types of training**

In response to question 24, Mr Manzoor Iqbal said that following are the different types of training conducted at Mari Gas

#### **5.9.3.1 Orientation Training**

Every new employee is put through an orientation program to familiarize him with the Company organization, functions, activities, policies, procedures, and programs. This may be on an individual or group basis, depending on the number of participants available.

Duration and content of the program is tailor-made to the needs of individual(s), in consultation with respective Departmental Heads.

#### **5.9.3.2 Staff Training**

He said that staff training is a continuous process with a view to developing the skill and broadening the outlook of employees of the Company to prepare them for undertaking their assignments in a professional manner and also face future challenges. Employees at no stage of their career should lose sight of the latest developments. They must remain abreast with the latest technology and be able to adjust themselves to the changing environments and trends.

The main objective is “ *to provide ample chance and afford opportunities to the employees to acquire sufficient knowledge and develop appropriate skills through training and self-development*”.

While planning staff training, following considerations are kept in view:-

- Type of training essential for different categories and departments.

- Courses/seminars being conducted by various Institutions and Organizations during the period.
- Availability of individuals during the period.
- Availability of funds.
- Exposure already given to employees to attend local and foreign courses.
- Relationship of training to the job specification.

### **5.9.3.3 On Job Training**

It is well regarded that the best place for effective learning to occur is on-the-job i.e. the employee learning the job by doing it under skillful instruction and coaching by his superior.

### **5.9.3.4 Self-Development**

Recognizing that self-development is the primary responsibility of the individual, Company provides opportunities for development through making available professional literature, job rotation, counseling and discussions and seminars relating to the job of the individual.

### **5.9.3.5 In-house Training**

The training is conducted at Daharki and all connected with the operation, maintenance and supervision will be included in the training based on the recommendation of Operations Department. To reduce cost on training, depending upon the location of such

training/s, the Department concerned at that location should coordinate with other organizations to jointly arrange such training or at least send their representatives to attend the training.

#### **5.9.4 Responsibilities**

In reply to question 25, the HR Director Mr Iqbal said that training and development is the responsibility of

##### **5.9.4.1 Line Management**

Training is a line responsibility. Each Supervisor / Manager is expected to train and develop his subordinates in an efficient and planned manner in order to improve their performance and prepare them for future assignments. The superiors very carefully judge the potential of the people working for them. In the light of this they determine their individual training & development needs and recommend and implement training action.

##### **5.9.4.2 Employees**

It depends largely on the initiative of the employee whether or not he is prepared to improve his job knowledge and thereby his performance. The Company is therefore, responsible only to supplement the efforts of the employee for self-development.

##### **5.9.4.3 Human Resources.** The Human Resources will be responsible for:-

- (1) Providing advice and assistance to the line Management in determining training needs of the employees.
- (2) Coordinating the overall training needs and activities of the Company.
- (3) Recommending and coordinating Supervisory/ Management courses for employees.

- (4) Evaluating various training needs in conjunction with respective Departments.
- (5) Obtaining information relating to the existence of formal training and educational courses at various institutions within and outside the country.
- (6) Preparing a formal annual training program and budget.
- (6) How the course has benefited the participant.
- (7) Any recommendations/suggestions.

### **5.9.5 Foreign Training**

The main objective of the foreign training program is *“to provide employees with opportunity to acquire knowledge and breadth of vision relating to a specific field of activity”*, in order to:-

- (1) Enable them to undertake a related project at home.
- (2) Be responsible for better performance of the organizational unit they are placed in, on return.
- (3) Prepare them for assumption of higher responsibilities.
- (4) Disseminate knowledge and skills acquired, among other employee



Normally, the Company makes every effort to arrange training and development programs within the area of its operations. However, there may arise certain occasions, requirements and needs when an employee may be sent overseas for training in job-oriented courses/seminars, which exposes the employee to latest techniques and knowledge.

In response to question 25, Mr Manzoor Iqbal said that the company bears the expenses of the training programs that are offered. However the employee in return has to fill in an employment or training bond with the organization.

Nomination of an employee by the Company to attend training program (inland or foreign) is subject to the former's entering into an agreement and signing a bond as per format given at Attachment 'C' to this Section. Value of the bond will vary with the total estimated expenses to be borne by the Company as under:-

	<u>Total Programme Cost (Estimated)</u>	<u>Bond Period</u>
(1)	Les than Rs 50,000/-	Nil
(2)	Rs 50,000 to Rs 100,000/-	One year
(3)	Rs 100,000 to Rs 300,000/-	Two years
(4)	Above Rs 300,000/-	Three years

Such an employee is bound to either “serve the Company for the specified minimum period (as applicable) after completion of training program” or “reimburse full/proportionate cost of the program to the Company in case he separates from Company service at his own accord prior to completion of applicable period of bond”.

It is the personal responsibility of employees nominated on training programs to prepare the bonds as applicable and submit to Human Resource Department well in time. Respective departmental heads provide guidance where required. However one thing

important here is it that the bond so obtained from such an employee does not bind the Company to retain him in service in any way. (The training bond is attached to the Appendix 3)

Referring back to the literature review, we see that training is a planned and organized activity so that organizations can prosper and survive. The first step is to conduct training needs assessment, at Mari Gas we see that their performance appraisal serves the foundation for the need assessment. The performance appraisal identifies the areas that need development so that employees can perform their job better. The second step in the literature review is that of planning the training. Here we see that in order to plan the training the organization first identify the type of training that needs to be provided to the employees. For example the new employees are given the orientation training so that they are clear about the organization norms, values, polices and have an in depth understanding of their jobs. The third step is to carry out the training. At Mari we see that training is provided both in-house and also from outside. Employees are regularly sent to foreign countries for training purposes.

However one thing where the organization lacks is the evaluation of training. There is no mechanism at Mari to evaluate the effectiveness of the training programs that are offered in the organization.

## 6. Conclusion

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As already evident from the above analysis, performance management systems play a very important part in employee development process. At Mari gas the process begins with the development of detailed job descriptions for recruitment and appraisal purposes. The HR director and managers are responsible for the development of job descriptions. This process is very much aligned with the international companies. This is because all over the world top companies, like Microsoft, General Electric, Toyota etc., begin their process of recruitment by first developing job descriptions on which they base their entire recruitment, selection and appraisal process.

Recruitment is given a lot of importance in the entire Performance Management System process. The company has detailed recruitment principles and hires people from both the internal and external sources in order to obtain the right fit between the job and person.

At MGCL the performance appraisal is the responsibility of the concerned head of the department (the general manager and the manager). The HR department has the responsibility to ensure that the supervisors who have been delegated the duty of fulfilling the appraisal forms do not exceed the limits of the prescribed criteria. For instance the appraisal code is not violated. If less than 10% of the total group in a department is to be declared as outstanding or exceptional performers, then this limit should not be exceeded. The HR department acts as the custodian of the job appraisal forms.

There are certain traits that a supervisor looks for while filling out these forms. These traits certainly look to be complete and comprehensive to set the criteria for “good and bad”. But the actual picture is quite different.

**Firstly**, the technique adopted to appraise the employee's performance at MGCL is pretty modern, with respect to the industry standards. They use comparative technique to appraise performance. For instance groups are formed within a department and the performance of the group members are compared with each other. There is an upper limit to how many employees would be awarded with exceptional performance and how many employees would be awarded with outstanding performance. For example it is clearly written in the appraisal form that no more than 10% of the employees are to be awarded with outstanding performance. Probable justification for this is that they have inherited this technique from their parent organization OGDCL.

**Secondly**, the supervisors/managers/general managers think the entire authority delegated to them of appraising their sub-ordinates as additional work. Despite of the fact that the process of appraisal has to be conducted annually, even then they just labor through the task halfheartedly. They waste as less time as possible on these appraisals, without realizing that they are actually "making or braking" somebody's career.

**Thirdly**, the HR department has issued standing orders to the concerned supervisors/managers/general managers that they should fill out the appraisal forms in privacy and the forms should not be shared especially with the person whose appraisal is conducted. The forms should be handed over to the HR department, immediately after being filled. Hence there is no concept of having a proper session with sub-ordinate before filling out his ACR (annual confidential report). Mostly the individual even does not know when his ACR have been filled. Once with the HR department the ACRs would be revealed only at the time of giving promotion or pay raises.

**Fourthly**, the job appraisal is performed on annual basis only. This seems to be a very long time even according to the industry standards. If we benchmark, other firms in the same business, they are conducting job-appraisals on semi-annual basis. One year seems to be a pretty long time when it comes to writing ACR. And the job appraisal would lose their objective when conducted after such a long time. If we look at this point from the perspective of the supervisor, a year's time would be a long enough time for him to

remember any major incident, which would reflect the employee's behavior towards work or judge his performance over the year. And if we look at the other side of the picture the employees need to be tackled with "the carrot and the stick approach". If an employee commits some major blunder, the supervisor should be able to call his ACR and immediately penalize him by negatively grading him, instead of noting it down and waiting for the year to end and then grading him. When the supervisors normally have cooled down and would not grade him as bad as they would have initially. Similar is the case when an employee does something remarkable or performance exceptionally well, the supervisor should immediately call his ACR and gave him extra points on that. That not only makes the job of the supervisor easy but also motivates the employee and deters him from any carelessness. Hence the time gap between two job appraisals should be reduced and the supervisor should be empowered to call on the ACR at any time.

**And lastly**, it is the era of teamwork. Where individual performance would not matter any more. At MGCL the supervisors/manager/general manager just look at the aspects relating to the individual and his performance. His intelligence, speed, creativity and most importantly obedience (a very important criterion at MGCL). Some of the supervisors also go for personality traits and physical looks.

A very important factor is ignored while evaluating an employee's performance. In the modern era there is no such thing as individual performances. Small but efficient teams are built within the departments and assigned relatively similar in nature projects. And then they are made to compete against each other. There is no concept of team building or judging whether the employee is a good team player or not. This seems to be the biggest loophole of all. Within the system other oil companies have started to work on this pattern, a decade ago. But at Mari Gas when a certain problem arises, individuals are given responsibilities and then rated on that. Otherwise in other Oil & Gas Multinationals, formation of technical and financial and cross departmental teams is very common to give better and efficient output.

The researcher also feels that HR department is intervening too much in this process and making it a lot slower and ineffective. They interfere too much for unnecessary checking, like cross checking with the supervisor, the number of employees who have been placed in different categories. And then asking for unnecessary approvals from the executive committee and the Managing Director. If these unnecessary checks and balances are abolished, this process can take place quickly, effectively and several times in a year.

On the other hand Training and Development programs are quite effective. We see that the company not only provides in house training to employees but also send it employees to foreign countries for learning purposes. However the company needs to develop a mechanism to evaluate the effectiveness of the training programs in order to bring improvements in them.

Apart from the appraisal process, overall the entire Performance Management process at Mari Gas is an effective system which incorporates most of the theoretical frameworks and is very comprehensive. As said above there are some problems in the appraisal form but the company is currently working on it to improve it and make it more effective. These problems are not such which cannot be solved so by just working on these issues regarding the appraisal process the company can make their Performance Management System according to the international best practices.

# 7. Recommendations

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Job appraisal system at MGCL is a unique mixture of public and private sector. Only a major change in the attitude of the concerned supervisors can improve on the loopholes in this process. Following are some of recommendations, which can be followed:

(1) Currently at MGCL, they are following comparative techniques to grade employees. They make certain groups of people within the department and the performance code limits the number of employees in any category (for instance the outstanding category should have no more than 10% of the employees). They should blend this with latest techniques like job evaluation and ranking techniques.

(2) Instead of calling appraisal **ACR** which stands for Annual Confidential Report, they should make appraisal a more informal thing. Instead of hiding the appraisal from the employees, it should be openly discussed with the so that employees know about their weaknesses and strengths. This would help them to understand where they are going wrong and work on areas where they need improvement.

(3) HR department is intervening too much in this process and making it a lot slower and ineffective. They interfere too much for unnecessary checking, like cross checking with the supervisor, the number of employees who have been placed in different categories. And then asking for unnecessary approvals from the executive committee and the Managing Director. If these unnecessary checks and balances are abolished, this process can take place quickly, effectively and several times in a year.

(4) The concerned supervisors have to show some seriousness towards conducting appraisals. This seems to be the root cause of the major flaw in the process. The HR department should focus on the actual time the supervisors are devoting to fill out the

ACRs. They should make sure that the supervisors spend enough time to fill out the appraisal forms.

(5) Other thing that is lacking is taking the sub-ordinates into confidence. The appraisal of an individual should be filled out after having a detailed discussion with him. His supervisor should justify the cause of his ratings in ACR. And should pinpoint areas where he needs improvement. Areas where he needs to develop his aptitude and skills. And then discuss his career developmental path with him. So that he can realize his current situation performance wise, and align his vision with the vision of his supervisor. Multi nationals operating in the Oil & Gas sector of Pakistan practice these sort of transparent job appraisal systems. This shows the employee a path to strive upon.

(6) The HR department should check whether the supervisor has conducted a formal session with his sub-ordinate before submitting his ACR. Plus the fact they should also frequently check whether the supervisor has kept a proper track record of a series of major incidents during the year, incidents which would show the real behavior of an employee towards work.

(7) As already mentioned in the analysis section, that the time span between two ACRs (one year) is just too long: The supervisor is not able to remember things, while the employee has no deterrence from showing careless attitude towards work. This is because of the fact that he knows that performance appraisal occurs on annual basis. And once with the HR department, even the supervisor would not be able to call his ACR. Hence this process should be at least made semi-annual to make it more effective.

(8) And lastly that more focus should be given teamwork. All the tasks confronted to any department should be carried out through forming interdepartmental teams (usually a blend of finance and technical department). And then the performance of the employees in these teams should be closely observed. It should be given great emphasizes during performance appraisal the whether the employee is good team player or not. Because in



this era of cutthroat competition individual performance would not matter and a good team player would survive.

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**Appendices**

**Questionnaire**

**Appendix 1: KEY TO PREPARATION OF JOB DESCRIPTION SHEET**

**Appendix 2: GUIDE TO USE OF 'MANAGEMENT PERSONNEL APPRAISAL**

**Appendix 3: TRAINING & EDUCATIONAL REIMBURSEMENT**

**AGREEMENT**

**KEY TO PREPARATION OF JOB DESCRIPTION SHEET****MARI GAS COMPANY LIMITED****JOB DESCRIPTION SHEET**

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**POSITION TITLE**

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1. **FIELD OF RESPONSIBILITY.** State briefly the main intent of the position, i.e. its principal responsibility, purpose and scope. Give a general overall picture of the position, which should enable anyone who is reasonably familiar with the work of the organization to understand it. No individual duties or other details should be described in this space.

2. **FUNCTIONS**

a. **Daily and/or Regular Recurring Duties in Order of Importance.** This is the most important section of the Job Description Sheet and is the one, which requires the most care and judgement in preparing. Statements made here should be detailed explanation of the primary function, made in such a fashion as to clearly and accurately portray the “what and how” of each individual duty, task or responsibility. When preparing this section, consider the following:-

- (1) List the duties of the position in numbered paragraphs in the order of their importance, each paragraph covering one major part of the work.
- (2) State clearly in each paragraph what is done and also how it is done unless this is obvious.
- (3) Indicate clearly where the work comes from and what is done with it.
- (4) Be brief in making statements, eliminating unnecessary words. Avoid the incorrect use of ambiguous words such as “handles”, “assists”, “prepares”, supervised” (when referring to other than supervision of personnel), etc, unless an explanation follows as to the exact meaning intended.
- (5) In the case of a new position, describe the duties and responsibilities conservatively as revisions can be made later in the description to reflect the full content of the position after it has been established for some time.
- (6) Under ‘a’ should be listed all regular recurring duties which will be performed in the regular circle of work - usually daily, weekly or monthly, but these may include those performed semi-annually as long as they are considered normal and recur regularly. When listing regular duties, which are not performed daily, indicate the frequency. There are certain types of duties and responsibilities which, when outlined in the order to their importance, should receive particular attention in this part. They are:-
  - (a) **Supervisory responsibilities.** Clearly indicate the extent to which the supervisory responsibilities of the position include control over the quality and quantity of work of

others, safety, setting of grievances, instruction and training of personnel etc. Where pertinent, indicate actual responsibility and authority in regard to employment, termination, promotion, demotion etc, of personnel.

(b) **Contacts.** State with whom and for what purposes contacts are made, both inside and outside the Company; whether such contacts involve consultative or advisory functions, or routing matters, whether the incumbent has the authority to commit the Company to a definite course of action, etc. Indicate the frequency of such contacts and whether they are made in person, by correspondence or by telephone. Estimate and record the hours per month spent in such contacts. Outside contacts may be with customers, suppliers, competitors, banks, government agencies, newspapers etc.

(c) Regular substitution in higher position in question is regularly called upon to serve as a substitute on higher rated positions because of shift schedules, vacations, illness, extended business trips, etc., give full details including the title and classification of the higher rated position, etc. Also include an estimate of the approximate time that may be spent substituting in higher positions on an irregular basis.

b. **Duties Performed at Irregular Intervals.** List those duties which are performed on an irregular basis and are not considered normal in the regular cycle of work, such as making special surveys, preparing occasional reports, etc. Give specific examples.

3. **SUPERVISION EXERCISED.** Describe briefly the kind of work performed by the group or groups under the supervision of the incumbent of this position, and list the titles and number of people in each group.

4. **SUPERVISION RECEIVED.** Describe the nature of supervision given to this position. Does supervisor check all the work performed, or are checks made only occasionally? In what form? What instructions are given as to how work should be done, and in what form - oral or written instructions?

5. **QUALIFICATIONS**

a. **Formal Education - Minimum Schooling.** Indicate the lowest grade of primary, secondary, or college that should normally be required of any incumbent in this position. If a college degree is essential, specify the major subjects necessary. What specialized courses of specialized knowledge is required?

b. **Experience.** How much and what kind of experience is normally considered essential for the performance of the duties of this position? Where is it usually obtained?

c. **Any Other.** List any other special qualifications required for this position which are not brought under a or b above.

**Prepared by** : \_\_\_\_\_

**Date:** \_\_\_\_\_

**Department Head**

**Proposals/  
Remarks By** : \_\_\_\_\_

**Date:** \_\_\_\_\_

**Manager Human Resources**

**Reviewed by** : \_\_\_\_\_

**Date:** \_\_\_\_\_

**General Manager  
(Admin & Human Resources)**

**Approved by** : \_\_\_\_\_

**Date:** \_\_\_\_\_

**Managing Director**



## Appendix 3

Section III  
Attachment 'C'

(Non-judicial stamp paper of Rs 10/-)

### TRAINING & EDUCATIONAL REIMBURSEMENT AGREEMENT

This training & Educational Reimbursement Agreement is entered into by and between Mari Gas Company Limited, a company registered under the Companies Ordinance, 1984 with its registered office at \_\_\_\_\_, acting through \_\_\_\_\_ (hereinafter referred to as "MGCL" which term and expression shall, where the context so permits, include its successors in interest and assigns)

and Mr. \_\_\_\_\_ s/o \_\_\_\_\_, r/o \_\_\_\_\_, NIC No. \_\_\_\_\_, currently holding the position of \_\_\_\_\_ with MGCL (hereinafter referred to as "XYZ").

#### RECITALS

WHEREAS MGCL in keeping with its policy of advancement of employees has undertaken to arrange for its employees to pursue specialized training or an advanced degree relevant to their profession;

WHEREAS XYZ is desirous of participating in such specialized training and MGCL has nominated XYZ for the programme referred to herein below and XYZ has agreed to participate in the same.

AND WHEREAS MGCL is willing to bear the cost for the said programme subject to XYZ abiding by the terms and conditions herein contained and XYZ is agreeable to the same.

NOW THEREFORE this Agreement witnesseth as under:

1. MGCL will arrange for XYZ to attend \_\_\_\_\_ programme being conducted by \_\_\_\_\_ of \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ (hereinafter the "Programme").
2. All costs for the participation by XYZ in the Programme including return fare from and to \_\_\_\_\_, tuition fees, board/lodging expenses or daily allowance for the duration of the programme will be borne by MGCL, which costs are estimated at Rs. 100,000/0 [Rs. 50,000/-] (hereinafter the "Programme Cost").
3. In consideration for MGCL arranging for the participation by XYZ in the programme and bearing the Programme Cost, XYZ hereby undertakes and agrees that he shall:
  - a. Not seek separation from the employment of MGCL for a minimum period of \_\_\_\_\_ years following completion of the said Programme.
  - b. Reimburse to MGCL the full Programme Cost or a pro rata share thereof, as the case may be, in the event XYZ leaves the employment of MGCL or is dismissed for cause within the period of \_\_\_\_\_ years following the completion of the said Programme. Accordingly XYZ executes in favour of MGCL a Bond in the form attached hereto.
4. This can in no way be construed to bind MGCL to retain XYZ in its employment for any period of time; provided however that where XYZ is terminated by MGCL for reasons other than cause, the provisions of Clause 3b shall not be binding on XYZ.
5. This Agreement constitutes the entire agreement between the parties with regard to this subject. It may not be changed orally but only by consensus in writing signed by both parties.

XYZ

Date: \_\_\_\_\_

Witness

Date: \_\_\_\_\_

(Rs 100 Stamp Paper)

**GUIDE TO USE OF 'MANAGEMENT PERSONNEL APPRAISAL'**

These suggestions are intended as an aid to Supervisors/Managers who are responsible for appraising performance potential of their subordinates.

Appraisal is the key fact-finding process of management development. Annual Performance Appraisal & Dialogue Summary Form, which is sufficiently flexible to fit any situation, has been designed to aid in this process.

Specific appraisal method or procedure is not as important as the fact that a thoughtful, judicious appraisal is made. It is believed, however, that close adherence to the intent of appraisal, as provided both in Performance Appraisal & Dialogue Summary Form and the Guide, will minimize variations in standards and provide more reliable and useful facts.

1. **APPRAISE THE ELEMENTS OF PERFORMANCE**

- a. The factors listed under each of the four elements of performance are in varying degrees common to most positions, particularly managerial and supervisory positions. Appraisers should consider only those factors , which have a major bearing on the employee's position. In addition, space is provided to write in other specific factors, which are important to this position.
- b. Each factor having a major bearing on the position should be judged in accordance with the following appraisal code:-
  - (1) Outstanding or exceptional performance (usually less than 10% of the total).
  - (2) Performance which is definitely better than normally expected, producing results which exceed the requirements of the position (usually no more than 25% of the group).
  - (3) Performance which consistently meets the requirements of the position and exceeds requirements in one or more major aspects of the work (typical of a majority of personnel, usually about 25%).
  - (4) Performance which meets normal requirements of the position 25%.
  - (5) Performance which on the basis of comparative effectiveness requires certain improvement in one or more basic aspects of the work (Remedial steps may be required) & Inadequate performance (about 15%)
- c. Most appraisals can be made even more realistic and useful if they are amplified by simple descriptive statements as to how effectively the

employee performs his specific responsibilities. Appraisers should consider any factors or guides, which will enable them to relate performance results and methods, knowledge and personal qualities to the specific terminology and requirements of the employee's position. It is suggested that comments be concerned primarily with those factors which:-

- (1) Are of major importance to effective performance in the employee's position.
- (2) Help identify either the employee's greatest strengths of the areas where he can and should improve his performance.

- d. Achievement of Results. This element deals with the results of the employee's work and that of the organization for which he is responsible. Included are factors which, in varying degree, relate to the attainment of objectives:-

Quantitative  
Qualitative  
Creativity  
Profit/Cost Sensitivity

In appraising this important element, appraisers should relate accomplishments to the specific terminology and requirements of the man's position. Examples of additional factors that may be meaningful.

Employee Productivity  
Expense Control  
Manpower Control  
Operating Objectives  
Staff Service Objectives  
Community Relations  
Government Relations  
Customer and Trade Relations  
Manager-Labor Relations

- e. Knowledge. This element is concerned with the employee's knowledge in his specialized functional and related fields and his understanding of environmental matters necessary to effective performance of his job. Included on the form are knowledge factors important to most assignments:-

Assigned work  
  
Related work  
  
Company Objectives  
  
Development in Profession

Appraisers may wish to consider other factors which more specifically define necessary knowledge, such as knowledge of languages necessary to his job, political, economic and social understanding in areas of activity.

- f. Abilities. This element deals with the degree to which the employee applies sound methods in getting his job done. The factors defined below suggest broad areas of consideration relating to how he goes about getting his job done:-

Analytical Ability  
Planning, Organizing  
Communicative Ability  
Ability to work under pressure

Appraisers may wish to amplify their analysis by considering other factors such as:-

Maintaining Morale  
Following - through

- g. Security Sensitivity. Ability to handle confidential information appropriately and to exercise care in safeguarding proprietary information.
- h. Safety Consciousness. Has knowledge of good safety practices and demonstrates awareness of own personal safety and the safety of others.
- j. Self-Motivation. This element is concerned with the employee's attitude to self-development and self-improvement. Included in the form are self-motivation factors important to most assignments:-

Initiative/Drive  
Persistency/Dependability  
Acceptance of Responsibilities  
Self-development

- k. Relationships. Consider the employee's effectiveness at a higher management level in dealing with others. Factors to be considered include:-

Peer Relationships  
Subordinate Relationships  
Supervisor Relationships  
Outside Relations

- l. Supervisory Capabilities. This element of performance is concerned with the degree to which the employee's personal qualities contribute to his effectiveness in carrying out assigned responsibilities. Some or all of

the factors stated below may apply to the employee with respect to his position:-

Leadership

Decision-Making

Delegation of Authority

Development of People

Appraisers may wish to add other factors which mean more to them in describing the employee. Typical conditions might include factors such as:-

Mental Alertness

Resourcefulness

Poise and General Executive Conduct

Sense of Values

Adaptability to Service at different locations.

Emotional Stability

Attitude toward Subordinates and Supervisors

Consideration for others (Tolerance)

2. APPRAISE OVER-ALL PERFORMANCE. Following consideration of all pertinent factors under the elements of performance in Step I, the appraisers should summarize their judgement of the employee's over-all performance. This appraisal is intended to represent the appraisers best judgement of the employee's over-all effectiveness in performing his job. It should not be approached as a mathematical computation for the simple reason that it is not practicable to assign weights to the factors appraised.

3. ANALYZE PERFORMANCE. The elements of performance appraisal in Step I should be analyzed and significant findings recorded, as follows:-

- a. The employee's greatest strengths, as evidenced by specific examples of unusually good performance or of the kinds of work he does the best.
- b. Specific areas in which the employee's performance can and should be improved.

4. IDENTIFY IMPROVEMENT AND DEVELOPMENT NEEDS. This topic is dealt with in some detail in Para 3 e "Development Planning" of this Policy. Particular

attention is called to the sections dealing with performance discussion and development programs and opportunities.

5. APPRAISE CAPACITY FOR ADVANCEMENT IN PRESENT ORGANIZATION UNIT. Each employee's capacity for advancement should be appraised periodically to:-

- a. Obtain an inventory of management manpower resources to meet existing or anticipated needs.
- b. Identify high potential employee's in order that steps may be taken for greatest practicable utilization of their talents as early in their careers as possible.
- c. Identify those employee's in key positions whose inability to advance may restrict the opportunity for their sub-ordinates to develop, particularly if such positions are in the mainstream of the Company's operations.
- d. Employee's who for various reasons are not likely to advance further.
- e. Employee's who appear to have advancement potential, but for whom the next step ahead has not been determined.
- f. Employee's who are responsible to specific positions, with an indication of degree of readiness for the next step ahead and an estimate of whether they can go beyond the next step.

As a guide in determining an employee's capacity for advancement beyond his present position, consider each aspect of his performance, experience, and other qualifications, which may have a bearing on his ability to progress.

Listed below are some of the considerations, which are generally significant in appraising capacity for advancement. These considerations are intended to stimulate analysis and to serve as an aid in thinking through each employee's qualifications for advancement.

(1) DEMONSTRATED ABILITY. Does the employee over-all effectiveness in his present job, as reflected in his most recent Performance Appraisal and in the observation of his work, suggest that he:-

- (a) Will probably perform satisfactorily in a position of the next higher level of responsibility?
- (b) Will be able to advance beyond the next step ahead?

(2) EXPERIENCE

- (a) Consider kind, variety, and length of employee's experience.

- (b) Consider the extent to which the employee has maximized the experience on present and past jobs, as an indicator of what he might do with the next job ahead.

(3) SELF DEVELOPMENT AND MOTIVATION

- (a) Is the employee's attitude conducive to self-development and self-improvement.
- (b) Does he have the will for advancement?
- (c) Consider the extent to which he applies the energy, drive, and initiative required to bring out his inherent talents.
- (d) Does he have the desire for increasing his value to the Company and for achieving high standards in his work and in the work of others?

(4) KNOWLEDGE. Consider the breadth of understanding the employee possesses, or can be expected to acquire, against that needed at the next higher level of responsibility. Factors to be considered include:-

- (a) Adequacy of education.
- (b) Knowledge of Company philosophy and objectives.
- (c) Knowledge of best practices and developments in his function.
- (d) Understanding of related functions of the business.
- (e) Understanding of social, economic and political matters affecting the Company's well being.

(5) INTELLIGENCE. Consider the mental capacity required to successfully cope with the increased responsibilities. Factors to be considered include:-

- (a) Judgement
- (b) Analytical ability
- (c) Keenness
- (d) Power to visualize for the future
- (e) Adaptability to new problems and situations

(6) MANAGEMENT SKILLS. Consider the employee's predicted effectiveness in performing managerial duties at the next higher position level. Factors to be considered include:-



- (a) Dependability
- (b) Planning
- (c) Organizing
- (d) Delegating
- (e) Development of people
- (f) Executive action
- (g) Communicating

(7) RELATIONSHIPS. Consider the employee's predicted effectiveness at a higher management level in dealing with others. Factors to be considered include:-

- (a) Leadership
- (b) Maintenance of effective relationships outside the Company.
- (c) Maintenance of effective relationships with subordinates, associates and superiors.

(8) PERSONAL MATTERS. Consider any personal matters, which may have a bearing on the man's qualifications for the next higher position level. Factors which may have a bearing include:-

- (a) Age
- (b) Remaining years of service
- (c) Health
- (d) Family situation
- (e) Flexibility in changing locations

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## Questionnaire

The questionnaire has been designed to gain an insight into the organizations “Performance Management System” and to study in detail about the Management development program.

1. What are the main recruitment and selection policies followed by the organization?
2. What percentage exactly the company takes through internal and external recruitment?
3. What are the main sources of recruitment of employees? Does the company only recruit from external sources or they promote people from within?
4. What specific skills and competencies the company is looking for in the individuals?
5. Does the company conduct any specific tests for the selection of candidates?
6. Does the company prepare any special committee for the recruitment and selection process?
7. Does the company have any job descriptions in place?
8. Whose responsibility is it to prepare the job descriptions- the department manager or the HR manager?
9. Is the recruitment process done on the basis of job descriptions or not?
10. Are the job descriptions continuously updated to keep up with the market trends?
11. Is there any mechanism in place to evaluate the jobs?

12. What is the main process/procedure to carry out the job analysis/evaluation?
13. What type of training is provided to the employees once they are recruited?
14. What is the main objective of conducting the performance appraisal of the employees?
15. At what time in the year does the company conduct the appraisal of employees?
16. What approach does the company follow to appraise the employees?
17. What is the main procedure of the appraisal process?
18. Are there any specific guidelines to follow while preparing the evaluations of the employees?
19. What are the main considerations while judging the performance of the employees?
20. What is the tone of the appraisal- penalizing or developmental?
21. Is development of employee a part of the appraisal process?
22. Are employees promoted on the basis of the appraisal or some other reasons like seniority or experience?
23. What is the main objective of the training program at Mari Gas?
24. What are the different types of training programs offered by the company to its employees?
25. Are these trainings self funded or does the company bear the expenses?
26. What are the main objectives of the Management Development Program at Mari?