



A Maharatna Company

NTPC Limited  
Corporate Human Resources Division  
**HR Policy Manual**  
Performance Management System

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A Maharatna Company

# Performance Management System

## Policy Manual



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## **PERFORMANCE MANAGEMENT SYSTEM (PMS)**

### **1. INTRODUCTION**

#### **1.1 Philosophy:**

To build a culture of performance by aligning individual, team and organizational objectives and encouraging open communication and continuous feedback.

#### **1.2 Objectives:**

- ✚ To accomplish the overall organizational vision and mission by linking individual and team performance to company objectives.
- ✚ To cascade company's strategic goals to team and individual level.
- ✚ To promote professional excellence.
- ✚ To encourage two-way communication between the executive and the reporting officer and bring about transparency through continuous performance feedback.
- ✚ To evaluate the potential of the executive to assume higher responsibilities in the organization.
- ✚ To provide a source of talent for meeting the organization's growth requirements through a process of mapping the competencies and potential of executives.
- ✚ To translate future skill requirements of the organization into Individual Development Plans.
- ✚ To identify high performers and recognize them through rewards and incentives.
- ✚ To facilitate fulfillment of individual aspirations.
- ✚ To enhance the team culture and effort in the organization.

#### **1.3 Applicability:**

This scheme is applicable to all executives of NTPC below General Manager including NTPC executives who are on secondment to Joint Ventures and Subsidiaries and on deputation.

### **2. PMS CYCLE**

#### **2.1 Performance Assessment Year:**

The performance assessment year commences from 1<sup>st</sup> January of each year and continues until 31<sup>st</sup> December of the same year.

## 2.2 PMS Calendar:

PMS Stages	Timeline
<b>Performance Planning</b>	Open upto 30 days including Grace Period and Extended period (15 days Performance Planning + 8 Grace Days + 7 Extended Days with Penalty)
<b>Continuous Conversation Points</b>	Open throughout upto the end of annual assessment
<b>Annual Assessment (for the previous year)</b>	1 <sup>st</sup> to 15 <sup>th</sup> January
<b>Normalization (for the previous year)</b>	16 <sup>th</sup> to 25 <sup>th</sup> January
<b>Communication of Scores (for the previous year)</b>	By 31 <sup>st</sup> January
<b>Appeal</b>	Within 10 days from the date of communication of scores (through On-line Appeal System)

**Note:** The entire PMS Process up to Communication of Scores for a particular year should essentially get completed by 31<sup>st</sup> January of the successive year across all locations of NTPC without any exception.

## 3. PMS - GUIDING PRINCIPLES

The Performance Management System broadly comprises the following stages:

-  Performance Planning
-  Continuous Conversation Points (CCP)
-  Annual Assessment
-  Normalization
-  Feedback, Coaching and Counseling

### 3.1 Performance Planning:

Performance Planning is to be done through a process of discussion between the executive and the reporting officer to arrive at the Key Performance Areas (KPA's). It comprises of:

- Defining expectations i.e. the work to be done and the results to be achieved.
- Setting "Measures" and "Targets", determining priorities and weightages of results to be achieved.

- Identifying & allocating appropriate resources to enable to achieve the targets.
- Agree upon improvement plans and development needs of the individual.

In general, the reporting officer under this scheme/policy shall not be below DGM (E7). Also, the same level reporting may be avoided.

### 3.1.1 Identifying KPAs

- While defining work objectives and measures, it is necessary to ensure that:
  - Goals/ Targets/ Objectives are SMART (Specific, Measurable, Agreed, Realistic and Time bound).
  - Results are substantially within the executive's control.
  - Measures relate to results.
  - Data is available for measurement.
- Agreement on mutually agreeable and achievable performance targets is arrived at after sufficient discussion between reporting officer and executive.
- It shall be based on draft MOU which shall be cascaded from Top to Bottom and shall be uploaded on Intranet by HR before commencement of planning for the relevant year.
- It shall be the responsibility of the HOD (R2) to ensure that KPAs identified have sufficient "stretch targets" cascaded down to achieve individual / team excellence.

### 3.1.2 Developing Individual Development Plan (IDPs)

- PMS provides the opportunity to capture the developmental needs of the executive in the Individual Development Plan.
- To pursue the objective of development of executives, the emphasis is on 3Es:

<b>Education</b>	Training, Reading, Participation in Professional Circle, Business Minds, NOCET, NCYM, Management Quiz, etc.
<b>Experience</b>	Job Rotation & Action Learning Project
<b>Exposure</b>	Membership of Professional Networks, Writing Articles, Representation in various Committees, acting as Faculty, etc.

- The performance in previous year provides the basis for identifying the training and development needs of the executive.
- The development needs, identified should be such that they facilitate the executive in immediate performance.
- Individual Training & Development Plan as agreed between the executive and the RO is to be filled at the beginning of the assessment year.

### 3.2 Continuous Conversation Points:

Performance Management is not an event but an ongoing process. Continuous Conversation Point reviews have been introduced to encourage real time performance feedback and two-way communication between executive & reporting officer and bring about transparency through continuous performance feedback.

Continuous Conversation Points help in the following ways:

- Discussion and feedback on progress on continuous basis
- Reinforcing good performance in time
- Updating the status of targets i.e. progress review
- Identifying areas for “mid-course” correction
- Revisiting KPAs and goals, if necessary
- Assessing resource and skill requirements affecting the individual’s performance
- Providing early warnings of non-performance, i.e. avoiding year end surprises
- Providing immediate performance feedback and appreciation

PMS form is open to both the Executive / Reporting officers for initiating Continuous Review throughout the appraisal period. It comprises of the following tabs:

Tab	Description
<b>Action Items</b>	The sub activities of the Main KPAs shall be divided into Monthly Targets as assigned during performance planning. The progress on the same shall be reviewed through mandatory continuous conversation point review meetings and recorded through a dialogue to track and record the Monthly progress in the activities of the executive and for course correction.
<b>Discussions</b>	For discussions on achievements, issues/roadblocks, efforts made, help/assistance required, etc.
<b>Achievements</b>	Special Achievements of the executive during the year can be recorded immediately in this section on real-time basis i.e. as and when it happens. These achievements could be handling of emergency situations, process improvements, mentoring, in-house training faculty, winning awards, representing NTPC, writing white papers, office bearer of NTPC councils/forums/committees, suggestions made, participation in cross-functional teams, professional circles, NOCET, representing NTPC in competitions like quiz, management games, acquiring additional qualifications, Exhibition of Leadership Skills etc., acquiring special competencies, etc.
<b>Guidance</b>	Immediate and Constant Feedback needs may be provided by the Reporting Officer on achievements as well as for development and continuous improvement.

### 3.2.1 Alteration of KPAs:

The KPAs may be changed under the following circumstances:

- There is significant change in roles and responsibilities of the executive.
- There are changes in the strategic business objectives of NTPC that directly impact the KPA or the specific KPA loses relevance, as in the following cases:
  - Un-anticipated projects
  - Abandonment of projects as per corporate directives
  - Situations completely out of the control of the executive (i.e.) Force-majeure conditions.

### 3.3 Annual Assessment:

The objective of Annual Assessment is to:

- Discuss and arrive at assessment of performance with respect to agreed targets.
- Agree upon improvement plans and development needs for the individual.

#### 3.3.1 Guidelines for Annual Assessment of KPAs

- The Actual Target achieved by the executive against the KPA constituent is written by the executive in the column “Actual Target Achieved”.
- Depending upon whether the target achieved is “Stretch”, “Intermediate” or “Base” level, the pro-rata marks are proportionately indicated in the “Marks Obtained Column”
- The marks obtained under each KPA constituent add up to the total score for a KPA Index. The marks obtained under each KPA Index add up to the total marks for KPA.

#### 3.3.2 Guidelines for Assessment of Team Performance

Teamwork is the ability to work together towards a common vision; the ability to direct individual accomplishment towards organizational objectives. It is the fuel that allows common people to attain uncommon results. – Andrew Carnegie

Emphasis on assessment of team performance is to enhance the team culture and team efforts in the organization. Team performance score shall be part of the individual PMS score and its weightage in different levels shall be as below:

Designation	L3 (E0-E5)	L2 (E6-E7)	L1 (E8)
<b>Individual PMS Weightages</b>	80	70	60
<b>Team Performance Weightages</b>	20	30	40
<b>Total</b>	100	100	100

### 3.3.3 Summary of Scores

- At the end of the assessment year, the “Total Marks Obtained” will be the sum of marks obtained in KPA section of the PMS form including weightage for Team Performance.
- The channel for submission of PMS form for Annual Assessment would be as depicted below:
  - Reporting Officer (RO)
  - ↓
  - Reviewing Officer (R1)
  - ↓
  - Sectional Head (SH)
  - ↓
  - HOD (R2)
  - ↓
  - Concerned Executive
- The pre-normalized final score shall be communicated by HOD (R2) to the executive.

### 3.4 Normalization:

The objectives of the Normalization System in PMS are to:

- Ensure parity and integrity by minimizing variation in rating by different reporting officers across various departments and locations.
- Enhance objectivity and transparency in the appraisal system.
- To view individual performance from the perspective of organizational achievement.

#### 3.4.1 Key Elements of Normalization:

With the introduction of the new system, it is envisaged that the normalization will be dynamic and may vary from year to year. However, the following guidelines shall continue to exist as a measure of precaution:

- Executives would be normalized within a cluster with a population of at least 15 executives.
- Depending upon the level, location and the number of executives in the given level/function, executives would be normalized either at the Plant, Regional Headquarters or Corporate Centre level.
- The composition of clusters at each grade would be notified by Corporate HR from time to time.
- In respect of executives on secondment/lent to JVs/Subsidiaries, normalization would be done in respective entities.
- Normalization would be done by the Performance Management Committees comprising cross-functional members specifically set up for

the purpose.

- The Performance Management Committees would be the highest level of decision-making body for PMS for the respective level and cluster as the final accepting authority.
- The constitution of the Normalization Clusters and Performance Management Committees would be as notified by the management from time to time. The existing Clusters for purposes of Normalization and Performance Management Committees are notified vide CHRC No.: 544/2005. The powers to reconstitute the Clusters for purposes of Normalization is assigned to a committee consisting of ED (HR), CC, one Regional ED and one ED of a Corporate Function. This committee shall be constituted with the approval of Director (HR) and shall examine the issue of reconstitution of Clusters well in advance of the normalization exercise mentioned in the PMS calendar. The reconstituted Clusters shall come into effect after approval of the recommendations of the committee by the Competent Authority.

#### **3.4.2 Output from the Normalization Process:**

After consolidating the individual and team performance score, the absolute score will be plotted into Top, Middle and Bottom as per the relative performance (30:60:10).

The post normalized scores of performance shall be used for different HR sub-systems by prescribing appropriate criterion to be decided as per requirement. Employee whose performance is evaluated as bottom three times consistently shall be dealt as per relevant rules and policies.

#### **3.4.3 Performance Result:**

The performance scores finalized by the Performance Management Committee and the categorization at the end of the normalization process would be final.

### **3.5 Feedback, Coaching and Counseling:**

- In order to make PMS an open system and to enhance development orientation across the organization; feedback, coaching and counseling are essential components.
- Communicating the performance results of the executive on continuous basis and providing developmental feedback are critical to this process.

#### **3.5.1 Guidance - Feedback**

Providing feedback on Development & Performance has the following benefits:

- Creates transparency, making PMS more acceptable to individuals.
- Reinforces good performance on time.
- Enables development of coaching and mentoring relationship between

reporting officer and executive.

- Ensures that organizational objectives are achieved to an acceptable standard and in an acceptable form.

Providing performance feedback is a delicate matter and the reporting officer should create suitable conditions for providing developmental / performance feedback in the most effective manner. In general:

- Feedback should be focused on the specific performance actions and not on the personality of the executive.
- Feedback should be generated after reviewing all achievements and issues throughout the assessment period and not focused on isolated incidents.
- Feedback calls for maintaining a log of critical incidents occurring during the assessment period for recording both achievements and failures with details, as an aid to memory during performance discussions with the executive.
- Feedback should be given as regularly as possible through continuous conversations so that enough opportunities are created for executive to bridge performance gaps through self-development.
- Feedback should be on individual development and the interventions thereof for developing related competencies.

### **3.5.2 Guidance - Coaching and Counseling**

Coaching is an on-the-job approach to help individuals to develop and raise their skills and levels of competence. Coaching typically consists of:

- Making executives aware of how well they are performing and their present level of knowledge and skill.
- Providing guidance to individuals to enable them to complete their work satisfactorily.
- Motivating individuals to learn new skills and develop themselves.
- Facilitating individuals to raise their level of contribution and achievement.

Counseling in the PMS context essentially is a process by which executives can receive assistance in sorting out issues related to current and future responsibilities and aspirations. Therefore, reporting officers are required to encourage individuals to plan for their own self-development. The process of counseling is through:

- Recognition and understanding of existing strengths
- Empowering, i.e. enabling the individual to recognize their own problems and expressing the same.
- Facilitating action through guidance and expertise, i.e. facilitating the process whereby the individual evaluates alternatives and formulates action plans to achieve the most suitable course of action
- Helping individuals to take ownership of the outcomes of their chosen action.

Coaching and counseling together act as a feedback mechanism for the individual on his/her performance. It is often used by reviewer/reporting officer to communicate the areas for development and improvement to the executive for improving performance and dealing with consistent non-performance.

While coaching and counseling for development and fulfillment of IDP, one can take aid of various inputs available from assessment of CPV, 360<sup>0</sup> feedback or any other input from an administered test etc., wherever available.

#### **4. Assessment of Competencies, Potential & Values (CPV):**

- Competencies are those that are required for success in a particular function or job and typically involve demonstrating Managerial/ Technical/ Functional knowledge/skills/abilities.
- The Competencies/ Potential/ Values shall be assessed through administering on-line/off-line test, etc. at periodic interval internally or externally.

#### **5. PMS Linkage with Other HR Systems:**

Performance Management has much wider implications than purely improving individual performance in the given year. PMS provides the basis for achieving a number of fundamental aims of HR strategy for the organization as mentioned below.

##### **5.1 Linkage with Learning and Development system**

- PMS lays strong emphasis on continuous learning and development. The two-way communication between reporting officer and executive creates an environment of trust and self-learning.
- PMS is the basis for the organization to maintain data on an individual's skill gaps, take necessary action to meet the learning needs, use it for foreign training/assignments and company sponsorship of long-term educational programs, etc.
- PMS would also provide the means to determine the collective level of competencies and strengths available within the organization as well as gaps for planning for organizational development initiatives.
- Learning and development initiatives fundamentally rest with the individual with the organization facilitating the same through creating a learning environment and providing suitable opportunities, etc. The executive would be responsible for making use of the same to the maximum extent possible. The programs which need to be undergone, etc. shall be captured in Individual Development Plan Tab and shall also be captured for review at regular intervals with Reporting Officer.

##### **5.2 Linkage with Rewards System**

- PMS is a tool for rewarding successes/achievements and contribution of individuals to motivate them to continuously strive for excellence in their respective responsibilities.

- PMS results will be used to identify high performing teams and individuals for the purpose of rewards and recognition.
- Also, it would provide inputs to the organization's rewards programs including variable pay. The detailed processes and systems are outlined in the Performance Related Pay Policy.

### **5.3 Linkage with Career Development System**

- The PMS outcomes would be used as one of the inputs in the Career Development System. It would provide inputs for assessing an individual's readiness for higher responsibility and career advancement.
- PMS input would also help in decisions relating to job rotation and placement in special assignments commensurate with demonstrated performance. The detailed processes and systems relating to this are outlined in the Promotion Policy, Career Development and Job Rotation Policy respectively.

### **5.4 Linkage with Assignment of Manpower for different roles**

- The PMS outcomes shall also be used while assigning manpower for different roles in the organization.

## **6. General:**

- 6.1** The Standard Operating Procedure (SOP) of the Performance Management System is placed as Annexure.
- 6.2** In case of grievance on the individual performance scores finalized by Performance Management Committee (PMC), the grievance can be directly put up to an appellate authority (ies).
- 6.3** The powers to modify, cancel, add or amend any of the provisions of the PMS policy at any time rests with the Director HR of NTPC.

## Annexure

### STANDARD OPERATING PROCEDURE (SOP) OF PERFORMANCE MANAGEMENT SYSTEM

#### 1. Performance Planning

- In the beginning of the assessment year, Window of E-PMS shall be made available for Performance Planning of the respective executives for 15 days. Performance planning except in case of New Joinees should be compulsory completed within 30 days from 1<sup>st</sup> of January of each calendar year. 30 days includes grace period of 8 days and extended period of 7 days (with penalty).
- The performance planning should be necessarily carried out through a process of mutual discussion and later on the executive should fill in the relevant sections in e-PMS.
- On filling up of KPAs by the employee, Reporting Officer (RO) should ensure that the parameters are aligned to MOU parameters / measures and accept in consultation with HOD (R2). The filled up KPA can be viewed by Reviewing Officer (R1), Sectional Head (SH) and HOD (R2) for their suggestions to Reporting Officer for Amendment before the Reporting Officer accepts the planning form, etc.
- In case there is difference of opinion between the Executive and the Reporting Officer (RO) on KPAs, its measures, etc., it shall be sorted out through mutual consultation. However after consultation the decision of the Reporting Officer (RO) shall be final and binding.
- In case the executive has been assigned more than one function within the department, for example, a mechanical executive has been given a portion of electrical; he or she can draw KPAs from the respective functions from the KPA directory available in the Intranet.

#### 1.1 Identifying KPAs

- 1.1.1** At the beginning of the year, relevant KPAs are identified using the KPA Directory as a reference tool. KPAs may be enhanced or modified depending upon the business/functional plans for the relevant year as well as the specific role of the individual after discussions with the reporting officer.
- The function-wise and level-wise KPA Directory has been populated in online PMS form. The targets for KPAs selected from the KPA directory shall be customized, before finalization, to suit the assigned role and level.
  - For target fixation, performance planning process shall follow the approach of top to bottom. BUHs/ EDs/ Functional Heads shall ensure that the target taken by concerned HODs (R2) captures all the relevant section/ areas of work of their superiors.
  - It shall be the responsibility of concerned HOHRs/ Head of Technical Services to circulate draft MOU, which is available by November/ December every year, to all other HODs to initiate planning & consultations. It shall also be uploaded on relevant site intranet.

- Target fixation under Performance Planning shall be carried out using draft MOU targets of respective locations. Any change in KPAs resulting from the change in the targets in the final MOU / change in job responsibilities shall be incorporated in the KPAs after concurrence of RO which shall be recorded and agreed mutually. This can be done only once in the entire performance cycle.
- Target fixation, at all the levels, shall be carried out keeping target under draft MOU as Intermediate target, while the Stretch targets shall be slightly more stringent than the draft MOU.
- The KPAs should be cascaded in an open and transparent manner with each Reporting Officer (RO) sharing his/her KPAs and targets with all the executives reporting to him/her.
- Employee has to identify at the maximum 10 KPAs including Special Projects; Transactional role KPA, etc. and identify Key sub-activities under each KPA i.e. in common parlance KPA Index is L1 network, sub-activities are L2 network.
- Total marks to be allocated to each item in the KPA index is agreed between the reporting officer and the executive and assigned accordingly.
- The marks provided in the KPA Directory are indicative only and may be modified in consultation with the reporting officer.
- The column for “Marks Obtained” is filled up during the final appraisal taking into consideration the Activity log maintained during Continuous Conversation Meetings.

#### 1.1.2 Norms for KPAs:

- The number of Main KPA indices should preferably not be more than Ten (10).
- Each KPA should carry at least 3 marks and maximum of 20 Marks.
- The actualization of IDP shall form one of the mandatory KPA Index comprising of minimum 10 marks.
- **Mandatory Safety KPAs:** Executives working in O&M/Construction/Erection and other related areas shall be allotted Safety KPAs mandatorily while filling the KPAs (E0-E4 – 12 Marks, E5 – 13 Marks, E6 – 15 Marks, E7 & above – 20 Marks). The safety KPAs shall be aligned to system improvement in their day to day routine activities to prevent any accidents.

#### 1.1.3 Norms for KPAs constituents, measures and targets:

Once the KPAs are identified, their constituents, measures, targets and marks are also identified from the KPA Directory as a reference tool. These are agreed upon between the reporting officer and the executive at the beginning of the assessment year.

- KPA measure can only be one of the three viz., Percentage (%), Time & Number (Nos.).
- Constituents should not have marks in decimals such as 3.5 or 4.5 and it would be system driven.
- Each KPA constituent has three levels of targets which is to be decided jointly by the reporting officer and executive:
  - The “Stretch Target” indicating a degree of difficulty built into the target requiring extra efforts for achievement of the same, such as controllability, skill requirement, innovation and so on
  - The “Intermediate Target” indicating a performance expectation based on efforts and skills at a generally acceptable level. Internal MOUs targets shall be considered to be intermediate targets.
  - The “Base Target” indicating the minimum acceptable level of performance in order to obtain a score on the KPA.

**1.1.4** After the targets are agreed, the reporting officer and the executive discuss in detail the identification and allocation of the various resources required by the executive to achieve the targets.

**1.1.5** The columns for “Actual Targets Achieved” and “Marks Obtained” are filled at the end of Assessment Year.

## **1.2 Developing IDPs:**

- The reporting officer should identify specific competency gaps based on competency assessment and potential assessment inputs raised through on-line test administered and suggest developmental initiative/training and time frame for the same.
- Competencies required for Career Development & Job Rotation in discussion with Reporting Officer may also be taken into account.
- After receipt of completed PMS Planning forms, the system would send details to:
  - HRD/EDC group in respect of Units / Regions (RLI)
  - HRD group in Regional HQ/Subsidiaries/JVCs
  - PMI
- The concerned HRD/EDC/RLI/PMI would use these details as an input for them to develop the training calendars and design appropriate training programmes for the following year.
- During the Continuous conversation points review the Reporting officer shall monitor the progress made by the executive with regard to the IDP as decided mutually.

## **2. Continuous Conversation Points**

- The reporting officer will review with each executive reporting to him and complete the relevant sections of the Continuous Conversation Points Tab.

- The reporting officer and executive will jointly review the performance on a continuous basis.
- The system would enable the Executive / Reporting Officer to review on any of the KPAs agreed upon.
- The executive completes the self-evaluation section where he/she highlights achievements to date. Further, he/she indicates roadblocks and issues faced as well as efforts made by him/her to overcome them including help/assistance obtained from the reporting officer.
- The reporting officer records progress and performance in the tab provided for “Feedback”. The comments should include feedback on KPA progress along with a Star Rating.
- Both the reporting officer and executive set aside some time to discuss the achievements and issues highlighted by the executive. The Conversation points are an important opportunity for the reporting officer to provide feedback on the performance to date.
- Employee & Reporting Officer can make multiple continuous conversations as per requirement. In case an event occurs on the last day of the month the same can be recorded on the first day of the next month onwards.

### **3. Annual Assessment**

#### **3.1 Assessment of KPAs**

- The Actual Target achieved by the executive against the KPA constituent is written by the executive in the column “Actual Target Achieved”.
- Depending upon whether the target achieved is “Stretch”, “Intermediate” or “Base” level, the pro-rata marks are proportionately indicated in the “Marks Obtained Column”
- The marks obtained under each KPA constituent add up to the total score for a KPA Index. The marks obtained under each KPA Index add up to the total marks for KPA.

#### **3.2 Assessment of Team Performance**

- HOD (R2) of the Departments shall finalize the Team KPA in consultation with BUH to achieve Departmental objectives aligned to achieve the MOU targets / Company’s Management Agenda/ Organizational improvement. These shall be visible under the tab ‘Team KPA ’in the system. The same shall be evaluated at the end of the Appraisal year and shall form part of individual assessment.
- For Small Teams, the Team KPA shall be of the departmental head to whom they report. For example, Decommissioning and Dismantling shall report to the Project Erection Group.
- For executives posted in REDs/CEOs/BUHs Sect., the Team KPA shall be the Internal MoU at Region/Station. For teams posted in FEDs/Directors/CMD Sect., the team KPA shall be the Internal MoU of the respective functions/company.

Team performance shall be assessed through a cross functional committee consisting of the following members:

- **Project/ Stations:**  
Head of O&M/Project, Head of Tech Services, Head of HR (Convener)
- **Region:**  
Head of OS, Head of Tech Services, Regional Head of HR (Convener)
- **Shared Services:**  
Head of Shared Services, Head of OS, Regional Head of HR (Convener)
- **Corporate Centre:**  
GM (CP), GM (OS), GM (Engg.), GM (HR)-(Convener)

### 3.3 Summary of Scores

- At the end of the assessment year, the “Total Marks Obtained” will be the sum of marks obtained in KPA section of the PMS form including weightage for Team Performance.
- The PMS form duly submitted by the executive and the Reporting Officer (RO) on-line is then submitted to the Reviewing Officer (R1) for discussion, comments and approval in consultation with Sectional Head (SH).
- The Reviewing Officer (R1) shall go through the performance of the executive in totality as finally brought out by the Reporting Officer (RO), consult the Sectional Head (SH) and submit it to the Sectional Head (SH), who in turn submits it to HOD (R2).
- HOD (R2) shall review the entire population in consultation with Sectional Head (SH) and normalize and present it to PMC member. Pictorially, the channel is depicted as:

Reporting Officer (RO)  
↓  
Reviewing Officer (R1)  
↓  
Sectional Head (SH)  
↓  
HOD (R2)  
↓  
Concerned Executive

The pre-normalized final score shall be communicated by HOD (R2) to the executive.

- The completed E-PMS form of the executive is collated by the HR department who will convene the Performance Management Committee for normalization.
- If RO happens to be the PMC member, the report need not be sent to any authority above the PMC level for review i.e., cases of E0 to E4 reporting to GM/ED or E5/E6 reporting to ED need not be sent to any higher authority above the level of PMC.

#### 4. Normalization

- The Performance Management Committee (PMC) should normalize the performance of executives within a cluster in the context of the overall performance of the unit/department vis-à-vis the targets laid out in the MOU, unit plans and functional plans for the year to ensure that individual performance assessments are in alignment with overall unit/department achievements against targets.
- The Performance Management Committee plots the distribution of the scores for the cluster to determine whether there is any skewing towards higher or lower scores in any of the departments' vis-à-vis the other departments within the cluster.
- Checks are made for data incompatibility resulting in skewing of scores. The data integrity checks could be on the following areas:
  - KPA Targets
    - Whether targets have been set at equally challenging levels across departments
    - Whether “stretch targets” are truly stretch within a department
- After checking the integrity of the above data, PMC makes suitable adjustments in the scores in the relevant sections of the concerned individuals.
- If the reviewing officer is not part of the PMC, then if required, the Committee may call the reviewing officer to discuss the scores or evaluation carried out for a particular executive.
- The final scores and the reasons for adjustments (if made) are documented in the PMS form in the section provided. The specific reasons for change in scores which are 5% or more than those awarded by HOD (R2) will be recorded.
- After the above steps, executives within each cluster will be categorized into Top, Middle and Bottom. The normalization process would be iterative until the above categorization is achieved.
- The consolidated list of executives categorized as above for each cluster together with the final score for each employee will be signed by all members of the respective Performance Management Committee.
- The concerned HR would facilitate the entire process of normalization in the role of a convener.
- Place of Normalization in case of transfer: The PMS reports of executives who have been transferred during the course of an assessment year shall be normalized at the place where he is posted at the end of the assessment year.
  - The normalized scores of all such cases of transfer (along with PMS Scores of last 10 years) of every unit shall be scrutinized by a committee consisting of Head of TS and Regional Head of HR at the regional level and by a committee consisting of a GM from Technical area with the approval of ED (HR) along with Head of COE (Strategic HR & Talent Management).
  - In case, based on the scrutiny, it is found that the concerned executive has been discriminated against on account of such transfer, then the details of such cases shall be put up for review (along with records of previous years' performance) in the following manner:

In case of Intra-Region Transfer:

Upto E6: Concerned Regional Executive Director

Upto AGM: Director (HR)

In case of Inter-Region Transfer:

Upto E6: ED (HR)

Upto AGM : Director (HR)

- Any change of score as decided by the above mentioned authorities shall constitute the final performance score of the concerned executive in the relevant cluster.
- Regional HR / COE (Strategic HR & Talent Management) at CC (as the case may be) has to collect data on all transfer cases, constitute a committee and decide as to the case of aberration. For this purpose, the following shall constitute aberration-
  - $\geq 5\%$  change from normalized score from immediately preceding assessment year
  - Performance category change from immediately preceding assessment year, e.g. if a person was in top bracket in 2018 & brought down to middle in 2019 or based on the past track record upto last 10 years, then it should be considered a case of aberration.
  - Any other reason apparent on the face of the record in terms of remarks of Reporting Officer, Reviewing Officers, PMC, etc.
  - Once all the cases are screened/shortlisted for consideration of the decision making authority, the scores of upto 10 years should also be presented for checking consistency or otherwise of scores.

## **5. Communication / Feedback**

- After normalization, HR consolidates final scores, performance categories and the feedback from the Performance Management Committee for all executives.
- HR prepares a summary sheet of scores, performance category and feedback from Performance Management Committee for the executives under each reporting officer along with the individual Feedback forms, duly filled and sends the same to the reporting officers through ESS. The reason for change in score as recorded by PMC along with the final score awarded by PMC shall be communicated to the individual executive along with relative performance category.
- The concerned reporting officer sends the individual feedback form in the E-PMS System (SAP Mail / E-mail) to the concerned executive in order to communicate the final score, performance category and the feedback. Alternatively, it can also be given in hard copy, wherever required.

## **6. Roles and Responsibilities**

### **6.1 Role of Executive:**

- The executive shall fill out appropriate portions of the form, attend the PMS meetings at all stages (Performance Planning, Continuous Conversations and Annual Assessment) and be prepared to have an open and frank discussion about his/her performance.
- The PMS aims at creating amity and convergence of individual, team and organizational goals and it should be taken in that spirit.
- The executive is required to show the necessary flexibility and adaptability to the teams and organizational needs and display system discipline through adherence to all PMS requirements.

### **6.2 Role of Reporting Officer:**

- The reporting officer shall cascade the KPAs based on MOU targets to the executives reporting to him in a fair and achievable manner with necessary stretch for individual excellence.
- The reporting officer should set up Performance Planning, Continuous Conversation Point Meetings and Annual Assessment meetings with all the executives reporting to him within the specified periods as per the PMS calendar.
- The reporting officer shall record a brief log of all critical incidents occurring within his scope of work as an aid to memory while completing the reviews, annual assessment and giving feedback to the executive.
- The reporting officer shall carry out the PMS scoring of all executives reporting to him in an objective manner and such that the scores are distributed in a manner requiring minimum adjustment and/or normalization by either the reviewing officer or the Performance Management Committee.
- In the event of change of KPAs, measures, targets etc., the reporting officer is required to obtain clearance from Reviewing Officer prior to making the change.

### **6.3 Role of Reviewing Officer (R1)/ Sectional Head (SH)/ HOD (R2):**

- The reviewing officer shall go through PMS forms for all executives under his purview and ensure that the reporting officer has been objective and unbiased in his scoring of various executives.
- Where required, the reviewing officer may recommend some changes to the scores after carrying out a detailed discussion with the respective reporting officer.
- The reviewing officer shall also carry out an integrity check to ensure that the scores awarded to all the executives under his/her purview are distributed in a manner requiring minimum normalisation by the Performance Management Committee.
- Where an executive has a grievance against the reporting officer regarding the PMS process, the reviewing officer shall intervene and settle the grievance in a fair and objective manner.
- The reviewing officer shall also be responsible for ensuring “stretch targets” for

executives under his charge.

- The Reviewing Officer shall cascade the KPAs in an open and transparent manner with each reporting officer by sharing his KPAs and targets.

#### **6.4 Role of PMS Officer:**

- A PMS Officer would be designated for each location (plant/ project/ region/ corporate).
- PMS officer shall scrutinize all Employees' PMS forms and see whether it is properly filled in terms of guidelines, whether stretch targets & team targets, etc. are properly aligned or not and submit an exception report to BUH & HOHR on various compliances. In case PMS form is not in compliance with the guidelines, the form shall be sent back for review and compliance.
- The PMS Officer would be responsible for implementing PMS as well as for periodic administration, follow-up, tracking and analysis of PMS activities as per schedule in his/her respective location.
- To ensure collection, collation and forwarding the Individual Development Needs to the concerned EDC/ Regional HRD/ Learning Institute/PMI.
- Shall consolidate KPAs recorded under the others tab and send it to concerned department for validation and for updation in KPA directory.

### **7. Administration of PMS**

- Executive Directors, Business Unit Heads, General Managers, RHOHRs and HOHRs will facilitate implementation of PMS by monitoring progress, removing any difficulties or roadblocks and ensuring completion of assessments and submission in ESS as per the dates provided in the PMS calendar for their respective Units /Departments/Regions.
- The concerned Business Unit Head/ Functional Head should cascade his KPAs to the executives reporting to him based on MOU targets for that year with suitable stretch targets to ensure organizational excellence. This process may be finalized in an SMC meeting/ departmental or group heads meetings as the case may be.
- The primary responsibility for filling up the PMS form and setting the process in motion rests jointly with the Reporting Officer (RO) and the executive as per the time frame provided.
- Any difficulty or difference that may rise between the Reporting Officer (RO) and the executive in the process of implementation of the system would be sorted out through the intervention of the Reviewing Officer (R1) first and then by HOD (R2).
- **Guidelines for Appeal in the PMS system:**
  - In case of grievance on the individual performance scores finalized by the performance management committee (PMC), the grievance can be directly put up to an appellate authority (ies) on-line which is one level above the PMC.

- Respective Appellate Authority (ies) and the timelines for appeal, examination of appeal & communication to appellant are as per in built timelines in the online system. The concerned HR as given against respective levels & locations/departments shall coordinate all the related activities.
- The scores given by the appellate authority (ies) shall be final and the categorization of the aggrieved employee (s) shall accordingly be adjusted in the respective cluster (which was earlier normalized) without altering the performance categorization/ performance bucket and scores of other executives in the same cluster.
- The timelines for appeal, examination of appeal & communication to appellant is provided in Appendices. To address the grievance of executives, an online PMS Appeal System has been made which is available at CC-HR Portal. The appeals shall be made online only through the above system.
- If any executive does not participate in performance planning and the subsequent processes despite being given ample opportunity to do so (i.e) upto 3 reminders, the Reporting Officer can, during annual assessment give only the final marks on single sheet (part for total marks in the present PMS form).
- In the event of the creation of a new role or department, the concerned HR department will develop KPAs and Functional Competencies for that particular role/department in consultation with the respective head of department. Also, if for an existing role, new competencies/KPAs are required to be added, the concerned HR department would compile the same in consultation with the respective head of department. Such new roles or competencies defined should be validated with COE-Strategic HR & Talent Management and shall be added in the KPA Directory.
- The key role for the HR department in the PMS administration is to:
  - Ensure availability of PMS forms as per the PMS calendar on-line
  - Track on-line completion of forms as per schedule
  - Monitor adherence to dates
  - Audit of KPAs, Updation of KPAs.
  - Highlight non-compliance/exceptions to top management
  - Concerned HRD/ EDC / RLI / PMI / COE to work on Individual Training and Development Plan.
  - Cluster review, wherever required.
  - Convene Performance Management Committee meetings
  - Consolidate feedback, final scores and performance category of all executives
  - Prepare “Final Score Feedback Form” for each executive and provide to respective reporting officers.
  - PMS Audit / PMS analytics
- The responsibility across various levels and locations for PMS administration lies with the PMS Officers, so designated at each Plant, Region and Corporate.

- Convening responsibility of the Performance Management Committees is as provided in the table below:

Level	Location	Member Convener
E0-E5	For Plant	HO HR
	For Region	RHOHR
	For Corporate Centre	Group Head - (COE-Strategic HR & Talent Management)
E6, E7	For Plant & Regional Headquarters	RHOHR
	For Corporate Centre	Group Head - (COE-Strategic HR & Talent Management)
E8	For Plant, Regional Headquarters & Corporate Centre	Group Head - (COE-Strategic HR & Talent Management)

## 7.1 Special Cases

### 7.1.1 **Executive and/or reporting officer transferred during assessment year:**

- If the executive or the reporting officer has spent less than 3 months of the assessment year prior to transfer from the department, then no assessment needs to be carried out for the executive for that period by that reporting officer.
- If the executive has spent more than 3 months of the assessment year prior to transfer from the department, then an assessment must be carried out for the executive duly signed off by the reporting officer for the relevant period followed by a review of the same by the Reviewing Officer.

The employee will have to necessarily close the part-PMS form before his release to the new place of posting. Only on closure of part-PMS, New PMS form shall be opened at the new place of posting for Performance Planning and setting new KPAs, based on the role assigned.

Fresh KPAs will have to be finalized by the new reporting officer and the executive's annual assessment for that year will comprise both the old as well as the new PMS forms, duly signed off by the respective reporting officers.

The total score for normalization will be provided by both the PMS forms proportionate to the amount of time spent in each department. The normalization cluster would be based on the executive's Current position.

- In case the Reporting Officer has changed in the midst of Assessment year, employee need not change his KPA or undertake fresh performance planning in case his role has not changed. In case of role change due to inter-departmental or intra-departmental transfer and if the period is for more than 3 months, fresh planning is to be done after closing the previous form.

### 7.2.2 Executive promoted during the year:

- a. Executives promoted during the assessment year need to fill up new E-PMS forms, if promotion is accompanied by change in role-band or change of job responsibility or transfer.
- b. If an executive is promoted within the same role band and continues to remain in the same department under the same reporting officer with substantially the same responsibilities and KPAs, then the existing PMS format will continue to be used. At the end of the year, he is assessed on the same KPAs and the total score for normalization purpose is also derived from it.

The executive will be normalized in the cluster applicable after promotion. If some responsibilities are added as a result of promotion, the same can be incorporated in the PMS format during the Conversation Point Review.

- c. If an executive is promoted along with a change in role band, then a fresh E-PMS form will have to be created appropriate to the role band and fresh KPAs will need to be agreed upon.

Furthermore, the executive will be normalized in a cluster as per his new grade and function.

The total score for the year would be calculated using the same 3-month minimum service principle as above.

The respective HR departments have to ensure that E-PMS forms are filled online if an executive has served for a minimum period of 3 months either in the location or under a particular reporting officer or within a role band. The release order for the executive/reporting officer will be issued subject to the fulfillment of this. Thereafter, HR needs to coordinate with the other HR departments where the executive has been transferred to communicate the proportionate weightage of total score to be used for calculating the final score.

### 7.3.3 ETs regularized during the Calendar year:

Performance of ETs regularized during the calendar year on prorated basis shall be as per their performance during one year training as evaluated by RLI/PMI and communicated to HR for the purpose of linkage to evaluation under different heads in case the period is of less than three months.

### 7.3.4 Executives Sponsored for Course by the Company:

Performance of Executives who have been sent for company sponsored programmes shall be assessed based on their performance in the course.

### 7.3.5 Executives in Study Leave, Child Care Leave:

Performance assessment of the Executives who are in Study Leave/Child Care leave will be done only if their actual presence on the job is more than 03 months during the assessment year. In all other cases, the performance rating shall be arrived at on the basis of mean of the last three years rating.

### 7.2 Non-Compliance with PMS Cycle/ Scheme of Negative Marking:

Non-compliance with PMS calendar shall entail deduction of overall PMS scores of executives responsible for adherence to calendar. The detailed guideline for deduction of marks is as follows:

#### Scheme of Negative Marking

Responsibility	Performance Planning	Lack of Conversation Points	Annual Assessment	Normalization	Communication of Scores	Total Max. Marks
ED/GM	5	1	2	5	2	15
HOD (R2)	3	2	2	1	2	10
Reviewing Officer (R1) / Sectional Head (SH)	2	2	2	-	2	8
Reporting Officer (RO)	2	2	2	-	2	8
Concerned Executive	5	2	2	-	-	9
HOHR for HR	2	2	2	-	2	8
HOHR for all functions	2	1	2	1	1	7

#### 7.2.1 Procedure of Negative Marking

Since the entire system is online, negative marking shall get populated and validated by system and marks shall be deducted at the time of Annual Assessment automatically.

For a person handling more than one responsibility, the total maximum marks deducted shall be equal to the maximum marks amongst the roles for which he is responsible.

### 7.3 Compulsory Annual Medical Check Up:

All executives have to undergo Annual Medical Checkup and upload their Medical Report along with their PMS at the time of final submission. Non-submission of the same will not allow the appraisal form to go to the next level.



#### **7.4 Compulsory Filling of Property Return:**

All executives have to compulsorily fill their Property Returns by the due date and mention the date of submission of Property Return of the preceding year at the time of Annual Assessment, failing which, the form shall not go to the next level.

### **8. Audit of PMS**

#### **8.1 Guidelines:**

To achieve the objectives of the PMS, an audit procedure has been put in place to ensure that all users follow PMS guidelines consistently.

#### **8.2 Role of Audit Team:**

The audits are to be carried out on a sample basis across plants, regions, Corporate Centre using the format provided as per PMS Audit Manual or any format issued by COE-Strategic HR & Talent Management from time to time.

##### **8.2.1 Audit of Target Setting:**

The key role of the audit team shall be to ensure that:

- The reporting officer is at a minimum level of Sr. Manager (E6).
- The KPAs have been appropriately cascaded down at each level with appropriate balancing and sufficient stretch targets to achieve individual and organizational excellence
- There is parity in the targets for executives of a particular level having similar roles and responsibilities
- The KPAs have been set with data backup and support
- The KPA target setting has been discussed between the appraiser and appraisee.
- Interdepartmental targets have been set accurately with appropriate linkages to smoothen the process of achieving individual targets.

##### **8.2.2 Audit of Conversation Point Schedule and Annual Assessment:**

The key role of the audit team will be to ensure that:

- Quality reviews and Feedback have taken place during Continuous Conversation Points.
- Changes made to the Targets and KPA during Conversation Point reflect the departmental/plant needs.
- The overall scores for the KPA targets are in line with the departmental outcomes/results for the year with sufficient “stretch” targets.
- The data of a cluster/large department follows a natural curve with differentiation between top performers, middle and bottom performers.

- The reporting officers have followed the principles of evaluation and reasonably avoided rating biases while evaluating a group.
- Transfer cases have been properly dealt.

### 8.2.3 Audit of Normalization Process:

The role of the audit team shall be to:

- Ensure that the principles of normalization have been followed
- Review the final list of executives who form the top 15% and ensure that their performance scores indeed accurately reflect the highest performance level within the cluster that they are taken from and the departments that they belong to.
- Review the list of executives who are in bottom 10% for ascertaining the reasons and suggest measures for counseling, planned interventions including Learning & Development Programmes.

The PMS audit format shall be as per the format issued by management from time to time.

### 8.3 Composition of the Audit Committee and Submission of Report:

The audit team and the submission of the audit report to the concerned authority shall be as under. The report should only highlight the exceptions and non-compliance issues to enable suitable action to be taken.

Area	Audit Team	Report Submitted to
<b>Plants</b>	<ul style="list-style-type: none"> <li>• Head of O&amp;M</li> <li>• Head of Technical Services or Representative nominated by BUH</li> <li>• Head of HR</li> </ul>	RHOHR
<b>Regions</b>	<ul style="list-style-type: none"> <li>• Head of OS</li> <li>• Head of P&amp;S/P&amp;M or Representative nominated by RED</li> <li>• RHOHR</li> </ul>	COE - Strategic HR & Talent Management
<b>Corporate Centre</b>	<ul style="list-style-type: none"> <li>• Audit Team nominated by ED(HR)</li> </ul>	ED(HR)

### 8.4 Audit by Corporate HR:

Corporate HR reserves the right to conduct sample checks at any location for PMS policy and system adherence at their sole discretion.

## 9. Appendices

### 9.1 Tips for Reporting Officer to conduct Assessment Meeting

There are eight simple steps that a reporting officer must follow in order to conduct an effective assessment meeting:

1. Control the atmosphere: Be prepared, create trust and understanding by putting the executive at ease. Avoid interruptions while the executive is communicating.
2. State the purpose of the discussion: Discuss the advantages of the discussion including:
  - a. Assessment of progress towards goals
  - b. Identification of ways to improve performance
  - c. Identification of current or potential problems
  - d. Improvement in communication
3. Ask for the executive's opinion: Ask executive to discuss what he/she has written in self-appraisal. Ask clarifying questions, if needed. Listen carefully and attentively. Keep an open mind. Control your emotions or defensive reactions.
4. Present your assessment: Speak in detail, giving factual information. Be open, candid and specific, giving both good news and bad news.
5. Build on executive's strengths: This will lay the groundwork for a positive approach for future performance. Specifically:
  - a. Ask the executive to name his/her strengths
  - b. Share your opinion of the executive's strengths
  - c. Recap the strengths you have discussed and relate them to specific future goals
  - d. Focus on performance and not the person
  - e. Be aware of not focusing too much on recent events; take the entire year's performance into consideration.
6. Ask for executive's reaction to your assessment: Be prepared for executive's disagreement on your assessment. He/she may also feel unhappy or emotionally upset. Stay open and do not react in a defensive manner. Resist the temptation to gloss over serious issues.
7. Discuss specific goals: Set specific future goals for performance as well as training and development needs. Discuss career progression at this stage and the steps to be taken to achieve the same.
8. Close the discussion: Plan for a good ending. Summarize the discussion and discuss the scheduled next steps.

### 9.2 Tips on providing feedback

- Provide feedback on actual events
- Describe, don't judge
- Refer to specific behavior
- Select issues and restrict to those.
- Focus on aspects of performance that the individual can improve upon.
- Provide positive feedback

### 9.3 Tips for implementing PMS

The most objectively designed performance management system in the world can fail if it is not implemented with care and caution. Some common issues of PMS implementation can be successfully avoided by following some of the simple tips mentioned below:

What To Do	Steps
<b>Ensure frequent communication</b>	<ul style="list-style-type: none"> <li>• Ensure frequent two-way communication between reporting officers and executives</li> <li>• Take active steps to remove obstacles limiting executive performance</li> <li>• Create an atmosphere where executives are encouraged to ask questions and clarifications</li> <li>• Ensure that executive's perceptions of performance match the reporting officer's</li> </ul>
<b>Mutually agreed-upon goals</b>	<ul style="list-style-type: none"> <li>• Share and communicate goals received from top management for your unit/department</li> <li>• Involve executives in goal-setting</li> <li>• Document them so that there is a common understanding of what is expected</li> </ul>
<b>Evaluate your own performance first</b>	<ul style="list-style-type: none"> <li>• Take time to evaluate your own performance first</li> <li>• Get feedback from others (peers and superiors) to see how well you are creating an achieving atmosphere for your executives</li> </ul>
<b>Document performance between appraisal meetings</b>	<ul style="list-style-type: none"> <li>• Document examples of superior performance or attitude</li> <li>• Document failures to achieve and poor behavior</li> <li>• Avoid effect of the most recent event (halo effect or horn effect)</li> </ul>
<b>Prepare yourself and the executive for the discussion</b>	<ul style="list-style-type: none"> <li>• Set a date, time and place after consulting with executive</li> <li>• Ensure that executive is aware of the purpose of the meeting</li> <li>• Show the same professional courtesy that is awarded to any business associate</li> <li>• Give the executive the opportunity to ask clarifying questions prior to and during the meeting</li> </ul>
<b>Conduct the meeting successfully</b>	<ul style="list-style-type: none"> <li>• Control the environment and do not allow interruptions</li> <li>• Put the executive at ease</li> <li>• Plan your opening remarks</li> <li>• State the purpose of the discussion and the information being used (e.g. statement of goals, written documentation, peer feedback etc.)</li> </ul>
<b>Ask for executive's opinion</b>	<ul style="list-style-type: none"> <li>• Ensure that executive does most of the talking</li> <li>• Ask open ended questions that start with 'Tell me how.', 'Why do you think...?', and so on that provide an executive to open up and talk at greater length</li> </ul>
<b>Be open, candid and specific</b>	<ul style="list-style-type: none"> <li>• Present your assessment openly, clearly and rationally</li> <li>• Be prepared to present the facts and rationale if challenged</li> <li>• Give both good and bad news</li> <li>• Discuss executive accomplishments</li> <li>• Focus on performance, not personality</li> </ul>
<b>Close the discussion in a professional manner</b>	<ul style="list-style-type: none"> <li>• Ask for executive's impression on how the meeting went</li> <li>• Thank the executive</li> <li>• Explain the follow-up steps</li> </ul>

## 9.4 Normalization Process

### 9.4.1 Examples to illustrate the normalization process

#### Example-1

Assume that the size of the group to be normalized upon is 20 with the following distribution of scores:

**Table 1**

Department	Executive	Total Score (out of max 100 points)
X	E1	76
X	E2	67
X	E3	77
X	E4	87
Y	E5	92
Y	E6	67
Y	E7	77
Y	E8	78
Z	E9	91
Z	E10	87
Z	E11	86
Z	E12	88
Z	E13	74
P	E14	78
P	E15	92
P	E16	65
P	E17	78
Q	E18	85
Q	E19	83
Q	E20	82
Average Score		80.5

The committee needs to analyse the above inputs provided to them using the following steps:

1. Determine the range of the distribution: In the above case it is 27 (65-92).
2. Compare the mean and the median: The above range has a mean score of 80.5 and a median of 80. Since the mean and the median are almost the same, it suggests that the above range is evenly distributed on either side of the mid-point.
3. Examine the distribution of scores within each department. See department-wise sorting in Table 2.

**Table 2**

Department	Executive	Total Score (out of max 100 points)
P	E15	92
P	E14	78
P	E17	78
P	E16	65
Q	E18	85
Q	E19	83
Q	E20	82
X	E4	87
X	E3	77
X	E1	76
X	E2	67
Y	E5	92
Y	E8	78
Y	E7	77
Y	E6	67
Z	E9	91
Z	E12	88
Z	E10	87
Z	E11	86
Z	E13	74

- It can be observed that while most departments have rated executives according to a normal distribution, the executives in department Q are all clustered together. However, here it is not much of a concern as the cluster is quite close to the mean/median and is not causing much skewing of the distribution.
- Compare the top and bottom scores awarded across departments to check whether extreme high or extreme low scores are being awarded in any particular department and investigate the reasons for the same. See Table 3.

**Table 3**

Department	Top Score	Bottom Score	Comment
P	92	65	
Q	85	82	High "Bottom score"
X	87	67	
Y	92	67	
Z	88	74	

- Sort the scores of the entire population in descending order to divide the distribution into 3 broad performance "buckets": Top, Middle and Bottom.
- In the above case, out of 20 executives, there should be 6 Top executives, 12 Middle executive and 2 Bottom executives. See Table 4.

**Table 4**

Department	Executive	Total Score (out of max 100 points)	Performance "Bucket"
P	E15	92	Top
Y	E5	92	Top
Z	E9	91	Top
Z	E12	88	Top
X	E4	87	Top
Z	E10	87	Top
Z	E11	86	Middle
Q	E18	85	Middle
Q	E19	83	Middle
Q	E20	82	Middle
P	E14	78	Middle
P	E17	78	Middle
Y	E8	78	Middle
X	E3	77	Middle
Y	E7	77	Middle
X	E1	76	Middle
Z	E13	74	Middle
X	E2	67	Middle
Y	E6	67	Bottom
P	E16	65	Bottom

8. Check to ensure that executives with same score are in the same bucket.
9. Observe whether a large percentage of executives in the "Top" or "Bottom" buckets are from any one (or few) particular department(s). If so, probe the reasons for the same. In the case above, 50% of the "Top" bucket is from department Z while no executives from departments Q are represented, which may need to be probed.

**Example-2**

Assume same size of group with the scores being distributed as provided in Table 5:

**Table 5**

Department	Executive	Total Score (out of max 100 points)
X	E1	88
X	E2	81
X	E3	93
X	E4	91
Y	E5	92
Y	E6	93
Y	E7	87
Y	E8	84
Z	E10	91
Z	E11	90

Z	E12	89
Z	E13	88
Z	E9	91
P	E14	78
P	E15	91
P	E16	82
P	E17	89
Q	E18	90
Q	E19	82
Q	E20	82
		87.6

Using the same steps as in the earlier example:

1. Range of the scores is 15 (93-78) that indicates that the scores are much more closely clustered together.
2. Mean is 87.6 while median is 89.5. As the median is higher than the mean, it indicates that there is skewing towards the higher end of the range.
3. The distribution of scores within each department can be seen in Table 6. In general, scores are skewed towards the higher side and this is most glaring in department Z.

This could be an area where the Performance Management Committee needs to examine the high ratings within this department.

**Table 6**

Department	Executive	Total Score (out of max 100 points)
P	E15	91
P	E17	89
P	E16	82
P	E14	78
Q	E18	90
Q	E19	82
Q	E20	82
X	E3	93
X	E4	91
X	E1	88
X	E2	81
Y	E6	93
Y	E5	92
Y	E7	87
Y	E8	84
Z	E9	91
Z	E10	91
Z	E11	90
Z	E12	89
Z	E13	88

4. The comparison of the top and bottom scores of each department can be seen in Table 7. The range of scores in department Z is too narrow with a very high “Bottom” score. The “Bottom” score in department P is comparatively low.

**Table 7**

Department	Top Score	Bottom Score	Comment
P	91	78	Comparatively low “Bottom”
Q	90	82	
X	93	81	
Y	93	84	
Z	91	88	Extremely high “Bottom” and narrow range

5. After sorting the scores of the entire population and determining performance buckets, it is observed that 35% of the population will fall into the “Top”, 60% into the “Middle” and 05% into the “Bottom”. Clearly, this distribution requires normalization. See Table 8.

**Table 8**

Department	Executive	Total Score (out of Performance max 100 points)	Performance “Bucket” – pre-normalization
X	E3	93	Top
Y	E6	93	Top
Y	E5	92	Top
P	E15	91	Top
X	E4	91	Top
Z	E9	91	Top
Z	E10	91	Top
Q	E18	90	Middle
Z	E11	90	Middle
P	E17	89	Middle
Z	E12	89	Middle
X	E1	88	Middle
Z	E13	88	Middle
Y	E7	87	Middle
Y	E8	84	Middle
P	E16	82	Middle
Q	E19	82	Middle
Q	E20	82	Middle
X	E2	81	Middle
P	E14	78	Bottom

6. As 4 executives have the score of 91, they would all be treated equally in terms of placement in the bucket.
7. Of the 7 executives rated as “Top” prior to normalization, departments X, Y and Z have 2 executives each while department P has one executive.

Having made all the critical observations, the Performance Management Committee should consider the following factors for carrying out normalization:

- a. Whether target setting has been carried out rationally. Although it may be difficult to downgrade executive scores on this post-facto, this can be used to upgrade executive scores in departments where the targets were set at levels far higher levels than those of the other departments. Furthermore, it would still provide feedback towards goal setting for the relevant department in the following years.

Based on the above analysis, the Performance Management Committee may decide to downgrade E9 to a score of 90, thus fulfilling the PMS norms.

The final PMS output from the performance management committee would appear as shown in Table 9.

**Table 9**

Department	Executive	Total Score (out of Performance max 100 points)	Performance “Bucket” – pre- normalisation	Normalised Score	Performance “Bucket” – post- normalisation
X	E3	93	Top	93	Top
Y	E6	93	Top	93	Top
Y	E5	92	Top	92	Top
P	E15	91	Top	91	Top
X	E4	91	Top	91	Top
<b>Z</b>	<b>E9</b>	<b>91</b>	<b>Top</b>	<b>90</b>	<b>Middle</b>
Z	E10	91	Top	91	Top
Q	E18	90	Middle	90	Middle
Z	E11	90	Middle	90	Middle
P	E17	89	Middle	89	Middle
Z	E12	89	Middle	89	Middle
X	E1	88	Middle	88	Middle
Z	E13	88	Middle	88	Middle
Y	E7	87	Middle	87	Middle
Y	E8	84	Middle	84	Middle
P	E16	82	Middle	82	Middle
Q	E19	82	Middle	82	Middle
Q	E20	82	Middle	82	Middle
X	E2	81	Middle	81	Middle
P	E14	78	Bottom	78	Bottom



### **9.5 Timelines for Appeal, Examination of Appeal & Communication to Appellant**

SN	Level	Location/ Department	PMC Schedule	Schedule for Comm. of Score	Time period for appeal	Appellate Authority(ies)	Time period for Examination & Decision by Appellate Authority(ies)	Comm. to Appellant (s)	Concerned HR
1	E0-E5	Projects/Stations	15-31 <sup>st</sup> Jan.	31 <sup>st</sup> Jan	10 <sup>th</sup> Feb	Regional ED	Within 5 days from last date of appeal (By 15 <sup>th</sup> Feb)	Within 8 days from last date of appeal (By 18 <sup>th</sup> Feb)	Regional HR
2	E0-E5	RHQ/CC JVs/Subsidiaries	-do-	-do-	-do-	Director (HR) + Director (Comml.)	-do-	-do-	COE- Strategic HR & Talent Management
3	E6-E8	Engg., TS (P&S, FES, FQA), QA&I, Cons. Wing, IT, APDP(R&M), RE, NETRA	-do-	-do-	-do-	Director (HR) + Director (Oprn.)	-do-	-do-	-do-
		Construction, Erection, New Projects (RHQ), CMG, PSG, Project Coordination, Project Monitoring	-do-	-do-	-do-	Director (HR) + Director (Oprn.)	-do-	-do-	-do-
		O&M, OS, CBE, FM, GS, EMG, AUD, AFFOR., CENPEEP, CEETEM, ET, R&D, Safety	-do-	-do-	-do-	Director (HR.) + Director (Comml.)	-do-	-do-	-do-
		Commercial, BD/IBD, CM&CW	-do-	-do-	-do-	Director (HR) + Director (Oprn.)	-do-	-do-	-do-
		C&M, CP, HR, CSR, R&R, Medical, PMI, Corp. Communication, NTPC Foundation, Legal	-do-	-do-	-do-	Director (HR) + Director (Comml.)	-do-	-do-	-do-
		Finance, Company Secretary	-do-	-do-	-do-	Director (HR) +Director (Proj.)	-do-	-do-	-do-
		Vigilance	-do-	-do-	-do-	Director (HR) + Director (Finance)	-do-	-do-	-do-
4	E0-E8	Vigilance	-do-	-do-	-do-	Director (HR) + Director (Finance)	-do-	-do-	-do-

*\*Executives posted in JVs/Subsidiaries are normalized as per functional cluster as shown above and shall submit appeal accordingly.*

*\*Updated as on 27.02.2021*

## 9.6 Glossary

<b>Term</b>	<b>Description</b>
<b>Annual Assessment</b>	The part of the Performance Management System where performance for the assessment year is reviewed, scores are assigned, feedback is given
<b>Assessment year</b>	For E0 to E8: 1 <sup>st</sup> January to 31 <sup>st</sup> December
<b>Cluster</b>	A set of departments /functions that are considered together for the purpose of normalization
<b>Coaching</b>	On-the-job approach to help individuals to develop their skills and levels of competence
<b>Counseling</b>	Process by which executives can receive assistance in arriving at decisions appropriate to their career aspirations
<b>Dashboard</b>	Set of KPA indices appropriate for a particular position
<b>Executive</b>	Executive whose performance is being assessed
<b>KPA</b>	Key Performance Areas or critical indicators of performance
<b>KPA Directory</b>	A guidebook of KPAs applicable for various functions and levels along with indicative constituents and weightages
<b>KPA Index</b>	A set of related KPAs achieving a common objective
<b>Continuous Conversation Point</b>	Assessment held during the Continuous Conversation Point is to enable reporting officer to provide timely feedback and review KPAs, relative weightages, measures, targets for the balance of the year
<b>Normalization</b>	A process whereby the performance of executives within a cluster is categorized into top 30%, middle 60% and bottom 10%
<b>Performance Management Committee</b>	A committee of senior executives, generally AGMs and above, responsible for normalization of performance within a cluster. The committee would ensure parity of performance scoring by minimizing variation in ratings by different reporting officers within that cluster
<b>Performance Management System</b>	Instrument to set the process of assessment of the job-related results achieved including competencies, potential and core values by executive in a given period of time
<b>Reporting Officer</b>	Executive carrying out the performance assessment of one or more subordinate executives
<b>Reviewing Officer</b>	The executive higher up the hierarchy than the reporting officer whose responsibility within the context of PMS is to ensure that the reporting officer carries out a fair and timely appraisal of all executives within his scope of responsibility
<b>Special Achievement</b>	Successful realization or completion of one-time activities not planned for at the beginning of the year



**RECORD OF REVISIONS**

Section-Clause No.	Revision No.	Revision Date	Amendment Details

PREPARED BY	REVIEWED BY	APPROVED BY
ANUPRIYA MITTAL MANAGER (HR)	RAKESH ARORA DGM (HR)	D S RAO ED (PMI & COE-1)