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**PERFORMANCE MANAGEMENT ANALYSIS OF
POSCO INTERNATIONAL CORPORATION**

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(MBF Day 1st Batch)**

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A thesis submitted as a partial fulfillment towards the requirements for the degree of
Master of Banking and Finance (MBF)

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ABSTRACT

The objective of this study is focused to identify the performance management practices and to evaluate the performance management analysis of POSCO INTERNATIONAL Corporation Myanmar E & P (PIC). This study analyzed data base on the financial report from 2014 to 2018. This study used not only primary but also secondary data. This study was analyzed by using descriptive and financial ratios. This research is studied financial and non-financial analysis. Non-financial analysis is made by collecting primary data through structured questionnaires by interviewing 76 respondents. Financial analysis is made by interpreting financial ratios based on financial report of PIC. The result found that the training provided to PIC's employees change in behavior, new skill and improvement. Financial ratios analysis is made by calculating profitability, liquidity, gearing and asset management ratio. The result found that there is a fluctuation in the analysis of profitability ratio. Therefore, PIC should ensure the cost allocation based on previous trend for better budget planning to improve its profitability growth.

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LIST OF ABBREVIATIONS

BSC	Balanced Scorecard
PIC	POSCO INTERNATIONAL Corporation Myanmar E & P
ROCE	Return on Capital Employed

CHAPTER I

INTRODUCTION

Performance can be defined as the past, present or future accomplishment of a given organizational task or dimension measured against pre-set known standards of accuracy, completeness, value or time. Performance management requires coordination of key activities and related practices undertaken within a system supported by a measurement framework (De Waal, 2003; Rouse and Putterill, 2003). PM practices are formal and informal customs related to specification of aims, methods, procedures and controls within a particular system that generates information for management use (Leeuw and van den Berg, 2011).

Performance management (PM) is a process of ensuring that set of activities and outputs meets an organization's goals in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, an employee, or the processes in place to manage particular tasks. Performance management standards are generally organized and disseminated by senior leadership at an organization and by task owners, it can include specifying tasks and outcomes of a job, providing appropriate feedback and coaching, comparing employee's actual performance and behaviors with desired performance and behaviors, instituting rewards.

Performance management includes various types or system. Supervisors and managers are responsible for managing the performance of their employees. Each organization's policy specify the performance management system carried out. Organizations adopt performance management practices that consistent with the requirements of the policy and that best fit the nature of the work performed and the mission of the organization. The management of both individual and team performance is a prerequisite if projects and initiatives are delivered to a high standard and in a timely manner.

Oil and Gas industry is vital to world economy and is the mainstay of many Economies. That's why performance analysis and management in the industry is critical to enhancing the industry's performance and world's economy as a whole. Within the International Oil and Gas industry, the existence and importance of a wider set of stakeholders has long been acknowledged, but the need for oil and gas

companies to achieve their congruent objectives which substantially depends on how effective they measure and manage their performance (Pock, Westlund, & Fahrni, 2004). Congruent objectives cannot be achieved without proper management as each party to a company may strive to satisfy its own goal. The performance of those company is critical not only to the company itself, but to the nations' economic growth, especially oil dependent countries.

1.1 Rationale of the Study

Globally, sustainability has become increasingly important for the oil and gas sector in recent times. The impact of climate change and the number of oil spills increase the sustainability risk and have an effect on how shareholders and investors value these companies. Furthermore, the oil and gas sector is one of the key players in the Myanmar economy which can earn the major foreign exchange.

Myanmar is one of the world's oldest petroleum industries, with its first crude oil exports dating back to 1853. Today, the country is one of the major natural gas producers in the Asian continent. Myanmar is today primarily a natural gas producer. As of 2015, Myanmar exports gas to Thailand and China.

POSCO INTERNATIONAL Corporation (PIC) is the largest overseas resource development project ever undertaken by a privately-invested South Korean company. PIC lies in the exploration and production of oil and gas resources (E&P). Not only did we directly perform the entire E&P process from exploration and development to production and sales at its Myanmar Shwe Project, but also is proactively participating in domestic and international E&P projects, including Block 11-2 in Vietnam, Block 8 in Peru, and the Donghae-2 gas field in offshore Korea. PIC signed an agreement covering Block A-1 in offshore Rakine State of Myanmar in 2000. The discovery of gas fields at Shwe in 2004, Shwe Phyu in 2005, and Mya in 2006. It took thirteen years to bring the project completely to fruition when the first gas production took place in June 2013.

In comparison to other industries, oil and gas has many distinguishing characteristics, such as a bigger project size, higher technical complexities, involvement of diverse expertise, and high transportation and machinery costs (Chima and Hills, 2007; Varma et al., 2008; Rui et al., 2017). Therefore, oil and gas operations usually involve multiple companies to complete their project and integration of companies to share the risk, cost, expertise, or a combination of these (Ernst &

Young, 2014b). In order to assess whether the determined strategies work in line with organizational goals, companies shall have insight into its performance over time. Assessment of performance in oil and gas companies can be looked at from different perspectives which can either be financial or non-financial. However, the best practice requires that companies should perform both financially and non-financially (Mayston 2005; Pollit 1986). Therefore, the aim of the study is to measure using the Balanced Scorecard method as performance management of POSCO International Corporation Myanmar E&P.

1.2 Objectives of the Study

The main objectives of the study are as follows:

1. To identify the current Performance Management Practices of POSCO INTERNATIONAL Corporation Myanmar E & P.
2. To evaluate the Performance Management of POSCO INTERNATIONAL Corporation Myanmar E & P by using Balance Scorecard.

1.3 Scope and Method of the Study

The scope of this study is POSCO INTERNATIONAL Corporation (Myanmar E & P) working as the operator of oil and gas production in Myanmar offshore focusing on the performance management activities of the period from 2014 to 2018. In order to perform the aims of the study, a descriptive research method is used. For examining the non-financial analysis, the primary data was collected through systematically developed by five points Likert scale questionnaires with 76 employees in Yangon Head Office who are supporting offshore operation and conducting in-depth personal interview from authorized persons of PIC.

For examining the financial analysis, secondary data are collected from audited financial reports of PIC from the period of financial year 2014-2015 to 2017-2018. This information gathered to examine financial performance with analyzing of ratios which are profitability, liquidity, gearing and asset management ratios. Moreover, it is used previous research papers, relevant text books and international studies through internet websites.

1.4 Organization of the Study

This study is organized into five chapters. Chapter one includes the introduction, rationale of the study, scope and method of the study and organization of the study. Chapter two is present theoretical background of performance measurement using Balanced Scorecard tool. Chapter three consist of the profile of POSCO International Corporation Myanmar E & P. Chapter four contains the analysis of performance management of POSCO International Corporation, Myanmar E & P. Chapter five is the part of the findings, recommendation and suggestion of the study.

CHAPTER II

THEORICAL BACKGROUND

This chapter presents the theoretical background of performance management using the concept of balance scorecard (BSC) by reviewing the practices from the authors of BSC i.e. Kaplan and Norton. This chapter includes definition of performance management, theoretical background of balance scorecard (BSC). The specific areas covered here are the balance scorecard as a tool for performance management of PIC and measuring performance practices of PIC.

2.1 Definition of Performance Management

Performance management can be defined as a closed loop system involving the development of policies and strategies and receiving feedback from different levels for managing business performance. A performance measurement system is an information system at the heart of the performance management process. The effective functioning of the performance management system (PMS) is necessary for the efficient functioning of the organization (Neely et al, 1995).

(Amaratunga, D., Baldry, D. and Sarshar, M., 2000) defined performance management as a process that involves the quantification of efficiency and effectiveness of an action. It can be concluded from these definitions that performance management is the process involving determining how organizations and individuals could achieve their objectives successfully. The definition of performance management consists of a combination of criteria, different levels of analysis, a specific perspective, time frame, and the use of different measurement systems (Mithas et al, 2011).

Performance Management is defined by (Armstrong , 2009) as a 'systematic process' to improve the performance of a company by developing the individual's and team's performance. For these outcomes to be reached Performance Management should be understood and applied utilizing an 'agreed framework of planned goals, standards and competency requirements'. According to Armstrong, today's Performance Management is implemented into organizations through the progression of 'management by objective and performance appraisal that were developed some time ago' (Armstrong , 2009).

Performance Management is used as a tool to connect the objectives of the organization to a set of work targets for employees with 'objective setting and formal appraisal' at the core of this process. Performance Management give teams and individuals the responsibility to take liability for their own 'continuous improvement of business processes and of their own skills, behavior and contributions'. Managers can then converse their viewpoint for the teams and individuals and in return they communicate how they consider them to be managed. Performance Management entails development in the setting of objectives and through the measurement of this. Generally Performance Management should provide a culture within the organization where exceeded performance is gained from the teams and individuals that have accountability for their own goals and the progression of the organization under efficient management.

2.2 Performance Measurement

Performance measurement is the heart and soul of performance management process. The process provides data that is collected, analyzed and reported to make sound business decisions. The process directs the business function by justifying expenditures and documenting progress towards objectives. The process is also helpful in identifying the strengths and weaknesses of an organization (Folan& Browne, 2005; Neely et al, 2005).

Performance measures tell organizations about products, services and processes. Performance management process allows organizations understand, manage, and improve functions of an organization. Effective PMSs are helpful in understanding how well an organization is performing, how it is meeting goals, how customers are satisfied and the control of processes (Neely, 1998; Neely, 2007).

Performance measurement is also helpful in making intelligent decisions. Performance measures are used for directing business functions and justifying expenditures of an organization. Performance measurement systems are successful when they are aligned with the mission, vision and values of an organization. The performance measures of an organization give life to the mission, vision and strategy of an organization. These measures provide focus that allows employees to determine how they contribute towards the success of an organization and expectations of stakeholders (Bourne & Bourne, 2009; Lavy et al, 2010).

According to Bourne et al (2005) & Ittner et al (2003a), Performance measures can be grouped into several categories, including effectiveness, efficiency, quality, timeliness, productivity and safety. The effectiveness of an organization is an important measure that indicates the degree to which processes are aligned with requirements. Efficiency is another important measure indicating the degree to which processes produce the required output at minimum cost. Quality is another important measure that determines the degree to which products or services meet the requirements of customers and ensure their satisfaction. Timeliness measures whether work was performed in a timely fashion or not. It is important to develop criteria that define the timeliness of work. The timeliness criteria are based on the requirements of customers. Productivity is the value added by processes, while safety dimension measures the health of an organization and its environment (Neely et al, 2005).

2.3 Balanced Scorecard Concept

The balanced scorecard system aims to provide a more comprehensive view to managers by complementing financial measures with additional metrics that gauge performance in areas such as customer satisfaction, learning and growth and internal process. The framework was laid out in a 1992 paper published in the Harvard Business Review by Robert S. Kaplan and David P. Norton, who are widely credited with having developed the balanced scorecard system. The Balanced Scorecard (BSC) is a business framework used for tracking and managing an organization's strategy. The BSC framework is based on the balance between leading and lagging indicators, which can respectively be thought of as the drivers and outcomes of your company goals. When used in the Balanced Scorecard framework, these key indicators tell you whether or not you're accomplishing your goals and whether you're on the right track to accomplish future goals.

The balanced scorecard is a strategic planning and performance management framework used by business, government, and non-profits to align day-to-day activities with enterprise vision, mission, and values. The balanced scorecard tracks financial and non-financial measures to determine the degree to which the enterprise is performing as desired and when corrective action is necessary.

The balanced scorecard is a widely used management tool, particularly in the U.S., the UK, Northern Europe, and Japan. Enterprises that are comfortable with the consistency required derive significant benefits from it. However, the balanced

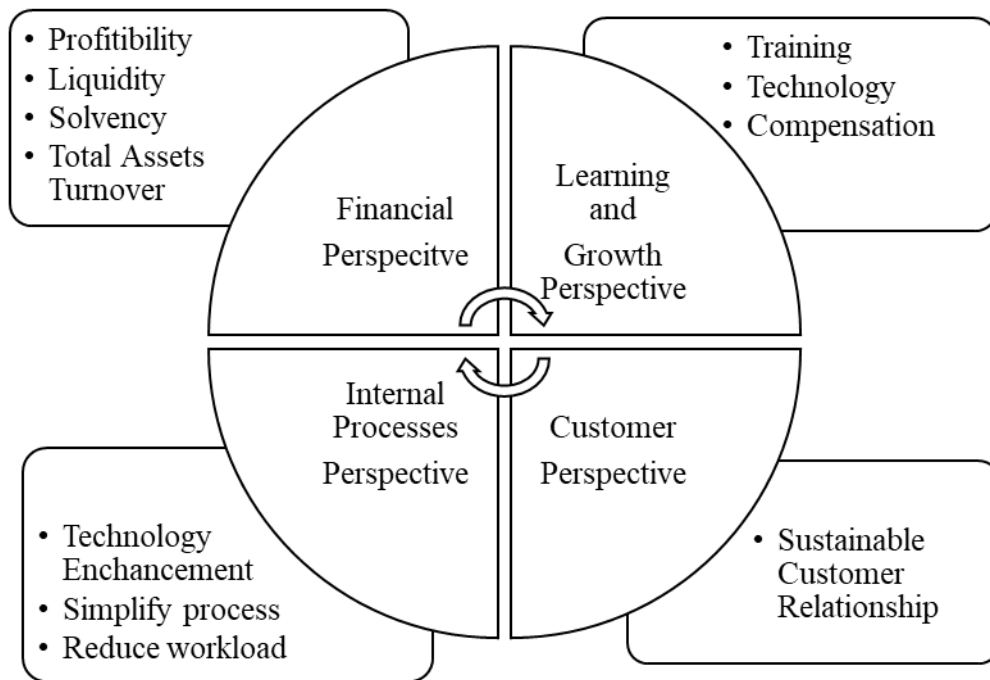
scorecard requires a great deal of effort to implement and use effectively. Enterprises must have the necessary resources and discipline to make the balanced scorecard successful.

The balanced scorecard helps enterprises in several ways. It reminds executives that in addition to tracking financial metrics, it is also important to track quality and service. Too many companies focus exclusively on sales and expenses to the exclusion of other metrics. Second, the strategy map provides a clear, concise way to communicate priorities and goals to employees, customers, suppliers, and other stakeholders. The balanced scorecard also creates an explicit linkage from enterprise strategy to day-to-day activities. Enterprise goals and metrics can be decomposed into business unit or departmental goals and metrics, enabling all stakeholders to understand how their projects and activities contribute to overall enterprise success. Fourth, the balanced scorecard facilitates business planning by providing clear metrics that help the enterprise rank projects into priority sequence and enterprise products by importance. Finally, the framework helps the enterprise monitor and measure progress towards strategic objectives.

The balanced scorecard concept arose out of a recognized need to measure success on more than just financial statements. Focusing strictly on financial results doesn't provide an organization with the information that it needs to prosper in today's environment. Financial results provide an indication of past performance, but don't provide people with insight into your current status or where people will likely be in the future. In addition, the balanced scorecard provides a framework and language that enable to describe the strategy in a consistent, reliable manner. The ultimate goal behind balanced scorecard theory is to measure the factors that create value for an organization and directly influence its ability to prosper.

Balanced Scorecard is a performance management system that enables senior management to measure how their organization's business activities are helping it meet its strategic goals. The Balanced Scorecard provides an analysis from a range of perspectives and as a Manager can leverage this method of statistically measuring your company's performance. The Balanced Scorecard presents a mixture of financial and non-financial measures each compared to a 'target' value within a single concise summary report. Balanced Scorecard enables to look at the strategic goals from not just one, but a range of, perspectives.

Figure (2.1) Balanced Scorecard Model



Source: The balanced scorecard Model of PIC, 2019

2.4 Perspectives of the Balanced Scorecard

The Balanced Scorecard is a set of performance targets and results relating to four dimensions of performance financial, customer, internal process and learning and growth. It recognizes that organizations are responsible to different stakeholder groups, such as employees, suppliers, customers, community and shareholders.

The balanced scorecard shows an organization's performance in meeting its objectives relating to stakeholders. Sometimes different stakeholders have different wants. For example, employees depend on an organization for their employment. Shareholders depend on an organization to maintain their investment. The organization must balance those competing wants. Hence, the concept of a balanced scorecard is to measure how well the organization is doing in view of competing stakeholder wants. The balanced scorecard relies on four perspectives to monitor enterprise health.

(a) Financial Perspective

The financial perspective is a key factor of any performance measurement system and the company's worth because an organization's financial performance is fundamental to its success. The financial health of any enterprise is critical to long-

term survival. Typical measures used by for-profit companies include revenue growth, operating income and other measures.

The financial perspective seeks to answer the question: to succeed financially, how should we appear to our shareholders? According to (Al-Najjar & Kalaf, 2012) Financial measures convey the economic consequences for the actions already taken by the organization, and focus on the profitability related measures on which the shareholders verify the profitability of their investment. Therefore, under this perspective managers are required to generate measures that answer the question: To succeed financially, how should organizations appear to shareholders? Kaplan and Norton acknowledged the need for traditional financial data. The accurate and timely financial data are necessary for the efficient and smooth direction of the organization. The provision of the right and timely financial data to the right person in the organization helps much in the process of making the right decision in the right moment.

Under this perspective the most common performance measures incorporated are: Return on Capital Employed (ROCE), Profitability, Liquidity and Gearing. The financial perspective looks at how the investors or the shareholders see the improvement on the cost structure, profit after tax, return on capital employed (ROCE) and growth in the sales volume (Etim & Agara, 2011). (Wood & Sangster , 2002) also viewed this perspective of the balanced score card that accounting has long been associated with and includes the use of such measures as return on capital employed and other financial ratios. Kaplan and Norton also consider the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it.

The perspective specifies the financial performance objective estimated from pursuing the organizational strategy. It also deals with the economic consequences of the outcomes expected from achieving the objectives specified from the other three perspectives. The financial perspective revealed that the focus is on minimizing cost and maximizing revenue.

(b) Customer Perspective

The customer perspective represents the firm's performance in the market segments in which it competes. There is a positive relationship between customer satisfaction and financial performance. On the other hand, the cost to improve customer satisfaction may exceed the benefit of financial performance. Managers

should therefore recognize whether the cap of customer satisfaction has been reached, because continued efforts to improve already satisfied customers may lead to financial losses.

According to (Kairu et.al, 2013) this perspective captures the ability of the organization to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction. This will result from price, quality, availability, selection, functionality, service, partnerships and brand value propositions, which will lead to increased customer acquisition and retention (Gekonge, 2005). The BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers (Kaplan & Norton, 1992).

Customers concerns tend to fall into four categories: time, quality, performance and service, and cost. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company (Kotler & Armstrong, 2004). Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business (Chabrow, 2002; Holloway, 2002; Needleman, 2003). Customer satisfaction is a top priority for long-term company success. If customers are not happy, they will not come back. Therefore, customer satisfaction is critical to achieving the company's financial goals outlined in the financial perspective of the balanced scorecard.

Customers are typically concerned with four specific product or service attributes: (i) the product's price, (ii) the product's quality, (iii) the service quality at the time of sale, and (iv) the product's delivery time (the shorter the better). Since each of these attributes is critical to making the customer happy, most companies have specific objectives for each of these attributes. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. The customer perspective should be considered the central element of any business strategy that provide the unique mix of products, price, relationship, and image that the company offers to its customers. In this perspective the organization should demonstrate how it differentiates itself from the competitors by sustaining relationships with customers. The achievement of the customer objective should ensure that the target revenue will be generated.

(c) Learning and Growth Perspective

This perspective looks at how an employee of an organization learns and grows in his/her career to improve the performance of the organization. According to (Kairu et.al, 2013) the learning and growth perspective examines the ability of employees (skills, talents, knowledge and training), the quality of information systems (systems, databases and networks) and the effects of teamwork, in supporting the accomplishment of organizational objectives. Processes will only succeed if adequately skilled and motivated employees, supplied with accurate and timely information and led by effective leadership, are driving them. They will lead to production and delivery of quality products and services; and eventually successful financial performance (Gekonge, 2005).

This perspective is related to the employees of the organization, and it measures the extent to which the organization exerts efforts to provide its employees with opportunities to grow and learn in their domain. Kaplan and Norton acknowledged that the learning and growth measures are the most difficult to select; therefore they suggest the following measures as examples: employee empowerment, employee motivation, employee capabilities, and information systems capabilities.

The organization and its employees must therefore keep learning and developing. Hence, capabilities that an organization needs to create long term growth and improvement should be encouraged. Every employee is able to deliver a service that would put the company in the best advantageous position. Strategic measures that can be taken to achieve this include: constant training of staff to master existing ways of doing the job as well as adopting new ways and making staff attend internal and external workshops and seminars on new trends relating to the job and industry. Train existing staff to acquire new knowledge of the job rather than replace them with new staff and welcoming individual suggestions on ways to improve existing processes or developing newer and better ones.

According to (Etim & Agara, 2011), Learning and growth consider the flexibility of a firm and its adaptability to change in the business environment, how fast new technology is deployed to counteract change in business environment, total firm capabilities and innovativeness. According to (Kaplan & Norton, 1992), a company's innovative ability, learning and improvement skills tied directly to the company's value and growth. (Wood & Sangster, 2002) further look at this perspective as the one which identifies the human relations, technological and general

systems infrastructure that the organization must develop if it is to achieve long-term growth and organizational improvement.

This perspective is appropriate and timely development of people and systems. Increase level of spending per head on employee training, reduced employee absenteeism rate, reduced staff turnover rate. The ability of an organization to have competent employees is an indication of success but these employees need to continue to learn in order to meet up with the quick changing environment of business activities across the globe.

(d) Internal Process Perspective

Internal process perspective helps the enterprise understand the efficiency and effectiveness of internal business processes and supporting technologies. Organizations need to embrace knowledge management and risk management which should be embedded in the overall business processes. Knowledge management should be regarded as an intervention on the organizations culture. Organizations need to gear themselves to face internal or external threats even during difficult situations. The various categories of risk include technical, quality or performance risks; project management risks; organizational risks or external risks (Gooijer, 2000).

Internal process perspective should not be viewed along the traditional aspects of cost, time and quality only but also include effectiveness, efficiency and people who have an interest in it, in other words stakeholders. The process dependent organizations can only remain competitive by applying efficient technology methods and techniques to their development processes. Technological changes in the industry are advancing in leaps and organizations that want to be competitive should not be found to be lagging behind (Kueng, 2000). Through internal business processes, employees may have a shared value system that may be translated into a high degree of business efficiency. In an environment of effective internal business processes, different departments cooperate and collaborate better to solve problems in timely manner.

CHAPTER III

PROFILE OF POSCO INTERNATIONAL CORPORATION

MYANMAR E & P

This chapter presents the background history of POSCO International Corporation Myanmar E & P. It includes the profile of PIC, Vision and Core Value, organization structure and performance management practices of PIC.

3.1 Profile of POSCO International Corporation Myanmar E & P

POSCO INTERNATIONAL Corporation is a globally integrated corporation currently operating multiple businesses under the vision of “Beyond Trade, Pursuing Future Business”, and the slogan of “We Make Business”. PIC has continuously developed strategic business models while establishing value chains in a range of business areas including steel, energy, food, chemicals, material parts, and infrastructure industries. At the same time, PIC is establishing a foundation for long-term growth based on upgrading the global management infrastructure and the most talented individuals with flexible ideas.

Since its establishment in 1967, our company has led Korea’ s export as a general trading company, becoming the best general trading company in Korea with continuous transformation and innovation. In 2010, the company became a member of the global top steel making group, POSCO Group, and has been creating great synergy with other subsidiary companies of POSCO Group since then.

In 2019, PIC is marking a new start with the new name “POSCO INTERNATIONAL”. By inheriting the name “INTERNATIONAL” which represents a constant movement toward the world, we will lead the global business of POSCO Group and develop overseas markets as a Globally Integrated Corporation.

POSCO INTERNATIONAL Corporation does various businesses with over 100 global networks around the world. Its subsidiary POSCO INTERNATIONAL Corporation Myanmar E&P is operating Offshore Oil and Gas sector in Myanmar. Oil and Gas development is one of POSCO INTERNATIONAL Corporation’s key sources of growth. It has now nine (9) oil/gas development projects going on around the world, including offshore gas production in SHWE gas field situated in the coast of Rakhine State, Union of Myanmar.

POSCO INTERNATIONAL Corporation offshore gas field project in Myanmar first began in 2000. After over a decade of exploration and development process, it started commercial production in June 2013. Shwe, Shwe Phyu and Mya, three of the largest oil and gas fields developed overseas by a Korean company, have enabled POSCO INTERNATIONAL to step up to become Korea's top resource developer.

The Myanmar offshore gas field project was built on the passion of the company's employees whose adventurous spirit made the project a success against difficult investment conditions during the corporate workout. The precise decisions of the company's technicians, the management's trust in them, prompt decision-making and the relentless commitment to success all came together as POSCO INTERNATIONAL's adventurous spirit to make the Myanmar gas field project a true success.

POSCO INTERNATIONAL is doing the best to follow international regulations, ethical management guidelines, and fair trade practices. By improving the Ethics standards and the operational guidelines of Fair Trade Compliance Program, PIC is leading realization of the management philosophy, "Corporate Citizenship: Building a Better Future Together". Furthermore, PIC is fully committed to acting on social responsibility making a genuine communication with local communities by offering social contribution programs for the local society and the neglected social groups in Korea as well as medical and educational CSR activities in foreign countries. To achieve sustainable growth, PIC promise to carry out our duties as a corporate citizen along with all persons concerned.

3.2 Vision and Core Value

The following are the vision and core value of POSCO International Corporation Myanmar E & P.

(a) Vision

POSCO Group pursues 'Corporate Citizenship: Building a Better Future Together'. POSCO Group will become a valued member of society, grow alongside various stakeholders, such as employees, shareholders, customers, suppliers, vendors and local communities, and pursue the values of consideration, coexistence and symbiosis.

To deliver the meaning of with, which embodies the meaning of a corporate citizen growing together with society, W expresses the continuation of empathetic harmony by visualizing the image of two individuals holding hands. The warm orange color possesses the positive energy of growing together.

POSCO Group made 'With POSCO' its vision, and it is building a better future with 'Business With POSCO', by creating values with business partners, 'Society With POSCO', by shaping a better tomorrow with the community, and 'People With POSCO', by building a culture of trust and creativity.

(b) Core Value

POSCO Group Core Values are 'Safety,' 'Win-Win,' 'Ethics' and 'Creativity.' 'Safety' means that utmost priority is given to respect for people, and position holders should take the lead in encouraging routine safe behavior with a focus on actions. 'Win-Win' means to practice having consideration for and sharing with others, pursue mutual prosperity, and continuously grow by creating social values. 'Ethics' means to seek ethical behavior based on the mutual trust between members of society and abide by the principle of reward and punishment. 'Creativity' means to take the lead in solving problems by cooperating openly with an open mind.

3.3 Organization Structure of PIC Myanmar E & P.

The organizational structure determines how information flows between levels within the company. To enhance working procedure, PIC set regulation for approval authority and revise delegation limit of authority(DLA) as required. The departmental directors are delegated authority to perform the decision according to the DLA. The company is organized into five main functional areas:

1. HR & Administration Department
2. Finance & Accounting Department
3. Operations & Maintenance Department
4. Procurement & Logistics Department
5. CSR Department

HR & Administration Department responsible to include processing employee data, updating company policies and assisting in the hiring process. To be successful in this role, PIC have solid organizational skills and be familiar with HR functions. Ultimately, PIC make sure all HR operations run smoothly. IT Team is included

under HR & Administration Department. IT Team in an organization is responsible for hardware, software and networking of computers in the company. As an IT professional, IT Team perform duties to ensure that employees have full access to the computer systems.

Finance department has a broad range of roles to carry out within or outside an organization. The performance and success of any company greatly depend on how well the finance is handled. Keeping a close watch on the financing function is very important for the smooth operation of a company. Finance department provide accurate report of the recorded and compile result of operations. Finance department prevents loss or waste of assets or capital due to frauds or illegal acts by recording all transactions, maintain contractual records and executing or satisfying legal right and obligation. The accounting department is responsible for recording and reporting the cash flow transactions of a company. This department has some key roles and responsibilities, including accounts receivable, accounts payable, payroll, financial reporting, and maintaining financial controls.

The Operation and Maintenance Department is responsible for planning, analyzing and implementing system extension projects; planning, design, and technical assistance to other departments. Operation and Maintenance Department involves checking, repairing and servicing machinery, equipment, systems and infrastructures. Engineers ensure that industrial machinery and equipment runs smoothly and reliably, planning and undertaking scheduled maintenance. responding to breakdowns.

Procurement & Logistics Department constitutes three teams, procurement team, contract team and cost control team. Procurement Team issues purchase orders, develops term contracts, and acquires supplies. Procurement Team communicate the value of strategic sourcing and trying to achieve buy-in necessary for proper resources and investment. Procurement Team examine quality of product, pricing, and delivery time, then deciding which suppliers best fit company needs. Procurement Team evaluate a continuous project, updated with each contract and shipment to ensure benchmarks are hit and goods and services continue to meet required standards and timetables. Procurement Team is very conscious of its responsibility and accountability in the expenditure of funds.

Contract Team play a critical role for an organization as direct and oversee contracts throughout their lifecycle. Contract Team serve as the liaison between

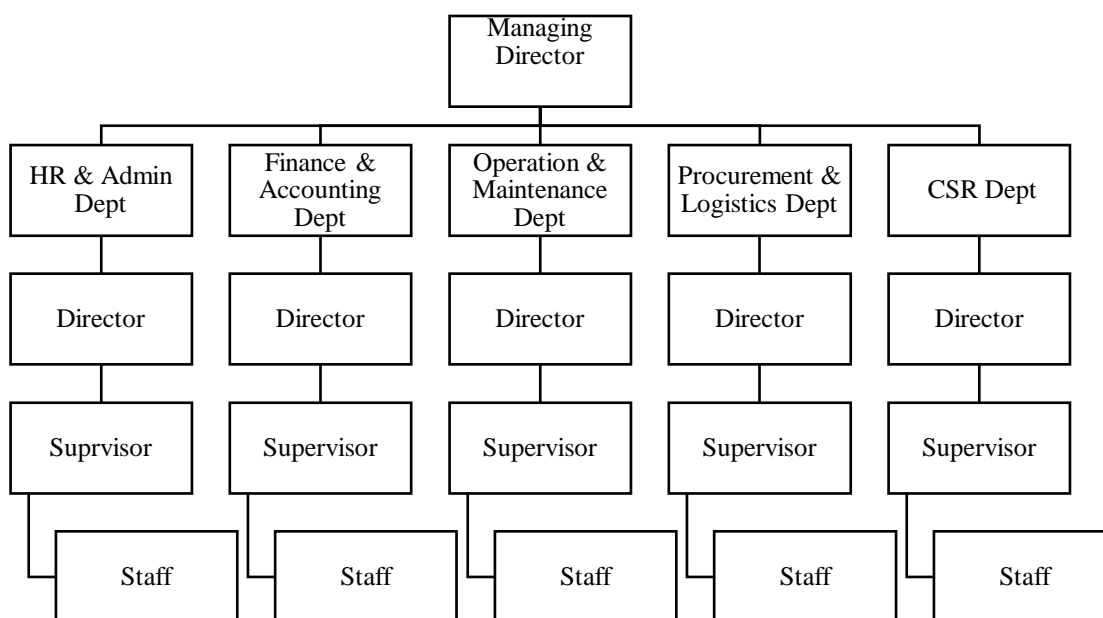
companies, employees, customers, vendors, and independent contractors means contract team serve as the main facilitators for negotiations, recommendations and record keeping. To successfully oversee contracts from drafting all the way to execution, contract team need to be skilled in numerous areas including legal compliance, negotiation, and relationship management. Contract Team often serve as the key point of contact between a business and third parties to ensure timely review and approval of any variations.

Cost Controll Team is responsible for controlling the project costs; This includes planning, developing, controlling, and forecasting the project's budget. Cost Controller Team is to minimize the deviation from the budget and ensure that the project is completed within the approved budget. Cost Controll Team develop and monitor financial plan, forecasts and budgets for development project to protect, maintain and improve budgeted profitability. Cost Controll Team perform a wide variety of cost accounting in line with accounting standard. Cost Controll Team review project invoice for accuracy, timely processing, and local tax (Withholding tax, commercial tax) compliance. Cost Controll Team calculate monthly accrual basis cost based on project progress and monitor cash and accrual based cost. Cost Controll Team register invoice on SAP system using accurate G/L code. Cost Controll Team actively analyze cost per work order on regular basis to ensure budgeted execution and improve cost estimation. Cost Controll Team provide periodic and ad hoc reporting on project cost to the cost controller. Cost Controll Team estimate short term cash requirement for partner cash call. Cost Controll Team monitor overall project for early identification of cost risk. Cost Controll Team manage, execute, and plan general and administrative (G&A) cost including business trip expenses, employee benefits and etc.

CSR Department is actively engaged in various social contribution activities to fulfill its social responsibilities as a global corporation. In Myanmar, the company is contributing in social support projects such as new construction of a hospital, providing training support to medical teams, maintenance in education institutes, equipment support, donation of bicycles, and from 2015, free surgery for children with facial disfigurements. Support is also provided for social infrastructures and for environmental preservation such as support for recovery from disasters. Supports such as providing English textbooks and materials, English lecturers and native speaking

teachers are offered in hopes to enhance the English learning abilities of children in Kyaukphyu, Rakhine.

Figure (3.1) Organization Structure of PIC



Source: PIC, 2018

3.4 Practices of Performance Management in PIC

The aim is to describe the purpose of doing performance management and how company has solved the problems and using performance measurements to achieve profit goals. The focus will be on financial and non-financial measurements. The financial measurements can be collected into financial statements such as financial positions and income statements. The non-financial measures can be collected base on customer satisfaction, an organization's ability to learn and grow comes from three sources; training on employees, technology enhancement and compensation practices of organization so that organization perform well in order to be successful in internal business processes.

3.4.1 Financial Perspective

The financial information are come annual reports of PIC. The company is subject to strict requirements concerning financial reporting with respect to compliance with Myanmar Financial Reporting Standard and based on historical cost conversion. Therefore, Financial information is reliable, transparent, consistent and timely reporting of financial performance enhance shareholders' and other stakeholders' confidence in PIC. The financial perspective is measured by financial ratio linked to (1) profitability, (2) liquidity, (3) gearing, (4) assets management. This financial perspective shows where money is expected to be generated and how it benefits them while also aligning with company strategy and vision. Moreover, it helps to emphasize the profitability, improved return on investment and increased shares, sales and overall financial company growth.

3.4.2 Non-financial Perspective

Non-financial performance indicators are customer perspective: quality of the products, the service and brand provided by the company help them in a long run to achieve susta inability with customer. The learning and growth perspective is concerned with training programme, technology to promote efficiency, mitigate risk and increase productivity, effective employee training and low employee turnover. The learning and growth perspective is the foundation of strategy and focuses on the intangible assets of an organization, mainly on the internal skills and capabilities that are required to support the value-creating internal processes. Internal business perspectives aims to improve internal process, enhance technology to reduce human errors and reduce workload for decision making.

(a) Customer

From customer perspective, the customer satisfaction was considered as a target. PIC commercial production from the Shwe gas field started in January 2014. The gas was either be sold to China National United Oil Corporation (CNUOC) for 25 to 30 years, or used within Myanmar. Some 500 million cubic feet of gas is sent to China daily. During the service period, PIC did not received any complain from customer CNUOC. Therefore, PIC believed that customer is fully satisfied with the goods supplied when they are satisfied with quality, price, and delivery and after sales services. For the case of PIC, there is only one monopoly buyer, thus, PIC does not

need to find customer. PIC pay high importance in customer relationship and customer satisfaction in order to fulfill the need of customers, revenue and profits for their companies.

To realize of customer satisfaction, PIC perform customer-oriented work where the voice of customers is heard and respected. PIC actively accommodate customer's legitimate demand and reasonable suggestions. To create customer value, PIC always satisfy customer's needs by providing the best products through continuous technology development. Employees of PIC try to understand the domestic and overseas market situation and develop service mind that respects customers' culture and practices. To obtain customer trust, PIC pay attention to the safety issue of the customers. PIC protect customer information and comply with relevant laws and regulations. PIC provide accurate information to customers on a timely basis.

(b) Learning and Growth

The team members of PIC have the capability of producing excellent results. The team members showcase great accountability, responsibility, honesty, cohesiveness, and cooperation. The team members work together despite their differences for the good of the organization. As the working environment is encouraging enough, the teamwork is improve in PIC. Employees feel comfortable at the place of work, therefore they become more productive.

Training

PIC provide training programs including seminars and others for employees to study new knowledge and upgrade their ability for their better performance. Furthermore, PIC encourage employees to develop their business related knowledge and skill and invest money or facilities for that purpose, if necessary. Employees can apply external training programme (domestic or overseas). PIC also arrange within the organization (in-house) or special training base on job requirement.

PIC conducted 17 soft skills and common trainings from the period of 2015 to 2018. The details of the training is mentioned on Appendix-4. Employees who receive the necessary training is more able to perform in their job. PIC give the trainings to employee to have a greater understanding of their responsibilities within their role, and in turn build their confidence. This confidence the employees obtain from training

improve the performance and benefit the company. Employees in PIC who feel appreciated and challenged through training opportunities feel more satisfaction toward their jobs.

Technology

PIC use web based groupware system and SAP software. Groupware is an evolving concept that is more than just multiuser software which allows access to the same data. Groupware provides a mechanism that helps users coordinate and keep track of ongoing projects together. Groupware also includes document sharing and document management, group calendaring and scheduling, group contact and task management, threaded discussions, text chat, data conferencing. Groupware also makes problem-solving easier because anyone in the team can make contributions. Groupware reflects teamwork.

SAP stands for Systems Applications and Products in Data Processing. SAP systems tend to enjoy much increased productivity among their workers and various departments. Using an SAP system, there is no need for redundant data entry within different applications programs and fewer communication conflicts between different but interdependent facets of a provider. SAP applications is simply put, it save businesses a lot of cash. Specifically, SAP system track all of a organization's data and create reports. With technology in the workplace, employees in PIC are presented with more time to focus on important work.

Compensation and Employee Encouragement

PIC have competitive employee benefits compared to other Oil & Gas companies in Myanmar. Salary structure base on Job Grade System as set in the PIC's policy, which defines that monthly basic salary consists of base and performance pay. PIC arrange and bear the expenses for an annual Medical Check-up for all national employees and their spouses who are over the age of forty (40) and reimburse medical expense claims relating to in/out patient treatment for all employees, spouse, children and parents and parent-in-law of employees as per reimbursement ceilings set by PIC. Leave management system follow myanmar labour law. In order to motivate and encourage morale of all employees, Management may arrange necessary events and activities regularly, which will make good relationship between national employees and expatriate staff. Hence, these programs and systems increase

employees feeling valued, motivation and loyalty. Employees in PIC are not only motivated to do a good job, but also, the longer people are with the company, the more they know and the more efficient they become. All of this leads to increased productivity of PIC.

(c) Internal Process Perspective

In internal process perspective, the directors and staff of PIC hold weekly meeting in which lower level of process are discussed and mapped. In weekly meeting existing process are mapped in advance and then confirm the process and clarify the process in details and operation risk, as well as work on suggestion on how to improve and automate the process.

Internal processes are comprised of interconnected activities that transform particular inputs into customer-focused outputs working across departments. It emphasizes delivering value to customers by reorganization and accelerating work patterns. The organization looks at the internal processes like production and operation and logistics and then set goals related to such things as quality, time/efficiency, and cost reduction. The organization explores ways of improving internal systems and functions. The internal business process perspective focuses on improving existing processes. The internal business process objective highlights the processes most critical for the organization's strategy to succeed and incorporates innovation processes into the internal business process perspective. The internal process is an internal technical approach that brings the behavioral improvement as well as material change. It helps to mould employee behavior and attitude via self-management. This improve both efficiency and effectiveness by reducing the cost of doing business and enhancing customer satisfaction. The internal business processes established that the organization's process structures, management systems and measurement systems highly facilitates the employees work performance and that the organization's process values and beliefs improves work performance.

CHAPTER IV

ANALYSIS OF PERFORMANCE MANAGEMENT OF POSCO INTERNATIONAL CORPORATION MYANMAR E & P

In this chapter, deals with the analysis and interpretation of data. The analysis is presented in the following sequence: Financial Perspective, Customers Perspective, Learning and Growth Perspective and Internal Process Perspective according to Balance Scorecards. This chapter comprised with Financial and Non-Financial Performance indicators are presented independently. This analysis is comparison among financial year 2014-2015 to 2017-2018.

4.1 Profile of Respondents

The survey has been conducted to deliver the questionnaires to 76 employees in Yangon Head Office who are supporting offshore operation who were randomly selected from POSCO INTERNATIONAL Corporation's employees. Questionnaires are mainly focus for demographic characteristics of employees and then their satisfactions upon the service of Corporation.

Gender of Respondents

Gender of the respondents plays a major role in analyzing the demographic profile of the respondents and other variables. It has effect on the perception of the respondents as per the results indicated in Table 4.1.

Table (4.1) Gender Group

No.	Gender	No. of employees	Percentage (%)
1.	Male	26	34.2
2.	Female	50	65.8
	Total	76	100

Source: Survey data, 2019

The first analysis of demographic profile of respondents is the analysis on gender. According to Table (4.1) Total of 76 respondents of which 66% are male and 34 % are female.

Education Levels of Respondents

Respondents were asked to state their highest level of education since it may have an impact on their perception on effectiveness of BSC in performance measurement and Table 4.2 indicates their responses.

Table (4.2) Educational Background

No.	Education Level	No. of employees	Percentage (%)
1	Graduate	43	56.6
2	Post-Graduate	14	18.4
3	Master Degree	19	25.0
	Total	76	100

Source: Survey data, 2019

According to the Table (4.2) Total respondents of 76 among them the largest respondents are 57% there educational background are Graduate. The lowest respondents are 18 % there educational background are Post-Graduate.

Occupational Field Level Classification

The departments of the respondents are likely to have an implication on employee's perception of the effectiveness of balanced scorecard in measuring performance.

Table (4.3) Occupation field

No.	Occupational Field Level	No. of employees	Percentage (%)
1	HR & Admin Dept.	16	21.1
2	Finance & Account Dept.	15	19.7
3	Operation and Maintenance Dept.	20	26.3
4	Procurement and Logistics Dept.	21	27.6
5	External Relations & CSR Dept	4	5.3
	Total	76	100

Source: Survey data, 2019

According to Table (4.3), the Total 76 respondents them the largest respondents are 28% there are Procurement and Logistics Dept. The 5% of the respondents are External Relations & CSR Dept.

Monthly Income (USD) Level Classification

The income level classification of r the respondents were asked to participate in answering their income which is divided into four level as Less than USD 1,000,

USD1,000- 1500, USD 1,500 - 2,000, USD 2,000 – 2500and USD 2,500 above. The results of participants’ monthly income level are shown in table (4.4)

Table (4.4) Income per Month (USD)

No.	Income per Month (USD)	No. of employees	Percentage (%)
1	Less than US 1,000	25	32.9
2	US 1,000 - 1,500	32	42.1
3	US 1,500 - 2,000	10	13.2
4	US 2,000 – 2500	2	2.6
5	US 2,500 and above	7	9.2
	Total	76	100

Source: Survey data, 2019

According to Table (4.4), the total respondents of 76 among them the largest respondents are 42 % there are monthly income are between USD 1000-1500. The lowest respondents are 2.6 % with the monthly income USD 2000-2500.

Working Experience Levels of Respondents

Table (4.5) Experiences in PIC

No.	Length of Service	No. of employees	Percentage (%)
1	Below 1 year	1.3	1.3
2	1 to 3 Years	13.2	13.2
3	3 to 5 Years	19.7	19.7
4	Above 5 Years	65.8	65.8
	Total	76	100

Source: Survey data, 2019

According to Table (4.5), the total respondents of 76 among them the largest respondents are 65 % there are working experiences in PIC at above 5 years and the lowest respondents are 1% there are working experiences in PIC under 1 year.

4.2 Analysis on Non-Financial Perspective of PIC

Non-financial performance indicators can also be a very useful guide to future financial performance. The most useful non-financial performance indicators for measuring aspects of operational performance vary between types of business and different business circumstances. While with financial performance measures it is possible to list the most commonly used measures or ratios, this is not so easy with

non-financial performance indicators. The non-financial performance indicators are including the 1). Customer Perspective, 2) Learning and Growth Perspective and 3) Internal Processes Perspective.

4.2.1 Customer Perspective

The customer loyalty and its attentive measurement and efforts to manage through a proper channel, it is a must for capturing the attention of the market, and helps the company in improving the customers' loyalty level. The oil price is increasing internationally and it affects the affordability for the customers. The connection between customer satisfaction and loyalty depends on features based on market regulations, constant switching in costs, brand equity, existence of loyalty programs, proprietary technology, and product differentiation at the industry level.

The behavior and attitude of the staff is also an important issue, as the most of the staff is untrained. Attitude and behavior play a significant role for the customer retention but there are also some other techniques for customer retention. The profit of the organization is today directly proportionate to the level of retention. Low level of retention means that profits of the organization are also low. High level of retention shows high profit of the organization.

4.2.2 Learning and Growth Perspective

The objectives in the three perspectives mentioned above are provided with the relevant infrastructure. This perspective aims to ensure that informational technologies and employee skills are up to date. Key performance indicators measure the level of knowledge as well as human relations, and the targets are monitored through various rates. Reduction of staff turnover and sick leaves are some of them, but also the level of investment into employee training. Depending on operational environment of the business, balanced scorecards not only differ in key performance indicators, but also in numbers of perspectives. When appropriate, entire perspectives can be removed or added.

(a) Training

Training aims to improve employees' knowledge, skills and attitude and social behaviors which is to be considered in the study of employees' satisfaction. The mean and standard deviation score of each level are postulated in table (4.6).

Table (4.6) Training

No.	Items	Mean	Standard Deviation
1	PIC's employees receive training opportunities to learn and grow.	3.62	.832
2	PIC provides training for new employees.	3.38	.848
3	PIC conducts training programmes frequently.	3.34	.825
4	PIC's employees get training to do the job well.	3.33	.855
5	Trainings improve my skill, knowledge and change attitude.	3.64	.743
6	PIC fulfills the most training programs to expectation of needs.	3.36	.725
7	PIC helps for the individual development as well as organizational development.	3.76	.781
8	PIC motivates the reward system in training programme to participate more.	3.58	.837
9	Trainings relate to the actual problems at work.	3.29	.708
10	PIC pays for any work-related training.	3.47	.973
Overall Mean		3.48	

Source: Survey data, 2019

Table (4.6) covers item statistics of training practices carried out by POSCO. From the above table, the mean of 3.29 with the standard deviation of 0.708 from the questions of 'Relate to the actual problems at work' which is the nearly the standard mean score of 3.5 shows that the respondents enjoy about do practical and relate to the actual problems at work.

And then 'Help for the individual development as well as organizational development', obtained the mean score of 3.76 with standard deviation of 0.781 which is nearly the 4 point. Therefore, it is assumed that the respondent neutrally agreed training help for the individual development as well as organizational development.

Technology

In this survey, PIC has been developing Groupware System and SAP accounting software, which is an application software designed to help people involved in a group task connected by internet working environment and a financial accounting and reporting software that records transactions, reports operating data at the end of every month or quarter, and analyzes financial data.

Table (4.7) Technology

No.	Items	Mean	Standard Deviation
1	PIC considers for technology enhancement.	3.89	.741
2	PIC uses the software systems to support employees to be able to work efficiently.	4.01	.643
3	PIC uses the SAP software to track all business interactions.	4.01	.643
4	PIC uses the groupware system to help people involved in a group task.	4.03	.610
5	PIC's Employees get up-to-date information from the digital system.	3.80	.693
6	Technology reduces the time, paperless and increase the productivity by using digital system	4.03	.711
Overall Mean		3.96	

Source: Survey data, 2019

Table (4.7) showed technology practices carried out by POSCO. From the above table, the mean of 3.8 with the standard deviation of 0.693 from the questions of 'Get up-to-date information from the digital system.' which is the nearly the standard mean score of 4 shows that the respondents get up to date information from this system timely and accurately. And then 'Use the groupware system to help people involved in a group task' and 'Reduces the time, paperless and increase the productivity by using digital system', obtained the mean score of 4.03 with standard deviation of 0.610 and 0.711 which is over the 4 point. Therefore, it is assumed that the respondent satisfied about providing system and reducing the time, paperless and increase the productivity by using digital system.

Compensation and Employee Encouragement

The analysis of compensation and employee encouragement is an essential element of employee engagement that induces workers to attain more and therefore focus more on personal development and work of PIC. There are the analysis on the (8) items as shown in the Table (4.8) as follow.

Table (4.8) Compensation and Employee Encouragement

No.	Items	Mean	Standard Deviation
1	PIC performs the merit pay system.	3.38	.673
2	PIC determines the pay raises on job performance.	3.43	.639
3	PIC uses rewards like pay promotion and bonuses.	3.53	.642
4	PIC has fair the salaries with tasks, duties and responsibilities.	3.28	.723
5	PIC's employees achieve sufficient health care, vacation and sick leave.	3.86	.761
6	PIC allows to improve personal skills, abilities, experience and performance.	3.84	.767
7	PIC encourages to set higher own goal.	3.58	.788
8	PIC develops the skill to work in this company as a person.	3.63	.650
Overall Mean		3.57	

Source: Survey data, 2019

Table (4.8) gives the summary item statistics for Compensation and Employee Encouragement system of POSCO. The maximum mean of 3.86 with standard deviation of 0.761 from the question of 'Achieve sufficient health care, vacation and sick leave.' assumed that the respondents satisfied about employees who have sufficient health care, vacation and sick leave. The minimum mean of 3.28 with the standard deviation of 0.723 is associated with the question; fair the salaries with tasks, duties and responsibilities. This indicates that the respondents agreed less to this item and therefore, need to fair the salary with tasks, duties and responsibilities.

4.2.3 Internal Process Perspective

The study found out that internal process demands better employee performance, the structural elements, boundaries and activities of the internal process and that the quality and efficiency of business processes help to boost the performance of employees. The study found out that internal processes influence employee performance to a great extent.

Overall Non-Financial Analysis of PIC

The overall non-financial analysis concludes that PIC had a policy of rewarding employees on performance. PIC uses non-financial measures in the employees' annual bonus contracts and that aligning incentives or linking rewards to performance through effective evaluation and performance appraisals is critical. The learning and growth concludes that PIC had put into place programs for training and capacity building for their employees' growth and learning and that the training and capacity building programs are effective in equipping the employees with the necessary skills to assist them in executing their duties and enhance their performance. The training and capacity building programs enable the employees to create and build long term growth and improvement in the organization. The learning and growth perspective achieved the organization's vision by sustaining its ability to change and improve and PIC invests in re-skilling employees, enhancing information technology and systems, and aligning organizational procedures and routines. The learning and growth perspective influence employee performance to a great extent. The process structures, management systems and measurement systems of PIC highly facilitates the employees work performance, values and beliefs. The internal business process demands better employee performance.

4.3 Analysis on Financial Perspectives of PIC

The financial statements analysis of PIC provide a starting point for understanding a company and a great deal of relevant information concerning the soundness of the investment. The analysis involves the Standard Financial Ratio-Four categories of the ratio are typically used: 1. Profitability Ratios, 2. Liquidity Ratio, 3. Gearing Ratio and 4.Asset Management Ratios.

1. Profitability Ratio

Profitability ratios are financial metrics used by analysts and investors to measure and evaluate the ability of a company to generate income (profit) relative to revenue,

balance sheet assets. The important profitability ratios that we are going to analyze. (i) Net Profit Margin, (ii) Gross Profit Margin, (iii) Operating Profit Margin and (iv) Return of Capital Employed.

(a) Net Profit Margin

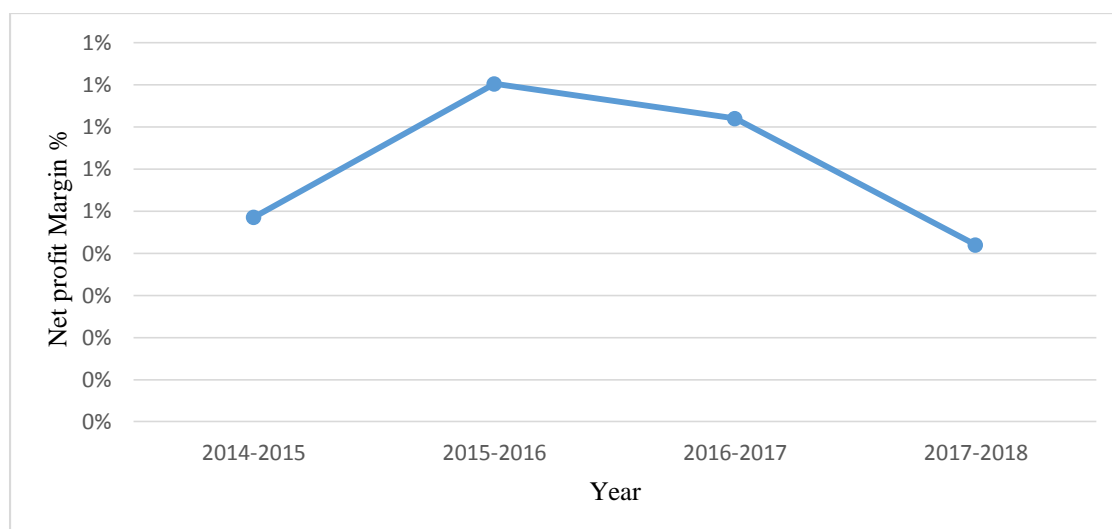
The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. Net profit margin is the ratio of net profits to revenues for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much revenue collected by a company translates into profit.

Table (4.9) Net Profit Margin of PIC

Year	Net Profit After Tax (Won in Billions)	Revenue (Won in Billions)	Net Profit Margin (%)
2014-2015	81.90	16,881.00	0.49
2015-2016	123.70	15,417.20	0.80
2016-2017	150.40	20,891.50	0.72
2017-2018	97.80	23,308.80	0.42

Source: PIC Finance data, 2019

Figure (4.1) Net Profit Margin of PIC



Source: PIC Finance data, 2019

According to Table (4.9) and Figure (4.1), the highest Net Profit Margin is 0.80% in 2015-2016 and lowest Net Profit Margin is 0.42 % in 2017-2018. The cost of sale in 2018 is 14% higher than cost of sale in 2017. Therefore Net Profit Margin is the lowest in 2018 due to high cost of sale even though 2018 has the highest revenue.

(b) Gross Profit Margin

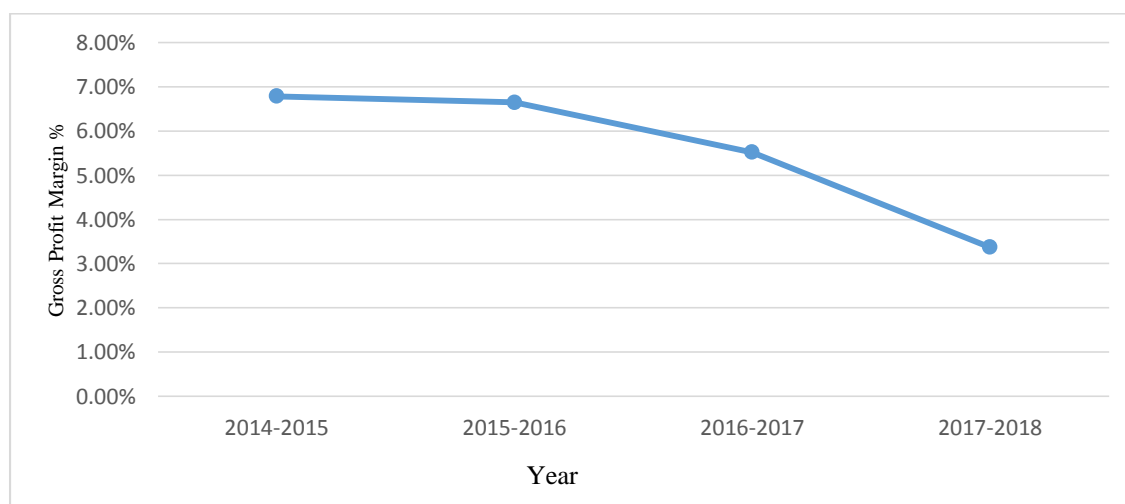
Gross profit margin is a ratio that indicates efficiency of sales and gross profit. This ratio is made by accounting for the cost of goods sold which include all costs generated to produce or provide the product or service and total revenue. A higher gross profit margin indicates efficient processes in a company. A lower ratio indicates the processes may not be as efficient as they could be.

Table (4.10) Gross Profit Margin of PIC

Year	Gross Profit (Won in Billions)	Revenue (Won in Billions)	Gross Profit Margin (%)
2014-2015	1,146.40	16,881.00	6.79
2015-2016	1,025.10	15,417.20	6.65
2016-2017	1,153.30	20,891.50	5.52
2017-2018	785.60	23,308.80	3.37

Source: PIC Finance data, 2019

Figure (4.2) Gross Profit Margin of PIC



Source: PIC Finance data, 2019

According to Table (4.10) and Figure (4.2), the highest gross profit margin is 6.79% in 2014-2015 financial years and the lowest of gross profit margin is 3.37% in 2017-2018. According to the above data, the net profit margin is lowest in 2018 which lead to lower gross profit margin.

(c) Operating Profit Margin

The operating margin measures how much profit a company makes on sales, after paying for variable costs of production, such as wages and raw materials, but

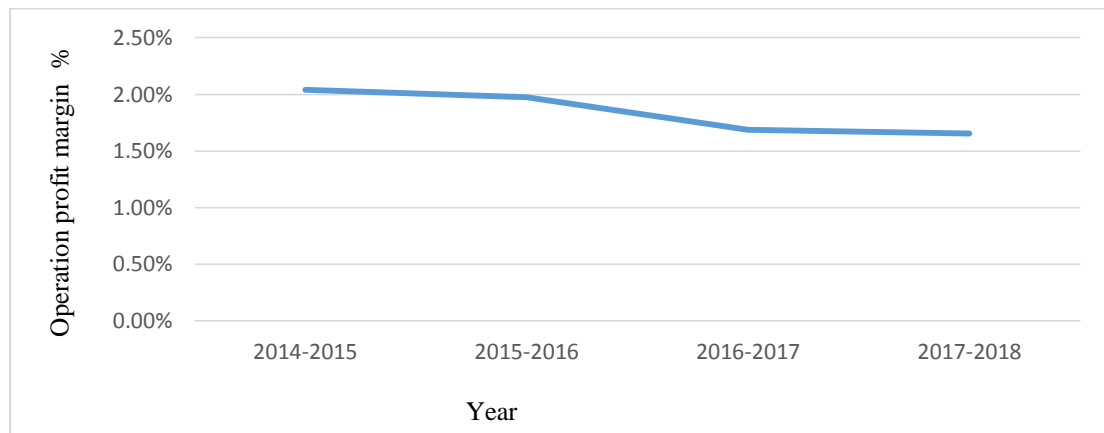
before paying interest or tax. It is calculated by dividing a company's operating profit by its net sales.

Table (4.11) Operating Profit Margin of PIC

Year	Operating Profit (Won in Billions)	Revenue (Won in Billions)	Operating Profit Margin (%)
2014-2015	344.60	16,881.00	2.04
2015-2016	304.30	15,417.20	1.97
2016-2017	352.80	20,891.50	1.69
2017-2018	385.30	23,308.80	1.65

Source: PIC Finance data, 2019

Figure (4.3) Operating Profit Margin of PIC



Source: PIC Finance data, 2019

According to Table (4.11) and Figure (4.3), the highest operating profit margin ratio is 2.04% in 2014-2015 and lowest operating profit margin ratio is 1.65%. From the above data, although it was found that the operating income is the highest in 2018 but the operating profit margin is the lowest 1.65% at 2018.

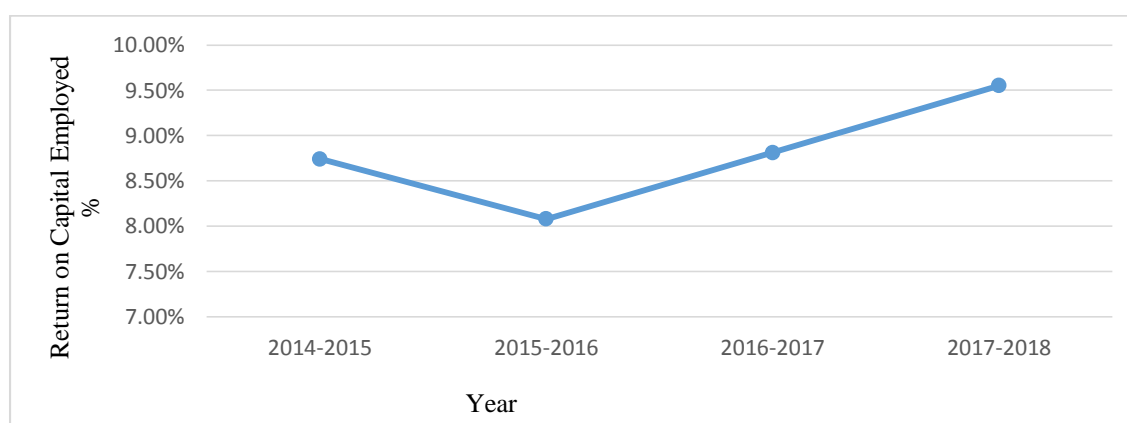
(d) Return of Capital Employed

Return on capital employed (ROCE) is a financial ratio that measures a company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a company is generating profits from its capital. The ROCE ratio is considered an important profitability ratio and is used often by investors when screening for suitable investment candidates.

Table (4.12) Return of Capital Employed (ROCE) of PIC

Year	Earnings Before Interest and Tax (Won in Billions)	Capital Employed (Won in Billions)	Return of Capital Employed (ROCE) (%)
2014-2015	344.60	3,941.50	8.74%
2015-2016	304.30	3,765.80	8.08%
2016-2017	352.80	4,003.60	8.81%
2017-2018	385.30	4,034.30	9.55%

Source: PIC Finance data, 2019

Figure (4.4) Return of Capital Employed (ROCE) of PIC

Source: PIC Finance data, 2019

According to Table (4.9) and Figure (4.4), the highest operating profit margin ratio is 9.55% in 2017-2018 and lowest operating profit margin ratio is 8.08% in 2015-2016. According to the above data, the operating profit is highest in 2018 suggesting the highest Return of Capital Employed (ROCE) 9.55%. Moreover, the total assets is also highest in 2018.

2. Liquidity Ratio

A liquidity ratio is a financial ratio that indicates whether a company's current assets will be sufficient to meet the company's obligations when they become due. If a company has a high ratio that are capable of paying on short term obligations.

(a) Current Ratio

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a

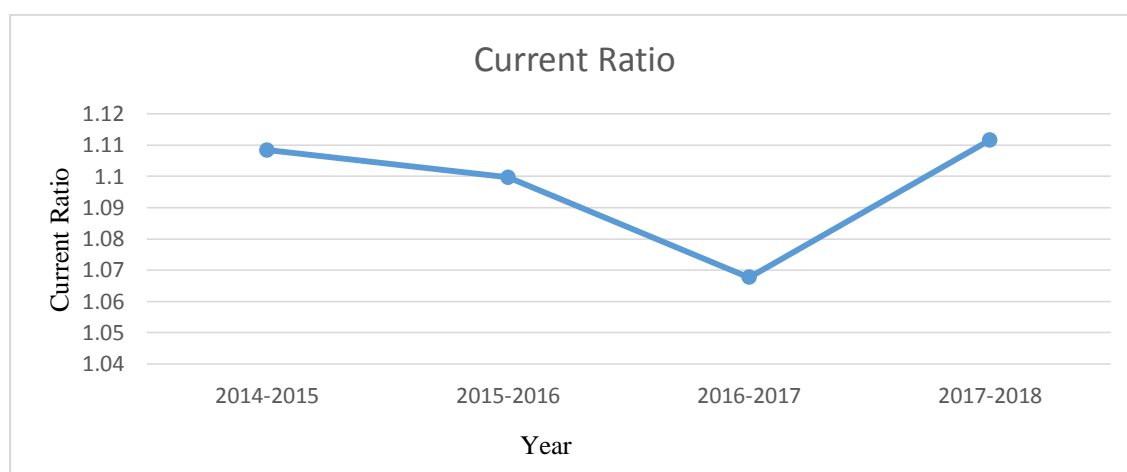
company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

Table (4.13) Current Ratio of PIC

Year	Current Assets (Won in Billions)	Current Liabilities (Won in Billions)	Current Ratio (Time)
2014-2015	3,915.70	3,532.80	1.11
2015-2016	4,017.90	3,653.80	1.10
2016-2017	4,460.80	4,178.00	1.07
2017-2018	5,267.80	4,738.90	1.11

Source: PIC Finance data, 2019

Figure (4.5) Current Ratio of PIC



Source: PIC Finance data, 2019

According to Table (4.13) and Figure (4.5), the current ratio is stable. Although the cost of sales were high in 2018, the working capital management was effective resulting 1.11 current ratio in 2018 which is same with 2015.

(3) Gearing Ratio of PIC

The gearing ratio measures the proportion of a company's borrowed funds to its equity. The ratio indicates the financial risk to which a business is subjected, since excessive debt can lead to financial difficulties.

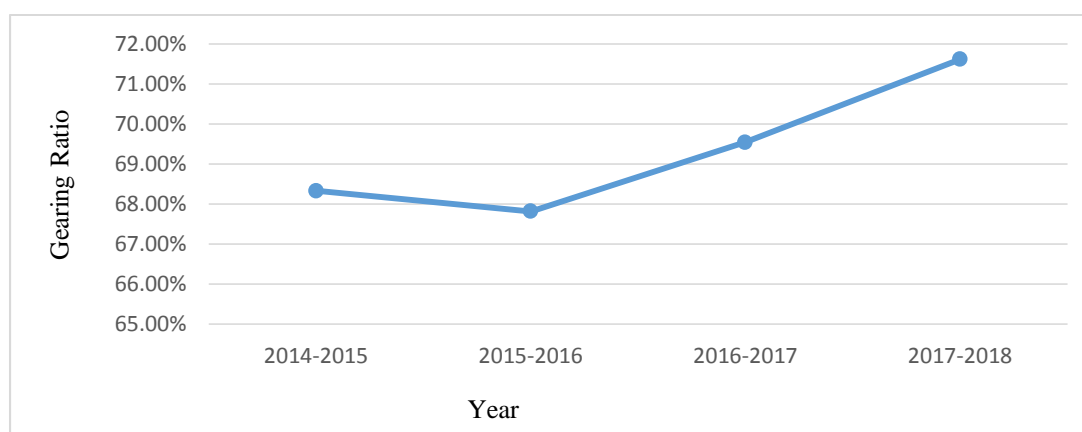
(a) Gearing Ratio

Gearing ratios represent a group of financial ratios that compare some form of owner's equity (or capital) to debt, or funds borrowed by the company. Gearing is a measurement of the entity's financial leverage, which demonstrates the degree to which a firm's activities are funded by shareholders' funds versus creditor's funds.

Table (4.14) Gearing Ratio of PIC

Year	Total Liabilities (Won in Billions)	Total Liabilities+ Total Equity (Won in Billions)	Current Ratio (Time)
2014-2015	5,107.40	7,474.30	68.33%
2015-2016	4,988.70	7,355.60	67.82%
2016-2017	5,406.00	7,772.90	69.55%
2017-2018	5,974.10	8,341.00	71.62%

Source: PIC Finance data, 2019

Figure (4.6) Gearing Ratio of PIC

Source: PIC Finance data, 2019

According to Table (4.14) and Figure (4.6), gearing ratio was increase by 28% due to highest liabilities in 2018 although the total equity was rise. Interest cover was 3 times in 2015 and 2 times in 2018 which stay in good position.

3. Assets Management Ratios

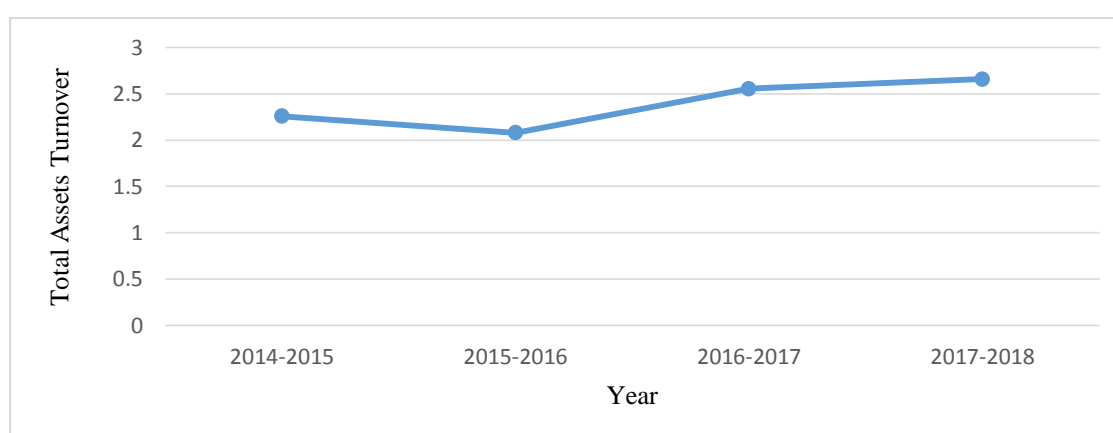
(a) Total Asset Turnover

The total asset turnover ratio measures the ability of a company to use its assets to generate sales. The total asset turnover ratio is the asset management ratio that is the summary ratio for all the other asset management ratios covered in this article. If there is a problem with inventory, receivables, working capital, or fixed assets, it showed up in the total asset turnover ratio. The total asset turnover ratio shows how efficiently the assets, in total, generate sales. The higher the total asset turnover ratio, the better and the more efficiently the use of asset base to generate your sales.

Table (4.15) Total Assets Turnover Ratio of PIC

Year	Revenue (Won in Billions)	Total Assets (Won in Billions)	Total Assets Turnover (Time)
2014-2015	16,881.00	7,474.30	2.26
2015-2016	15,417.20	7,419.60	2.08
2016-2017	20,891.50	8,181.60	2.55
2017-2018	23,308.80	8,773.20	2.66

Source: PIC Finance data, 2019

Figure (4.7) Total Assets Turnover Ratio of PIC

Source: PIC Finance data, 2019

According to Table (4.15) and Figure (4.6), the assets turnover show that POSCO was efficiently used its assets by generating high revenue. In spite of increase cost of sales, the turnover was highest in 2018. If the cost of sale will reduce in future, the better position of turnover can be obtained.

Overall Financial Analysis of PIC

The overall analysis of profitability measures indicated the different kinds of ratio. PIC's profitability ratio of net profit margin, gross profit margin and operating profit margin are lowest is later year. Return of Capital Employed (ROCE) of PIC is found rising in 2017 and 2018. Its means that PIC is increased its investment in assets resulting highest capital employed. In terms of liquidity ratio, it is found that PIC has efficient in working capital management due to stable current ratio. Gearing ratio is increase steadily throughout the year though there was a little decrease in 2016. When evaluating the assets management of PIC, the total assets turnover is increase gradually which is satisfying.

CHAPTER V

CONCLUSIONS

This chapter provides the summary of the findings from chapter four, and also gives the conclusion and recommendations of the study based on the objectives of the study. The conclusion is described from the identifying the current performance management practices and explores the effectiveness of the balanced scorecard as a performance measurement.

5.1 Findings

This study is the analysis of performance management of POSCO INTERNATIONAL Corporation Myanmar E & P because of oil and gas sector is growing in currently. The analyzed period was the financial year of 2014-2018 using audited Financial Statements of the company to make recommendation based on result obtained from financial methods of analyzing the data obtained. The recommendation would seek to improve the financial and capital structure of the company as soon as possible and also in the future.

In the analysis of profitability ratio, overall profit margins were declining gradually from 2014 to 2018. It is found that the cost of sales is highest in 2018 showing that the profit margin will be lowest in 2018. However, Return on Capital Employed was highest in 2018 because of the highest earnings. The company needs to have efficient cost control so that any unexpected expense could be a compromise to improve profit margin.

As a summary for liquidity ratio results, the company has a stable current ratio in 2014 to 2018, being efficient in managing current assets and current liabilities. The liquidity ratio is favorable at the current ratio. Therefore, it can be assumed that the company is able to convert its current assets to cash. The company's operating cycle is well organized and competent in managing working capital.

Based on the result of gearing ratio, it's important to compare a company's gearing ratio to companies in the same industry. As PIC is operating in a regulated industry, the gearing ratio is high in the four investigated periods. Utilities have a monopoly in their market, making their debt less risky than a company with the same debt levels, which operates in a competitive market.

The analysis of assets turnover ratio is high indicating that the company is generating more revenue in terms of its assets. It is a tool to see which firms are making the most use of their assets and to identify weaknesses in firms. So the company with high asset turnover tend to have low profit margins, while those with low turnover tend to have higher profit margins.

Then in customer perspective, to obtain the customer faith PIC try to improve the ethicality as a global company. Great customer experiences produce great business results. The company should monitor and rise of new advancements in customer experience technologies to offer enhanced service to their customers while increasing their chances of remaining competitive in an ever-changing marketplace. Customers of companies in the oil and gas industry tend to be long-term, which makes it imperative to maintain positive customer relationships. This is a significant part of the overall business strategy, and technology-enabled solutions. The customer is placed at the very center to ensure that they have a consistent experience with your organization, leading to lower costs and maximized revenues while building customer relationship.

Internal process perspective helps in finding out the efficiency of an organization-s internal processes and operations. Internal process perspective must describe how to intend to accomplish the organization's strategy. It is therefore important to focus that allow company to deliver the strategy and differentiate the company from its rivals. Having an excellent reputation for performance along regulatory and social dimensions help the company attract and retain high-quality employees.

From the research of the demographic factors of the employees, it is found that the employees of female respondent are larger than the employees of male respondents. In this corporation, male do not rise in these bank, but indicates that most of the employees that worked in these bank are females. Out of 76 respondents, 43 respondents are graduate level. Furthermore, age of 31 to 40 years employees are more than others (19-30 age, 41-50 age and over 50). And then, services period of above 5 years employees are largest in these corporation. The majority of respondents are those who are working at Procurement and Logistics Dept. Most of employees who are working in survey receive average income US 1,000 - 1,500. According to the survey results, nearly all respondent are feeling convenient for working in PIC.

The result of Training, company provide relevant training opportunity to learn and growth. Organizations that have successfully managed to close the skills gap in strategic positions have done so through training and retaining current key staff, tailoring recruitment of new employees to the strategic needs of the organization and putting in place effective succession planning programs to help capture the knowledge of long-term employees and pass it on to the next generation. After the training program, management assess and evaluate a change in behavior; a demonstration of the new skills or knowledge in action and an improvement in results.

Technology is an enabler of business strategy. It is the engine that keeps companies and entire industries moving forward and remaining competitive. Thus having the right mix of system and software is critical to executing strategy effectively and achieving sustainable business performance. The result regarding technology was highly satisfied.

As well as technology, the result for compensation was highly satisfied. Employee motivation through compensation can come in the form of raises, performance bonuses, sufficient health care, or any number of "extra benefits" like, transportation allowance, mobile allowance, vacations, or other tangible items purchased and used as rewards.

5.2 Suggestion

To identify the critical factors are now overseeing with Balanced Scorecard. POSCO transform their vision and core value into tactical work plan. The following conclusion are made base on the analysis in chapter four. It is critical to communicate the tactical work plan to their employees in significant and feasible way. It comprise both financial and non-financial measure. It can found superior value to customer and can integrate the interest of all PIC stakeholder along with improving the financial performance.

This study recommends that the use of balanced scorecard has high potential in the evaluation of performance management of POSCO INTERNATIONAL Corporation Myanmar E & P. PIC need to balance financial and non-financial result to ensure survive in competitive market while meeting their social objective. Balance Scorecard provides the potential to investigate the overall performance of PIC from four perspectives.

PIC should set target for financial performance for a period as budget plan and cost control. Then management of PIC should set strategy to meet target and each employee performance should be linked with reward. But the reward scheme need to attract, motivate and retain for employee. PIC already constitute a board consisting of representative employee. From that board, the opinion of all employee are presented to management. Therefore PIC should maintain such kind of programme to encourage the employee.

5.3 Needs for Further Study

This study is conducted on financial and non-financial performance of POSCO INTERNATIONAL Corporation Myanmar E & P. It is not covered all the performance measurement and practices of oil and gas industry. This study is only focused on the data from financial year 2014-2015 to 2017-2018. As time and resource limitation, thus study only compares with the organization performance indicators and cannot benchmark with other oil and gas industry. This study is only based on data provided by POSCO INTERNATIONAL Corporation Myanmar E & P.

To continue with this research, further analysis on an expanded period, which is year by year and based on more effective indicator, will be more effective and efficient tool for measuring performance in the organization. The extended period is about to provide evidences highlighting the significant of applying the financial and non-financial ratio against with benchmark indicators set by management of POSCO INTERNATIONAL Corporation Myanmar E & P. The above analysis was carried out base on PIC's Yangon office employees. If there is a chance to undertake a survey for offshore and onshore employees, the result would be more comparative performance advantages for whole organizations.

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APPENDIX 1
Questionnaire Survey for POSCO INTERNATIONAL Corporation
Myanmar E &P

Part A: PERSONAL INFORMATION

Please Tick (✓) in the box that best describes you.

1. Gender
 ☐ Male ☐ Female

2. Age
 ☐ 18 ☐ 19-30 ☐ 31-40 ☐ 41-50 ☐ over 50

3. Education
 ☐ Under Graduate ☐ Graduate ☐ Post Graduate ☐ Master Degree

4. Year of Service
 ☐ Below 1 year ☐ 1 to 3 Years ☐ 3 to 5 Years
 ☐ Above 5 Years

5. Occupational Fields
 ☐ HR & Admin Dept. ☐ Finance & Account Dept.
 ☐ Operation and Maintenance Dept. ☐ Procurement and Logistics
 ☐ External Relations & CSR Dept Dept.

6. Monthly Income
 ☐ Less than US 1,000 ☐ US 1,000 - 1,500 ☐ US 1,500 - 2,000
 ☐ US 2,000 – 2500 ☐ US 2,500 and above

7. Current Position
 ☐ Manager Level ☐ Non Managerial Level

**Part B: EMPLOYEE SATISFACTION ON TRAINING, TECHNOLOGY
AND COMPENSATION EMPLOYEE ENCOURAGEMENT**

Index 1 = Strongly Disagree (SD)

2 = Disagree (D)

3 = Neutral (N)

4 = Agree (A)

5= Strongly Agree (SA)

No.	Using the scale above (1-5) please tick (✓) the levels of agreement in each of the items below with regards to the Performance Management Analysis of PIC	SD 1	D 2	N 3	A 4	SA 5
	<u>Training</u>					
1	PIC's employees receive training opportunities to learn and grow.					
2	PIC provides training for new employees.					
3	PIC conducts training programmes frequently.					
4	PIC's employees get training to do the job well.					
5	Trainings improve my skill, knowledge and change attitude.					
6	PIC fulfills the most training programs to expectation of needs.					
7	PIC helps for the individual development as well as organizational development.					
8	PIC motivates the reward system in training programme to participate more.					
9	Trainings relate to the actual problems at work.					
10	PIC pays for any work-related training.					

	<u>Technology</u>					
11	PIC considers for technology enhancement.					
12	PIC uses the software systems to support employees to be able to work efficiently.					
13	PIC uses the SAP software to track all business interactions.					
14	PIC uses the groupware system to help people involved in a group task.					
15	PIC's Employees get up-to-date information from the digital system.					
16	Technology reduces the time, paperless and increase the productivity by using digital system					

	<u>Compensation and Employee Encouragement</u>					
17	PIC performs the merit pay system.					
18	PIC determines the pay raises on job performance.					
19	PIC uses rewards like pay promotion and bonuses.					
20	PIC has fair the salaries with tasks, duties and responsibilities.					
21	PIC's employees achieve sufficient health care, vacation and sick leave.					
22	PIC allows to improve personal skills, abilities, experience and performance.					
23	PIC encourages to set higher own goal.					
24	PIC develops the skill to work in this company as a person.					

APPENDIX 2

Income Statements of POSCO INTERNATIONAL Corporation Myanmar E &P

[Unit: ~~MM~~ B]

	2014	2015	2016	2017	2018
	2,014.00	2,015.00	2,016.00	2,017.00	2,018.00
Sales	19,938.10	16,881.00	15,417.20	20,891.50	23,308.80
Cost of Sales	18,859.60	15,734.60	14,392.10	19,738.20	22,523.20
Gross Profit	1,078.50	1,146.40	1,025.10	1,153.30	785.60
Selling General Administrative Expenses	731.60	801.80	720.80	800.50	400.30
Operating Income	346.90	344.60	304.30	352.80	385.30
Other Gains	21.80	21.70	10.40	45.90	23.40
Other Losses	72.50	273.80	187.50	162.30	219.60
Financial Income	1,192.30	1,281.20	1,074.40	913.20	769.10
Financial Costs	1,213.30	1,282.60	1,048.20	939.90	824.20
Income before Income Taxes	275.20	91.10	153.40	209.70	134.00
Income Tax Expenses	101.80	9.30	29.70	59.30	36.20
Net Income	173.40	81.90	123.70	150.40	97.80

APPENDIX 3

Financial Position of POSCO INTERNATIONAL Corporation Myanmar E &P

[Unit:MMB]

	2014	2015	2016	2017	2018
Total Assets	8,631.10	7,474.30	7,419.60	8,181.60	8,773.20
Current Assets	5,028.00	3,915.70	4,017.90	4,460.80	5,267.80
Non-Current Assets	3,603.10	3,558.60	3,401.70	3,720.80	3,505.50
Total Liabilities	6,287.20	5,107.40	4,988.70	5,406.00	5,974.10
Current Liabilities	4,879.20	3,532.80	3,653.80	4,178.00	4,738.90
Non-Current Liabilities	1,408.00	1,574.60	1,334.90	1,228.00	1,235.20
Total Shareholders' Equity	2,343.90	2,366.90	2,430.90	2,775.60	2,799.10
Capital Stock	569.4	569.4	569.4	616.9	616.9
Capital Surplus	333.2	333.2	333.2	544	544
Accumulated Other Comprehensive Income	24.5	22.4	21.1	13.4	-1.9
Retained Earnings	1,416.90	1,441.90	1,507.30	1,601.40	1,640.20
Other Reserves	-	-	-	0	0

APPENDIX 4

Conducted Soft Skills /Common Training _PIC (2015 to 2018)

Sr.	Institution	Course Titles	Date	Duration	Attendees
1	RVI Institute	Communication & Leadership Talk	20-Aug-15	8Hrs	All Staff
2	RVI Institute	Creative Thinking, Problem Solving and Decision Making	15-Oct-2015 & 16-Oct-15	8HRs	All Staff
3	RVI Institute	Planning and Time Management Skill	09~10-Jun-2016	8Hrs	All Staff
4	The British Council	Business English Class	Jan~April & Sep ~ Jan 2016	84 Hrs	40
5	KMD Computer Training	Aeffective Presentation with Powerpoint for National Staff	Aug ~ Sep 2016	26 Hrs	All Staff
8	Myanmar Excel Expert	Excel (Applied Advanced & Professional Advanced)	April to June 2017 June to August 2017	40 Hrs	All Staff
9	POSCO DAEWOO	Value Package Training	31st March 2017	2.5 Hrs	All Staff
10	RVI Institute	Global Manner (Influencing People Internationally)	7th April 2017	4 Hrs	All Staff
12	The British Council	Business English Class	April to July 17 & Oct 17 ~Jan 18	120 Hrs	60
13	RVI Institute	Strategic Negotiation Skill Training	29th May & 12th June 2018	8 Hrs	All Staff
14	POSCO DAEWOO	Business Ethic	29th May & 12th June 2018	30 Mins	All Staff
15	The British Council	Business English Class	May ~ 15 July 2018	60 Hrs	40
16	Talents & Model Agency	Personal Grooming Training	15.Aug & 21.Aug 2018	16 Hrs	All Staff
17	MaximaxSolution	Finance for Non-Financial Professionals	04~05.Dec.2018	16 Hrs	All Staff

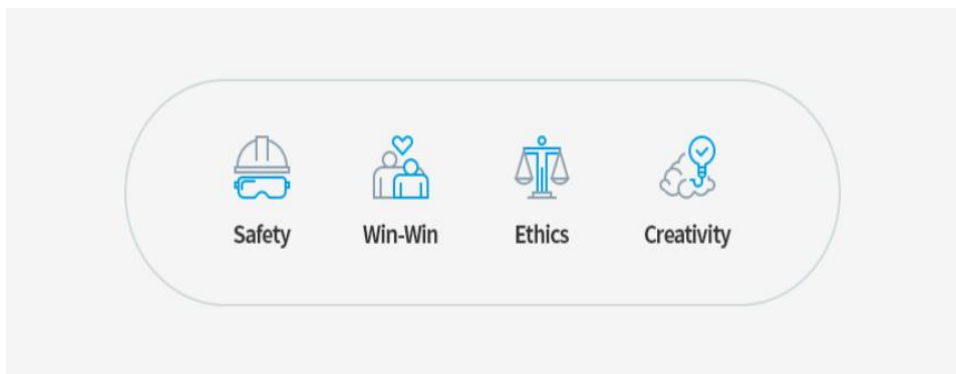
APPENDIX 5

Vision of PIC



Source: PIC Website, 2019

Core Value of PIC



Source: PIC Website, 2019