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BUSINESS PROJECT

“KSB PERFORMANCE MANAGEMENT SYSTEM”

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ABSTRACT

A talented and skilled workforce is the lifeblood of every organization. As the war for talent escalates, companies are quickly learning the importance of having the right people. While human resources professionals clearly understand the importance of optimal performance management, they often face significant internal obstacles. Forward thinking companies are taking steps to successfully address this negative view of performance management. They are implementing innovative solutions that ensure processes deliver real results and improve performance.

I have chosen KSB Pumps as my Project Organization. KSB is a leading international supplier of pumps, valves and related systems for the Industrial applications, building services, process engineering, energy conversion, water treatment, water transport, solids transport and other areas of application. Over the years KSB Pakistan has developed a diversified and motivated pool of human resources and today the Company employs more than 450 proficient people and operates through its Sales offices in Lahore, Karachi, Rawalpindi, Hassanabdal and Multan.

The following study has been conducted in order to investigate the factors which lead to Good Performance Management system. The purpose of this project was to discuss the performance appraisal system in practice at KSB, identify the gap in light of best practices of performance management system, discuss the implications due to gaps and have given my recommendations for improvement. Primary and secondary sources were consulted including interviews and online data.

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1. INTRODUCTION

1.1 Overview

Performance management is a process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization.¹ The establishment of an effective performance management system requires time and resources and therefore, the support of the board, the executive director and other senior managers. The process is driven by documents such as Job Descriptions², position requirements, department goals and objectives. Performance measures such as units/costs/errors/productivity can be used for determining acceptable levels of job performance.

Good performance management system works towards the improvement of the overall organizational performance by managing the performances of teams and individuals for ensuring the achievement of the overall organizational ambitions and goals. An effective performance management system can play a very crucial role in managing the performance in an organization by:

- Ensuring that the employees understand the importance of their contributions to the organizational goals and objectives.
- Ensuring each employee understands what is expected from them and equally ascertaining whether the employees possess the required skills and support for fulfilling such expectations.
- Ensuring proper aligning or linking of objectives and facilitating effective communication throughout the organization.

¹ <http://hrcouncil.ca/hr-toolkit/keeping-people-performance-management.cfm>

² <http://www.hr-survey.com/PerformanceManagement.htm>

- Facilitating a cordial and a harmonious relationship between an individual employee and the line manager based on trust and empowerment.

The main reason to write this report is to understand KSB Performance management system and compare it with best modern practices. I have also tried to understand how KSB PMS affects the performance of employees.

1.2 Objective:

I have Chosen KSB Pakistan as project organization as it is a listed company and informatory data is easily available. Further the access to organization is comparatively easier due to good contacts in KSB pumps. I have conducted interviews with their HR manager Imran Ali, Sales Manager Ali Jawad Usmani, Asad Sha from maintenance department and Tauseef Babar of procurement department to identify the problems they face. I have also gone through the organization organogram, literature and appraisal forms to understand in depth the current process being followed in KSB.

The Objective of this project is to focus on the problems with performance management system in KSB and how it is affecting KSB strategically. The goal of the project is to determine the gaps between the best and current practices. I will build a case that how a talented and skilled workforce is the lifeblood of every organization. I will also try to gauge the importance of employee retention and the effects of performance management system on the employees.

END OF CHAPTER 1

2. Literature Review

2.1 Performance Management system

Literature review carried out by myself included studies that made me understand strategic HR Practices, various articles and case studies on Performance Management and various reports and other related data related to HR and performance management at KSB. The sections below provide a gist of my understanding based on the literature review carried out.

“Performance Appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in the matters pertaining to his present job and his potential for a better job” - Edwin

B. Flippo

Performance Management is the process of setting performance expectations, monitoring progress, measuring results, and appraising and rewarding or correcting employee performance. The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and employees work together to plan, monitor and review an employee's work objectives or goals and his or her overall contribution to the organization.³ The establishment of an effective performance management system requires time and resources and therefore, the support of the board, the executive director and other senior managers.

Successful organizations know that to win in today’s competitive marketplace they must attract, develop, and retain talented and productive employees. Winning organizations get their competitive edge from a performance management system that helps them hire talented people, place them in the right position, align their individual performance with the organization’s vision and strategic objectives, develop their abilities, and reward performance commensurate with contributions to the organization’s success.⁴ Some of the benefits of a performance management system are:

³ human resource management rhetoric’s and realities (2005) ~Karen Legee

⁴ <http://leadership-vancouver.ca/>

- **Improved Productivity:** Improvement in both the way people work and the outcomes they produce.
- **Improved Employee Morale:** Resulting from on-time performance appraisals and rewards commensurate with employee contributions.
- **Retention of Top Performers:** Employees who feel accomplished in their work become loyal employees.
- **Increased Profitability:** Loyal employees deliver higher levels of service that result in customer loyalty.

2.2 PMS: Best Practices

The term “Performance Management System” is often used synonymously with “performance appraisal”. Actually, thinking this way is one of the things that get organizations into trouble, because the yearly appraisal process, no matter how well designed, is not enough to ensure that employees perform at their best. The purpose of a performance management system is essentially to link people’s actions and behaviors to organizational performance.⁵

Following steps are generally involved in Performance Management System:

2.2.1 Establishing Performance Standards:

The first step in the process of Performance Management is the setting up of standards/performance indicators which will be used as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set need to be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care needs to be taken to describe the standards.

⁵ www.shrm.org/

2.2.2 Communicating the Standards:

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to them. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

2.2.3 Measuring the Actual Performance:

One of the most difficult parts of the Performance Management process is measuring the actual performance of the employees i.e., the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

2.3.4 Comparing the Actual with the Desired Performance:

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

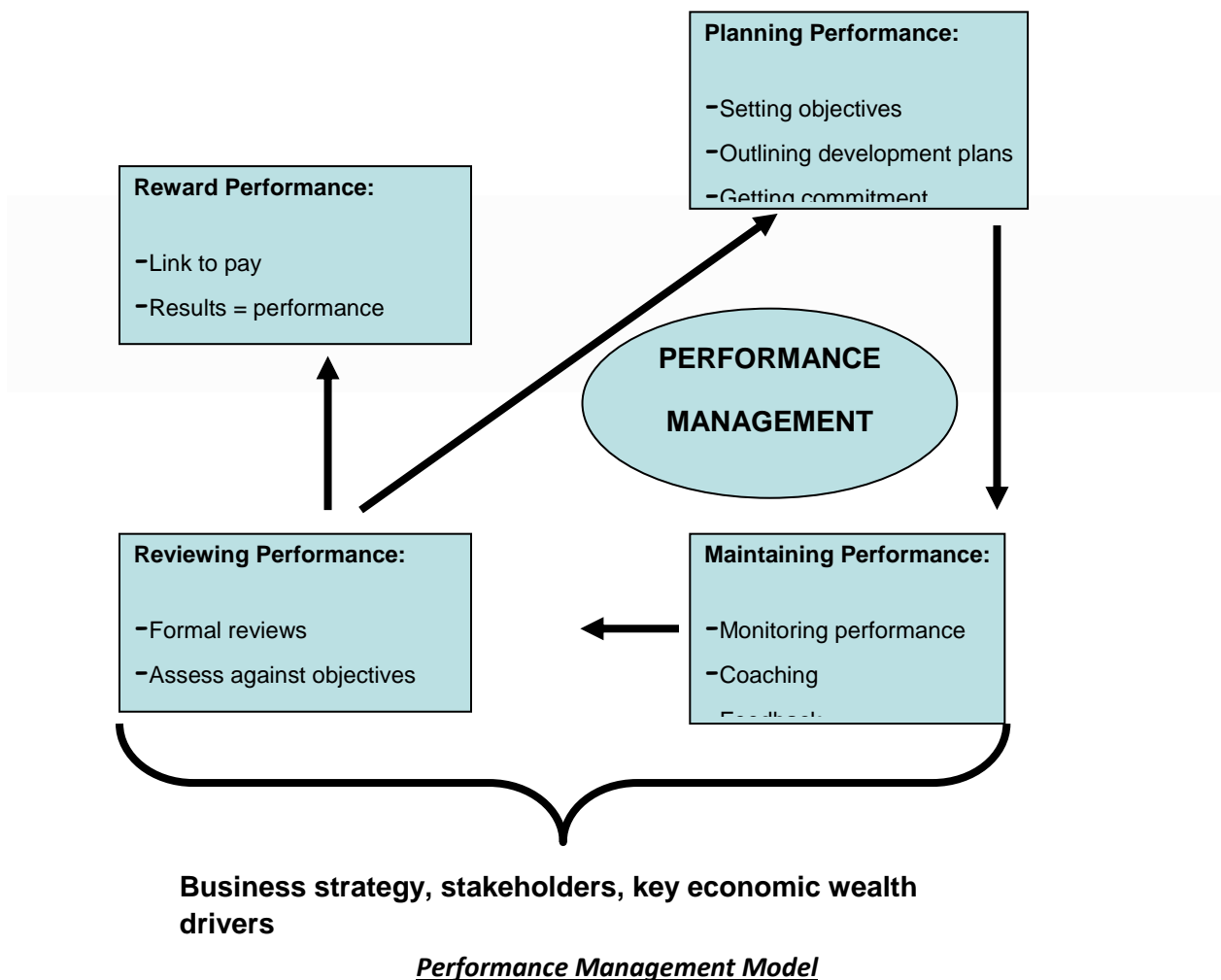
2.3.5 Discussing Results:

The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching

consensus. The feedback needs to be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

2.3.6 Decision Making:

The last step of the process is to take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers, training and development, career development etc.



2.3 Management by Objectives

MBO represents a modern method of evaluating the performance of personnel. There is a growing feeling nowadays that it is better to make the superior work with subordinates in fixing goals. This would inevitably enable subordinates to exercise self-control over their performance behaviors.⁶ The concept of management by objectives is actually the outcome of the pioneering works of Ducker, McGregor and Odiorne in management science.

Management by objectives can be described as *“a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individuals' major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members”*.

MBO thus represents more than an evaluation program and process. Practicing management scientists and pedagogues view it as a philosophy of managerial practice⁷; it is a method by which managers and subordinates plan, organize, control, communicate and debate.

2.3.1 Features

- MBO emphasizes participative set goals that are tangible, verifiable and measurable.
- MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).
- MBO, by concentrating on key result areas translates the abstract philosophy of management into concrete phraseology. The technique can be put to general use (non-specialist technique). Further it is “a dynamic system which seeks to integrate the

⁶ <http://home.snu.edu/>

⁷ <http://www.economist.com/node/14299761>

company's need to clarify and achieve its profit and growth targets with the manager's need to contribute and develop himself".

- MBO is a systematic and rational technique that allows management to attain maximum results from available resources by focusing on achievable goals. It allows the subordinate plenty of room to make creative decisions on his own.

2.3.2 Potential Misuse

MBO easily can be misused and often is. What is supposed to be a system that allows for dialogue and growth between boss and subordinate with a view to achieving results often degenerates into a system in which the boss puts constant pressure on the subordinate to produce results and forgets about using MBO for commitment, desire to contribute, and management development. Sometimes even well intentioned managers misuse MBO because they do not have the interpersonal skills or knowledge of human needs to keep their appraisal sessions from becoming critical, chewing-out periods.⁸ Finally, many managers have a tendency to see MBO as a total system that, once installed, can handle all management problems. This has led to forcing issues on the MBO system that it is not equipped to handle and that frustrate whatever good effects it might have on the issues with which it is designed to deal.

2.4 Appraisal

Performance appraisal deals with how organizations evaluate and measures its employee's achievements and behaviors. It is an employee review by his manager where his work performance is evaluated and strengths and weaknesses are identified so that the employee knows his improvement areas.⁹ Performance appraisal is the right time to set new goals and objectives for the employees.

⁸ The Talent Management Hand Book~ Dorothy R. Breger

⁹ <http://www.hrzone.com/>

There are different methods used during appraisal system but most commonly these three methods are used:

2.4.1 Numerical Rating Scale

Due to its simplicity, this is one of the most widely used systems and tends to be highly effective. It's also popular because it allows employers to measure employee performance on a plethora of areas such as teamwork, communication skills and reliability. A numerical rating scale is beneficial because a business can customize the system to rate whatever employee traits or characteristics it deems as important.¹⁰ This commonly involves rating individuals on a (1 to 5) or a (1 to 10) scale with lower numbers being unsatisfactory and higher numbers being satisfactory. In turn, employers can use tangible data to determine if an employee's performance is poor, average, good or great.

2.4.2 360-Degree Appraisal

If you're looking for comprehensive feedback on an employee's performance to form in-depth insights, then this is the way to go. A 360-degree appraisal works by gathering feedback from multiple parties such as managers, coworkers, customers and even vendors. The more information you collect, the more accurate the performance review becomes, and the more the picture comes into focus. Although this form of evaluation is somewhat laborious and time-consuming when compared to the first two techniques, many employers prefer it because of the unbiased data they receive and the multi-dimensional vantage point it creates.

2.4.3 Critical Incidents

This system is defined as "A method of performance appraisal involving identifying and describing specific events (or incidents) where the employee did something really well or

¹⁰ The Complete Guide to Performance Appraisal~ Dick Grote

something requiring improvement.” For example, you might record an instance of a stressful situation where an employee out-shined and exceeded expectations. On the other hand, you might record a serious mistake an employee made that was detrimental to productivity and created a lot of lingering problems. For a critical incidents evaluation system to be effective it’s important to keep detailed records — and you may want to implement a rating system for increased objectivity.

END OF CHAPTER 2

3. Research Methodology

The research instrument used to conduct this study includes both primary research and secondary research as well to work on the topic in depth. To completely understand the topic and its importance in today's fast moving world, secondary research proved its worth, secondary research includes the work that has already been done on this particular topic. Different sources were being used for secondary research for example different books, websites, journals and articles available on the internet. These sources have been very helpful in identifying and developing the independent variables.

The direct information that has been obtained using interviews comes under primary research. Around five interviews have been conducted with KSB team from middle to senior level to better understand their system and what kind of problem they are facing. As KSB is a listed company, I have found a lot of data from its website as well. By doing all this, I have tried to identify the gaps between current and best practices in performance management system.

END OF CHAPTER 3

4. Company Introduction

4.1 Introduction

KSB is a leading international supplier of pumps, valves and related systems for the Industrial applications, building services, process engineering, energy conversion, water treatment, water transport, solids transport and other areas of application. KSB has been growing continuously since it was founded in 1871. Today the Group has a presence all over the globe with its own sales and marketing companies, manufacturing facilities and service operations.

KSB Pumps Company Limited, established in July 1959 in Lahore, Pakistan, is also a proud subsidiary of KSB Group. KSB Pakistan runs the largest state of the art manufacturing facility in the country in Hassanabdal and a full-fledged Foundry. The Company is ISO 9001 certified since 1994 and lately has added ISO-14001 and 18001 certifications for complete Integrated Management System certified by TUV, Germany. A range of global certifications of the company's products and locations is a proof that KSB's work in all areas is in compliance with the very latest quality standards - from energy engineering to building services.¹¹

KSB Pumps Company Limited in Pakistan offers a wide range of services and activities, from the manufacture of special pumps, design and production of bespoke systems. A total of 450 staff commit to first-class customer service, comprehensive support & consultancy along with development and management of excellent technology. In addition, our engineers and technicians can draw on many years of experience with all KSB products but also products of other manufacturers. In order to further improve our services offered to customers at a regional level, KSB Pakistan maintains business relations with trusted and selected dealers.

Over the years KSB Pakistan has developed a diversified and motivated pool of human resources and today the Company employs more than 450 proficient people and operates through its Sales offices in Lahore, Karachi, Rawalpindi, Hassanabdal and Multan.

¹¹ <https://www.ksb.com/ksb-pk/>

4.2 KSB's Vision, Mission & Values

4.2.1 Vision

KSB provides the best solutions worldwide.

4.2.2 Mission

We manufacture and market a selected range of standard and engineered pumps and castings of world class quality. Our efforts are directed to have delighted customers in the water, sewage, oil, energy, and industry and building services sectors. In line with the Group strategy, we are committed to develop into a center of excellence in water application pumps and be a strong regional player. We want to market valves, complete system solutions and foundry products including patterns for captive, automotive and other industries. We will develop a world class human resource with highly motivated and empowered employees. The measure of our success is, being a clear market leader, achieving quantum growth and providing attractive returns to stakeholders.¹²

4.2.3 Values

Trust

Trust has to be earned. It requires a level of credibility, which each of us should seek to achieve and actively develop through reliability and professionalism in our day - to - day work.

Honesty

The overall interest of the Company has top priority in our work and ranks ahead of departmental and individual interests. What we do therefore should not serve to gain advantage at the expense of others.

Integrity and appropriate level of modesty are defining elements of the way we present ourselves.

¹² <https://www.ksb.com/ksb-pk/Company/Profile/>

Responsibility

Responsibility means accepting the consequences of one's actions. This especially applies to each and every one of us in our work. And it also applies to our Company in its business and social relations.

Professionalism

We have a good command of the techniques and methods we need for our work, and seek to continually acquire further knowledge to improve our effectiveness and efficiency. In the search of solutions to problems we apply due care and act with foresight.

Appreciation

We are attentive to others and further our cooperation by showing respect and appreciation. Remaining receptive and open to other people and ideas enables us to learn from each other and develop together.

END OF CHAPTER 4

5. Performance Appraisal System at KSB Pumps Co. Ltd

KSB's Performance Management policy suggests that the company is committed to have a formal and effective Performance Management System which ensures setting up of performance standards, performance reviews for recognizing the contributions, the success and / or failures, learning and development needs and tying up the annual appraisal with the achievement of set targets.¹³ After going through interviews and data provided by Human resource department, I have concluded that:

KSB's performance management system is a combination of

1. Management by Objectives
2. Subjective Appraisal

5.1 Management by Objectives

KSB has implemented MBO, in a way that it is linked to annual incentive bonus. At the start of the year which is in Jan HR Announces the Objective setting exercise.¹⁴ Using SMART criteria the minimum number of objectives to be set are five up to maximum seven. The objectives once defined and agreed between Employee and Line Manager are then signed and sent to HR for record.

Personal performance is evaluated through the annual performance appraisal exercise. All Department Heads need to ensure that their team members have clearly documented objectives duly approved by the 1st and the 2nd level Line Managers. Accomplishment against these objectives determines incentive eligibility. In case of exceptional achievement reward percentage is limited to 125%. The Employee should achieve at least 50% of the agreed

¹³ Appendices 7.2

¹⁴ Appendices 7.7

individual yearly performance objectives to be eligible for the incentive payout. Above 100% gets full weightage.

These objectives are reviewed once a year and that is at the time of appraisal. The objective rating is mutually discussed between line manager and employee, however once done / signed by Line manager, can't be challenged.¹⁵ These rated objectives then are submitted to HR department. The criteria for incentive / bonus are the marks obtained multiply with number of salaries approved by the Board for the year.

5.2 Subjective Appraisal

Going through interview and the appraisal form appraisal system comprises of a generic sheet consisting of twenty questions. In five core areas,

***i.* Intellectual skills**

(Analysis of complex information, strategic and forward thinking, Conceptual skills and creativity)

***ii.* Leadership and Management Skills**

(Sense of initiative, conflict management, planning, delegation, coordination of control & focus on objective and result)

***iii.* Technical Skills**

(Technical knowledge, Transfer of knowledge and expansion of knowledge)

***iv.* Social Skills**

(Communication, empathy, Willingness – ability to listen, Team and cooperation skills & intercultural competence)

***v.* Personal Skills**

(Reliability & integrity, Emotional stability and cope under stress, Realistic self-appraisal and willingness to change)

¹⁵ Appendices 7.1

These are rated on the scale of 1 to 4 as¹⁶

1. Requirements not met
2. Requirements met
3. Requirements exceeded
4. Requirements far exceeded

The appraisal is being done only once a year and no reviews are officially conducted during the year. Line manager in discussion with employee rates the employee's performance and then send the signed copy to HR department. No such incidents are recorded or endorsed, in both cases either outstanding achievement or a failure. On the basis of marks obtained the increment decision is made as per limitations of the allowance approved by Management.

In case of outstanding performance in objectives and subjective appraisal, the employee may be considered for promotion but on the discretion of management.¹⁷

5.3 Gaps identified through Interview Analysis

The biggest problem identified through interviews in KSB PMS is that appraisal is only a yearly exercise. Most of the employees state that feedback is never given to employees during the year and they work in isolation. Employees are not given feedback of their performance on time, and the communication is not that effective. Another problem with KSB performance management system is that they have linked objectives with annual bonuses.¹⁸ The activity starts with an Objective Setting exercise in the start of year and reviewed for the completion of objectives at the end of the year there is performance appraisal. If the objectives not met, no fish bone analysis is being made, hence sometimes employee remains unaware / untrained to achieve similar objective in coming year.

Another thing which KSB performance management does not account for is the tasks which employees do during the year other than the set objectives. There are so many tasks which KSB

¹⁶ Appendices 7.6

¹⁷ Appendices 7.3

¹⁸ Appendices 7,1

employees do which are never accounted for. Because of this employees feel dejected and overburdened. The main reason for this is job description of most of the employees is not clear. Objectives/Appraisals/Increments/Promotions/Trainings are also more or less independent of each other. All of the mentioned activities depend more on the discretion of the Line Managers and Directors. Power center is only MD over 450 employees despite there is one management committee comprising of all HODs. There is a feeling of sense of favoritism during appraisal process. Most of the employee believes that if you are on good terms with your line manager, you would get much better increments and benefits. They believe that importance of quality work is less than as compared to having good relationship with your manager. This factor plays a key role in demoralizing good employees. HR is just a puppet in mind of top management. They do not believe that Human resource is strategically significant.

Another problem identified in PMS of KSB is subjective appraisal. Subjective appraisal is entirely a vague process. The traits mentioned in subjective appraisal cannot be measured and hence cannot be improved. ¹⁹For example, Empathy, willingness to change, Ability to listen, are the terms primarily being rated in connection of relations with line manager. No Critical Incidents are associated with it, therefore there's a lot of room for Manager's personal bias. After the entire appraisal exercise is over and submitted to HR, the new exercise of increment allocation begins. Had it been completely related to the rating of the performance appraisal it wouldn't have been such a big problem. But what happens here is, that KSB BODs declares the percentage of increments that will be given during that year. Accordingly the Director is allotted a pool of money that he is required to distribute in his teams. The director usually sits with the line managers and discusses the increments of their reporting line. This entire activity may or may not be linked with the ratings.

Training is considered as an expense by top management. They believe that by providing training to employee, they are doing some kind of favor to employee. Meanwhile Training & Development are not linked with appraisal. Its pure discretion of line managers to nominate

¹⁹ Appendices 7.4

the employee intended for training. Foreign training programs or even local training are given to employees as a reward. Employees who need training don't get it but employees with good record are given trainings as a reward. No Training to Managers for Target Settings & conducting appraisal process is provided. There is no training given to managers for target / objective settings and it's merely upon them to set as per their knowledge and demand. The employees however are formally involved.

Another major issue with current PMS is that Human Resource department has no strategic importance. The role of HR is advisory, their contribution depends on the extent to which their advice is sought and acted upon. HR is confused about their purpose; they are carrying out policies rather than shaping policies. Board members just tell the HR department what to do and they act. They are puppets of top management and they are just used to pull strings to get the dirty work done. There is also high discrepancy in salary between same grades. Different managers with same grades are paid differently. This is a big contributing factor in employee's turnover.

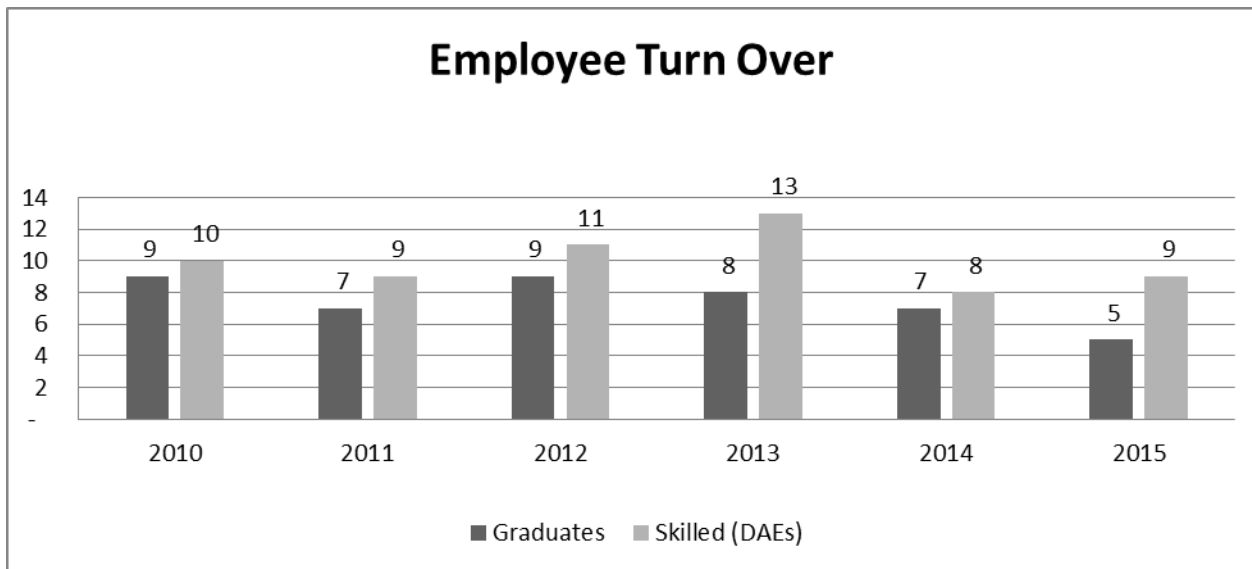
After going through the organogram and interviews, we can easily see that Human resource department is working in isolation. They do not have any strategic significance and are not valued by higher management.²⁰ There is clear link missing between HR and other department that is why they are not getting clear picture of employees

5.4 Implications

Current appraisal system at KSB has some serious implications on employees. There is high level of demotivation and lack of productivity. These are the reasons that make the appraisal system weak. Employees perceive it as being unfair in many ways. Employees' perception of the process being followed and the outcomes of this entire exercise being unfair ultimately result in demotivation and lack of productivity.

²⁰ Appendices 7.5

As the process is not objective rather subjective / vague hence judgmental view of line manager supersedes the actual performance of employee, thereby resulting in dissatisfaction. Such approach causes inequity in the employees force and consequently employee turnover. Employees at KSB are mostly looking for better opportunities and are using KSB as stepping stone. KSB is constantly losing trained and experienced work force just because of their unstable HR policies. Most of KSB employees after getting experience are moving to companies like Descon and oil industry.²¹ There is no ownership from employees due to disengagement from central goals.



Employees also consider appraisal as a formality and don't have trust in the system. They believe that system is designed to give benefits to management favorites and criticize others. No feedback is given to them during the year, so that they can improve on what is expected of them. The whole system just becomes an exercise and has no significance importance in their mind.

²¹ Appendices 7.4

The judgmental approach results in varied performance appraisal between the same grades employees hence putting credibility of appraiser on stake. Further it creates conflicts between Supervisors – employee relation hence badly affecting the performance. There is always an air of tension between employees and line managers after the appraisal process.

KSB focus on training and development is almost nonexistent and whatever training is given, it is given as a reward to employees. Employees which get good trainings use it to get better jobs in Middle East and Europe. KSB being market leader believes that they can best human resource but what they are doing in the process is that they are letting go the resources they have invested on.

END OF CHAPTER 5

6. Recommendations

It is the responsibility of KSB's management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to them. Involving employees in the whole process of goal setting and increasing employee empowerment increases employee job satisfaction and commitment. Frequent reviews and interactions between superiors and subordinates help to maintain harmonious relationships within the enterprise and also solve many problems faced during the period. The standards should be clearly communicated and every employee should be made aware of what exactly is expected from him/her.

The purpose of the Performance Management process is to judge the 'performance' of the employees rather than the judging the employee.²² The focus of the system should be on the development of the employees of the organization. Performance appraisal is a continuous process, involving ongoing feedback. Even though performance is appraised annually, it has to be managed 'each day, all year long.' Monitoring is a key part of the performance appraisal process. It should involve providing assistance as necessary and removing obstacles rather than interfering. The best way to effectively monitor is by creating continuous contacts, providing first-hand information, and identifying problems, which can then be solved promptly.

It is important to transform performance management from an annual event to an integrated process connected to goals, succession, development, careers, and compensation.

- **Recruitment and Sourcing:** Plugging the performance management data right back into recruiting and sourcing processes to refine the strategies based on top performer and high potential profiles.
- **Placement:** Using specific portions from performance appraisal form like Areas of Strengths to assist employee placement process at KSB

²² Fundamentals of HRM~David A Robins

At present, KSB does not offer any career development programs. The organization must come up with a thoroughly chalked out program that should help the employees with their career management.

Mentoring program needs to be developed that is aimed to have senior officers provide support and guidance to the mentee.²³ Theme of this program should include providing guidance in the employee's pursuit of professional development, encouragement in taking control of their careers and inspiration to aspire without any limitations. Educational training should be encouraged and supported throughout the organization to help the employees with career development. The organization can partner with local universities to come up with tailor-made training program that fits the needs of employees. Career action center should be set up, where organization can place career development facilitators. These facilitators should be trained individuals, who could talk to the employees to conduct individual assessments of abilities, interests, career needs and goals. They would then provide career counseling to set realistic goals and plan for their attainment, Building leadership pipeline and gain visibility into organizational bench strength for critical positions with succession planning.

Training and Development process can be aligned to Performance Management System so as to assess the strengths and weaknesses of the employees based on the performance appraisal and devising a training plan accordingly. Upon conclusion of the Performance Management Assessment exercise the T&D Section would review and collate the Training & Development recommendations from the relevant section of the Performance Appraisal Form. The information will then be assessed and compared against parameters prescribed in the Role Clarification Document of each individual position; the company may employ technology solutions to conduct such an assessment. The outcomes of the assessment will be reviewed and applicable recommendations will be qualified accordingly. All qualified learning and development recommendations will be categorized in order of priority and importance to the business and career succession needs and collated to form the Annual Learning Calendar. The

²³ <http://www.cimaglobal.com/Documents/ImportedDocuments/>

T&D department would then continue its design and implementation parts of the whole cycle and the post-implementation evaluation results would be shared accordingly with department heads / supervisors and relevant stakeholders.

A consistent theme emerging from interviews was the view that considerable room for improvement exists in the provision of feedback from managers to individuals. A 'moment of truth' in any performance management system is the point of interaction between the employee and the immediate manager. A well-integrated and aligned performance management system can still face major credibility problems if the process of feedback is not handled well by the manager.

Once the evaluations are completed, the result of the appraisal needs to be communicated and discussed with the employees on one-to-one basis. The feedback has to be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of the meeting has to be to solve the problems faced and motivate the employees to perform better. The 'yes-sandwich' technique needs to be employed wherein a negative feedback needs to be clubbed in between two positive feedbacks so as to keep the employee motivated throughout the discussion.²⁴ The results, the problems and the possible solutions need to be discussed with the aim of problem solving and reaching consensus. The idea is to have a constructive feedback. An exercise to train the appraisers needs to be carried out so that the appraisers carry out performance management and not just performance measurement.

360 degree feedback can be introduced for middle and senior level employees. The results from 360-degree feedback can be used by the person receiving the feedback to plan training and development. Results can also be used in making administrative decisions, such as pay or promotion.

²⁴ <http://www.academia.edu/>

7. APPENDICES

7.1 Interview of Ali Jawad

Ali Jawad Shakil Usmani
Position: Regional Manager Sales
Region: North

Brief Introduction:

Ali did his electrical engineering from UET Taxila and is working with KSB for more than 10 years. He is responsible for leading the development and implementation of all marketing programs and strategic sales activities to achieve targets. Also in command of ensuring that the companies and its customer goals are aligned and met. He has worked with all major clients in various industries such as defense, oil & gas and power sector. He is also in charge of 20 persons which includes sales engineers, field engineers and allied service support. Ali being an experienced KSB member makes sure that client gets excellent Customer service.

Interview Summary:

Q. How do you look at the performance management system at KSB?

A. KSB PMS system is a tool which is supposed to evaluate the annual performance of employees and guide them how to improve their overall performance. But in reality it's a tool just to give reward and benefits to the employees which management likes. This is just the crux of the complete system.

Q. What do you mean by rewarding employees which management likes?

A. Basically the exercise is just a formality. If you are on good terms with your line manager, you get the maximum benefits. In case of objectives, they are somewhat clear and you get bonuses on that. When we talk about appraisal, it is all about being on good terms with your boss.

Q. How do employees take feedback? How many times management share their feedback during the year?

A. I think feedback is to guide you to do things in accurate and efficient manner. Unfortunately proper feedback is never given to employees on time so that they can improve performance on time. Being a manager, I always try to give valuable instructions to my subordinates during the year so that they can achieve goals but when I was new in the company, no feedback was given to me on time.

Q. What methods are used to improve performance?

A. Mostly the focus is on job training to improve the performance. There are some training during the year but they are not specifically customized for individuals.

Q. Can you please further explain about the training program?

A. To be honest, trainings are never given a lot of importance by higher management. This has become the culture of organization and that is why most of the junior employees also don't consider training important.

Q. After the appraisal exercise is complete, what kinds of strategies are used to improve areas of employees in which they are lacking?

A. In my opinion appraisal process is designed to reward employees by increments and not to improve performance. In my ten years of experience, I can't remember a single incident in which management tried to guide me of how to improve in areas which I lacked. Being a manager all I can do is to guide my subordinates during the job.

Q. What do you think of the overall HR department?

A. I have my sympathies with Human resource department. I think they are just there for formalities because they don't take any decisions which have any kind of effects on employees. All the decisions are taken from the top management and HR is there to just convey the decisions. They are not working to improve the overall performance of employees and that is the reason KSB is losing some very capable work force.

7.2 Interview of Imran Ali

Name: Imran Ali

Position: Manager Human Resource

Brief Introduction:

Imran is working with KSB for more than eight years and has previously worked with Alcatel lucent. His job includes maintaining the work structure by updating the job requirements and job descriptions for all the positions. He also develops and maintains a human resource system that meets top management and information needs. He also conducts performance review program to ensure effectiveness and equity within organization.

Interview Summary

Q. Please explain the KSB performance management system?

A. KSB performance management system is divided in two parts. I have shared two Performa's with you. One is for management by objectives and other is for appraisal. MBO is used for annual bonuses and appraisal is for annual increments. Objectives are discussed in the beginning of the year and checked after year. Subjective appraisal is also done after year where line manager rates his employees and there increments are based on that.

Q. Being an HR manager, what do you think about the whole PMS which is being implemented?

A. KSB PMS is designed to get the maximum out of employees. It is to ensure that all employees go through transparent and effective appraisal system. It is goal of human resource department to get maximum input from all the employees so that they are more involved in the system.

Q. Do you think there are any deficiencies in the system?

A. Yes of course, nothing is perfect and I firmly believe that there is lot of room for improvement. I believe that we need to train our line managers to effectively implement

the system. They need to understand the system so that they can communicate the importance to their subordinates. We at HR also want the appraisal exercise to be implemented twice a year so we can gauge employee's performance consistently.

Q. What is the attitude of top management towards the Human Resource department?

A. It is positive but I think if we can get more freedom, we can give far better results. Currently we have to keep so many factors in our mind (did not disclose) before making a decision, it results in unnecessary delays. We would also like to have more role in strategic decisions as you know that human resource along with rite technology is most important in shaping the future of the company.

Q. What is overall employee turnover situation for last five years?

A. We are working very hard to retain and hire the best talent available in the market. We are able to decrease the turnover in past few years but I believe we can do more. Most of the employees which are leaving KSB are moving to Middle East or moving to oil and gas industry. It is difficult for us to match the pay which is being offered there but still our main goal is to make our packages attractive to retain and hire quality human resource.

Q. What methods are taken to correct the employee's performance after appraisal or MBO?

A. We try to recommend training in areas where employees are lacking. We also instruct line managers to make sure that next time their team performance is up to standard. We have suggested top management to increase the time and budget for the training as we believe it is not adequate currently. From all the divisions, Human resource department has the least budget so we are working on it to get in increased.

Q. What is the policy for job rotation and succession planning?

A. Currently there is no such policy for job rotation but we have taken up this issue to the management. Succession plan is designed to identify and prepare candidates for high-level management positions that become vacant due to retirement, resignation, death or new business opportunities. We try to promote within the organization but also look for better candidates available in the market.

Q. If employee has any kind of reservation against the appraisal, what is done than?

A. It is the policy of the company that appraisal rating is discussed between line manager and employees before sharing with human resource department. Once it is with HR department, nothing can be done. So we suggest all departments to make sure that employees are satisfied with their ratings and reasons are communicated properly.

7.3 Interview of Tauseef Babar

Name: Tauseef Babar

Position: Assistant Manager

Department: Procurement

Brief Introduction:

Mr. Tauseef Babar is working with KSB for five years in procurement department. His responsibilities include maintaining relationship with suppliers and to ensure that products and services are delivered on time. He has team of five members which looks after the complete supply chain of KSB.

Interview Summary

Q. Are you satisfied with KSB performance management system?

A. In my opinion KSB PMS is designed in a rite manner but its implementation is wrong. You can ask anyone and most of them will share my opinion. Most employees are not satisfied with the system. Objectives are agreed in the beginning of the year and nothing is said about them during the year. After a year you are told that you have done things wrong. No coaching is given during the year to achieve those objectives.

Q. But the objectives are agreed upon by both employee and line manager?

A. Yes, but sometimes you need some help and assistance to better understand those objectives during the year. We get bonuses based on those objectives but what about the things we do apart from our job description. We do loads of stuff which is never counted for and we don't get any reward. My team members are mostly dejected because of countless things they have to do which is not part of their job description.

Q. What about the appraisal done at the end of the year?

A. It is just a formality, Formality to reward your favorite employees. There are numerous cases where this appraisal system has caused so much friction between the same team members. People accuse each other of things after the appraisal exercise. Environment in teams become toxic and there is high level of dissatisfaction in employees.

Q. What effect does this environment have on employees?

A. Employee turnover rate is very high just because of the whole environment. Employees are just using KSB as stepping stone and a training institute to get better jobs. There are so many people working in DESCON, MOL and other oil companies who used to work in KSB. Many move to Middle East for better jobs. There is high level of demotivation in employees because of imparity in pay structure of employees.

Q. Please tell about Training and Development Programs?

A. Training is also a formality. Employees who are to be rewarded are sent on foreign trainings while employees who actually need training are ignored. Foreign trainings are considered as vacation and On the other hand local trainings are considered as burden. Employees do not value trainings a lot. They believe that they are not able to learn anything new in the trainings. I also believe that trainings are not designed properly to bring any kind of improvement in employees.

Q. What about the Succession planning?

A. Succession planning is supposed to be part of the organization but unfortunately it is also nonexistent. No specific promotion criteria is specified and for so many years I am still not clear what I have to do to get promoted. This thing really effects the motivation of all the employees. I feel there is no recognition of high achievement in KSB. Again if you are on good terms with top management, you are good.

7.4 Interview of Asad Shah

Name: Asad Shah

Position: Engineer

Department: Maintenance

Brief Introduction:

Mr. Asad is working with KSB for almost two and a half years as an Engineer in Maintenance department. His makes sure that all machines are running properly, workers are safe and the plant is running efficiently. His role also includes monitoring expenses and controlling the budget for maintenance. He reports directly to Manager Procurement regarding his daily responsibilities. He also leads team of 10 junior staff members including technicians and foreman.

Interview Summary

Q. How have you find the performance management system in the company?

A. I have found it to be ok. There is room for improvement but generally it is ok. My team members usually complain about it but I think it's not that bad. Our annual bonuses are linked with our objectives so it is very fair. Appraisal part is tricky as it sometimes create confusion among the employees

Q. What are the problems with Appraisal?

A. The main problem with the appraisal process is that it is subjective. It feels like it is based upon perception of individuals. What happens is that if you like someone, you are going to rate him highly and if you have problem with someone, unfortunately you are going to rate them poorly. This appraisal also creates problems within the teams

Q. Any means and methods explained to you during the year to achieve your objectives?

A. Not really. We are told on job by our superiors to how to perform the job. No specific training or coaching is given. One other problem we face is that our goals are not communicated clearly during the year. As a result we sometimes lack interest and focus to achieve those goals

Q. What kind of trainings is given you during the year? Any specific training to evaluate employees during appraisal?

A. There is not much training which I have gone through my tenure. I have just been given a single training that was specifically provided by a part supplier. We are not given any training on how to evaluate our peers. There are just instructions given by HR and that is it.

Q. What do you think is the reason behind high turnover rate in skilled employees?

A. Yes it is a big issue and I think our department is most affected by it. We are losing some very good skilled workers to other industries. I think the main reason is the compensation packages which we are not able to match with others. I think also the career path is not clearly defined and the motivation level is affected. That is why I think everyone is looking for better opportunities. Generally there is feeling among employees that company does not value your skill.

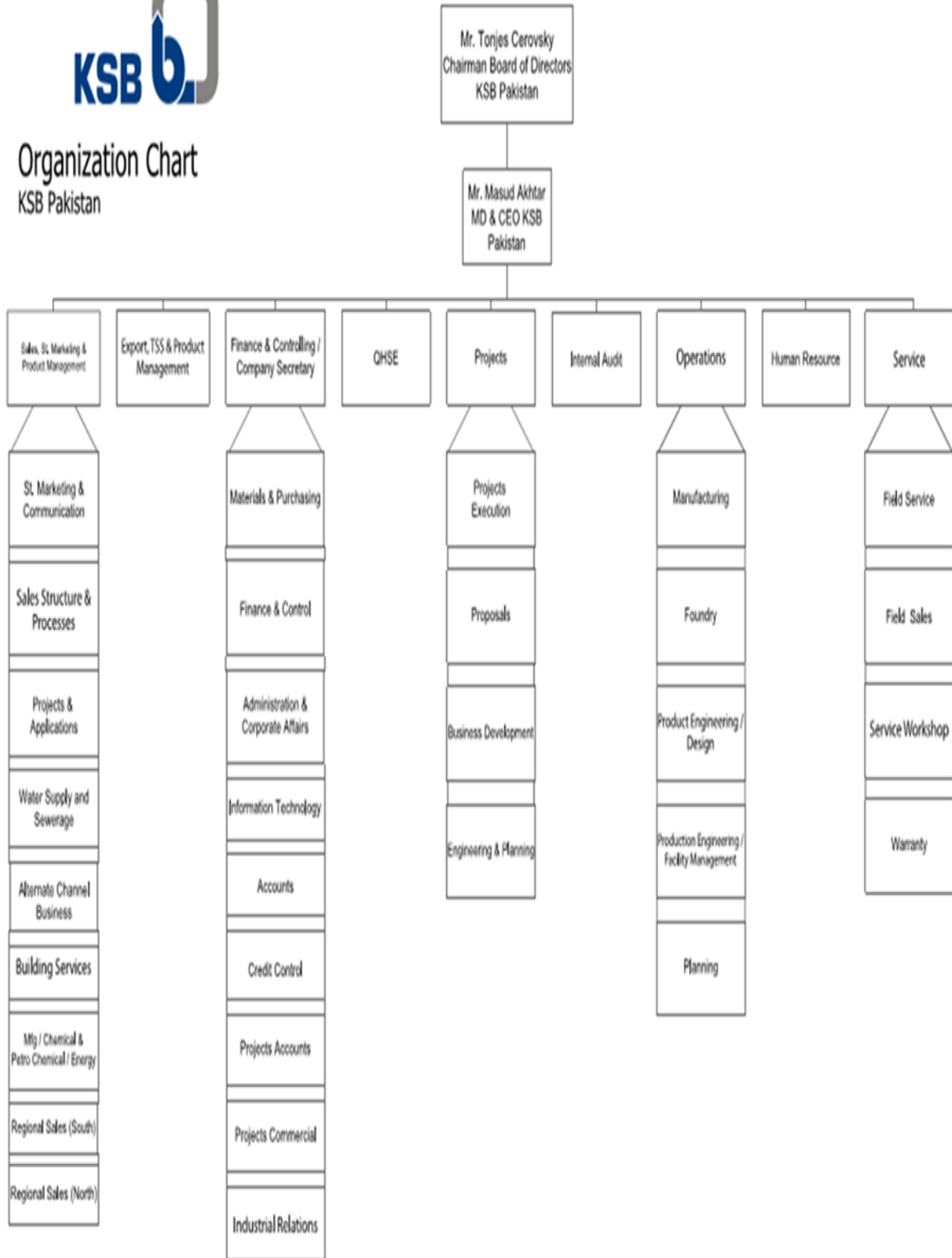
Q. What do you think of Human resource department?

A. I think they can improve a lot by getting more involved. They are just active during the review period and not heard of during the year. They should arrange more designed training programs so that company can get best out of their employees. I think they should have a bigger role and should always be in contact in with all the departments.

7.5 KSB ORGANOGRAM



Organization Chart KSB Pakistan



7.6 PERFORMANCE FEEDBACK FORM

Human Resources

Performance Feedback

Date:

Employee:

Org. unit

Superior:

Org. unit

Manager and employee prepare for the feedback talks with the help of the following lead questions. Differing perception should be indicated under the point concerned. After the meeting, please forward a copy of these pages to the responsible HR Manager.

- 1: Requirements not met
- 2: Requirements met
- 3: Requirements exceeded
- 4: Requirements far exceeded

A What was your experience of the employee in the analysis of complex information, in his/her strategic and forward thinking, conceptual skills and creativity?

A Intellectual Skills	1 2 3 4
1 Analysis of complex information	
2 Strategic and forward thinking	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3 Conceptual skills	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4 Creativity	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

B What was your experience of the employee's behaviour regarding sense of initiative, conflict management skills, planning, delegation and controls as well as focus on objectives and results?

B Leadership and Management Skills	1 2 3 4
5 Sense of initiative	
6 Conflict management skills	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7 Planning, delegation, coordination and control	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
8 Focus on objectives and results	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

C How do you rate his/her specialist knowledge, application of knowledge to new problems and the further development of his/her specialist knowledge?

C Technical Skills	1 2 3 4
9 Expert knowledge	
10 Transfer of knowledge	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
11 Expansion of knowledge	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

D How do you see his/her communication skills, sense of empathy, willingness and ability to listen, his/her team and cooperation skills and the intercultural competence?

D Social Skills

1 2 3 4

12 Communication skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Empathy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Willingness and ability to listen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Team and cooperation skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Intercultural competence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

E How do you rate the employee in terms of reliability and integrity, stability and ability to cope under stress, his/her self-appraisal and willingness to change ?

E Personal Skills

1 2 3 4

17 Reliability and integrity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Emotional stability and ability to cope under stress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Realistic self-appraisal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 Willingness to change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Average of all Competencies

(sum to 20)	<u>0</u>	=	0.00
	20		

F Shared values and behaviour help to shape and foster cooperation within a company. They are anchored in KSB's understanding of corporate culture and are based on the values trust, honesty, responsibility, professionalism and appreciation.

What was your experience of the employee's behaviour with regard to his/her credibility, reliability and professionalism as evidence of **trust** ?

How do you assess the employee in his/her **integrity** and **honesty** with regard to the general interest of the company?

How do you perceive the employee in his/her **responsibility** for his/her daily conduct?

In which way does the employee show **respect** and **appreciation** in his/her dealings with others?

G What factors in the work environment do you or the employee see which supported or hindered him/her with regard to the above points?

H Others, e.g. also shared agreements which you would like to make (Trainings, Career ambition, mobility etc.)

Note: implementation of the agreements is the responsibility of employee and manager. Your HR Manager will be delighted to offer you support in this. Please contact your HR Manager.

Signatures

Superior: _____

Employee : _____

7.7 OBJECTIVES FORM

Executive Managers	Human Resources																																												
Bonus Statement Based on Agreed Objectives / Key assignments																																													
For the year: <input style="width: 80px;" type="text"/>	Org. unit: <input style="width: 80px;" type="text"/>																																												
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Individual objectives**** / Key assignments:	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="3">Weighting factor</th> <th colspan="4">Objective deemed to be achieved*****</th> <th rowspan="3">Level of achievement: Achievement factor</th> </tr> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> </tr> <tr> <th>125% 1.0</th> <th>100% 0.9</th> <th>50% 0.8</th> <th>0% 0.7</th> </tr> </thead> <tbody> <tr style="background-color: #e6f2ff;"> <td style="padding: 5px;">1. Achieve Order Intake</td> <td style="background-color: yellow;"></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;">2. Achieve Sales</td> <td></td> <td></td> <td style="background-color: yellow;"></td> <td></td> <td></td> </tr> <tr style="background-color: #e6f2ff;"> <td style="padding: 5px;">3. Achieve Recovery days</td> <td style="background-color: yellow;"></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;">4. Achieve FS</td> <td></td> <td style="background-color: yellow;"></td> <td></td> <td></td> <td></td> </tr> <tr style="background-color: #e6f2ff;"> <td style="padding: 5px;">5. Sign service agreements (Partner+Customer)</td> <td></td> <td></td> <td style="background-color: yellow;"></td> <td></td> <td></td> </tr> </tbody> </table>	Weighting factor	Objective deemed to be achieved*****				Level of achievement: Achievement factor	A	B	C	D	125% 1.0	100% 0.9	50% 0.8	0% 0.7	1. Achieve Order Intake						2. Achieve Sales						3. Achieve Recovery days						4. Achieve FS						5. Sign service agreements (Partner+Customer)					
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	x	EUR **	=	0	EUR ***																																								

Description of Objectives / Key assignments

1. objective /
assignment

worked on with:

2. objective /
assignment

worked on with:

3. objective /
assignment

worked on with:

4. objective /
assignment

worked on with:

5. objective /
assignment

worked on with:

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