



NUST BUSINESS SCHOOL
EMBA-2K14

EXECUTIVE MBA BUSINESS PROJECT

Performance Management Systems at IBM Pakistan

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“There are only three measurements that tell you nearly everything you need to know about your organization’s overall performance: employee engagement, customer satisfaction, and cash flow. It goes without saying that no company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it.”

Jack Welch



Acknowledgements

First and foremost, I wish to express my thanks and gratitude to the Almighty Who gave me strength, courage and wisdom in compilation of this project.

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The time spent during this project was both grueling and rewarding. The rewards exceeded the pains, so I am satisfied with the overall proceedings.



Executive Summary

IBM established its operation in Pakistan in 1952 and has continued since then to create a long-standing business along with a technological and social heritage in Pakistan.

IBM has replaced its annual appraisal system with a new one, Checkpoint, which is supposed to be more regular - around four in a year in terms of feedback so that employees can change their goals as the year progresses.

In the old system, which was called personal business commitment, IBMers were judged by a single number, based individual performance, mostly in one quarter, which is the best.

In the given context, this project reviews the contemporary trends in performance management process and observes their practical application and presence in a dynamic organization like IBM in Pakistan. The project also reviews the gaps in the new Performance management system and recommendations are suggested based upon the reviews taken from IBM employees.

Performance Management is a goal-oriented process that is directed towards ensuring that organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization.



1.0 Introduction

International Business Machines (IBM) established its operations in Pakistan in 1952 and has continued since then to create a long-standing business along with a technological and social heritage in Pakistan. The country headquarters is based in Karachi with branch operations in Lahore and Islamabad and remote maintenance services in over 30 cities. IBM along with over 20 business partners provides product distribution, sales and technical support, solution offerings, technology and business consultancy services.

Aims and Objectives

As part of the Executive MBA program, I am required to undertake a Business Project which should address an issue / problem / task having significance for the senior management with considerable benefit to the respective industry.

The project will also focus on identifying the gaps in the performance management processes at IBM Pakistan and conclude with suitable recommendations



2.0 Literature Review

Today's organizations are functioning in a very much dynamic, viable and competitive environment. To sustain in the market, all have must respond quickly to changing customer demands and other factors. To be success they have two main objectives to achieve. They are retaining suitable persons while going on right track. PMS is the method can adopt to lead employees to achieve company mission, vision, objectives and goals. PMS is a tracking tool to monitor lacking and inefficient area of each individual. Some literature on the subject of performance management focuses on and, is narrow to either performance measurement or performance appraisal with no reference to performance management. While these are valid aspects, effective management of individual or team performance requires a combination of processes that ensure that what people do in the organization will lead to the results the organization needs.

APPRAISAL OF PERFORMANCE OF EMPLOYEES.

An employee performance appraisal is a process—often combining both written and oral elements—whereby management evaluates and provides feedback on employee job performance, including steps to improve or redirect activities as needed. Documenting performance provides a basis for pay increases and promotions. Appraisals are also important to help staff members improve their performance and as an avenue by which they can be rewarded or recognized for a job well done. In addition, they can serve a host of other functions, providing a launching point from



which companies can clarify and shape responsibilities in accordance with business trends, clear lines of management-employee communication, and spur re-examinations of potentially hoary business practices.

“in many organizations, performance appraisals only occur when management is building a case to terminate someone. It's no wonder that the result is a mutual dread of the performance evaluation session—something to be avoided, if at all possible. This is no way to manage and motivate people. Performance appraisal is supposed to be a developmental experience for the employee and a 'teaching moment' for the manager.”

PERFORMANCE APPRAISAL AND DEVELOPMENT

While the term performance appraisal has meaning for most small business owners, it might be helpful to consider the goals of an appraisal system. They are as follows:

1. To improve the company's productivity
2. To make informed personnel decisions regarding promotion, job changes, and termination
3. To identify what is required to perform a job (goals and responsibilities of the job)
4. To assess an employee's performance against these goals
5. To work to improve the employee's performance by naming specific areas for improvement, developing a plan aimed at improving these areas, supporting the employee's efforts at improvement via feedback and assistance, and ensuring the employee's involvement and commitment to improving his or her performance.

All of these goals can be more easily realized if the employer makes an effort to establish the performance appraisal process as a dialogue in which the ultimate purpose is the betterment of all parties. To create and maintain this framework,



employers need to inform workers of their value, praise them for their accomplishments, establish a track record of fair and honest feedback, be consistent in their treatment of all employees, and canvass workers for their own insights into the company's processes and operations.

A small business with few employees or one that is just starting to appraise its staff may choose to use a prepackaged appraisal system, consisting of either printed forms or software. Software packages can be customized either by using a firm's existing appraisal methods or by selecting elements from a list of attributes that describe a successful employee's work habits such as effective communication, timeliness, and ability to perform work requested. Eventually, however, many companies choose to develop their own appraisal form and system in order to accurately reflect an employee's performance in light of the business's own unique goals and culture. In developing an appraisal system for a small business, an entrepreneur needs to consider

the following:

1. Size of staff
2. Employees on an alternative work schedule
3. Goals of company and desired employee behaviors to help achieve goals
4. Measuring performance/work
5. Pay increases and promotions
6. Communication of appraisal system and individual performance



The thoughtfulness in performance management system has expressively improved in the last few years, and hence studies have exposed impulsive effects on its effectiveness.

As such many following explained theories and models were recognized and put into practice.

1. Signaling Theory
2. Management by Objectives method
3. Balanced scorecard method
4. Total Quality method.
5. Break point assessment technique.
6. Productivity measurement and enhancement system

Signaling theory

Since the placement of the employees is based on unknown facts, the signaling theory introduced by Spence (1973) recommends that all the concerned involved need proofs that will help them in realizing the Company's interests. Unfortunately, it is observed that assessing the efficiency and productivity of the people by the superiors are only through the noticeable features presented by the employees and hence these features or Signals exhibited by them are all influenced to a high magnitude, though some features like gender, age, etc. are unvarying. As such the practical application of the signaling theory was limited to its study at the entry level itself.

According to the study conducted by Millett 1998; & Molleman and Timmerman 2003



the performance management systems should have varied goals, which can be mainly categorized into Strategic Goals and Tactical goals.

Performance management systems should support Organizations to attain strategic business goals. The PMS should highlight performance consistency with the achievement of Organizations objectives, linking the organizational objectives with individual goals. When both the employers and employees are ensured that both their contributions are in line with each other, a perfect indicator is given on which, what approaches, and performances have the potential to contribute to the development of the business.

Only an effectively designed Performance Management system can help the Human Resources department in giving the information for making HR-related decisions, like compensation review exercises, appreciation of individual performance, classifying the poor performers, succession planning with relation to promotions, termination, employee retention etc. When incentive conclusions are made based on the Performance scale of the individuals, the employees will be made conscious about what has been appreciated by the Company. In addition to this, this system will also help the Employers to intimate their employees on their strengths and weaknesses while explaining the reasons of poor performances.

Management by objectives

The above understandings have led to the development of another Performance Management system method, the concept of Management by objectives (MBO).

In 1950s, this method was widely accepted, both the top management and the superiors considered MBO, as a method to convey an expressive method for assessing the performance of specialized and executive staffs. Accordingly, two types of performance management systems were developed, one of which was made on objectives, in which the employees would agree themselves to achieve positive pre-



defined objectives, in line with the organizational objectives. In the second one the key accountabilities were given significance, according to which in the key accountability areas of the individuals, a performance standard were fixed that are required for the success of the individual. If required feedback and corrective action in the identified areas are not done, Performance appraisal procedure will be proving to be a failure. Moreover it should be a continuous process as well. The positives and negatives of the Management by Objectives method made the situation challenging for the Management. The requirement of a clearly expressed, feedback with clear cut objectives was mandatory since the consequences can be adverse if the employees are not valued with merits.

Balanced scorecard

Traditionally financial aspects were the main factor of Performance Management system and it was uni dimensional. Both the internal as well as the external factors were considered to have a major role, combined with the opportunity of learning and development was introduced by means of balanced scorecard. The integrated methodology of “Strategy maps”, success maps and “business models were created later. Success Maps basically shows the communication between performance of the employees and objectives of the organization, by explaining the purpose of objectives and how this can be achieved.

Total Quality Management

The next method introduced was Total Quality Management. Role was given for the members in designing the system, by way of empowering them with detailed communication on organizational performance and work are performance. The management should keep the data for evaluating the variation in performance by means of a continuous method, which ultimately make the management in realizing how the individual performance is influenced by work process.

Breakpoint assessment



The break point assessment techniques were introduced to convey signal of significant disruptions in existing performance, which will trigger performance objectives and eventually leads to the enhanced efforts.

ProMES

Productivity measurement and enhancement system (ProMES) highlighted the importance of people involvement in designing the system. By involving the people in the designing of the Performance Management system, the performance of the individuals can be expected to be improved in a notifiable manner. Involvement and participation in designing the system by considering factors like Performance indicators, goals and response which also ensure the proper feedback on the appraisal, by providing room for discussions and improvement are the highlights of ProMES. The role of both the Management and the people are equivalent which is controlled by a facilitator, who also confirms that all the participating members agree to a common rule through arguments and discussions. The effect of such a system will be improved performance in comparison to the traditional methods

The expectancy-based method guides the people on how hard to try and what to do. When the employees are given an opportunity to work to attain their goal in self-controlling manner better results in less time can be achieved. The current business scenario gives significance to external factors like customers feedback also, where the assessment is carried out by these external factors in addition to the superiors.

Performance Management cannot be achievable without a continuous improvement process which eventually reports the indispensable competences of the business and abilities of employees and teams.

In this context Organizational development (OD) which is also mentioned as BPM,



Business Performance Management, which is a set of progressions, has its importance, which will help the Organizations to progress their existing performance and improve in line with the Strategic goal. It is an arrangement for launching, screening and inspecting business methods, systems, metrics, and procedures that drive business performance.

This method enables Management to apply successfully their commercial, quantifiable and social resources. In order to have an effective and successful performance management, a precise responsibility for the persistent development of business processes has to be recognized, and we have to inspire individual contributions and skills.

These methodologies enable the Top executives to effectively utilize their social, commercial, and quantifiable resources. To have a fruitful and operative performance management, a precise responsibility for the determined progress of business processes has to be recognized, and encouragement has to be given to cultivate individual contributions and skills. Many survey shows that global businesses tends to practice general HR management systems that line up with their values and strategic objectives.



3.0 Performance Management system at IBM

The Performance Management System of IBM was referred as Personal Business Commitments (PBC). IBM's success depends on how well each of the employees achieve their individual goals and contributes to the company's strategic objectives. The PBC program is the means by which all IBM employees worldwide set their goals for the year, receive feedback on their performance and development needs, and get evaluated on their performance.

At the start of each year, all employees are expected to set personal business goals that align directly with IBM's overall business goals and values. The goals guide them throughout the year. Then, at the end of the year, their manager evaluates what they contributed against their goals and how they made those contributions to give the employees a PBC rating to reflect their performance. This rating is a key factor in determining their performance bonus, pay increase, and career opportunities.

The entire PBC framework is designed to reinforce IBM's high-performance culture and effectively differentiate employees based on their contribution to the company. To sustain marketplace leadership, IBM maintains an environment where every employee is stimulated to perform at an exceptional level. The PBC program is the best way to recognize top contributors, motivate above average and solid contributors to



perform at their peak, and identify low Contributors who need to improve. Employees who make the biggest contribution to the company get the biggest rewards, and those who are the lowest contributors know exactly where they stand.

Appraisal process in IBM

There were three steps in the annual PBC process. The first step is to set the goals that are to be accomplished.

In the second step, it is important to keep an ongoing and accurate record of the results

throughout the year so that one can incorporate them into his year-end results summary. The manager will assess the results when giving employees, their PBC rating. Documented results are factual statements about what the employee has achieved against his stated goals. The documentation should address such matters as quality, quantity, costs/savings, meeting schedules or targets, and the impact the results have had on his team or department.

All employees document how they achieved their personal goals as well as the impact their development goals had on their business goals. People managers also document their people management-related results, as well as the impact their development goals had on their people management goals.

The employee periodically updates his result in his records and takes advantage of the opportunity to get informal feedback from his managers, team leader, colleagues, and customers to check whether he is on the right track in meeting his goals. At the end of the year, all the results are recorded in the PBC tool and the form is sent to the manager. The record should include all relevant information, including any performance feedback the employee has received during the year.

In the third step, the manager evaluates the achievements and rates the performance of the employee at the end of every year that takes into account the full year



performance, including any job changes or promotions. The performance is evaluated on two factors. First, on what the employee has achieved against his goals and his contributions to IBM's success. And second, on how he makes his contributions and the compatibility of his behavior with IBM's values. Both factors are considered as his contributions are assessed relative to his peers (known as "relative contribution").

The ability to show results can be greatly influenced by the employee's acumen in IBM's Foundational Competencies, such as creative problem solving, teamwork and collaboration and other behaviors. However, even though it is crucial' but employees are not rated

specifically, on their competencies or the related development goals they set early in the year. It's the end results and how they achieved them that count the most.

Classification of Employees based on performance evaluation

Above average contributor who goes above and beyond job responsibilities; outperforms most peers; finds ways to grow in scope and impact.

Solid contributor: Consistently meets job responsibilities; is reliable in doing the job; demonstrates an appropriate level of knowledge, skill, effectiveness and initiative.

Among the lowest contributors this year, needs to improve: When compared to others, the employee does not fully execute all job responsibilities, or executes responsibilities, but with a lower degree of results, and / or does not demonstrate as high a level of knowledge, skill, effectiveness, or initiative

Unsatisfactory: Does not demonstrate or utilize knowledge and skill required; Does not execute against job responsibilities, and/or Shows no improvement after consecutive PBC 3 Immediate, significant and sustained improvement are demonstrated, otherwise separation from IBM may result, subject to local legal requirements

Note: Consecutive PBC 3 ratings are unacceptable in IBM's high-performance culture.



Improvement is required and separation from IBM may result, if performance is not improved. The process and timeframe in which improvements are demonstrated will vary

subject to local legal requirements.

When assigning the PBC rating, the manager takes additional factors into consideration,

including the band level, feedback from others, and his or her own observations.

A year-end PBC assessment and rating is not required for anyone who has not completed

more than 90 work days during the assessment year.

Ratings and assessments based on performance evaluation

1. The PBC rating scale
2. Relative contribution
3. Ratings distribution
4. PBC Ratings for people managers
5. The rating and review process
6. Appeals

The PBC rating scale

An employee's PBC rating is characterized in terms of his relative contribution to IBM's success for the year and reflects the degree to which he supported IBM's goals and lived the company's values. It is important to remember that no matter how impressive the results may seem, if they did not link to the company's success or if



they achieved them in a manner that is not consistent with IBM's values, and then the rating will be affected accordingly.

Relative contribution

The manager considers many factors in evaluating the performance, but in the end "relative contribution" to IBM's success will determine PBC rating. The manager evaluates how much the employee contributed to IBM's overall success for the year relative to his peers in the same band and similar job roles. Individuals, who made the biggest relative contribution, get the highest rating and top rewards.

Essentially, the "relative contribution" factor allows managers to determine who has truly performed at the highest levels for the year. Given the caliber of IBM's workforce, there are many employees in every band who meet their goals, show results, and perform at a high level. But when compared to one another, it becomes evident that some of these individuals clearly outperformed their colleagues and contributed more to IBM's success -- and they deserve the highest recognition.

The bottom line is that in order to get a top PBC rating, just meeting the goals and showing results is not enough. One must do so in a way that makes a bigger contribution to IBM than his peers.

In the end, this is the fairest way to ultimately recognize and reward top performers in a company that is filled with smart, talented high-achievers.

Ratings Distributions

When it comes to performance, there is a natural distribution of achievement levels. During the assessment process, IBM provides guidance to senior management on the distribution of ratings. Without distribution guidance, there can be a tendency to put too many people in the top category. That diminishes the whole idea of being at the top and dilutes IBM's ability to properly recognize and reward its best people. Generally speaking, in a large population like IBM, as many as 10-20% of employees



might be a PBC 1, 65-85% might be PBC 2 or 2+, and as few as 5-15% of the people could receive a PBC 3. These ranges are only meant as general guidance to managers, not prescribed outcomes. This guidance helps ensure that a top rating really means something. At the other end of the spectrum, there is also a tendency to avoid addressing the lowest contributors. This is counterproductive to creating a high-performance workforce that continues to raise its level of performance to meet ever-changing marketplace demands. Even in an organization filled with many talented people, there are those individuals whose contributions are weak relative to others. Management is expected to identify those who are among the lowest contributors who need improvement.

PBC ratings for people managers

IBM believes that people management is so vital to the company's success that if employees are not excelling in their people management role, they cannot reasonably be performing at a top level overall. Managers can get a top overall PBC rating of 1 only if they are above average in performing their people management responsibilities.

The rating and review process

The PBC rating is based on the results the employee achieves (what) and the compatibility of his behaviors with IBM's values (how) relative to his peers. During the year-end appraisal cycle, the manager participates in a meeting, facilitated by the second-line manager, called a team-based decision-making session.

During this session, the manager, working with his or her peer managers, considers both what he has achieved and how he made his contributions of all employees in that organization. This will be done to reach consensus on which employees are the top and bottom contributors for this year. These assessments are done by using performance criteria and bottom contributors for this year. These assessments are



done by using performance criteria to compare the contributions of employees in the same band and who have similar job responsibilities.

In preparation for team-based decision making, the manager asks to document the results in the PBC tool. The manager may modify the documentation or ask to do so, where appropriate, for accuracy or clarity.

After considering all relevant information, the manager gives a rating and provides a rationale for the rating. Employees are asked to acknowledge reviewing the assessment and rating, and two levels of management sign the final rating form.

It is important to remember that each year employee earn a new rating based on an overall assessment of the performance for that year. With each passing year, however, the expectations for the performance raise, which means performance has to be at a higher level to achieve the same rating as the year before.

Appeals

If the employees disagree with his overall assessment and rating or if he believes that he had been unfairly treated as a result of an incorrect administration of the PBC process, he may appeal.

He should first speak with his second-line manager, who must review and sign the PBC. If the employee is unable to resolve the issue with his second-line manager, he may use one of IBM's internal appeal channels. The nature of his appeal determines who addresses his concern and the timeframe for resolving it.

Concerns with PBC

1. Employee development encourages employee engagement which is essential to a high performance workplace.
2. Strategic performance management improves the skills and talents of the team members and increases the performance of the team.

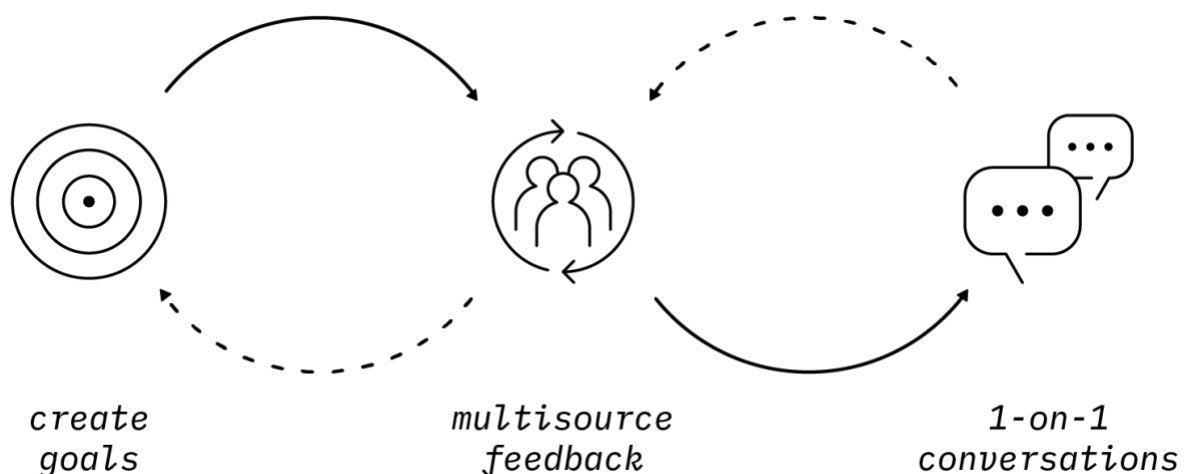


3. Team members enjoy the feeling of personal growth and satisfaction that comes from the opportunity to develop their skills and better contribute to their team
4. Employee development can have a dramatic effect on the level of employee retention in the firm. Simply put, engaged employees with the opportunity for personal and professional growth are more likely to stay with the organization
5. Performance management is an essential part of any effective succession plan designed to ensure the health and vitality of the organization for years to come.

However, execution and integration still challenge many of the organizations today. In terms of their abilities to understand the skills composition of the workforce, and to deploy resources, foster collaboration and provide developmental opportunities, their records remain spotty.

3.1 Checkpoint

Checkpoint is IBM's performance coaching program that fosters ongoing conversations between managers and team members to elevate performance. Throughout the year, managers and team members can align on goals, discuss progress, and share feedback. Regular conversations make for clearer year-end assessments.



3 Key Components of Checkpoint

Goal Management

Goals help ensure that our work is aligned to IBM's strategy. In the beginning of the year, create 3-5 priority goals in Checkpoint Tracker that align with IBM's overall strategy, and support our Purpose, Values and Practices. Keep the five dimensions in mind while crafting these goals to ensure they are measurable.

Due to rapid changes in business and technology, IBMers need to be more agile, autonomous and collaborative than ever before. All IBMers can benefit by growing in IBM's strategic skills and should consider incorporating skill objectives into both their career and team goals.

At any time, you may adjust your goals based on manager feedback or changing business requirements. Your manager might share with you a key team-wide goal for you to incorporate into your goal plan. Using Checkpoint Tracker, you can then edit, customize, and track your individual contributions toward both your personal and team goals.

17x

Employees are 17 times more likely to be engaged when their manager helps them set goals

69%

69% of employees are actively disengaged when managers don't hold them accountable for performance

Source: Gallup

On-going Feedback Conversation



Feedback is key in creating a highly motivated workforce. IBMers who receive frequent and timely feedback from their manager(s), colleagues, and clients will be able to focus on areas of improvement to enhance their performance. Managers are encouraged to have regular check-ins with IBMers to provide coaching and feedback in a timely manner to celebrate accomplishments or/and to address issues before they negatively impact a team members' growth.

3.5x

Organizations where employees review their goals quarterly or more were 3.5 times more likely to score in the top quartile of business performance

Source: "High-impact Performance Management Using Goals to Focus the 21st-Century Workforce," by Stacia Sherman Garr/Bersin by Deloitte

Year End Assessment

Annually, IBMers receive a rating for their performance in each of the five dimensions using the 3-point rating scale - Exceeds, Achieves and Expects More. These ratings represent how an IBMer has progressed in each dimension while working towards their goals over the past 12 months. While completing the assessment, the Global Manager takes into account several factors including an IBMer's accomplishments throughout the year, behavior towards both the team and clients, progress towards skills, feedback, and more.

An IBMer is assessed equally across the five dimensions, and not given a composite or summary score. This results in a more transparent conversation between the manager and employee as they discuss the team member's strengths and areas of improvement. This enables more candid and focused development discussions.

The ratings are a point-in-time snapshot of an employee's performance over the last 12 months. A year-end conversation about these ratings provide IBMers with clarity



on the progress they have made towards their goals, their strengths and areas of improvement, and focus areas to start next year strong.

EMPLOYEES

- who receive strengths feedback have turnover rates that are **14.9%** lower
- who learn to use their strengths are **7.8%** more productive
- who use their strengths every day are **6x** more likely to be engaged on the job
- who agree that their manager focuses on their strengths are only disengaged **1%** of the time

TEAMS that

- focus on strengths every day have **12.5%** greater productivity
- receive strengths feedback have **8.9%** greater profitability

Source: Gallup

How You, Your Manager, and IBM Will Align

Alignment is an ongoing process, one that will happen during your performance check-ins all year long. You and your manager will close out and document your work for the year with a final checkpoint to see if you exceeded expectations, achieved expectations or if your manager expects more against each of the five dimensions. The dimensions contribute to achievement of your goals and help to frame your discussions during check-ins throughout the year contributing to end of year success.

Embodied in all five dimensions is the expectation and requirement that you act ethically and with integrity and adhere to the Business Conduct Guidelines and other IBM policies and processes.

Business Results

Your achievement against agreed goals.

Client Success

Dedication to every client's success. You are passionate about every client's success, so you put them first, listen for need and find opportunities to bring new ideas and



add value. Partnering with all relevant IBM stakeholders, you focus on outcomes — helping every client succeed however they measure success.

Innovation

Innovation that matters - for our company and for the world. You are a forward thinker. You seek out grand challenges as well as incremental improvements - whether in technology or in how you work and in what you deliver.

Responsibility to Others

Trust and personal responsibility in all relationships. You prioritize collaboration and focus on building trust and earning it anew every day, in every relationship - with IBMers, clients, partners and more. For those of you entrusted with management or executive responsibility, this includes your effective leadership and showing personal interest in IBMers, their careers and their development.

Skills

IBMers are dedicated to growing skills that matter to our business and to being essential now and in the future. You continuously find opportunities to learn and apply new skills strategic to IBM and needed to be successful in your role. You are recognized for your expertise and you share it with others.



3-ratings Definition

 Business Results	 Client Success	 Innovation	 Responsibility to Others	 Skills
Exceeds Exceeded all objectives and delivered outstanding results on all relevant measures.	Exceeds Exceeded client expectations on all measures while delivering outstanding client outcomes.	Exceeds Demonstrated eminence through delivering high impact of breakthrough innovation.	Exceeds Sought out and known for collaboration and helping others to succeed.	Exceeds Learned and applied new, relevant skills to own role, and successfully transferred relevant skills to others.
Achieves Accomplished agreed upon goals and outcomes delivering key committed business and financial objectives.	Achieves Consistently put the client first. Delivered successful outcomes as experienced by the client.	Achieves Demonstrated innovation that matters by consistently bringing new ideas that solve a business or technical problem.	Achieves Built trust and collaborated with others effectively, improving both individual and team capability.	Achieves Developed new, relevant skills or deepened existing skills, and applied them consistently in own job role.
Expects More May have demonstrated good effort, but has not yet delivered key, committed objectives.	Expects More May be client-focused, but has not yet delivered successful client outcomes.	Expects More May pursue opportunities to apply innovation, but has not yet solved business or technical problems with innovation.	Expects More May collaborate, but has not yet contributed to improved team capabilities.	Expects More May have taken opportunities to grow or acquire new skills, but has not yet consistently applied them in own job role.

Leaders have a unique and important role to play when executing IBM's strategy - not only contributing individually but enabling their teams to do the same. When assessing leaders, consider how this leader also:

Innovation
Created an environment that fosters innovation

Responsibility to Others
Demonstrated focus on feedback, career conversations and engagement

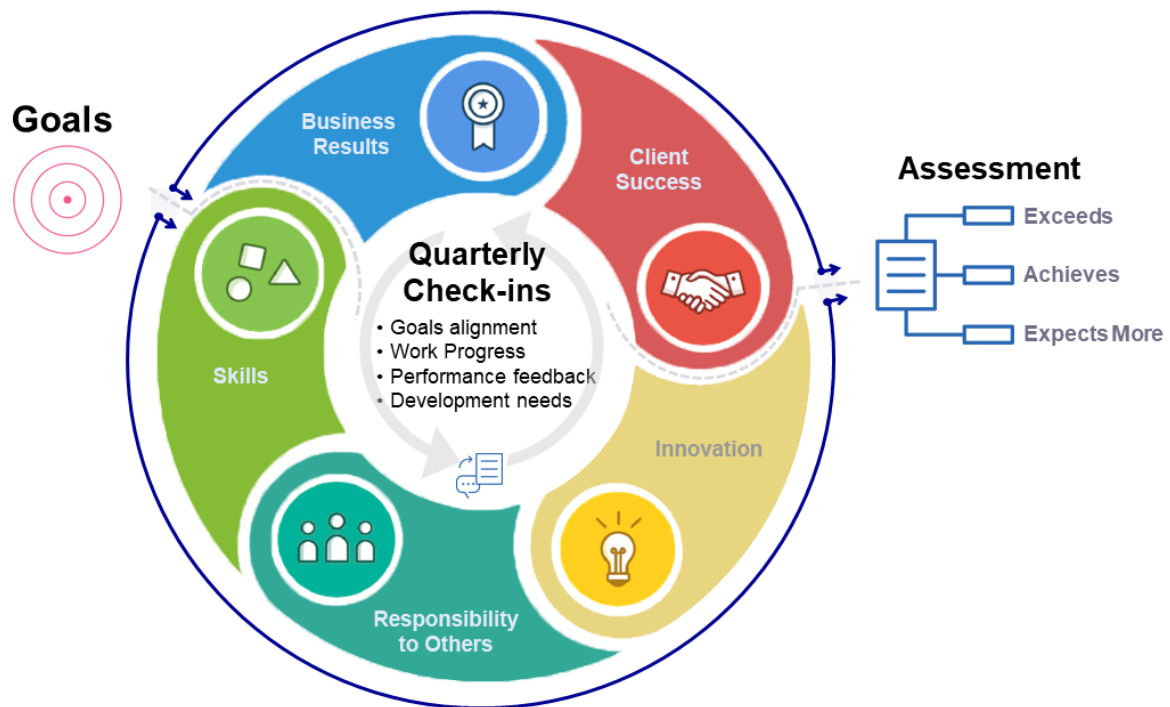
Skills
Supported their team growing and sharing skills

Key Takeaways

Managers are encouraged to have routine check-ins with their team members to assess goal progress, and a year-end conversation to close out the work for the year.



During these conversations, managers and employees should frame the discussion around the five dimensions that are used to assess progress throughout the year.



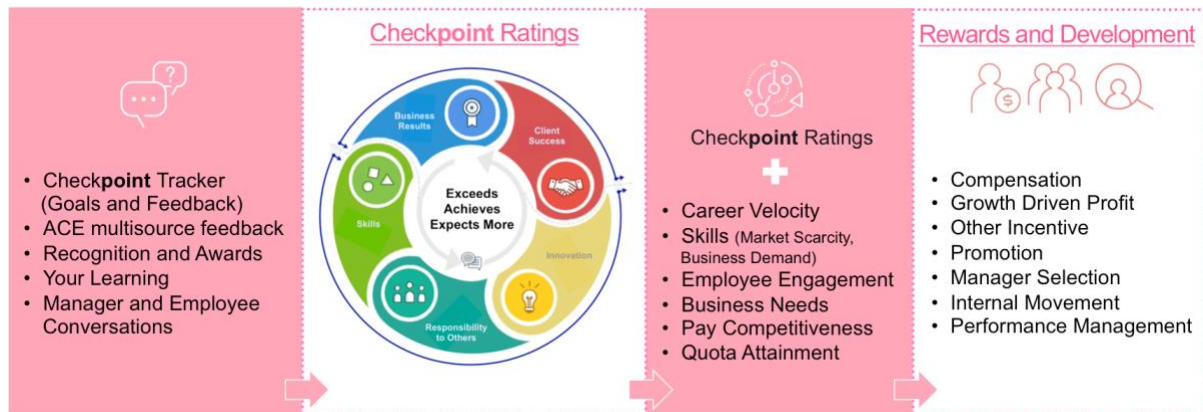
3.2 How Checkpoint Links to Rewards and Development

Checkpoint is designed to encourage ongoing feedback and empower IBMers to be in control of their goals. During Checkpoint Assessment, the Manager will take into consideration several factors, including:

- Team member's progress against their goals
- Behaviors associated with the Checkpoint dimensions
- Feedback received from others (via ACE App or other means)
- Information from quarterly check-in conversations
- His/her own observations



Due to its multidimensional nature, Checkpoint assessment provides a holistic view of the IBMer. This allows for more fact-based decision making across various HR practices. Ongoing conversations fuel a multidimensional assessment, forming a holistic view for fact-based decision making



The diagram is for illustration purpose only and the list may vary by roles or/and business units.

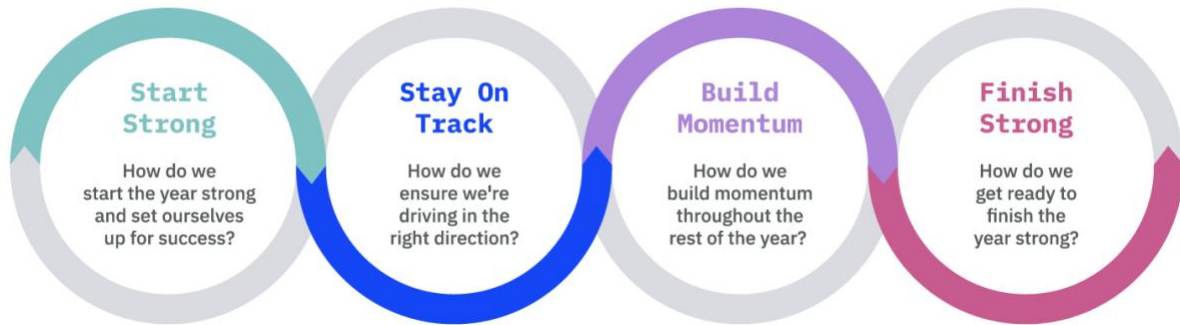
Conversations that count with your Manager

IBM Engagement Pulse survey results have shown that IBMers who had meaningful conversations with their managers were more engaged. IBMers told us they would like to understand how conversations with their manager on goals, performance, compensation, career development, and skills connect to one another.

To help you be part of an even stronger team, we're reframing quarterly Checkpoint conversations into broader manager and employee conversations. In addition, we're working to make it easier for you to have these conversations.

Use these conversation themes to discuss and connect key topics at relevant times throughout the year. These themes will build off each other to not only ensure alignment between you and your manager, but to allow you to prepare for the right conversation, discuss relevant topics, and leave you and your manager clear on next steps.





Start Strong: Goal Setting and Skills Development Conversations

As an IBMer you should always seek out new skill development opportunities and set goals in order to help you grow and align to IBM's strategy. Understanding how both your work and your goals align to IBM's strategy will help you to feel more valued, engaged, and passionate about your work. Additionally, have a conversation with your manager about leveraging your current skills and potential new skills in order to expand your impact on both your project goals and career development.

- Meet with your manager and ask questions about what you're working on and what you'd like to achieve in the next few months. Pro tip: your achievement towards the Business Results dimension can be a consideration for future Growth Driven Profit-sharing (GDP) decisions.
- If your business unit or organization has shared priorities, check those out as well. This is an excellent opportunity to make sure you understand why your work matters.

After talking through goals, take a few minutes to focus on skills with your manager. Do you need to build new skills this year to achieve your goals? Could you strengthen your skills to achieve even better results than last year? Discuss with your manager

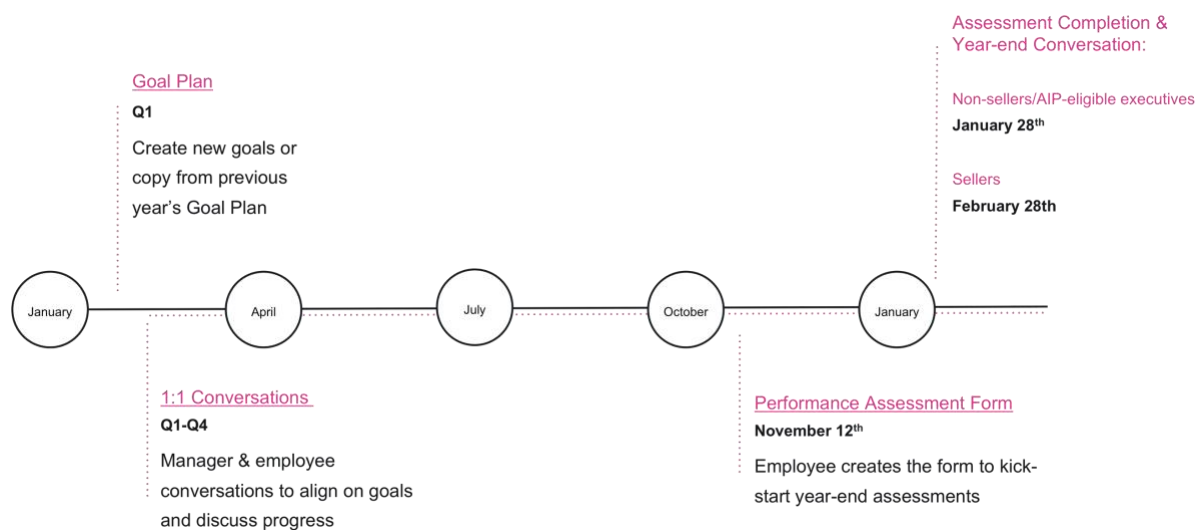


the skills you should focus on to achieve your goals — make sure to clarify how these skills will affect their career goals, compensation, and performance.

- Myca ("My Career Advisor") is a great, AI-powered career tool that managers and IBMers can use. *
- Talk to your manager about the skills you need to grow to be successful. Reference the Hot Roles and Skills page as an overview of suggested learning and digital badges.

Timeline

After you've learned about Checkpoint and why it matters, it's time to get started! In this guide, you will learn how Checkpoint Tracker enables you to take control of your goals, document feedback on those goals on a regular basis and finish strong by having a year-end conversation with your manager to close out work for the year.



Timeline / Checkpoint Tracker Workflow



Goal Plan

A Goal Plan for the new year will be made available in Checkpoint Tracker in the beginning of the year. Create 3-5 priority goals on your goal plan to kick-start a new year, or carry over some of your goals from the prior year. The Manager may create a team goal on his/her own goal plan in Checkpoint Tracker and share with the team. Team members can edit, customize and track their individual contributions toward team accomplishments.

Managers and their team members should discuss together goals and priorities for the period. Goals do not require approval in Checkpoint tracker, and the Manager will be notified when employees modify their goal(s). The goal plan is intended to be a living document that is adjusted to reflect changing priorities. It focuses on a quarterly review of goal progress, with the intent of using the results to create goals for the next period.

When the Global Manager (also known as the Functional Manager) is not in the same country as the employee, the In-country Manager also has the ability to edit or recommend changes in the goal plan.

Timeline / Checkpoint Tracker Workflow

Check-in Conversations

Checkpoint Tracker enables IBMers to take control of their goals and keep track of their progress, while providing managers with a platform for feedback.

In order to enable open and frequent feedback, in addition to traditional methods like email, face-to-face, phone, various channels are available for IBMers to receive feedback during the year, including ACE, a mobile enabled application.





Checkpoint Tracker



ACE

Manager and Employee

- Give feedback to team members
- Document feedback against goals

Multisource Feedback

- Receive and give feedback from/to any IBMers
- Document feedback against goals
- Document overall feedback

Timeline / Checkpoint Tracker Workflow

Performance Assessment Form

Annually, IBMers receive a rating for their performance in each of five dimensions. Below are the steps involved in the year-end performance assessment process in Checkpoint Tracker.

Employee creates Performance Assessment Form

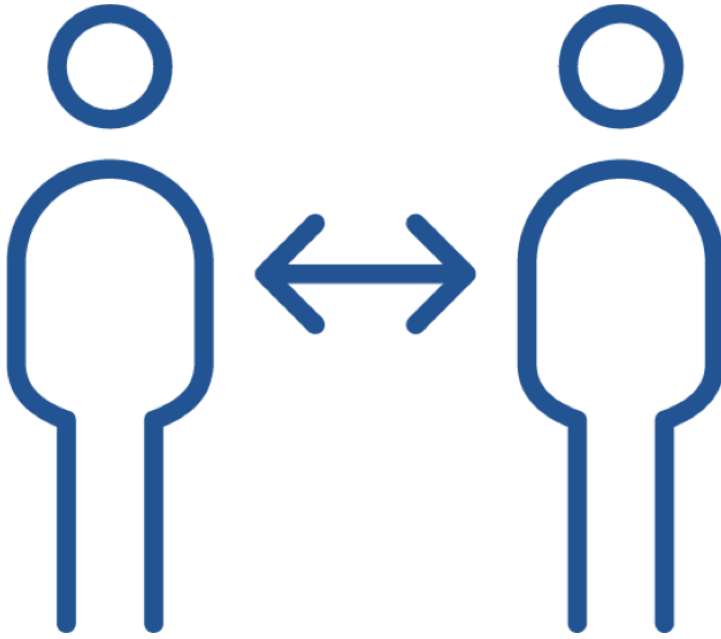
The Employee creates a Performance Assessment Form in Checkpoint Tracker to kick-start the year-end assessment. The employee may choose to provide a brief comment to the Manager before submitting the form. Comments are not required as the assessment will focus on progress documented throughout the year. Once submitted, the form will be routed to the employee's Global Manager.

Global Manager Assessment

The Global Manager determines the ratings based on the team member's contributions in each of the five dimensions. The five dimensions will be assessed independently. There will be no composite or summary score, and the scores are not weighted.

Approvers are defined as per the relationship established in the Global Extended Teams (GET) tool or Workday. The Manager may delegate the assessment of the team member to a different manager, when appropriate.





Recently changed roles? Don't think you have the best insight to assess an employee?
Delegate the assessment to the best-suited manager.

Upline Manager Review & Approval

The Upline Manager reviews and approves the Manager's rating decisions, ensuring that the rating decisions are consistent and aligned to business outcomes, and that the Manager considered the appropriate factors.

In cases where the Global Manager is not in-country, the Global Manager and In-Country Manager collaborate on the assessment where needed. In countries where local sign-off is mandatory, the form will be routed to the In-country Manager to sign off. To learn more about the routing process of the Performance Assessment Form, select the work country (of the employee) in the drop-down list below.

Final Checkpoint

The Performance Assessment Form will be routed back to the Global Manager once it is approved by the Upline Manager. When the form is at the final step in Checkpoint Tracker, it's time for the Global Manager to have a conversation with his/her team member.



Completion

After the conversation, the Global Manager submits the Performance Assessment Form to the Completion step in Checkpoint Tracker. This will close out entire assessment and the completed Performance Assessment Form will be visible to the employee in the Checkpoint Tracker. In countries where local sign-off is not mandatory and the Global Manager is not in-country, the In-country manager will receive an automated email notification. A copy of the Performance Assessment Form will be available in their Completed Inbox in Checkpoint Tracker as well.

Global IBMers who worked more than 90 days in the calendar year to date are required to complete a Checkpoint assessment **before** leaving for or **ending** an assignment. Goals from the home country ID will **not** be transferred to the host country ID, so these employees are encouraged to print any host country Checkpoint assessment history they wish to maintain.

Tips

In the Performance Assessment Form, the Route Map at the top provides a view of where the employee's assessment is in the process. The current step is marked with a blue circle.

Example: Route Map and features in Performance Assessment Form

Route Map

1 Employee Year End Summary | 2 Global Manager Assessment | 3 Upline Manager Review | 4 Final Checkpoint | 5 Completion

What can you do in steps 1 + 2?

- The employee and manager may delete the form.*
- Global Manager may delegate other people manager to perform assessment.
- Global Manager or delegated manager may cancel/decline delegation.

Have suggestions on the form?

- The manager may return the form to previous step to request edits or updates before Completion (step 5).
- The manager can also add comments to an automated email notification throughout the process.

*Exception: Germany and Austria - Deletion feature only applicable for Employee (Step 1).



Consistent with how we co-created Checkpoint with the workforce, we're continuing to listen and iterate based on IBMer feedback. Most of the features listed above are new this year. These enhancements address IBMer pain points raised through the tickets in HR@IBM and improvement ideas brought forward in the Checkpoint Ideation Blog. Keep sharing your input - thank you in advance for sharing your expectations and experiences with us.

Review of your performance assessment

If an employee believes that he or she has been unfairly assessed, they may raise an appeal within his/her management chain.

It's recommended that the employee first try to resolve the issue with his or her manager. If that does not solve the case, the employee should speak with his or her Upline Manager, who reviewed and signed the assessment. At this time, they should provide factual evidence to support their concern.

The Upline Manager should then discuss this with the Manager (this will include the In-Country manager, if different from the Global Manager). If the Upline Manager agrees with the evidence and concludes that one or more of the ratings should change, he/she will contact HR@IBM to request that the form be re-opened in Checkpoint Tracker. This will allow the Manager to correct the rating(s) and submit it through the approval chain again.

If the Upline manager does not agree with the evidence or believes it does not justify any changes, the employee can escalate one additional time: one level higher (or more) within their reporting chain. Assessment appeals must be resolved within the employee's management chain and cannot be raised through the Concerns and Appeals Open Door or US Panel Review programs. The appeal should be brought forward within 60 calendar days after the date the employee receives their ratings.



4.0 Findings

- Employees are of the view that the system is there, but it is not being used efficiently
- More than 60% of employees think Goals are not discussed mutually and are set as per traditional system and are not updated.
- Promotion is linked with Management biasness.
- The main essence of Checkpoint is not utilized – Continuous Feedback
- There no formal/informal meetings with the Management in the whole year regarding performance management
- Employee Feedback is not taken into account
- Customer Feedback is not taken into account
- Factors facilitating the performance remain ignored most of the times.
- Criteria for gauging performance of an employee is misinterpreted.
- How much an employee contributes to department's Net Promoter Score(NPS)?
- Reward is only based on the performance of employees and focus is only on the performance and results.
- Low focus on the development of individuals
- Pressure on achieving short term targets, which takes away the focus from long term development.
- Goals are generic for each team member.
- Employee retention is low.



IBM Pakistan loses a lot of potential candidates due the delay feedback after the interviews are conducted. Due to this candidate if get another offer they do not wait for IBM's response. Thus, IBM should keep the selected candidates to be informed in every step of the selection. The selected candidates should be informed about the whole hiring procedure and the duration of it as well.

IBM Pakistan needs to build and utilize the computerized employment background databases, as being applied by other employers for obtaining background information.

5.0 Conclusion

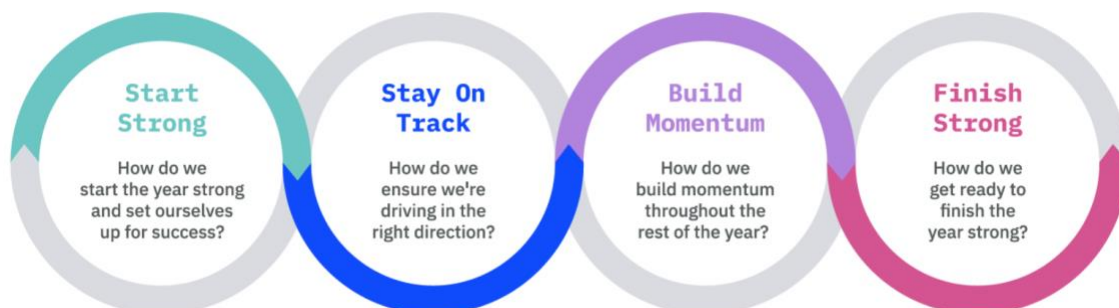
This project has comprehensively covered the contemporary trends in performance management process and their practical application and presence in IBM Pakistan. Efforts have also been concentrated to suggest concrete measures to address the gaps identified during the course of the project.

It can be safely said that IBM Pakistan's success in achieving its strategic targets is heavily dependent on the quality of people it attracted to and then selected for employment at the Company.

Goals should be SMARTER rather being generic and vague. IBM HR should get involved in ensuring the purpose of IBM checkpoint by conducting trainings, educations. Employees should escalate if they deem the Performance assessment is not acceptable Employees and Management should conduct formal meetings like Career conversations for career development and succession planning. IBM ACE app should be used effectively Managers should get certified for conducting Performance assessment Managers should reduce biasness's like Central tendency while doing assessments. Job descriptions should be clear and goals aligned accordingly



Conversations



Perspective	Sequence	Explanation
MY STORY	"When you..."	Statement describing the behaviour without judgement or exaggeration. Just state the facts as specifically as possible.
	"I or others feel..."	Describe how their behaviour affects you, others or the business
	"Because..."	Now say why you, others or the business is affected. Giving a reason strengthens the point, and makes it easier for the employee to understand why they need to change.
YOUR STORY	Pause and listen	Let the person take in what you have said and respond.
MY NEEDS	"I would like..."	Describe the change you want the other person to consider.
	"Because...."and why you think the change will alleviate the problem.
YOUR NEEDS	"What do you think?"	Listen to the other person's response. Be prepared to discuss options and compromise on a solution.



6.0 References

(i) Human Resource Management, 13th Edition, Gary Dessler, Pearson Education Inc. Prentice Hall, 2011. ISBN 10: 0-13-266821-1

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(iv) Managing Human Resources, 5th Edition, Wayne F. Cascio, McGraw-Hill, 2011

(v) Fundamentals of Human Resource Management, 5th Edition, Raymond Noe, John Hollenbeck, Barry Gerhart, Patrick Wright, McGraw-Hill Higher Education, 2013. ISBN-10: 0078112613

(vi) <https://www.ibm.com/pk-en/>



Appendix

Q1. Since how many years have you been working with this organization?

- a. 0-5 Years
- b. 5-10 Years
- c. 10 to 15 Years
- d. More than 15 Years

Q2. Do you think Performance Management System is clearly defined in the organization?

- a. Yes
- b. No

Q3. Do you think all the factors facilitating and hindering performance are taken into consideration while appraising the performance?

- a. Yes
- b. No

Q4. Goals set for Performance Evaluation are mutually decided goals?

- a. Yes
- b. No

Q5. Do you think Performance Management System helps people set and achieve meaningful goals.?

- a. Yes
- b. No



Q6. You are satisfied with the weightages given against each activity that you are supposed to perform in the specified period by PMS?

- a. Yes
- b. No

Q7. Does performance of employees improve due to current Performance Management System?

- a. Yes
- b. No

Q8. Do the PMS implemented in your organization create a participative environment?

- a. Yes
- b. No

Q9. Does the promotions are strictly based on Performance Management System?

- a. Yes
- b. No

Q10. Do you think your leadership and interpersonal skills are developed due to Performance Management System?

- a. Yes
- b. No

Q11. Do you feel free to express to your appraiser, your disagreement regarding the appraisal decisions

- a. Yes
- b. No

Q12. Your Job Description clearly defines KRA's (key result areas) on which your performance is rated?



a. Yes

b. No

Q13. Are you satisfied with the existing Performance Management System?

a. Yes

b. No

Q14. Please list down the gaps and recommendations for the existing Performance Management System in your organization.

