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News for IBM members

Unite challenges rationale for IBM pension scheme closure announcement

In 2006 Unite pointed out that pension changes announced by IBM would slash the pensions earned to date by employees over time. We predicted that the pension scheme changes involved then would progressively erode the future pension of employees remaining in the final salary schemes leading to their eventual closure. Since that time, the number of active members of the IBM final salary pension schemes has reduced to less than 2900 according to the last available report.

Now IBM is proposing to close the final salary pension scheme for future service and restrict the circumstances in which consent will be given to early retirement on enhanced terms. Whilst there is a 60 day consultation period, this is over a holiday period when many people will be away on holiday. In any event, will your employee representatives have access to the necessary experience and expertise?

This latest announcement follows a similar announcement by Fujitsu in May, which is being challenged by Unite. The union is in the process of organising a consultative ballot on industrial action amongst its membership in Fujitsu, but we are still in negotiations with Fujitsu with the aim of retaining a good defined benefit pension scheme.

In our view, IBM as a highly profitable company with substantial revenues and cash reserves, can well afford to keep the existing scheme open, but is seeking to boost profits for shareholders and bonuses for senior executives. The company is like others in the ICT sector using the cover of the financial and economic crisis to erode future pension benefits for long serving and highly skilled people. This is a kick in the teeth to people in IBM who helped to rebuild the company when it was in difficulty in the past and demonstrates that company loyalty is too often regarded as a one way street in the corporate world of 2009.

Performance Management

IBM has apparently retrospectively decided that a Personal Improvement Plan will be applied to employees rated as 3 under the PBC scheme. It has been alleged that line managers have been told to increase the number of PBC 3 ratings to at least 10% of the population, a system known as forced ranking leading to a pre-determined outcome.

Whilst IBM is not alone in practising this system of performance management, no doubt with the intention of increasing the ease of dismissing people cheaply without compensation, in some other companies organized by Unite we have been successful in preventing or removing such systems.

We believe that performance management systems should be open and transparent, and enable employees to be assessed in a fair and objective way, without having pre-determined targets for outcomes unrelated to the performance of the workforce as a whole.

What you can do

IBM is taking advantage of the powerless position of employees in the UK – that's why people in IBM need a union.

IBM has a whole battery of expertise in the form of lawyers, accountants, actuaries, management consultants, and PR professionals. Shouldn't you have access to similar expertise? Internally based consultative bodies do not have access to the required expertise or wider knowledge of what is happening elsewhere in other companies.

This is a wake up call for IBM employees to join a union like Unite. Only a collective approach can put pressure on the company. You need to be organised to enable us to help you.

Please pass this on to your work colleagues through whatever means possible.

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UNITE – the union of choice for IT professionals

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