 Forced distribution performance evaluation systems: Advantages, disadvantages and keys to implementation

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ABSTRACT

Some organizations, such as General Electric, currently use or have used forced distribution performance evaluation systems in order to rate employees’ performance. This paper addresses the advantages and disadvantages as well as the legal implications of using such a system. It also discusses how an organization might assess whether a forced distribution system would be a good choice and key considerations when implementing such a system. The main concern is whether the organizational culture is compatible with a forced distribution system. When a company implements such a system, some important issues to consider include providing adequate training and ongoing support to managers who will be carrying out the system and also conducting adverse impact analyses to reduce legal risk.

Keywords: human resource management, performance management, performance system, performance appraisal, forced distribution, legal risks

There has been some controversy over the recent adoption of forced distribution performance evaluation systems by many large global corporations. A plethora of terms exist which essentially describe the same type of relative performance ratings, that is, a performance evaluation system that is used to rate and rank employees. Some of these terms include: forced distribution, forced ranking systems, bell curve, group ordering, or normal distribution. The term ‘forced distribution’ will be used throughout this paper. Jack Welch, former CEO of General Electric (GE), pioneered the idea of forced distributions in corporate America due to his belief that the bottom 10% of the workforce should be removed every year. Estimates suggest that up to 20% of all US business organizations and up to 25% of Fortune 500 firms use some type of forced distribution performance evaluation system (Bates 2003; Gary 2001; Meisler 2003; Osborne & McCann 2004).
One study conducted by the *Jacksonville Business Journal* found that 60% of respondents indicated that their companies used a forced ranking system (Hadden 2004). The list of organizations that use or have used such systems include such firms as General Electric, Cisco Systems, Hewlett-Packard, Microsoft, Lucent, Intel, Goodyear Tire, Ford, Goldman Sachs, American Express, Sun Microsystems and Conoco (Bates 2003; Guralnik, Rozmarin & So 2004; Meisler 2003).

Forced distribution systems can be carried out in multiple ways. First, managers may rank employees by comparing each employee's individual performance against each other (e.g., ranking all employees in order of best performers to those that are performing least well). A second way to implement a forced distribution system is to have managers rate individual employees' performance against performance standards of some type, but then only allow a certain percentage of individuals to fall within a given category of performance (e.g., to be classified as 'Superior'). This forces managers to go back and compare the ratings of the individual employees to one another. In comparing every employee's individual performance to other employees, the system strives to identify above average, average and below average performers.

Though forced distribution systems are very popular within organizations, they have largely been ignored in the research literature (Schleicher, Bull & Green 2008). Scullen, Bergey and Aiman-Smith (2005: 2) state, ‘Given the intense interest in FDRS, it is surprising that there is virtually no published research that can inform practitioners about their effectiveness.’ This paper will: (1) evaluate the advantages and disadvantages of forced distribution performance evaluation systems; (2) address legal ramifications and implications of using such a system; and (3) discuss what can be done to administer this type of system most effectively. Our hope is that this review will serve as a point of departure for future inquiry by both academicians and practitioners alike.

It should be noted that this paper only addresses the use of forced distribution systems in the USA. However, some of the companies mentioned are classified as global organizations, which may choose to use such systems in their operations outside of the US as well (Maley & Kramar 2007). In many countries, performance appraisals are based on similar fundamental notions, although its specific purpose and practice may vary between nations and cultures (Milliman, Nason, Zhu & De Cieri 2002). Much of the research on performance appraisal has been performed within the US context and little research has been carried out in other international settings (Dowling, Welch & Schuler 1999). The international performance appraisal research that has been done suggests that managerial views of job performance differ between Chinese and Western cultures and as such, commonly used Western systems may not be as applicable in non-western cultures (Easterby-Smith, Malina & Yuan 1995; Hempel 2001; Huo & von Glinow 1995). Further, nations high in individualistic cultures (Hofstede 1980) and in particular Australians, place an enormous emphasis on subordinate expression as a crucial part of the appraisal purpose (Milliman, Nason, Zhu & De Cieri 2002). Thus, the current paper will only address the use of forced distribution systems in the United States.

**EXPLANATION OF THE FORCED DISTRIBUTION PERFORMANCE EVALUATION SYSTEM**

Organizations that have implemented a forced distribution system have each developed their own criteria or standards. While specific information on company practices is difficult to obtain, generally speaking, most systems function such that criteria are developed and then employees are rated and ranked based on it. Examples of performance criteria include goals regarding job tasks that are set at the beginning of the year (e.g., a goal for a salesperson to generate $750,000 in sales revenue) or certain behaviors that the company would like to see employees exhibit (e.g., engaging in teamwork if the position requires it).
Ratings on various criteria may also be blend- ed together to come up with an overall rating. Microsoft, for example, rates employees using a 5-point scale. Employees in the same job are also given a ‘stack ranking’ from most to least valu- able. Managers decide on those rankings using what are called ‘lifeboat discussions,’ whereby they choose employees they would want with them if stuck in a lifeboat (Abelson 2001). Another well known example is Hewlett-Packard, which has used ranking for more than 30 years in a process by which managers annually rank all employees based on preset goals and general competencies like teamwork (Freiswick 2001). In all companies, the end result of the process is to yield a specified percentage of employees in each portion of the bell curve. The graphical representation in Figure 1 depicts how a forced distribution evaluation system would look if a company determined that 10% of their employees will fall in the above average category, 80% of their employees will fall in the average category and 10% of their employees will fall in the below average category.

In some cases, forced distribution systems use the ratings employees receive in order to determine which employees will be laid off or fired. In the case of General Electric, ‘...GE grades all of its employees and the bottom 10 percent is summarily fired’ (Krames 2002). The fairly popular action of eliminating workers who fall in the lowest performance category has been a reason why such systems have been termed ‘rank and yank’ systems (Osborne & McCann 2004). Here is how Jack Welch describes his rationale for the elimination process in his own words (General Electric 2000: 6):

Not removing that bottom 10% early in their careers is not only a management failure, but false kindness as well—a form of cruelty— because inevitably a new leader will come into a business and take out that bottom 10% right away, leaving them—sometimes midway through a career—stranded and having to start over somewhere else. Removing marginal performers early in their careers is doing the right thing for them; leaving them in place to settle into a career that will inevitably be terminated is not. GE leaders must not only understand the necessity to encourage, inspire and reward that top 20% and be sure that the high-performance 70% is always energized to improve and move upward; they must develop the determination to change out, always humanely, that bottom 10% and do it every year. That is how real meritocracies are created and thrive.

General Electric cites research that shows that top employees outperform ‘average’ workers by forty to one hundred percent and that bottom performers drain profits by reducing productivity even further (Bates 2003). Thus, eliminating the poorest performers should make the productivity of the organization improve.

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**Figure 1: Forced distribution bell curve with 10-80-10 allocations**

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The forced distribution system has the same general outcome as far as the percentage of employees that fall within each category is concerned, however, companies do allocate percentages differently. For example, GE divides their employees using the 20-70-10 percentages. This means that they believe that 20% of their employees fall in the above average category, 70% in the average category and 10% in the below average category (Krames 2002). Ford uses an A, B, or C rating to divide up their groups (Bates 2001).

When deciding what type of performance appraisal system to use and whether to adopt a forced distribution performance evaluation system, organizations have to carefully weigh the advantages against the disadvantages. This following section will focus on those advantages and disadvantages.

**ADVANTAGES OF THE FORCED DISTRIBUTION PERFORMANCE EVALUATION SYSTEM**

There is a substantial list of benefits for organizations who implement a forced choice performance evaluations system effectively. First, one of the main advantages to a forced distribution system is that use of this type of system can help to alleviate some of the more common rater errors that can occur when managers are rating employee performance, such as severity error (i.e. when all employees are rated poorly) and leniency error (i.e. when all employees are rated well). The most common error is perhaps leniency error when almost all employees are rated as having adequate or even excellent performance. For example, before Ford implemented its forced distribution systems, 98% of its management employees were rated as ‘fully meeting expectations’ under the former appraisal system (Olson & Davis 2003). Such instances of leniency error may occur because managers may not want to have to justify their ratings of each individual employee, may want to avoid confrontation, spend too little time on the appraisal process because it is not viewed as valuable, or perhaps the managers are not trained appropriately on how to assess and rate employee performance. In forced distribution system, however, since a certain percentage of employees need to be placed in each of the specified categories or performance, these types of errors cannot occur as extensively.

A second advantage of forced distribution systems is that they insure that employees are evaluated using the same criteria so that the outcome of the process is more objective. In rating and ranking systems, processes and performance criteria can be more formally established, with pay and rewards directly linked to an individual’s ranking and employees being made aware of their ratings and where they fall in the distribution. It is better to have all employees being evaluated using the same criteria, rather than having individual managers use their own criteria to rate and rank employees. Having managers use the same criteria brings more objectivity to the performance evaluation process.

A third advantage to forced distribution systems is that they facilitate more candid and open communication between managers and employees so that employees know where they stand and know what they need to do to improve. One of greatest disservices for an employee is to become a victim of a manager who does not routinely give his or her employees candid feedback about how they are performing. Implementing a forced distribution system highlights the necessity for this type of feedback to be offered on a frequent basis. If a manager does not provide employees with candid feedback, he or she may end up in an uncomfortable position at the end of the year when trying to explain why certain employees fell in an unfavorable position in the bell curve.

Feedback should help employees understand how their performance is viewed relative to others doing similar work. When employees receive meaningful feedback, they have something tangible that they can work on to improve their performance. Many times in organizations, employees may not know how well they are performing their jobs tasks (Kinsman 2002). If employees receive
feedback on their performance, this can help them manage their careers as well as identify training and development needs. It will help them understand what is expected of them and also perhaps allow them to identify more efficient ways of achieving their job tasks well. It is ideal for managers to communicate to employees and let them know what to do and also how to do it effectively.

Feedback is often not given to employees because managers understand that such feedback may be confrontational (e.g. if the employee does not agree with the performance rating) and managers may try to avoid confrontation. This is an ironic situation because when a manager gives employees feedback it is the spirit of helping them to improve their performance. Even if managers desire to provide feedback to employees, many may not know how to give the feedback effectively. This is a very important training issue that will be discussed later. In a best-case scenario, feedback to employees will be enhanced when a forced distribution system is used and this facilitates good individual and team performance, which will ultimately lead to better results for the corporation.

A fourth advantage of a forced distribution system is that it may help employers identify their peak performers and allows for them to be rewarded in a more distinguished manner (Guralnik & Wardi 2003). Performance ratings can be used to allocate merit increases (e.g. compensation budget is more accurately estimated) and identify appropriate employees for promotions. To demonstrate this point, let us assume for example, that a manager has two employees making $50,000 per year. The first employee is an above average performer, always volunteers to take on additional projects and consistently performs in a manner that exceeds expectations. The second employee is an average performer, does not volunteer for additional projects, but meets the expectations of the job. It seems as though at the time of a merit pay increase, the first employee should receive more in terms of rewards. However, the manager of the two employees decides to give the first employee a 7% increase, while he gives the second employee a 5% increase. At first sight, it seems that the manager has made a distinction between the two performers. However, based on an annual salary of $50,000 this translates to the better performing employee receiving a raise of about $0.48/h more than the lesser performing employee, which works out to be less than $20.00 a week after taxes. So, in a general sense, the organization and the manager want the first employee to continue to exceed expectations, but in terms of the additional effort it might take to do that, the small additional reward may not be seen as valuable enough to do so. Admittedly, the difference in these two increases compounds over time, but there is question whether the higher performing individual will choose to maintain high productivity, reduce effort since the efforts were not sufficiently rewarded, or perhaps even leave the organization. If organizations hope to retain their above average performers, they should try to differentiate more substantially between high end and lower end performers. Distinctive pay rewards and differentiation of the level of rewards between excellent performers and those who are performing less well can help a company hold onto their best and brightest. Turnover of an organization’s critical talent pool may be minimized since the employees that help move the organization forward can be clearly identified and rewarded. Thus, this is another argument for using a forced distribution system (Macdougall 1991).

However, in some organizations, there are employees who do not perform to the desired standards and sometimes these individuals are continually moved around the organization (Truby 2001). As an alternate to this shuffling of minimal performers, which may be bad for employee morale, a forced distribution system may instead help to raise the overall performance of a workforce and weed out poor performers (Truby 2001). Minimal performers are an economic detriment and the organization’s overall efficiency declines when bogged down by minimal employees. One minimal performer may be pulled up by the group – whereas several minimal
performers tend to pull the group down (Vance & Davidhizar 1998). The positive side of identifying minimal performers is that sometimes these individuals are just not in the right job and it is possible for a forced distribution process to help employers identify this issue more readily (Macdougall 1991). If this is done, employers can possibly identify positions within the company that are better matched to the skills and aspirations of these employees.

A final advantage of forced distribution systems is that as a result of the system, organizations have identified the outstanding performers, the average performers and also the sub-par performers. This identification process can aid in decisions such as promotions and also downsizing. Forced distribution systems can be an effective tool for eliminating poor performers and keeping employees on their toes (Amalfe & Adelman 2002). In the case of high performers, they can clearly be identified as candidates for promotion. And in the case of downsizing and layoffs, a reality for many companies in recent times, the system allows for identification of the truly poorer performers, who are the best candidates to be laid off from the company standpoint. For those average performers, developmental needs can be identified (Amalfe & Adelman 2002).

**Disadvantages of the Forced Distribution Performance Evaluation System**

There are also disadvantages of forced distribution systems, particularly when they are not implemented effectively. First, critics of forced distribution systems are quick to point out that in forced distribution systems, the bell curve model is applied in a manner for which it was not intended. The bell curve model assumes a normal distribution among a very large group of random individuals and is not able to adequately assume the same for small groups (Abelson 2001). A large random sample usually ranges between 1000 and 1500 participants. Some companies are applying the bell curve model to groups as small as 20–50 individuals. As a result, people in a particularly talented group will suffer if a certain number of them must be given poorer ratings than they would get in another group. This can occur because the forced distribution process requires that a set percentage of employees fall into each category. Conversely, if some average performers belong to a particularly weak group, they may be artificially inflated and placed in the top 10 or 20% for the same reason just mentioned. The impact of this can be quite negative in that these individuals will be less apt to stretch if they see that they have been ranked in the top 10–20% of their grade band already (Boyle 2001). So the bottom line is that even in a talented group, someone has to lose – typically 10% of the total group. For the group of average performers, artificially inflating individuals into the top 10 or 20% flies in the face of what one of the key reasons companies have adopted the forced distribution process in the first place – and that is to raise the bar for performance. If individuals are artificially inflated as a result of being a part of an average work group, they are not going to stretch, because their manager and their ratings are telling them that they are already there. At the end of the forced distribution process, a company who combines all of the small groups of employees back into one master distribution has the percentage of individuals that they want in each part of the distribution. The question becomes whether or not they have the right people in the right sections of the bell curve.

Second, in a related issue especially if the systems require terminating employees who have the lowest levels of performance, after a forced distribution system is in place for a few years and the poorest performers are weeded out, it becomes more difficult to distinguish between ‘superb’ and ‘outstanding’ performers. Some corporations today would probably call this a high-class problem. However, a corporation needs to be able to recognize when they are reaching this point to determine if they want to make some adjustments to the percentages of their distribution because if they do not (Schrage 2000: 296):
… truly effective objective employee-evaluation criteria ultimately lead to personnel decisions that are fundamentally rooted in arbitrary and subjective criteria,’ as those who have been rated must be placed into arbitrary categories of performance that may not fit the actual distribution of the employees.

Third, it may be the case that the performance categories or the labels on the categories are simply not indicative of the actual employee performance. In such a case, the distribution set forth does not match the distribution of the workers who are to be rated. For example, suppose a retail organization has a very good reputation, is an employer of choice in the community and hires only applicants that have extensive customer service experience. This organization utilizes a forced distribution that states that 10% of employees will get ratings of ‘below average’ on their performance evaluations. What if all or almost all of the experienced customer service representatives and salespeople were performing well, something that would not be surprising given the company situation and hiring practices? Ten percent of the employees still need to be placed in the Below Average category, even if their performance was not below average. In cases such as these, employees may feel that their ratings were arbitrarily given to satisfy the distribution that has been set forth by the organization (Olson & Davis 2003). Schrage (2000: 296) points out that:

Organizations intent on rigorous self-improvement and its measurement inevitably confront an evaluation paradox: The more successful they are in developing excellent employees, the more trivial and inconsequential the reasons become for rewarding one over the other.

A fourth disadvantage of forced distribution systems is that managers generally have a less positive reaction to such systems than to more traditional rating systems (Lawler 2002). For example, Schleicher, Bull and Green (2008) found that a forced distribution rating system was found by participants to be more difficult and less fair than a more traditional rating scale format. There is also a danger that forced distribution can become a crutch for poor management. Managers may use the system as an excuse for why employees received poor performance ratings, rather than taking responsibility for helping those employees with low performance to develop and improve. Managers should be held accountable for developing individuals and high-performing teams. Boyle (2001: 188) states how important it is by suggesting that ‘Good managers should have the capability to make these difficult decisions without a system forcing it upon them.’ Corporations that do not have managers capable of this should be alarmed because the successful use of a forced distribution system depends on solid managers who buy into the process. If managers make disparaging comments about the system, this suggests to employees that the systems is not acceptable and perhaps not even fair, which might encourage lawsuits (Olson & Davis 2003).

A fifth disadvantage relates to the comparison of the levels of employee performance in different job positions and in different departments in order to rank the performance of all in the company. This can lead to not only difficult, but sometimes even very unfair comparisons. First, it is not easy to compare for example, the performance of a Vice President of the company and an Administrative Assistant. While it might not be difficult to compare the worth of the jobs to the organization overall (with most agreeing that the VP role is more valuable to the company), it is not so easy to compare the level of performance the VP and the Administrative Assistant had in their job tasks. Whose performance is better in their very different job tasks is in the eye of the beholder.

Further, various departments need to be compared to one another in order for the ranking of all employees to be placed in the forced distribution. So, if an employee is in a high performing unit in which all employees were truly good performers and were rated as such and then that department...
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is compared to a lesser performing unit whose employees received ratings that were all over the spectrum (good to poor), but it was mandated that the highest level of performance in the distribution could only have a limited number of people from each department, then someone with a lower rating on the performance measure could actually be ranked above someone who has a lower rating. Another such situation is one in which there are more people receiving a particular rating than ‘fits’ in the mandated distribution. Then, by definition, employees with the same rating will be placed in different ranking categories (Guralnik & Wardi 2003). It is easy to see how issues like these make the system seem unfair and arbitrary to employees and perhaps to management too.

While the implementation of a forced distribution system allows a corporation to offer distinguished rewards to its top performers, there is no research that states that those rewards will necessarily control or reduce turnover, especially among top performers. Compensation is not the only reason that employees leave one corporation for another. Above average performers, average performers and even below average performers leave companies for reasons not related to compensation, such as the birth of a child, relocation due to spouse’s job promotion, an ill parent, or a desired career change, just to name a few. While a forced distribution system may reduce a corporation’s turnover of their above average performers, it is important to keep in mind that there are many other factors at play.

Another danger of the forced distribution process is that it could breed destructive competition (Briarty 1988). This type of system increases competition among employees, particularly if a corporation is distinguishing its rewards based on how employees fall within the bell curve. These systems may also increase the perceptions of job insecurity among employees if the company policy is that a certain percentage of the lowest performers will be terminated. This will lower morale and create a potentially toxic culture within the organization. Such systems can foster a working environment rife with paranoia and unhealthy competition. Many managers say that forced distributions undermine teamwork (Briarty 1988; Truby 2001). This would be particularly destructive in industries where all units have to work together to develop and introduce new products and technologies (Guralnik, Rozmarin & So 2004). This type of an organizational environment might also inhibit even good performers from taking on assignments and roles that may not be successful (or might be more risky) in an effort to not be rated in the low performance categories. Such incidents lead to a lack of personal employee development but also serve as an inhibiting force on overall company success as well (Guralnik, Rozmarin & So 2004). The following quotation reflects some of these unwanted outcomes (Schrage 2000: 296):

To make the problem even worse, such systems designed to reward top performers must inevitably alienate them. It’s one thing to have reviews that demotivate average performers; to demotivate one’s best performers is the height of self-destructive folly. The coup de grace occurs when the top employees are all told that they must collaborate better with one another even as they compete in this rigged game of managerial musical chairs.

The last disadvantage of forced distribution systems is the tremendous legal challenge they have had over the years (Guralnik & Wardi 2003). Many organizations that have had such a system in the past have chosen to discontinue it, due to lawsuits that have been filed or the strong potential for lawsuits. As such, the next section will discuss some legal history regarding forced distribution systems.

LEGAL RISKS AND RAMIFICATIONS OF FORCED DISTRIBUTION PERFORMANCE EVALUATION SYSTEMS

Despite some pessimistic press in the news media about the implementation of forced distribution systems, the systems themselves are
not illegal. However, there can be negative legal ramifications, namely lawsuits, if a corporation implements a system without doing so carefully. For example, in companies where there had been leniency error occurring in the ratings for many years (and no one received poor performance ratings), if they implement a forced distribution system and many who have been getting ‘average’ performance ratings for some period of time may suddenly be rated as ‘below average’. Though the employees’ performance is still at the same level, the performance ratings may now be more reflective of their actual performance. These employees may perceive the systems as totally unfair, as their performance has not changed and they have suddenly received lower performance ratings. For example, Jo Sykora, who worked for Goodyear Tire and Rubber Co., had received nothing but ‘good/effective’ ratings for decades until the company implemented a forced distribution system and he was let go for poor performance on the basis of his rating. He said that after the system was put into place ‘Suddenly I became a non-performer. I should have received coaching’ if his performance was considered substandard (Bates 2003: 68).

The lawsuits have alleged that the forced distribution systems favor some groups over other groups (for example, based on age, gender, race, nationality and other legally protected categories). Major corporations, such as Microsoft, Ford and Conoco, have had lawsuits filed against them as a result of the implementation of a forced distribution system. One lawsuit against Microsoft alleged that Microsoft’s evaluation, promotion and compensation practices had a disproportionately negative effect on African-American and older employees. Peter Browne, who filed the suit, claimed that managers, including him, were forced to rate very small groups of employees without objective criterion and ended up favoring those individuals with whom they socialized, typically, white males (Amalfe & Adelman 2001). Additional suits allege race and sex discrimination and approached the cases with class-action status. Ford, Goodyear and Capital One were sued in age-discrimination cases that pertained to forced distribution systems (Osborne & McCann 2004).

Ford adopted a forced distribution system in January of 2000 and mandated that all management employees be placed in three categories and that 10% of the management employees in each business unit be ranked at the lowest level. The following year the company mandate was only 5% be ranked at the lowest level. After eight lawsuits, including two class-actions, Ford’s CEO Jacques Nasser announced on July 10, 2001, that Ford will no longer require that a certain percentage of its employees be ranked in the lowest tier (Amalfe & Adelman 2001). The various class-action suits brought against Ford alleged that the company’s performance evaluation system constituted both disparate treatment and disparate impact, alleging age, sex and race discrimination (Amalfe & Adelman 2001; Truby 2001). In response to two of the suits (but without admitting liability), Ford has agreed to a total class award of $10,500,000 (Bates 2003; Amalfe & Adelman 2001).

At Conoco, employees were ranked from 1–4 and based upon these rankings, 12 geophysicists and other scientists were laid off in 1999. Following the layoff, two American geoscientists were replaced by Briton working under special intercompany managerial visas. Those two US citizens, along with four other ex-Conoco scientists filed a lawsuit against Conoco alleging national origin discrimination and the case was settled out of court following a confidential settlement reached by the parties (Amalfe & Adelman 2001).

While some of these cases against the organizations were successful in the courts, if forced distribution systems are implemented properly, some of the potential lawsuits and organizational challenges can be avoided (Guralnik & Wardi, 2003; Guralnik, Rozmarin & So 2004). The next section will address this idea.
HOW TO EFFECTIVELY ADMINISTER FORCED DISTRIBUTION PERFORMANCE EVALUATION SYSTEMS

Despite the legal implications, there is recent research developing that supports some of the advantages listed above that suggest that forced distribution systems can improve workforce performance potential. Scullen, Bergey & Aiman-Smith (2005) found in a detailed simulation using forced distribution systems that when other factors were held constant and the poorer performers were eliminated, workforce performance (measured by average performance) was higher in all scenarios than at the beginning of the simulation. While this was a simulation rather than a field study, it is perhaps the first effort to research specifically some of the purported advantages of forced distribution systems.

Before implementing a forced distribution system, upper management in a corporation needs to make sure that their corporate culture is ready for such a system to be implemented. Rolling out a forced ranking system is an evolution. Corporate ‘readiness’ and corporate values such as fostering an environment of open communication and feedback play a key role in whether a company should adopt such a system and in how smoothly the system can be implemented and accepted. Guralnik, Rozmarin & So (2004) have developed ‘The Cultural Checklist,’ which they describe as a self-assessment that can be used by organizations to rate the degree to which a forced distribution system will be a good match for their current corporate culture. The measure includes items that assess issues such as the degree to which the company is highly results-oriented and performance-oriented, the effectiveness of the relationship between management and the employees and whether management is in control of employee promotion, compensation and termination decisions (Guralnik, Rozmarin & So 2004). These authors suggest that organizations that are in fast-growth and performance-driven cultures and in highly competitive and demanding industries will benefit the most from implementing a forced distribution system. In contrast, organizational settings with more traditional, hierarchical structures in which company loyalty is emphasized will not be as appropriate for such systems (Guralnik, Rozmarin & So 2004).

Once corporate ‘readiness’ is assessed and achieved, there are some simple but important steps that should be taken to implement a forced ranking system. First, there should be good communication to employees about the forced ranking policy and its implementation. The system will not be successful without buy-in and feedback from employees (Guralnik, Rozmarin & So 2004).

Corporations can also reduce the potential for resistance and problems by providing the proper training and coaching to the managers who have to give ratings as well as deliver feedback to employees (Schleicher, Bull & Green 2008). The aim of performance management systems in general and forced distribution systems more specifically, should be to improve employee performance. The implementation of a forced distribution system will facilitate the need for managers to offer open and honest feedback to their employees, hence, managers need to be able to clearly articulate where an employee stands relative to others (and why). Some managers avoid employees when it comes to providing feedback, simply because they do not know how to present it. This problem can be remedied with training that allows managers to role-play with others in order to practice giving feedback and by understanding what type of supporting documentation should be presented while delivering the feedback. Some managers are ill-prepared when it comes to delivering constructive feedback to employees and as a result the employee may feel as though the feedback is not grounded in anything concrete. Other managers will never get over the anxious feeling they have just before they are about to sit down with someone who is going to receive constructive feedback. However, if they can feel confident that they understand how to communicate the feedback, that anxiety can be reduced. It will also result in providing employees with tangible information.
that they can understand and act upon to improve their work performance. There should be a clear message provided to managers about what the forced distribution system was intended to deliver and managers should be coached on what items and topics of discussion are appropriate and inappropriate for performance reviews and feedback meetings.

Training will also help managers provide open and honest feedback, but when and how often that feedback will be provided should be something that the corporation should institutionalize. A corporation should encourage open and honest feedback to occur as often as needed between employees and their managers, but at least once a month in order for employees to know frequently how their current performance level compares to what is expected by the company. Fostering an environment where feedback is ongoing will reduce the barriers that sometimes exist between managers and employees, thereby making it easier over time for managers to provide constructive feedback to their employees.

Ongoing activities with the forced distribution systems in place should include continued monitoring of performance across departments to insure that rankings are not based on age, ethnicity, sex, or other attributes that would affect any group disproportionately (whether those attributes be legally protected or not). With respect to all legally protected classes, formal adverse impact analyses can also be conducted (Guralnik, Rozmarin & So 2004).

FUTURE DIRECTIONS
More research is needed on forced distribution rating systems. Only a few empirical studies have been conducted (eg Schleicher, Bull & Green 2008; Scullen, Bergey & Aiman-Smith 2005). We encourage further examination of whether forced distribution systems do improve organizational performance. The possible positive and negative effects on morale, teamwork, recruiting and shareholder perceptions, as well as implications for employee turnover should also be explored. More studies on the reactions of the managers who rate employees are also warranted (c.f., Schleicher, Bull & Green 2008), as well as investigations surrounding how these systems are carried out. This information will be valuable and determine the effectiveness of the overall system.

CONCLUSION
Forced distribution systems are bound to continue to stir up a great deal of interest (and in some cases, turmoil) for corporations for some time to come. There are many advantages and disadvantages. If a corporation chooses to implement this type of system, some important issues to consider include making sure that the organizational culture is ready for it, providing adequate training and ongoing support to managers who will be carrying out the system and also taking care to reduce legal risk.

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