An Investigation of the Forced Ranking System (FRS)

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Abstract: This study postulates that forced ranking system for being performance management intervention will be effective to the point that managers and subordinates have shared perception about the corporate goals and the degree to which it meet the needs of both groups. This research project was conducted: a) to critically analyze the forced ranking system being part of PPL corporate system; b) to determine the extent to which forced ranking system has contributed towards employee turnover rate; and c) to assess employee acceptance towards the system of performance management, whether supervisor and subordinates share the same perception towards forced ranking system. The sample study included 55% employees from lower management level and 45% employees from middle management level as a survey of Pakistan Petroleum Limited. Bell curve analysis depict mixed results about forced ranking system whereas questionnaire feedback shows major disliking towards the system by the lower management. However, in general, there was support for the notion that both level of management find this process along with PA to be a worthwhile organizational practice. Approximately 75% of the respondents from lower management and 100% from middle management indicated that they would participate in the appraisal program whether they were required to do so or not for being vital for their organization.

Key words: Performance Management System, Employee Turnover, Forced Ranking System, Forced Distribution, Bell Curve.

INTRODUCTION

1.1 Background Study:
These days the main problem associated with Human Resources Department in E&P Companies is the satisfaction and retention of high skilled manpower. The monetary benefits that are being offered by off shore Companies far supersedes the perks offered by local E&P Company. Over the last few year local E&P companies constantly losing high skilled employees having core competencies to foreign as well as global E&P companies operating in Pakistan.

No existing E&P company can afford loosing a valuable employee to another company, because it can inflicts a considerable damage to an organization. In that situation, Performance Management Systems (PMS) comes into action as one of the measures. Performance Appraisal (PA) and Performance Evaluation (PE) being integral part of PMS, not only provide the management as a tool for measuring the performance of an employee, whether it is aligned with the corporate goal & strategy but also help organization to retain the staff with core competencies and high performers by providing retention-able pay & perk.

This study plans is focused on Forced ranking system being performance evaluation measure along with its impact on employee satisfaction and turnover and will also tried to investigate critical factor behind FRS implementation in any organization in general and Pakistan Petroleum Limited (PPL) in particular who has adopted this system in 2002 to evaluate all management staff during annual appraisal exercise.

A plethora of names have been given to this type of performance evaluation which fundamentally portray the same concept, i.e. a performance evaluation system which is used to rate or rank employees. Some of these concepts evolve around: bell curve, forced distribution, group ordering, forced ranking systems, or normal distribution. ‘Forced Ranking System’ (FRS) term has been used in this study.

1.2 Problem Statement:
Critically important to PPL’s continued success is effective management of Human Resources. The
Performance Management (PM) through Forced Ranking intervention in PPL is conducted to appraise employee’s performance and accountability and at the same time give feedback on their performance since 2002. The Performance Management Program also provides a framework for employee’s training and development needs which could be done over a period of time. But from sometime FRS has been deeply mistrusted by the employee and there are some resentment towards the system.

This study will investigate firstly employee acceptance towards FRS as a whole and its impact on employee turnover rate. Secondly pros and cons will be identified of FRS and will accordingly be analyzed for recommendations.

1.3 Research Objectives:
1. To critically analyze the 'Forced Ranking System'.
2. To find out employee satisfaction level towards 'Forced Ranking System' through analysis of employee turnover rate.
3. To find out 'Forced Ranking System' acceptance level at lower & middle management.

1.4 Research Methodology:
This study is based on case study strategy along with survey strategy and will be conducted on descriptive method of research supported by in-depth interviews of top HR executives at PPL in order to obtain primary data along with questionnaire survey of middle and lower management.

To study the research objectives secondary data will be obtained from Human Resource Department in two forms, firstly last year performance appraisal employee data with ratings and job group to perform analysis on Company wide basis and also on job group basis. Secondly employee addition & attrition statistics will be obtained of last 5 years to study employee turnover rate along with access to employee exit interview summary. Exit interview Summary will provide clear picture that why the employee has left the Organization, with focus on employee appraisal.

1.5 Sampling:
This study is based on employees of PPL. The sample comprises of two stages. First stage consist of 3 in-depth interviews from Senior Executive in HR. The second stage consist of distribution of questionnaires among 100 employees of the company, comprising of general questions regarding the appraisal system and specifically focused on Forced Ranking System. List of staff obtained from HR Department will serve as sampling frame. Questionnaires will be distributed in lower and middle management.

For interviews convenience sampling will be used depending on the willingness, response and availability of top HR management. Whereas, sample for questionnaire Survey will be selected though stratified sampling. The researcher used two strata for the study; Middle management & lower management.

1.6 Scope of the Research and Strategy:
To evaluate the level of acceptance and to study the research objectives pertaining to force ranking system, this study will be based on MPT (management staff) only which comprises of 986 in total. Out of complete population 100 questionnaires will be distribution representing all job groups in lower & middle management i.e. job group 3-6 for lower management and job group 7-10 for middle management.

1.7 Research Limitation:
Currently PMS is only applicable on management staff. Due to this constraint non-management staff is not included in this research. Questionnaire survey will be conducted for staff based at PPL Head Office, Karachi only because of time limitation.

2. Literature Review:
Forced ranking system or Bell curve, has also been referred as ‘Death Curve’ (Meisler 2003) is one of the most popular and controversial performance management intervention, which can be defined as an evaluation method by forced distribution, where managers are required to distribute rating for those evaluated, into a pre-specified performance distribution ranking percentage or normal distribution (Cooper & Argyris, 1998). Whereas, Meisler defines it as a workforce management toll based on the premise that in order to develop and thrive, a corporation must identify its best and worst performers, then nurture the former and rehabilitate and/or discard the latter.

It is always critical to the success of any organization that it should identify, reward and retain top talent and also make sure that none of the jobs are blocked by an individual who does not have the required
Fayol also includes the concept of ‘Equity’ or ‘Just System’ where if an employee perceives that some injustice to employee satisfaction and turnover intention (Taylor 1995). The fourteen points of management of Henry in long term (Vigoda, 2000). Capturing past evidence, Taylor support the idea that procedural justice is related to employee’s acceptance for performance appraisal system is very important, as disliking towards it can negatively affect the job performance (Vigoda 2000), and also employee satisfaction (Taylor, et al.1995). More structured and defined performance appraisal will consequently increase employee job satisfaction and will decrease employee turnover which will bring more effectiveness in the organization. Organization failed to provide proper goals, feedback and evaluation on performance has generally more dissatisfied employees (Ahmed 2010). Any performance system along with well defined ranking system integrated with overall capability of making an outstanding contribution (Grote, 2005). It can be suggested that the intention of implementing a FRS is in fact to improve the organization’s performance by fairly rewarding top performers and to help improve contribution of low performers or to remove them for being dead wood.

Former Chief Executive Officer of GE, Jack W. has refined this concept in corporate world. He was of point that the bottom 10% of employees should be scratched every year. According to some estimates, FRS is now being practiced in 20% of all US business organizations and up to 25% of Fortune 500 firms are using FRS (Osborne & McCann 2004; Bates 2003; Meisler 2003; Gary 2001). According to the study published in Business Journal of Jacksonville suggested that 60% of respondents indicated that their companies are using FRS (Hadden 2004). The big name includes General Electric, Microsoft, Cisco Systems, HP, Intel, Amex, Sun systems and Fords (Guralnik, Rozmarin & So 2004; Bates 2003 & Meisler 2003). Unfortunately no such statistics or empirical studies are available in context of Pakistan as it is still a fairly new concept.

An Organization using FRS conducts it on its own set of rules and criteria with different percentages and point scale, which they feel appropriate for their PMS. For example, General Electrics has a dividing percentage i.e 20-70-10. That shows 20% of employees are in the above average category whereas 70% in the average and 10% in the below average category. Ford Company grade its employees on 5 point scale to divide it into A, B & C ratings (Bates 2003), as for PPL, they rate employees on five different scales with percentage distribution of 5-20-60-10-5 where only 5% of the total workforce can be graded as outstanding performers and also 5% can be graded as poor performers (PPL; HRD 2010). Even Microsoft uses 5 point scale to rate its employees. Performance criteria revolves around objectives that are set for performance review period (e.g., a goal for a salesperson to generate Rs. 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) (Stewart, Susan 2010). Bates research on General Electrics shows that top performers outperform average workers by forty to one hundred percent and that below average performer drain profits by reducing productivity even further (Bates 2003). This creates clear understanding that by eliminating non-performers or deadwoods organization can improve the productivity and ultimately the profit. In such cases organization uses the rating assigned in order to highlight, who will be laid off or fired. Krames research states that, ”...GE grades all of its employees and the bottom 10 percent is summarily fired (Krames 2002)'. On basis of this elimination process of least valuable employee, FRS has also been termed as ‘rank and yank’ by Osborne & McCann. According to Schleicher, Bull and Green (2008) FRS was found by participants to be less transparent in nature and more difficult than traditional PMS scales.

Appraisal ratings assigned by the departments are then blended together to have an overall rating structure of the organization which should be aligned with the overall criteria for FRS. Rating also can be given to employees on job / group basis from best performer to least performer, termed referred as a “totem pole” approach (Olson, Davis 2003) and on the basis of those ratings manager decides who should be removed. Boyle explained this phenomenon as managers should have the ability to make these difficult choices without a system forcing it upon them. Abelson has referred that discussion as ‘lifeboat discussion’, when organization has to choose employees they would want with them if stuck in a lifeboat (Abelson 2001). The great value of the procedure is not in the ranking itself, it’s in what actions result from the ranking decisions (Grote 2005).

2.1 How Employee Turnover Is Related to FRS:

A study by Ahmed & Hussain conducted on SGOs have supported the hypotheses that PMS is positively related to employee job satisfaction and negatively related to turnover intentions.

Employee’s acceptance for performance appraisal system is very important, as disliking towards it can negatively affect the job performance (Vigoda 2000), and also employee satisfaction (Taylor, et al.1995). More structured and defined performance appraisal will consequently increase employee job satisfaction and will decrease employee turnover which will bring more effectiveness in the organization. Organization failed to provide proper goals, feedback and evaluation on performance has generally more dissatisfied employees (Ahmed 2010). Any performance system along with well defined ranking system integrated with overall corporate goals and merged with Human Resource best practices will enhance employee acceptability towards the system.

One of the vital elements of FRS is the aspect where managers must be of the view of applying FRS consistently across employees, without any external factor / pressure or personal biasness. When subordinates are not satisfied or unfairly treated they will react by changing job attitude and which leads to job switching in long term (Vigoda, 2000). Capturing past evidence, Taylor support the idea that procedural justice is related to employee satisfaction and turnover intention (Taylor 1995). The fourteen points of management of Henry Fayol also includes the concept of ‘Equity’ or ‘Just System’ where if an employee perceives that some injustice
has happened with him/her then it will be a major de-motivating factor damaging the employee’s job satisfaction and job efficiency.

2.2 What Makes Forced Ranking System Successful:

When an organization has to decide on what sort of performance evaluation system to use and if even want to opt for FRS, it has to critically weigh the advantages against the disadvantages. This section will focus on those factors which helps an organization to decide whether to adopt FRS as evaluation process for performance appraisal. List of benefits for any organization who implement FRS as evaluation system depends upon how the organization is able to create understanding of this system among employees and especially to managers.

FRS helps in eliminating some of the most common error done by managers while rating subordinates, such as leniency error, when all are given outstanding or good rating or severity error when all employees are assigned poor or marginal rating (Landy 2010). Most common form is leniency error which occurs when managers may not want to justify the rating to the staff and this way they avoid confrontation with their subordinates. This also happens when managers spend less time on appraisal or give less priority to it. In FRS all ratings are assigned under certain percentage of employees in each defined category, such error can be avoided or may not occur as extensively.

One of the advantages of FRS is that this system ensures that all the employees are rated under same criteria rather than individual manager using their own preferences to rate, this will leads to more objective outcome of the process. All raters are bound by the FRS rules and will bring more objectivity to the PMS and employees will also have exact idea of his increment and reward if he performs well or vice versa.

Transparency in FRS will provide platform for more candid and open communication between managers and subordinates so that they know where improvement is needed. Greatest disservice is that when employee become victim of his supervisor who does not give routine feedback on the performance. FRS highlights the mandatory part by providing periodic feedback to employees this way they wont end up in uncomfortable zone at the end of the appraisal period when supervisor try to explain why some have to rated less while adjusting bell curve. Periodic feedback regarding performance help employees to understand in reference with others doing same type of work and may be one of the key factors in improving their performance. It is a role of manager to guide the employees and let them know what to do and also how to do job effectively. One of the key outcomes of FRS is that an organization needs to create effective developmental practices to accelerate career growth (Grote 2005)."

One of the vital factors behind FRS is that it helps the management to identify its peak performers and reward accordingly in a distinguish manner (Guralnik & Wardi 2003). Ratings are used to allocate annual increment and also to identify employees who are ready for promotion. If an organization wants to retain its outstanding performers in that case there is a need to substantially differentiate between best from worst. Distinctive and differentiate level of reward and remuneration between top performers and those who are not up to the mark can ultimately help the management to retain best and brightest. Macdougall highlights one more aspect of FRS by stating in his research that turnover of employees having core competency for an organization may be minimized since the employees that help the organization to achieve its corporate goals can be clearly identified and rewarded.

When employees do not perform up to the desired mark, they may be transferred to another department or are continuously moved around. FRS does not provide any umbrella of such stance but helps management to weed out the worst end of the bell curve or otherwise they may pull down the entire group, hampering the overall effectiveness of the department.

The positive side in identifying the worst performers is that those individuals are just not right in the right job and possibly can identify suitable position in any other company that are better matched with their level of competencies and skills (Macdougall 1991).

3. Data Findings & Analysis:

3.1 FRS on Company Wide Basis:

Commentary:

Bell curve is plotted on Company wide basis under predefined percentages as mentioned in table 1. Analysis shows that in actual company has not followed the preset standards of FRS while grading the employees. 'Actual Rating' remained different from 'Proposed Rating'.
When the matter was investigated with top HR Executives, they were of view that:
Most of the departments do not have enough workforce to support FRS and hardly comprises of 10 to 20 staff. In that case rating 'A', 'D' and 'E' are mostly affected.
Few managers are reluctant in assigning 'D' and 'E' ratings to their subordinates in order to avoid confrontation.

![Bell curve on company wide basis.](image1)

**3.2 FRS on Management Level Basis:**

![Top management level wise Bell Curve.](image2)

**Commentary:**

More astonishing trend was analyzed by placing rating of employees on management level basis. A very prominent difference can be observed in top Level management rating distribution structure against lower management rating distribution.

While assigning annual appraisal rating, departmental heads being part of departmental forced ranking proportion, retains 'A' or 'B' rating slot for themselves. Figure 3.2c of lower management staff clearly depicts that out of 32 proposed 'A's only 3 are given in lower level of management and same trend can be seen in rating 'B'. Whereas against defined numbers in Figure 3.2a only 10 staff were allowed for 'B' rating, against which 33 staff were given rating 'B'. A clear disparity in bell curve distribution was observed. When matter was investigated through HR management they support the above mentioned context at extend when few managers deliberately block the higher rating for themselves. To further analysis, data was further divided into job groups of top level management i.e. PPL Job Group from 11 to 13 and lower level management i.e. from Job Group 3 to 6.
Fig. 3.2b: Middle management level wise Bell Curve.

Fig. 3.2c: Lower management level wise Bell Curve.

3.3 FRS - Job Group Wise Bell Curve:
3.3.1 Top Management:

Fig. 3.3.1a: Job Group 13 Bell Curves.
Fig. 3.3.1b: Job Group 12 Bell Curves.

Fig. 3.3.1c: Job Group 11 Bell Curves.

3.3.2 Lower Management:

Fig. 3.3.2a: Job Group 6 Bell Curve.
Fig. 3.3.2b: Job Group 5 Bell Curve.

Fig. 3.3.2c: Job Group 4 Bell Curve.

Fig. 3.3.2d: Job Group 5 Bell Curve.

**Commentary:**
Comparison of job groups in top management with job groups of lower management clearly shows the disparity in assigning annual appraisal ratings. By comparing bell curves of top management in Figure 3.3.1 with lower management on Figure 3.3.2 it is clearly evident that managers are retaining best ratings for themselves or not following guidelines to adjust rating according to FRS.
3.4 Respondents’ Profile:
86 questionnaire responses have been received against sample size of 100 (Middle Management 37 & Lower Management 49).

Fig. 3.4a: Middle management response.

Fig. 3.4b: Lower management response.

Commentary:
It has been observed that lower level of management is much more dissatisfied with the FRS as compared to middle level management. As 67% respondents in lower management and 32% from middle management are of view that FRS does not portray their actual performance, their ratings have been affected due to the bell curve and at times manager do not take their subordinates in confidence while assigning ratings and that percentage at lower management side is astonishingly high i.e. 65%.

Bottom line for both the management level is same that FRS may affect their career development if not conducted properly and but on contrary it is vital for the organization.

Further analysis is as follows:

Table 3.4: Questionnaire responses from Middle & Lower Management.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Questions</th>
<th>Middle Management</th>
<th>Lower Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>1</td>
<td>Are you satisfied with the your annual performance appraisal?</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>2</td>
<td>Do you know that PPL is using Forced Ranking System i.e. Bell Curve as a Performance Measure?</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>3</td>
<td>Do you know how Forced Ranking System / Bell Curve works?</td>
<td>16%</td>
<td>84%</td>
</tr>
<tr>
<td>4</td>
<td>Are you comfortable with the method of Forced Ranking System / Bell Curve?</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>5</td>
<td>Have you ever registered your disliking towards forced ranking system with your line manager?</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>6</td>
<td>Do you think Forced Ranking System/Bell Curve depicts your actual performance?</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>7</td>
<td>Have your annual performance rating ever been effected by the Forced Ranking System / Bell Curve?</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>8</td>
<td>Do your line manager takes you in confidence while assigning annual performance rating?</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>9</td>
<td>Do you think that Forced Ranking System / Bell Curve can affect your career development?</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>10</td>
<td>Do you think that appraisal system and evaluation process is vital for your organization</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
3.5 Employee Turnover:

Table 3.5a: Year wise attrition (planned / unplanned) from 2005 - 09.

<table>
<thead>
<tr>
<th>Period</th>
<th>Se</th>
<th>Je</th>
<th>Total</th>
<th>Attrition (%)</th>
<th>Se</th>
<th>Je</th>
<th>Total</th>
<th>Attrition (%)</th>
<th>Staff</th>
<th>Attrition (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN-DEC 09</td>
<td>924</td>
<td>31</td>
<td>50</td>
<td>3.90</td>
<td>4</td>
<td>9</td>
<td>13</td>
<td>3.41</td>
<td>71</td>
<td>5.30</td>
</tr>
<tr>
<td>JAN-DEC 08</td>
<td>840</td>
<td>25</td>
<td>50</td>
<td>5.95</td>
<td>2</td>
<td>9</td>
<td>21</td>
<td>3.60</td>
<td>51</td>
<td>8.45</td>
</tr>
<tr>
<td>JAN-DEC 07</td>
<td>804</td>
<td>25</td>
<td>41</td>
<td>5.10</td>
<td>15</td>
<td>7</td>
<td>22</td>
<td>2.74</td>
<td>63</td>
<td>7.84</td>
</tr>
<tr>
<td>JAN-DEC 06</td>
<td>733</td>
<td>13</td>
<td>25</td>
<td>4.77</td>
<td>12</td>
<td>7</td>
<td>19</td>
<td>2.34</td>
<td>47</td>
<td>6.41</td>
</tr>
<tr>
<td>JAN-DEC 05</td>
<td>708</td>
<td>10</td>
<td>26</td>
<td>3.67</td>
<td>4</td>
<td>10</td>
<td>14</td>
<td>1.96</td>
<td>36</td>
<td>5.08</td>
</tr>
</tbody>
</table>

Table 3.5b: Year wise attrition (planned / unplanned) for technical staff in core areas from 2005-09.

<table>
<thead>
<tr>
<th>Function</th>
<th>Period</th>
<th>Staff as Resigned at 30 Dec</th>
<th>Resigned (Unplanned)</th>
<th>Retired (Planned)</th>
<th>Total Attrition (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Staff</td>
<td>2009</td>
<td>105</td>
<td>2</td>
<td>2</td>
<td>1.90</td>
</tr>
<tr>
<td>with core</td>
<td>2008</td>
<td>95</td>
<td>9</td>
<td>3</td>
<td>9.47</td>
</tr>
<tr>
<td>competencies</td>
<td>2006</td>
<td>76</td>
<td>9</td>
<td>2</td>
<td>11.36</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>82</td>
<td>5</td>
<td>1</td>
<td>6.10</td>
</tr>
</tbody>
</table>

Commentary:

Table 3.5a shows the overall employee turnover rate including planned and unplanned attrition. Whereas table 3.5b is more focused on staff having required level of core competencies / skills and have been marked as vital for organization sustainability. Trend in table 3.5b shows that before 2009 staff earmarked for higher increments has also left the company, even further analysis shows that the staff resigned in 2009 (highlighted in grey) were promoted in the same year and even their salaries were on 76 percentile of the industrial average, which is on a very higher side as compared to other organizations operating in Pakistan.

4. Critical Analysis (CA):

CA # 1:

As identified by the research, FRS is not meant for small sample size. The bell curve works more ideally on large sample size. A large sample size may consist of employees ranging between 50 to 70 or more.

Finding shows that, employees in a small group will suffer more if specific number must be given below average rating than they would get in other group of large sample size. This happens because the FRS requires set number of employees to be filled into each scale or category. On the other hand, if same average employee belongs to a small group and may be artificially inflated and rate in top 5% or 10% for the same reason. Bottom line is that even in a highly potential and talented group, someone has to be placed at the bottom, typically 5% to 10% of the total group strength. When employees rating is artificially inflated and provided higher rating being part of average work group, they are not going to stretch, because their manager and their ratings are telling them that they are already at the top level.

Now the question arises whether or not organization has the right people in the right section of the bell curve in light of above argument.

CA # 2:

Researcher based this observation on the perception of managers towards the FRS. Manager excuse for any of his / her employee should received any thing below average rating, rather than taking responsibility for helping bottom ranked employees to develop and improve and that trend can be seen in findings when less employees are given ‘D’ and ‘E’ rating as proposed under the FRS. This will lead to a more alarming situation when overall distribution becomes a crutch for poor management. Departmental heads should be held accountable for development of their staff. Situation further intensifies when manager do not buy the logic behind FRS. If stakeholders do not contribute towards the system, then the entire process of PMS will be at risk.

CA # 3:

All managers and departmental heads are required to compare employees to one another in order to place them in distribution. If employees in performing team which comprises of all truly outstanding performers are rated accordingly and then there is another group of lesser performers whose ratings are also divided on the spectrum of best to worst being mandatory function of FRS. This will create anomaly when employees of both
group are compared with each other. It creates dissatisfaction towards the system which has been supported by analyzing questionnaire survey.

Further to the above, findings also shows that FRS will work much more effectively when ranking is done on job group level rather than on departmental basis. For example it is not easy to compare the performance of a Chief Officer with an Assistant Officer of the same department. While it is not difficult to compare the significance of the two jobs for the organization (with most agreeing that the Deputy Chief role is much more valuable to the company), it is not so easy to compare the level of performance a Chief Officer and an Assistant Officer has in their specific job tasks.

FRS allows any organization to offer distinguished rewards to its top performers. Compensation is not the only reason that employees leave one organization for another. Study of employee turnover and analysis of exit interviews shows that 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, immigration opportunity, an ill parent, or a desired career change, just to name a few. While a FRS may reduce an organization's turnover rate of their above average performers, it is important to keep in mind that there are many other factors at play.

CA # 4:

Once the FRS is in place for few years and the weakest link in organization has been weeded out, then it will become more complicated for the organization to distinguish between 'superb' and 'outstanding' performers as some has to be at the bottom of the bell curve and not all can be out performer. At that point there is a need for organization to rethink about their FRS when all poor performers are no longer with the organization.

Another danger is that it can start cutthroat competition among the employees. It may also increase level of job insecurity among employees based on the company policy to weed out certain percentage of performance that ends up at the bottom after appraisal exercise. This can create toxic culture and also lower moral within the organization. It can further lead to undermine teamwork and disaster for the organization who uses matrix based team work, where all units or groups have to work together to develop new products or services. This can even restrict good performers to take up new difficult challenges, which may be more risky if they are not successful and may be rated in lower performance category.

CA # 5:

Study shows that many organizations have faced tremendous legal challenges due to this system (Guralnik & Wardi 2003), because of the potential lawsuits it has been discontinued.

Then the question arises, when FRS is widely acceptable by so many renowned organizations and successfully practiced by many, then what about those who have discontinued it. Acceptability by the appraiser as well as appraise is the most probable answer. It is easy to see how these issues make the system seem unfair and illogical to employees and perhaps even to the management.

Before implementing FRS top management needs to make sure that organizational culture is ready for implemented. FRS implementation is an evolution. Organizational readiness and its values such as nurturing an environment of open communication and feedback plays a vital role whether a company should adopt such a system and in how smoothly the system can be implemented and accepted.

4.1 Other Key Findings:

1. No quarterly or bi-annual review for staff having ‘D’ & ‘E’ exist in PPL.
2. No proper follow-up mechanism exist for below average staff.
3. It has been observed that no permanent staff has ever been terminated on basis of performance, despite of fact they are around 11 employees who have been assigned ‘E’ rating several times in a row.
4. No staff in job group 3 and 4 was awarded ‘A’ rating and moreover one ‘A’ grader is in job group 5 and two in job group 6 out of proposed numbers of 11 and 8, respectively. This clearly supports the view of biasness while assigning appraisal rating to lower management staff. It is hard to comprehend that no above average performer exists in lower level of management.
5. No proper follow-up was conducted by HRD during the annual appraisal exercise. Therefore, bell curve even on organizational level is not as per defined criteria of FRS.
6. Lowe management staff responses show some level of resentment towards the system and even most of the times they don't even log complain with their managers.
7. PPL culture is not ready for FRS, where staff hesitate in expressing his/her viewpoint reading their performance to the line manager and sometimes even managers do not consult with subordinates while assigning annual performance rating.

5. Conclusion and Recommendations:
There are number of advantages and disadvantages of FRS depending upon the readiness of the Organization. If any organization chooses to implement FRS, it should consider following issues:
- Organizational culture and its readiness for FRS
- Requirement of adequate training to all managers
- Availability of Ongoing support to all managers by HRD as a part of organization in order to carry out the employee assessment properly.

There are several factors that should be kept in mind while conducting performance appraisal and evaluation. Evaluation is supposed to be an “on-going process” on daily or quarterly basis, rather than just an annual exercise. HR and managers must consider FRS as a means for development and motivation and not only a guideline for remuneration and promotion / demotion or even termination. Most importantly compensation is not the only potential reason why employees leave one organization for another. To make FRS more acceptable to all concerned, it has to be treated both on a performance centric as well as a “grade or job group” centric criteria, against which all staff are assessed in their respective jobs and avoided to be compared with employees in higher job groups. Essential consideration should be given to the fact that an effective performance management system needs to be in place before forced ranking is implemented.

The term “Forced Ranking System” portrays a negative connotation and phrase itself seems harsh. It is recommended that more positive word should be used for this type of system like ‘competitive scaling’ or may be ‘talent evaluation system’.

It is pertinent to mention that much more research is needed on FRS to assess its applicability as well acceptability in Pakistan scenario. In Pakistan no such empirical study exists and researcher encourage further research, whether FRS really improve the organizational performance. The possible impact on morale, teamwork along with reactions of the managers who rate employees should also be explored. This information will definitely be important and will help to determine the effectiveness of the FRS as a whole.

To conclude this research and its conclusions, besides all wrangling, there is also a vital question: Is forced ranking the best and only mean of improving the average quality of the workforce?

REFERENCES