

PSYCH 272-1
File 21 c.2
1 page

WORKING

'The overriding purpose is to improve company performance. And that is by recognizing your best performers and rewarding them and also recognizing the people who aren't quite there.'

Goodyear spokesman Keith Price

'When I asked what I needed to do to improve, no one had a clue. And from then on it became a hostile environment. They were looking for anything they could to use against you.'

Former Goodyear worker Jim Sykora

Is it really fair to grade workers on a curve?

By Rachel Osterman
Tribune staff reporter

A senior engineer at Goodyear Corp., Jim Sykora had led a project that resulted in 1.4 million tire sales. So the 56-year-old Detroit resident was surprised when he received a mediocre "B" ranking from his manager.

He was even more surprised when he got the worst grade—a C—the following year.

"When I asked what I needed to do to improve, no one had a clue," Sykora said. "And from then on it became a hostile environment. Everything you did was under a microscope. They were looking for anything they could to use against you."

And then he was fired.

Sykora's complaint is an increasingly common one. About 34 percent of firms now make frequent use of "forced rankings," up from 13 percent in 1997, according to a study by Pittsburgh-based Development Dimensions International.

Forced rankings are essentially performance review systems that require managers to rank employees against each other along some sort of bell curve. At General Electric, for instance, 20 percent of employees are rated outstanding each year, 70 percent are grouped in the middle, and 10 percent are in need of improvement.

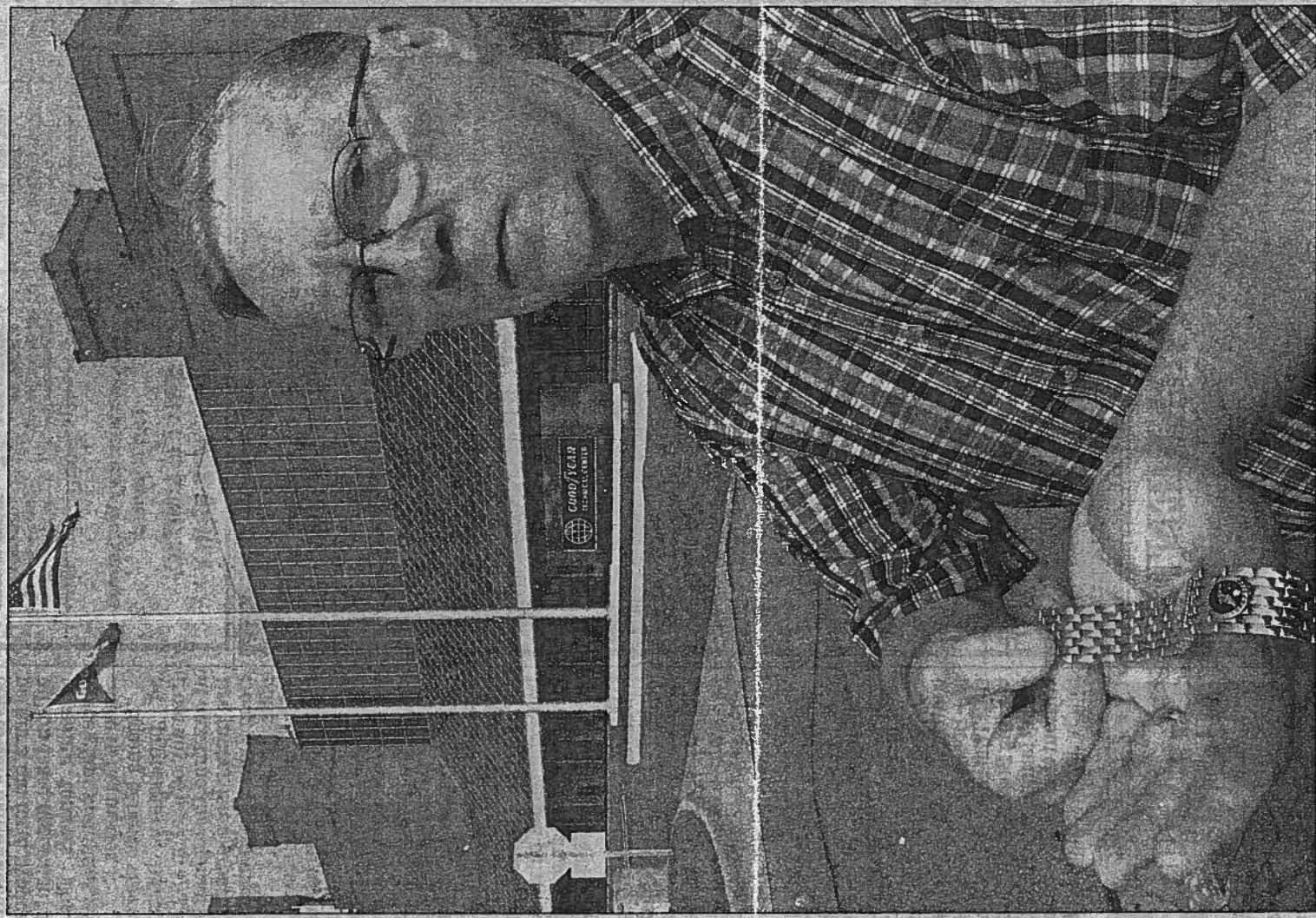
By ranking employees from best to worst, it can make it easier for a company to determine which employees to cut and which to promote and reward with raises. But the rankings also are inspiring dread of job reviews among employees, who fear a subpar rating will mean a pink slip. Plus, they're inciting discrimination charges countrywide.

Driving the surge in forced rankings, experts say, has been the weak economy. "In a down economy more attention is paid to performance reviews and filtering out the performers who aren't meeting standards," said Bob Rogers, who headed the DDI study.

But many experts question the effectiveness of such systems. For one, employees think it doesn't work. Only 20 percent of employees say that performance is fairly compensated when forced rankings are used, said Rabin Jesuthasan, a consultant at Towers Perrin who has studied the issue.

At the same time, Jesuthasan said, 80 percent of senior managers and human resource executives believe such systems accurately identify the highest achievers. "So there's a sizable disconnect," he said.

And some experts think such get-tough systems actually may be counter-productive. "What happens is most people think they're above average, so if you have a forced distribution where some people are rated average or below average, people will think they're rated unfairly," said Paul Spector, a professor of industrial psychology at South Florida University.



AP photo by Phil Long

Jim Sykora, 56, thinks he was fired by Goodyear Corp. because of his age, not his performance. He said he had to pick up his watch for 35 years' service from the information desk.

"Research shows that performance gets worse because employees feel it's unfair" and their contributions are not appreciated, he added.

Employees, too, have argued that the systems favor some groups of employees over other ones—such as younger managers over older ones or white males over blacks and women. From Microsoft to Conoco to Ford, employees have filed class action suits. And they've been costly.

Take the example of Ford. Ford Motor Co. agreed in 2001 to pay \$10.5 million to settle lawsuits brought on by 630 employees. Ford's white-collar performance rating required that supervisors assign 10 percent of their employees the lowest performance ranking, a grade C.

"None of us had ever been told that we were anywhere near poor performance," said Jane Laird, an electrical engineer at Ford who joined the suit after receiving a C. "Which is why when this happened we knew there had to be a reason other than performance."

Research shows that performance gets worse because employees feel it's unfair and their contributions are not appreciated, he added. Employees, too, have argued that the systems favor some groups of employees over other ones—such as younger managers over older ones or white males over blacks and women. From Microsoft to Conoco to Ford, employees have filed class action suits. And they've been costly. Take the example of Ford. Ford Motor Co. agreed in 2001 to pay \$10.5 million to settle lawsuits brought on by 630 employees. Ford's white-collar performance rating required that supervisors assign 10 percent of their employees the lowest performance ranking, a grade C.

"None of us had ever been told that we were anywhere near poor performance," said Jane Laird, an electrical engineer at Ford who joined the suit after receiving a C. "Which is why when this happened we knew there had to be a reason other than performance."

Research shows that performance gets worse because employees feel it's unfair and their contributions are not appreciated, he added.

Employees, too, have argued that the systems favor some groups of employees over other ones—such as younger managers over older ones or white males over blacks and women. From Microsoft to Conoco to Ford, employees have filed class action suits. And they've been costly.

Take the example of Ford. Ford Motor Co. agreed in 2001 to pay \$10.5 million to settle lawsuits brought on by 630 employees. Ford's white-collar performance rating required that supervisors assign 10 percent of their employees the lowest performance ranking, a grade C.

"None of us had ever been told that we were anywhere near poor performance," said Jane Laird, an electrical engineer at Ford who joined the suit after receiving a C. "Which is why when this happened we knew there had to be a reason other than performance."

Research shows that performance gets worse because employees feel it's unfair and their contributions are not appreciated, he added.

Employees, too, have argued that the systems favor some groups of employees over other ones—such as younger managers over older ones or white males over blacks and women. From Microsoft to Conoco to Ford, employees have filed class action suits. And they've been costly. Take the example of Ford. Ford Motor Co. agreed in 2001 to pay \$10.5 million to settle lawsuits brought on by 630 employees. Ford's white-collar performance rating required that supervisors assign 10 percent of their employees the lowest performance ranking, a grade C.

"None of us had ever been told that we were anywhere near poor performance," said Jane Laird, an electrical engineer at Ford who joined the suit after receiving a C. "Which is why when this happened we knew there had to be a reason other than performance."

Research shows that performance gets worse because employees feel it's unfair and their contributions are not appreciated, he added.

Employees, too, have argued that the systems favor some groups of employees over other ones—such as younger managers over older ones or white males over blacks and women. From Microsoft to Conoco to Ford, employees have filed class action suits. And they've been costly.

Take the example of Ford. Ford Motor Co. agreed in 2001 to pay \$10.5 million to settle lawsuits brought on by 630 employees. Ford's white-collar performance rating required that supervisors assign 10 percent of their employees the lowest performance ranking, a grade C.

"None of us had ever been told that we were anywhere near poor performance," said Jane Laird, an electrical engineer at Ford who joined the suit after receiving a C. "Which is why when this happened we knew there had to be a reason other than performance."

Research shows that performance gets worse because employees feel it's unfair and their contributions are not appreciated, he added.

Employees, too, have argued that the systems favor some groups of employees over other ones—such as younger managers over older ones or white males over blacks and women. From Microsoft to Conoco to Ford, employees have filed class action suits. And they've been costly.

Take the example of Ford. Ford Motor Co. agreed in 2001 to pay \$10.5 million to settle lawsuits brought on by 630 employees. Ford's white-collar performance rating required that supervisors assign 10 percent of their employees the lowest performance ranking, a grade C.

"None of us had ever been told that we were anywhere near poor performance," said Jane Laird, an electrical engineer at Ford who joined the suit after receiving a C. "Which is why when this happened we knew there had to be a reason other than performance."