

BELL CURVES FOR PERFORMANCE APPRAISALS: ARE THEY STILL RELEVANT?**J.J. Kadam**MVP's Institute of Management Research and Technology Nashik, MS, India
kadamnirmal@gmail.com**ABSTRACT**

Bell curves based on statistical normal distribution are the traditional way of employee performance appraisals. The bell curve categorizes the employees into three sets – top 20% performers, average 70% and bottom 10%. Bell curve-based appraisals have certain advantages and certain disadvantages. On one hand, the benefits are identifying top performers, removing manager bias, finding suitability of jobs and identifying training needs. On the other hand, the disadvantages are – unsuitability for team work, inaccurate assessment, demoralizing for employees and too rigid as an approach. Due to these disadvantages, bell curve appraisals are becoming irrelevant. There are better approaches which support employee confidence, promote collaboration, and encourage team efforts, rather than make individuals compete with each other.

Keywords: Bell curves, performance appraisals, top performers, average performers, bottom performers

Introduction

The Bell Curve represents what statisticians call a "normal distribution." A normal distribution is a sample with a large average in the middle and an equal number of above and below average. This model assumes that there will be a tiny number of individuals with exceptionally low performance and extremely high performance.

While productivity of employees has been measured since the start of the industrial revolution, the bell curve gained popularity when Jack Welch, the famed CEO of GE executed this inside his organization. The idea has various names like stacked ranking, forced ranking, rank and yank and the vitality model and is depicted as a "20-70-10" system by GE. It says: The "best" 20% of the workforce is highly productive, and 70% (the "vital 70") work adequately. The other 10% ("base 10") are nonproducers and ought to be terminated. This system, while credited with increasing GE incomes 5 times, has been labeled as excessively harsh, said to affect employee morale and has been the subject of a fierce debate. Each coin has 2 sides and the same applies to Bell Curve Performance Management as well (Empxtrack.com, 2016).

Benefits of bell curve performance management

- 1) Identify top performers through bell curve grading
- 2) Removes manager bias

- 3) Identify Suitability of Employees in a Job Position
- 4) Manage training needs

Literature Review

There is considerable research on bell curve performance appraisals. Below are a few abstracts from the recent literature.

Deshmukh and Patel (2019), have posited that, the main competitive advantage any association can have, is its human capital. The organizations that realize how to recruit, deploy, develop and retain this most esteemed asset, will prevail in this world. Performance Management System is one such device that assumes an essential part in evaluating, developing and retaining of the employees. Today's association need to consider Performance Appraisal System that surveys the performance of employees impartially, inspires them to perform better, permits them to develop required information, abilities and capacities and in particular assists the organizations with retaining the high performers. This paper means to contemplate Bell Curve Method of Performance Appraisal which is generally utilized for this reason, and any options that can assist the organizations with evaluating its employees better, subsequently assisting them with developing and retain the high performers.

Parshuram and Hegde (2021), have argued that, basically, the goal of the Bell Curve is to institute a customary and established set of

causal claims. The strategy of the bell curve is typical of a lot of current and modern-day social science and is therefore fundamentally and intrinsically defective. Better techniques are obviously available for causal inference from observational data. Notwithstanding, those techniques would not yield causal ends from the data utilized in the formal analyses in The Bell Curve. When joined with presence of mind and other information as far as qualitative data, the analysis of the discoveries of the Bell Curve would perhaps be more meaningful and practical in the current setting of a highly competitive world. The arguments in favor of the Bell Curve are: first, that intelligence is largely inherited, fixed, and distributed unequally across groups; second, that it is addressed by a solitary measure of reasoning and rational ability (the General Intelligence, or, the g factor) that is predictive of life success; and third, that it is not substantially affected by education, health care, or other environmental factors. In any case, it is very notable that (a) education makes a profound contrast in attainment; (b) educational opportunities are more unequally distributed and (c) when employees have equal access to high-quality resources, trainers and training, as well as helpful climate for development, disparities in achievements narrow sharply.

Patil and Chattalas (2019), have opined that, this paper proposes another performance evaluation system - Eudaimonic Performance Review (EPR) System against the conventional bell curve system. EPR system is based on three ideas - goals compatibility, neutralizing power distance and real time modeling. Discoveries show that a significant percentage of employees go against the bell curve and seek EPR system. This research is quick to propose a real time PR model.

According to Agrawal (2019), the motivation behind the present article is to understand current patterns in performance management. For this reason, view of professionals providing knowledge services are analyzed. In the present article, feedbacks are gathered from center level executives and HR professionals on measurements, namely, performance planning, goal setting process, review process, reward discussion, and so forth. In the present work, qualitative method is applied with

multiple case studies. The idea behind is to understand the current aspects, challenges, and the strategies applied by the organizations. Data were gathered from nine companies from various sectors like information technology and information technology enabled services (IT/ITES), consulting, and financial service providers. The outcomes revealed that companies are open in goal setting process and give employees a great deal of adaptability as what ought to be their goals and objectives. They have faith in continuous improvement in all the processes, regardless of whether it is goal setting or continuous feedback system. Goals may change or can be distinctive for onsite and offsite professionals according to the necessities of the customers. Many firms had taken out bell curve from their system. Professionals saw the performance management systems should be internally aligned, and yet pointed towards a requirement for improvement in the way feedback are communicated. The new pattern is found as far as usage of state-of-the-art technology even in human resource functions, which gives them better outcomes.

According to Mitchell (2019), this research dissertation was led to investigate the practice of rating or ranking employees' performance as part of the annual appraisal process, primarily zeroing in on High-tech, multinational organizations. The motivation behind this research is to decide if this practice is as yet a vital driver of employee and thus organizational performance or is it simply an outdated practice, have companies who are moving away from this practice made the right decision. This researcher led six meetings with HR professionals from six distinct High-tech, multinational organization and utilized qualitative methods to choose if the practice of assigning performance ratings is in fact outdated and never really drives employee engagement or performance. The overall outcomes indicate that many High-tech organizations have already abolished or are currently abolishing performance ratings as part of their performance appraisal process. Inevitably, the outcomes indicate that assigning performance ratings create a feeling of labeling individuals which can be demotivating for employees. The research revealed topics

including forced distribution and the utilization of bell curves.

Moreover, Chillakuri (2020), Hassan and Siddiqui (2020), Pambudi et al. (2020), have dealt with various aspects of bell curve performance appraisal.

Disadvantages of bell curves

1) Teamwork does not count: In organizations where work is more team driven, the bell curve performance ranking system won't work. For example, an employee may score higher on the curve than a colleague in the team. This gives the employee an unfair superiority over his/her associates, and the collaborators will start to fall under average company rating standards. Performance appraisals ought to therefore be led on an individual's expectations comprehensively, not on the group distribution scale that bell curves require.

2) Inaccurate and unfair assessments: At the point when teams surpass performance expectations, it is impractical to measure performance accurately on the bell curve. Inaccurate assessment of employee performance can then lead to higher probationary periods or increased turnover rates. The utilization of the bell curve can be so off the mark, that more resources and cash may get spent on recruiting and training new employees instead of working with individuals from the team individually to refine performance.

3) Forced rankings are very demoralizing: The bell curve method risks diminishing the top performer's value while inflating the value of middle performers. The bell curve provides a forced ranking of employees that distinguishes stellar performance from the performance that is average or below par. This affects employee morale as the bell curve forces groups top and low performers regardless of their actual performance. Employees who fall in the middle of the curve make up 80% of the team population, forcing the organization to allocate a budget to zero in on mid-value employees.

4) It is too rigid an approach: The bell curve model in performance management is too rigid an approach for assessing employee performance. Sometimes managers need to place employees in explicit gradients only for the sake of bell curve prerequisites. Managers

can just have a set number of employees in the top performers' category. Therefore, employees who may have done exceptionally well over time may be forced to be categorized in the average performers' category to meet some valid bell curve necessities. This can be a serious dampener to their morale. This happens more often when the teams are small, and can lead to employee dissatisfaction, and could even cause a great employee to look for acknowledgment at an alternate company.

Bell curves are irrelevant at best. The bell curve performance appraisal is so passé. Presently, there are more powerful, well-informed performance appraisal systems that can all the more likely assess performance, support employee confidence, promote collaboration, and encourage team efforts, rather than make individuals compete with each other (profit.co, 2021).

Conclusion

Bell curves based on statistical normal distribution are the traditional way of employee performance appraisals. The bell curve categorizes the employees into three sets – top 20% performers, average 70% and bottom 10%. Bell curve-based appraisals are a doubly edged sword. On one hand, it has several benefits such as identifying top performers, removing manager bias, finding suitability of jobs and identifying training needs. On the other hand, there are several disadvantages. First, it is not very suitable for team work. Few team members may get the recognition while others may not. Second, it can lead to inaccurate and unfair assessment of employees. This can lead to higher employee turnover. Third, forced rankings are very demoralizing. Since this is a forced ranking system, not everyone will be happy. And lastly, this approach is very rigid. In reality, employee performance may not exactly match the 20-70-10 distribution and hence would cause immense dissatisfaction. Due to these disadvantages, bell curve appraisals are becoming irrelevant. There are more powerful, better performance appraisal systems that can all the more likely assess performance, support employee confidence, promote collaboration, and encourage team efforts, rather than make individuals compete with each other.

References

1. Agrawal, S. (2019). Trends in performance management system: a study of Indian service provider companies. *Global Business Review*, 0972150919867853.
2. Chillakuri, B. K. (2020). Fueling performance of millennials and generation Z. *Strategic HR Review*, 19(1), 41-43.
3. Deshmukh, D., & Patel, J. (2019). Research Paper on Bell Curve Method of Performance Management. *International Journal of Management*, 10(1), 38-42.
4. Empxtrack.com. (2016). Use of Bell Curve in Performance Appraisals- Good or Bad? - Empxtrack. Retrieved from <https://empxtrack.com/blog/bell-curve-for-performance-appraisal/>
5. Hassan, S., & Siddiqui, K. (2019). Story of Employee Performance Management. *International Journal of Research Scholars*, 3(1), 1-3.
6. Mitchell, D. (2019). Performance rating-An antiquated methodology in the High-Tech Industry? (Doctoral dissertation, Dublin, National College of Ireland).
7. Pambudi, K., Purnomo, R., & Anggraeni, A.I. (2020). Analysis of the Causes of Low Satisfaction Performance Appraisal, Study in PT Indonesia Power PLTU Adipala. *Sustainable Competitive Advantage (SCA)*, 10(1), 317-324.
8. Parshuram, H., & Hegde, S. (2021). Bell curve appraisal: A critical view. *Journal of Management Research and Analysis*, 3(4), 184-186.
9. Patil, S., & Chattalas, M. (2019). Eudaimonic Performance Review System: Because humans made machines and not the other way around. *Journal of Strategic Innovation and Sustainability*, 14(2), 136-149.
10. profit.co. (2021). profit.co. Retrieved from <https://www.profit.co/blog/performance-management/is-the-bell-curve-still-relevant-for-performance-reviews/>