



## Human Resources Development Division Policies and Procedures Manual Performance Management System

Title of Policy:  PMS – Rating Scale and Forced-Ranking System	Document No: PMS- 004
	Page: Total of Five (5) Pages
	Date Effective: January 1, 2014
	Supersedes: None

### 1. Objective

- 1.1. To document the policies and guidelines in implementing the PMS rating scale and forced-ranking system.

### 2. Coverage

- 2.1. This policy shall apply to all regular employees.

### 3. Policy Statements

#### 3.1. PMS Performance Score

Thru the value that is assigned to the weight, the actual outcome of performance or the performance score for each corporate target shall be calculated by dividing the result of actual performance for a given period, over the target and multiplied by the value of the weight.

The scores for all corporate targets shall be added and the summation or total score shall be the overall PMS performance score of each employee and shall be the basis for forced-ranking.

As a matter of policy, performance score for each corporate target as well as the total score shall be rounded-off to two (2) decimal digit numbers.

#### 3.2. PMS Rating Scale

The PMS Rating Scale shall define the quality of performance levels in the Corporation and the hierarchy of performance levels shall be further tied-up with the principle of forced –ranking.

The PMS Rating Scale shall be defined as follows:

##### 3.2.1. Level Five (5) – Outstanding Performance

These are the employees who have rendered outstanding performance and they were ranked at the top 10% of the total employee population for their job category.

##### 3.2.2. Level Four (4) – Above Average Performance

These are the employees who have rendered above average performance and they were ranked at the next top 25% of the total employee population for their job category.

### 3.2.3. Level Three (3)– Average Performance

These are the employees who have rendered average performance and they were ranked at the next 60% of the total employee population for their job category.

### 3.2.4. Levels Two and One (2&1)– Below Average and Poor/Unsatisfactory Performance

These are the employees who have consistently failed to achieve their performance goals and objectives. As such, they were ranked at the lowest 5% of the total population for their job category.

## 3.3. Forced-Ranking

Forced-ranking shall be defined as the method of classifying the performance rating scores of all employees from highest performance rating score down to the lowest.

### 3.3.1. Forced-Ranking According to Major Job Category

The method of forced-ranking shall be implemented by way of classifying the performance rating scores from highest to lowest and for the total employee population in a given job category, as follows:

- Forced-ranking for all Sr. Officers
- Forced-ranking for all Managers
- Forced-ranking for all Chief of Divisions
- Forced-ranking for all Technical Level Employees
- Forced-ranking for all Clerical Level Employees

### 3.3.2. Forced-Ranking According to Distribution of Weight

As a matter of policy, the Corporation shall implement the following forced-ranking system for all the major job categories, as follows:

Performance Level	Definition of Performance Level	% of Employee Distribution
5	Outstanding Performance	10%
4	Above Average	25%
3	Average	60%
2	Below Average	5%
1	Unsatisfactory or Poor Performance	
	Total	100%

### 3.3.3. Forced-Ranking for Employees on “OIC” Status

For an employee who has been appointed as an “OIC” and performing his/her present duties and responsibilities on an acting capacity and whose appointment to the new position has neither been formally approved nor documented, the present job category shall be treated on “status quo” and shall be the basis for forced-ranking.

## 4. Implementing Guidelines



#### 4.1. PMS Performance Score

4.1.1. All Sr. Officers, Managers and Chief of Divisions shall be tasked with the responsibility to score all duly accomplished PMS Templates – Mid-Year Review, for all their subordinates..

4.1.2. The deadline for the submission of all duly accomplished PMS Templates – Mid-Year Review will be in July 15, and this means that the scoring for all PMS Templates – Mid-Year Review must have been completed on said date.

4.1.3. HRD shall be responsible in summarizing the PMS performance scores of all employees according to major job categories, as follows:

- Sr. Officers
- Managers
- Chief of Divisions
- Technical Level Employees
- Clerical Level Employees

4.1.4. The summary must be completed in July 18, and shall be the basis for the conduct of the organization-wide forced-ranking.

#### 4.2. Forced-Ranking

Taking into consideration the total number of employees per major job category, the organization shall be guided by the forced-ranking system for all the major job categories.

The total headcount number of 204 plantilla employees as of May 28, 2014, shall be the basis of forced-ranking, as follows:

##### 4.2.1. Forced-Ranking Summary for Sr. Officers

Performance Level	Definition of Performance Level	% of Employee Population	Total Number of Employees	
			Actual Number	Official Number
5	Outstanding	10%	0.7	1
4	Above Average	25%	1.75	2
3	Average	60%	4.2	4
2	Below Average	5%	0.35	0
1	Unsatisfactory/Poor			
	Total	100%	7	7

##### 4.2.2. Forced-Ranking Summary for Managers

Performance Level	Definition of Performance Level	% of Employee Population	Total Number of Employees	
			Actual Number	Official Number
5	Outstanding	10%	1.5	2
4	Above Average	25%	3.75	4
3	Average	60%	9	8
2	Below Average	5%	0.75	1
1	Unsatisfactory/Poor			

	Total	100%	15	15
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#### 4.2.3. Forced-Ranking Summary for Chief of Divisions

Performance Level	Definition of Performance Level	% of Employee Population	Total Number of Employees	
			Actual Number	Official Number
5	Outstanding	10%	2.7	3
4	Above Average	25%	6.75	7
3	Average	60%	16.2	16
2	Below Average	5%	1.35	1
1	Unsatisfactory/Poor			
	Total	100%	27	27

#### 4.2.4. Forced-Ranking for Technical Level Employees

Performance Level	Definition of Performance Level	% of Employee Population	Total Number of Employees	
			Actual Number	Official Number
5	Outstanding	10%	13.9	14
4	Above Average	25%	34.75	35
3	Average	60%	83.4	83
2	Below Average	5%	6.95	7
1	Unsatisfactory/Poor			
	Total	100%	139	139

#### 4.2.5. Forced-Ranking Summary for Clerical Employees

Performance Level	Definition of Performance Level	% of Employee Population	Total Number of Employees	
			Actual Number	Official Number
5	Outstanding	10%	1.6	2
4	Above Average	25%	4	4
3	Average	60%	9.6	9
2	Below Average	5%	0.8	1
1	Unsatisfactory/Poor			
	Total	100%	16	16

As a matter of guideline, when an employee was ranked at bottom of his/her peer group, such outcome shall be carefully reviewed to ensure the following:

- Carefully determine if indeed, the employee is a non-performer;
- Or, the employee was simply pushed to the lowest level of the ranking process, due to the stringent nature of mathematical calculation behind normal distribution, and the employee's performance is indeed part of the average level of performance.

The conduct of organization-wide forced-ranking shall be completed on July 25, 2014.

#### 4.3. Skewed PMS Scores



4.3.1. In the event that there will be clustering of PMS scores in a particular performance level, and such will result to a skewed distribution of forced-ranking, such issue shall be referred to the attention of the PMS Committee which shall be tasked with the responsibility to resolve the issue with the view of normalizing the skewed distribution.

4.3.2. The PMS Committee shall further resolve the skewed distribution of performance scores thru "Paired Comparison."

#### 4.4. Paired Comparison Method

4.4.1. The employee ranking will be crucial most especially if there has been an outcome of skewed scoring distribution vis-à-vis the need to develop the forced-ranking method.

4.4.2. The employee ranking process can be done using the method called "Paired Comparison Using Point Value."

4.4.3. A listing of all employees is placed in the same sequence, in both vertical and horizontal axis of the spreadsheet.

4.4.4. The rater compares the employee in the vertical row against the same listing in the horizontal row.


4.4.5. In terms of performance, if the employee listed in the vertical row is better than the employee listed in the horizontal row, a point value of "1" is placed in that appropriate cell of the spreadsheet.

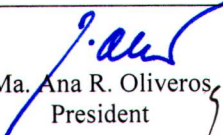
4.4.6. After all comparisons have been made, the individual scores are ranked as basis for the revised forced-ranking.

#### 5. Effectivity

5.1. This policy shall take effect January 1, 2014.

5.2. All other practices inconsistent with the provisions of this policy are hereby revoked and amended.

History of Policy Review		
Policy Version	Author	Date
■ Original	■ Chief of Division – HR	■ January 1, 2014
		

Approval	
Approved By:  Ma. Ana R. Oliveros, President	Date of Approval: June 24, 2014