

Yahoo's Forced Ranking Raises Legal Questions About Ratings

News

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Jim McDonald was quoted in *SHRM* on February 4, 2016. The article “Yahoo’s Forced Ranking Raises Legal Questions About Ratings” discussed how a forced ranking—which requires managers to rate each worker’s performance using a number that compares him or her with peers—is sometimes used to provide a nondiscriminatory reason for layoffs. But the practice is subject to abuse and often results in claims of discrimination, as shown by a lawsuit filed Feb. 1 against search engine and tech company Yahoo.

Jim said, “A forced ranking system should not be used simply as a means of reducing head count. There are more strategic methods that are less likely to trigger lawsuits, such as eliminating an unprofitable location or a redundant department.”

“In the case of any reduction, you have to keep an eye on federal and state WARN laws in case they apply,” Jim said.

“The most effective way to prevent discrimination is to tie the rankings to objective evaluation criteria,” Jim observed. “This becomes more difficult the higher the employee rises in the company in most cases, as supervisory evaluation of management- and executive-level employees almost always carries a subjective element.”

Jim added, “Another way to prevent discrimination is for HR to monitor the results of the rankings to ensure they do not have a disparate impact on any protected classification and if they do, to determine whether the rankings were legitimate. An organization’s using a forced ranking system primarily to reduce the number of male employees would be apparent from such a review.”

To read the full article, please visit [SHRM](#).

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