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The Utilization Of Performance Appraisal In Local Governments: Extent And Challenges

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DEDICATION

I dedicate this work to my mother, Suhilla; my father, Sahiel; my sisters, Christina and Cindy; and my brothers, Sennan and Sarmad. When I think about every way you love and support me, it brings a smile to my face. I love each of you beyond measure.

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CHAPTER ONE

THE PARADOX OF PUBLIC EMPLOYEE PERFORMANCE APPRAISAL: PROMISE AND PERILS

The use of formal methods for appraising the performance of individual employees was pioneered by the public sector. Offices in the federal government, for example, utilized rating forms dating back to the 1850's (Whisler & Harper, 1962, p. 423). Moreover, the literature on public personnel management typically stresses the numerous benefits that accrue to those organizations that use such methods.

There is also reason to believe, however, that—despite their expected benefits—performance appraisal practices and processes are often flawed. An effective system of performance appraisal is neither easy to create nor execute. Concern about the effectiveness of the federal government's systems of employee appraisal was, for instance, a central focus of the 1978 Civil Service Reform Act (Daley, 1990, 1995; Demarco & Nigro, 1983; Lah & Perry, 2008; Nigro, F. A., 1982; Nigro, L. G., 1981, 1982). Yet, despite this emphasis, the federal government has continued to struggle to develop systems that validly assess the work performance of federal civil servants.

Given these challenges, along with other factors, it may well be that many public jurisdictions do not have systems for systematically appraising the performance of most of their employees in place. This is the issue that forms the basis for this dissertation. It explores the extent to which a sample of local units of government in Michigan have systems of employee performance appraisal in place. It then seeks to identify some of the factors that can explain why some jurisdictions have such systems in place while others do not. It also explores the challenges

to effective performance appraisal that exist for those jurisdictions that do choose to utilize such systems.

The Expected Benefits of Employee Performance Appraisal

Much of the literature on public personnel management makes a strong case for the use of systematic processes for assessing the performance of those who are employed in public sector organizations. Government is a labor-intensive enterprise, and this is especially so at the local government level. It seems self-evident that how well these workers perform their job duties will impact the quantity and/or the quality of the services that governments provide to their citizens.

Several benefits for organizations are seen to stem from such systems. First and foremost, performance appraisal systems are designed to help improve employee performance (Hewitt Associates, 1991; Roberts, 1995; Swan, 1991; Tiffin & McCormick, 1958/1962). Employee performance appraisal is seen as an integral part of performance management. Swan (1991) notes: performance management helps supervisors successfully carry out their role in managing the workforce by providing feedback and guidance to help their employees achieve performance goals throughout the year. “The performance appraisal is the annual codification of this ongoing process” (Swan, 1991, p. 9). According to McGregor (1957/1962), performance appraisals help supervisors facilitate improvement by informing employees about their “behavior, attitudes, skills, or job knowledge” (p. 71). Overall, the literature suggests that employee improvement is possible through the identification of areas in need of improvement, the establishment of performance goals, and feedback, monitoring, and support (London, 1997; Mohrman, Resnick-West, & Lawler, 1989; Nash, 1985; Swan, 1991).

Other writers emphasize how employee performance appraisal is needed to identify the training and development needs of employees (Daley, 1993; England & Parle, 1987; Hewitt Associates, 1991; Martin & Bartol, 1986; Roberts, 1995; Robinson, Fink, & Allen, 1996; Tiffin & McCormick, 1958/1962). In addition, the employee performance appraisal system provides data to support decisions about salary increases and bonuses, especially when so called “merit-pay” systems exist (Daley, 1993; Roberts, 1994; Roberts, 1995; Tiffin & McCormick, 1958/1962). Moreover, the employee performance appraisal helps in identifying candidates for promotion and provides a basis for employee transfer, reassignment, reinstatement, retention, demotion, discipline, layoff, termination, discharge, and dismissal (Daley, 1993; Klingner & Nalbandian, 2003; Martin & Bartol, 1986; Roberts, 1994; Roberts, 1995; Smith, 1977; Tiffin & McCormick, 1958/1962; Tyer as cited in England & Parle, 1987). Furthermore, it assists with personnel research and validating selection criteria (England & Parle, 1987; Roberts, 1995; Tiffin & McCormick, 1958/1962). Lastly, it helps with identifying larger problems existing within the organization (Roberts, 1995).

Two studies provide insight into how municipal governments that have systems of employee performance appraisal make use of the information provided by these systems. Roberts (1995) examined the performance appraisal system practices of 240 municipal governments. About half of the municipal governments used performance appraisal for validation purposes while roughly sixty percent of municipalities used it to identify larger problems existing within the organization. About eighty-five percent of municipalities used it to determine merit pay and the training needs of employees. More than ninety percent of municipalities used it to provide employees with feedback on their performance and to aid in decisions about which employees should be demoted or discharged (Roberts, 1995, p. 210).

Daley (1993) examined performance appraisal practices in more than 300 North Carolina municipalities. He found that 16 to 19% of the municipalities used the evaluation system for demotion, reassignment, dismissal, and development and training purposes. One-fifth of the municipalities used it for retention purposes, and 35% used it to help determine whether employees should receive a promotion. Lastly, 47% of the municipalities used it to aid in merit-pay decisions (p. 204).

The Challenges of Employee Performance Appraisal in the Public Sector

While the literature on employee performance appraisal is replete with discussions of its value, the experiences of employers in seeking to create and implement such systems is something else again. “Indeed, in a study conducted in 1996 for the Society for Human Resources Management, more than 90% of the respondents said the performance appraisals are ineffective” (Nelson, 2000, p. 39).

While most critics of the typical public sector performance appraisal process find it to be flawed in various ways, most do not reject the rationale for having such systems in the first place. But some critics are more radical. Lovrich (1995, p. 115) notes:

Many of the contemporary advocates of Total Quality Management (TQM) argue that performance appraisal per se is incompatible with TQM. They suggest that performance appraisal incorrectly focuses attention upon *individual* performance when indeed the most important subject of management concern ought to be the *system of work* employed in an agency or a firm. To the extent that poor systems of work constrain the performance of individuals, it is both inappropriate and unfair to assign blame to employees through a performance appraisal rating (Hyde, 1985).

Fox and Shirkey (1997) have gone so far as to call for the abolition or subversion of performance appraisals on the following grounds: “(1) performance appraisal is deeply contradictory to the total quality management (TQM) movement; (2) jobs seem more and more

to be professionalized; (3) we face a labor shortage in the very near future that will require more intelligent personnel policies” (p. 215). Fox and Shirkey note:

If, for public relations purposes, or to save face, the political powers that be feel the need to maintain some sort of performance appraisal system, let them have the shadow of one. They will, over time, probably become that anyway as organizations adjust to the human reality that full-blown, objective performance audits simply cannot be done (p. 216).

The literature also suggests that it is difficult to design systems that truly measure the quantity or quality of work performed by employees (Boice & Kleiner, 1997, p. 197; Sahl, 1990, p. 53). Citing Henderson (1984, p. 54), Boice and Kleiner (1997) note: “Performance appraisal systems are not generic or easily passed from one company to another; their design and administration must be tailor-made to match employee and organizational characteristics and qualities” (p. 197). Additionally, Sahl (1990) notes: “The evaluation process requires measurements of performance. It’s simple to say that all jobs have reasons for being and that measurements should be devised to assess the employee’s success in achieving these objectives. This often turns out to be the most difficult part of establishing an effective performance appraisal system” (p. 53).

As noted, most critics of employee performance appraisal stop short of embracing the more fundamental criticisms just discussed. Rather they focus on failings that, while serious, they believe can be remedied. These problems include the following:

1. Ratings inflation and rater errors in performance appraisal
2. Lack of trust surrounding the supervisor-employee relationship
3. Lack of training for performing performance appraisal
4. Failure to communicate the purposes of the performance appraisal
5. Supervisors stressing the negative rather than the positive in the performance appraisal
6. Organizations and supervisors not supporting the appraisal process

Ratings Inflation and Rater Errors in Performance Appraisal

In a nationwide study that examined 240 responses of mostly personnel professionals in municipal governments, Roberts (1995) finds: “Forty-three percent report that managers undermine the appraisal process by giving satisfactory ratings regardless of performance” (p. 209). Citing Palguta (1991), Klingner and Nalbandian (2003) note that about 99% of federal government employees are given a rating of “fully successful” at minimum (p. 284).

The literature suggests that supervisors might avoid documenting performance difficulties if they have an interest in maintaining good relationships including friendships with their employees (Cathcart, Hemminger, Hoffman, and Van Veen, 1983 as cited in Mohrman, Resnick-West, & Lawler, 1989, p. 162). Supervisors might also engage in ratings inflation if their advancement is directly related to the performance of their employees (Brinkeroff and Kanter, 1980; Larson, 1984; Tjosvold, 1985 as cited in Daley, 1992, p. 127).

Moreover, with the issues surrounding workplace violence—such as employees seeking revenge on their bosses and/or other employees because of what they believed was said about them, or how unfairly they felt they were treated by their bosses and/or other employees (Capozzoli & McVey, 1996; Labig, 1995)—it seems plausible that supervisors have a reason to avoid conflict with their employees. “The experienced supervisor encounters subordinates who will argue, sulk, look bewildered or disappointed, threaten to file grievances, or in some other way react negatively to their appraisal” (Nalbandian, 1981, p. 394). Capozzoli and McVey (1996) noted: “Some supervisors try to avoid any conflict in the appraisal by rating everyone ‘average,’ no matter what they deserve” (p. 76). Swan (1991) noted that most managers attributed their anxiety and avoidance of the performance evaluation discussion to the expectation that employees would react defensively (p. 195). As Daley (1992) puts it:

. . . inflating employee ratings are means of avoiding the negative side of the appraisal process and its unpleasant interpersonal effects. Where supervisors are reluctant to shoulder such tasks, an inflated rating enables them to duck the issue. Unfortunately, this can send ripple effects through an organization, which like waves on a beach slowly erode away peoples' faith in the appraisal process (p. 53).

Lastly, supervisors might avoid negative comments because "...they can't help wondering whether they might be tripped up by technicalities of the law even when their judgments are fair and accurate; and in general they regard the regulations as an extra burden on an already difficult job" (Swan, 1991, p. 211).

One expected benefit of employee appraisal is to generate information that may provide the basis for employee disciplinary actions, including dismissal. The literature makes it clear that if a supervisor feels the need to discipline or dismiss an employee, written documentation of inadequate performance is essential (Daley, 2008; Klingner & Nalbandian, 2003; Labig, 1995; Roberts, 1998; Swan, 1991). So what occurs in the situation where the supervisor felt certain employees were underperforming, but he or she was hesitant to be honest in their appraisal? The literature suggests that there is unlikely to be written documentation of the unsatisfactory performance, and thus, it becomes difficult for the performance appraisal to achieve one of its purposes: to serve as a basis for employee discipline and dismissal (Roberts, 1998; Swan, 1991). Personnel managers and supervisors who took part in Roberts' (1998) study "report[ed] the rescission of numerous adverse employee actions upon appeal because of an absence of negative performance documentation, or in some cases, favorable or glowing performance appraisals" (p. 308).

Related to this discussion are some of the common errors that are committed by those who conduct employee performance appraisals. Swan (1991) examines ten rating errors. While

granting employees higher scores than truly warranted is one common form of error, known as “positive lenience,” it is by no means the only one. In the rater error known as “similar to me,” supervisors give higher scores to those employees who are most like them. In “negative leniency,” supervisors are hesitant to grant high scores. In the “halo/horns effect,” supervisors allow one characteristic of an employee (whether good or bad) to overshadow all other characteristics. Additionally, supervisors may rate an employee favorably or unfavorably based on past evaluations by other raters.

The rater error in which supervisors overlook how their employees performed throughout the year, and only judge their employees based on current positive or negative occurrences is referred to as the “recency effect.” “Attribution bias” refers to the supervisor’s tendency to attribute high performance to factors outside of the employee’s control, and below average performance to internal characteristics. With the seventh rater error, “stereotyping,” the supervisor has the tendency to ignore employee individuality while focusing on general characteristics applied to specific groups.

In the “contrast effect,” supervisors have the tendency to draw upon the evaluation of the previously rated employee when appraising the current employee. “First impression” refers to a supervisor’s tendency to stick with initial impressions of an employee despite the emergence of contradictory information. In the last rater error known as, “central tendency,” supervisors have the tendency to score most employees somewhere at the halfway point; they usually do this to steer clear of scoring employees too high or too low (Swan, 1991, pp. 120-122).

Most writers stress that rater training plays a role in reducing the occurrence of such errors (Daley, 1992; London, 1997; Martin & Bartol, 1986; Roberts, 1998). However, training will not be effective if there are other reasons, such as “political influence[s],” behind the rater

errors (Roberts, 1998, p. 310). Growing evidence suggests that rating errors do not occur by accident, but rather as a result of a conscious choice to distort the ratings (Bernardin & Beatty, 1984; Bernardin & Villanova, 1986; Kane & Kane, 1992; Longenecker, Sims, & Gioia, 1987; Murphy & Cleveland, 1995 as cited in Tziner, Murphy, and Cleveland, 2005, p. 89).

Lack of Trust Surrounding the Supervisor-Employee Relationship

Closely related to concerns about the validity of employee appraisals is a lack of employee trust in the motivation of those who conduct appraisals. In the overwhelming majority of cases (ninety percent), an employee's supervisor serves as his or her appraiser (Daley, 1992, p. 29). The literature confirms that the relationship between the appraiser and appraisee, and the level of trust that exist between the two, is crucial to a successful employee appraisal (Daley, 1992, p. 34; Gabris & Ihrke, 2000; Mohrman, Resnick-West, & Lawler, 1989, p. 117; Nalbandian, 1981, p. 394; Nigro, L.G., 1981, pp. 85-86; Nigro, L. G., 1982, p. 374; Reinke, 2003; Smith, 1977, pp. 56-57). The literature notes serious concerns that employees may have when being judged by their supervisors. At the heart of these concerns is this question: can the employee trust the supervisor to be objective?

The literature suggests that employees are concerned with what the supervisor's intentions are when providing the performance feedback (London, 1997). London (1997) summarized a study conducted by Fedor, Buckley, and Eder (1990) where participants "were asked to recall all the 'constructive' and 'not so constructive' reasons they perceived concerning why supervisors had given them feedback about their performance" (p. 75). One of the four groups of intentions identified was put into a theme known as "supervisor dominance" (London, 1997, p. 76). Examples of this include a supervisor that is perceived to want to:

- Demonstrate his or her power or authority.

- Bolster his or her self-image at the subordinate's expense.
- Cover his or her own shortcomings.
- Belittle the subordinate.
- Put the subordinate in his or her place (London, 1997, p. 76).

Williams (1972) suggests that there is a possibility that a supervisor's own personal insecurities might be reflected in the performance appraisal review, "The processes of deskilling others in order to diminish them as a threat or personal problem is a common enough tactic in interpersonal relationships where 'human' issues are the principal source of conflict" (p. 79). Fifty percent of the personnel managers and supervisors who took part in Roberts' (1998) study "agreed that performance appraisal is often used as a tool to intimidate and dominate employees" (p. 302). One of the respondents who took part in Roberts' (1998) study noted:

I agree that some managers use appraisals as a command and control device to get rid of employees and have control over their lives, promotions, and where they live. It is a misuse of someone's office to use the process in any other manner that is not fair and equitable (p. 303).

Overall, the type of intention the employee believes the supervisor has plays a role in how the employee reacts to the appraiser's feedback (Fedor et al., 1990 as cited in London, 1997, p. 76).¹ If, as the literature suggests, in ninety percent of the cases the employee's supervisor serves as an appraiser (Daley, 1992), and if trust between the supervisor and employee must exist for performance appraisals to be maximally effective (Daley, 1992; Gabris & Ihrke, 2000; Mohrman, Resnick-West, & Lawler, 1989; Nalbandian, 1981; Nigro, L.G., 1981; Nigro, L. G.,

¹ Some of the other intentions discussed appear to be beneficial and positive for both the organization and employee. In another group of intentions captured by the theme known as "subordinate nurturance," examples include a supervisor that is perceived to want to: "Make the subordinate feel more relaxed about work," "Bolster the subordinate's self-image," and "Insure that the subordinate does not store up feelings of dissatisfaction" (London, 1997, p. 76). Employees probably would appreciate this intent more than "supervisor dominance" (London, 1997, p. 76) because they may see it as the supervisor wanting to help them feel more comfortable.

1982; Reinke, 2003), what happens when the appraisal occurs without the trust? Several works have shed light on this issue.

Examining county government professionals, Gabris and Ihrke (2000) make the point that employees are more likely to believe that performance evaluation systems and merit plans are fair and just when their direct supervisors are credible (p. 41). Kellogg (1965) asserts:

Only if the employee respects the manager's knowledge or know-how in the performance area in which the manager is trying to encourage change, and only if he believes the manager is sincerely interested in helping him do a better job, is he likely to respond favorably to direct discussion (p. 43).

Kellogg (1965) notes that supervisors usually think they have a better relationship with their subordinates than they actually do in part because employees often do not share their true feelings about their bosses. “[E]mployees often hide inner resentment, dislike, disparagement, and other unfavorable attitudes which might hurt them with the boss” (Kellogg, 1965, p. 44). Overall, the literature suggests that if employees lack trust in their supervisors or believe they do not have the right intentions, then employees may find it difficult to accept the appraisal process in general, and/or the specific feedback given by their supervisor (Bacon, 2006, p. 168; Gabris & Ihrke, 2000; London, 1997; Mohrman, Resnick-West, & Lawler, 1989, p. 117; Nalbandian, 1981, p. 394; Nigro, L.G., 1981, pp. 85-86; Reinke, 2003).

Lack of Training for Performing Performance Appraisal

According to Mohrman, Resnick-West, and Lawler (1989), superiors experience trouble when they are asked to appraise the performance of their employees. This is mainly because superiors lack the skills and behaviors that would allow them to effectively appraise the performance of their subordinates (p. 176). This supports Roberts' (1995) study on municipal government performance appraisal practices which finds that: “Only 41 percent [of the

respondents] perceive a high degree of rater confidence in their ability to effectively use the appraisal system” (p. 209). Those who are charged with conducting performance appraisals must be properly trained (Daley, 1992; Daley, 2003; Longenecker & Nykodym, 1996; Martin & Bartol, 1986; Roberts, 1998). But the literature suggests that raters are often not provided with the necessary training on how to effectively conduct appraisals (Martin & Bartol, 1986).

In his study of performance appraisal system practices in municipal governments, Roberts (1995) found: “Thirty-six percent of the respondents report that managers do not understand appraisal system requirements, produce incomplete or inaccurate appraisal forms, and/or are tardy in completing appraisals” (p. 209). Examining a suburban county in Georgia, Reinke (2003) found that “only 41.3% of supervisors agreed they had received training on the appraisal process” (p. 30). In short, “Although appropriate rater behaviors are critical to the success of any performance appraisal system, raters frequently receive little or no training regarding how to carry out their role successfully” (Martin & Bartol, 1986, p. 101).

Failure to Communicate the Purposes of the Performance Appraisal

The literature confirms how fundamental it is that the purposes for which performance appraisal information will be used are clearly conveyed to both supervisors and employees (Gabris & Ihrke, 2000, p. 47; Longenecker & Nykodym, 1996, p. 160; Reinke, 2003, pp. 30, 33). Martin and Nicholls (1987) write, “The need to be *informed* is vital in human relationships. Nothing can destroy trust more quickly than a feeling of not knowing what is going on and being cut off from information” (p. 16, emphasis in original). It is apparent that supervisors and employees may exhibit confusion, frustration, and fear when they are unsure of an appraisal’s purpose. Longenecker and Nykodym (1996) argued that in order to reduce the vagueness and

confusion of the evaluation process, organizations need to inform employees of the reasoning behind evaluations (p. 160).

Investigating a suburban county in Georgia, Reinke (2003) found that “Only 59.8% of employees and supervisors believed they understood the present system” (p. 30). This appears to be a concern because Reinke also found that employees accepted the performance evaluation system at a greater level when they felt that they comprehended it (p. 30). Overall, these findings confirm Hewitt Associates (1991) assertion: “The problems of performance appraisal are many and varied, and it has acquired a bad name in many places. Amongst the most serious drawbacks are that neither appraiser nor appraisee is clear as to why the appraisal takes place” (p. 102).

Supervisors Stressing the Negative Rather than the Positive in the Performance Appraisal

All employees want to feel appreciated for the work they have performed. Hence, it is important to recognize the positive aspects of an employee’s performance (Bacon, 2006, pp. 21-25, 60-62, 153-154; Herman, 1999, pp. 155-156, 158-160; Roseman, 1981, p. 132; Sweet, 1989, pp. 92-93). While there are some supervisors who will downplay the negative aspects of their employees’ performance to avoid potential conflict and maintain good relationships with their employees, other supervisors may consciously stress the negative in order to

. . . reduce the challenge, competition, or even individuality of the other man. In some face-to-face encounters the primary task seems to be that of degrading the interviewee by deliberately ignoring his skills, strengths, and accomplishments and concentrating on his weaknesses (Williams, 1972, p. 79).

Other evaluators might hold the belief that in order to strengthen performance, an employee’s weaknesses should be emphasized. Whatever the intent, too much criticism might give way to an employee who feels beaten down by the process (Herman, 1999, pp. 156, 159). Roseman (1981) notes that if the employee feels that his or her hard work went without

recognition by the boss, he or she might learn that working hard does not pay off, “Supervisors may, without realizing it, teach subordinates that it doesn’t pay to be enthusiastic and committed to the job. They teach this discouraging lesson by failing to reinforce subordinates’ extra effort and initiative” (p. 132). Overall, the majority of the literature confirms that the supervisor must recognize and appreciate the strengths and the hard work of his or her employees (Bacon, 2006; Herman, 1999; Roseman, 1981; Sweet, 1989).

Organizations and Supervisors Not Supporting the Appraisal Process

A performance appraisal process that is not strongly supported by managers will not be especially effective (Daley, 1992; Mohrman, Resnick-West, & Lawler, 1989; Roberts, 1998; Robinson, Fink, & Allen, 1996; Sweet, 1989). Engaging in performance evaluation is not easy, thus if the system has any chance of succeeding, upper-level management needs to demonstrate that they value the performance appraisal as an instrument that serves important purposes (Mohrman, Resnick-West, & Lawler, 1989, pp. 127-130, 176; Sweet, 1989, p. 135-136). While this may appear obvious, Roberts (1995) examined 240 responses of mostly personnel professionals in municipal governments and found that “only 53 percent report that the average manager believes that upper-level management places a high priority on performance appraisal” (p. 209).

According to Rowland (1970), line management views the performance appraisal process as an unimportant, time-wasting task that gets in the way of “real work” (p. 211). Sometimes performance appraisals are done because they are one of those things that managers are expected to do, usually because someone higher up in the hierarchy suggests or requires it (Nalbandian, 1981, p. 394; Rowland, 1970, pp. 206-211). In surveys conducted by Nash (1985), “almost all managers say they appraise performance because they must, not because they believe it makes

any difference in performance” (p. 159). If the performance appraisal is viewed as meaningless task, then there is the possibility that not much is done with the information produced by such systems. According to Whisler (1953/1962), one of the problems surrounding the performance appraisal is the

Failure to discover and use an effective control procedure. Appraisals are so often made, recorded, filed, and forgotten. Subsequently, decisions involving discrimination among individuals are made, apparently without reference to the periodic evaluations previously made (p. 476).

As Nalbandian (1981) notes: “When the desire to assess, develop, reward, and communicate with employees grows from the supervisor’s inner motivation rather than compliance with a mandate or job description, it is much more likely to produce fruitful results” (p. 394).

Other Factors that May Discourage the Use of Employee Performance Appraisal

As if the problems discussed in the last few pages were not enough to cause at least some jurisdictions and managers to have doubts as to the efficacy of employee performance appraisal, let us add several others. One is the issue of resources. Someone must design such systems and others must implement them. Other things equal, this would suggest that jurisdictions with both fewer employees overall, and fewer supervisory and human resources personnel, would be less likely to have such systems in place.

Second, it seems likely that those public jurisdictions whose employees are unionized would be less inclined to have systems for appraising the performance of those employees. Unions are typically concerned about what they view as an excess of managerial discretion. Tiffin and McCormick (1958/1962) note that unions usually dislike merit ratings when they are tied to raises, layoffs, and promotional decisions, “Historically, unions place primary emphasis

on seniority as the basis for such actions. Seniority, of course, can be objectively determined, whereas merit ratings, by their nature, are based on subjective judgments” (p. 7). Given the evidence of managerial bias or subjectivity in performance appraisal practices noted above, unions can be expected to be—at the very least—skeptical of the merits of such systems. Unions are also typically opposed to most proposals for performance-contingent (i.e. “merit-pay”) pay arrangements. In part this is because of a belief that decisions on pay increases in this system are highly subjective. Klingner and Nalbandian (2003) note that unions look upon so-called merit plans unfavorably because they can cause trouble among the union members and create an environment where it is easier for supervisors to engage in favoritism (p. 264). And these systems are centrally dependent on having in place systems of employee performance appraisal.

This having been said, some research suggests that union opposition to performance appraisal is not automatic. In his nationwide study based on the views of 240 municipal professionals, Roberts (1995) found: “only a small minority (8 percent) report that unions have made it difficult to use the system properly, but only 25 percent of the respondents perceive that the union actively supports the performance appraisal system” (p. 213). In another study, Roberts (1994) found that “Perceived employee acceptance was higher when there was a good labor relations climate” (p. 539). Roberts notes that “When labor relations are favorable, there are usually greater levels of trust and communication, which are necessary preconditions for employee acceptance” (p. 539). These studies suggest that the issue is not whether unions are in favor of performance appraisals. It appears that if employee unions do have a problem with performance appraisals, it is mainly because they do not have trust in the systems as being fair and just.

Research on the Extent to Which Public Jurisdictions Have Systems of Employee Performance Appraisal in Place

The expected benefits of employee performance appraisal, and the emphasis placed on such systems by many writers on public personnel management, would suggest that such systems are widespread in public jurisdictions. On the other hand, the shortcomings of such practices may prompt some jurisdictions to conclude that they are more trouble than they are worth. And still other factors may militate against their use including a lack of staff to develop and apply such systems, and the presence of public employee unions.

So what is actually known about the prevalence of employee performance appraisal practices? The fact that employee performance appraisal is seen to be a good thing seems to have led to the assumption that it is widely used. But we really do not know to what extent this is so. Existing research on the use of performance appraisal paints a mixed picture.

In a nationwide study, Roberts (1994) found that 76% of municipalities (240 of 314) “possessed at least one non-public safety appraisal system” (p. 529). Approximately 60% of the municipalities had systems that appraised just over 90% of their employees on average. Over 80% of municipalities engaged in annual appraisals, and systems were in place for an average of about 6 years (p. 529).

Lacho, Stearns, and Villere (1979) found that formal performance appraisal systems existed in 36 of the 50 large cities in their study (p. 113). In another study, Tyer (1982) “found 32 states with some type of statewide system, 15 with decentralized systems, and three with no formal system” (p. 200).

Additionally, Ammons and Rodriguez (1986) examined the practices for appraising performance of upper management in city governments. Based on data from 122 cities with

populations of 65,000 or more in 1980, they found that only 59 percent of cities appraised the performance of their upper management using a formalized appraisal process (p. 461). In another study, England and Parle (1987) examined the practices for appraising the performance of non-managerial employees in large city governments and found that 121 of 142 cities appraised the performance of their non-managerial employees using a formalized appraisal process (p. 499). In short, what research on the use of performance appraisal exists presents a mixed picture.

Conclusion

As we have seen, systems of employee performance appraisal are seen by many as having very important purposes and benefits for employers and employees. But we have also seen that assuring an effective system of performance appraisal is not easy and that often such systems are not very effective. If this is so, then some organizations may conclude that trying to systematically appraise the performance of their employees is more trouble than it is worth. This study examines the extent to which a sample of local governments have such systems in place. It also explores the experiences of those local governments who do make use of such systems, the benefits that are seen to flow from such systems, and the factors that reduce the effectiveness of such systems. Lastly, it explores the factors influencing local governments' decisions to not make use of performance appraisal systems.

The remainder of the dissertation proceeds as follows. Chapter 2 discusses the central research questions of the study and the research design for the study. Chapter 3 explores utilization of performance appraisal in a sample of southeastern Michigan municipalities. It also seeks to identify the factors that can help to explain a community's choice to make use of such a system. Chapter 4 focuses on those communities that did systematically appraise the performance of their employees (a minority of communities as it turns out) and explores why

they have decided to make use of these systems. It also explores the problems that they experienced with their employee appraisal systems. Chapter 5 summarizes the findings of the study and discusses their implications.

CHAPTER TWO

THE SETTING AND DESIGN OF THE STUDY

This chapter examines the research questions, design, and the setting of the study.

Research Questions

This study seeks to answer three broad research questions:

1. To what extent does a sample of municipalities have in place systems of employee performance appraisal, and how extensive are those systems that exist?
2. What factors affect whether—and the extent to which—a municipality systematically appraises the performance of its workforce? The factors examined are of two types.
 - a. One category includes more general characteristics of jurisdictions, specifically whether or not a community has a council-manager form of government, the size of a community's workforce, and the extent to which its workforce is unionized.
 - b. A second set of factors involve whether various negative effects of performance appraisal are a disincentive to a public jurisdiction implementing a system of performance appraisal.
3. A third general area of inquiry is focused on those municipalities in the study making use of systems of employee appraisal. More specific questions are:
 - a. What types of systems do these communities use?
 - b. What categories of employees are included in their systems?
 - c. Are the appraisal methods they use consistent with best professional practice?
 - d. How effective do these systems appear to be? What are the benefits resulting from the use of these methods?

The Setting of the Study

These research questions were examined in the context of the suburban communities located within the three core counties of the Detroit, Michigan metropolitan area (Wayne, Oakland, and Macomb Counties). This population of municipalities was selected for several reasons. First, the number of communities involved is substantial (N=87). Second, although none

are very large cities, this population includes communities that vary substantially in terms of population and, hence, in the size of their workforces. Finally, and most importantly, these communities are located in a region and a state with some of the highest levels of both private and—more to the point—public sector unionization in the nation. If, indeed, public sector unions are likely to be hostile to employee appraisal systems, this population ought to present an inhospitable setting for such practices. Combined with the relative small size of many communities in the sample, high levels of unionization ought to result in relatively limited use of public employee appraisal practices.

The research population excluded all townships in the three counties and the City of Detroit, the largest city in Wayne County. This left a population of 87 city and village governments in these three counties. Fifty-nine of the 87 municipalities chose to participate in the study, for a response rate of 68%. As Table 2.1 indicates, the participating communities were generally similar to the overall population of jurisdictions in the three-county region in terms of governmental form, their population and the demographic characteristics of their residents.²

The sample of responding communities is itself quite diverse. The sample communities range in population from less than 2,000 to more than 100,000 residents. Although most of the

² U.S. Census Bureau. <http://censtats.census.gov/pub/Profiles.shtml>. United States census 2000: Demographic profiles. Date accessed: October 12, 2009. Communities were searched one at a time because each community had its own profile. Information was obtained from two tables within each community profile. First, the total population was located in *Table DP-1. Profile of General Demographic Characteristics: 2000*. Second, the information I used to calculate the variable, “percentage minority,” was also located in *Table DP-1*. Under the category “RACE,” specifically “One race,” the percentage of “White” was recorded. The “White” percentage was subtracted from 100 to come up with the percentage minority. Lastly, the “Median household income (dollars)” was located in *Table DP-3. Profile of Selected Economic Characteristics: 2000*, under the heading, “INCOME IN 1999.” Information on municipality type and form of government was secured from the *2008 Directory of Michigan Municipal Officials*. While respondents provided information on some of the above variables, information from the sources noted was used for consistency purposes.

Table 2.1. Comparison of Governmental Forms, Population Size and Demographics of All Communities in Three-County Area with Participating Communities		
	Entire Population (N = 87 municipalities)	Sample Municipalities (n = 59)
Municipality Type	City: 83.9% (73) Village: 16.1% (14)	City: 88.1% (52) Village: 11.9% (7)
Form of Government	Council-Manager: 65.5% (57) Mayor-Council: 28.7% (25) General Law Village: 4.6% (4) General Law Village with Manager: 1.1% (1)	Council-Manager: 64.4% (38) Mayor-Council: 28.8% (17) General Law Village: 5.1% (3) General Law Village with Manager: 1.7% (1)
Population Size	Range: 326 to 138,247 Mean: 24,085 S.D. 29,707 Median: 12,443	Range: 1,535 to 138,247 Mean: 29,792 S.D. 32,028 Median: 17,312
Percentage Minority	Range: 1.8 to 95.9 Mean: 13.9 S.D. 19.1 Median: 6.6	Range: 1.8 to 95.9 Mean: 15.5 S.D. 21 Median: 7.5
Median Household Income (Dollars)	Range: 17,737 to 170,790 Mean: 58,755 S.D. 25,162 Median: 51,311	Range: 17,737 to 170,790 Mean: 57,850 S.D. 24,139 Median: 51,376

communities are predominantly white, a few have more significant minority populations. They also vary in terms of median income, suggesting, in turn, that some may be more prosperous and, hence, be able to support not only a larger workforce relative to their population, but also more of a supervisory infrastructure (i.e. providing support for city managers, having separate personnel or human resources directors, offices, etc.) which might encourage the use of systems of employee performance appraisal.

Table 2.2 provides information on the workforces of the responding communities.³ Reflecting the range in community population, the number of employees also varied substantially.⁴ As expected, most of the communities in the sample have heavily unionized workforces, averaging 80% of full-time workers. This is consistent with the existence of a significant number of bargaining units in the communities. Saltzman and Sperka (2001) note that “Most state and local public employees in Michigan are represented by labor unions, and most belong to those unions” (p. 109).

Table 2.2. Comparison of Workforces of Population of Communities to those of the Responding Communities		
	Entire Population of 87 Communities	Sample Communities (n = 59)
Number of Employees	Range: 1 to 871 Mean: 153 S.D. 187 Median: 96	Range: 6 to 871 Mean: 191 S.D. 210 Median: 115
Percentage of Regular, Full-Time Employees that are Unionized	Not Available	Range: 0 to 100% Mean: 80 S.D. 16.8 Median: 85
Number of Bargaining Units	Not Available	Range: 0 to 12 Mean: 5 S.D. 2.4 Median: 4

³ Information obtained from the *2008 Directory of Michigan Municipal Officials* included the number of employees defined as the “total paid employees who work more than 30 hours a week” (p. x). While respondents in the 59 communities provided statistics on this variable, information from the source noted was used for consistency purposes, allowing for a comparison of the entire population (87 communities) to the sample (59 communities).

⁴ The size of a community’s workforce is positively and strongly correlated with the size of its community ($r = .897$).

Data Collection Methods

Data necessary to examine the various research questions were gathered through semi-structured telephone interviews with knowledgeable informants in the sample communities. The phone interview schedule consisted of a mixture of closed and open-ended questions (see Appendix A). While many of the questions asked in the telephone interviews concerned the practices and concerns of communities that had in place systems for employee performance appraisal, an extensive set of other questions was posed to respondents in those communities that made little or no use of employee performance appraisal. Since it was expected that many communities would fall into this second group, and because the phenomenon of underutilization is also understudied, responses to these questions were especially valuable.

The phone interviews were conducted from May 13, 2009 to June 30, 2009. The length of the interviews ranged from as brief as 10 minutes to as long as 45 minutes depending on which parts of the interview schedule respondents were answering, whether respondents needed clarification of certain questions, had to spend time looking up information to answer certain questions, or went into greater depth in responding to certain of the open-ended questions.

The Research Participants

The *2008 Directory of Michigan Municipal Officials* published by The Michigan Municipal League was used to secure information on appropriate respondents in each community. Via e-mail, potential respondents received an information sheet which provided an explanation of the purposes of the study (see Appendix B). I also telephoned potential respondents and answered any questions they might have about the study. Telephone interviews were then scheduled with those agreeing to participate. Participants also provided a verbal consent prior to the start of the interview (see Appendix C).

Respondents were granted confidentiality. The participants were identified by a code in order to facilitate follow-up with regard to information that they provided. They were informed that none of their responses would be reported in a way that would allow readers to identify either them or their community. The record was destroyed at the completion of the study.

Most of the respondents—nearly 60%—were city managers or their equivalent, while another 30% or so were human resource professionals. Table 2.3 provides more detail on the professional responsibilities of the respondents, while Tables 2.4 and 2.5, respectively, contain information on the professional experience and educational background of the 59 respondents in the study. By and large, the respondents were an experienced group, and most were college graduates, with slightly more than half holding master’s degrees.

Table 2.3. Formal Position Held by Respondents	% (n)
City or Village Manager	41% (24)
Human Resources Professional	31 (18)
City Administrator	15 (9)
Village President	3 (2)
Village Clerk and Administrator	2 (1)
City Clerk	8 (5)
Total Number	100 (59)

Note: There was one emergency financial manager—appointed by the State of Michigan—who fit the city manager category. There was an interim city manager who fit the city manager category. There was a director of finance and administration who fit the city administrator category. These are included in relevant categories.

Table 2.4. Professional Years of Experience	
Number of Years Respondents Held Their Current Position (n=59)	Number of Years Respondents Employed By Municipality (n=59)
Range: 1 month to 35 years Mean: 6.9 S.D. 7.4 Median: 4.5	Range: 1 month to 35 years Mean: 11.4 S.D. 10.4 Median: 8

Table 2.5. Respondents' Formal Educational Background	% (n)
No College Degree	5% (3)
Professional Certificates	3 (2)
Associate Degree	2 (1)
Few Years of College	2 (1)
Bachelor Degree	19 (11)
Bachelor Degree and Course Work	12 (7)
Bachelor and Master or Graduate Professional Degree	53 (31)
Bachelor and Master Degree Plus Additional Course Work or Degree	5 (3)
Total	101 (59)

Note: The percentages were rounded up.

Conclusion

This chapter has discussed the research questions of interest in this study. It has also described the setting for the research—suburban communities located in the three core counties of the Detroit metropolitan area—as well as the research methods used in the study. We are now ready to examine the first two research questions of interest:

1. To what extent do the suburban communities in the sample have in place systems of employee performance appraisal, and how extensive is the coverage of such systems when they do exist?
2. What factors affect whether, and the extent to which, a municipality systematically appraises the performance of its workforce?

These are the tasks to be carried out as part of the analysis of chapter 3.

CHAPTER THREE

EMPLOYEE PERFORMANCE APPRAISAL IN SUBURBAN DETROIT COMMUNITIES—PATTERNS OF USE AND IMPEDMENTS TO USE

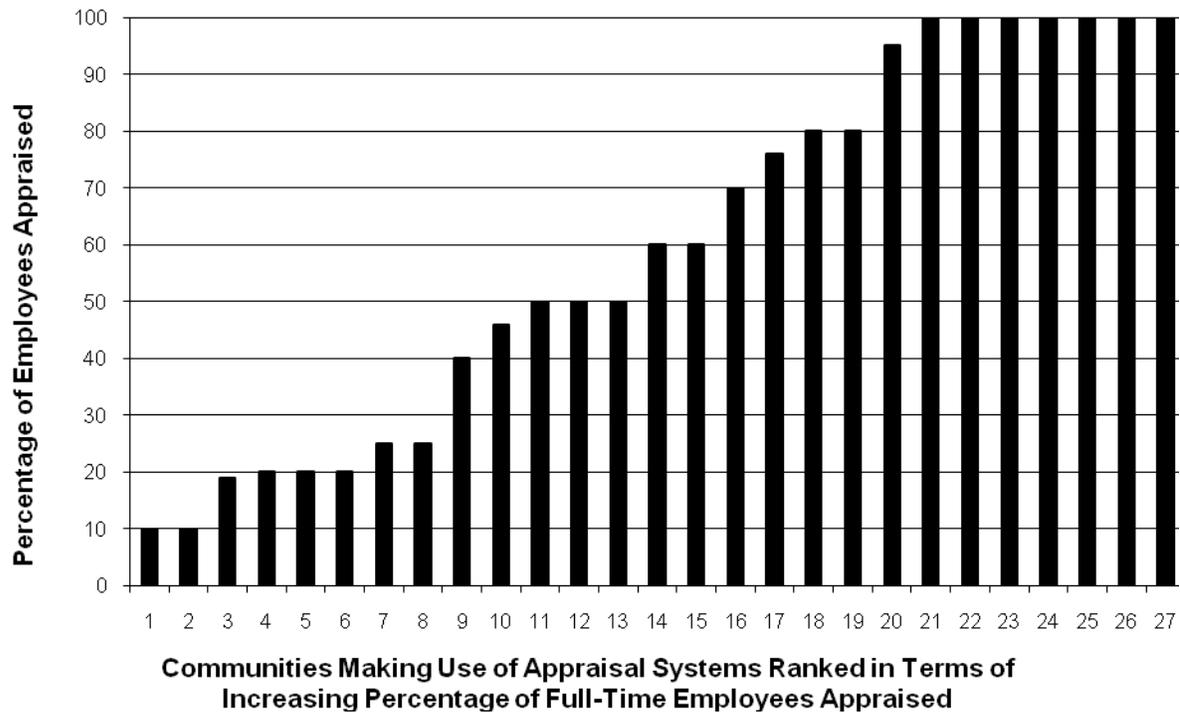
As discussed in chapter one, the public personnel literature emphasizes the value of employee performance appraisal. Yet effective performance appraisal is difficult, and this, along with other reasons, suggests it may not necessarily be widely used. This chapter examines the extent to which a sample of suburban Detroit governments actually do employee performance appraisal. I find that more than half of the responding communities do not use such systems. Given this fact, the remainder of the chapter examines why this is so. It does so by first examining the extent to which various community characteristics are related to performance appraisal utilization. Then I look at more general views of the benefits or costs of not conducting employee appraisal in the non-utilizing communities. Thereafter, I continue to focus on managers in non-utilizing communities, exploring the reasons they cite for not making use of performance appraisal.

Table 3.1 and Figure 3.1 provide insight on the extent to which the sample of suburban Detroit local governments do employee performance appraisals. As can be seen, more than half of the 59 communities studied did not regularly appraise the performance of *any* of their full time employees. On the other hand, approximately one quarter of the responding communities appraised at least half of their full-time employees. Moreover, Figure 3.1 indicates, slightly more than ten percent of the communities (8 of 59) appraise all or nearly all of their regular, full-time employees. On average slightly less than 60% of employees (59.5%) are appraised in those communities that have such systems in place.

Table 3.1. Extent of Performance Appraisal of Regular, Full-Time Employees in Suburban Detroit Communities	% (n)
Communities That Appraised None of Their Employees	54 (32)
Communities That Appraised Ten Percent or Fewer of Their Employees	3 (2)
Communities That Appraised 11 to 25 Percent of Their Employees	10 (6)
Communities That Appraised 26 to 50 Percent of Their Employees	8 (5)
Communities That Appraised 51 to 75 Percent of Their Employees	5 (3)
Communities That Appraised More Than 75 Percent of Their Employees	19 (11)
Total	99* (59)

Note: *Does not equal 100% due to rounding error.

Figure 3.1. Percentage of Regular Full-Time Employees Appraised in Suburban Detroit Communities with Appraisal Systems



In short, despite the value placed on performance appraisal by the professional literature, at least in suburban Detroit, these arguments seem to often fall on deaf ears. Why might that be? In seeking to answer this question I begin by examining various community characteristics: population size, workforce size, percentage of employees that are unionized, and number of bargaining units. I first examine the bi-variate correlations between these four possible explanatory values. The results of this examination are summarized in Table 3.2.

Table 3.2. Correlations Among Four Variables that May Explain the Use of Employee Appraisal Systems (n = 59)			
	Bargaining Units	Population Size	Workforce Size
Bargaining Units			
Population Size	.665**		
Workforce Size	.705**	.897**	
Unionized Percentage	.591**	.331*	.314*
** Pearson Product-Moment Correlation significant at the 0.01 level (2-tailed). * Pearson Product-Moment Correlation significant at the 0.05 level (2-tailed).			

As can be seen, significant correlations exist between these four variables. Not surprisingly, the size of a community's workforce is positively and strongly correlated with the size of its population ($r = .897$). The size of a community is also positively and moderately correlated with the number of union bargaining units ($r = .665$). But community population and

size of workforce are only moderately correlated with the extent of unionization. This is consistent with the fact that public sector unionization is widespread in metro Detroit. Given the very high correlation between community population and workforce size the former is excluded from the analysis that follows.

The first major research question is what factors can explain whether any use whatsoever is made of performance appraisal? More specifically I examine the following hypotheses:

H1 The odds of a municipality using performance appraisal are higher in council-manager than in mayor-council governments, controlling for the effects of other variables.

H2 The odds of a municipality using performance appraisal are higher in communities with a larger workforce, controlling for the effects of other variables.

H3 The odds of a municipality using performance appraisal are lower the greater the percentage of unionized employees, controlling for the effects of other variables.

H4 The odds of a municipality using performance appraisal are lower in communities with more bargaining units, controlling for the effects of other variables.

Theory Behind the Hypotheses

With respect to H1, council-manager communities may be more likely to embrace “best professional practices” than mayor-council communities since managers may have a stronger commitment to professionalism. With respect to H2, communities with larger workforces may have a greater need for a formalized performance appraisal system. Managers have less direct contact and control of their employees than do managers in communities with smaller workforces. Moreover, communities with larger workforces may also have more supervisors and staff, and larger personnel departments, enabling them to more readily conduct formal performance appraisal.

With respect to H3 and H4, it is hypothesized that as the percentage of employees that are unionized, and the number of bargaining units increase, the odds that the municipality will

use performance appraisal will decrease. This is because unions tend to oppose such practices, in part because it can be linked to “merit-pay,” something that most unions oppose.

Logistic regression is used to test these four hypotheses relating to performance appraisal utilization.⁵ Logistic regression analysis is a non-linear model. The dependent variable is dichotomous with non-use =0 and use =1. Predicted values are the logarithm of the odds of the dependent variable, given various values for the independent variables. Since the number of employees is positively skewed, I took its logarithm. In doing so, large outliers are pulled in and its distribution more closely approximates the normal curve. Table 3.3 summarizes the results of this analysis.

Slightly more than 70 percent of the municipalities were correctly classified. Regarding the overall fit of the model, -2LL was 65.209, with a chi square value of 10.874, which is statistically significant. The form of government affects whether a municipality uses employee appraisal ($p < .05$). The extent of unionization also affects whether a municipality uses employee appraisal ($p < .10$).⁶ If a municipality has a council-manager government, it multiplies the odds of a community appraising employee performance by 5.626, holding the other independent variables at their means. A one percentage point increase in the extent of unionization multiplies the odds of a community appraising employee performance by .951, holding other independent

⁵ Four cases did not fit either the council-manager or mayor-council forms of government. Three of the communities had a general law village form of government. Two appraised none of their employees and one appraised more than half of its employees. The fourth community had a general law village with a manager form of government; this community appraised none of its employees. These four cases were dropped from the logistic regression analysis.

⁶ Due to small sample size, I considered a coefficient with a probability value of less than .10 to be statistically significant (different from zero).

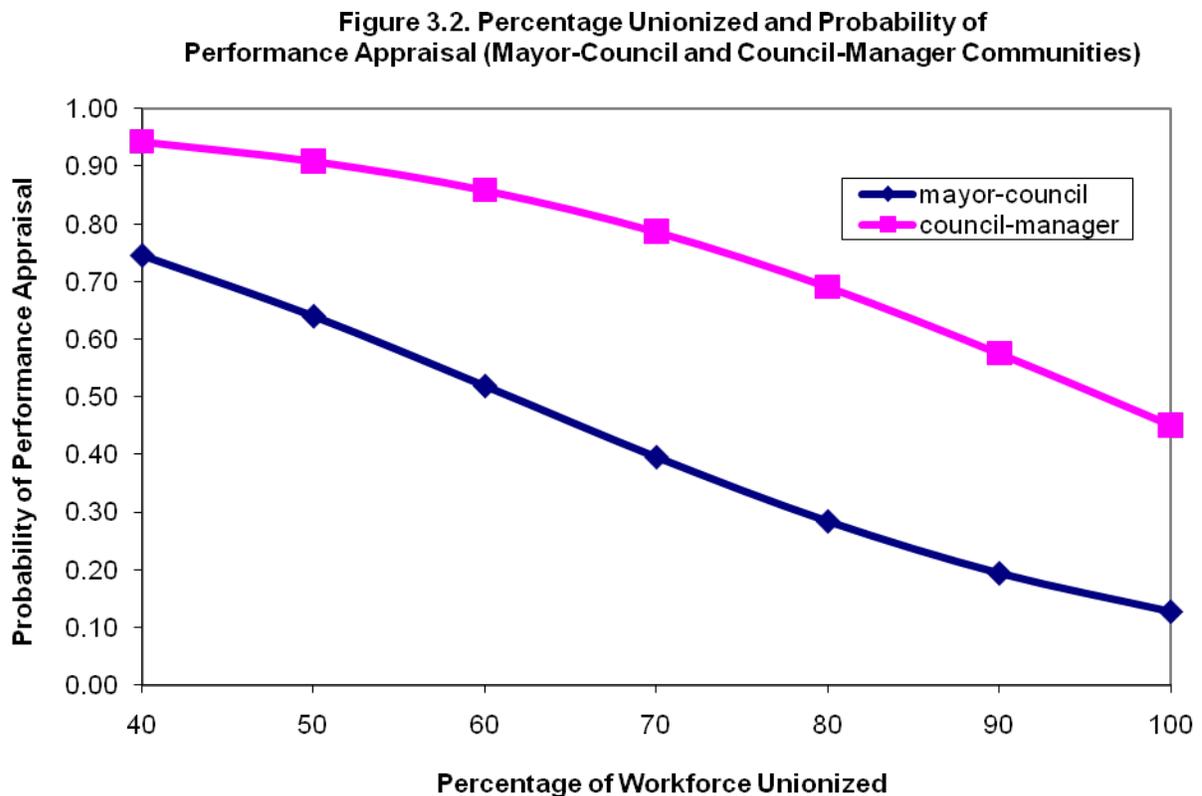
variables at their means. As the percentage of unionized employees goes up, the odds of employee performance appraisal goes down.

Table 3.3. Logistic Regression Analysis Predicting the Odds that a Community Will Make Use of Employee Performance Appraisal							
Independent Variable		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1	Council-Manager Type Government	1.727	.774	4.986	1	.026**	5.626
	Logarithm of Workforce Size	.073	.437	.028	1	.867	1.076
	Number of Bargaining Units	.333	.214	2.417	1	.120	1.395
	Percentage of Unionized Employees	-.050	.029	2.981	1	.084*	.951
	Constant	.606	2.326	.068	1	.794	1.834
** p < .05 * p < .10 Percentage correctly predicted: 70.9% n = 55; chi-square(4) = 10.874, sig = .028 -2LL = 65.209; Cox & Snell R-Square = .179; Nagelkerke R-Square = .239 Measurement of independent variables Form of government: 0 = mayor-council; 1 = council-manager Ln of workforce size: natural log of number of employees Bargaining units: coded as actual number of bargaining units a city possesses Unionized percentage: coded as actual percentage of employees that are unionized							

Overall only H1 (the odds of a municipality using performance appraisal are higher in council-manager than in mayor-council governments), and H3 (the odds of a municipality using performance appraisal are lower the greater the percentage of unionized employees) are supported.

Figure 3.2 below shows the relationship between the percentage of unionized employees and the probability of a municipality using performance appraisal, comparing communities with a council-manager form of government with those having a mayor-council form of government. The number of bargaining units and the logarithm of the workforce size are held at their means. As the figure shows, the probability of a municipality using performance appraisal is considerably higher for communities with a council-manager form of government and for

communities with a smaller percentage of unionized employees. Note as well, however, that extent of unionization has far less impact on the likelihood of employee appraisal in council-manager communities. Perhaps this is because mayor-council communities—with an elected chief executive as well as an elected council—are more sensitive to the political resources and activities of unionized workers, and are, hence, also more receptive to their preferences regarding various personnel practices including use of performance appraisal.



Utilization of performance appraisal is not, however, merely yes/no. Therefore, another question is what factors affect the *percentage* of employees that are appraised in those municipalities that make at least some use of employee appraisal? Among those communities that make use of systems of performance appraisal (n=26), the percentage of full-time employees

whose performance is regularly appraised ranges from 10% to 100%, with a mean of 58.46% and a median of 55%.

How do various community factors impact the relative extent of performance appraisal?

In addressing this question I hypothesize that:

H5 Among municipalities that use performance appraisal, the percentage of employees appraised is higher in council-manager than in mayor-council governments, controlling for the effects of other independent variables.

H6 Among municipalities that use performance appraisal, the percentage of employees appraised is higher in communities with a larger workforce, controlling for the effects of other independent variables.

H7 Among municipalities that use performance appraisal, the percentage of employees appraised is lower the larger the percentage of unionized employees, controlling for the effects of other independent variables.

H8 Among municipalities that use performance appraisal, the percentage of employees appraised is lower in communities with more bargaining units, controlling for the effects of other independent variables.

Theory Behind the Hypotheses

Factors that affect use are also factors likely to be associated with extent of use. With respect to H5, council-manager communities may be more likely to embrace “best professional practices” than mayor-council communities since managers may have a stronger commitment to professionalism. With respect to H6, communities with larger workforces may have a greater need for a formalized performance appraisal system. Managers have less direct contact and control of their employees than do managers in communities with smaller workforces. Moreover, communities with larger workforces may also have more supervisors and staff, and larger personnel departments, enabling them to more readily conduct formal performance appraisal. With respect to H7 and H8, it is hypothesized that as the percentage of employees that are

unionized, and the number of bargaining units increase, the percentage of employees that are appraised will decrease. This is because unions tend to oppose such practices.

In seeking to understand factors that affect the percentage of employees that are appraised, I conducted ordinary least squares regression in the minority of communities that made at least some use employee appraisal ($n=26$).⁷ The same independent variables are included in this analysis as were included in the logistic regression analysis discussed above. Table 3.4 shows the results of this analysis.

Table 3.4. Ordinary Least Squares Regression Analysis of the Percentage of Employees Appraised in Suburban Detroit Communities that have Employee Appraisal Systems						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.049	61.713		-.017	.987
	Council-Manager Type Government	34.362	20.119	.371	1.708	.102*
	Logarithm of Workforce Size	9.256	8.369	.359	1.106	.281
	Number of Bargaining Units	-2.181	4.708	-.168	-.463	.648
	Percentage of Unionized Employees	-.029	.764	-.011	-.038	.970
* $p = .102$ ⁸ Dependent Variable: Percentage Appraised a. $n=26$; R-Square = .146; Adjusted R-Square = -.017; $s_e = 34.342$						

⁷ One case did not fit either the council-manager or mayor-council forms of government. This community had a general law village form of government that appraised more than half of their employees. This case was dropped from the ordinary least squares regression analysis.

⁸ Due to small sample size, I considered a coefficient with a probability value of .102 to be statistically significant (different from zero).

As the table indicates, among municipalities that use performance appraisal, extent of use appears to be related to the form of government, but not to the other community characteristics looked at here. However, additional information gathered from the respondents helps shed light onto other potential factors influencing performance appraisal utilization.

Barriers to Employee Performance Appraisal—The Views of Managers in Communities that Make Little If Any Use of Performance Appraisal

In this section, I examine the barriers to employee performance appraisal in non-utilizing communities (n=34). Non-utilizing communities include the 32 communities that appraised none of their full-time employees as well as the two communities that appraised ten percent or fewer of their full-time employees. We look first at more general views of the benefits or costs of not conducting employee appraisal in the non-utilizing communities. These respondents were asked two questions that get at this.⁹ They were asked whether their community would be better off if it made use of employee performance appraisal. Twenty-three out of 34 respondents (68%) did think that their municipality would be better off if it had a system of employee appraisal in place, 29% did not, and one was not sure.

A second question asked them how serious of a problem it was for their community not to be making use of performance appraisal. When asked whether not having a system of performance appraisal had negative consequences—on a scale where 0 = makes no difference,

⁹ The first question was: “Overall, do you believe your municipality would be better off if it did have a system of employee performance appraisal in place”? Respondents were able to choose from: Yes, No, Not Sure. The second question was: “Using the scale below, please indicate your overall judgment as to the impact for your municipality of its not using a system for appraising employee performance”? 0 = Not having such a system is a very serious problem and 10 = Not having such a system makes no difference. After providing their close-ended responses, respondents were asked to expand on both of their answers.

and 10 = very serious problem—the mean response was 3.85 (n=34).¹⁰ So, on the one hand, a strong majority of the managers in the communities that made little or no use of performance appraisal felt that their community would be better off if they made use of such systems. On the other hand, most did not think that the lack of such a system had especially serious consequences. In short, doing employee performance appraisal might be a good thing, but not doing it is not so bad either.

It would seem logical that those who say their community would be better off with performance appraisal would also be more likely to see not doing performance appraisal to have a serious impact. To see if this is the case, I utilize an independent samples difference of means test (a t-test).¹¹ Table 3.5 summarizes the findings.

Table 3.5. Independent Samples Difference of Means Test (T-test) on the Impact Rating of Respondents Who Believed Their Community Would Be Better Off Compared to Those Who Did Not Believe Their Community Would Be Better Off
<p>Mean_a = 5.1087 (n=23) Note: Mean_a = The mean impact rating of respondents who believed their community <i>would be</i> better off with an appraisal system.</p>
<p>Mean_b = 1.25 (n=10) Note: Mean_b = The mean impact rating of respondents who believed their community <i>would not be</i> better off with an appraisal system.</p>
<p>Mean_a (5.1087) - Mean_b (1.25) = 3.8587 I use the t-test that assumes that the two samples have equal variances. P = < .0001 (one-tailed test).</p>

Note: The one respondent who was “not sure” was not included in the analysis.

¹⁰ In the phone interview schedule, 0 = very serious problem and 10 = makes no difference. The numbers were inverted for the analysis (i.e. 0 = makes no difference, and 10 = very serious problem).

¹¹ I divided the respondents into two groups based on the first question and then looked at their mean responses to the second question. As noted earlier, the first question was: “Overall, do you believe your municipality would be better off if it did have a system of employee performance appraisal in place”? The second question was: “Using the scale below, please indicate your overall judgment as to the impact for your municipality of its not using a system for appraising employee performance”?

As can be seen, the difference of 3.8587 is statistically significant. In general, those managers who believed that doing performance appraisal was likely to reap benefits were also more likely to think that not doing it would have negative consequences. The respondents were consistent in their views of both relative benefit of doing performance appraisal and the impact of not having a system for appraising employee performance.

The respondents were also asked to expand on their views with respect to the questions on overall benefit of employee appraisal, and the likely impact of not having such a system in place. Tables 3.6 and 3.7 provide a summary of the major themes that emerged from the comments of the respondents. As can be seen from table 3.6, 68% of managers of communities without employee appraisal systems recognized the benefits that such systems could have for their communities. So why didn't the other ten or so managers feel the same way? These managers either saw too many problems or obstacles associated with formal appraisal, felt that employee improvement was being achieved in other ways in their communities, and/or felt that their communities were doing well without such systems.

As can be seen from table 3.7, half of managers felt that the absence of appraisal had little if any impact on their community. These managers believed that implementing an appraisal system in their unionized environment would be of little value because the system could not be tied to pay and/or other personnel decisions. They also noted that there were other ways their communities facilitated employee improvement, saw no critical need for such a system, and saw problems and obstacles associated with such systems. Still, 35% of managers felt that the absence of appraisal had some impact on their community. These managers also mentioned the problems and obstacles associated with such systems, there was no critical need for an appraisal

system, and other ways their communities facilitated employee improvement. However, these managers were more likely to note the beneficial aspects of appraisal.

Table 3.6. Comments by Managers of Communities Without Employee Appraisal Systems	
Views of respondents who felt it would be beneficial to have such a system in place (n=23)	Views of respondents who did not feel it would be beneficial to have such a system in place (n=11)¹
<p>PA Facilitates Employee Improvement and Helps Maintain a Productive Workforce Serves as a mechanism to communicate and provide feedback to the employee; helps with setting goals and objectives; helps reinforce good behavior; helps hold employees accountable (21)</p> <p>PA for Record-Keeping and Justifying Personnel Decisions Builds documentation and helps justify personnel decisions (13)</p> <p>Merit-Pay is Needed We need to tie performance to pay because it will lead to a higher performing workforce; in our current system, there is no incentive to perform better (7)</p> <p>Our Current System Relies on Progressive Discipline. It's Not Enough PD deals only with problem employees (these employees are in the minority). Having a PA system would help improve the performance of our entire workforce (4)</p>	<p>Problems or Obstacles Lack of training (4) Employees will get nervous; feel like they are being judged; sensitive; guarded (4) Employees will get upset, complain; favoritism; subjective; arbitrary; causes morale issues (4) Unionized environment/objection; politically unacceptable (4) Puts too much pressure on employer and employee to provide and receive feedback formally; better to do it informally; supervisors uncomfortable (3) Budget concerns/constraints (2) Lack of staff (2) Leads to potential lawsuits (1) Can't observe employee performance (1) We do not have a system, so to institute one would be difficult (1) Without linkage to pay/personnel decisions, the appraisal will be viewed as an exercise (1)</p> <p>Other Ways We Facilitate Employee Improvement We have daily informal immediate feedback and open communication (5) We have progressive discipline (3) We have probationary period (1)</p> <p>No Critical Need for an Appraisal System Our communities are doing well without one (3)</p>

1. Includes one respondent who was "not sure."

Table 3.7. Open-Ended Responses to Question on How Serious the Impact of Not Having an Employee Performance Appraisal System (0 = makes no difference; 10 = very serious problem)		
Absence Has Little Impact (Ratings 0 to 3, n = 17)	Absence Has Some Impact (Ratings 4 to 6, n = 12)	Absence Has a Serious Negative Impact (Ratings 7 to 10, n = 5)
<p>Little Value If we were to negotiate PA in our unionized environment, the most it probably could be used for is the facilitation of employee improvement; there would be no linkage to pay and/or other personnel decisions (11)</p> <p>Others Ways We Facilitate Employee Improvement We do appraisal and provide feedback informally (7) We have progressive discipline (2) We have probationary period (1)</p> <p>No Critical Need for PA System Our current system functions properly (4) We have a small community (3)</p> <p>Problems or Obstacles Employees start comparing scores; creates discord; morale problems (3) Puts stress on employee (2) Lack of time/staff/resources (2) We can't afford merit-increases (2) Favoritism (1) Employees would question the motive (1)</p>	<p>Problems or Obstacles Difficult to negotiate a PA system in our unionized environment; there will be objection (8) Lack of time, staff, resources, and middle managers (2) If not tied to pay, why are we even doing it; we won't be able to tie it to pay (2) Raises anxiety levels (1) Favoritism/grievances (1) We are a small city (1)</p> <p>No Critical Need for a PA System Absence of PA is not a big problem (7) Employees perform pretty well without it (1) What we need is better recruitment and selection (1)</p> <p>PA is Useful Serves as a communication and feedback device; need it to develop staff and facilitate employee improvement (5) Need it for documentation purposes and to aid in personnel decisions such as firing, demoting, and discipline (4)</p> <p>Other Ways We Facilitate Employee Improvement There is informal feedback and communication; we are still putting papers in their file; we have progressive discipline; we have a probationary period (3)</p>	<p>We Need Employee Development Techniques We have a stagnant workforce; there is a lack of open communication (4)</p> <p>We Currently Rely on Progressive Discipline; It's Not Enough PD only deals with those employees who are clearly violating a work rule (these employees are in the minority). Having a PA system would help improve the performance of our entire workforce. Moreover, PD corrects problems after the fact, while having a PA system would help identify and solve performance issues sooner rather than later (4)</p> <p>No Accountability in Our Unionized Environment Our union employees receive their annual salary percentage increases regardless of performance; there is a sense of entitlement regarding wages; we need merit-pay (2)</p>

Lastly, 15% of managers felt that the absence of appraisal had a serious negative impact on their communities. These managers felt they had a stagnant workforce and needed employee

development techniques such as performance appraisal. They also believed that current mechanisms in place, specifically progressive discipline, did not facilitate employee improvement for the majority of the workforce, but only corrected performance issues for a small minority of employees who break work rules. Lastly, they felt that their unionized environment did not hold employees accountable for their performance, and believed that implementing a merit-pay system would provide employees with the incentive to work harder.

The respondents' comments highly suggest that performance appraisal is only one of the many means in which communities facilitate employee improvement. That is why some managers felt that the absence of such systems was not detrimental to their communities. They are doing appraisal and providing feedback informally. Furthermore they are relying on mechanisms such as the probationary period and progressive discipline to improve and correct performance issues. It is interesting to note that while some managers felt that progressive discipline did the job, others felt it only corrected performance issues for a small minority of employees and thus, advocated for the implementation of a performance appraisal system. Lastly, the comments reflect the fact that some respondents felt that these systems would be of little value in their highly unionized environments, because it would be close to impossible to negotiate such systems to be tied to pay and/or other personnel decisions, and thus limiting the impact such systems could have on their communities.

Reasons Communities Made Little or No Use of Employee performance Appraisal

Beyond the reasons implied by the responses to the questions on the relative benefit of employee performance appraisal, and the impact of not having such a system, that were discussed above, another question specifically asked managers in the 34 non-utilizing communities why they made little if any use of such systems. In the telephone survey these

managers were asked about 15 possible reasons for not making use of employee performance appraisal in their community. The salience of various reasons why their community made no, or only very limited, use of employee performance appraisal is detailed in Table 3.8.

Table 3.8. Reasons Endorsed by Managers as to Why Their Community Made Little or No Use of Employee Performance Appraisal (n=34)	
Reason	Percent (Number) of Managers Citing This Reason
Employee unions strongly resist the use of such systems.	68% (23)
Such systems are often very arbitrary and allow supervisors to favor some subordinates over others for various reasons not related to actual performance.	65 (22)
Supervisors are uncomfortable with conducting appraisals.	62 (21)
Employees would anticipate the appraisal with anxiety.	59 (20)
Employees are sensitive to an instrument that has the potential to aid in salary, bonus, promotion, demotion, and dismissal decisions.	56 (19)
There is no guarantee that even if a performance appraisal exists that any use will be made of the information produced by such a system.	50 (17)
In general, the information provided by systematic employee appraisals can just as easily be secured in other ways.	47 (16)
Individual employees strongly resist the use of such systems.	47 (16)
Supervisors are unwilling to give their subordinates the performance scores that they truly deserve.	44 (15)
There is no need for a systematic process of employee appraisal because their municipality does not have a merit pay system in place.	41 (14)
Employee performance appraisal methods are hard to develop and expensive to use.	38 (13)
Most of the time those who must evaluate employees are not in a good position to directly observe how those employees actually perform their work.	21 (7)
Evaluating the performance of individual employees tends to pit employees against one another and this is bad for employee morale.	18 (6)
Having an employee performance appraisal process is just asking for trouble as it provides a basis for employee grievances.	15 (5)
Performance appraisal can cause more damage to the employee and municipality than good.	15 (5)

Overall, 40% or more of the respondents endorsed 10 of the 15 potential impediments to, or objections to, the use of performance appraisal, with three of these reasons being cited by 60%

of the 34 managers. These three were union resistance (68%), the arbitrary nature of performance appraisals (65%), and managerial discomfort in conducting appraisals (62%). These represent a combination of employee-based resistance (another 59% agreed that such appraisals would make employees anxious), and those problems that critics argue may be inherent in such systems. The fact that union resistance was seen to be an impediment to the use of performance appraisal is not surprising—for reasons discussed earlier in this chapter.

As can be seen from the table 3.8, 23 respondents endorsed “employee unions strongly resist the use of such systems” as a reason why their community made little or no use of appraisal systems, while the remainder of the respondents (11) did not endorse it as a reason. If union resistance is indeed a serious barrier impediment to the use of employee appraisals, then I would expect that respondents from non-utilizing communities with a higher percentage of their workforce unionized would be more likely to mention “union resistance” as an impediment. But is this so? In addressing this question I hypothesize that:

H9 The mean percentage of unionized employees is significantly greater in those communities that endorsed “union resistance” as a reason why their community made little or no use of appraisal systems.

To test this hypothesis I utilize an independent samples difference of means test (a t-test). Table 3.9 summarizes the findings. As can be seen, the difference of 4.95 is not statistically significant ($p > .05$). It does not appear that communities with more extensive collective bargaining are any more likely to cite union opposition as a reason their community does not do performance appraisal. It must be noted, however, that levels of unionization was relatively high in all communities and had such levels varied more substantially, the results might have been different.

Table 3.9. Independent Samples Difference of Means Test (a T-test) on the Percentage of Unionized Employees in Communities Endorsing “Union Resistance” as a Reason Compared to Those That Did Not
<p>Mean_a = 84.1304 (n=23) Note: Mean_a = The mean percentage of unionized employees in those communities that endorsed “union resistance” as a reason why their community made little or no use of appraisal systems.</p>
<p>Mean_b = 79.1818 (n=11) Note: Mean_b = The mean percentage of unionized employees in those communities that did not endorse “union resistance” as a reason why their community made little or no use of appraisal systems.</p>
<p>Mean_a (84.1304) - Mean_b (79.1818) = 4.9486 I use the t-test that assumes that the two samples have equal variances. P = .1624065 (one-tailed test).</p>

Conclusion

Despite the stress on performance appraisal in the professional personnel management literature, I find that well over half of a sample of municipal governments in suburban Detroit did not appraise any of their full-time, regular employees. Additionally, two variables help explain performance appraisal usage: form of government and extent of unionization.

Importantly, when I asked managers why they believed their communities made little or no use of such systems, 68% of respondents endorsed “union resistance” as a reason. Open-ended responses provided further support for the union resistance theory to non-utilization. It is clear that union resistance tells part of the story as to why communities are not engaged in the practice, but the findings also suggest it does not tell the whole story. I found other factors at play: arbitrary nature of performance appraisals, managerial discomfort in conducting appraisals, and employee-based resistance.

Moreover, I found that 68% of managers of communities without employee appraisal systems believed their communities would be better off with such systems, with seven of the

respondents advocating for merit-pay because they felt their unionized environment provided no incentive for their employees to perform better, and resulted in a workforce that did not perform as well as they could. In addition, half of managers felt that the absence of appraisal had little if any impact on their communities partly due to not being able to link performance to pay and/or other personnel decisions in their highly unionized environment. Lastly, managers noted other ways their communities facilitated employee improvement which included informal feedback and communication, progressive discipline, and the probationary period.

The next chapter examines the employee performance appraisal practices of the 25 communities that appraised 11% or more of their employees. It also explores the extent to which communities are following best practices in performance appraisal and management, the benefits that are seen to stem from such systems, and the problems and obstacles surrounding the practice. We will be able to see if any of the challenges discussed by managers in non-utilizing communities exist in these 25 utilizing communities. If so, it would validate that the concerns and obstacles surrounding performance appraisal are serious, because they are occurring in those communities currently engaged in the practice. Managers from utilizing communities know first hand of the benefits as well as the challenges such systems present.

CHAPTER FOUR

THE OTHER SIDE OF THE STORY: EMPLOYEE PERFORMANCE APPRAISAL PRACTICES IN THE 25 SAMPLE COMMUNITIES THAT MAKE USE OF THEM

In chapter three we saw that, despite the importance placed on performance appraisal in the professional literature, more than half of a sample of 59 suburban Detroit communities had no such systems in place. The chapter went on to explore some of the factors that could explain the widespread failure to use such systems. Among the more important factors was the form of government and presence of public employee unions in those communities.

This having been said, it is also the case that 25 of the 59 communities studied did have such systems in place.¹² Hence, it is possible to have such systems even in a unionized public employment setting. In fact, in these 25 communities the percentage of unionized employees averaged 76.8% and varied from 0% to 98% (See Table 4.1). This is not to say that performance appraisal was universal even in these communities. Indeed, the percentage of employees appraised varied from 19% to 100% and averaged 63.4% (See Table 4.1).

Table 4.1. Percentage of Employees Unionized and Appraised in Utilizing Communities	
	Utilizing Communities (n = 25)
Percentage of Regular, Full-Time Employees that are Unionized	Range: 0 to 98 Mean: 76.8 S.D. 19.8 Median: 81
Percentage of Regular, Full-Time Employees that are Appraised	Range: 19 to 100 Mean: 63.4 S.D. 30.4 Median: 60

¹² Utilizing communities include the 25 communities that appraised 11% or more of their employees.

Which Employees Are Appraised?

Eight of 25 communities appraised 95% or more their regular, full-time employees. Three additional communities technically appraised the performance of their entire workforce, but the respondents noted that the forms are not always completed by supervisors.¹³ This means that 11 communities have almost complete coverage of employee appraisal, while 14 do not. When the 14 remaining communities were asked why all employees were not appraised, respondents in six communities said unionized employees were excluded. In the other eight communities only the employees of certain departments had their performance appraised. These findings shed light on the impact of union resistance to performance appraisal.

In the last chapter, we saw that 68% of respondents in non-utilizing communities endorsed employee union resistance as a reason why their community made little or no use of appraisal. Adding further weight to this reason, we see in this chapter that six of the 25 communities excluded unionized employees. When asked why they were excluded, respondents stated that management was not allowed to appraise the performance of their union employees, and that the performance appraisal language was not in their union contract. These findings support union resistance as an important factor in non-utilization.

That said, union resistance does not explain the whole story because there exist communities in the sample with nearly universal coverage that do not exclude unionized employees. In fact, in those eight communities that actively appraise 95% or more of their regular, full-time employees, the percentage of unionized employees range from 70% to 92%

¹³ Respondents in these three communities noted a lesser percentage when asked how many of their regular, full-time employees have their performance appraised because they took into consideration the number of appraisals that are not completed by supervisors.

and average 81.6% with a median of 83%. Overall, I find jurisdictions with high levels of unionization having appraisal systems in place, even for their unionized workers.

Reasons for Employee Performance Appraisal

In chapter three we saw that even respondents in communities that had no systems of performance appraisal in place often acknowledged the potential benefits of such systems. Hence, it stands to reason that managers in the 25 communities that make at least some use of employee performance appraisals should see them as being of value. The respondents were given a list of reasons as to why public employers may conduct formal appraisals of employee performance and were asked to indicate the reasons they believed their community did so. Table 4.2 provides an overview of the reasons.

While certain benefits were mentioned more commonly than others, ten reasons were mentioned by 50% or more of the respondents. Most of these ten are commonly stressed by advocates of performance appraisal. There was well-nigh universal endorsement of reasons having to do with facilitating or motivating employee performance and getting rid of low-performers. In this group of communities, performance appraisal systems were not seen to be an important part of awarding salary increases or other types of rewards. In the overall sample, none of the 59 municipalities had a performance-contingent (merit-pay) system in place for union employees. And only twelve of these 59 municipalities had merit-pay for nonunion salaried or at-will employees—a sliver of the workforce. These results are not surprising, considering the sample consisted of highly unionized communities. Tying pay to performance goes against the union philosophy which believes in treating employees equally, particularly when it comes to pay.

Table 4.2. Reasons Cited by Managers as to Why Their Community Made Use of Employee Performance Appraisal (n = 25)

Reason	Percent (Number) of Managers Citing This Reason
Helps with facilitating employee improvement.	96 (24)
Serves as a mechanism for communicating and providing feedback to the employee.	96 (24)
Helps with identifying the training and developmental needs of employees.	96 (24)
To motivate employees to perform better.	84 (21)
To aid in decisions about dismissal.	84 (21)
To aid in decisions about promotions.	80 (20)
To aid in decisions about employee discipline.	72 (18)
To help the community identify larger problems existing within the organization.	72 (18)
To aid in decisions about demotions.	60 (15)
To help the municipality validate their methods of employee selection.	52 (13)
To aid in decisions about employee retention.	48 (12)
To aid in decisions about employee reassignment.	44 (11)
To aid in decisions about employee transfer.	32 (8)
To aid in decisions about salary increases.	20 (5)
To aid in decisions about employee reinstatement.	20 (5)
To aid in decisions about awards.	12 (3)
Other: The performance appraisal is used for succession planning.	4 (1)
To aid in decisions about bonuses.	0 (0)
To aid in decisions about merit-pay.	0 (0)

Note: Excluded from the percentages are those responses that appeared to be referring to awards, bonuses, salary increases, and merit-pay given to at-will employees because they are a sliver of the workforce. Six of the 25 respondents that answered the above questions noted that their community did not appraise their union employees. Thus, at least six respondents were referring to at-will or non-union employees when answering the above questions.

Overall, the findings are in line with the many purposes of employee performance appraisal discussed in the literature:

- Serves as a mechanism for communicating and providing feedback to the employee (Longenecker & Nykodym, 1996, p. 151; Martin & Bartol, 1986, p. 102; Nash, 1985, p. 152; Roberts, 1994, p. 525; Roberts, 1995, pp. 198, 210).
- Helps with facilitating employee performance improvement (Hewitt Associates, 1991, p. 102; Roberts, 1995, p. 211; Swan, 1991, pp. 3, 9; Tiffin & McCormick, 1958/1962, p. 6-7).

- Helps with identifying the development and training needs of employees (Daley, 1993, pp. 201, 204; England & Parle, 1987, p. 498; Hewitt Associates, 1991, p. 102; Martin & Bartol, 1986, p. 102; Roberts, 1995, pp. 210-211; Robinson, Fink, & Allen, 1996, p. 141; Tiffin & McCormick, 1958/1962, p. 5).
- Helps with identifying candidates for promotion (Daley, 1993, pp. 201, 204; Martin & Bartol, 1986, p. 102; Roberts, 1994, p. 525; Roberts, 1995, p. 211; Smith, 1977, p. 94; Tiffin & McCormick, 1958/1962, p. 5; Tyler as cited in England & Parle, 1987, p. 498).
- Helps provide a basis for employee transfer, reassignment, reinstatement, retention, demotion, discipline, layoff, termination, discharge, and dismissal (Daley, 1993, pp. 201, 204; Klingner & Nalbandian, 2003, p. 286; Roberts, 1994, p. 525; Roberts, 1995, pp. 210-211; Tiffin & McCormick, 1958/1962, p. 5; Tyler as cited in England & Parle, 1987, p. 498).
- Helps with personnel research and validating selection criteria (England & Parle, 1987, p. 498; Roberts, 1995, pp. 210-211; Tiffin & McCormick, 1958/1962, p. 5-6).
- Helps with identifying larger problems existing within the organization (Roberts, 1995, pp. 210-211).

The Mechanics of the Appraisal Process

All but one community appraised employee performance on an annual basis. It is typically the case that appraisals are done on an annual basis (see for example Ammons & Rodriguez, 1986, p. 463; England & Parle, 1987, p. 501; Lacho, Stearns, & Villere, 1979, p. 116; Roberts, 1994, p. 529; Tyler, 1982, p. 206). In the case of these 25 communities, 12 used a common method while the other 13 used separate instruments for different types of employees. Among those using a universal instrument, most noted that a single, common employee

performance appraisal method was used for purposes of consistency, uniformity, fairness, and simplicity. A common appraisal method allowed for a single standard of expectations for all employees. For a few communities a common appraisal method was used for the simple reason that only one department engaged in performance appraisal. Those communities that used different appraisal instruments typically said they did so in recognition of differences in the type of work done by various groups of employees.

As is also quite common, in these 25 communities the majority of employees are appraised by their immediate supervisor, although there was limited use of employee self-appraisal (see Table 4.3). It is typically the case that appraisals are conducted by an employee's supervisor (see for example Daley, 1992, p. 29; Lacho, Stearns, & Villere, 1979, p. 116; Tyler, 1982, p. 206).

Table 4.3. Actors Involved in the Employee Performance Appraisal Process	% (n)
The employee's immediate supervisor is typically involved in the formal employee appraisal process.	80 (20)
In addition to the employee's immediate supervisor, the employee performs a self-appraisal.	12 (3)
In addition to the employee's immediate supervisor, a department head, director, or the individual who is a level above the supervisor is involved in the formal employee performance appraisal process.	8 (2)
Total Number	100 (25)

Note: None of the respondents noted that an employee's subordinates, co-workers, or citizens/clients impacted by what the employee does are involved in the formal employee performance appraisal process.

Performance appraisals can be conducted using a wide range of tools and methods. Respondents were asked to describe in detail the tools or methods used in their performance appraisal systems. The sample communities' appraisal practices consisted of a few main elements. First and foremost, in line with the literature (Buford & Lindner, 2002; Daley, 2003; Klingner & Nalbandian, 2003; Sachs, 1992; Swan, 1991; Toropov, 1999), managers noted that

their communities' performance appraisal measured various skills, behaviors, and job knowledge components, often through the use of a one to five rating scale (scale point system). Some of the items measured in their appraisals included: ability to meet goals and performance objectives, attendance, ability to communicate, team involvement, leadership qualities, interpersonal skills (how well the employee interacts with others), conformity with work rules, employees' job achievements, productivity, attitude, etc. Items similar to these are discussed in the literature (see for example Toropov, 1999). Their appraisals involved an overall assessment such as "meeting expectations," "not meeting expectations," or "exceeding expectations." An employee's overall performance could also be labeled as poor, fair, good, above average, or outstanding. Employees could also receive a satisfactory or unsatisfactory overall performance rating. Ratings similar to these are discussed in the literature (Buford & Lindner, 2002; Daley, 2003; Klingner & Nalbandian, 2003; Sachs, 1992; Swan, 1991; Toropov, 1999).

Second, in line with the literature (Buford & Lindner, 2002; Daley, 2003; Sachs, 1992; Swan, 1991; Toropov, 1999), managers noted that there was an area on the appraisal form for the supervisor to provide written comments on an employee's performance. It was either one overall narrative depicting an employee's performance or a narrative specific to each of the skills, behaviors, and job knowledge components being measured. For each skill, behavior, and job knowledge factor that is being measured, the written portion allowed the supervisor to explain his or her rating. This helped employees understand supervisors' rationales for rating them as they did. The narrative included concrete examples and/or overall reasons as to why the supervisor gave the employee a certain rating.

Lastly, in line with the literature (Buford & Lindner, 2002; Daley, 1992; Downs, 1990; London, 1997; Martin & Bartol, 1986; Sachs, 1992; Smith, 1977; Swan, 1991), managers noted

that there was the performance appraisal interview (sometimes referred to as the “discussion”). In the performance evaluation interview, the supervisor has a conversation with the employee about his or her performance over the past year, and the supervisor and employee work together to come up with the upcoming work year’s performance objectives (Martin & Bartol, 1986, p. 107). As typically discussed in the literature, managers noted that when an employee fails to meet performance goals, supervisors record performance deficiencies and create a plan to remedy them (Daley, 2008, p. 46).

During the discussion stage, managers noted that it is crucial that employees feel that they are being heard by their supervisors. This is consistent with what Downs (1990) observes during the performance evaluation interview: employees appreciate supervisors that communicate in an effective manner and demonstrate a regard for what they have to say (p. 348). Managers noted that the employee goes over the appraisal sheet. If he or she feels differently about a rating, he or she can bring forth concerns with the supervisor. Both parties discuss the concerns, try to understand where the other side is coming from, and seek solutions to any disagreements or misunderstandings. Managers in the sample noted that doing so helps employees feel that the system is fair because they were provided the opportunity to comment on their appraisal, explain additional observations and circumstances the supervisor may not have been aware of when conducting the appraisal, and work with their supervisors in correcting inaccurate information.

Overall, the mechanics of the appraisal process in the 25 sample communities is consistent with the literature. The literature indicates that appraisals are usually done annually (Ammons & Rodriguez, 1986, p. 463; England & Parle, 1987, p. 501; Lacho, Stearns, & Villere, 1979, p. 116; Roberts, 1994, p. 529; Tyer, 1982, p. 206), that the employee’s supervisor is

usually the appraiser (Daley, 1992, p. 29; Lacho, Stearns, & Villere, 1979, p. 116; Tyer, 1982, p. 206), and the evaluation usually consists of items measuring various skills and behavior with a written portion (Buford & Lindner, 2002; Daley, 2003; Klingner & Nalbandian, 2003; Sachs, 1992; Swan, 1991; Toropov, 1999), and the performance appraisal discussion (Buford & Lindner, 2002; Daley, 1992; Downs, 1990; London, 1997; Martin & Bartol, 1986; Sachs, 1992; Smith, 1977; Swan, 1991).

Do Communities Follow Best Practices in Performance Appraisal and Management?

The literature on performance appraisal is clear on the fact that certain practices must be followed if management desires an appraisal which achieves its intended purposes. Hence, I was interested in ascertaining whether the minority of surveyed communities that made use of such systems were following best practices. To gauge this, I asked respondents whether various practices were followed in their particular communities.¹⁴

Best Practice #1: Train Employees in How to Conduct Performance Appraisals

If such systems are going to be effective, it is important that employees are properly trained in how to conduct performance appraisals (Daley, 1992; Daley, 2003; Longenecker & Nykodym, 1996; Martin & Bartol, 1986; Roberts, 1998). As indicated in Table 4.4, only one-third of respondents strongly believe their employees are properly trained on how to conduct appraisals, while another 36% partially agree that employees are properly trained. The findings are not surprising: the literature suggests that raters are often not provided with the necessary

¹⁴ Respondents were asked to use a five point scale indicating relative agreement or disagreement as to whether particular activities or qualities characterized their appraisal systems. Respondents were given a total of 25 statements in which they were able to respond with a “strongly agree,” “agree,” “somewhat agree,” “disagree,” or “strongly disagree.” In Table 4.4 and additional tables throughout this chapter where these statements are found, responses of “strongly agree” and “agree” are combined, as are the two categories of “strongly disagree” and “disagree.”

training on how to effectively conduct appraisals (see for example Martin & Bartol, 1986, p. 101; Reinke, 2003, p. 30; Roberts, 1995, p. 209).

Table 4.4. Statements Gauging the Extent to which Communities Are Following Best Practices in Performance Appraisal and Management			
	Agree/ Strongly Agree	Some- what Agree	Disagree/ Strongly Disagree
Usually the results of employees' appraisals are communicated to them in a prompt manner.	88 (22)	0 (0)	12 (3)
Rarely do appraisers allow non-job-related considerations, such as race, gender, friendships, etc., to influence their appraisals.	84 (21)	8 (2)	8 (2)
Supervisors are in the habit of providing feedback, monitoring, and support to help improve their employees' skills and behaviors.	80 (20)	12 (3)	8 (2)
Usually the results of employees' appraisals are communicated to them in a helpful manner.	76 (19)	24 (6)	0 (0)
Supervisors often acknowledge the hard work of their subordinates.	68 (17)	28 (7)	4 (1)
Supervisors possess the skills to provide constructive feedback to their subordinates.	68 (17)	28 (7)	4 (1)
Supervisors possess the skills needed to achieve a balanced assessment of the strengths and weaknesses of their employees.	52 (13)	28 (7)	20 (5)
In the performance appraisal, moments where the employee screwed up badly receives a lot of attention.	48 (12)	24 (6)	28 (7)
Supervisors are in the habit of taking written notes throughout the year on their employee's performance in various tasks and projects.	48 (12)	40 (10)	12 (3)
Employees are properly trained in how to conduct performance appraisals.	32 (8)	36 (9)	32 (8)

Best Practice #2: Strive For Objectivity: Recognize When Non-Job-Related Considerations Are Influencing the Appraisal

Superiors should strive to be as objective as possible when appraising their subordinates (London, 1997; Sachs, 1992; Swan, 1991). "The tendency to give overly favorable ratings to ratees who are similar to the rater on characteristics that are unrelated to performance (e.g., age,

race, or gender)” is found in the rater error known as “similarity” (London, 1997, p. 91). It appears from Table 4.4 that the majority of communities in this sample believe they are not allowing non-job-related considerations, such as race, gender, friendships, etc., to influence their appraisals, which should contribute to the effectiveness of their systems.

Best Practice #3: Provide Feedback, Monitoring, and Support: It is a Part of Effective Performance Management

Swan (1991) notes: performance management helps supervisors successfully carry out their role in managing the workforce by providing feedback and guidance to help their employees achieve performance goals throughout the year (p. 9). Providing feedback, monitoring, and support is crucial in helping employees improve their performance (London, 1997; Mohrman, Resnick-West, & Lawler, 1989; Nash, 1985; Swan, 1991). The majority of respondents believe their supervisors are doing a good job in this area, which should contribute to the effectiveness of their systems (see Table 4.4).

Best Practice #4: Provide Constructive Feedback

For such systems to be effective, it is important that supervisors possess the skills to provide constructive feedback to their subordinates (London, 1997). The majority of respondents believe their supervisors are doing a good job in this area, which should contribute to the effectiveness of their systems (see Table 4.4). I also asked respondents whether they agreed or disagreed that “supervisors possess the skills needed to achieve a balanced assessment of the strengths and weaknesses of their employees.” Only about 50% of the respondents felt strongly that this was the case.

It is easy for a supervisor to make the mistake of focusing on moments where the employee screwed up badly because these instances usually leave a lasting impression. Close to

half of the respondents strongly believe their supervisors make this mistake, while about 25% only somewhat agree that their supervisors do so (see Table 4.4). Furthermore, it is fundamental that supervisors acknowledge the hard work of their subordinates so employees know that their hard work is appreciated (Bacon, 2006; Herman, 1999; Roseman, 1981; Sweet, 1989). The majority of respondents believe their supervisors are doing a good job in this area, which should contribute to the effectiveness of their systems (see Table 4.4). Lastly, feedback should be both prompt and helpful (London, 1997). As can be seen in Table 4.4, the majority of respondents believe that appraisal results are communicated to employees in a helpful and prompt manner.

Best Practice #5: Take Written Notes throughout the Year on Employees' Performance

The literature highly recommends that supervisors keep written notes on their employees' performance throughout the year and draw upon such documentation when completing an employee's appraisal (Sachs, 1992; Swan, 1991). Sachs (1992) discusses how a journal can be helpful, "The journal is to document every type of performance—good and bad. In fact, supervisors who keep journals tend to evaluate employees more favorably, because they are reminded of good decisions that are easily forgotten or overshadowed by an isolated error" (p. 40). As can be seen in Table 4.4, the majority of respondents at least somewhat agree that their supervisors are doing a good job in this area.

Performance Appraisal in Action in the 25 Communities: Benefits and Challenges

Perceived Benefits of Employee Performance Appraisal

The findings reported above suggest that—while not perfect—the systems of employee appraisal that exist in these 25 communities embody many of the elements of best practice and are reasonably effective. That this is so is evident from five questions that asked managers about

the overall value of their municipality using such a system. Responses to three of these questions are summarized in Table 4.5, while responses to the other two are summarized in Table 4.6.

Table 4.5. Three Views on the Utility of Performance Appraisal in the 25 Utilizing Communities			
	Agree/ Strongly Agree	Some- what Agree	Disagree/ Strongly Disagree
The performance appraisal process often causes more harm than good for employees and the municipality.	8% (2)	4% (1)	88% (22)
Rarely do employees file grievances over what they consider to be unfair performance appraisals.	76 (19)	8 (2)	16 (4)
Employee performance appraisal is a very time-consuming process yet often the information they produce is not used in making employment-related decisions.	44 (11)	8 (2)	48 (12)

When asked whether they agreed or disagreed that “the performance appraisal process often causes more harm than good for employees and the municipality,” most of the managers disagreed that this was so (see Table 4.5). The majority of communities also appeared to have no issues with employees filing grievances over what they consider to be unfair performance appraisals, which means that this possible perceived harm—grievances—is not occurring in communities engaged in the practice. At the same time, slightly more than half of the respondents agreed or somewhat agreed with the view that employee performance appraisal is a very time consuming process yet often the information generated by the process is not used in making personnel decisions. Alas, according to the literature this is a common failure in appraisal processes.

A fourth question asked respondents if their community was better off because it had an employee performance appraisal. Twenty-two of twenty-five respondents (88%) believed that their municipality was better off because it systemically appraised the performance of some or all of its employees. A final question asked them how helpful or beneficial it was having an employee performance appraisal system. On a scale where 0 = not at all helpful/beneficial, and 10 = extremely helpful/beneficial, the mean response was a strong 7.32 (n=25) with 20% responding with a rating of 9 or 10.

	Yes	No
“Overall, do you believe your municipality is better off because it systematically appraises the performance of some or all of its employees”?	88% (22)	12% (3)
	Mean¹	Percent responding with a “9” or “10”
“Using the scale below, please indicate how helpful or beneficial it is for your community to conduct systematic appraisals of employee performance”?	7.32	20%

1. On a scale where 0 = “not at all helpful/beneficial,” and 10 = “extremely helpful/beneficial.”

In the case of the latter two questions on the value of performance appraisal, respondents were asked to expand on their answers. The general thrust of their more specific views as to the value or benefit of employee performance appraisal is summarized in Table 4.7. Broadly defined, three functions or benefits were frequently mentioned by respondents—facilitates employee improvement, provides documentation to justify personnel decisions, and helps maintain good relationships.

Table 4.7. Views on the Specific Benefits of Performance Appraisal		
Why municipality is better off because it has a performance appraisal system	Number of respondents mentioning this benefit (n = 22 who answered “yes”)	Performance Appraisal is Helpful or Beneficial (n = 19 respondents with ratings of 7 or higher). Figure is number of respondents mentioning a particular benefit
Facilitates employee improvement and helps to maintain a productive workforce (PA serves as a communication and feedback device; helps with setting goals and objectives and tracking performance improvement; helps reinforce good behavior; helps hold employees accountable)	18	15
Provides documentation and helps justify personnel decisions	14	13
Helps maintain good relationships by demonstrating to employees that their contributions are appreciated.	13	11
Facilitates salary decisions	4	2
Facilitates career development	1	0

Two of these are in line with the purposes that are typically discussed in the literature: facilitates employee performance improvement (Hewitt Associates, 1991; Roberts, 1995; Swan, 1991; Tiffin & McCormick, 1958/1962), and provides a basis for personnel decisions (Daley, 1993; Klingner & Nalbandian, 2003; Roberts, 1994; Roberts, 1995; Tiffin & McCormick, 1958/1962; Tyler as cited in England & Parle, 1987).

Respondents also noted that a positive evaluation helps supervisors convey to employees that their contributions make a difference and are appreciated, and employees usually feel good knowing that their work not only matters, but is valued by their superiors. Managers noted that

this keeps the relationship between employees and their supervisors on good terms, and it also serves as a motivator for employees to continue working hard and produce good work. The findings are not surprising. Daley (1992, p. 52) notes:

Inflated ratings can be perceived as a means for maintaining or improving performance (Longenecker, Sims, and Gioia, 1987). Instead of using the appraisal to admonish employees to improve, the inflated rating instills added confidence and a desire on the part of the employees to justify their supervisor's expressed confidence in them. Although this represents somewhat of a human relations gimmick, it can also prove to be quite effective.

Not surprising, the use of appraisal information in making salary decisions was rarely mentioned. As noted earlier, the golden rule in a unionized environment is to treat all employees the same, especially with respect to pay.

In their open-ended responses to the question on how helpful or beneficial it is having an employee performance appraisal, the majority of respondents also discussed the challenges and obstacles they perceived with their current system. Their comments were analyzed, and grouped into major themes which are summarized in Table 4.8.

While respondents had much to say as to what the benefits were for having an employee performance appraisal system as evidenced from Tables 4.6 and 4.7, their open-ended comments also shed light on the challenges and obstacles their communities were experiencing with such systems. Among the more serious issues noted include ratings inflation (19 of 25), employees reacting negatively (11 of 25), supervisors being uncomfortable with the process (10 of 25), lack of time, budget, and resources (10 of 25), rater errors and subjectivity (8 of 25), the results of appraisals not actually being used (7 of 25), and the appraisal being of little value in a unionized environment (6 of 25). Even those respondents who considered performance appraisals to be

highly beneficial for their communities still noted serious problems and challenges that their communities experienced with the practice.

Table 4.8. Open-Ended Responses to Question on How Helpful or Beneficial it is Having an Employee Performance Appraisal (0 = not at all helpful/beneficial to 10 = extremely helpful/beneficial)		
Somewhat Helpful (Ratings 3 to 6, n = 6)	Very Helpful (Ratings 7 to 8, n = 14)	Extremely Helpful (Ratings 9 to 10, n = 5)
<p>Challenges/Obstacles to PA Ratings inflation; difficult to be honest; want to protect feelings (6) Supervisors uncomfortable; don't want confrontation; brush over issues (5) Employee reacts negatively (4) Supervisors view PA as a hassle and a required piece of paper work (2) Lack of time, budget, resources; too much work (2) Rater errors and subjectivity (2) Failure to document good performance (2) When pinpoint weaknesses, discourages employee and feels he or she is receiving no recognition (2) Used a reality check (i.e. the supervisor knows he is being negative and the purpose is to wake up the employee) (1) Supervisor doesn't like an employee (1) Lack of training (1)</p> <p>PA is of Little Value Appraisal stored in file; rarely used (4) Little value in an unionized environment; in settings such as ours, PA cannot be put to good use (3)</p>	<p>Challenges/Obstacles to PA Ratings inflation; difficult to be honest; want to protect feelings (9) Lack of time, budget, resources; too much work (7) Employee reacts negatively (5) Rater errors and subjectivity (4) Supervisors uncomfortable; don't want confrontation; brush over issues (3) Lack of training (2) Supervisors view PA as a hassle and a required piece of paper work (2) When pinpoint weaknesses, discourages employee and feels he or she is receiving no recognition (1) Used a reality check (i.e. the supervisor knows he is being negative and the purpose is to wake up the employee) (1)</p> <p>PA is of Little Value Little value in an unionized environment; in settings such as ours, PA cannot be put to good use (3) We provide feedback and communicate to employees informally (3) Appraisal stored in file; rarely used (1) We need PA more than once a year (1)</p>	<p>Challenges/Obstacles to PA Ratings inflation; difficult to be honest; want to protect feelings (4) Employee reacts negatively (2) Supervisor is angry at an employee (poor relationship) (2) Potential problems may arise because of negative appraisal (2) Supervisors uncomfortable; don't want confrontation; brush over issues (2) When pinpoint weaknesses, discourages employee and feels he or she is receiving no recognition (2) Rater errors and subjectivity (2) Used a reality check (i.e. the supervisor knows he is being negative and the purpose is to wake up the employee) (1) Lack of training (1) Supervisors save issues till appraisal day (1) Lack of time, budget, resources; too much work (1) Supervisors view PA as a hassle and a required piece of paper work (1)</p> <p>PA is of Little Value Appraisal stored in file; rarely used (2)</p>

Additional questions sought to more precisely pinpoint some of the challenges of these communities' systems of employee performance appraisal. Responses to these questions indicated areas of concern despite overall support for having a system of employee appraisal in place. Two questions asked managers how the employees whose performance was being evaluated felt about the process. The responses to these questions are summarized in Table 4.9.

Table 4.9. How Do Employees View the Performance Appraisal Process in the 25 Communities that Use Such Systems?			
	Agree/ Strongly Agree	Some- what Agree	Disagree/ Strongly Disagree
Employees like having their performance appraised and look forward to it.	20% (5)	24% (6)	56% (14)
Most employees understand and are able to clearly articulate what purposes are served by the employee appraisal process.	40 (10)	16 (4)	44 (11)

The picture that emerges here is not encouraging. Most managers doubt that employees like having their performance appraised regularly, while nearly half believed that most employees did not understand and could not clearly articulate what purposes the employee appraisal process serves. The findings are not surprising. Investigating a suburban county in Georgia, Reinke (2003) found that “Only 59.8% of employees and supervisors believed they understood the present system” (p. 30). Hewitt Associates (1991) asserted: “The problems of performance appraisal are many and varied, and it has acquired a bad name in many places. Amongst the most serious drawbacks are that neither appraiser nor appraisee is clear as to why the appraisal takes place” (p. 102). Overall, the literature confirms how fundamental it is that the purposes for which performance appraisal information will be used be clearly conveyed to both supervisors and employees (Gabris & Ihrke, 2000, p. 47; Longenecker & Nykodym, 1996, p. 160; Reinke, 2003, pp. 30, 33).

Perhaps most crucial to an effective employee appraisal is the relationship between the appraiser and appraisee, and the level of trust that exist between the two (see Daley, 1992, p. 34; Gabris & Ihrke, 2000; Mohrman, Resnick-West, & Lawler, 1989, p. 117; Nalbandian, 1981, p. 394; Nigro, L.G., 1981, pp. 85-86; Nigro, L. G., 1982, p. 374; Reinke, 2003; Smith, 1977, pp.

56-57). In many cases, and certainly in these 25 communities, this appraiser is usually an employee's immediate supervisor (see Table 4.3 again). Since trust is the foundation for an effective system, I asked managers a number of additional questions about the performance of supervisors as appraisers and their relationships with those being appraised.

As Table 4.10 documents, the respondents did have some concerns about the performance of supervisors in the appraisal process. A substantial percentage stated that supervisors were not comfortable conducting appraisals. Again, the findings are not surprising. "Many supervisors look upon performance appraisals as one of the most uncomfortable tasks that they are called upon to do, and had they a say in it they might eliminate altogether any formal meeting that could be called a performance appraisal" (Sachs, 1992, p. vii). This concern is reinforced by some of the open-ended comments on the question as to how helpful or beneficial it is having an employee performance appraisal (see Table 4.8). Here, 40% (10 of 25) noted that supervisors are uncomfortable with the process.

Moreover, Nash (1985) asserted that "most managers appraise performance only because they are told to" (p. 162). Given such concerns, I asked respondents whether they agreed or disagreed with the statement, "most supervisors perform employee appraisals only because they are required by others to do so." I found that a substantial majority of the sample felt that this was the case. This suggests that supervisors are not strongly committed to the concept of employee appraisal. Again, the findings are not surprising. According to Rowland (1970), line management views the performance appraisal process as an unimportant, time-wasting task that gets in the way of "real work" (p. 211). Based on the 240 responses of mostly personnel professionals in municipal governments, Roberts (1995) found that "only 53 percent report that

the average manager believes that upper-level management places a high priority on performance appraisal” (p. 209).

This latter concern is reinforced by some of the open-ended comments on the question as to how helpful or beneficial it is having an employee performance appraisal (see Table 4.8). Here, 20% of respondents noted that supervisors view performance appraisal as a “hassle.” Overall, the findings are in line with the literature that suggests that sometimes performance appraisals are done because they are one of those things that managers are expected to do, usually because someone higher up in the hierarchy suggests or requires it (Nalbandian, 1981, p. 394; Rowland, 1970, pp. 206-211).

I further explored the performance of supervisors as appraisers and their relationships with those being appraised by asking managers three additional questions. The literature suggests that employees are concerned with what the supervisor’s intentions are when providing performance feedback (London, 1997). A study by Fedor, Buckley, and Eder (1990), as discussed in London (1997), identified four groups of intentions, with one of these being “supervisor dominance” (p. 76). Examples of this included a supervisor that was perceived to want to:

- Demonstrate his or her power or authority.
- Bolster his or her self-image at the subordinate’s expense.
- Cover his or her own shortcomings.
- Belittle the subordinate.
- Put the subordinate in his or her place (London, 1997, p. 76).

Williams (1972) suggested that there is a possibility that a supervisor’s own personal insecurities might be reflected in the performance appraisal review, “The processes of deskilling others in order to diminish them as a threat or personal problem is a common enough tactic in inter-personal relationships where ‘human’ issues are the principal source of conflict” (p. 79).

Given such concerns, I wanted to see whether there were supervisors who dragged their own set of issues into the appraisal process. These are supervisors who might be suffering from personal insecurities and feel the need to put their employees down to raise their feelings of self-worth. These might also be supervisors who feel threatened when others outshine them, and their insecurity breeds jealousy and resentment towards the top-performers. Lastly, these might be supervisors who can use an appraisal to damage employees whom they dislike. Three questions get at these concerns (see Table 4.10). I did not, however, find that the majority of respondents felt that supervisors displayed these characteristics in their communities. That said, it is important to keep in mind that most of the respondents were managers themselves and if these questions were answered by employees more such behaviors might have been identified.

While I did not expect the majority of respondents to disagree with these statements, the set of questions was important nonetheless. This is because the type of intention the employee believes the supervisor has plays a role in how the employee reacts to the appraiser's feedback (Fedor et al., 1990 as cited in London, 1997, p. 76). And the literature suggests that if employees lack trust in their supervisors or believe they do not have the right intentions then employees may find it difficult to accept the appraisal process in general, and/or the specific feedback given by their supervisor (Bacon, 2006, p. 168; Gabris & Ihrke, 2000; London, 1997; Mohrman, Resnick-West, & Lawler, 1989, p. 117; Nalbandian, 1981, p. 394; Nigro, L.G., 1981, pp. 85-86; Reinke, 2003).

While vindictive superiors did not appear to be much of a problem, it was the case that 28% of respondents agreed or strongly agreed that subordinates felt the need to "protect themselves" when receiving feedback from their supervisors, while another 12% somewhat agreed (see Table 4.10). We know that employees feel the need to protect themselves when they

feel threatened, which suggests that improvements in how supervisors interact with their employees need to take place in at least some of the utilizing communities. This concern is reinforced by some of the comments on the question as to how helpful or beneficial it is having an employee performance appraisal (see Table 4.8). Here, 44% (11 of 25) of respondents noted employees reacting negatively as being a problem in performance appraisal.

Table 4.10. Views on the Performance of Supervisors Who Conduct Employee Appraisals			
	Agree/ Strongly Agree	Some- what Agree	Disagree/ Strongly Disagree
Supervisors are comfortable with conducting appraisals.	24% (6)	40% (10)	36% (9)
Most supervisors perform employee appraisals only because they are required by others to do so.	48 (12)	20 (5)	32 (8)
I can easily name a handful of superiors who take pleasure in putting down their employees.	4 (1)	0 (0)	96 (24)
Not all supervisors are happy when they see their subordinates excelling at their job; if anything, sometimes they will get jealous and resentful of their top-performing employees.	4 (1)	12 (3)	84 (21)
Some supervisors devalue certain employees and will use the appraisal as an effort to damage the employee.	8 (2)	4 (1)	88 (22)
Subordinates often feel the need to protect themselves when receiving feedback from their supervisors.	28 (7)	12 (3)	60 (15)

A continuing concern of those who study employee performance appraisal is the accuracy of the performance judgments made by supervisors (London, 1997; Sachs, 1992; Swan, 1991). There is evidence based on managers' responses to other questions, that, if anything, ratings tend

to err on the high side. In their open-ended responses to the question on how helpful or beneficial it is having an employee performance appraisal, 76% (19 of 25) mentioned the existence of ratings inflation to be an obstacle to effective performance appraisal (see Table 4.8). And roughly one third mentioned rater errors and subjectivity as impediments to effective performance appraisal (see Table 4.8).

The data in Table 4.11 allows us to explore this issue further. There are many reasons supervisors inflate employees' performance ratings. The reasons are rational and in some ways may even be contributing to better employee performance. Over 60% of managers felt that supervisors found it difficult to be completely objective in the appraisal process because they have an interest in maintaining good relationships with their employees. This reinforces the findings reported in Table 4.7. Here, 58% (11 of 19) of those respondents who rated the helpfulness and beneficial aspects of their systems with scores of seven or higher noted that appraisals help maintain good relationships. Basically, a positive evaluation helps the supervisor convey to his or her employees that their contributions are valued and appreciated. Managers noted that doing so helps keep the supervisor and employee on good terms, which, in turn, can positively influence the work performance of their subordinates because they feel supported by their supervisor as evidenced by the positive evaluation. Avoiding the documentation of performance difficulties for the purpose of maintaining good relationships including friendships has been noted in the literature (Cathcart, Hemminger, Hoffman, and Van Veen, 1983 as cited in Mohrman, Resnick-West, & Lawler, 1989, p. 162).

Superiors may also find it difficult to be objective in the appraisal because they do not want to be the target of violence. There have been incidents of workplace violence when employees feel that they have been treated unfairly by superiors and/or other employees

(Capozzoli & McVey, 1996; Labig, 1995). Superiors may not be fully aware of how an employee may react when obtaining their performance appraisals. When supervisors read or watch stories about workplace violence, it may make them apprehensive about completing the employee performance appraisal in a way that may aggravate employees. Still, it is the case in the study that overwhelmingly the managers in the communities in the sample who have systems of employee appraisal in place were not worried about this possibility.

Table 4.11. The Dynamics of Appraisal Rating Inflation			
	Agree/ Strongly Agree	Some- what Agree	Disagree/ Strongly Disagree
Supervisors find it difficult to be completely objective in the appraisal because they have an interest in maintaining good relationships with their employees.	24 (6)	40 (10)	36 (9)
Supervisors find it difficult to be completely objective in the appraisal because they do not want to be the target of violence and, in the back of their minds, they may be aware of the need to be cautious about saying or doing things that can put them in conflict with employees.	0 (0)	4 (1)	96 (24)
Supervisors find it difficult to be completely objective in the appraisal because they worry that employees might get hurt, angry, and defensive with the feedback.	8 (2)	20 (5)	72 (18)
Supervisors are reluctant to document inadequate employee performance because their appraisals can be scrutinized by others and used in the grievance process or in court.	20 (5)	8 (2)	72 (18)

While the sample communities may not engage in ratings inflation because they worry about their own safety, in some communities managers appear to do so because they worry that employees may be hurt or become defensive with the feedback. Roughly 30% of respondents considered this to be so. And a similar percentage believed that supervisors may “pull their punches” because their ratings may be second-guessed by a grievance process or the courts. The

findings are not surprising. Nalbandian (1981) noted: “The experienced supervisor encounters subordinates who will argue, sulk, look bewildered or disappointed, threaten to file grievances, or in some other way react negatively to their appraisal” (p. 394). And Swan (1991) noted that most managers attributed their anxiety and avoidance of the performance evaluation discussion to the expectation that employees would react defensively (p. 195). Considering that employees might react when they feel threatened, it is no surprise that supervisors are uncomfortable and may not truly want to engage in the practice.

Conclusion

This chapter examined the employee performance appraisal practices of the 25 communities that appraised at least some of their employees. We saw the important purposes served by the appraisal process in the sample communities, and there was no doubt that the majority of the communities saw these systems to be beneficial and helpful to have in their communities. However, problems and challenges can and do arise as was evidenced by the sample communities engaged in the practice. In the next chapter, I will summarize some of the major findings of the study. This is followed by a discussion of the implications of the research for the literature on public sector performance appraisal, and best professional practice. Lastly, I will examine the limitations of the study and suggest some directions for future research on the subject of performance appraisal.

CHAPTER FIVE

IMPLICATIONS AND CONCLUSIONS

In this dissertation I have explored the utilization of employee performance appraisal in a sample of Detroit-area suburban communities. In this concluding chapter I begin by summarizing some of the major findings of the study. This is followed by a discussion of the implications of my research for the literature on public sector performance appraisal. I then discuss the implications of the findings for best professional practice. Finally I examine the limitations of the study and suggest some directions for future research.

Summary of Primary Findings

Despite the emphasis placed on employee performance appraisal in the literature, over half of the communities do not possess formal systems of employee appraisal. Also two variables help explain performance appraisal usage: form of government and extent of unionization. Additionally, respondents in non-utilizing communities often acknowledge the benefits of systems of performance appraisal but they cite various reasons for not having such systems in place, with the opposition of municipal unions being cited most often.

But this is only part of the story. Nearly half of the sample jurisdictions did have systems of employee performance appraisal in place that applied to at least some of their workforces. This was so even though these communities also collectively bargained with many of their employees.

Chapter four explored the experiences of utilizing communities. Most of these jurisdictions appeared to be doing a reasonably good job in following best practices in performance appraisal and management. At the same time, like their counterparts in non-utilizing communities, respondents cite a number of obstacles and challenges associated with the process

including: subjectivity, ratings inflation, employees experiencing anxiety, and supervisors being uncomfortable with the appraisal process and lacking adequate training in how to do a good performance appraisal.

The Implications of the Findings for the Scholarly Literature on Performance Appraisal

In this section I examine the implications of my findings for the existing scholarly literature on performance appraisal. My findings confirm what other scholars have found and argued. In line with the literature (see Boice & Kleiner, 1997, p. 197; Nelson, 2000, p. 39; Sahl, 1990, p. 53), I found that designing and implementing an effective performance appraisal is a challenge. Consistent with the literature, problems range from a lack of training for performing performance appraisal (see Martin & Bartol, 1986, p. 101) to ratings inflation and rater errors in performance appraisal (see Daley, 1992, p. 53; Roberts, 1995, p. 209; Roberts, 1998, p. 308; Swan, 1991, pp. 120-122).

Moreover, some of the comments made by respondents are consistent with Rowland's (1970) assertion that line management views the performance appraisal process as an unimportant, time-wasting task that gets in the way of "real work" (p. 211). Also reflecting the literature (see Nalbandian, 1981, p. 394; Rowland, 1970, pp. 206-211), my findings indicate that sometimes performance appraisals are done because they are one of those things that managers are expected to do, usually because someone higher up in the hierarchy suggests or requires it.

The study moves the scholarly discussion forward. It demonstrates that regardless of the problems and obstacles that stand in the way of designing and implementing an effective performance appraisal system, the majority of respondents—many of whom held positions of leadership—believed that such systems serve very important purposes and benefits for both employers and employees. And the majority of the respondents either believed their communities

are better off with, or would be better off with, such systems. This points to a “paradox of employee performance appraisal,” a situation which I address below. Researchers will continue to examine the obstacles that stand in the way of effective implementation, and study ways to overcome those obstacles. I also believe that these obstacles can be overcome and various measures can be taken to achieve more effective appraisal systems.

Implications for Best Practice

Beyond the contribution that this research makes to the existing literature on employee performance appraisal, it also holds some lessons for how public employers should approach the creation and operation of such systems. Performance appraisal is a tough sell in a unionized environment. And, with 40% or more of public employees represented by unions nationally, such environments are common. Does this mean that performance appraisal has no future in such settings? I disagree with this conclusion for several reasons. While the extent of unionization did discourage performance appraisal in this sample, nearly half of the communities did have such systems in place. How was this possible?

A key reason is that none of the 59 communities in the study had performance-contingent pay for their unionized workers. Only 12 of the 59 municipalities in the sample had merit-pay plans in place for their non-unionized or “at-will” employees. While unions may oppose performance appraisal for a variety of reasons—most of which relate to fears that such systems will not be applied fairly—they are most opposed to them because they are associated with so-called “merit-pay” systems. But performance appraisal information is useful for a host of reasons—as witnessed by the views of the respondents in this study—and is worth doing even when a merit pay plan does not exist. What public employers that lack systems of performance appraisals need to do is to make the case for such systems in terms of the many other benefits of

such systems. While this is not assured, after such a system has been in operation for some time, it might be possible to then make the case for merit-pay arrangements. But the two are not joined at the hip.

Additionally, in line with the literature, some of the sample communities may not have the budget for a merit-pay system. Gabris and Ihrke (2000) note that numerous government entities in the public sector either have inadequate funds, or decide not to invest in systems that tie performance to compensation (p. 51). This is a major problem because as Daley (1992) puts it: “A pay-for-performance system that fails to pay off pays all the psychological costs of appraisal without reaping its motivational and productivity benefits” (p. 139).

Moreover, in practice, merit-pay plans confront many problems and often fall short of the potential that advocates see them as having. There are a number of works that point to problems with tying pay to performance (see Daley, 1995, p. 356; Gaertner & Gaertner, 1985, pp. 18-19; Longenecker & Nykodym, 1996, p. 161; Reinke, 2003, pp. 29-30). One of the most recent is James Bowman’s (2010) article, “The Success of Failure: The Paradox of Performance Pay.” In this article he states that “In light of expectations, the performance of pay-for-performance programs, by most accounts, is at best disappointing; indeed, the consequences are often counterproductive. Based on past experience in recent decades, the strategy may or may not be good in principle but it is certainly difficult to do in practice” (p. 71).

But the situation is far from hopeless. The literature suggests that by developing “organizational trust,” an organization possesses the power in reducing the general dissatisfaction with merit-pay systems (Condrey, 1995, pp. 352-353). Based on the 1979 Federal Employee Attitude survey (U.S. Office of Personnel Management, 1980), statements such as “[e]mployees here feel you can’t trust this organization” and “[p]eople in this organization will

do things behind your back” are examples of an organization that lacks this type of trust (as cited in Daley, 1991, p. 102). Condrey (1995) surveyed federal Performance Management and Recognition System (PMRS) managers and supervisors, and discovered that the greater the “organizational trust,” the more employees felt positive about merit-pay systems and their supervisors. Specifically, Condrey (1995) finds

. . . that increased levels of organizational trust strengthens the pay-performance link; engenders positive assessment of merit-based compensation systems, appraisal, and the supervisory role in that process; and positively influences organization-specific attitudes toward merit pay (pp. 352-353).

Consequently, if our suburban communities actively work towards developing and maintaining “organizational trust,” then they might experience fewer issues and more success with merit-pay.

Merit-pay is centrally dependent on having valid performance appraisal information to use as the basis for pay decisions. The paradox for merit-pay is that such valid performance appraisals are—as this dissertation shows—both difficult to design and difficult to implement. So long as managers and employees remain ambivalent about the desirability and feasibility of performance appraisal, they will also remain highly ambivalent about merit-pay systems.

This study moves the scholarly discussion forward by capturing this paradox: it explains how the overwhelming majority of the sample believed such systems were important to have in their communities, but when it came down to it, more than half did not engage in the practice. So how can municipalities accept that a practice is important to have in their communities, but then put no effort into its implementation?

The most obvious reason is that, while the majority of the respondents see the value of such systems, they know that such systems are plagued with problems and obstacles: subjectivity, rater errors, favoritism, supervisors are uncomfortable, employees experience

anxiety, and a lack of time, budget, and resources to engage in the practice responsibly. They also know what often happens with these appraisals—very little. No plan is undertaken to help the employee improve his or her performance, or a plan is created but not carried out. In most cases, supervisors and employees go through the process superficially. It is a standard practice. Once the formal appraisal is completed and the appraisal interview has taken place, the appraisal documents are simply placed in someone's personnel file.

Managers truly believe that the evaluation of employee performance is a must. They know that without judging the performance of their workforce, they will never be able to monitor and improve employee performance. And sooner or later, they will have a workforce that is inefficient and ineffective. But they do not have a lot of confidence that the performance appraisal system leads to more efficient and effective workforce. One of the first things that come to their mind is why such systems are flawed, and the problems and obstacles that stand in the way of effective implementation. While many see its value, they know that the potential value of such a system will be overshadowed by the problems and obstacles that plague such systems.

So where is the real incentive for management to fight for the implementation of such a system? There isn't one. If they feel the pressure to implement such a system, they will. But left on their own, they probably will not. Those who work in these municipalities are already busy. Things work pretty fine. The appraisal will be another task, which they really don't have the time or money to do properly. Then extensive training needs to take place to educate raters on how to reduce subjectivity and rater errors. Planning and taking part in these activities takes work on management's part. And management knows that if the system is not implemented with care, even more problems and issues will arise. Employees will react. Supervisors will feel

uncomfortable because employees are reacting. The end result: the system will often not achieve its intended purpose.

Also added to this equation is that no one really thinks that a piece of paper that gets filled out once a year achieves anything great. Management may feel the pressure to say it is important, but they know that the appraisal is typically conducted superficially and thus, nothing great really comes out of the process. If the appraisals were actually conducted mindfully and something came out of it, they would feel differently.

But their objection stems not from the theory of the practice (i.e. they truly believe in value of employee evaluation), but from the fact that the implementation of the practice is flawed in a multitude of ways. If they could say something, they would say that many changes need to take place before they could believe that such a practice truly has value. While they believe in its value in theory, when all is said and done, they don't have much faith in how the appraisal systems are currently implemented. The problems and obstacles must be dealt with head on for management to get to the point of believing that these systems would be worthwhile in practice, and not just in theory.

Study findings also demonstrate that in order to build support for a formal system of employee performance appraisal, management must understand that a progressive discipline process is not a substitute for a formalized employee performance appraisal system. The progressive discipline process comes into play when an employee violates a work rule and involves a series of steps including counseling, coaching, verbal warnings, written warnings, etc. Implementing a performance appraisal system requires a changed mindset on the part of many managers.

Study findings indicate that there is a belief among some managers that the progressive discipline process deals satisfactorily with issues of employee performance. Indeed nearly half of the respondents from communities that appraised none or few of their employees believed that the information provided by systematic employee appraisals can just as easily be secured in other ways and that one way this occurs is through the progressive discipline process. Even if the progressive discipline process may not be able to strengthen employee performance like the performance appraisal process does, they believed that the progressive discipline process does a good job of dealing with poor performance. They argued that their unionized environment allowed for the improvement of employees as long as the supervisor addresses performance issues through the progressive discipline process.

Other respondents were not convinced that this was so and felt that their community would benefit from a formalized performance appraisal system. They argued that the progressive discipline process is for those employees who need to be disciplined for doing something that is wrong. But if an employee is merely a below average performer, he or she will not be disciplined. If an employee does the bare minimum, he or she will not be “written up.” The progressive discipline process is focused on the employee who violates a work rule that is contractually stipulated. But such employees are the minority of “problem employees.” Thus, progressive discipline does not facilitate employee improvement for the majority of the workforce.

Moreover, some of the respondents who favored a formalized performance appraisal system noted that progressive discipline, unlike performance appraisal, focused solely on what employees are doing wrong. It does not exist to point out what the employee is doing right. In contrast, in a sound performance appraisal, the supervisor not only points out an employee’s

weaknesses but his or her strengths as well. According to the respondents, that is the major strength of the performance appraisal process over the progressive discipline process. In building support for the creation of a performance appraisal system, management must understand why progressive discipline cannot achieve what a performance appraisal system can.

Finally, in building support for a formal system of employee performance appraisal, both supervisors and rank-and-file employees must understand that informal daily communication and feedback cannot achieve what a formalized appraisal system can. A major argument of some respondents was that daily informal communication and feedback achieves employee improvement. And they contended that supervisors communicated with and provided regular performance feedback to employees. They saw “performance evaluation” taking place daily as supervisors tell employees when they are doing a good job or when they are not.

No one can deny the value of daily feedback. But what can a formalized employee performance appraisal process achieve that informal feedback cannot? Respondents who were in favor of a formal appraisal shed light on this question: the annual evaluation gives the employer and employee an understanding of how the employee performed in the past. Past performance can be compared with present performance. Employees can look at past evaluations and see how far they have come. A supervisor is able to see if an employee’s performance is trending upward or downward. Moreover, these respondents noted that a formal appraisal is necessary because it helps to build a documented record of an employee’s weaknesses and strengths.

Some respondents stressed that a formalized appraisal process is also needed because employees (often good employees) are hard on themselves. A good evaluation builds their confidence and self-esteem. Finally some respondents argued that employees would appreciate the formal annual evaluation because it allows them to see how their work is contributing to the

organization. Overall, it needs to be understood that open communication and informal feedback is no substitute for a formalized employee performance appraisal system.

We must now turn our attention to issues that management must address before it seeks to secure union support for an employee performance appraisal system. We have seen that the employee performance appraisal can serve a number of important purposes, and the majority of the respondents either believe their communities are better off or would be better off with such systems. While using an employee performance appraisal system can result in a higher performing workforce, management needs to consider various other factors before it seeks to create such a system and seek union support for it.

First and foremost, the municipality must have the time and resources to engage in the practice responsibly. An effective performance appraisal process can only be achieved if an employer is willing to devote the resources (time, money, training for supervisors) to make it work. If this is not the case then it is probably best for management to take a step back and delay seeking employee/union buy-in.

An employee performance appraisal system lacking necessary resources may do more harm than good. If the performance appraisal is done with little preparation, and in the absence of sufficient training for supervisors, employees may feel hurt, angry and underappreciated—emotions that may lead to declines in subsequent performance. Some managers in the sample—while supportive of performance appraisal—nevertheless felt that the current fiscal condition of their municipality meant that the resources needed to create an effective system did not exist.

Therefore, before seeking union support for a performance appraisal system, management needs to ask whether their jurisdiction has either the time or other resources needed to engage in the practice responsibly. To avoid the pitfalls of the system, the municipality would have to hire

professionals to train employees on how to use the system and minimize rating errors and subjectivity.

Secondly, management must agree on what will be done with the results of employee performance appraisals. Fully half of the respondents from communities that appraised none or few of their employees noted that there is no guarantee that even if a performance appraisal process exists that any use will be made of the information produced by such a system. Our findings from utilizing communities indicate that this may indeed be true in many cases. The process is often a formalistic ritual where little if any use is ever made of the information generated by an employee appraisal. Some respondents said supervisors view the appraisal process as a required burden with little if any pay off. They are thankful that it only has to be done once a year. This is consistent with the literature: sometimes performance appraisals are done because they are one of those things that managers are expected to do, usually because someone higher up in the hierarchy suggests or requires it (Nalbandian, 1981, p. 394; Rowland, 1970, pp. 206-211). Comments made by the respondents are also reflective of Nash's (1985) assertion that "most managers appraise performance only because they are told to" (p. 162).

If the performance appraisal is to be merely an exercise in paperwork processing, then there is little point in seeking employee/union buy-in for the creation of such a system. However, if management is sincere about utilizing the information generated by a formal system of employee performance appraisal then, and only then, should it go into bargaining explaining exactly what the benefits will be and what their plan is for assuring that those benefits are realized in practice.

Limitations of the Study and Directions for Future Research

This study focused only on suburban communities located within the Detroit Metropolitan Area. Thus, the study's results might not be applicable to other communities, especially with different community characteristics. The study was unique because it focused on communities with a high rate of unionization, and thus findings might not apply to communities with lower rates of unionization. One obvious extension of this research would be to select a sample of communities in a region where local government collective bargaining is limited or non-existent—suburban areas in Charlotte, N.C. for instance.

Another shortcoming of this study is that the number of explanatory variables examined was quite limited, with only the form of government and extent of unionization having much explanatory power. But given that at least a large minority of communities in the sample in which collective bargaining was widespread had systems of appraisal in place, what else can explain this? What is it about these communities that distinguish them from non-utilizing ones?

In the study, there were eight communities that actively appraised 95% or more of their regular, full-time employees. Every one of these communities had a council-manager form of government. And in these eight communities, four of the respondents were human resource professionals, and four were city managers/administrators. Most of these respondents (seven of eight) believed their communities were better off with such systems. They mostly believed in the value of using such systems to help improve the performance of their workforce.

This suggests the possibility that when there is a strong central human resource department along with a manager-council form of government, there is a greater possibility of a performance appraisal system being in place. This is likely because a human resource department provides the resources and knowledge needed to implement such a system, and they are more

likely to understand the value of using systematic and formal tools to improve the performance of a workforce. And due to the nature of their job specialization and managerial backgrounds, city managers come to develop a mindset of how important it is to have formal and systematic tools that lead to more efficient and effective workforces.

That said, the findings of this study indicate that none of these variables (i.e. the existence of a strong central human resource department, or a council-manager form of government) is the deal-breaker. What appears to be the deal-breaker is the extent to which management and unions have faith in the system. The more they believe some benefit can actually come out of the system, the more likely they will fight for its implementation. Thus, an important independent variable that ought to be examined by future researchers is the extent to which management and employee unions believe these systems to be truly beneficial. There is no doubt that most of the respondents believed in the evaluation of employee appraisal, but on the forefront of their minds is why these systems are flawed, and/or all the obstacles that stand in the way of effective implementation.

By addressing the problems and removing the obstacles, employee performance appraisal systems can live up to their full potential. At the end of the day, these systems exist to help improve the performance of local government workforces. The appraisal helps with communicating and providing feedback to employees about their performance. When employees are slipping, the appraisal helps with disciplining employees and hopefully getting them back on the right track. When employees are doing really well, the appraisal helps promote employees to the next level, and these employees end up becoming even a greater asset for the municipality. If the system is tied to pay, then the appraisal has the potential to motivate employees to work harder. And all these potential benefits have the opportunity to rise to the surface when

management and employee unions come to together and decide what it would take to see these benefits come to full realization. In summary, administrative leadership believes in the value of evaluating the performance of their workforce. But they have reservations because appraisal systems are often implemented in such a way that the full benefits of such systems are not realized. There must be a partnership between management and employee unions to get everyone to develop a shared understanding of what is required to create an employee performance appraisal system that everyone has faith in, and consensus on a plan to achieve it. This is a challenging task to be sure, but not an impossible one.

APPENDIX A

Phone Interview Schedule

As I proceed with the interview if, at any time, you have a question, and/or need me to repeat anything, please feel free to ask me to do so.

PART ONE

1. What is your formal title?
2. How long have you held this position?
3. How long have you been employed by this municipality?
4. What is your formal educational background?
5. What type of government does your community have?
 Manager-council
 Mayor-council
6. What is the population size of your community?
7. What is the size of your community's workforce?
8. What percentage of your regular, full-time workforce are unionized?
9. How many different bargaining units exist in your community?
10. Does your community have a performance-contingent (merit-pay) system in place?
 Yes
 No

PART TWO

11. At the present time, what percentage of your regular, full-time employees have their performance regularly appraised? (This excludes employees who are political appointees (at-will) employees).

- () None of them (go to PART FOUR)
- () Ten percent or fewer (go to PART FOUR)
- () 11-25%
- () 26-50%

- 51-75%
- More than 75%

12. If not all of your regular, full-time employees have their performance regularly appraised, why are some employees excluded?

13. Focusing on those full-time, regular employees whose performance is appraised, how frequently is this done?

- _____ Annually
- _____ Every six-months
- _____ Every three months
- _____ Other, please indicate:

14. Do you use the same performance appraisal instrument for all of those employees whose performance is appraised?

- _____ Yes (go to question 15)
- _____ No (go to question 16)

15. If you use a single, common appraisal method, why is this so?
(go to question 17)

16. If you use several different appraisal instruments, why is this so?

17. Please indicate which of the following are typically involved in the formal employee appraisal process?

- _____ The employee's immediate supervisor only (go to question 19)
- _____ Others in addition to the employee's immediate superior. (if others are involved in the appraisal process, go to question 18).

18. Who else are involved in the appraisal process in addition to the employee's immediate supervisor?

- a. _____ An employee's subordinates, if any
- b. _____ An employee's co-workers
- c. _____ Citizens/clients impacted by what the employee does
- d. _____ The employee performs a self-appraisal
- e. _____ Others, please indicate:

19. Performance appraisals can be conducted using a wide range of tools and methods. Please describe in detail the tools or methods used in your performance appraisal systems. Are their particular names for the method(s) that you use? If so, what are they?

20. Public employers may conduct formal appraisals of employee performance for many reasons. From the list below, please indicate what you believe are the reasons that your community does so.

- a. _____ Helps with facilitating employee improvement
- b. _____ Serves as a mechanism for communicating and providing feedback to the employee
- c. _____ Helps with identifying the training and developmental needs of employees
- d. _____ To motivate employees to perform better
- e. _____ To aid in decisions about awards
- f. _____ To aid in decisions about bonuses
- g. _____ To aid in decisions about merit-pay
- h. _____ To aid in decisions about salary increases
- i. _____ To aid in decisions about promotions
- j. _____ To aid in decisions about demotions
- k. _____ To aid in decisions about dismissal
- l. _____ To aid in decisions about employee transfer
- m. _____ To aid in decisions about employee reassignment
- n. _____ To aid in decisions about employee reinstatement
- o. _____ To aid in decisions about employee retention
- p. _____ To aid in decisions about employee discipline
- q. _____ To help us to validate our methods of employee selection
- r. _____ To help us identify larger problems existing within the organization
- s. _____ Other, please indicate:

PART THREE

This section of the interview includes a list of statements about the employee performance appraisal process. Please indicate the extent to which, in your judgment, the situation described exists in your municipality.

1. Supervisors are in the habit of taking written notes throughout the year on their employee's performance in various tasks and projects.

- _____ Strongly Agree
- _____ Agree
- _____ Somewhat Agree
- _____ Disagree
- _____ Strongly Disagree

2. Supervisors are in the habit of providing feedback, monitoring, and support to help improve their employees' skills and behaviors.

- _____ Strongly Agree
- _____ Agree
- _____ Somewhat Agree
- _____ Disagree
- _____ Strongly Disagree

3. Employees are properly trained in how to conduct performance appraisals.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

4. Supervisors possess the skills needed to achieve a balanced assessment of the strengths and weaknesses of their employees.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

5. Supervisors possess the skills to provide constructive feedback to their subordinates.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

6. Supervisors often acknowledge the hard work of their subordinates.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

7. Supervisors are comfortable with conducting appraisals.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

8. The performance appraisal process often causes more harm than good for employees and the municipality.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

9. Most supervisors perform employee appraisals only because they are required by others to do so.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

10. In the performance appraisal, moments where the employee screwed up badly receives a lot of attention.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

11. I can easily name a handful of superiors who take pleasure in putting down their employees.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

12. Most employees understand and are able to clearly articulate what purposes are served by the employee appraisal process.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

13. Rarely do appraisers allow non-job-related considerations, such as race, gender, friendships, etc., to influence their appraisals.

- Strongly Agree

- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

14. Employee performance appraisal is a very time-consuming process yet often the information they produce is not used in making employment-related decisions.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

15. Not all supervisors are happy when they see their subordinates excelling at their job; if anything, sometimes they will get jealous and resentful of their top-performing employees.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

16. Usually the results of employees' appraisals are communicated to them in a prompt manner.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

17. Usually the results of employees' appraisals are communicated to them in a helpful manner.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

18. Employees like having their performance appraised and look forward to it.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree

_____ Strongly Disagree

19. Rarely do employees file grievances over what they consider to be unfair performance appraisals.

_____ Strongly Agree

_____ Agree

_____ Somewhat Agree

_____ Disagree

_____ Strongly Disagree

20. Supervisors find it difficult to be completely objective in the appraisal because they have an interest in maintaining good relationships with their employees.

_____ Strongly Agree

_____ Agree

_____ Somewhat Agree

_____ Disagree

_____ Strongly Disagree

21. Some supervisors devalue certain employees and will use the appraisal as an effort to damage the employee.

_____ Strongly Agree

_____ Agree

_____ Somewhat Agree

_____ Disagree

_____ Strongly Disagree

22. Supervisors find it difficult to be completely objective in the appraisal because they do not want to be the target of violence and in the back of their minds, they may be aware of the need to be cautious about saying or doing things that can put them in conflict with employees.

_____ Strongly Agree

_____ Agree

_____ Somewhat Agree

_____ Disagree

_____ Strongly Disagree

23. Supervisors find it difficult to be completely objective in the appraisal because they worry that employees might get hurt, angry, and defensive with the feedback.

_____ Strongly Agree

_____ Agree

_____ Somewhat Agree

- Disagree
- Strongly Disagree

24. Supervisors are reluctant to document inadequate employee performance because their appraisals can be scrutinized by others and used in the grievance process or in court.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

25. Subordinates often feel the need to protect themselves when receiving feedback from their supervisors.

- Strongly Agree
- Agree
- Somewhat Agree
- Disagree
- Strongly Disagree

26. Overall, do you believe your municipality is better off because it systematically appraises the performance of some or all of its employees?

- Yes
- No
- Not sure

Using the scale below, please indicate how helpful or beneficial it is for your community to conduct systematic appraisals of employee performance?

0	1	2	3	4	5	6	7	8	9	10
Not at all								Extremely helpful/		
helpful/beneficial								beneficial		

Please expand on your answer:

You are finished with the interview. Thank you for taking part in the study.

When the results of the study have been analyzed, I would be happy to provide you with a summary of the findings. Would you like a summary of the findings?

PART FOUR

12. There might be a variety of reasons that a municipality does not regularly appraise the performance of most of their employees. The following is a list of possible reasons and I would like you to indicate all the reasons that you think explain why your community makes little or no use of employee performance appraisals?

- a. _____ Employee performance appraisal methods are hard to develop and expensive to use.
- b. _____ In general, the information provided by systematic employee appraisals can just as easily be secured in other ways.
- c. _____ Individual employees strongly resist the use of such systems.
- d. _____ There is no need for a systematic process of employee appraisal because this municipality does not have a merit pay system in place.
- e. _____ There is no guarantee that even if a performance appraisal exists that any use will be made of the information produced by such a system.
- f. _____ Employee unions strongly resist the use of such systems.
- g. _____ Such systems are often very arbitrary and allow supervisors to favor some subordinates over others for various reasons not related to actual performance.
- h. _____ Supervisors are unwilling to give their subordinates the performance scores that they truly deserve.
- i. _____ Most of the time those who must evaluate employees are not in a good position to directly observe how those employees actually perform their work.
- j. _____ Having an employee performance appraisal process is just asking for trouble as it provides a basis for employee grievances.
- k. _____ Evaluating the performance of individual employees tends to pit employees against one another and this is bad for employee morale.
- l. _____ Supervisors are uncomfortable with conducting appraisals.
- m. _____ The performance appraisal can cause more damage to the employee and municipality than good.
- n. _____ Employees are sensitive to an instrument that has the potential to aid in salary, bonus, promotion, demotion, and dismissal decisions.
- o. _____ Employees would anticipate the appraisal with anxiety.

13. Overall, do you believe your municipality would be better off if it did have a system of employee performance appraisal in place?

- Yes
 No
 Not sure

Using the scale below, please indicate your overall judgment as to the impact for your municipality of its not using a system for appraising employee performance?

0	1	2	3	4	5	6	7	8	9	10
Not having such a system is a very serious problem								Not having such a system makes no difference		

Please expand on your answer:

You are finished with the interview. Thank you for taking part in the study.

When the results of the study have been analyzed, I would be happy to provide you with a summary of the findings. Would you like a summary of the findings?

APPENDIX B

The Utilization of Performance Appraisal in Local Governments: Extent and Challenges

Research Information Sheet

Title of Study: *The Utilization of Performance Appraisal in Local Governments: Extent and Challenges*

Principal Investigator (PI): *Sandra Hindo*
Department of Political Science
586-883-4815

Purpose:

I am conducting a research study on the utilization of performance appraisal in local governments: extent and challenges. As a city manager, city administrator, human resources professional, village manager/president/administrator, clerk, treasurer, or administrative assistant, you are being asked to participate because of your knowledge of such practices in your community. The researcher is a doctoral student in political science at Wayne State University.

Study Procedures:

I will be contacting you by phone sometime during the first two weeks of May 2009 to see if you are interested in participating in the study. If you agree to take part in the study, you will be scheduled to complete a phone interview of approximately 45 minutes duration. This interview will be scheduled at your convenience sometime. I will be asking you questions concerning the employee performance appraisal practices. I will also be asking you other questions relating to the effective use of such practices and the challenges that they present. You have the option to not answer any of the questions that you may be asked and still remain in the study.

Benefits

- As a participant in this research study, there will be no direct benefit for you; however, information from this study may benefit other people now or in the future.

Risks

There are no known risks at this time to participation in this study.

Costs

- There will be no costs to you for participation in this research study.

Submission/Revision Date: [05/04/09]
Protocol Version #: [2]

Page 1 of 2

HIC Date: 5/08

APPENDIX B CONTINUED

The Utilization of Performance Appraisal in Local Governments: Extent and Challenges

Compensation

- You will not be paid for taking part in this study.

Confidentiality:

- You will be identified in the research records by a code name or number. In order to facilitate follow-up with regard to information that you may provide, a record will be kept of those who participated in the study. But in written discussion of the findings nothing that you might say will ever be reported in a way that would allow readers to identify either you or your community. The record will be stored in a secure location during the course of the research study. The record will be destroyed at the end of the completion of the research study.

Voluntary Participation /Withdrawal:

Taking part in this study is voluntary. You may choose not to take part in this study, or if you decide to take part, you can change your mind later and withdraw from the study. You are free to not answer any questions or withdraw at any time. Your decision will not change any present or future relationships with Wayne State University or its affiliates.

Questions:

If you have any questions about this study now or in the future, you may contact Sandra Hindo at the following phone number: 586-883-4815. If you have questions or concerns about your rights as a research participant, the Chair of the Human Investigation Committee at Wayne State University can be contacted at (313) 577-1628. If you are unable to contact the research staff, or if you want to talk to someone other than the research staff, you may also call (313) 577-1628 to ask questions or voice concerns.

Participation:

By completing the phone interview you are agreeing to participate in this study.

APPROVAL PERIOD
MAY 08 '09 - FEB 02 '10
HUMAN INVESTIGATION COMMITTEE

Submission/Revision Date: [05/04/09]
Protocol Version #: [2]

Page 2 of 2

HIC Date: 5/08

APPENDIX C

Three copies of the HIC Oral Consent Script May 4 2009

The Utilization of Performance Appraisal in Local Governments: Extent and Challenges

Oral Consent Script

I am conducting a research study on the utilization of performance appraisal in local governments: extent and challenges. As a city manager, city administrator, human resources professional, village manager/president/administrator, clerk, treasurer, or administrative assistant, you are being asked to participate because of your knowledge of such practices in your community. The researcher is a doctoral student in political science at Wayne State University.

If you agree to take part in the study, you will complete a phone interview of approximately 45 minutes duration. I will be asking you questions concerning the employee performance appraisal practices. I will also be asking you other questions relating to the effective use of such practices and the challenges that they present. You have the option to not answer any of the questions that you may be asked and still remain in the study.

You will be identified in the research records by a code name or number. In order to facilitate follow-up with regard to information that you may provide, a record will be kept of those who participated in the study. But in written discussion of the findings nothing that you might say will ever be reported in a way that would allow readers to identify either you or your community. The record will be stored in a secure location during the course of the research study. The record will be destroyed at the end of the completion of the research study.

Taking part in this study is voluntary. You may choose not to take part in this study, or if you decide to take part, you can change your mind later and withdraw from the study. You are free to not answer any questions or withdraw at any time. Your decision will not change any present or future relationships with Wayne State University or its affiliates. You may skip any questions that you do not wish to answer. As this study gathers information about performance reviews, please do not use any names or other identifying information in the answers you provide to me.

Would you like to participate in the study?

If yes, record date and time of oral consent _____

APPROVAL PERIOD

MAY 08 '09 FEB 02 '10

RESEARCH INVESTIGATION COMMITTEE

APPENDIX D

WAYNE STATE
UNIVERSITY

HUMAN INVESTIGATION COMMITTEE
101 East Alexandrine Building
Detroit, Michigan 48201
Phone: (313) 577-1628
FAX: (313) 993-7122
<http://hic.wayne.edu>



NOTICE OF EXPEDITED AMENDMENT APPROVAL

To: Sandra Hindo
Political Science
Thompson Home

From: Ellen Barton, Ph.D. *F. Affatato for E*
Chairperson, Behavioral Institutional Review Board (B3)

Date: May 08, 2009

RE: HIC #: 017709B3E

Protocol Title: The Utilization of Performance Appraisal in Local Governments: Extent and Challenges

Sponsor:

Protocol #: 0901006757

Expiration Date: February 02, 2010

Risk Level/Category: 45 CFR 46.404 - Research not involving greater than minimal risk

The above-referenced protocol amendment, as itemized below, was reviewed by the Chairperson/designee of the Wayne State University Institutional Review Board (B3) and is APPROVED effective immediately.

- Change in study title to "The Utilization of Performance Appraisal in Local Governments: Extent and Challenges."
- Protocol (dated 5/09) - Modified to reflect changes in study design, enrollment criteria, data collection methods, and other as detailed on the amendment form.
- Information Sheet (revised 5/4/09) and Oral Consent Script - Modified to reflect protocol changes.

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ABSTRACT**THE UTILIZATION OF PERFORMANCE APPRAISAL IN LOCAL GOVERNMENTS:
EXTENT AND CHALLENGES**

by

SANDRA HINDO**DECEMBER 2010**

Advisor: Dr. Richard Elling
Major: Political Science
Degree: Doctor of Philosophy

This study examines the utilization of employee performance appraisal in a sample of 59 Detroit-area suburban communities. Despite the emphasis placed on employee performance appraisal in the literature, over half of the communities do not possess formal systems of employee appraisal. Also two variables help explain performance appraisal usage: form of government and extent of unionization.

Importantly, respondents in non-utilizing communities often acknowledge the benefits of systems of performance appraisal but they cite various reasons for not having such systems in place, with the opposition of municipal unions being cited most often. This was true even though many jurisdictions with high levels of unionization did have appraisal systems in place, even for their unionized workers. The jurisdictions with appraisal systems appeared to be doing a reasonably good job in following best practices in performance appraisal and management. At the same time, like their counterparts in non-utilizing communities, respondents cite a number of obstacles and challenges associated with the process including: subjectivity, ratings inflation,

employees experiencing anxiety, and supervisors being uncomfortable with the appraisal process and lacking adequate training in how to do a good performance appraisal. The majority of the respondents believe in the potential value of evaluating the performance of their workforce. But they worry that such systems in practice often fail to work as hoped. These concerns echo those often raised in the debate over merit-pay. The study concludes with suggestions for implementing performance appraisal in highly-unionized work settings.

AUTOBIOGRAPHICAL STATEMENT

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I completed my undergraduate and graduate studies at Wayne State University. I received my Bachelor of Arts in Psychology and Political Science in August 2005, Master of Public Administration in August 2007, and Doctor of Philosophy in Political Science with a Major in Public Administration and Minors in Urban Politics and Public Policy in December 2010.