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Performance Appraisals: Pay for Performance

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283

TABLE OF CONTENTS

Section	Page
Abstract	
Introduction	1
Historical, Legal and Theoretical Context	2
Review of Literature or Practice	6
Discussion of Relevant Issues	9
Conclusion/Recommendations	11
Bibliography	14

ABSTRACT

Performance appraisals are a critical component of the Bedford, Texas Police Department. However, the appraisal process is a source of conflict and becomes disruptive to the organization and others that are similar in size and structure. The failure of performance appraisals is mostly related to the supervisor/manager. The purpose of this research is to identify the issues relating to performance appraisals tied to pay. Secondly, this research is intended to evaluate the present system and to suggest methods to improve the system. The author reviewed other appraisal systems including personnel policies and practices. This research served as a useful guide to suggest recommendations that will be presented to city administrators by this author. Legal issues became a focus to prevent challenges to the appraisal process and serve as a guide for future changes. The author will further suggest significant changes in the present rating methods to incorporate peer, self, and direct performance forms of appraisals. This research will serve to provide information for other departments within the city as well as other interested police agencies.

Introduction

The purpose of this research is to identify the issues relating to performance appraisals tied to pay. The objective of this research is to evaluate the present performance appraisal system used by the Bedford Police Department and provide city administrators and the Chief of Police with the information necessary to improve the system.

Performance appraisals are critical to the success of a police agency city. However, often the appraisal process is a source of conflict and becomes disruptive to the organization. Ineffective performance appraisals are the result of several causes. These causes largely center around the supervisor/manager. The most significant contributing factor in ineffective appraisals is the supervisor's lack of knowledge of the subordinates actual performance (Longnecker and McGinnis 13).

Research of this issue will be conducted for the primary benefit of the Bedford Police Department and secondly, for the City of Bedford. The results of this research may be useful to other police agencies that have a need to review their current appraisal system.

Multiple sources of information are used in this research and contributed to this project. The first source of information is the current appraisal system, personnel practices and related policies and procedures of the City of Bedford. Other appraisal systems from both the public and private sectors are used as a useful guide. Legal issues and challenges to grievance committees and civil service boards are also reviewed. A survey was also conducted within the City of Bedford to determine if supervisors are

evaluating employees consistently. The Fire Department, Public Works and Parks and Recreation were surveyed. It should be noted that each manager was given the same training. Even though all city employees are using the same evaluation forms and receive the same training, there were variances in methods of evaluating employees between the police and public works departments.

This research attempts to provide valuable information to serve as a guide to develop and enhance the City of Bedford's pay for performance system. Secondly, to provide training for supervisors and managers to accurately rate employees and act as a guide to enhance supervisory knowledge of performance standards.

Historical, Legal and Theoretical Context

Performance evaluations are important to law enforcement. However, it is apparent, that many law enforcement agencies are not effectively evaluating personnel. "Performance measurement and evaluations have been staples for law enforcement agencies since the 1960s" (Witaker, et.al. 1982). Performance appraisals at most agencies take a special importance since lateral entry into the field is rare, promotions are generally made from within and public service agencies are funded by tax dollars. Law enforcement administrators are obliged to the citizens as well as to their own personnel, to continually evaluate and improve customer service. Police agencies are notorious for being conservative bureaucracies that are resistant to change (Witaker, et.al. 1982).

"Ninety-two percent of all U.S. organizations employ some type of formal appraisal system" (Longnecker and McGinnis 12). Most organizations use a structured rating form followed by a face to face meeting with the employee. Employers conduct the evaluation

process believing the system is a valuable managerial tool. This assumption is based on the belief that the appraisal process is conducted in the proper manner. "However, it is estimated that only 20 percent of the appraisals conducted accomplish their intended purpose" (Longnecker and McGinnis 12). Today, the future demands that change be accepted and initiated by police administration. The influx of college educated officers will require management to allow those officers a role in the decision making process. Military style command structures will become less and less relevant to police agencies. Performance appraisals will be a part of that change as well (Witaker, et.al. 1982). Over a period of years, the use of performance evaluations for law enforcement has merely been a tool to entrench the conservative bureaucracy. In the past, administrators used the evaluation system to control officers and limit compensation. It is therefore obvious, that it is difficult to exercise control while encouraging the development of the officer and give rewards for good performance in the form of salary increases (Wisenand and Rush 191). The City of Tucson, Arizona has tied pay to performance appraisals since 1990. "Their stated goal is to motivate high level performance through pay increases directly related to levels of performance" (Tucson 1993). "The amount of salary increase is based entirely on the rated performance, with higher performers receiving an increase greater than those performing at a lower level" (Tucson 1993). Other agencies such as Euless, Texas adopted this pay for performance method in the late 1980s. It is important to note that Euless quickly abandoned this effort because of problems associated with performance measures and that money is "a poor motivator" for employees (Euless 1996). Research finds that an interesting factor arises with respect to the supervisor. Supervisors are

ineffective because their direct observation of the employee is not consistent. Also of importance is the supervisor's attitude and motivation concerning the appraisal event. "Research clearly showed that when the supervisor lacked knowledge of the actual performance of the employee, the evaluation was ineffective in motivating and developing the employee" (Falkenberg, et.al. 352). Secondly, employers that evaluate employees for the basis of compensation increases experienced less motivation for the employee to achieve his or her objectives. Results were more effective when the two issues (pay and performance) are separated. Even though employee performance was tied to pay, the actual increases in compensation came at a later time, so that the employee did not focus on how much of an increase that he or she was getting (Holtz 98).

Performance appraisals of personnel include legal considerations. Appraisals must be valid in job content, contain written specific procedures and be conducted by trained evaluators. The evaluation process must be clearly related to job performance based on objective criteria. The evaluation process must be as objective and job related as possible (Nobile 7). For example in Rowe v. General Motors Corp., the court ruled that a subjective evaluation system resulted in a violation of Title VII of the Civil Rights Act of 1964 (Nobile 7). The U.S. Supreme Court recently held that the "disparate impact theory" of discrimination may be applied to subjective employment practices. Disparate Impact refers to employment practices including hiring, promotions, demotions and referrals that may have an adverse impact on a protected class of employees (for example, Hispanics). The burden is placed on the employer to demonstrate the validity of the annual review criteria. The Court held that employers must ensure that employees are evaluated on the

basis of job related, non-discriminatory criteria (Nobile 7). Another consideration of the appraisal process is to ensure that the evaluation be conducted at least annually, is reviewed by supervisors of a rank higher than the rater and is clearly communicated to the employee. Failure to conduct appraisals annually or within specified periods may result in a claim of negligence by not conducting the appraisal in a responsible manner. It may further result in an employer being held liable in a breach of an implied employment contract. Employers who act in a responsible manner reduce the risks of liability and enhance the performance of personnel to achieve his or her career objectives (Candelaria 21).

Many organizations, including police agencies, assume that employee motivation requires monetary rewards in the form of salary increases based on defined levels of performance. However, Maslow, Hertzberg and McClelland advocate a “cognitive approach” to motivating employees. This approach focuses on the needs of the employee and how those needs were met in the workplace (Plunkett 446). Dr. W. Edward Deming, 1986 “states that people do a good job because of pride in their work, sense of professionalism, love for their work and self respect” (Aguayo 101). This process was described as “intrinsic motivation,” which is the vehicle that drives improvement (Aguayo 103). Deming’s view is that money is not a motivator and that “all the money in the world will not solve the employee’s problems” (Aguayo 95).

Review of Literature and Practice

Several methods are in used to evaluate police employees. The two most popular methods are “trait rating scales” and “behaviorally anchored rating scales.” Trait rating

scales are the most widely used method of evaluation in law enforcement. Under the trait rating method officers are judged according to a list of traits, such as "decision making", "dependability" and "quality", under the assumption that these traits are related to the job. "Trait rating is widely accepted because it is assumed to have content validity" (Falkenberg, et. al. 352). A second popular method is the "behaviorally anchored rating scales." This system is designed to rate an employee's performance against a list of behavior statements. The behaviors are job specific and observable. The anchors are usually chosen from a careful analysis of the job. One disadvantage to the anchor rating is that it is time consuming and behavior anchors are required for each job.

In 1987, Bradley and Pursley conducted a detailed analysis of the patrol job in a medium sized department. This analysis was done in order to determine the knowledge, skills and abilities, (SKA's) required for the patrol officers job. Their analysis revealed "twenty-three SKA's in eight different dimensions," including "dependability", "job knowledge" and "equipment use." The SKAs and dimensions were based on the importance and their frequency of use in the patrol job. The authors then asked supervisory personnel to write behavioral examples rated "high", "medium" and "low" for each dimension. The examples were then used as "anchors" for the system. Officers were then judged on the basis of the behaviors that they exhibited in the rating period, as compared to the anchors. The authors suggested that the behavior anchored rating system was "vastly superior to the trait rating system" (Bradley and Pursley 38). Another method of evaluation is the "direct performance evaluation." This system involves the actual evaluation of the patrol officers performance in critical areas is measured. Officers

are graded based on the subjective judgement by the rater(s). Results by raters are based on the totality of the circumstances of an important event. The officer's actions and behavior are judged as a whole. Officers may be judged on how they handled a "domestic call" or how they handled a "major accident", or how the officer backed up another officer in a critical situation. The system is a realistic observation of performance while performing the job during a rating period. Input from raters would likely come from a variety of sources such as victims, witnesses, videotapes and back up officers. The disadvantage to this system is that not all aspects of the patrol function may be observed in a given rating period, because the officer may not have been exposed to a certain task. However, most critical areas can be covered over several rating periods.

There is another method of evaluation that is potentially effective for evaluating police officers. "Peer evaluation" offers potential as an "accurate and consistent method to gather information for raters" (Love 143). Love states that the information " was not biased by friendship between officers." He further concludes that "optimal utility of peer evaluations lies in combination with performance information gathered from other sources." This research suggests that peers are in a better position to observe officer behavior than are supervisors. A disadvantage of peer evaluations is that all employees would need to be trained in the use of the system. Significant resources and time would also be needed (Love 144).

The practices and policies of other police agencies, vary according to makeup of the local government. Large to medium sized agencies, with civil service and a strong employee association typically use a trait rating system. These organizations do not tie

pay to the evaluation system. These agencies usually gave “across the board” raises based on inflation or employee contract requirements.

The City of Tucson, Arizona adopted a pay for performance evaluation system in 1992. Tucson links job specific performance with compensation increases on an annual basis. Tucson does not allow for cost-of-living increases or other automatic increases in the pay for performance system. “The system is both standardized and individualized focusing on job specific performance and not individual traits” (Tucson 1993). Employee expectations are communicated and employees must participate to establish specific objectives on which they will be evaluated. Under the system there are multiple objectives under different job functions to tailor it to the organization. Tucson uses a behavior anchor system. Under the Tucson system employees are rated at mid-year and at the end of the rating period based on five areas. The areas are “superior”, “exceeds expectations”, “meets expectations” and “below expectations.” Below expectations performance do not receive a merit increase and the system does not require peer or self appraisals.

In comparison, most agencies utilize a trait rating system and provided no salary increases linked to performance. Most agencies award annual salary increases based on cost-of-living and/ or automatic increases tied to steps.

Discussion of Relevant Issues

Several key issues were identified in this research. All of the cities surveyed felt strongly that there is a definite need to have a formal evaluation appraisal system in the workplace. However, here is some notable disagreement on whether or not performance should be linked to salary increases. Several characteristics were identified that are

necessary to develop and maintain an effective appraisal system.

“Effective performance evaluations provide positive reinforcement” and build on the things that employees do well (Anderson 19). Supervisors need to view the appraisal process as a productive event that occurs on a continual basis throughout the year (Anderson 18). The primary goal of the supervisor is to improve performance through creation of a positive atmosphere where employees will be motivated to perform their jobs (Anderson 22).

Another key issue in the appraisal process is the emphasis on positive feed-back. Positive feed-back can not occur in an organization that lacks trust in the system. Police employees play an important role in the agency and the process in which they are evaluated. “Supervisors often use evaluations to target the employee’s weaknesses” (Anderson 19). Supervisors must instead emphasize strengths on which the employees can build.

“Many personnel specialist believe that most supervisors do not have control over a sufficient number of factors in the pay area to allow them to make a direct link in what an employee does or does not receive in pay” (Holtz 98). Financial decisions are conditions of the local government. Changes in amounts budgeted for increases and changes in cost-of-living making it hard for a supervisor to explain to subordinates.

The evaluation system used by the Bedford, Texas Police Department is an adequate system to rate the performance of its employees. This determination was made after completion of a survey of the various Departments within the City. Some view this method as either a constraint on the employees or an opportunity to motivate and develop

performance. Constraints are identified as “misuse of resources”, “time consumption”, “de-motivating” and ineffective means of providing pay raises. Others view the system as a valuable tool to motivate and improve performance. Employees accept the appraisal system, but disagree with it’s implementation. Employees feel uncomfortable during the process and distrust city administration.

The administration can improve performance and use wage and salary adjustments as a tool to recognize and reward past performance. This will keep the person’s rate of pay at a level that is appropriate and fair. However, it is necessary to separate the appraisal process and make salary increases at a time other than the annual review. The employee can focus on their goals and performance rather than worrying about his or her pay.

As a supervisor you want to help people so that their quality of work will improve. Administrators must create an atmosphere that makes change possible and is comfortable for an employee to develop. Appraisal methods and processes can either be a problem solving experience or a problem creating experience. “The cost of having a negative experience in the appraisal process can be quite high” (Longnecker and McGinnis 14). Motivation will suffer, trust can deteriorate and the supervisor/employee relationship can be damaged.

The approach to successful performance appraisals as an ongoing development process. The atmosphere that it creates can be fulfilling rewards for the employee and organization. The costs of training and providing a quality appraisal system are extremely low in comparison to the benefits. Quality and highly motivated performance can not be

calculated in dollars and cents. Ineffective appraisal systems eventually lead to reduced production, reduced morale, distrust of the organization, sometimes negligence claims from employees. Performance that is below standards can lead to possible termination, remedial training or probation. These negative consequences are resource and time consuming.

Conclusion/Recommendations

The purpose of this research is to identify the issues relating to performance appraisals tied to pay. The objective is to evaluate the present system of appraisals and provide city administrators and the Chief of Police with the information necessary to enhance and improve the current appraisal system.

“Effective performance evaluations provide a positive reinforcement” and build on the things that employees do well (Anderson 19). Supervisors need to view the appraisal process as a productive event that occurs on a continual basis throughout the year. The primary goal of the supervisor is to improve performance through an atmosphere where employees will be motivated to perform their job. This research is guided toward that goal.

Performance appraisals are a critical component in a successful police agency. Often the appraisal process is a source of conflict and becomes disruptive to the organization. Ineffective performance appraisals are the result of several causes which have been identified. Causes largely center around the supervisor/manager. The most significant contributing factor in ineffective appraisals is the supervisor’s lack of knowledge of the subordinates actual performance (Longnecker and McGinnis 13).

In an attempt to develop an improved method to evaluate performance and tie that performance to pay, it will be necessary to include characteristics to maximize effectiveness of the system. Those characteristics include the following:

- Maintaining a positive organizational climate.
- Maintaining an administrative priority in the process.
- Create an environment to promote subordinate involvement.
- Place a high emphasis on positive feed-back.
- Promote direct observation of personnel by supervisors.
- Experimentation with non-traditional techniques.
- Incorporate on-going training of both subordinates and supervisors.
- Separate the annual review process from annual salary increases.
- Communicate salary adjustments at the appropriate time.

Administrators must incorporate as many of the above characteristics as possible. Police and administrators who are genuinely concerned with an effective performance evaluation system must be willing to change. They must take a leadership role so that they will not "short-change" the employer or the taxpayers.

Improvements of the Bedford, Texas performance system can be made by incorporating a combination of a trait rating system and direct task based performance measurements of behavior. The system will be preceded by self appraisal and peer evaluations. Improvements also can be made by separation of the performance review process with any salary increases. The compensation increases usually occur at the

beginning of the new fiscal year. The annual performance review could be completed well in advance of this event focusing on performance and goals instead of pay increases. Administrators must also seek methods to budget appropriate funds to adequately fund the performance matrix. These improvements will bolster morale with a by-product of increased quality and effectiveness for the citizens of the community.

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