



The Research Bureau

# “How Am I Doing?”

Municipal Employee Performance Evaluations

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Worcester Regional Research Bureau, Inc.

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## “How Am I Doing?”

### Municipal Employee Performance Evaluations

The government pioneered the use of employee performance evaluations in the United States, but today many municipalities have no formal, consistent evaluation process. This might seem odd to some—how can institutions famous for exhaustive documentation, requiring forms in triplicate for basic tasks, leave employee evaluation to informal remarks retained in the memory of a handful of supervisors?

The federal government and most state governments, including Massachusetts, require official employee evaluations for the same reason they were adopted in the private sector—a well-structured and properly implemented performance evaluation system can help achieve results and maintain the public’s confidence in government. Performance evaluations are used to make decisions regarding employees’ promotion and retention, and to measure organizational performance.

The lack of a formal evaluation process can cause problems—competent employees will leave because they feel their work is not valued, other employees are not given constructive feedback that could help them improve, and employees who are unable or unwilling to do the work continue to be employed. But cities and towns face obstacles in implementing evaluations, so the question remains—what should municipalities do to conduct meaningful, constructive employee evaluations?

### Examples of Employee Evaluations

**What is an employee evaluation?** In broad terms, an employee evaluation is a method for measuring and documenting job performance. Given the importance of rewarding good workers and aiding or dismissing underperformers, evaluations can be valuable for employers who need to make informed decisions about their workforce, and for employees to know where they stand and how to improve.

As management practices evolve, performance evaluations change as well, creating a wealth of assessment possibilities. Some of the most common methods include:

- **Top-Down Evaluation:** The employee’s direct supervisor completes an evaluation. It allows the employee to interact and communicate with his or her supervisor, who has knowledge of the employee’s performance and what is required in the job. It also allows the employee and supervisor to plan for the future. The main criticism of this method is that it can intimidate the employee, who may be reluctant to speak candidly.
- **Self-Assessment:** In addition to the employee’s direct supervisor completing an evaluation, the employee rates him or herself using the same criteria and the two evaluations are compared. This method lets employees take part in the process and helps managers understand how employees view the workplace. There is the possibility for tension if the supervisor and employee evaluations differ.
- **Peer Reviews:** An evaluation survey is conducted that includes responses from colleagues. If done well, this method can give managers insight into workplace dynamics, and can create a culture of teamwork and accountability. But while a supervisor knows his or her employee’s responsibilities well, colleagues might not be as well-versed in the job description. The organization also needs to be big enough to allow for reviewer anonymity.
- **360 Evaluations:** A comprehensive examination is completed that includes self-assessments, peer reviews, and evaluations both from the employee’s direct supervisor and the employee’s subordinates. This method gives a broader perspective of an employee’s performance. It brings all the challenges of other evaluation methods, but also the benefits, as it tends to be more thorough.
- **Informal Feedback:** Many companies are moving away from structured rankings and toward more frequent and conversational check-ins. These companies often describe their employee evaluation system as a more collaborative and forward-looking model in



which managers and employees hold informal “touchpoints” where they talk about priorities, aiming for a culture where managers coach rather than critique.

that formal evaluations are alive and well in the Worcester-area private sector.

Firms on The Research Bureau’s Board tended to have a more traditional evaluation system, with many respondents commenting that they thought the top-down review was an essential part of a human resources strategy. Those with an alternate system, such as 360 reviews, were less common, while those with no evaluation system were in the smallest category. While Board members tend to be leaders in their organizations, and their reviews cannot be extrapolated to the average employee, performance reviews received high marks on value, from a manager’s perspective, with 84 percent agreeing or strongly agreeing their system had worth.

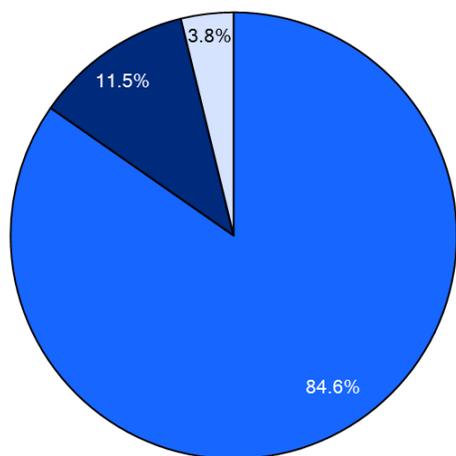
While the annual performance evaluation is still the rule in modern business, some companies have become bolder when it comes to questioning the practice. In a 2016 survey of 250 companies conducted by the Brandon Hall Group, 16 percent said they had recently eliminated a rating scale as a means to evaluate employees, and 14 percent had eliminated annual performance appraisals in favor of in-the-moment feedback. In a 2015 survey conducted by Deloitte, a professional services firm, more than half the executives questioned believed their performance management approach drove neither employee engagement nor performance.

Time commitments, return on investment, and morale are the three main reasons some private sector companies are moving away from annual employee evaluations. Managers and employees complain evaluations hurt morale because they can be adversarial and subjective, creating a toxic workplace culture. Deloitte looked at its internal system of assessment and found that creating the ratings to be used in evaluations, completing the forms, and holding the meetings consumed nearly two million hours annually. The company decided to replace and simplify its system with four simple questions that are asked quarterly and at the end of every project, becoming something of a model for performance evaluation reform.

### Evaluations in the Private Sector

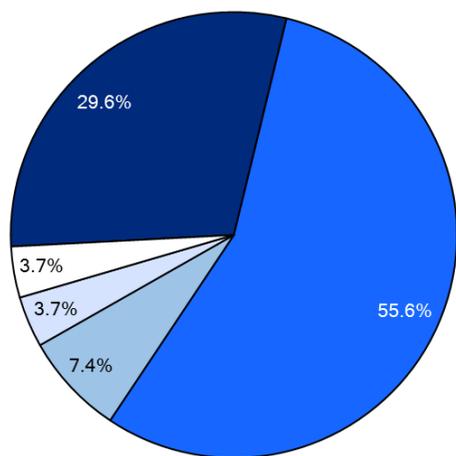
To understand how the local business community views performance evaluations, The Research Bureau connected with nearly 30 organizations represented on the Bureau’s Board of Directors. The results, while a limited sample size, indicate

Describe your evaluation system



■ Top Down ■ 360 □ No Evaluation System

My evaluation system is valuable



■ Strongly Agree ■ Agree  
 ■ Neither Agree nor Disagree □ Disagree  
 □ Strongly Disagree



Like all management trends, there are conflicting views on how to fix the shortcomings of performance reviews, but recent data suggests scrapping the system entirely might have unintended consequences. A 2016 study by CEB, an advisory firm, found employees who worked for organizations that had eliminated ratings as part of the review process scored performance conversations they had with their managers 14 percent lower than they had been with the more formal system, based on a survey of more than 9,000 managers and employees. Employees who had high marks under the old system were predictably upset, but there was also a general eight percent drop in the number of employees who believed there was a correlation between performance and pay. Even if it is just a perception issue, performance reviews might benefit morale by maintaining the idea that an organization is a meritocracy, and some companies are switching back to a more formal process after experimenting with other systems—even such trailblazers as Deloitte, which had initially gone so far as to eliminate numbers in its ratings, has begun reintroducing numeric ratings.

### **Evaluations in the Public Sector**

It can be difficult to develop metrics that accurately measure a public employee's quality of work. Unlike the private sector, where the number of widgets produced is a good indicator of a business' success, the nature of work in the public sector does not always lend itself to such easy benchmarks. If a particular department has a drop in its workload or output, it can be due to outside forces such as a poor economy (fewer building permits issued by the code department), good weather (less road work), or because things are going well (fewer calls to the police department). A decrease or increase in visible productivity is not necessarily a reflection of a public employee's ability or work ethic.

Despite these challenges, performance appraisals are mandatory at the federal level, and Massachusetts is one of many states to implement a performance review system for all state employees.

A 1995 study by Regent University Professor of Government G.E. Roberts found that of 312 municipalities with populations above 10,000, approximately 76 percent administered a formal performance evaluation system. There were major differences between geographic regions, however—while 80 percent of cities in western and southern states used a performance appraisal system, that number dropped to 35 percent in the eastern region, an area that would include Worcester County, attributed in part to higher rates of unionization in the area. The study also found a higher rate of performance evaluation systems in city manager governments—86 percent—than in other types of governments—at 65 percent—attributed to the proclivity of professional managers to attempt personnel innovations.

A 2010 study conducted by a professor at Wayne State University surveyed municipalities in suburban Detroit on their use of formal performance evaluations for their employees. Of the 59 cities and towns surveyed, only 11 communities evaluated more than 75 percent of their employees, while 32 of the surveyed communities did not evaluate their employees at all—although 68 percent thought their municipality would be better off with an employee evaluation system in place. The most common reasons given for not doing evaluations were the difficulty of negotiating appraisal systems under collective bargaining, a lack of time or resources, and a lack of training on implementing an evaluation system. The 16 remaining communities evaluated less than 75 percent of their workforce. Of the 27 communities that did some type of evaluation, 22 said they believed that evaluations made their municipalities better, citing reasons ranging from improving employee productivity to providing documentation to justify personnel decisions.

While score inflation undoubtedly exists in the private sector, the openness of government records highlights the problem there. A 2016 report by the federal Government Accountability Office (GAO) found 99 percent of non-senior executive service employees were rated “outstanding,” “exceeds fully successful,” or “fully successful,” with only 0.4 percent rated “minimally successful” or “unacceptable.” More



than 60 percent of the 1.2 million employees covered in the study were ranked at the highest two levels, theoretically the most difficult to achieve. “A cultural shift might be needed among agencies and employees to acknowledge that a rating of ‘fully successful’ is already a high bar and should be valued and rewarded and that ‘outstanding’ is a difficult level to achieve,” the GAO stated in its report.

**Local Perspectives on Evaluations**

Municipalities in Greater Worcester have a diverse range of approaches to performance evaluations, as shown by a survey of Worcester and surrounding towns.

Municipality	Population (2010)	Number of employees* (percent union)	Formal evaluation process
Auburn	16,188	163 (82%)	Yes
Boylston	4,355	35 (37%)	No
Grafton	17,765	124 (50%)	Yes
Holden	17,346	150 (80%)	Planned
Leicester	10,970	60 (42%)	Partial
Millbury	13,261	192 (85%)	No
Paxton	4,806	50 (42%)	Yes
Shrewsbury	35,608	218 (59%)	No
West Boylston	7,669	59 (51%)	Yes
Worcester	182,544	1700 (80%)	No

*\*Full-time or full-time equivalent. Does not include school employees.*

Towns that had a formal evaluation process cited the importance of setting goals (and making sure employees were meeting those goals) as an important factor in the decision to have an appraisal system in place. Other perceived benefits included the ability to reward good job performance, an increase in accountability through documentation of the evaluation, and a chance for valuable feedback—both from the top down and from the employee to the employer.

Towns without a formal evaluation process cited a number of reasons for not doing them. Some were voluntary decisions made about the value of the process—administrators stated that doing the evaluations created a tense work environment, departments were small enough that ongoing

informal feedback was adequate, and evaluators would write inaccurately positive reviews to avoid conflict with subordinates. Some were precluded from formal evaluations, they said, by union negotiations that covered the majority of the town’s workforce or budgetary constraints that left them unable to reward good performance.

As many of the towns surrounding Worcester are relatively small, The Research Bureau also reached out to the largest cities by population in Massachusetts and found a similarly diverse range of approaches to performance evaluations. Of the six cities, out of 10, that responded to questions, three did not perform widespread formal evaluations, while the other three had recently implemented a system or were in the middle of a process to introduce reviews. Reasons given for or against performance reviews were similar to those of Greater Worcester communities, suggesting that the size of the municipality is not a factor in whether to implement performance reviews, though it clearly affects the nature and scope of the review process.

Municipality	Population (2010)	Number of employees* (percent union)	Formal evaluation process
Brockton	93,810	700 (98%)	Yes
Fall River	88,857	1,000 (75%)	Yes
Lynn	90,329	600 (90%+)	No
New Bedford	95,072	1190 (30%)	Yes
Springfield	153,060	1700 (82%)	No
Quincy	92,271	950 (93%)	No

*\*Estimated full-time or full-time equivalent.*

Of note with larger cities—which often have a dedicated human resources department small towns cannot afford—was a propensity for due diligence on the subject. Personnel heads in cities with and without review systems referenced reaching out to other municipalities or third parties to learn about best practices. Larger workforces also meant more of a mix-and-match system. Some cities had reviews in certain departments or because certain managers enacted a program, while others said they had been able to negotiate evaluations with some but not all of their labor unions.



Progressive discipline was a consistent topic of conversation among communities without performance reviews. The system, which starts with light punishments and advances to more severe actions for subsequent infractions, is popular for its perceived role in correcting bad behavior without being overbearing. While this may be true, progressive discipline is not a substitute for an evaluation system, in the same way after-school detention is not a substitute for guidance counseling. If employees only receive feedback in the context of discipline, they do not get the benefits of goal-setting and personal growth that a good performance review system can provide.

Some cities are pursuing the goals of performance reviews through other means. Worcester, for example, is making use of “lean” enterprise training, a popular corporate efficiency strategy focused on streamlining communication and production, to help managers interact with employees and get the workforce more engaged and invested in the success of the city. A few municipalities are working with third parties or internally to develop job descriptions throughout their bureaucracies, which often make use of generic descriptors in place of information about duties or goals.

Officials from small and large communities alike expressed concern that performance reviews would be open to the public, but that fear appears to be unfounded. In Massachusetts, personnel files are exempt from public records requests, and the Secretary of State’s guide to the public records law specifically identifies employee work evaluations, saying that in general, “personnel information that is useful in making employment decisions regarding an employee is sufficiently personal to be exempt.”

Somewhat surprisingly in light of private sector companies reportedly moving away from formal evaluations was a perceived trend in the opposite direction from city and town officials. A few said they were planning on instituting or reviving a performance evaluation process, while more indicated their performance evaluation program was newly launched in the last few years.

## Working with Unions

Although managers in both the private and public sectors must negotiate with unions, 34.4 percent of public sector workers were unionized in 2016, more than five times higher than the rate in the private sector, according to the federal Bureau of Labor Statistics. Worcester-area managers surveyed often cited union opposition in their comments on performance evaluations, contending that organized labor was preventing the implementation of a review system, or that their review system only covered exempt employees.

In interviews with local union representatives, the issue unions have with performance reviews was presented not as a philosophical objection to the idea of evaluations, but as a pragmatic concern over implementation. Unions and their members tend to be skeptical of middle management’s ability to be objective in evaluating the workforce, contending that a rating system would allow managers to elevate their favorite workers while officially denigrating those they personally do not like. Union representatives expressed concern that some managers may not be qualified for their positions, whether due to a lack of subject matter knowledge or management skill, and that jobs in government are sometimes filled by politics or relationships rather than expertise. Granting unqualified managers additional power over already apprehensive employees could cause or worsen an unhealthy work environment.

For those reasons, and concerns about any changes to union contracts, union representatives were adamantly opposed to linking merit pay to performance evaluations. But while merit pay is an incentive for people to take evaluations seriously, it is not an absolute requirement. Evaluations can still be a valuable tool for communication in the workplace. They can facilitate an open dialogue between workers and supervisors, according to managers and union representatives alike. And having documentation of grievances or praise could help a supervisor accused of favoritism or arbitrary management show reasons for a decision when confronted by an employee—and can help the employee better understand his or her supervisor’s position.



Fairness is a stated priority for unions, so any performance evaluation implementation must be equitable to pass muster in collective bargaining. While some of that depends on managers operating in good faith, it is also important for fairness to be built into the structure of the evaluations, namely by having them apply to managers as well as frontline employees. In addition to being evaluated by their superiors at the highest level of city or town government, union members might embrace the process more if their thoughts—good or bad—toward a manager are recorded in an evaluation. Feedback coming only through official union grievances can lead to a negative relationship. The other major point of feedback from unions was the sense that any evaluation should be done by “someone who’s done the job.” While the nature of government bureaucracies means a supervisor might not always have served in the same position as his or her employees, incorporating peer feedback in a review is one way to enhance the process and appease workers anxious about a career bureaucrat evaluating hands-on work. If a manager’s evaluation is markedly different from peer reviews, clearly there is a disconnect that needs to be explored, one that may not have been caught without a review process.

It is interesting to note that union representatives expressed frustration that they are blamed for the slow pace of change in governments—and they may have a point. A number of cities or towns, near Worcester and beyond, said they had recently negotiated performance evaluations with one or more of their local unions, while others said they evaluated union members and found it valuable, even if they could not legally link the evaluations to raises. Union opposition to review reform is not reflexive, and can potentially be overcome in the bargaining process by coming to the table with a system that accommodates both sides—managers and employees.

### **Tips for Success**

A recent article in the Harvard Business Review argued that instead of complaining and “ditching” performance reviews, organizations should “learn to do them well.” In that spirit, The Research Bureau has combined suggestions from the

United States Office of Personnel Management handbook on employee evaluation systems with our survey results to suggest the following steps to ensure the successful implementation and use of an employee evaluation system:

- Set job descriptions and clear goals, and make sure each employee knows and has access to them—and evaluation forms—in advance of an evaluation.
- Determine performance evaluation mechanisms to be used that are appropriate for the culture and size of the organization and the job being evaluated. Include specific fields for each job category without compromising consistency across the system.
- Train managers on how to properly use evaluation tools.
- Conduct performance evaluations, write reviews, and hold meetings with employees to discuss evaluation results. Allow the review subject to respond in writing as well.
- Act on the results of the reviews, whether through rewards, a remediation plan, or termination, to show managers and employees the value of the process.
- Managers should continue to give frequent informal feedback. Notes should be taken on this feedback, as a reference for formal reviews.

### **Conclusion**

It is The Research Bureau’s position that a brief conversation does not qualify as an evaluation, and the memory of a supervisor is not a substitute for a documented review. Every employer must assess employees somehow, at the very least to determine if they should be fired or retained, and hopefully to catch bad habits, improve performance, and lay a foundation for merit-based promotions. The question is how those assessments are conducted. A consistent, professional process is only possible if the rules of the review are outlined beforehand and accessible to manager and employee alike.

No recommendation about performance reviews breaks new ground, given the long history of the



practice in the private sector, the state and federal government, and many municipalities. But that long history is exactly why it is so disappointing that some communities have decided performance reviews are not worth the effort. While recognizing every government workforce is different, The Research Bureau believes responsibility for maintaining the best

employee base possible—through feedback, coaching, and tough decisions about retention—is the same across organizations. For that reason, it is crucial for municipalities to take every opportunity to improve their workforce—and ignoring employee evaluations leaves an essential tool locked in the toolbox.

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