The Transition to Pay for Performance

In Sedgwick County Fire District #1

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Wichita, Kansas

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CERTIFICATION STATEMENT

I hereby certify that this paper constitutes my own product, that where language of others is set forth, quotation marks so indicate, and that appropriate credit is given where I have used the language, ideas, expressions, or writings of another.

Signed: ________________________________
Abstract

Sedgwick County Fire District #1 is implementing a pay for performance plan. The problem is fire district employees are resisting its implementation. The purpose of this research was to successfully transition from a traditional personnel evaluation pay plan to a pay for performance plan.

The procedures involved the development of a feedback instrument to collect data regarding employee expectations and outline the positive and negative aspects of pay for performance systems. Telephone interviews provided data as to how other organizations have implemented pay for performance plans.

The results of this research demonstrated that there are many concerns with the implementation of a pay for performance plan in Sedgwick County Fire District #1.

It is recommended that fire district exempt employees be extensively trained throughout the entire process to ensure acceptance of pay for performance.
Table of Contents

Abstract .................................................................................................................. 3

Table of Contents ................................................................................................. 4

Introduction ........................................................................................................ 5

Background & Significance .................................................................................. 6

Literature Review ................................................................................................ 8

Procedures ........................................................................................................... 15

Results ................................................................................................................ 19

Discussion ........................................................................................................... 23

Recommendations ............................................................................................... 25

References ........................................................................................................... 27

Appendix A (Sedgwick County Fire District #1 Performance Appraisal) .......... 29

Appendix B (Sedgwick County Fire District #1 Pay for Performance Appraisal) .. 38

Appendix C (Pay for Performance Feedback Instrument) .................................. 52

Appendix D (Telephone Interviews) .................................................................. 54

List of Tables

Table

1  Expectations of Pay for Performance................................................................. 20

2  Positive Aspects of Pay for Performance......................................................... 21

3  Negative Aspects of Pay for Performance....................................................... 21
Introduction

A problem exists at Sedgwick County Fire District #1 (SCFD #1). The County Managers’ office has issued a directive for Sedgwick County to implement a pay for performance plan and fire district exempt personnel are resisting its implementation. The current performance appraisal instrument used by Sedgwick County Fire District #1 (Appendix A) is a system that is perceived to be working well by fire district exempt employees.

Although there have been several informative meetings between the County Managers’ Office and fire district exempt employees, there is still internal resistance directed at the implementation of a pay for performance system. A serious consequence of this attitude is the fire district exempt employees may be negatively perceived by the county’s upper management and elected officials. This may result in prolonged disruption, disagreement, and loss of support politically and financially for the district. Another potential consequence is that the imposition of a pay-for-performance plan may not serve the needs of the fire district. The purpose of this research is to examine the elements for a successful permanent transition from a traditional personnel evaluation pay plan to a pay-for-performance plan. The questions used to direct this research methodology research were:

1. What are the expectations of the fire district exempt employees with respect to pay for performance?
2. What are the positive and negative aspects of using pay for performance?
3. How do organizations implement pay for performance plans?
Pay for Performance

Background and Significance

Sedgwick County is located in south central Kansas and is the second most populated county in the state. It encompasses an area of 1,008 square miles with a population of over 450,000 citizens. There are 20 cities within Sedgwick County, and Wichita, the largest city in Kansas, is the seat of Sedgwick County. The Sedgwick County Fire District #1 (SCFD #1) operates as a fire district covering the majority of the unincorporated areas and 12 cities within the County. Currently, SCFD #1 is the fourth largest fire department in the state of Kansas. SCFD #1 has 139 career employees and eight fire stations strategically located throughout the County. The administrative chiefs, division chiefs, and fire captains are exempt employees. Fire lieutenants and firefighters are hourly employees. Currently, fire lieutenants and firefighters are not affected by the implementation of pay for performance since they are covered by a Union contract with the International Association of Fire Fighters (IAFF) Local 2612.

In 1999, Sedgwick County Fire District #1 chief officers and fire captains were judged by the Kansas 18th Judicial District Court to be supervisory employees and thus exempt from the Fair Labor Standards Act (FLSA). As a result, these exempt employees were reclassified from an hourly to a salaried status, subsequently becoming ineligible for overtime compensation.

In 2001, Sedgwick County Fire Chief Gary Curmode developed a performance evaluation committee consisting of fire district employees to design a performance appraisal instrument (Appendix A) that would be more applicable to fire district exempt employees rather than the utilization of the performance appraisal that was adopted by the Sedgwick County Division of Human Resources. The current performance appraisal instrument (Appendix A) consisted of broad banding. It was assumed that fewer grades with a much broader range of pay would encourage horizontal movement as a result of more skill acquisition. Based on years of
service, or time in grade, exempt employees are placed into salary bands. As a result of a directive from the County Managers’ Office, many County departments are now implementing a pay for performance system (Appendix B). This event has created uncertainty in the fire district. A new performance appraisal instrument is replacing an appraisal process that is perceived to be working well within the fire district.

This applied research project relates to the course work included in the curriculum of the National Fire Academy’s Executive Fire Officer Program (EFOP), Executive Leadership (EL), R215 course (National Fire Academy [NFA], 2005). This curriculum provided a framework of executive-level competencies by focusing primarily on issues and areas of personal effectiveness as outlined in many of the course units.

It also relates to the United States Fire Administration (USFA) operational objectives, which is “to respond appropriately in a timely manner to emerging issues.” (U.S. Fire Administration, 2003, p. II-2). An emerging issue in the fire service organization is compensation for performance. Human Resource managers in local governments are seeking innovative means to maximize tax-payer dollars while also motivating a traditionally compensated workforce.

Simply stated, pay-for-performance (generally associated with private sector employers) is a goal-based compensation program which rewards those who perform above expected standards. Under achieving employees typically receive less compensation. The prevalent theory is that under achievers will be motivated to raise their performance levels to expected standards, or even higher. The application of this theory in public organizations is limited and little empirical data exists. In reviewing all relevant literature, virtually little or no applications of pay for performance in fire service organizations have been reported or documented.
Literature Review

Performance appraisals serve many important purposes, which include: letting employees know what is expected of them, setting and communicating job standards or objectives, relating individual objectives into overall organizational needs and objectives, evaluating an employees’ performance of job requirements and objectives, and informing employees how they are doing, including when things are going well and when performance needs improvement (Milkovich & Newman, 2008). When properly designed, constructed, and conducted, appraisals can be the basis for decisions on whether to give an employee a pay raise or promotion – or to withhold such rewards (Nofsinger, 2000). The primary purpose of performance appraisals is to provide feedback to employees (Lacho, Stearns, and Whelan 1991).

According to Daley (1992), a performance appraisal must relate to specific jobs an individual performs. Through job analysis, work behaviors or standards must clearly link to job performance. Reward systems are a feature of organizations which contributes to their overall culture or climate. Depending upon how reward systems are developed, administered, and managed, they can cause the culture of an organization to vary quite widely. Perhaps the most obvious relationship between pay system practice and culture concerns performance-based pay (Lawler, 1998).

According to Nofsinger (2000),

“The value of traditional performance appraisals usually lies in their use for compensation decisions (such as incentives, variable pay or pay-for-performance programs or rewards). Also, employers can use appraisals to coach employees to improve their performance. The appraisal process can spot strengths and weaknesses or highlight areas where retraining would prepare the employee for a new or different
Pay for Performance

position. More then simply rewarding past performance, skillfully conducted appraisals can help shape employees’ future accomplishments”. (p. 421).

How supervisors use this management tool depends on their perception of the organization’s needs and how well they are trained in its use (Daley, 1992). However, evidence has indicated that supervisors were actually spending less time dealing with employees in the appraisal process (Lacho, et al, 1991).

Pay for performance systems – linking employee compensation to measures of work quality or the accomplishment of individual, team or organization – wide goals – are a common feature in the American business landscape (Partnership for Public Service, 2005). According to Beer (2003), managers in many companies look to pay for performance for good reasons. They expect that it will attract and motivate people. They expect performance outcomes will outweigh the cost of incentives. The key to individual performance based programs is that they focus specifically on the individual. The assumption underlying these programs is that an individual can control their own behavior, and, given some feedback about good behavior and that which needs improvement, the employee will choose to improve. When pay is related to results, the systems pit one employee against another for a small and finite pool of money (Fox Lawson & Associates [FLA], 1995).

When companies apply pay for performance properly through careful conception, strategic design, and savvy implementation, the results are highly motivated, top performing employees, smarter allocation of funds, and a healthier bottom line (Institute of Management & Administration, 2005). Pay and benefit costs are of increasing concern to local governments as declining revenues have forced managers to take a hard look at compensation costs. At the same time, productivity and motivational considerations have focused attention on the need to relate
pay to performance and to devise pay systems that are more responsive to employer and employee needs (Matzer, 1988).

According to Milkovich & Newman (2008), “motivation involves three elements: (1) what is important to a person, and (2) offering it in exchange for some (3) desired behavior. The first element suggests employees prefer pay systems that are influenced by individual performance, changes in cost of living, seniority, and the market rate. The second element of motivation suggests the nature of the exchange between a company and its employees. And the third element of motivation identifies the desired behaviors and setting of goals the can influence the performance levels of employees”.

The concept of pay for performance has different meanings to different people. Many either (1) fail to recognize that pay for performance is not successful when the difference in reward between adequate performance and outstanding performance is inconsequential or (2) cannot solve the problem of funding adequate differentiation while dealing with essential range maintenance costs (Wolf, 2008).

In choosing an approach to pay for performance, organizations need to consider, first, whether they want to pay for performance, and then they need to choose the approach which best fits them. The plan selected should vary depending on what an organization wants the pay for performance system to accomplish. Just as different objectives call for different systems, organizational structure, culture, and management style also come into play (Lawler, 1989).

Change is inevitable, the environments of the public and private sectors are ever changing, bringing new requirements and daily demands (Wallace, 2006). The fire service, as a proactive profession, embraces change and the challenges that it brings. The challenge is to create a situation wherein the fire service thrives on the future and its possibilities (Wallace,
2006). Those organizations that develop the creativity and flexibility to adapt to changing circumstances will be those that will thrive during the coming decades. Some resistance to change might be based on objective reasoning. However, much of the resistance is based on more emotional and psychological reactions (Denhardt, Denhardt, and Aristigueta, 2002). Fear of the unknown is a common source of resistance. Most people like consistency and predictability in their work lives. Unpredictability can be a personal threat. One way for employees to cope with uncertainty and insecurity is to resist change (Sweeney & McFarlin, 2002).

Even when companies do a good job of defining the purpose and objectives of their compensation program, there are still a number of mistakes that can destroy the effectiveness of a well-designed total compensation plan (Johnson, 2000). One common mistake is poor communication. Often, companies fail to communicate the intent of the program, how it is suppose to work, and why it is designed the way it is. Another communication failure occurs when companies have a lot of good things to say about the compensation plan, but they do not necessarily say it in a manner that is understood by their employees.

“Sedgwick County management wanted to establish a policy on performance-based merit pay that would support the County’s Mission statement; encourage excellence in public service; attract and retain productive employees; be fair and competitive; meet the needs of a culture that supports organizational success; and to reward high performance” (K.Walker, personal communication, December 7, 2007).
In a report to the President and the Congress of the United States by the U.S. Merit Systems Protection Board Chairman (2006):

“Pay for Performance” refers to a pay strategy where evaluations of individual and/or organizational performance have significant influence on the amount of pay increases or bonuses given to each employee. When a pay for performance system functions properly:

1. Outstanding performers will receive the greatest rewards, to acknowledge their superior contributions and to motivate them to continue high performance.
2. Average performers will receive substantially smaller raises, which may encourage them to work harder to achieve larger raises in the future.
3. Poor performers will receive no increase, which is intended to persuade them to improve their performance or leave.

When discussing pay for performance – linking a percentage of an employee’s compensation to some specific, measurable goals – it should be realized that not everybody likes it, particularly when it applies to them. Pay for performance plans only work when someone is both motivated to perform by the amount of a potential performance bonus and believes that the performance plan is constructed in a way that is both fair and achievable (Hollon, 2007). Pay for performance plans are highly dependent upon the measures of performance that are used. If the measures used are not reliable and valid, then the organization may incur large costs as a result of rewarding employees for factors not related to the effectiveness of the organization (Heneman & Gresham, 1998).

The idea that public servants should be paid in proportion to their contribution seems to be fair and responsive to the demands of a skeptical public looking for effective utilization of
their tax dollars. Pay for performance, therefore, is often undertaken for political as well as administrative reasons. Regardless of the form it takes, pay for performance’s popularity arises from a widespread belief that it makes pay contingent on objective measures of job performance, rather than on grade and seniority (Streib & Nigro, 1993).

Although there are many benefits of having a pay for performance plan in place, there are also disadvantages. A number of studies, however, have examined whether or not compensation especially at the executive level, is related to corporate profitability and other measures of organizational performance. Often researchers have found slight or even negative correlations between pay and performance. Typically, the absence of such a relationship is interpreted as evidence of links between compensation and other elements than how well people do their jobs. But most of the data could support a different conclusion. Perhaps what these studies reveal is that higher pay does not produce better performance (Kohn, 2001).

According to Rollins (1998), besides motivational effects, other benefits attributed to pay-for-performance include the following:

1. They increase the probability that superior performers will feel valued and equitably compensated for their efforts, so they will be less likely to leave the organization.
2. They focus managers’ attention on the importance of accurate performance appraisals based on objective standards and measurable objectives.
3. They give supervisors a concrete and effective means of pressuring poor performers to improve or leave.
4. They encourage supervisors and their subordinates to communicate clearly and frequently about performance goals and expectations.
5. They improve public management’s capacity to allocate limited financial resources in ways designed to increase productivity.

In the private sector, financial results frequently determine and fund bonuses and pay increases. Funding is dramatically different in the public sector. Government agencies must allocate funding for performance-based salary increases from an existing budget (U.S. Merit Systems Protection Board, 2006). The monetary amount may vary each year as organizations proceed through the budget process. To ensure that there are sufficient funds available to fund pay for performance plans, an alternative strategy when operating from an existing budget is to allocate funds from other sources within the overall budget.

In the drive to enhance their positions in the global market, companies are increasingly competing on the basis of expanded market share, greater efficiency or lower cost, and their ability to attract, retain, and motivate top talent. To fortify their talent pools, companies are hastening to design more attractive and innovative compensation packages (Fitzgerald, 2008). In addition to explaining money’s conceptual nature, a theory about money as an incentive motivator needs to also demonstrate how to best implement it for performance improvement.

One of the most common ways in which money has been administered to improve productivity in organizations has been through pay for performance plans (Durham & Bartol, 2000). The United States needs effective organizations more than ever, and one way to help its organizations be effective is to relate pay to performance.

In summary, there is evidence that compensation is becoming more important and that it can be even more effective than it has been in the past in making organizations effective (Lawler, 1989). Despite their ubiquity in the private sector, the move toward greater use of pay for performance systems in the federal government presents its own unique set of opportunities and
challenges. Successful implementation requires: (1) extensive training of supervisors so they have the skills needed to make accurate assessment of individual performance, (2) sufficient resources to ensure meaningful pay differentiation between the high and low performer, and (3) a transparent appraisal system insulated from political manipulation and grounded in high levels of employee involvement and support (Partnership for Public Support, 2005).

Procedures

The intent of this research was to examine the elements required for the successful transition from a traditional personnel evaluation pay plan to a pay for performance plan. As a result of reviewing articles and publications on pay for performance, a better understanding of the issues related to the research questions was achieved. A multi-step process was used to conduct this descriptive methodology research. The first step was to utilize the resources at the Learning Resource Center (LRC) at the National Fire Academy (NFA) via inter library loan requests from the Wichita Public Library, Wichita, Kansas. The LRC was chosen due to the number of resources related to the fire service and the data base of archived applied research papers from past and present Executive Fire Officer Program (EFOP) students.

The LRC online card catalog provided a data base of information regarding performance appraisals. Step one consisted of providing key words such as “performance evaluations, merit pay, and compensation” uncovered numerous published resources. However, much of the information did not directly apply to the concept of pay for performance as it pertained to Sedgwick County Fire District #1. The second step utilized search engines, “MSN and Google” to search web sites for internet articles that provided information on performance appraisals and pay for performance concepts. The third step was to gather published documents from the
Wichita Public Library, which provided information on different types of pay plans, compensation, and organizational culture. In the fourth step, the author was unable to gain access into the Wichita State University campus library, however, Dr. Nancy Bereman, Associate Director of the Center for Management Development (CMD), Wichita State University was contacted to ascertain if there were current resources of information available regarding pay for performance concepts.

The author has attended the Center for Management Development, Wichita State University classes for many certificate programs. Dr. Bereman was instrumental in the delivery of many of these programs. She directed the author to a Barnes & Nobles Bookstore where two textbooks, “The Compensation Handbook: A State of the Art Guide to Compensation Strategy and Design, (9th edition)”, and the textbook, “Compensation, (9th edition)” were purchased. They contain the most current up to date information on the types of performance appraisals and compensation. Also, published documents and professional journals, from the Hugo Wall School of Public Administration at Wichita State University, provided beneficial information for this research.

The fifth step involved the creation of a feedback instrument (Appendix C) that was distributed to the fire district exempt employees to obtain data regarding (1) their knowledge level of pay for performance, (2) their attitudes on the positive and negatives, and (3) their expectations of pay for performance when it is implemented in Sedgwick County Fire District #1. This feedback instrument (Appendix C) analyzes data that defines potential resistance towards the implementation of pay for performance in the fire district.

The sixth step was to contact Sedgwick County Division of Human Resources Assistant Director, Kim Walker, to obtain a listing of private sector organizations that utilize a pay for
performance pay plan in order that telephone interviews (Appendix D) could be conducted. Ms. Walker was instrumental with the research and implementation of a pay for performance plan in the Sedgwick County infrastructure. The Sedgwick County Division of Human Resources has a library of resources, including journals and publications on human resource literature that was beneficial in retrieving information on private sector organizations. Telephone interviews were valuable to this research because telephone interviews allowed the author to personally visit with the Human Resource managers and ask direct relevant questions regarding pay for performance compared to the information that could be retrieved through written feedback instruments.

Telephone interviews were conducted with private sector organizations in order to compare and contrast their experiences with the implementation of pay for performance plans in their organization. The telephone interviews provided a valuable resource in making recommendations for further actions.

Assumptions and Limitations

The procedures used during this research were based on the assumption that the authors referenced in the literature review conducted their research objectively and that the information was accurate. Relative to the feedback instruments, it was assumed that the respondents answered all questions fairly and accurately.

A limitation to this research was the attempt to utilize resources five years old or less. However, there is a dirth of literature found in the past five years. Resources cited in this research were sometimes dated back to twenty years.

Definition of Terms

Broad banding – collapsing a number of salary grades into a smaller number of broad grades with wide ranges (Milkovich & Newman, 2008).

Merit pay – pay raises determined by job performance: that is, employees who achieve a certain level of performance relative to established standards or relative to the performance of others “earn” an increase in their regular rate of pay (French, 2003).

Pay for performance – linking employee compensation to measures of work quality or the accomplishment of individual, team or organization – wide goals (Partnership for Public Service, 2005).

Performance appraisal – the process of evaluating how well employees perform their jobs when compared to a set of standards, and communicating that information to employees (Mathis & Jackson, 2003).

Variable pay – is pay tied to productivity or some measure that can vary with the firm’s profitability (Milkovich & Newman, 2008).
Results

The results of this research were based on the information retrieved from the feedback instrument distributed to fire district exempt employees and interviews conducted with the Human Resource managers from private sector organizations. Table 1 depicts the key indicators of the expectations of fire district exempt employees with respect to pay for performance. Table 2 depicts key indicators of the positive and negative effects of using pay for performance in Sedgwick County Fire District #1.

There were thirty-five (35) feedback instruments distributed to the fire district exempt employees. Twenty (20) feedback instruments were returned for a percentage rate of fifty-seven (57) percent. Relative to the knowledge level of pay for performance systems of the fire district employees, sixty-five (65) percent of the respondents had some knowledge of pay for performance while thirty-five (35) percent of the respondents had extensive knowledge of pay for performance.

Question 1. What are the expectations of fire district exempt employees with respect to pay for performance? The feedback instrument identified many different expectations which would be encountered as pay for performance is implemented in Sedgwick County Fire District #1. In examining Table 1, it is evident, from the significant data that fire district exempt employees expect that pay for performance will be fair. However, with a lack of initial training in the process, there will be confusion in relation to how the system will work. Ten (10) percent of the respondents felt that there will be funding available for the program to succeed while ten (10) percent that felt the program would not succeed. Ten (10) percent felt that there will be an increase in employee performance and five (5) percent felt that pay for performance will be too subjective.
Table 1

Expectations of Pay for Performance

<table>
<thead>
<tr>
<th>Expectations</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confusing based on lack of training in the process</td>
<td>34%</td>
</tr>
<tr>
<td>Distributed fairly to all employees</td>
<td>31%</td>
</tr>
<tr>
<td>Expect that funding will be available for program success</td>
<td>10%</td>
</tr>
<tr>
<td>Increase in performance</td>
<td>10%</td>
</tr>
<tr>
<td>Expect that the program will not succeed</td>
<td>10%</td>
</tr>
<tr>
<td>Pay for Performance will be subjective</td>
<td>5%</td>
</tr>
</tbody>
</table>

Question 2. What are the positive and negative aspects of using pay for performance?

Once again, the feedback instrument identified many perspectives of the positive and negative aspects of pay for performance. In Table 2, the positive data indicates that the concept of pay for performance does, in fact, increase performance, is cost effective to an organization, and motivation and accountability factors are positive. However, in Table 3, data for the negative elements indicate that pay for performance will be detrimental to the morale of the organization and the system will be subjective. It was felt that each evaluator will have their own perception of each employee’s performance. It will be difficult for a fair evaluation due to personality conflicts and favoritism that could occur throughout the organization.

From the data, fire district exempt employees felt that productivity is difficult to measure in the fire service. This fact makes it even more subjective to measure and will likely to
cause morale problems. A fire service responds to the needs of the community unlike the organizations in which output is measurable. Much of the resistance to the implementation of pay for performance in Sedgwick County Fire District #1 has focused on whether job performance can be measured in the private sector.

Table 2

Positive Aspects of Pay for Performance

<table>
<thead>
<tr>
<th>Positives</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase performance</td>
<td>34%</td>
</tr>
<tr>
<td>Monetary savings for the organization</td>
<td>30%</td>
</tr>
<tr>
<td>Motivation</td>
<td>16%</td>
</tr>
<tr>
<td>Accountability</td>
<td>10%</td>
</tr>
<tr>
<td>No positive aspects</td>
<td>10%</td>
</tr>
</tbody>
</table>

Table 3

Negative Aspects of Pay for Performance

<table>
<thead>
<tr>
<th>Negatives</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morale will be affected through employee competition</td>
<td>34%</td>
</tr>
<tr>
<td>Will be subjective</td>
<td>34%</td>
</tr>
<tr>
<td>Will not be distributed fairly based on favoritism</td>
<td>30%</td>
</tr>
<tr>
<td>Will be difficult to fund in the future</td>
<td>2%</td>
</tr>
</tbody>
</table>
Question 3. How do organizations implement pay for performance plans? One of the benefits of this research project was that the author could compare and contrast the differences of how private sector organizations have implemented pay for performance plans. A telephone interview (Appendix D) was developed to respond to the following questions: (1) Does the organization utilize a pay for performance plan? (2) How did the organization implement the pay for performance plan? (3) Was there any resistance during the implementation of the pay for performance plan? (4) If so, how did the organization overcome the resistance?

This process presented challenges in order to make a contact with a human resource representative so that a telephone interview could be conducted. There were twelve private sector contacts available to the author. The author was only able to contact four of the twelve contacts (34%) in order to retrieve data significant to this research. The author left a voice message to five of the contacts (42%) but never received a return phone call from their organization. The three remaining contacts (24%) did not have a human resource representative available to conduct a telephone interview.

The four private sector organizations contacted did utilize a pay for performance plan in their organization. How the organizations implemented their pay for performance plan was very similar. The organizations Human Resource managers researched pay for performance programs and then educated their managers on the concepts of the program. Another interesting finding was the organizations alignment of how their pay for performance plan would meet the needs of the mission of the organization. In the private sector organizations as well as with the public sector organizations, organizational culture plays an important part of the process when there is resistance to the implementation of a program.
It is assumed that tenure in the organization tends to determine those who readily accept change and those who are the highly motivated employees. For organizations to overcome resistance during the implementation of pay for performance, the data indicates that pay for performance programs need to be continually evaluated and discussed.

**Discussion**

Performance appraisals are important to an organization because they are a management tool that provides feedback from supervisors to employees and vice versa. It allows the employees to know what is expected of them, it results in setting of goals and objectives, and it informs the employees of the level of performance that is expected. How supervisors use this management tool depends on the perception of the organization’s needs and how well they are trained in its use (Daley, 1992). Some organizations may already have in place an organizational culture that is conducive to a pay for performance plan.

The literature review demonstrated the success of pay for performance plans in the private sector, yet little documentation of these successes in the public sector was noted. Organizations utilize pay for performance as a tool for organizational change to move the organization in a desired direction. Through this research, it was ascertained that many of the fire district’s exempt employees will resist the implementation of a pay for performance plan in Sedgwick County Fire District #1 (SCFD #1). Change is inevitable; the environments of the public and private sector are ever changing, bringing new requirements and constant demands (Wallace, 2006).

Having a performance appraisal system in place that was perceived to be working well, SCFD #1 was challenged with negative issues due to the implementation of a pay for
performance plan. A new concept relating to an organizational culture shift that was not well understood through inadequate training resulted in a negative attitude.

When companies apply pay for performance properly through careful evaluation, strategic design, and savvy implementation, the results are: highly motivated, top performing employees, smarter allocation of funds, and a healthier bottom line (Institute of Management & Administration, 2005).

The implementation of pay for performance in Sedgwick County Fire District #1 is inevitable. The fire district exempt employees have stated their positive and negative responses to pay for performance along with their expectations of the program. A literature review has shown the importance of and support for pay for performance in the private sector. The telephone interviews of private sector organizations also supported that pay for performance is performing well within those organizations. However, little empirical research is documented outlining the implementation of pay for performance in the public sector.

This research is unique in that other applied research projects in the fire service have not researched the resistance to the implementation of performance appraisal systems such as pay for performance. Future research pertaining to the number of fire departments that have implemented a pay for performance system, and then abandoned the system may provide empirical data to determine if pay for performance is a viable option to the fire service.
Recommendations

The results of this research clearly indicates that there is a critical training issue required to educate fire district exempt employees on the benefits of a pay for performance system in Sedgwick County Fire District #1. In order to effectively address this problem, the following recommendations should be carefully considered:

- Fire district exempt employees should be extensively trained by the Division of Human Resources throughout the process of implementing a pay for performance system. The Division of Human Resources must provide documentation to the fire district exempt employees to identify the positive benefits of a pay for performance system. An understanding of the philosophy of pay for performance, and an understanding of what the County is trying to accomplish may alleviate much of the resistance. Currently, informative meetings by the County Manager’s office do not provide enough information that can be easily understood.

- The Division of Human Resources must provide training to the fire district exempt employees regarding the proper methodology of completing a pay for performance evaluation form.

- The Administrative Chief Officers of the fire district must provide guidance to the fire district exempt employees in the areas of setting realistic goals that will ensure that high performance is attained.

- Trust must be instilled into all fire district exempt employees to ensure that the pay for performance system is applied equitably to all.
Once pay for performance has been implemented in the fire district, there must be an on-going evaluation of the process to ensure that the system is operating in a fair, efficient, and effective manner. The author recommends an evaluation of the system every 6 months.
References


Pay for Performance


Appendix A

Sedgwick County Fire District #1 Performance Appraisal
EMPLOYEE PERFORMANCE EVALUATION
SUPERVISOR VERSION

EMPLOYEE NAME__________________________________________
DATE DUE_________________________________________________
Sedgwick County Fire District #1
Performance Review (12 or 18 months)

<table>
<thead>
<tr>
<th>Employee Name:</th>
<th>Department:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Title:</td>
<td>Supervisor’s Name:</td>
</tr>
<tr>
<td>Period of Evaluation:</td>
<td>Interim Review Date(s):</td>
</tr>
</tbody>
</table>

PART I: Employee Completes

List your successes from the Performance Objectives from your last evaluation.
(If those goals and objectives are written elsewhere, such as the Interim Form, attach a copy.)
PART II: Supervisor Completes

<table>
<thead>
<tr>
<th>I.</th>
<th>Job Knowledge</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
</tr>
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<tbody>
<tr>
<td></td>
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<thead>
<tr>
<th>II.</th>
<th>Dependability</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
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<thead>
<tr>
<th>III.</th>
<th>Job Performance (Production)</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
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<thead>
<tr>
<th>IV.</th>
<th>Interpersonal Skills</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
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<thead>
<tr>
<th>V.</th>
<th>Employee Characteristics</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
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<td>Outstanding</td>
<td>Exceeds</td>
<td>Fully Meets</td>
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<td>VI. Physical Fitness</td>
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<tr>
<td>VII. Planning &amp; Organizing</td>
<td></td>
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<tr>
<td>VIII. Judgment &amp; Decision Making</td>
<td></td>
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<tr>
<td>IX. Employee Development</td>
<td></td>
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<td></td>
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<tr>
<td>X. Coaching, Counseling, Evaluating</td>
<td></td>
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</tr>
<tr>
<td>XI. Leadership</td>
<td>Outstanding</td>
<td>Exceeds</td>
<td>Fully Meets</td>
<td>Meets Most</td>
<td>Does Not Meet</td>
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<table>
<thead>
<tr>
<th>XII. Control of Operation/ Resource Management</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
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<table>
<thead>
<tr>
<th>XIII. Innovation/ “Getting out of the Box”</th>
<th>Outstanding</th>
<th>Exceeds</th>
<th>Fully Meets</th>
<th>Meets Most</th>
<th>Does Not Meet</th>
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</tbody>
</table>
PART III: Supervisor’s Comments/Employee’s Comments:

A. Supervisor’s Comments:
   (Areas of excellence; how can the employee improve; opportunities for growth; etc.)

B. Employee’s Comments:
PART IV: Performance Objectives for the Next Review Period:
(Must have a minimum of eight, with measurable objectives, should support department’s goals)
**PART V: Signatures**

<table>
<thead>
<tr>
<th>Salary adjustment (if eligible) granted</th>
<th>Salary adjustment (if eligible) extended 6 months (Employee now becomes probationary status)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor’s Signature:</td>
<td>Discussed with employee on:</td>
</tr>
<tr>
<td>Employee’s Signature:</td>
<td>(Employee’s signature acknowledges the review, but may not constitute agreement.)</td>
</tr>
<tr>
<td>Reviewer’s Signature:</td>
<td>Date:</td>
</tr>
<tr>
<td>Reviewer’s Comments:</td>
<td></td>
</tr>
</tbody>
</table>
Appendix B

Sedgwick County Fire District #1 Pay for Performance Appraisal
Our Mission Is ...

To assure quality public services that provide for the present and future well-being of the citizens of Sedgwick County.

“Sedgwick County…working for you”

EMPLOYEE PERFORMANCE EVALUATION

EMPLOYEE NAME _______________________________________

DUE DATE _____________________________________________

EFFECTIVE DATE ______________________________________
SEDGWICK COUNTY VALUES
As adopted through the strategic planning departmental implementation meetings and the values consolidation meeting.

ACCOUNTABILITY
Accepting responsibility for our job performances, actions, behavior, and the resources entrusted to us.

COMMITMENT
Individual and collective dedication of employees to their jobs and the organization in providing quality services to meet client/customer needs.

EQUAL OPPORTUNITY
Providing a work environment which is fair to all current and prospective employees through equal treatment in employee benefits, promotions, training, continuing education, and daily responsibilities, as well as fair and equitable access for all citizens and consumers of Sedgwick County services.

HONESTY
Truthful, forthright interaction among employees, management and the public--which fosters trust, integrity and a lasting working relationship.

OPEN COMMUNICATION
The honest exchange and processing of ideas and information with the public, coworkers, staff, and other departments, and administration.

PROFESSIONALISM
An individual promoting honesty, respect, pride, positive self-image and team effort; adhering to a high standard of ethical conduct, competence, and innovation; and who acknowledges criticism, accepts responsibility, and strives for occupational growth.

RESPECT
Consistently demonstrating a deep regard for the diversity, needs, feelings, and beliefs of all people, and acknowledging ideas and opinions of every employee, citizen and consumer.

Received and adopted by the Board of Sedgwick County Commissioners, October 14, 1992.
Employee Performance Review (12 month annual)

Employee Name: ___________________________  Department: ___________________________

Job Title: ___________________________  Supervisor’s Name: ___________________________

Annual Review Period: ___________ to ___________

Quarterly Reviews

<table>
<thead>
<tr>
<th>Quarter #1</th>
<th>Quarter #2</th>
<th>Quarter #3</th>
<th>Final</th>
</tr>
</thead>
</table>

**NON-SUPERVISORY POSITIONS:**
and VII.

**SUPERVISORY POSITIONS:**
VI; and VII.

Complete Parts I; II; III; V; VI;

PART I: Primary Job Responsibilities

The supervisor should list the five primary job responsibilities of the employee’s position. Under each primary job responsibility, the supervisor lists performance goals/expectations. The supervisor and employee should discuss the performance measurements of each primary responsibility prior to the rating period. The supervisor and employee will meet at least quarterly to discuss the employee’s performance. The supervisor will document observations regarding the primary job responsibilities throughout the review period. At the end of the annual review period, in preparation of the final quarterly session, the supervisor will assess and rate the employee’s performance regarding each primary job responsibility.

Justify ratings in writing (no matter what the number) by addressing areas of strengths as well as areas for improvement and/or growth in fulfilling the job responsibilities.

**Rating Definitions:**

**Outstanding:** Performance demonstrates a unusually high level of performance relative to all assignments and objectives. Distinguished overall performance.

**Above Satisfactory:** Performance surpasses job requirements. Demonstrates successful performance on all major assignments and objectives.

**Satisfactory:** Performance meets job requirements. Demonstrates successful on all or most assignments and objectives.

**Partially Meets Expectations:** Performance is inconsistent. Meets some job requirements, but is not consistent and is below the acceptable level. Performance must improve to meet minimum job requirements.

**Does Not Meet Expectations:** Performance is consistently below job requirements. Fails to meet job requirements.
<table>
<thead>
<tr>
<th>#1 Primary Job Responsibility:</th>
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</thead>
<tbody>
<tr>
<td>Goals/Expectations:</td>
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<tr>
<td>Performance Measurement:</td>
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<td></td>
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<tr>
<td>Supervisor’s Observations:</td>
<td></td>
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</tr>
<tr>
<td>Performance Assessment:</td>
<td>Outstandi</td>
<td>Above Satisfactor</td>
<td>Satisfactory</td>
<td>Partially Meets Expectations</td>
<td>Does Not Meet Expectation</td>
</tr>
<tr>
<td>Rating (0-4):</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
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</tbody>
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<tr>
<th>#2 Primary Job Responsibility:</th>
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<tr>
<td>Goals/Expectations:</td>
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<td>Performance Measurement:</td>
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<tr>
<td>Supervisor’s Observations:</td>
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<tr>
<td>Performance Assessment:</td>
<td>Outstandi</td>
<td>Above Satisfactor</td>
<td>Satisfactory</td>
<td>Partially Meets Expectations</td>
<td>Does Not Meet Expectation</td>
</tr>
<tr>
<td>Rating (0-4):</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
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<th>#3 Primary Job Responsibility:</th>
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<tr>
<td>Goals/Expectations:</td>
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<td>Performance Measurement:</td>
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<td>Supervisor’s Observations:</td>
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<tr>
<td>Performance Assessment:</td>
<td>Outstandi</td>
<td>Above Satisfactor</td>
<td>Satisfactory</td>
<td>Partially Meets Expectations</td>
<td>Does Not Meet Expectation</td>
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<tr>
<td>Rating (0-4):</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
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<td>#4 Primary Job Responsibility:</td>
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<td>Goals/Expectations:</td>
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<td>Performance Measurement:</td>
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<td>Supervisor’s Observations:</td>
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<tr>
<td>Performance Assessment:</td>
<td>Outstanding</td>
<td>Above Satisfactory</td>
<td>Satisfactory</td>
<td>Partially Meets Expectations</td>
<td>Does Not Meet Expectations</td>
</tr>
<tr>
<td>Rating (0-4):</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
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<thead>
<tr>
<th>#5 Primary Job Responsibility:</th>
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<tbody>
<tr>
<td>Goals/Expectations:</td>
</tr>
<tr>
<td>Performance Measurement:</td>
</tr>
<tr>
<td>Supervisor’s Observations:</td>
</tr>
<tr>
<td>Performance Assessment:</td>
</tr>
<tr>
<td>Rating (0-4):</td>
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</table>
PART II: Additional Contributions

The supervisor should list additional performance contributions such as special projects or other activities within this evaluation period.

PART III: Performance Effectiveness For All Employees

Rating Definitions:
Outstanding: Performance demonstrates a unusually high level of performance relative to all assignments and objectives. Distinguished overall performance.
Above Satisfactory: Performance surpasses job requirements. Demonstrates successful performance on all major assignments and objectives.
Satisfactory: Performance meets job requirements. Demonstrates successful on all or most assignments and objectives.
Partially Meets Expectations: Performance is inconsistent. Meets some job requirements, but is not consistent and is below the acceptable level. Performance must improve to meet minimum job requirements.
Does Not Meet Expectations: Performance is consistently below job requirements. Fails to meet job requirements.

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>Outstanding</th>
<th>Above Satisfactory</th>
<th>Satisfactory</th>
<th>Partially Meets Expectations</th>
<th>Does Not Meet Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal Skills - The effectiveness of the employee’s interactions with others and as a team participant.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Willingness and ability to form and maintain working relationships with co-workers, supervisors, customers, and team participants. The ability to convey information through written expressions, oral expression, sharing information willingly, utilizing tact and diplomacy.</td>
<td><em>RATING</em></td>
<td></td>
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</table>

Supervisor Observations:
### FACTOR

| Work Habits – The extent to which the employee may be relied upon to complete work assignments with a minimum of supervision. |
|---|---|---|---|---|
| Outstanding | Above Satisfactory | Satisfactory | Partially Meets Expectations | Does Not Meet Expectations |
| 4 | 3 | 2 | 1 | 0 |

Reports to work at assigned time; provides adequate notice of absence and uses leave time appropriately; safely operates assigned equipment and provides for proper use and maintenance; work area is kept clean and orderly; time is efficiently used for assigned tasks.

**RATING**

### FACTOR

| Approach To Work – The characteristics the employee demonstrates while performing job assignments. |
|---|---|---|---|---|
| Outstanding | Above Satisfactory | Satisfactory | Partially Meets Expectations | Does Not Meet Expectations |
| 4 | 3 | 2 | 1 | 0 |

Actively seeks ways to streamline processes; open to new ideas and approaches; initiative; planning and organization; flexible and adaptable; follows instructions; seeks additional training and development.

**RATING**

**Supervisor Observations:**
PART IV: Performance Effectiveness For Supervisors (This section must be completed for Supervisors only.)

Rate supervisors on additional performance effectiveness factors.

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>Outstanding</th>
<th>Above Satisfactory</th>
<th>Satisfactory</th>
<th>Partially Meets Expectations</th>
<th>Does Not Meet Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership – Leads with integrity.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
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</tbody>
</table>

Demonstrates ethical behavior; adheres to the Sedgwick County Values; committed to providing quality service, creates a work environment of equal opportunity, truthful, forthright interaction among employees, peers, management and the public; demonstrates deep regard for the diversity, needs, feelings, and beliefs of others.; makes effective and timely decisions and takes accountability; considers impact of own behavior/decisions on other people; addresses conflict and works to resolve issues; applies solid problem-solving skills; prioritizes conflicting demands.

RATING

Supervisor Observations:
## Pay for Performance

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>Outstanding</th>
<th>Above Satisfactory</th>
<th>Satisfactory</th>
<th>Partially Meets Expectations</th>
<th>Does Not Meet Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Management – Allocation and effective use of resources which are responsive to the changing needs of our customers.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Fiscal responsibility; effective control and utilization of personnel and equipment within scope of assigned duties; responsive to service delivery issues in a manner that provides added value to the customer.</td>
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**RATING**

### Supervisor Observations:

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<tr>
<th>FACTOR</th>
<th>Outstanding</th>
<th>Above Satisfactory</th>
<th>Satisfactory</th>
<th>Partially Meets Expectations</th>
<th>Does Not Meet Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Development – Trains, encourages and recognizes employees for hard work, creativity and innovation in the delivery of quality public services.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Empowers, trains, and motivates employees and fosters a participatory atmosphere; values diversity; ensures personal competence necessary to effectively perform job duties; facilitates appropriate recruitment and selection of employees according to County policies; fair employment practices and succession planning; exercises sound personnel practices in accordance with County personnel policies.</td>
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</table>

**RATING**

### Supervisor Observations:
PART V:

Performance Improvement Plan

The Performance Improvement Plan is mandatory for any performance evaluation results which include a single rating of Partially Meets Expectations or any single rating of Does Not Meet Expectations. The Performance Improvement Plan should include improvement goals and completion timeline of any Primary Job Responsibility and or Effectiveness Factor(s) receiving a Partially Meets Expectations rating or a Does Not Meet Expectations rating. If a non-exempt employee receives a rating of Does Not Meet in any category, the employee will be placed on a probationary status up to six months. If an exempt employee receives a rating of Does Not Meet in any category, the employee must complete a Performance Improvement Plan within six months. During this six months, any employee receiving a rating of Does Not Meet in any category, serves at the pleasure of the appropriate hiring authority and may be terminated for any reason not prohibited by Federal or State Law. For new employees serving their initial probation, an extension of probation will be considered part of the initial probation, until the hiring authority recommends removal of the probationary status. The supervisor should summarize any specific improvement goals necessary for continued employment.

1. What/How:
   By When?
   Review Dates:

2. What/How:
   By When?
   Review Dates:

3. What/How:
   By When?
   Review Dates:

Training and Development Plan

The supervisor should summarize any specific projects, performance objectives, or training and development plans for the next review period.
1. What/How:
   By When?
   Review Dates:

2. What/How:
   By When?
   Review Dates:

3. What/How:
   By When?
   Review Dates:

PART VI: All Employees

Supervisor Comments:

EMPLOYEE COMMENTS – Employees may use the attached form to provide written comments as part of the review process. The form is to be returned to the supervisor the next business day after the ratings are discussed.

PART VII: OVERALL PERFORMANCE RATING

Add up numerical ratings of Part I, Part III and Part IV (as appropriate).

The Performance Improvement Plan is mandatory for any performance evaluation results which include a single rating of Partially Meets Expectations or any single rating of Does Not Meet Expectations. The Performance Improvement Plan should include improvement goals and completion timeline of any Primary Job Responsibility and or Effectiveness Factor(s) receiving a Partially Meets Expectations rating or a Does Not Meet Expectations rating. If a non-exempt employee receives a rating of Does Not Meet in any category, the employee will be placed on a probationary status up to six months. If an exempt employee receives a rating of Does Not Meet in any category, the
employee must complete a Performance Improvement Plan within six months. During this six months, any employee receiving a rating of Does Not Meet in any category, serves at the pleasure of the appropriate hiring authority and may be terminated for any reason not prohibited by Federal or State Law. For new employees serving their initial probation, an extension of probation will be considered part of the initial probation, until the hiring authority recommends removal of the probationary status. The supervisor should summarize any specific improvement goals necessary for continued employment.

The supervisor and employee will review the evaluation. The employee may make any comments at that time or prior to the end of the next scheduled workday, or as agreed by the supervisor, in writing (which will be attached to and become part of the evaluation).

A copy of the evaluation will be provided to the employee.

Evaluations and distributions must be made prior to the due date noted on the front of the Employee Performance Evaluation.

Employees who strongly disagree with the performance evaluation may appeal by submitting a written request to the evaluation reviewer (with a copy to the supervisor) within 14 days of the date the ratings were discussed (date on the last page). The written appeal must state in one typed page or less the perceived problem and desired remedy. The reviewer shall determine the merit of the appeal and render a written decision within 14 days to the employee and supervisor. The written appeal and decision will be attached to and become part of the final evaluation.

NON-SUPERVISORY
POSITION: __________
Total Score __________

SUPERVISORY
POSITION: __________
Total Score __________

Merit Pay Adjustments will not be awarded for a total score of 15 or below for non-supervisory positions or 21 or below for supervisory positions or any employee with a single rating of Does Not Meet Expectations for any Primary Job Responsibility or Effectiveness Performance Factor which places them in a six month performance improvement plan status.

Employee Signature: ____________________________ Date: __________

I have read and discussed this evaluation with my supervisor and I understand its contents. My signature means that I have been advised of my performance status and does not necessarily imply that I agree with either the appraisal or the contents.
EMPLOYEE COMMENTS FORM

EMPLOYEE
NAME:

*(Print Name Clearly)*

________________________________________

EMPLOYEE SIGNATURE   DATE

________________________________________

SUPERVISOR SIGNATURE   DATE

________________________________________

REVIEWER SIGNATURE   DATE
Appendix C

Pay for Performance Feedback Instrument
To: Fire District exempt employees

From: Division Chief Terry K. Mauldin

Re: Pay for Performance Feedback Instrument

I am currently working on an applied research project to fulfill the requirements for the Executive Fire Officer Program through the National Fire Academy. I would ask that you please take a few minutes to complete this feedback instrument. Do not sign your name on this feedback instrument as your input will remain anonymous. When completed, please return to my office prior to December 23, 2007. Thank you for your participation.

1. What is your knowledge level of pay for performance? (Circle the most correct)

<table>
<thead>
<tr>
<th>None</th>
<th>Some</th>
<th>Extensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

2. In your opinion, what do you see as one of the positives of pay for performance?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

3. In your opinion, what do you see as one of the negatives of pay for performance?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

4. What is one of your expectations in regards to pay for performance as it becomes implemented in Sedgwick County Fire District #1?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
Appendix D

Telephone Interviews
Name: Sandra Hickman  
Title: Human Resource Manager  
Business: Spirit AeroSystems  
World’s largest builder of Boeing aircraft frame components, such as wings, fuselage, and flight control surfaces.

Interviewed: January 4, 2008  
By telephone  
20 minutes

**Question #1:** Does your organization currently use a pay for performance type appraisal system? Yes, however, it only applies to the non-union members of the organization.

**Question #2:** How did you implement this type of program into your organization? Human Resource Division researched various types of performance appraisal programs. Having chose pay for performance, conducting training to the managers of the organization was vital so that they would have an understanding of the process and share to their employees the importance of the program as well.

**Question #3:** Were you faced with any resistance during the implementation of pay for performance? Yes, there continues to be resistance. As with any organization, there will be those employees who resist changing generally because they are the employees who are there for the paycheck and not necessarily for the benefit of the organization.

**Question #4:** If so, how did you overcome this resistance? The organization continues to communicate the values and importance of self improvement to the employees. Over time, those who have resisted the change will either accept it or they have the tenure with the organization that they just retire. It is interesting that much of the resistance goes back to the culture of the organization. At Spirit, you tend to see newly hired employees come in with high motivation and the desire to not only better themselves, but to do things that will benefit the organization overall.
Name: Greg Musick
Title: Director of Compensation
Business: Weststar Electric
Weststar Electric is the largest electric provider in the State of Kansas.

Interviewed: January 7, 2008
   Telephone interview
   15 minutes

**Question #1:** Does your organization currently use a pay for performance type appraisal system? Yes, only to the non-union employees

**Question #2:** How did you implement this type of program into your organization? Weststar looked at the philosophy in the organization and examined the different approaches to providing the best quality evaluation program to their employees. Weststar has been committed to the pay for performance program for many years. The union members are using a seniority-based system along with skill performance since they are bound by contract.

**Question #3:** Were you faced with any resistance during the implementation of pay for performance? No, the pay for performance program was well received by the employees. As noted, this program has been in place for many years and has been a part of their culture. Weststar employees are professionals who are dedicated to their organization and active in the community.

**Question #4:** If so, how did you overcome this resistance? N/A
Name: Stan Janas  
Title: Director of Human Resources  
Business: Halogen Software  
Halogen Software is a web-based performance software organization

Interviewed: January 7, 2008  
Telephone interview  
15 minutes

**Question #1: Does your organization currently use a pay for performance type appraisal system?** Yes, for all employees in the organization

**Question #2: How did you implement this type of program into your organization?** Halogen Software reviewed their corporate goals and how their alignment in the organization reflected the need to introduce a pay for performance program. They would link a task of responsibility to each person and examine how they could perform that would meet the corporate goals of the organization.

**Question #3: Were you faced with any resistance during the implementation of pay for performance?** There was some resistance because of individuals who wanted their pay based on tenure rather than having to perform tasks that held no value to get a monetary raise.

**Question #4: If so, how did you overcome this resistance?** Pay for performance is a mandated program. The corporation made the decision that this is the program that was feasible to the needs of the organization.
Name: Steve Becker  
Title: Chief Information Officer  
Business: Graybar Electric  
Graybar Electric is a wholesale distributor for electrical and connection, data supply

Interviewed: January 8, 2007  
Telephone interview  
20 minutes

**Question #1: Does your organization currently use a pay for performance type appraisal system?** Yes, for all employees in the organization

**Question #2: How did you implement this type of program into your organization?** Pay for performance is in its fifth year with Graybar. It was a program that was phased in over a period of time. The program was attractive to Graybar in that it was a program that would recognize high performers, identify poor performers, and the flexibility of compensation in the organization. Communication was the key to presenting the program to the employees. However, it was a painful process for the management staff because they had to think through the process and evaluate and compare each employee for their marketable skills.

**Question #3: Were you faced with any resistance during the implementation of pay for performance?** Very little resistance. Overall, employees were receptive to the concept of the program. Graybar actually had employees come to management to identify how they could improve their performance.

**Question #4: How did you overcome this resistance?** Those less receptive employees to pay for performance have also been meeting with management to discuss ways in which their performance could be improved.