THE DIVISION OF WATER RESOURCES (A)

Ten months ago Roberta Dickson had taken over the Water Planning Division of the County of Santa Clara Rose, California. Her mandate was to better the use, quality, and encourage preservation of water resources in this fast-growing county. The Water Planning Division was one of five divisions in the county's Department of Environment and Natural Resources. Dickson found the people in the division were competent professionals. They were a close knit group with a lot of personal loyalty to each other, but not to the work facing the division. Part of her charge when hired was to try to raise the level of productivity and activity in the group. Previous management had been faulted for passivity and inconsistency in managing the division.

It was time to determine annual merit raises under the county's personnel system. In two weeks Dickson was to attend a meeting of all division heads in the department at which decisions regarding the distribution of merit raises would be made. Her boss, Jim Krabel, the department director, would chair the meeting. A few days ago Krabel had explained to Dickson how the merit system worked.

"It's very simple and has worked very well for us over the years. Here's how we do it: Rate your people according to the county's forms (see Attachment 1) and use that to identify your top people. Bring up to four names of individuals you think deserve a merit increase. About three people in each division will receive a merit increase."

Dickson had developed a management philosophy over the years that included a commitment to give employees honest and timely feedback about their job performance. In keeping with this approach, she had conducted mid-year feedback sessions with each of the twenty-one employees in her division. These discussions were more or less like performance reviews, but there was a lot of give and take and money was not an issue. She purposely held those meetings outside of the normal appraisal/merit pay cycle. With a few exceptions, the sessions had gone very well and the staff responded positively both in their subsequent work performance and by their favorable comments to co-workers.
and to Dickson regarding the sessions. Each person left the meetings with a clear idea of aspects of their work on which to concentrate on sustaining or improving. Dickson was committed to help them as needed. A typical comment was, "No one's ever taken that sort of interest in my work."

Most employees noted that their appraisals in past years consisted of the division head's secretary bringing them a completed appraisal form and asking them to sign it right away since it was "due this afternoon in the personnel office." A few days later merit raises would be announced.

Rob Segal, a long time employee respected for his perspective and wry observations, said "people are always depressed around here in the three months after merit raises are announced."

Most employees had no idea how the distribution of merit increases was determined. Dickson had been unable to discern how the process worked until she pinned her boss Krabel down. Now she knew and had read through the forms and regulations. She set about determining (1) how to carry out the process of rating people according to the regulations of the system; (2) how to prepare for Krabel's merit raise meeting; and (3) how to continue providing useful feedback to the staff as she had last spring. How would she decide which four people to bring forward?

Her greatest concerns were to avoid the post merit award "depression" that Rob Segal referred to, continue to have productive discussions with employees about their work, and to have the merit raises send a useful signal to her staff. What steps could she take under the county's system to meet these goals? With twenty-one people, only three merit raises to give out, and four nominees, it would be difficult to both choose and explain the decision. She began to think about who might be in the running. The following ten people were left after her "first cut."

**Robert Dorr:** With the division for nine years as Hydrologist III; no merit raises in five years. Salary $45,522. He served largely as a liaison with the water districts in the large cities, a complex and thankless task. His view of the process: "The high paid people have been passed over for years on this merit raise stuff."

**Jim Wallace:** With the division six years, other jobs previously in the county; a Hydrologist III. Salary $39,620. Generally glum lately, since he recently came in second for a promotion to a division director slot in another division. He is well regarded around the division, but taking the recent passover hard and letting it affect his work.

**Dave Davis:** Water Engineering Specialist, with the division for nine years. Lack of formal training in water engineering keeps him out of the higher prestige hydrologist job categories. Extremely conscientious, excellent institutional memory, good attention to
detail. He had and made good use of the relationships he’d built up all around county
government in the interest of the division. Salary $27,555. At the top of the specialist
salary range and apparently blocked from the higher-leading Hydrologist job series, he
has received merit raises for the last three years.

**Linda Weinberg:** As a half-time employee, a year ago a successful grievance gave her
an upgrade to a Hydrologist II ($31,614) after four years as Hydro I. She was an
outspoken critic of the personnel system, citing what she saw as its discrimination against
professional part-time employees, most of whom were women. Although she could be
creative and insightful, she had been wore down by the fight for a promotion, and her
anger and low morale had been affecting others in the division for years prior to and since
the resolution of the grievance. In talking about merit raises, Linda thought that
"fairness" should be an important criterion for the merit raise decision.

**Barney Vance:** New to the division as a transfer 6 months ago when RIF'd from another
division. Lowest paid professional employee at $28,418, bottom step Hydro I.
Considered by his peers to "really have gotten screwed" prior to Dickson's arrival by
being assigned lead for a very politically touchy and technically complicated project with
high stress, loneliness, and a lot of flak. Although he worked diligently during his seven
hours, he consistently refused to coordinate with co-workers or with the county
engineering department, often resulting in confusion and a lot of rewriting of policies.
His salary concerned him since he and his wife had three small daughters to raise.

**Eric Hansen:** Had been living year-to-year for five years in the division, with a job
funded by annually expiring grant money. His wife was employed with a local firm as a
secretary, but was considering taking some time to have a family. Because he was not a
"regular" employee, he was ineligible for the fringe benefits that most of the other
employees enjoyed, but was eligible under the system for a merit raise. Eric frequently
handled sensitive matters related to the volatile county board of supervisors and their
staff and was consistent in his "can-do" attitude and willingness to spend long hours
solving problems. He was generally well regarded for his judgment on intertwined
political and technical issues. His county-wide and interdepartmental approach to his
assignment was a skill that would be a useful characteristic to develop in other staff,
many of whom viewed issues in strictly technical terms. Most perceived that good work
"came naturally" to him. He ranked eleventh in salary at $30,919, a Hydrologist II.

**Bill Jordan:** The "old-timer" of the group, Bill made $45,817 as a Hydrologist III. His
work showed inattention to detail, little interest in parallel issues, and laziness with
respect to deadlines, procedures, and inter-agency relations. Despite his disinterest, with
two children in college and three others growing up, Bill wasn't about to seek a new job.
On the other hand, Bill felt that: "Personality clashes have kept me from getting top-notch
assignments, but I do the best I can with what I've got. Yet it seems that merit raises
always go to Krabel's pets. If there was something in it, maybe some of the rest of us could get motivated."

**Jeff Rider:** A transfer from the Resource Division one and a half years ago, Jeff had not been eligible for a merit raise the last two years, as his tenure in each position was too short. His current Hydro I salary was $29,430. Jeff worked quietly without a lot of fresh ideas or political sensitivity, but with a great attention to accuracy and a real willingness to learn. Recently Jeff had taken to staying after hours to talk with Dickson about the division's mission and her ideas on working more closely with other divisions in order to avoid duplication of efforts and encourage more coherent policy. Those conversations seemed to often translate into results.

**Leslie Malina:** Self-effacing and with low self-esteem, worked harder for longer hours than anyone--and with good results for water quality. She had been promoted to a Hydrologist II ($31,614) during the past year on the coattails of Linda Weinberg's grievance. Leslie had taken on larger and larger responsibilities at a dizzying rate over the past year and was generally respected by all those within and outside the division with whom she had contact. But Leslie had little idea of her value to the division.

**George O'Conner:** An independent, reliable, top-notch technician, paid $42,019 as a Hydrologist III. The last merit raise he received was four years ago, a year after being hired into the division. Bored with his work after years of poor supervision and not feeling appreciated, George had been discreetly job-hunting for about a year. Dickson had talked with him about task reassignments to bring him new challenges, and he had shown interest in that. She hoped he wouldn't quit before a challenging reassignment could be found.
## Attachment 1

### SANTA CLARA ROSE COUNTY PERFORMANCE APPRAISAL

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>WEIGHT</th>
<th>ANCHOR</th>
<th>RATER COMMENTS</th>
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<td>WORK RELATIONSHIPS WITH OTHER DEPARTMENTS/DIVISIONS, CLIENTS, AND THE PUBLIC</td>
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<td>IMAGINATION AND INITIATIVE</td>
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**COMMENTS OF RATER:**

**COMMENTS OF EMPLOYEE:**

**DEVELOPMENT PROGRAM FOR NEXT 12 MONTHS**

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<tr>
<th>Rater’s Signature</th>
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<th>Reviewer’s Signature</th>
<th>Date</th>
<th>Employee’s Signature</th>
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Roberta Dickson, head of the Water Resources Division in Santa Clara Rose County, California decided to discuss the merit pay issue at the regular Monday morning staff meeting. She distributed copies of the county regulations to the staff during the previous week with a covering memorandum asking them to think about how to carry out the performance appraisal/merit pay system within the division.

At the next staff meeting she put the subject on the table and a three hour discussion ensued. Frustrations emerged that had built up over years regarding individual treatment under the system and about the system generally. After about an hour, after everyone had a chance to express their views, Dickson tried to turn the discussion towards developing a solution.

"All of the concerns you've raised are the very things that make this system so difficult to administer. As things stand, no matter who gets the merit pay increase, it sounds like a number of you will feel it was unfair. Should a highly paid person who is doing excellent work get a merit raise ahead of--or behind--someone who does good work, but is in a lower job classification? Some of you say yes; some say no to these kinds of considerations.

"I'd like your guidance in coming up with a system for making the decision. My only criteria are that the system seem fair to all of us--or at least most of us--and that the reward be given out to those whose performance has contributed materially to furthering the purpose of this division. In other words, if water quality, preservation of our hydrologic resources, and related issues have been or clearly will be furthered by your activities, you should be a strong candidate. Aside from those standards, I'm open to just about anything."

The group discussion rambled through a variety of point systems and other "objective" means of awarding the merit raises, the anomalies in each of which were quickly pointed out. Finally, after nearly another hour of frustrating discussion, someone suggested, "why not have a vote, based on some general criteria? Take the top four names forwarded as nominees. Give out the awards. Then sit down with us, as you did last spring, to talk about our career progress and contributions to the division's goals, without the money hanging over us and adding tension to the discussion."

Roberta was a bit surprised at the suggestion, given all of the earlier emphasis on rational, objective systems, but she asked for comments on it. Most comments were approving and the remainder of the meeting was devoted to developing the criteria and the mechanics of voting.
Based on the preceding discussion, the criteria were developed quickly. The following received consensus approval:

**Merit Pay Criteria**

1. Ability to set and accomplish priorities which match division objectives of improving water quality and preserving water resources in the county.

2. Quality of work.

3. Amount of improvement during the past year.

4. Quantity of work (relative workload).

5. Relative pay for equal work.

Several other criteria were considered, but clearly abandoned by the group including past merit raises and history of the individual's treatment in the agency. Only this year's work was to be considered.

Anticipating the staff’s nominations the next morning, Dickson sat down that evening to set up, for comparative purposes, her own rankings. She did one ranking according to her interpretation of the staff's criteria and another using the county's personnel forms, weighting as best she could, her own priorities among the form's categories. Not surprisingly, both of her lists came out the same.

The next morning, she collected the votes and tallied the staff evaluations, keeping the list to herself. The two sets of rankings were:

<table>
<thead>
<tr>
<th>DICKSON</th>
<th>STAFF</th>
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<td>Eric Hansen</td>
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<td>Dave Davis</td>
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<td>Jeff Rider</td>
<td>Eric Hansen</td>
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<td>George O'Connor</td>
<td>Jeff Rider</td>
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<tr>
<td>Barney Vance</td>
<td>George O'Connor</td>
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Departing for the merit pay meeting, she pondered these results, and tried to decide how to use them. Jim Krabel opened the meeting by stating that the revised budget permitted only one employee from each division to receive an award. Now what would she do?