

ISSUES OF MERIT

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What You Should Know About Agency Endorsements

Four factors may explain why your agency comes highly recommended by employees—or not.

The Merit Systems Protection Board (MSPB) has long recognized the importance of word-of-mouth recruiting in attracting good hires to Government service. Potential job applicants often give greater weight to informal information about an employer from those who actually work there. Such endorsements—or cautions—are more credible than statements in formal job announcements.

What do Federal employees say when asked about their employer? It depends on how “employer” is defined. Most (76%) of our Merit Principles Survey 2005 (MPS 2005) participants recommend the Federal Government as an employer. A smaller percentage (66%) recommends their current agency as an employer. A majority of participants (62%) rated the Government and their individual agency equally, leaving a large minority that did not.

Agency advocates—employees who recommend their agency more highly than the Federal Government overall—see things in their agency that *Federal fans*—employees who recommend the Government more highly than their individual agency—do not. Our MPS 2005 data highlight four ways that *agency*

advocates see their employment differently than the *Federal fans*.

Good management. *Agency advocates* are more likely to believe they have good management. More are satisfied with their supervisors (26% were more satisfied than *Federal fans*) and with upper management (24% were more satisfied than *Federal fans*). More *agency advocates* believe that their supervisors have good management skills (27% more than *Federal fans*), refrain from favoritism (27% more), discipline fairly (25% more) and listen to them (24% more). They are more likely to believe they are recognized and rewarded by management for their performance (34% more). More also trust their immediate supervisors (24% more) and upper managers (24% more) to act with integrity. Good management has a number of positive effects—one is clearly a more positive perception of the agency as a place to work.

Strong teams. *Agency advocates* are also more positive about their work environment than *Federal fans*. They feel that their opinions count (36% more than *Federal fans*) and that information is shared freely within their work units

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The MSPB Office of Policy and Evaluation conducts studies to assess the health of Federal merit systems and to ensure they are free from prohibited personnel practices.

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We offer insights and analyses on topics related to Federal human capital management, particularly findings and recommendations from our independent research.

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DIRECTOR'S PERSPECTIVE

Help Wanted for Federal Assessment Practices

Expanding the quality of applicant assessments will help improve the Federal hiring process.

The Government has spent a lot of energy recently trying to make the hiring process faster. It has instituted direct hire authorities and streamlined excepted service hiring programs, as well as hiring “makeovers.” These are all worthy efforts. A long hiring process will increase applicant attrition because top candidates won’t wait months for a job offer. Faster, however, will not assure high-quality. Hiring a poor or even marginal performer in 30 days does not get the organization any closer to achieving its mission. Therefore, to improve the Federal hiring process, agencies need to also improve how they assess applicants.

The Federal Government continues to use assessment practices that are not very predictive of how well the applicant will perform on the job—even while research indicates that using better assessments can improve employee performance and result in cost savings. Until this changes, the Federal Government will not ably face the challenges presented by the impending retirement tsunami.

MSPB’s research indicates that the Government has gravitated toward the use of training and experience (T&E) assessments. For instance, applicants may receive credit for having held a particular job rather than for the actual skills exhibited while in that job. Used in this way, T&E assessments are not good predictors of job performance. There are better alternatives that we encourage agencies to explore.

Cognitive Ability Tests. Cognitive ability tests measure reasoning abilities

and are one of the better tools available in predicting future job performance. They can be used for jobs at all levels and have a fairly low administration cost, making them ideal for high volume occupations. However, they have been shown to have adverse impact on certain racial and ethnic groups and are costly to develop. Agencies may alleviate adverse impact by combining cognitive testing with other non-cognitive assessments and using the tests toward the end of the process. And to offset the development costs and achieve a better return on investment, agencies can use tests primarily for high volume, mission critical positions.

Structured Interviewing. Not all interviews are created equal. Unstructured interviews may result in bias because they are prone to reliance on first impressions and candidate behavior rather than on qualifications. A structured interview has a much higher predictive ability and provides greater consistency in the content and conduct of the interview. (See MSPB’s *The Federal Selection Interview: Unrealized Potential*, 2003.)

Structured interviews require more resources than unstructured interviews in terms of time needed for interviewer training, question development, and the evaluation of results. However, they can result in better hires and increase the defensibility of the assessment process.

Reference Checks. When evaluating applicant qualifications, selecting officials tend to rely on information reported by the applicant in resumes, occupational questionnaires and interviews. Therefore, it is important to use reference checks to

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Assessment Practices

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validate this information. The reference check is a fairly simple and cost effective strategy that is especially useful if used in a structured process similar to the structured interview. (See MSPB'S *Reference Checking in Federal Hiring: Making The Call*, 2005.) Structuring a reference check can increase the fairness and objectivity of the process by adding focus and consistency to the discussion.

Probationary Period. The probationary period is one of the most effective assessment tools available because supervisors can observe employees on the job before deciding whether or not to retain them. Unfortunately, MSPB's report, *The Probationary Period: A Critical Assessment Opportunity* (2005), indicates that Federal managers do not typically use the probationary period as an additional assessment, and they sometimes even retain probationary employees that they would not hire again if given the chance. If supervisors actually used the probationary period as a final assessment, it would be an effective assessment tool.

Multiple Hurdle Approach. MSPB has long advocated using assessment procedures in succession to improve the overall ability of the assessments to predict job performance. Each assessment should produce

usable, job-related information that complements the other assessments and be sequenced based on cost and benefit. For instance, agencies may want to use methods that are less costly to administer toward the beginning of the process when more applicants need to be assessed.

We acknowledge that assessments that are more predictive in nature are generally more costly to develop and require more expertise than basic T&E assessments. However, the research shows that using better assessment tools will result in better hires. The return on investment will then pay for itself—both in terms of avoiding poor performers and increasing the potential performance of the hiring organization.

Therefore, MSPB urges agency leaders to consider the business case for investing in assessment. Agency efforts should focus not only on making hiring decisions faster but also on making them better. A more detailed discussion of issues related to applicant assessment can be found in MSPB's 2006 report, *Reforming Federal Hiring: Beyond Faster and Cheaper*. ❖

Steve Nelson

Director, Policy and Evaluation

Focus on the Facts

Are supervisors disciplined differently than non-supervisors?

Perception: Supervisors are not disciplined as often as non-supervisors.

Fact: Supervisors are more likely to experience adverse actions for cause when compared to like-non-supervisors.

One statement we hear often is that agencies let their supervisors get away with behavior they would not tolerate in non-supervisors. So, we looked at data from the Office of Personnel Management's (OPM) Central Personnel Data File to see if supervisors are really disciplined less than non-supervisors. In looking at the data, the numbers alone indicate that supervisors receive fewer adverse actions.

However, we recognized that supervisors are different from other employees. They are generally older, higher-graded, and have a longer length of

service. Therefore, to obtain a valid comparison group, we controlled for factors such as age, length of service, race, gender, agency, occupation and other demographic data—leaving just supervisory status. What did we find?

Take a hypothetical white, 40-year-old, male, GS-14 *supervisor* in a particular agency with 15 years of service. Then look at another white, 40-year-old, male in the same occupation, grade and agency with the same length of service. If the only difference between these two individuals is status as a supervisor, the supervisor is MORE likely to experience an adverse action for cause. While the difference is subtle by our calculations (less than 10%), it is worth noting.

What this indicates is that factors such as pay, length of service and grade play a larger role in who is and is not disciplined than supervisory status. However, supervisory status does also play a role—increasing the likelihood that an adverse action will occur.

Dual Compensation Waivers: Use With Caution

Relying on dual compensation waivers to retain needed expertise should be a short-term solution.

What is a Dual Compensation Waiver?

A “reemployed annuitant” is a person who receives a Federal retirement annuity, as well as a Federal pay check. Generally, the dual compensation law requires that the reemployed annuitant’s pay be reduced by the amount of the annuity. However, at the agency’s request and on a case-by-case basis, OPM can (1) waive the dual compensation provisions for “employees in positions for which there is exceptional difficulty in recruiting or retaining a qualified employee” or (2) grant the agency head the authority to waive the dual compensation provisions for an employee serving on a temporary basis when necessary “due to an emergency involving a direct threat to life or property or other unusual circumstances” [5 U.S.C 8344 (i)(1)(A)(B)].

A number of agencies—and retirees—are taking advantage of a flexibility that allows retirees to be reemployed with the Federal Government without having either their annuity or salary reduced. As a result, agencies retain expertise that meets the criteria for waiving restrictions on dual compensation (see “What is a Dual Compensation Waiver?”). Considering the likelihood of increased retirements over the next few years, we explored the extent to which this flexibility is used.

A look at the Civilian Personnel Data File reveals that civilian reemployed annuitants constitute a relatively small percentage of the Federal workforce. In September 2005, there were approximately 2,900 reemployed annuitants from the Civil Service Retirement System (CSRS) and about 860 from the Federal Employees Retirement System (FERS). Of these, 53 percent (1,545) of the CSRS and 28 percent (242) of the FERS employees received dual compensation waivers.

A variety of agencies use the dual compensation waiver. Table 1 shows the agencies with the largest number of employees in this category. In addition, dual compensation waivers are granted for a variety of occupations, as shown in Table 2.

While this data tells us who is most often receiving these dual compensation waivers, it does not explain *why* they are being used. Or more to the point, if they are being used appropriately.

Reemployed annuitants can serve an essential function in ensuring

the efficient and effective operation of Government programs. However, agencies should be careful not to use the annuitant’s presence as an excuse to continue with “business as usual” and to not prepare for the annuitant’s departure. Instead, agencies should take proactive steps to engage in effective workforce planning and prepare future generations to fill the vacancies left by retiring employees. Given the projected increase in retirements, managers should actively develop and cross train their staff, preparing them to transition into critical positions. This will help ensure that the workforce has the skills necessary to carry out the mission of the organization as more employees begin to retire. ❖

Table 1. Agencies with the largest number of reemployed annuitants with dual compensation waivers and as a percentage of the total number of waivers granted.

	# of waivers	% of all waivers
Department of Homeland Security	514	29%
Department of the Army	491	28%
Social Security Administration	183	10%
Department of Defense	116	7%
Department of the Treasury	92	5%

Table 2. Occupations most frequently held by reemployed annuitants with dual compensation waivers and as a percentage of the total number of waivers granted.

	# of waivers	% of all waivers
Miscellaneous administration	308	17%
General inspection, investigation and compliance	205	12%
Social insurance administration	141	8%
Criminal investigating	68	4%
Human resources management	66	4%

Source: Central Personnel Data File, September 2005

Supervision 101: Individual Updates

Mark your calendar for meeting with your employees.

Supervision is a tough job, and many Federal supervisors have not received the training and mentoring they need to prepare them for the challenges they face. In the Merit Principles Survey 2005, only 55 percent of employees stated that their supervisors have good management skills while only 30 percent felt their supervisor deals effectively with poor performers. About half the employees said their supervisors provide timely performance feedback and provide coaching, training or other assistance to help them improve their performance. This article is the first in a series dedicated to helping supervisors develop the basic skills they need to effectively manage their work groups. Here, we discuss the importance of meeting face-to-face with each individual employee on a regular basis.

One of the most critical elements of managing performance is the interaction between the supervisor and employee. Meeting regularly with each employee for an individual update helps to create and sustain an ongoing, personal dialog with each team member. As you spend time with your employees reviewing their progress and providing coaching and feedback, you are both providing practical assistance and developing a trusting working relationship.

Regular meetings ensure that there are no surprises for employees in mid-year or year-end appraisal discussions when the supervisor brings up deficiencies. Rather, problems are identified and discussed early and can be solved thoughtfully and collaboratively. Regular meetings also prevent unwelcome surprises for supervisors. Instead of discovering problems weeks or months into a project, individual updates provide an opportunity for supervisors to review the employee's work and for employees to discuss difficulties they are having before trouble occurs.

How often you meet with each employee—weekly, bi-weekly, or monthly—will depend on a number of factors, including the number of employees you supervise, their jobs and level of experience, your workload and the work environment. The important thing is to regularly set aside time for individual updates.

Are you thinking that you don't have the time to meet regularly with each employee? Research has shown that the time invested in carefully reviewing employees' progress and giving them feedback will result in higher productivity and far fewer performance problems—saving

you time and increasing your effectiveness.¹ Suggestions for preparing for and conducting individual updates are listed below. Together, they provide a framework you can adapt to meet your and your employees' needs.

Prepare for the Update

- Establish a schedule for meeting regularly with each employee, and stick to that schedule.
- Ask employees to prepare a brief summary of their progress on each assignment, including key milestones achieved, successes, their support and information needs, and problems or obstacles.
- Spend a few minutes reviewing what you want to discuss with the employee. Note key points such as:
 - ✓ Positive feedback for recent accomplishments;
 - ✓ Constructive feedback and coaching for behaviors or actions that need improvement;
 - ✓ Information on new assignments;
 - ✓ An explanation of priorities;
 - ✓ Information regarding resources;
 - ✓ A review of the employee's developmental progress or training needs.

Conduct the Update

- Take notes of key points during the meeting.
- Ask the employee to review his or her work since your last update. Provide positive or constructive feedback and coaching to the employee on each item as needed.
- Discuss the items you noted when you prepared for the meeting.
- Ask the employee if there is anything else he or she would like to discuss.
- Express appreciation for the employee's contributions.

After the Meeting

- Review and refine the notes you took. Write points to cover in the next meeting or near future.
- File your notes and your copy of the employee's summary in the employee's performance folder.
- Follow-up as promised during the update by providing the employee with the support or information needed.

Regular meetings with individual employees may seem like a time intensive activity, but the rewards include higher productivity and effectiveness. ❖

¹For instance, see Buckingham & Coffman, *First Break All the Rules: What the World's Greatest Managers Do Differently*, 1999 and Hale, *Performance-Based Management: What Every Manager Should Do To Get Results*, 2004.

Agency Endorsements

(continued from page 1)

(26% more). They also report that there is cooperation both within their work unit (27% more than *Federal fans*) and between work units (23% more). This teamwork seems to achieve results, too. *Agency advocates* are more likely than *Federal fans* to believe that their work units (20% more) and their agencies (31% more) produce high quality products and services. When employees are working together and achieving results, they think their agency is a good place.

Effective response to conflict. *Agency advocates* also feel that conflict is resolved effectively in their work environments. More agree that they are able to openly express their concerns at work (32% more agree than *Federal fans*). *Agency advocates* report that conflicts are somewhat less likely to occur over a range of issues, such as training and development opportunities (10% less likely to report occurrences), awards (8% less likely), promotions (7% less likely) and performance appraisals (5% less likely).

When conflicts do occur, *agency advocates* are more likely to report that both their agencies (32% more than *Federal fans*) and their immediate supervisors (25% more) respond constructively. They report more use of individualized conflict resolution strategies, such as third party mediation (11% more), and less use of general strategies, such as all-hands meeting to discuss conflicts (8% less). Conflicts seem more likely to be resolved to the satisfaction of most or all involved (6% more).

Opportunity to grow. *Agency advocates* are more satisfied with their career growth opportunities than *Federal fans*. More believe that their jobs make good use of their skills (26% more than *Federal fans*), that they receive the training they need (22% more) and that their work assignments present sufficient opportunities to earn a high performance rating (23% more). They are more likely to report that they are treated fairly with respect to both job assignments (25% more) and opportunities for training and development (18% more).

It is not surprising that these *agency advocates* are more satisfied with their jobs (29% more than *Federal fans*) and somewhat more likely (7% more) to believe their jobs are secure. What may be more surprising are the dimensions on which they do *not* differ from *Federal fans*. They show the same basic pattern of motivation as other Federal employees. Like all employees, they are not highly motivated by money, time off or a good performance rating. Like all employees, they *are* motivated by their duties as public employees, by the pride they take in their work and by their determination not to let down their coworkers and supervisors.

The Federal system offers the same square deal to employees in most agencies: the Merit Principles offer protection from discrimination and abuse; the relative job security and generous benefits offer stability; and the opportunity to serve the public offers purpose and fulfillment. All of these enticements can draw applicants toward a Federal career. Agencies can inspire more specific loyalty—and word-of-mouth endorsement—by fostering four fundamentals: good management, strong teamwork, effective conflict resolution, and opportunities for employees to develop and use their talents. ❖

Fast Facts on Agency Endorsements



Importance of Word-of-Mouth Endorsements:

Word-of-mouth endorsements count when it comes to recruiting applicants:

- In three MSPB surveys of new hires, conducted in 2000 and 2006, friends and relatives were the most common source of finding out about job vacancies.

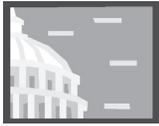
Agencies Most Recommended by Employees as a Place to Work*:

1. NASA
2. Environmental Protection Agency
3. Department of Veterans Affairs
4. Department of State
5. General Services Administration

Who Recommends Their Agency as a Place to Work*:

- There is a clear trend for greater endorsement of the agency as one moves up the supervisory chain of command.
- Senior executives are the most likely to recommend their agency more than the Government, while non-supervisors are more likely to recommend the Government.

*Source: Merit Principles Survey 2005



Agency Corner: SEC's Business Associates Program

The Securities and Exchange Commission (SEC) is responsible for protecting American investors—a tough, important mission that requires a staff competent in dealing with complicated business issues. While trying to attract the best and the brightest employees, SEC is competing with major law firms, public accounting firms and investment banks. Thus, the agency has been exploring how to improve its ability to attract new employees with the necessary skills through the development of the Business Associates Program.

The goal of the Business Associates Program is to attract recent graduates of Master of Business Administration (MBA) and other master's degree programs into 2-year professional appointments, using the Federal Career Intern Program. Associates are provided with substantive assignments that use their diverse educational backgrounds and business expertise, as well as professional development, mentoring and networking opportunities. At the end of the 2-year program, successful Associates are placed into a permanent, competitive career track.

To recruit incoming Associates, SEC attends national business, accounting, and MBA conferences and career fairs; publicizes the opportunity through business school career centers and the Partnership for Public Service; and notifies former summer honors business and college program students. Recruitment efforts target students who are in their final year of master's degree programs in fields such as business, accounting, finance, economics and other SEC-relevant areas.

The 2005 class of SEC Business Associates (the first year the program was implemented) consisted of 21 Associates. They were culled from a candidate pool of over 600 applicants and represented 17 different business graduate programs from across the country and 9 different business-related fields. They were assigned to 12 SEC offices and divisions and placed in assignments that allow them to use their business skills to advance the work of the Commission. SEC's program serves as a good example of identifying an organizational need and developing a targeted, customized hiring program that helps to fill that need. ❖

Financial Recruiting Flexibilities

With the college recruiting season in full swing, the latest in our series on Federal human resources management flexibilities details some of the financial incentives that can be used to help agencies attract high-quality job candidates.

Flexibility	Description
Federal Student Loan Repayment Program	5 U.S.C. 5379 authorizes agencies to repay certain types of student loans for highly qualified candidates. Agencies may pay up to \$10,000 per employee per year and up to an aggregate maximum of \$60,000 per employee. In return, the employee must sign a service agreement for a period of at least 3 years.
Recruitment Incentives	5 U.S.C. 5753 authorizes agencies to pay recruitment incentives of up to 25 percent of an employee's basic pay multiplied by the number of service years specified by the required service agreement for hard to fill positions. If the required competencies are critical to the successful accomplishment of the mission, agencies may request OPM approval for up to 50 percent of basic pay.
Superior Qualifications and Special Needs Pay-Setting Authority	5 U.S.C. 5333 authorizes agencies to set the rate of basic pay of a newly-appointed employee at a rate above the minimum rate of the appropriate GS grade because of the superior qualifications of the candidate or a special agency need for the candidate's services.
Superior Academic Achievement (SAA)	A provision of OPM's qualification standards allows students who have completed the requirements for a bachelor's degree but have no specialized experience or graduate-level education to qualify at the GS-7, instead of the GS-5, level based on: (1) class standing if in the upper third of the graduating class; (2) overall grade-point average of 3.0 or higher, or 3.5 or higher in major field of study or; (3) membership in one of the national scholastic honor societies.



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