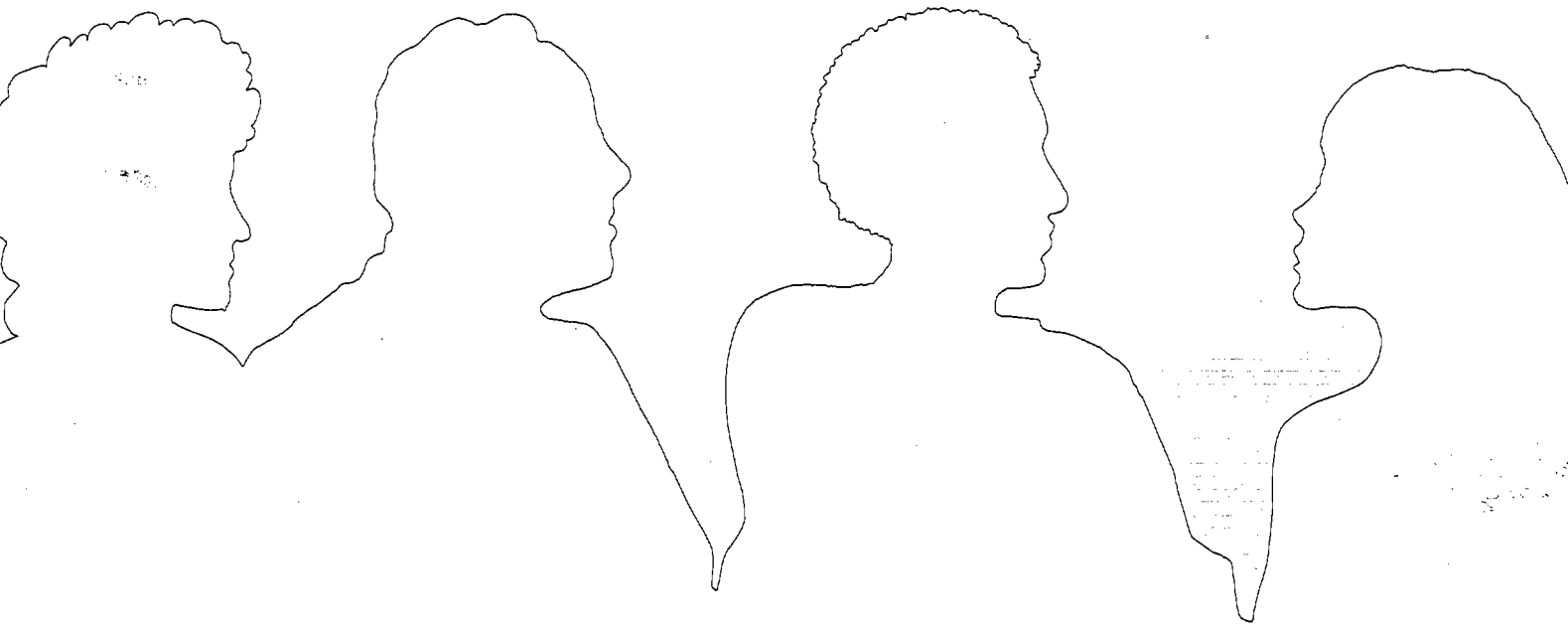


A REPORT TO THE PRESIDENT AND THE
CONGRESS OF THE UNITED STATES BY
THE U.S. MERIT SYSTEMS PROTECTION BOARD

TOWARD EFFECTIVE PERFORMANCE MANAGEMENT IN THE FEDERAL GOVERNMENT



**A Report Concerning Significant Actions of the
Office of Personnel Management**

July 1988

THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD
1120 Vermont Avenue, N.W.
Washington, D.C. 20419

Sirs:

In accordance with section 202(a) of the Civil Service Reform Act of 1978 [5 U.S.C. § 1205(a)(3) and § 1209(b)], it is my honor to submit this report titled "Toward Effective Performance Management in the Federal Government."

This report examines the operation of the performance management program, that is, the process by which Federal agencies integrate performance, pay, and awards systems with their basic management functions for the purpose of improving individual and organizational effectiveness.

I think you will find this report useful as you consider issues concerning civil service performance management practices and pay policies. The report points out the need for agencies to:

1. make more effective use of performance management programs to motivate employees to achieve higher productivity; and
2. avoid actions which undermine the credibility or integrity of performance management systems.

In addition, the report highlights areas which may be indicative of underlying problems in the design or implementation of performance management systems.

Respectfully,

Daniel R. Levinson

The President
The President of the Senate
The Speaker of the House of Representatives

Washington, DC



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OVERVIEW

Performance management is the process whereby performance, pay, and awards systems are integrated with basic personnel management functions (e.g., training, promoting, reassigning, retaining, or removing employees) to better accomplish organizational missions and goals. This report reviews aspects of several performance management programs covering Federal employees, focusing primarily on General Schedule positions (GS pay plan) and Performance Management and Recognition System positions (GM pay plan).

The performance management programs which are operative in the Federal Government today were largely created by the Civil Service Reform Act of 1978 (CSRA). They were designed to correct problems which Congress found in prior performance appraisal systems. Among the important changes mandated by CSRA were the required use of job elements and performance standards which relate to the duties to be performed, and an emphasis on pay for performance.

This report finds that current performance management programs are basically sound in concept. However, some problems diminish their practical effectiveness. For example, over three-fourths of all Federal employees who responded to a 1986 U.S. Merit Systems Protection Board (MSPB) Survey supported the concept of pay for performance. Despite this, 55 percent of responding Federal employees (including 57 percent of GS and 39 percent of GM) did not see a linkage between their performance and their pay.

Performance appraisal for white-collar Federal workers under the GS and GM pay plans is based on a five-level rating scale, with "Fully Successful" representing the midpoint of the scale. According to OPM regulations, " * * * only those employees whose performance *exceeds normal expectations* are (to be) rated at levels above 'Fully Successful' * * * ." [Emphasis added.] Clearly, therefore, an underlying expectation of the current performance appraisal system is that the largest percentage of employees, if not a majority, will be rated "Fully Successful."

This report reviewed the distribution of performance ratings for GS and GM employees and found that a majority of these employees are rated at a level above "Fully Successful." For example, among GM employees Governmentwide, 69 percent were rated above the "Fully Successful" level, while slightly more than 1 percent were rated below that level. A similar, although less extreme pattern, exists for GS employees. These statistics indicate that performance ratings being given to Government employees are, by definition, inflated.

One question raised by this report is whether this rating inflation is, in part, due to structural shortcomings in the Federal performance management system. A larger question (which is beyond the scope of this report) is whether the expectations for the Government's performance appraisal systems are realistic, given the multiple demands placed upon them (e.g., performance appraisals play a part in compensation determinations, promotion and reduction-in-force decisions, and as a tool to enhance employee motivation and productivity). Simple emphasis on increasing the percentage of "Fully Successful" ratings in each agency, therefore, is unlikely to be a sufficient solution to the problems or issues raised in this report.

This report also presents findings that have potential implications for the merit system. For example, 28 percent of survey respondents said they believed that they failed to receive a job or job reward because the "buddy system" was used to select another person.

The report also highlights several rating patterns which may be indicative of underlying biases or other inappropriate influences in the rating process. These include:

- The percent of ratings above the "Fully Successful" level is much higher at some grade levels than at others (e.g., overall, 49 percent of GS employees received ratings above "Fully Successful," while 73 percent of GS-15 employees were rated this highly);
- Throughout the Government, there is a consistent pattern of a higher percentage of women receiving "Outstanding" ratings than men (21 percent vs. 16 percent, respectively); and
- There is a wide divergence between occupational series in the percent of employees receiving ratings above the "Fully Successful" level. For example, among the top Governmentwide GS series in terms of employee population, the percent of employees receiving ratings above "Fully Successful" ranges from 33 percent for Clerk-Typists to 67 percent for Secretaries.

This report also identifies a number of performance management issues which may merit further research. In several cases, data reviewed for this report raised more questions than they answered, thus surfacing potential followup questions. Examples of these questions include:

- The extent to which performance management programs increase turnover of poor performers and reduce turnover of superior performers;
- Whether the rating pattern for different pay plans is a reflection of hierarchical bias (i.e., moving from GS to GM to SES (Senior Executive Service), the higher the grade, the more likely one is to get a rating above "Fully Successful");
- Whether there is a significant relationship between the pattern of women receiving better ratings than men and the likelihood of subsequent promotions; and
- The extent to which the problem of rating inflation is adversely affecting the merit system.

As described above, the information presented in this report suggests that performance management programs in the Federal Government are basically sound in concept but not effectively meeting all of their objectives. Structural problems may be contributing to this situation (e.g., PMRS funding, rigidity of the current compensation system), as well as operational considerations.

As this report goes to publication, there are two bills¹ pending in Congress which would provide for alternative systems of compensation for Federal employees. Alternative systems of compensation which increase flexibility in determining pay could alleviate some of the structural and operational problems which current performance management programs are experiencing.

¹ H.R. 2799, 100th Congress, 1st Session - Civil Service Simplification Act of 1986; and H.R. 3132, 100th Congress, 1st Session - Federal Pay Reform Act of 1987.

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INTRODUCTION

MSPB is required by 5 U.S.C. § 1205(a)(3) to conduct special studies of the civil service and other Federal merit systems to determine whether they adhere to the merit principles governing the Federal personnel system. From this research, MSPB reports to the Congress and the President on whether the public interest in a civil service free of prohibited personnel practices is being adequately protected. In addition, in accordance with 5 U.S.C. § 1209(b), MSPB is required to make an annual report on the significant actions of the Office of Personnel Management (OPM). This report meets both of these mandates, since it addresses merit principle issues and is one of a series of reports concerning significant actions of OPM that MSPB began publishing in calendar year 1987.

Other related reports which are included in MSPB's OPM "significant action" series focus on:

- Entry-Level Federal Hiring;
- Expanded Temporary Limited Appointment Authority;
- Reduction in Force; and
- The Performance Management and Recognition System.

BACKGROUND

Performance management is defined by OPM regulation as " * * * the systematic process by which an agency integrates performance, pay and awards systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of agency missions and goals." While the term "performance management" is not defined by law, its foundation lies in statutory provisions pertaining to performance appraisal. These provisions require agencies to develop performance appraisal systems which will, among other things, use appraisals as a basis for training, rewarding, promoting, and removing employees.¹

Properly functioning performance management programs enhance the operation of merit principles within the Federal Government. For example, merit principle number 3 deals with "providing appropriate incentives and recognition" for excellence in performance, while merit principle number 6 is concerned with retaining employees "on the basis of adequacy of their performance" and separating those "who cannot or will not improve their performance to meet required standards."²

Before enactment of the CSRA, performance appraisal requirements in the Federal Government were based on the Performance Rating Act of 1950. The purposes of that

¹ Performance management is defined by OPM at 5 CFR 430.102. The requirements for performance appraisal systems are found at 5 U.S.C. § 4302a for GM positions, 5 U.S.C. § 4312 for SES positions, and 5 U.S.C. § 4302 for other positions (e.g., GS).

² The merit system principles are enumerated in 5 U.S.C. § 2301.

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act were to: recognize the merits of employees and their contributions to efficiency and economy; provide fair appraisals of employee performance; improve employee performance; strengthen supervisor-employee relationships; and remove from their positions employees whose performance was unsatisfactory.

Former Civil Service Commission Chairman Alan K. Campbell, testifying before Congress in support of the CSRA, stated that those purposes were not achieved and attributed this failure, in part, to "inadequacies in the state-of-the-art for appraising employee performance." He also concluded that the constraints and complexities of the 1950 law made it impossible to administer a workable program that would provide managers and employees the information they both need about employee performance.³

The CSRA required Federal departments and agencies to establish objective-based performance appraisal systems which would be used as a basis for training, rewarding, promoting, and removing employees, as well as for other personnel actions. These systems were to use job elements and performance standards related to the duties to be performed.

Under the CSRA's merit pay provisions, compensation of supervisors, managers, and management officials in grades GM 13 through 15 was to be based on their rated performance. Moreover, agencies were re-

quired to implement performance appraisal systems for senior executives which would hold them accountable for their personal performance, as well as the performance of their respective organizations.

In 1984, Congress replaced the merit pay system established by the CSRA with a revised pay-for-performance system called the Performance Management and Recognition System. According to OPM, "There was considerable dissatisfaction with the Merit Pay System among covered employees and senior managers for two reasons: (1) the funds available for merit increases were limited to only those monies which would have been paid under the General Schedule and (2) there were a variety of non-performance factors which influenced the amount of the pay increases, such as the distribution of ratings and the composition of employees in each merit pay pool * * *. In addition, there were many complaints that the procedures developed to determine merit pay increases were so complex that employees could not understand how their increases were derived. Employees also were concerned about the fairness of the Performance Appraisal System which was the basis for the merit pay and cash award determinations."⁴

This report reviews the state of performance management programs in the Federal Government (focusing primarily on issues affecting GS and GM positions), and highlights issues which could have an impact on the overall effectiveness of those programs.

³ Testimony of Alan K. Campbell, Chairman, U.S. Civil Service Commission, before the Committee on Post Office and Civil Service, U.S. House of Representatives (Mar. 14, 1978).

⁴ See the OPM report "Performance Management and Recognition System," July 1987. (Fuller citation is in app. 1.)

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METHODOLOGY

This report is based on four sources of information:

(1) Selected Literature Concerning Performance Management

There is an extensive body of theoretical and empirical literature concerning employee performance. Most of it concerns performance appraisal. Because of the vast amount of literature in this field, the review team limited its review to selected literature which raised issues relevant to the purposes of this report (see app. 1).

(2) Data From OPM's Performance Management Information System (PerMIS)

The Performance Management Information System (PerMIS) is a data base maintained by OPM. This computerized system draws its raw data from OPM's Central Personnel Data File. PerMIS now has several years' worth of reasonably complete data (including performance appraisal ratings) on GM (PMRS and Merit Pay) employees and 1 year or less complete data (including ratings) on GS employees.

For this review, OPM supplied several snapshot-type reports drawn from PerMIS and related data files. OPM provided MSPB these data in August 1987; they reflect performance appraisal ratings given to GS employees between October 1984 and September 1985 and ratings given to GM employees for the October 1985 merit payout. For those analyses dealing with GS employees, data were available on about 950,000 of the 1.4

million employees in such positions, or about 68 percent. For GM employees, 104,000 out of 125,000 GM employees had records in the data base, or about 83 percent.

Data from OPM's PerMIS data base provided a wealth of information and insight on performance management issues. Population counts, percentage distributions, and arithmetic means of performance rating data for various groupings of Federal employees (e.g., agency, occupation, sex) were reviewed. This analysis identified several potentially interesting clusters of data. Since the research reflects only one rating period, it could not define trends as such. However, these observations about data clusters may point toward areas for future research which could identify significant trends through a more extensive use of the capabilities of PerMIS.

(3) Data From the 1986 MSPB Merit Principles Survey

In 1986, MSPB conducted a Merit Principles Survey which addressed a variety of personnel issues, including the operation of performance management programs in the Federal Government. This was an extensive survey of a stratified random sample of Federal employees. The results of this survey, which garnered 16,651 responses from the 21,620 questionnaires sent out (77 percent response rate), were another information source for this review. The 1986 survey was designed to provide valid results for the entire full-time, permanent Federal work force, as well as each of the 22 largest Federal

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agencies and various Governmentwide subpopulations (e.g., SES, PMRS, GS 11-15). For this report, MSPB also analyzed the data on the basis of several demographic variables such as age, sex, and education.

(4) Interviews With OPM Officials

The Board's review team conducted a series of interviews with officials from OPM's Office of Performance Management and Office of Agency Compliance and Evaluation. Both offices are under the Personnel Systems and Oversight Group. The Office of Performance Management is responsible for providing policy and guidance to Federal agencies on the performance management program. The Office of Agency Compliance and Evaluation is responsible for conducting personnel management evaluations of Federal agencies. These officials offered insights based on their experience in the performance management arena and provided us with much useful data.

THEORETICAL FRAMEWORK

The review team looked for salient issues in the literature, patterns and relationships among the data, and indications of conformity with merit system principles and avoidance of prohibited personnel practices.

As a theoretical framework, this report uses expectancy theory. Expectancy theory suggests that employees' expectations of performance and rewards will govern the level of effort they make. There are three components of expectancy theory:

- *Attractiveness*, which is the importance or value which the employee places on the potential reward;
- *Performance/reward linkage*, which is the amount of confidence the employee has that his or her extra effort will produce the desired reward; and
- *Effort/performance linkage*, which is the amount of confidence the employee has that a given effort will achieve the level of performance needed to get a reward.

Expectancy theory is a contingency model which emphasizes payoffs or rewards. It also emphasizes expected behaviors. For performance management to work, employees must understand what is expected of them and how their performance will be appraised. Under the expectancy theory model, employees' expectations of performance and rewards will govern their level of effort.

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FINDINGS

The analyses in this first section of findings are based primarily on data drawn from PerMIS reports. Thus, they reflect objective information about the distribution of performance ratings which Federal managers actually gave to their subordinates.

Attrition Rates by Performance Rating

One of the first things noted from the PerMIS data was that they provided additional insight into a trend identified by the Congressional Budget Office (CBO) in its 1986 study on turnover in the Federal Government.⁵ This study used OPM-supplied data on the performance ratings of merit pay (GM) employees who had quit or transferred in 1984. A basic assumption of the CBO analysis was that, since a certain amount of turnover always occurs, an organization would do better to lose its poor employees and keep the superior ones.

The CBO analysis indicated that the Government was not experiencing disproportionate turnover among its highly rated (i.e.,

"Outstanding" and "Exceeds Fully Successful") managers and supervisors. Their voluntary separation rate in 1984 was about 25 percent below the average for all merit pay employees. In contrast, the voluntary separation rate for employees with below-average ratings (i.e., ratings which now correspond to "Minimally Successful" and "Unacceptable") was some 20 percent higher than the average for all merit pay workers. This suggests that turnover may further the management objective of separating out less than "Fully Successful" performers.

The PerMIS data provides strong support for the desirable pattern identified by the CBO. They are based on October 1984 performance ratings for GS 1-15 employees and the October 1985 employment status of these same employees. Specifically, of the 846,630 GS 1-15 employees for whom OPM had valid records with non-"presumptive" performance ratings (i.e., ratings based on actual performance) in October 1984, 66,960 (8 percent) had left Government service by October 1985. The breakdown by rating for these 66,960 former employees is displayed in table 1, shown on page 6.

⁵ See Congressional Budget Office, 1986. (Fuller citation is in app. 1.)

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Table 1

Attrition Rates by Performance Rating
for GS-1 Through GS-15 Employees

-----RATING-----					
<u>Item</u>	<u>Unaccept- able</u>	<u>Minimally Successful</u>	<u>Fully Successful</u>	<u>Exceeds Fully Successful</u>	<u>Outstanding</u>
Total number of employees who received this rating	1,071	3,625	393,905	307,402	140,627
Number of employees who received this rating and left Government	275	553	37,265	20,245	8,622
Percent of employees who received this rating and left Government	26	15	9	7	6

As this table shows, 275 employees who had been given "Unacceptable" ratings in October 1984 were no longer with the Government in October 1985. This represents an attrition rate of 26 percent of all employees who received an "Unacceptable" rating. In contrast, of all those given "Outstanding" ratings, only 6 percent (or 8,622 employees) had left Government service 1 year later.

Presumably, some portion of turnover at the "Unacceptable" and "Minimally Successful" levels resulted, either indirectly or directly, from the employees' performance having been rated as less than "Fully Successful." For example, employees' may have chosen to resign once they were counseled about sub-par performance, or they may have been subject to a performance-based removal.

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Distribution of Performance Ratings

Performance appraisal for white-collar Federal workers under the GS and GM pay plans is based on a five-level rating scale, with "Fully Successful" representing the midpoint of the scale. According to 5 CFR 430.206(d), " * * * agencies must establish procedures, such as reviews of standards and ratings for difficulty and strictness of application, to ensure that only those employees whose performance *exceeds normal expectations* are rated at levels above 'Fully Successful' * * * ." [Emphasis added.]

It is clear from the regulation that "Fully Successful" is intended to be the rating norm for GS and GM employees. Thus, an underlying assumption of the Federal performance appraisal system is that a majority of employees should be rated "Fully Successful." Within this context, rating inflation occurs when the norm becomes a rating above the "Fully Successful" level.

It appears that rating inflation can occur in several different ways. For example, if the critical elements do not properly describe

some of the complex aspects of the position, the appraisal would not accurately measure the more difficult work to be accomplished and an inflated rating could result. Inflated ratings could also result if the performance standards have unreasonably low expectations for the employee, causing an inappropriately high number of employees to "exceed" their standards. In addition, rating inflation can occur when supervisors do not accurately evaluate employee performance against the established standards. (They may have a variety of reasons, such as they don't know how to, they don't want to, or they believe it is not in the organization's best interest to.)

Whatever the causes of rating inflation, its effect on performance management programs must be considered. As mentioned later in this report (see section on "Performance Rating Distribution by Occupational Series"), there may even be situations where rating inflation might represent an adaptation by supervisors to structural problems in performance management programs.

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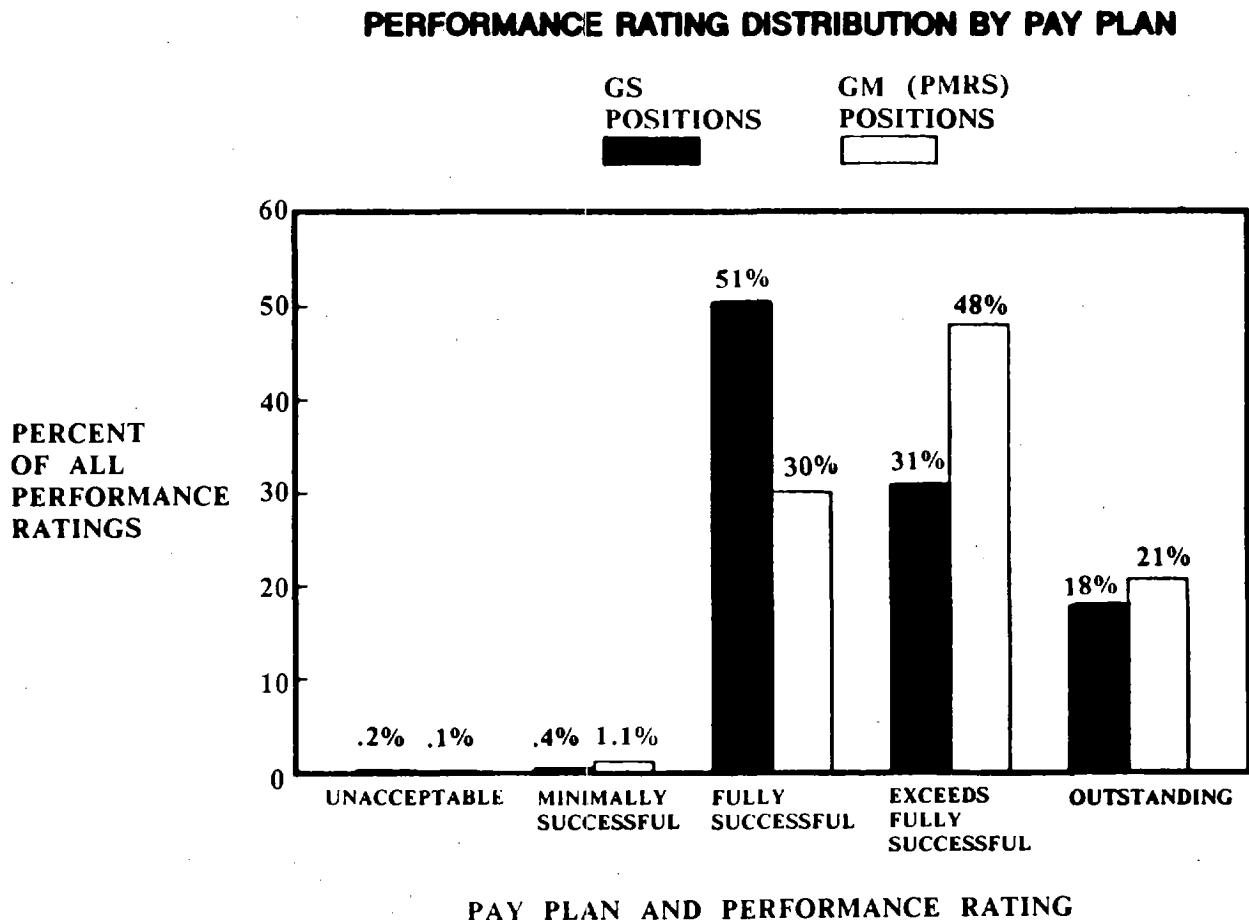
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Performance Rating Distribution by Pay Plan

Governmentwide, less than 1 percent of GS employees were rated below the "Fully Successful" level, while 49 percent were rated above that level.

This basic pattern continues and is magnified at the higher grade levels for GM employees, with slightly more than 1 percent found in the two levels below "Fully Successful," while 69 percent were rated above that level (see fig. 1 below).

FIGURE 1



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Mean Rating by Pay Plan

Performance appraisal for white-collar Federal workers under the GS and GM pay plans is based on a five-level rating scale, where "Outstanding," the highest rating, equals 5, "Fully Successful," the midpoint of the scale, equals 3, and "Unacceptable," the lowest rating, equals 1. Figure 2 below displays the mean rating for each grade under the GS and GM pay plans. (The "mean rating" for a grade represents the average of all ratings given to employees at

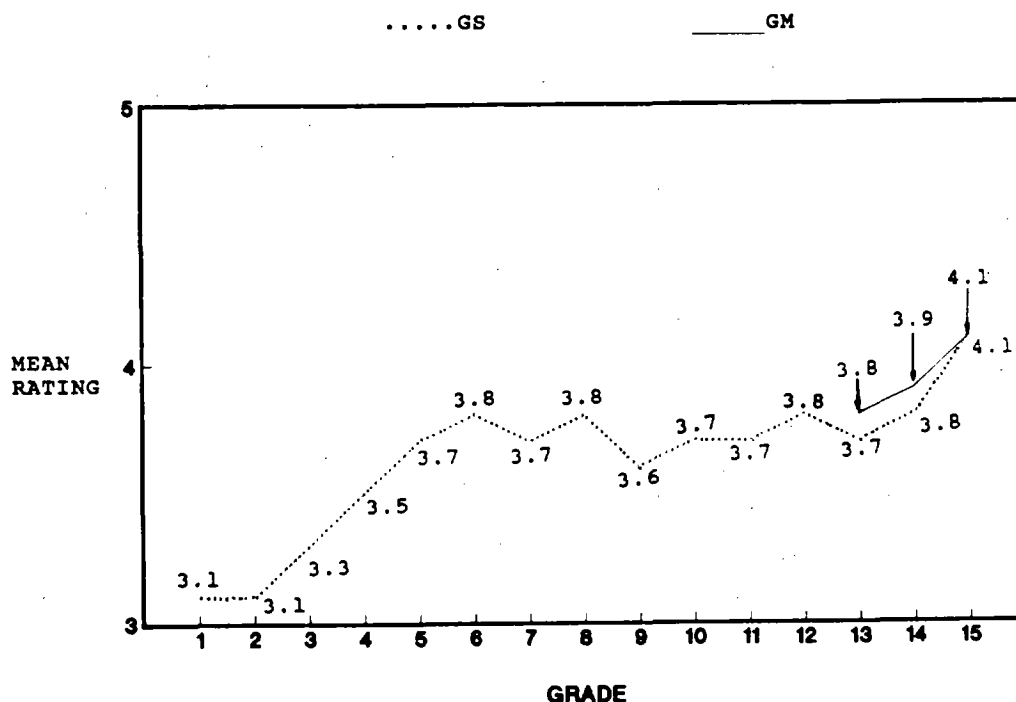
that grade level.)

The mean performance rating rises sharply for GS employees from grade GS-1 until grade GS-5, and then levels out into a fairly narrow range for most other GS grade levels (see the dotted line in fig. 2).

The mean performance rating for employees in grades GM 13-15 (shown as the solid line in fig. 2) is as high as, or higher than, the rating for comparable GS 13-15 employees.

FIGURE 2

MEAN RATING BY GRADE, GS, AND GM



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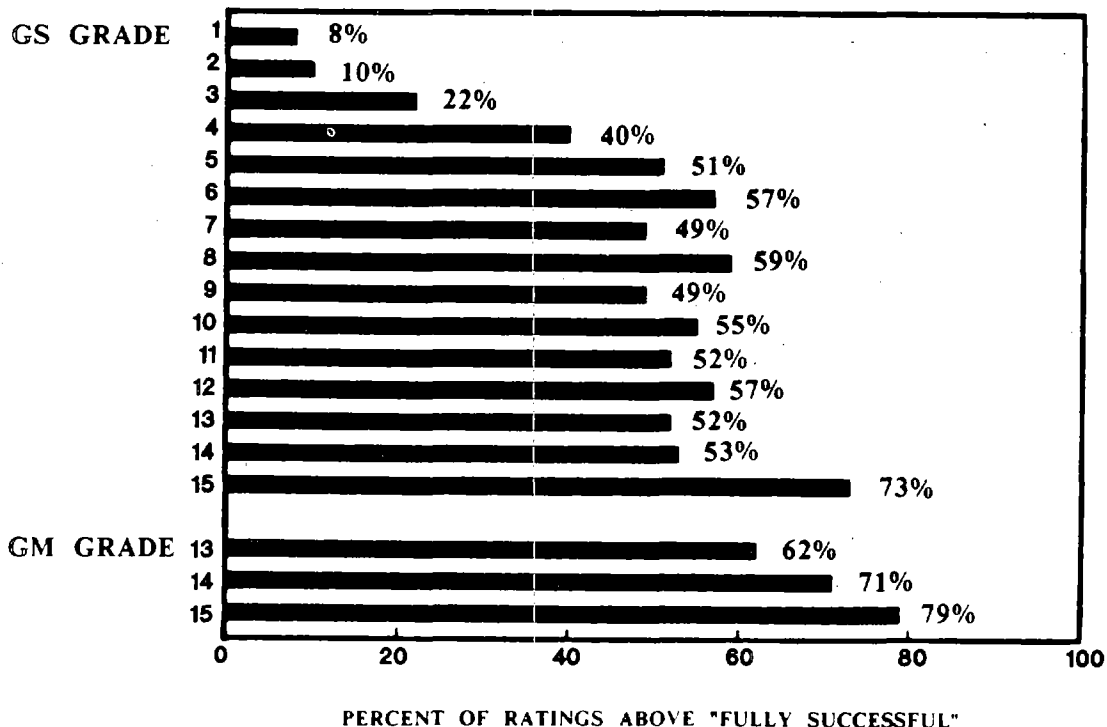
Performance Rating Distribution by Grade

To gain further insight into the ratings distribution by grade level, it is illuminating to look at the percentage of ratings at each grade which exceed "Fully Successful." As is evident from figure 3, there is substantial variation in ratings by grade level, and

again the pattern of GM employees getting a higher percentage of superior ratings prevails. Forty-nine percent of GS employees received ratings above the "Fully Successful" level, while 69 percent of GM employees were rated this highly. The fact that there is a greater linkage between compensation and performance rating for GM

FIGURE 3

PERCENT OF RATINGS ABOVE FULLY SUCCESSFUL BY GRADE AND PAY PLAN



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employees may increase the "pressure" for higher ratings for this group.⁶

The presence of trainee, developmental, and career ladder positions is probably a factor in some of the GS rating patterns, but the extent of this influence is unclear.

OPM noted the same GS vs. GM difference in a report which analyzed the performance appraisal system for non-merit pay employees.⁷ In this report, OPM found that SES ratings were higher than GM ratings and GM ratings were higher than GS ratings. From these data, OPM concluded that the rating distribution followed a hierarchical pattern, and that "(i)f it is true that ratings tend to be distributed on the basis of one's standing in the organizational hierarchy, this could be a serious problem."

The Board agrees that this pattern could be a serious problem if it is based *solely* on one's position in the hierarchy. However, there are other possible explanations of these data which need to be explored before this should be considered as a proven conclusion. For example, the best performers may be the ones who become GM and SES employees. If this is true, should one expect these employees to get higher ratings? Or should there still be a norm of "Fully Successful" regardless of grade level? OPM should provide some clarification to agencies on what the expectations of the current performance appraisal system are on

⁶ See MSPB report "Performance Management and Recognition System: Linking Pay to Performance," December 1987, p. 8, for a discussion of other factors which may influence employee perceptions of a "Fully Successful" rating, thus impacting on the pressure for higher ratings.

⁷ See Office of Personnel Management, October 1985. (Fuller citation is in app. 1.)

this point. In addition, OPM should pursue further an answer to the question of whether those expectations are realistic based on the actual experience over the last several years under the current appraisal system.

Performance Rating Distribution by Gender

Throughout the Government, there is a consistent pattern of a higher percentage of women receiving "Outstanding" ratings than men (21 percent vs. 16 percent, respectively). This pattern holds across all GS and GM grade levels (see fig. 4 on next page) and appears in many agencies. As figure 4 illustrates, this distinction is more pronounced at some grade levels than others.⁸

This pattern of women receiving better ratings than men was noted by OPM in its Issue Analysis paper on performance appraisal issues affecting non-merit pay employees, but it offered no analysis or inferences regarding its causes or significance.⁹ MSPB believes these data may represent important findings, given the Government's interest in avoiding sex discrimination in its employment practices.

In order to determine the implications of these data, future research might profitably focus on some of the following questions:

- Have these rating patterns persisted for an extended period of time, and have there been any changes in the magnitude of the differences?

⁸ Absolute numbers of women exceed men at grade 8 and below, while the number of men exceeds the number of women in all categories (GS and GM) above grade 8.

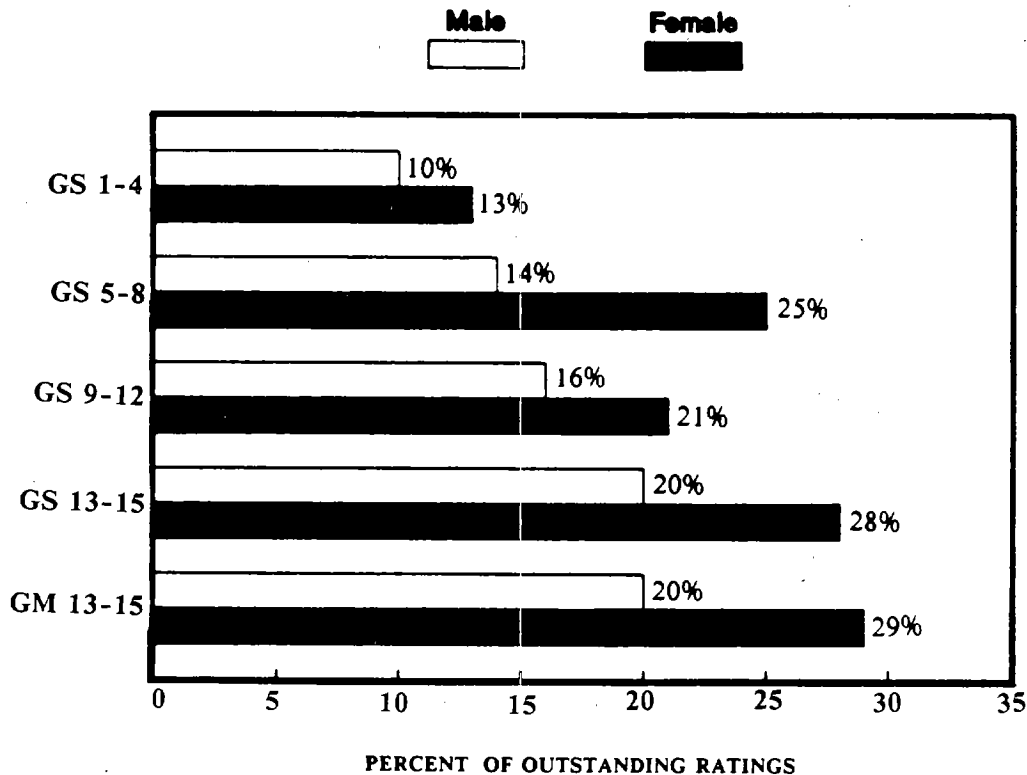
⁹ Office of Personnel Management, 1985, op. cit.

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FIGURE 4

**PERCENTAGE OF OUTSTANDING RATINGS BY SEX
AND PAY PLAN/GRADE LEVEL**



- If promotion patterns show a parallel tendency (i.e., given their superior performance and higher ratings, more women are receiving promotions than men), is this a positive sign that EEO and affirmative action programs are working?
- If promotion patterns do not show a parallel tendency (i.e., notwithstanding superior performance and ratings, women are still unable to secure deserved promotions), are greater affirmative action efforts or other measures needed to counteract discriminatory promotion patterns.

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Performance Rating Distribution by Occupational Series

The percentage of ratings above "Fully Successful" varies substantially by occupational series. MSPB has no performance based rationale to offer which would explain the extreme variations shown in tables 2 and 3 which follow. All things being equal, one would expect that Gov-

ernmentwide occupations would show a more consistent pattern of ratings. While not conclusive, these data may be one indication of the existence of non-merit based and disparate treatment for some groups of employees.

Table 2 shows the percentage of GS employees receiving ratings above the "Fully Successful" level for each of the top 25

Table 2

Percent of GS Ratings Above "Fully Successful"*

<u>Series</u>	<u>Series title</u>	<u>Percent of ratings above "Fully Successful"</u>
1. GS - 318	Secretary	67
2. GS - 301	Misc. Admin. & Program	62
3. GS - 802	Engineering Technician	55
4. GS - 105	Social Insurance Administration	55
5. GS - 810	Civil Engineering	54
6. GS - 343	Management Analyst	53
7. GS - 855	Electronic Engineering	52
8. GS - 621	Nursing Assistant	52
9. GS - 620	Practical Nurse	51
10. GS - 334	Computer Specialist	51
11. GS - 525	Accounting Technician	50
12. GS - 679	Medical Clerk	50
13. GS - 081	Fire Protection & Prevention	50
14. GS - 1910	Quality Assurance	49
15. GS - 856	Electronics Technician	49
16. GS - 1102	Contract & Procurement	48
17. GS - 998	Claims Clerical	48
18. GS - 303	General Clerical & Administrative	47
19. GS - 993	Social Insurance Claims Exam.	44
20. GS - 2005	Supply Clerical & Technician	44
21. GS - 962	Contact Representative	37
22. GS - 305	Mail & File	36
23. GS - 322	Clerk-Typist	33
24. GS - 462	Forestry Technician	31
25. GS - 2152	Air Traffic Control	21

* Data base includes at least 50 percent of all employees in each series shown, except for GS-1910, which includes 49 percent. Overall, data base reflects 69 percent of GS employees in these series.

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series in terms of employee population. Each of the 25 occupational series shown in table 2 encompasses at least 1 percent of the total GS population. (There were two other single agency series which met the 1 percent threshold, but they are not shown because the data were unreliable.)

As noted above, ratings also vary sub-

stantially by occupational series for GM employees (managers and management officials at grades GM 13-15). Each of the 25 occupations shown in table 3 below represents at least 1 percent of the total GM population. These ratings cluster more closely than the top 25 GS occupations, and generally reflect higher percentages of superior ratings.

Table 3

Percent of GM Ratings Above "Fully Successful"*

	<u>Series</u>	<u>Series title</u>	<u>Percent of ratings above "Fully Successful"</u>
1.	GM - 905	Attorney	78
2.	GM - 560	Budget	77
3.	GM - 201	Personnel Management	75
4.	GM - 301	Misc. Administration & Program	73
5.	GM - 1811	Criminal Investigation	72
6.	GM - 810	Civil Engineering	72
7.	GM - 340	Program Management	71
8.	GM - 345	Program Analysis	71
9.	GM - 1101	General Business & Industry	71
10.	GM - 801	General Engineering	70
11.	GM - 1320	Chemistry	70
12.	GM - 855	Electronics Engineering	69
13.	GM - 1102	Contract & Procurement	69
14.	GM - 510	Accountant	69
15.	GM - 343	Management Analysis	69
16.	GM - 861	Aerospace Engineering	68
17.	GM - 346	Logistics Management	68
18.	GM - 830	Mechanical Engineering	67
19.	GM - 1301	General Physical Science	67
20.	GM - 334	Computer Specialist	67
21.	GM - 105	Social Insurance Administration	65
22.	GM - 511	Auditor	65
23.	GM - 110	Economist	63
24.	GM - 2152	Air Traffic Control	58
25.	GM - 512	Internal Revenue Agent	33

* Data base includes at least 50 percent of all PMRS employees in each series shown.
Overall, data base reflects 84 percent of GM employees in these series.

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The Internal Revenue Agent series, GM-512, is a single agency occupation found in the Internal Revenue Service (IRS). Because the data shown in table 3 for this series were so much lower than the data for the other series shown, IRS was contacted to find out if they were in error. Based on the information provided, it appears that these rating percentages are correct and are apparently a reflection of efforts by IRS to avoid rating inflation.

In earlier years, IRS management had provided its managers with guidelines which suggested that, on a nationwide basis, roughly 20 percent of GM employees might be expected to be "Distinguished" ("Exceeds Fully Successful") and 5 percent of GM employees might be expected to be "Outstanding."¹⁰ Under these guidelines, managers were cautioned on the need to evaluate each employee against performance expectations and to not arbitrarily assign a rating level because of the numbers of other employees who might be at that rating level.

¹⁰ Guidelines published in the Internal Revenue Manual § 0540.35(3), Aug. 31, 1982, were as follows, "The range of points has been designed with the recognition that most employees are properly rated Fully Acceptable (we assume 70 percent of the merit pay population will be rated Fully Acceptable). Since we expect the majority of the population to be rated in this category we have provided three separate points in order to recognize the full range of performance within the broad Fully Acceptable category. Since a much smaller proportion of the population will be rated above Fully Acceptable (we assume 5 percent Outstanding and 20 percent Distinguished), there is no need to distinguish among levels of performance within each of these overall rating categories and so a single point as opposed to a range is provided. The above percentages for overall ratings are guidelines which provide a Servicewide framework. They are not rigid requirements which must be strictly applied to each pool * * *."

This was required since forced distributions of performance ratings are specifically prohibited by 5 CFR 430.407(d). These guidelines were revoked prior to the issuance of the ratings which are shown in table 3; however, they appear to have resulted in a more unified application of the rating system in IRS.

Table 3 provides rating distributions for managers and management officials in three professional accounting occupations. Specifically, it shows that 33 percent of IRS's GM-512 tax accountants received ratings above the "Fully Successful" level, while Governmentwide 65 percent of GM-511 auditors and 69 percent of GM-510 accountants received ratings above that level. Since there is no reason to assume that GM-512 managers and management officials are deficient as compared to their GM-510 and GM-511 counterparts, one may conclude that IRS's ratings are the result of conscious management efforts to meet the expectations of the performance appraisal system.

This same point is reinforced by comparing the ratings given by IRS to its managers and management officials in the criminal investigator series. Data supplied by IRS show that the agency rated 45 percent of its GM-1811 employees above the "Fully Successful" level in October 1986. In contrast, Governmentwide figures for October 1985 (which include IRS) show 72 percent of GM-1811 employees rated above the "Fully Successful" level.

The above discussion and information in tables 2 and 3 suggest that some ratings are inflated, and that the degree of inflation may be influenced by agency management. This being the case, it is important to ask

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the followup question: "How do inflated ratings affect the Government and its employees?"

There is considerable concern among top managers in Federal agencies about rating inflation. This is documented in a companion MSPB report on PMRS, which notes that nearly half of the agency officials providing information for that report expressed concern over inflated or unrealistic ratings.¹¹ However, as discussed later in this report, only 10 percent of employees who responded to the Board's Merit Principles Survey believe that performance ratings are inflated.

It is possible that rating inflation may be more associated with structural problems in the funding or flexibility of current performance management programs rather than, for example, the lack of performance

appraisal skills by managers. If this is true, rating inflation might conceivably represent a manifestation of managers' creatively exercising their authority in order to compensate for a perceived weakness in some other aspect of Federal human resources management.

Under such a hypothesis, for example, if supervisors believed that monetary incentives were inadequate to truly motivate their employees (because the size of the pool of money being distributed was too small), they might be inclined to give small awards to many employees rather than alienate them by giving no rewards to the majority in order to give more substantial rewards to a few. While MSPB is neither endorsing nor rejecting this hypothesis, it does illustrate that the issue of ratings inflation is not a simple "black or white" question.

¹¹ See the MSPB report "Performance Management and Recognition System: Linking Pay to Performance," op. cit.

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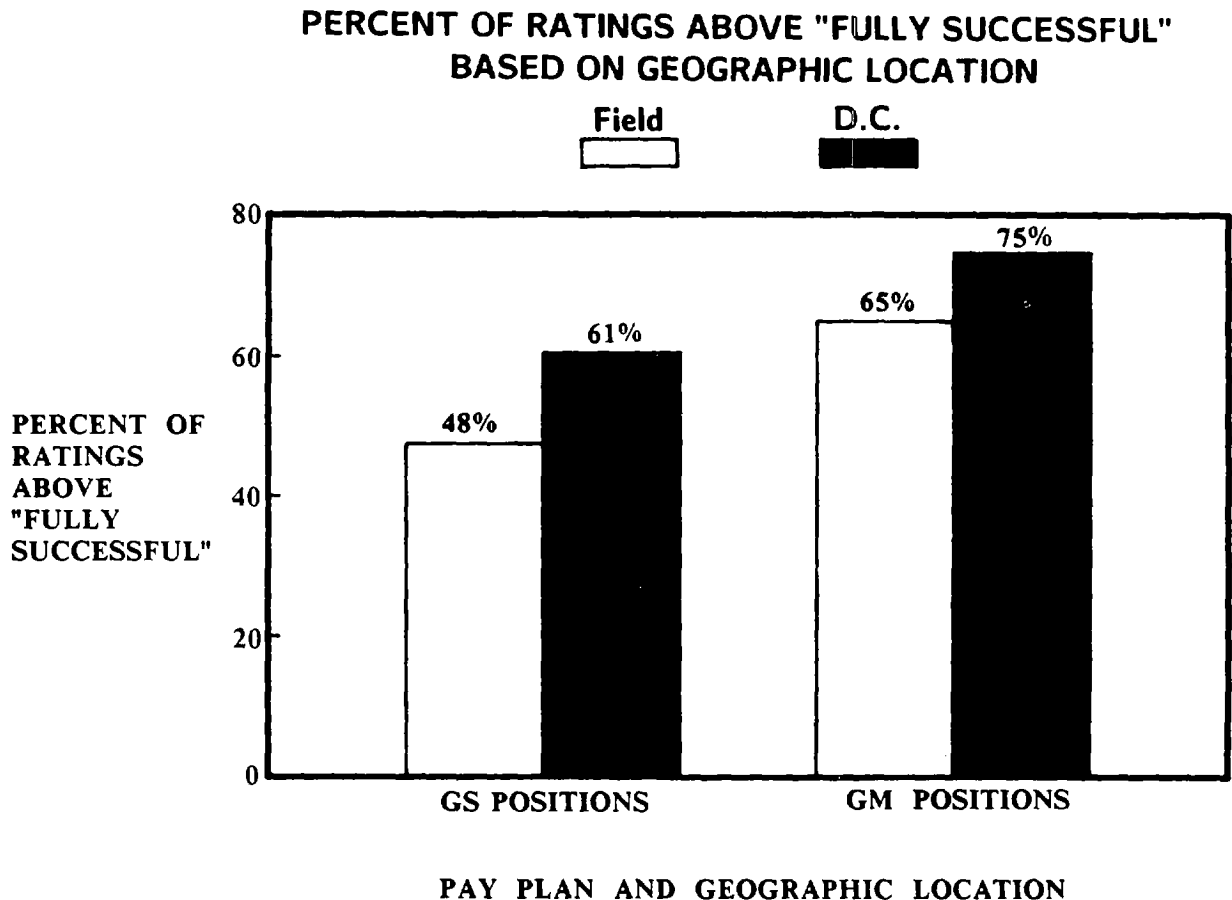
Performance Rating Distribution by
Geographic Location

The mean performance rating for GS employees located in the Washington, DC, metropolitan area is 3.8, which is higher than the mean performance rating of 3.6 for GS employees located elsewhere. Expressed in terms of ratings which exceed the "Fully Successful" level, 61 percent of Washington, DC, area GS employees were rated above this level, while only 48 percent of field GS

employees were as highly rated (see fig. 5 below).

Similar but numerically higher relationships hold for GM employees, with the Washington area mean rating of 4.0 exceeding the 3.8 mean rating for field employees. Also, the Washington percentage of GM employees with ratings above "Fully Successful" (75 percent) is higher than the field percentage of GM employees similarly rated (65 percent) (see fig. 5).

FIGURE 5



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Why are ratings higher in the Washington, DC, area? One factor influencing this distribution of ratings is the larger number of high-graded employees found in Washington, DC. (See earlier section entitled "Performance Rating Distribution by Grade.") There may be other factors as well, however, which also contribute to this pattern.

For example, agencies might be promoting their most qualified people to policy making positions in their headquarters (Washington, DC) offices; thus, individuals working there tend to achieve higher performance ratings. Another possible explanation is that the high cost of living or the difficulty in recruiting personnel for headquarters positions combines with other factors to inflate ratings (and grades, according to OPM position classification accuracy studies) in the Washington, DC, area. Still other hypotheses could be constructed as well. The point, of course, is that any factors other than performance which influence performance ratings tend to skew the system and make it less reliable as a means for making performance related decisions that require the drawing of distinctions among employees.

Employee Attitudes and Opinions

The information and discussions in the following sections are based on data drawn from MSPB's 1986 Merit Principles Survey (MPS). These data reflect employees' attitudes and opinions about how performance management systems are operating in the Federal Government. Even if these employee perceptions are based on erroneous assumptions, they still provide insight into possible employee motivations; i.e., employees may act according to their

perceptions regardless of the accuracy of those beliefs.

Monetary Recognition

A central question regarding the effectiveness of the Federal Government's pay-for-performance systems is whether employees see a linkage between their performance and their pay. When asked in the 1986 MPS, "If you perform better in your present job, how likely is it that you will * * * receive more pay (e.g., bonus, promotion, cash award)?," Federal employees gave a fairly negative response. Overall, 55 percent of respondents said that it was somewhat or very unlikely that they would receive more pay, while 32 percent felt this was somewhat or very likely.^{12 13}

These responses show that substantial numbers of Federal employees do not perceive their pay as being linked to their performance. For a variety of reasons, this perception has some basis in fact. By law, only GM (PMRS) and SES base pay are specifically linked to performance appraisal. OPM regulations, in concept, extend this

¹² For reporting purposes, responses such as "somewhat unlikely" and "very unlikely" have been combined into one category called "unlikely." Similarly, "somewhat likely" and "very likely" have been combined into one category called "likely." This approach to collapsing response categories is followed in all examples in this report, unless noted otherwise.

¹³ Responses to the " * * * perform better * * * receive more pay * * *" question are analyzed in several different ways in the following pages. In all cases, the reader should note the possibility that some portion of the survey respondents answered this question based on a belief that better performance on their part would not result in more pay because they had already received an "Outstanding" rating and therefore would not be eligible for any additional financial recognition.

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type of linkage to the General Schedule and Federal Wage Systems.¹⁴ The PMRS goes even farther, as it provides for withholding part or all of any comparability pay increase for GM employees if performance is rated below the "Fully Successful" level.

In practice, the linkage of pay and performance is less direct for pay plans such as the Federal Wage Systems (covering blue-collar workers whose pay is based on prevailing rates) and the GS. For example, while within-grade increases for these pay plans are theoretically based on performance (via the acceptable level of competence determination), they are perceived as automatic since less than three-tenths of 1 percent of eligible employees have them withheld.

Another example which illustrates this point comes from OPM's 1986 Incentive Awards Report.¹⁵ It showed 59 percent of GM employees receiving performance awards during fiscal year 1986, while only 19 percent of GS employees received such awards.

¹⁴ According to 5 U.S.C. § 4302(a)(3), the following linkage of pay to performance applies to GS and Wage Systems employees: Agencies shall "use the results of performance appraisals as a basis for training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees." This is as distinguished from 5 U.S.C. § 4302a(a)(3) covering PMRS (GM) positions, which includes almost the same language as quoted above and adds a requirement to use the results of performance appraisals as a basis " * * * for adjusting the base pay and making performance award decisions * * * ." Notwithstanding this distinction in the legal basis among different pay plans, OPM regulations found in 5 CFR 430 make virtually no distinction by pay plan, as they pick up the "adjusting the base pay" language in sections affecting all the cited pay plans.

¹⁵ See OPM report "Achievements 1986." (Fuller citation is in app. 1.)

While the trend for GS is up (only 10 percent of GS employees received awards in fiscal year 1984), there is still significantly less pay for performance for GS employees than for GM employees.

Under any pay plan, the success of a pay-for-performance linkage will be dependent on the functioning of the performance appraisal systems which drive it. The PerMIS data presented earlier in this report raised some concerns about the distribution of performance ratings. The MPS results discussed here reflect in part the employee attitudes which these rating distribution patterns have generated.

Under the expectancy theory model, the Government's interests would be better served if more employees perceived a fair and reasonable link between their pay and their performance. Figure 6 (see next page) provides a further breakdown of the " * * * perform better * * * receive more pay * * * " MPS question, illustrating the relationship between a person's pay plan and his or her responses to the MPS question.

A larger percentage of GM and SES employees indicated they felt it was likely that they would receive pay for performance than did GS and Wage Systems employees. It, therefore, appears that the PMRS and SES have had some positive influence on employee expectations.

GS and Wage Systems employees were recently put under the Performance Management System (PMS). This system establishes a similar performance appraisal process to PMRS, but stops short of directly tying increased pay to superior

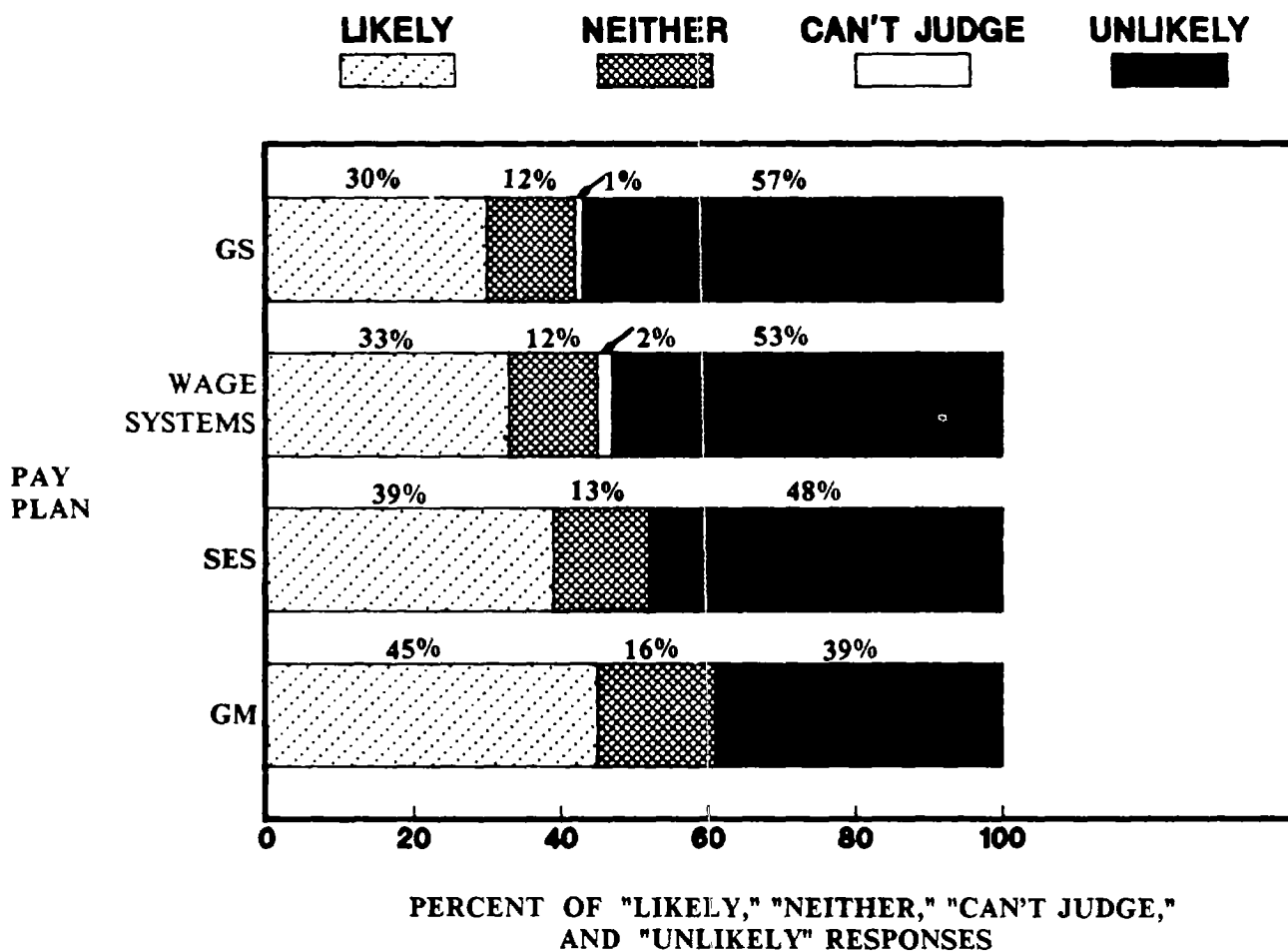
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FIGURE 6

Responses, by pay plan, to "If you perform better in your present job, how likely is it that you will * * * receive more pay (e.g., bonus, promotion, cash award)?"

PERFORM BETTER, RECEIVE MORE PAY



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performance.¹⁶ More specifically, GS and Wage Systems employees continue to get most of their performance-related pay increases (as distinguished from salary comparability pay increases) from within-grade (or step) increases, which are granted for "acceptable" competence (for GS) or "satisfactory" performance (for Wage Systems), rather than for performance which *exceeds normal expectations*.¹⁷ (Typically, some 3 to 4 percent of GS employees also receive quality step increases for "Outstanding" performance.) Thus, it is unlikely that employee perceptions about receiving more pay for better performance will materially change any time soon.

It should be noted, however, that even the responses by GM employees are far from an overwhelming vote of confidence in the Government's pay-for-performance systems. If these attitudes persist (or increase in negativity), they could portend more serious problems for Federal performance management programs. This is because of the important role which positive employee expectations play in successful performance management systems.

While the breakdown of MPS data on the pay-for-performance question by pay plan is perhaps the most informative, these data were also analyzed by other types of demographic groupings to see if any patterns emerged. In general, this approach showed that employee skepticism about receiving pay for performance appeared fairly consistently across demographic groupings.

¹⁶ Federal Register, Vol. 51, No. 47, Mar. 11, 1986, final rule on "Performance Management System."

¹⁷ Comparability pay increases are authorized by 5 U.S.C. § 5305; GS within-grade increases are authorized by 5 U.S.C. § 5335; and Wage Systems step increases are authorized by 5 U.S.C. § 5343.

When analyzed by gender, the percent of "likely" responses to the " * * * perform better * * * receive more pay * * *" question showed some meaningful differences in attitudes held by men and women. Overall, 29 percent of men and 36 percent of women felt that better performance was likely to result in more pay. By pay plan, there was an 11-percent difference in the "likely" responses for GS positions (men, 25 percent and women, 36 percent) and a 1-percent difference for GM positions (men, 45 percent and women, 46 percent). These data, particularly for GS positions, provide an interesting contrast to the performance rating data which were available through OPM's PerMIS data base.

Specifically, 50 percent of GS women received ratings above the "Fully Successful" level (and presumably some portion of these people got an award or monetary recognition), while only 36 percent of GS women felt pay for performance was likely. For GS men, 48 percent received ratings above "Fully Successful," while only 25 percent of survey respondents believed they would get financial remuneration for better performance.

Similar relationships in the data also exist for GM positions. Seventy-four percent of GM women got ratings above "Fully Successful," while only 46 percent of GM women gave "likely" responses to the " * * * perform better * * * receive more pay * * *" survey question. For GM men, 68 percent got ratings above the "Fully Successful" level, while only 45 percent said "likely" in the survey.

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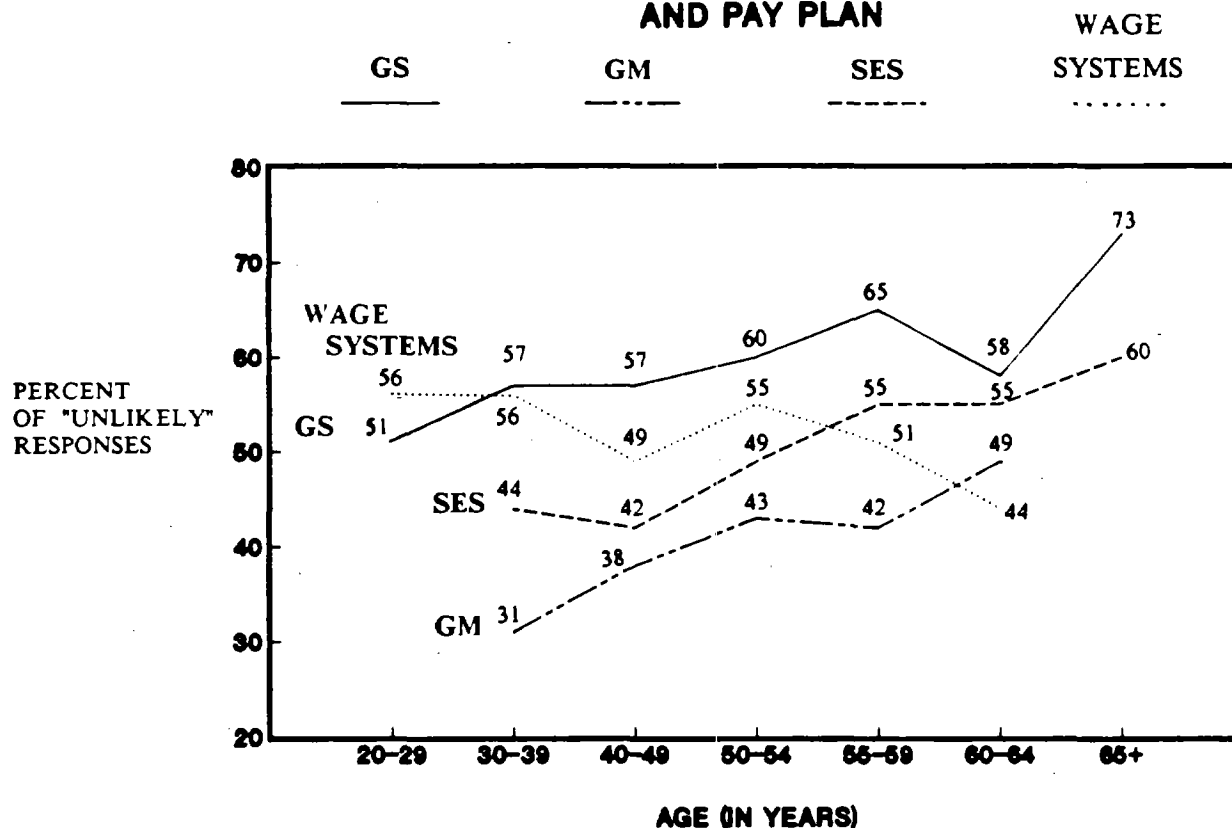
When responses to the " * * * perform better * * * receive more pay * * *" question were analyzed by employee age, they showed a slight but inconsistent trend

toward more "unlikely" responses as age increased, except for employees in Wage Systems positions (see fig. 7).

FIGURE 7

"Unlikely" responses, by pay plan and age, to "If you perform better in your present job, how likely is it that you will * * * receive more pay (e.g., bonus, promotion, cash award)?"*

PERCENT OF "UNLIKELY" RESPONSES, BY AGE AND PAY PLAN



* Certain values are omitted in this figure (e.g., SES employees 20-29 years old) because the sample size was not large enough to give a meaningful result.

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Looking at the " * * * perform better * * * receive more pay * * *" question in regard to geographic location of the incumbent, there was relatively little distinction in the percentage of "unlikely" responses by pay plan, except for Wage Systems employees (see fig. 8).

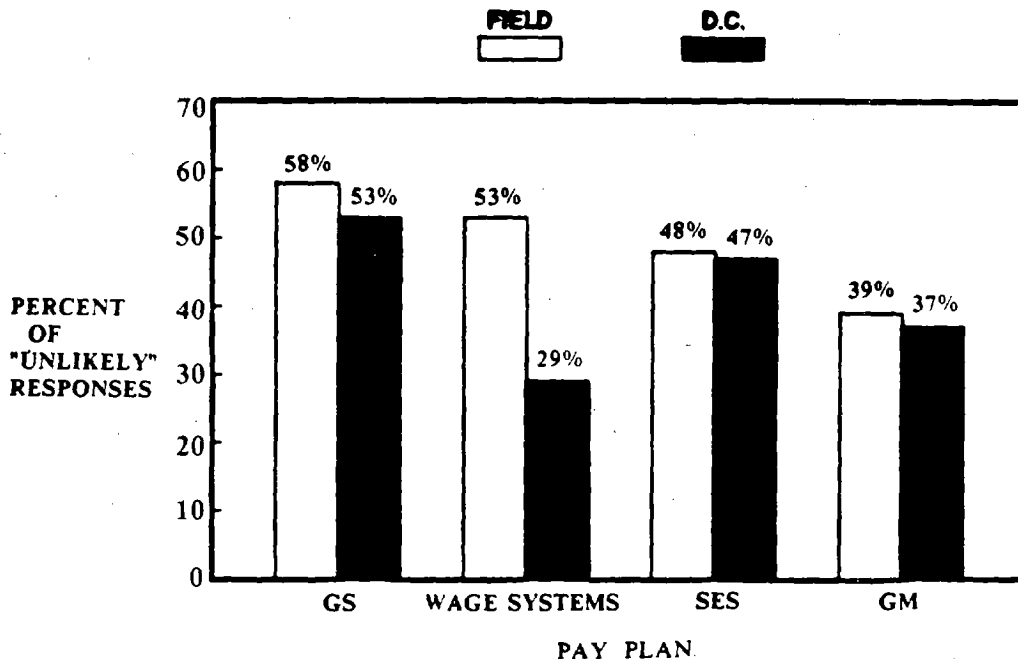
These results provide an interesting contrast to the PerMIS data displayed earlier in this report (see fig. 5), which showed

a substantially larger number of GS and GM employees in the Washington, DC, area receiving ratings above the "Fully Successful" level than in field locations. Based on the PerMIS data, it might have been expected that employees in the Washington, DC, area would feel more positively about receiving pay for performance, since they presumably got more monetary recognition than their counterparts elsewhere.

FIGURE 8

"Unlikely" responses, by pay plan and geographic location, to "If you perform better in your present job, how likely is it that you will * * * receive more pay (e.g., bonus, promotion, cash award)?"

PERCENT OF "UNLIKELY" RESPONSES BASED ON PAY PLAN AND GEOGRAPHIC LOCATION



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Among the 22 largest Federal agencies, there was a substantial variation in employee attitudes about receiving more pay for better performance. Responses ranged from as high as 66 percent of Department of Transportation employees believing that it was unlikely they would get more pay for better performance, down to only 45 percent for employees of the Small Business Administration and the Environmental Protection Agency (EPA) having this negative view. (See app. 2 for a complete listing of agency responses.)

An important facet of positive employee expectations is defined by expectancy theory as "attractiveness." This concept suggests that the importance or value which employees place on a potential reward has a critical link to their motivation. Previous research by MSPB had suggested that the money amounts given under Federal pay-for-performance systems were not sufficiently attractive.¹⁸ Recent incentive award data tend to support this conclusion.

According to OPM's 1986 Incentive Awards Report, 59 percent of GM employees received performance awards in fiscal year 1986. In contrast (as shown earlier in fig. 6), only 45 percent of GM employees indicated that they believed better performance would result in more pay. Since employee expectations are more negative than the award data would appear to justify, it is likely that employee motivation is being adversely affected by insufficiently attractive awards.

Nonmonetary Recognition

Of course, pay is not the only motivator of enhanced performance. In recognition of this, the 1986 MPS also measured employee perceptions regarding receipt of nonpay rewards (e.g., letters of commendation) and receipt of informal recognition for better performance (e.g., being told that one is doing good work). Responses were progressively more positive to these questions than to the question regarding more pay for better performance, as shown in table 4.

Table 4

Responses to "If you perform better in your present job, how likely is it that you will * * *

	Percent of respondents who answered <u>"Likely"</u>	Percent of respondents who answered <u>"Unlikely"</u>
Receive more pay (e.g., bonus, promotion, cash reward)?"	32	55
Receive non-pay rewards (e.g., letter of commendation)?"	37	47
Receive informal recognition (e.g., being told you do good work)?"	62	26

¹⁸ See, for example, MSPB's "Report on the Significant Actions of the Office of Personnel Management During 1982," December 1983, pp. 46-63.

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Demographic analysis of these "non-pay reward" and "informal recognition" questions did not yield any particularly noteworthy insights. However, responses did vary substantially by agency. Among the 22 largest Federal agencies, survey responses ranged from 38 percent of Department of the Army employees believing it was unlikely they would receive non-pay rewards for better performance, to 65 percent of Labor Department employees having this negative view. On the informal recognition question, responses from these large agencies ranged from only 17 percent of National Aeronautics and Space Administration (NASA) employees believing it was unlikely they would receive informal recognition up to 36 percent of Labor Department employees holding this negative view. There were no meaningful distinctions between GS and GM employees on this question. (Complete listings of these agency responses are contained in apps. 3 and 4.)

Employee Attitudes About Performance Management Systems

As mentioned earlier, there is a substantial degree of skepticism among Federal employees that better performance on their part will result in more pay (only 32 percent said this was likely), or even non-pay rewards (only 37 percent believed this would happen). This impression of the reality of pay for performance stands in interesting contrast to employee attitudes toward the concept of pay for performance. In the MPS survey, 79 percent of employees indicated that they supported this concept, while 11 percent opposed it and 10 percent said "neither yes nor no" or "don't know/can't judge." An analysis of the "yes" responses by pay plan is shown in table 5.

Table 5

Positive responses, by pay plan, to "Do you support the concept of having your pay based upon how well you perform?"

<u>Pay plan</u>	Percent saying definitely or probably "Yes"
Wage Systems	78
GS and Similar	78
GM	88
SES	94

The challenge for Government officials is, therefore, to bring the reality of performance management programs closer to the concept. One step in this direction would be to better address the impact of the rating inflation problem on these systems. Unfortunately, these data are not conclusive on the extent to which design problems, implementation problems, marketing problems, or other factors contribute to this situation. As mentioned earlier, it also is not known what effect increased financial rewards might have on these perceptions.

Another MPS question asked employees in grades 12 through 15 whether, if they had the choice, they would choose to be covered by their agency's PMRS program. For employees in these grade levels who were not currently under PMRS (i.e., GS employees), 57 percent responded "not sure" or "don't know/can't judge," while somewhat more than one-fifth each said "yes," or "no." In

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contrast, employees already under PMRS (GM 13-15) had more clearly defined views, with a mildly positive bias (see table 6).

Table 6

Responses, by PMRS coverage, to "If you had the choice, would you choose to be covered by your agency's Performance Management and Recognition System (PMRS)?"

Response choice	GS 12-15 (Not PMRS)	GM 13-15 (PMRS)
"Yes"	22%	46%
"Not Sure;" "Don't Know;" "Can't Judge"	57%	19%
"No"	21%	35%

It is interesting to note the similarity between these results (particularly in the "not sure"/"don't know"/"can't judge" category) and the responses to another MPS question concerning merit pay and PMRS changes. Specifically, when asked, "How much do you know about the changes made to the merit pay system when it became the current Performance Management and Recognition System * * *," roughly 20 percent of GM employees professed to know "little or nothing" about these changes.¹⁹

As to GS 12-15 employees (who are the people most likely to be future PMRS members), they were substantially less knowledgeable about changes made to the system than GM employees. In fact, as shown in figure 9 (see next page), 61 percent of GS 12-15 respondents (who are not under PMRS) said they knew "little or nothing" about these changes. This lack of awareness about PMRS's provisions may serve as a deterrent to employees who might otherwise apply for positions covered by PMRS.

Given the large extent of unformed (or un-informed) opinion about the problems or benefits of PMRS by those not under the system, it would appear that training and marketing may be at least part of the problem in implementing effective performance management programs. However, as evidenced by a comparison of some data drawn from OPM's PerMIS data base with the responses from GM employees shown in table 6, it is clear that other factors are at work as well.

According to OPM, 69 percent of PMRS employees received ratings above the "Fully Successful" level. Substantial numbers of these employees would have received monetary recognition for their accomplishments (i.e., increased base pay and/or cash awards), and presumably almost all would have received some personal satisfaction, if not other recognition from their supervisors,

¹⁹ See MSPB report entitled "Performance Management and Recognition System: Linking Pay to Performance," op. cit., p. 3, for additional discussion of the significance of these responses by GM employees.

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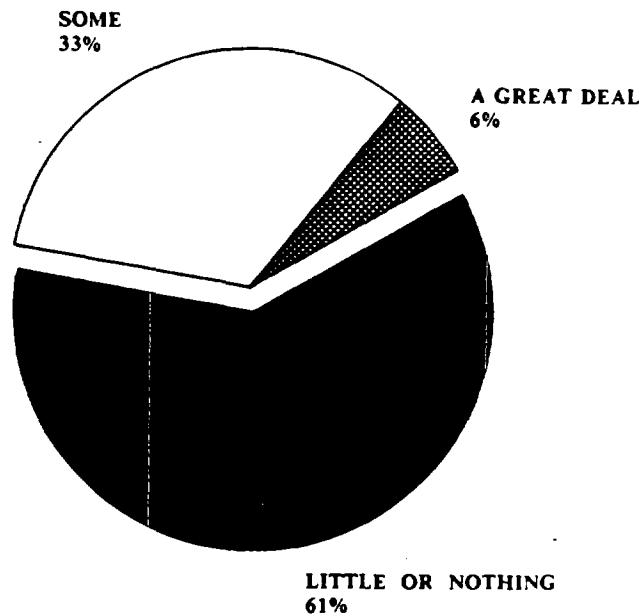
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FIGURE 9

"How much do you know about the changes made to the merit pay system when it became the current Performance Management and Recognition System (PMRS) for supervisors and management officials at grades 13 through 15 in your agency?"

AWARENESS OF CHANGES TO PMRS

GS 12-15 EMPLOYEES NOT UNDER PMRS



for this status.²⁰ In contrast, table 6 shows that only 46 percent of PMRS-covered

²⁰ Agencies are required by 5 CFR 540.109(d) to give cash awards to PMRS employees rated "Outstanding" and encouraged to do so for PMRS employees rated "Exceeds Fully Successful." (According to OPM's 1986 Incentive Awards Report, approximately 59 percent of all PMRS employees (including those rated "Outstanding" and "Exceeds Fully Successful") received performance awards during fiscal year 1986.) In addition, once they are above the GS equivalent of step 4 of the pay range for their grade, PMRS employees rated above "Fully Successful" automatically receive greater increases to their base pay than do PMRS employees rated "Fully Successful."

employees would choose to be under PMRS if they had the choice. If 69 percent of PMRS employees are presumably the winners in the pay-for-performance system (as they received recognition and/or monetary incentives), but only 46 percent would prefer to be in PMRS, something about PMRS's design or implementation appears to be working against itself.

Possible explanations for the above situation include:

- Employees perceive that the rewards being offered under PMRS are inadequate in amount or arbitrary in distribution; or

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- Employees perceive that elements and standards are not accurate or that evaluations are not fair (see "Supervisor-Subordinate Communication" later in this report); or
- Employees perceive arbitrary limits on the number of high ratings (see "Performance Appraisal Systems" later in this report).

Any of these issues could cause the system to frustrate more than it motivates. Future research into PMRS practices might possibly test these hypotheses.

Prohibited Personnel Practices

Under the expectancy theory model, a critical facet of improved employee performance is the amount of confidence an employee has that his or her extra effort will produce a desired reward. This is known as the "performance/reward linkage." One reward frequently desired by employees is a new job, particularly if it involves a promotion. While failure to be selected for a new job is disappointing enough when the selection is fully consistent with merit principles, it is particularly frustrating (and harmful to the performance/reward linkage) when it is perceived to be based on non-merit criteria.

The MPS survey asked a series of questions about prohibited personnel practices in Government, including nonmerit factors which affect job selection (e.g., nepotism, discrimination, and inappropriate political influences). Responses indicated a generally low incidence of these problems except in two areas.

(Cautionary note: In discussing the MPS questions concerning reasons for non-

selection, the responses must be understood in the proper context. For a given job, many people may apply but only one will be selected. It is difficult for a person who is not selected to always be objective about the reasons for his or her nonselection. Accordingly, some proportion of the responses cited in the following questions may be a reflection of rationalizations by those not selected rather than actual occurrences of prohibited personnel practices.)

One perceived problem concerned failure to receive "a job or job reward as a result of another person's selection based on the 'buddy system' without regard to merit." Twenty-eight percent of employees responding to the MPS indicated that they had experienced this problem in the last 2 years. Among the 22 largest Federal agencies, survey responses ranged from 19 percent of NASA employees perceiving "buddy system" problems to 36 percent of Department of Housing and Urban Development (HUD) employees reporting this perception. A complete listing of responses for these agencies is shown in appendix 5.

The second problem identified by this series of MPS questions concerned "(denial of) a job or job reward based on race, color, religion, sex, age, national origin, handicapping condition, or marital status." Responses indicated 11 percent of employees felt this had happened to them within the last 2 years.

Among the 22 largest Federal agencies, there was again a wide range of responses reported, ranging from only 6 percent of NASA employees perceiving instances of discrimination to 18 percent at the Department of Education (DOE). A listing of responses by agency is shown in appendix 6.

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A third question in this series asked whether employees had been "denied a job or job reward as a result of political affiliation." Governmentwide, only 1 percent of respondents answered affirmatively to this question. A few agencies showed higher percentages (e.g., 6 percent of DOE employees said "yes," as did 5 percent of HUD employees), but the absolute numbers are still too small to draw any firm conclusions regarding potential abuses in this area. For the record, responses to this question from all 22 large Federal agencies are shown in appendix 7.

Supervisor-Subordinate Communication

Another aspect of the performance/reward linkage is supervisor-subordinate communication. Communication plays a significant role in determining employees' levels of motivation. Without proper communication, employees will not have confidence that their achievements are being recognized and thus potentially not being rewarded.

The 1986 MPS posed a series of questions on these issues, seeking employee agreement or disagreement with statements such as "There is effective two-way communication between my supervisor and me," or "My supervisor encourages me to offer ideas and suggestions to improve productivity and/or quality of work." More than half of all employees responded favorably to both of these statements (approximately 63 percent of the time to the first and 58 percent to the second). Fifty-six percent of employees also responded favorably to the statement "I have trust and confidence in my supervisor." These response rates did not vary substantially when analyzed by demographic factors, except that responses from those age 65 and older were more positive than other response groupings.

These are important findings. Communicating to employees the rationale for the job, the relationship of the job to the goals of the agency, and information about job performance and expectations can greatly improve organizational effectiveness.²¹ Thus, employees' support of performance management should increase as their participation and involvement increase.

In this vein, however, it is interesting to note that employee perceptions about supervisory communication were more negative when the question related specifically to performance appraisal. Another MPS question elicited the degree of employee agreement with the statement "My supervisor keeps me informed on how well I am performing." For this question, only 47 percent of employees agreed with the statement, while 31 percent disagreed with it. This response pattern was fairly consistent across demographic factors and agencies. Given the importance of this type of feedback to effective performance management systems, these employee responses give rise to some concern.

Another critical part of effective communication between supervisor and subordinate is the accuracy of certain written documents (e.g., job descriptions, elements and standards, and performance appraisals), since these represent an important connection between expectations and end results. Fifty-nine percent of responding Federal employees indicated in the MPS that their job description (or position description (PD)) describes the work they perform to at least "a considerable extent," while only 13 percent said their PD described their job to "little" or "no extent."

²¹ See Katz and Kahn, 1978. (Fuller citation is in app. 1.)

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Looking specifically at white-collar workers (GS/GM/SES), in general, the higher the respondent's grade, the greater the chance that the person would perceive his or her PD to be accurate (see table 7 below). Possible explanations for this pattern include the fact that PD's for higher level jobs are typically stated in broad terms, thus they are less likely to become inaccurate. Lower level jobs, in contrast, often contain specific tasks and are, therefore, more prone to becoming out of date. Also, lower graded employees may be more likely to consider their PD's as inaccurate if they do not describe all of their tasks, even though the guidelines covering PD's require that only tasks relevant to the classification be included in the PD.

Table 7

Positive responses, by grade range, to "To what extent does your job description accurately describe the work you perform?"

Grade <u>range</u>	Percent saying job description <u>is accurate</u>
GS 1-4.....	45
GS 5-8.....	54
GS 9-12.....	62
GS/GM 13-14.....	66
GS/GM 15.....	74
SES	79

Among large Federal agencies, some seem more effective than others in maintaining accurate job descriptions, at least in the eyes of their employees. Responses ranged from 70 percent of State Department employees perceiving their PD as accurate to 51 percent at the Department of Justice.

A complete listing of responses from the 22 largest agencies is shown in appendix 8. (However, as illustrated above, grade level has some effect on this perception of PD accuracy and, therefore, differences in grade level mix may account for some of the differences between agencies.)

In response to an MPS question asking the extent to which the job elements in the employee's performance standards were accurate, 52 percent of employees said they were, while 15 percent said they were not accurate (i.e., responses of "little" or "no extent"). Again, for white-collar workers, the higher the grade of the employee, the more likely these documents were felt to be accurate (see table 8 below).

Table 8

Positive responses, by grade range, to "To what extent are the job elements in your performance standards an accurate statement of the work you are expected to perform in your job?"

Grade <u>range</u>	Percent saying their elements and standards <u>are accurate</u>
GS 1-4.....	45
GS 5-8.....	50
GS 9-12.....	51
GS/GM 13-14.....	54
GS/GM 15.....	60
SES.....	69

While the same types of explanations might be offered to explain this pattern as were mentioned above regarding the accuracy of PD's, it should at least be noted that the result is congruent with other research

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which suggested that different levels of management in the same organization possess quite different values and expectations toward performance appraisal. Top management (career executives and political appointees) were found to be more receptive, while first-line and middle management, as well as rank-and-file employees, were more resistant toward personnel reforms in general and performance appraisal specifically.²²

Among large Federal agencies, some seem more effective than others in establishing accurate elements and standards, as seen by their employees. Responses ranged from 69 percent of State Department employees believing their elements and standards were accurate, to 41 percent at the Justice Department. (See app. 9 for a complete listing of responses for the 22 largest Federal agencies.)

If an accurate job description defines the work to be done, and accurate elements and standards define how well it needs to be done, the performance appraisal documents how well it was done. The appraisal represents the official channel through which the performance/reward link operates, as it is the basis for some potential reward.

In response to an MPS question asking, "Did your most recent performance rating present an accurate picture of your actual job performance?," 63 percent responded that their rating was accurate while 28 percent said it was not. As with the pattern of responses by white-collar workers on accuracy of job descriptions and elements and standards, the higher the grade, the more likely

it was that the employees would say their rating was accurate. (Given the higher ratings that GS-15 and GM employees get relative to lower graded employees (see fig. 3, p. 10), this perception of accuracy by higher graded employees is not surprising.) Also, substantial differences continued to appear between agencies. At the State Department, 81 percent of responding employees said their rating was accurate, while only 54 percent of employees at the Labor Department responded in this way. (See app. 10 for a complete listing of agency responses.)

Looking at the responses on these three issues (accuracy of PD's, elements and standards, and performance ratings), it is interesting to note that 63 percent of employees reported that their ratings were accurate, even though only 52 percent said that the elements and standards upon which these ratings were based were accurate.

There are several possible explanations for these findings. They may be an indication that supervisory judgment plays an important role in the success of appraisal systems, as supervisors consider many factors and weight them accordingly in determining overall performance ratings. They may also indicate that employees believe that other elements and standards are more appropriate, but think that those elements and standards that were rated, were rated accurately. In any event, these findings underscore the importance of accuracy in these types of documents in an effective performance management system.

The MPS also asked a related question which adds additional insight to the "accuracy" issues addressed above. In response to the statement "The standards used to evaluate my performance are *fair*" (emphasis

²² See Gabris and Giles, 1983. (Fuller citation is in app. 1.)

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added), only 53 percent of employees agreed that the standards were fair. Differences between white-collar workers continued to be apparent, with higher graded positions showing a progressively more positive (but still not overwhelming) perception of fairness in their standards (See table 9).

Table 9

Positive responses, by grade range, to "The standards used to evaluate my performance are fair."

Grade range	Percent saying their standards are fair
GS 1-4.....	48
GS 5-8.....	53
GS 9-12.....	54
GS/GM 13-14.....	56
GS/GM 15.....	64
SES	72

This same pattern is also evident when looked at by pay plan, as GS employees responded positively 53 percent of the time; GM, 60 percent; and SES, 72 percent. Differences among agencies continue to be apparent as well; at the high end, 65 percent of NASA employees feel their standards are fair, while only 45 percent of employees at the Department of Health and Human Services (HHS) feel this way. (A list of agency responses is shown in app. 11.)

On the flip side of this question, in 17 of the 22 largest agencies, at least 20 percent of employees feel their standards are not fair. When looked at on a Governmentwide basis, 24 percent of all employees feel their standards are not fair. While it is unlikely

that all employees will ever agree that their performance standards are fair, the fact that almost one-fourth of employees feel their standards are not fair suggests that continuing attention should be paid to this aspect of performance management.

Performance Appraisal Systems

An integrated performance management system requires an effective appraisal process in order to function properly. A number of characteristics must be present in a properly functioning appraisal system. These include:

- An expectation that the employee's accomplishments will be described in the performance appraisal he or she is given;
- An expectation that the person giving the rating will use reasonable standards and then be honest and fair in evaluating against these standards; and
- An expectation that the person giving the rating has an interest in the employee performing his or her job at least competently, if not better, and that the appraisal process will be a continuing one which gives periodic feedback when it is helpful or required.

The MPS questionnaire solicited employee opinions about these types of issues and provided some interesting insights on how the Government's appraisal systems operate. For example, relative to the first point mentioned above (ratings should reflect

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employee accomplishments), OPM's performance management regulations prohibit agencies from using a forced distribution of ratings (5 CFR 430.206(d)). As mentioned earlier, these regulations go on to require agencies to " * * * establish procedures, such as reviews of standards and ratings for difficulty and strictness of application, to ensure that only those employees whose performance exceeds normal expectations are rated at levels above 'Fully Successful' * * * ."

Despite this restriction on "forced distributions" of ratings, half of the GS employees responding to the survey *agreed* with the statement "(T)here is an arbitrary limit on the number of people who can get high ratings." Only 22 percent disagreed with the statement. A much higher percent (71 percent) of GM employees agreed with this statement, with only 18 percent disagreeing (see table 10).

The above responses may indicate a potential disincentive working against performance management goals in the Government. There is of course a paradox between these responses and the high numbers of employees who actually received ratings above "Fully Successful," although if the problem of rating inflation is ever solved, there might well be even more employee concern about arbitrary limits on ratings.

Among the 22 largest Federal agencies, employees at EPA and HUD expressed this concern most strongly, with 75 percent saying there was an arbitrary limit on the number of high ratings, while only 40 percent of State Department employees had this concern. (A list of agency responses is shown in app. 12.)

Given the majority opinion that supervisors limit the number of employees who can get ratings above "Fully Successful," it is not

Table 10

Responses, by pay plan, to "There is an arbitrary limit
on the number of people who can get high ratings."
(Ascending order by "Agree")

-----Percent Responding-----				
Pay plan	"Agree"	"Neither agree nor disagree"	"Disagree"	"No basis to judge"
GS	50	18	22	10
Wage Systems	55	18	23	4
SES	62	11	25	3
GM	71	10	18	2

* GM and SES responses do not add to 100 percent due to rounding.

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surprising that only 10 percent of employees believe that performance ratings are inflated (see table 11).

Table 11

Responses to "My supervisor tends to inflate the ratings of the employees he/she supervises."

<u>Response categories</u>	<u>Percent responding</u>
"Agree"	10
"Neither Agree nor Disagree"	27
"Disagree"	51
"No Basis to Judge"	12

OPM's Role in Performance Management

OPM views performance management as an important management approach to improving individual and organizational effectiveness. In recent years, OPM has been active in the following areas:

- Oversight over agency implementation of significant program changes (e.g., Merit Pay, PMRS, and the Performance Management System);
- Increased emphasis of this subject in personnel management evaluation (PME) programs (i.e., making it one of five areas reviewed during Installation Assessment Visits and one of three focus areas contained in

Personnel Management Indicator Reports);²³

- Development of analytical tools to monitor and analyze performance management patterns and trends (e.g., PerMIS data base);
- Issuance of regulations to strengthen the linkage between performance and personnel decisions (e.g., new regulations on reduction in force (RIF) and incentive awards);²⁴
- Preparation of special reports on PMRS as required by law; and
- Development of the proposed Civil Service Simplification Act as the cornerstone of future performance management initiatives.

OPM had major responsibility for overseeing the implementation of all the major performance management program changes of the last few years. Given the frequency and magnitude of these changes, OPM and the agencies implemented them well.

OPM officials indicated a high degree of confidence in the emphasis and approach to performance management issues which they have taken in their personnel management evaluations. They believe there has been a positive impact in increased consciousness

²³ See MSPB report entitled "Performance Management and Recognition System: Linking Pay to Performance," op. cit., p. 11, which addresses selected PME issues relating to PMRS.

²⁴ See MSPB report "Reduction In Force: The Evolving Ground Rules," September 1987, for an analysis of the RIF regulations that went into effect in February 1986.

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of managers and personnelists about performance management issues.

OPM officials also believe that performance management has resulted in improved communication between supervisors and subordinates regarding performance expectations and results, more effective means for identifying and correcting employee performance problems, and better employee motivation through improvement in the linkage of performance and rewards.

The enabling legislation for PMRS (5 U.S.C. § 5408) contains a "sunset" provision terminating PMRS after September 30, 1989, with OPM required to prepare annual reports in the interim. OPM's first report was issued in September 1987. (As mentioned earlier, MSPB has also examined aspects of PMRS in a report entitled "Performance Management and Recognition System: Linking Pay to Performance.")

Finally, OPM has developed and transmitted to Congress a legislative proposal entitled the "Civil Service Simplification Act of 1986" (H. R. 3132, 100th Congress, 1st session). This proposal represents the cornerstone of OPM's plans for future changes in performance management and other personnel programs. It would expand the concepts tested in a demonstration project at two Navy Department laboratories (China Lake and San Diego, CA), by consolidating 15 General Schedule pay grades into a smaller number of "pay bands." Salary progression within the pay bands would be based on performance rather than seniority.

SIGNIFICANCE OF FINDINGS

Based on a search of the literature and the other sources of information described above, MSPB concludes that the performance management programs examined in this report are basically sound in concept. There are, however, some problems which have diminished the effectiveness of these programs. These are highlighted below.

Implications for Agencies

Several of the findings in this report have possible implications for the effective operation of agencies' performance management systems. Based on MSPB's 1986 Governmentwide survey of Federal employees:

- A large majority (79 percent) of the respondents supported the *concept* of pay for performance;
- However, many respondents (57 percent of GS and 39 percent of GM) still did not see a link between their performance and their pay. For example, these employees did not think they would receive more pay if they performed better in their present jobs; and
- Less than half of all employees (47 percent) *agreed* that their supervisors kept them informed on how well they were performing, while 31 percent of employees felt that good performance feedback did *not* exist.

Although the linkage of performance and personnel decisions affecting pay is a requirement of law and is conceptually supported by most employees, the concept is

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still not perceived as real by many employees.

There are also indications that supervisors need to give increased feedback on how well employees are performing, if performance management systems are to achieve their maximum effectiveness.

Implications for the Merit System

There are additional findings which have important implications for the merit bases of performance management:

- A substantial percentage (28 percent) of survey respondents reported that they felt they had not received a job or job reward within the last 2 years (generally from 1984 to 1986) because a "buddy system" influenced who was selected;
- A smaller percentage (11 percent) of survey respondents reported that they felt they had been denied a job or job reward within the last 2 years because of religion, sex, age, national origin, handicapping condition, or marital status;
- Less than 1 percent (0.6 percent) of GS employees were rated below the "Fully Successful" level, while almost half (49 percent) were rated above that level; and
- Slightly more than 1 percent (1.2 percent) of PMRS employees were rated below "Fully Successful," while 69 percent were rated above that level.

To the extent that the performance management system is a component of merit, it

is critical that the process operate equitably. Since performance appraisal is linked to so many personnel decisions (e.g., training, promotions, awards, retention), it is also important that employees perceive the appraisal process to be as accurate and equitable as possible. Agency performance appraisal systems must let employees know if their extra efforts are producing the anticipated results. Appraisals which do not give this information clearly will undermine the performance management system.

The expectancy theory model suggests that employees will not perform as well if their employer is inconsistent in rewarding superior performance. Agencies must be committed to their performance management program if it is to produce the desired results (e.g., motivating employees to perform better). The fact that so many MPS respondents felt that personnel decisions involving them had been influenced by nonmerit criteria suggests, at least, that communication breakdowns are occurring, if not actual merit system abuses. Even if the true percentage of actual "buddy system" abuses which occur is much lower, these employee perceptions represent a negative force which must be addressed.

The finding that the distribution of performance ratings is so far from a normal curve (i.e., a minuscule percentage of employees were rated below "Fully Successful" while the majority were rated above that level) suggests that some biases may be present in the assignment of ratings. In a similar vein, the other performance rating distribution patterns highlighted in this report (e.g., occupational series, geographic location, sex) are also suggestive of possible rating biases. These issues may warrant further research, possibly starting with an agency-by-agency analysis. Achieving

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consistency within an agency may be the first step in achieving this goal on a broader basis.

If there are no sound, performance-based reasons for these differences, they may represent violations of the spirit and intent of the merit principles. They might also be indicative of other structural problems with performance management programs, such as the low dollar value of performance-based awards or the approaches used to distribute these awards.

Implications for Future Research

This report was intended to provide an overview of selected aspects of performance management systems in the Federal Government. An important part of this overview consists of identifying those areas where the data collected raise more questions than they answer. These areas represent targets of opportunity for future research by MSPB, OPM, Federal agencies, and other interested parties.

The most significant areas ripe for further examination include:

- To what extent do performance management programs increase turnover of poor performers and reduce turnover of superior performers?
- Are the differences in mean performance rating by grade level a symptom of underlying problems in the Government's personnel systems (e.g., skewing of performance ratings to compensate for pay inequities or lack of promotional opportunities)?
- Is the rating pattern for different pay plans a reflection of hierarchical

bias (i.e., moving from GS to GM to SES, the higher the grade, the more likely one is to get a rating above "Fully Successful")?

- Is there a significant relationship between the pattern of women receiving better ratings than men and the likelihood of subsequent promotions?
- Do the widely varying percentages of superior ratings given to employees in different occupational series signify any systemic biases?
- To what extent does the problem of rating inflation adversely affect the merit system?
- Is the pattern of higher ratings for employees working in the Washington, DC, area a cause for concern?

OPM REVIEW

OPM's Associate Director for Personnel Systems and Oversight was given an opportunity to review this report before it was published. Following her review, she provided MSPB with written comments on January 15, 1988, concerning the report. Those comments were taken into consideration in preparing the final report.

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Appendix 1

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The following are literature sources that were reviewed for this report. Those that are specifically cited in the report are so indicated in footnotes.

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Appendix 2

"If you perform better in your present job, how likely is it that you will receive more pay (e.g., bonus, promotion, cash award)?"

<u>Agency</u>	<u>Percent of Responses "Unlikely"</u>	<u>Percent of Responses "Likely"</u>
Small Business Administration	45	42
Environmental Protection Agency	45	45
Department of Commerce	48	38
Department of the Navy	52	34
Department of Justice	52	33
National Aeronautics and Space Administration	52	34
Department of the Air Force	52	35
Department of the Army	53	34
Department of Education	54	36
Department of the Treasury	54	32
Department of Energy	55	32
Department of State	55	34
Other Department of Defense	56	31
General Services Administration	57	31
Department of Health and Human Services	58	28
Veterans Administration	59	31
Office of Personnel Management	59	33
Department of the Interior	61	24
Department of Housing and Urban Development	62	29
Department of Agriculture	63	26
Department of Labor	63	27
Department of Transportation	66	23

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Appendix 3

"If you perform better in your present job, how likely is it that you will receive non-pay rewards (e.g., letter of commendation)?"

<u>Agency</u>	<u>Percent of Responses "Unlikely"</u>	<u>Percent of Responses "Likely"</u>
Department of the Army	38	45
Small Business Administration	40	42
Department of Justice	40	45
National Aeronautics and Space Administration	41	43
Department of the Navy	45	39
Veterans Administration	46	36
Department of Transportation	47	35
Department of Commerce	47	38
Department of the Air Force	47	42
Environmental Protection Agency	49	31
Other Department of Defense	49	36
General Services Administration	50	35
Department of State	51	31
Department of the Treasury	52	30
Department of Agriculture	53	32
Department of Energy	54	29
Department of the Interior	57	26
Office of Personnel Management	59	25
Department of Education	60	27
Department of Housing and Urban Development	62	26
Department of Health and Human Services	63	24
Department of Labor	65	23

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Appendix 4

"If you perform better in your present job, how likely is it that you will receive informal recognition (e.g., being told that you do good work)?"

<u>Agency</u>	<u>Percent of Responses "Unlikely"</u>	<u>Percent of Responses "Likely"</u>
National Aeronautics and Space Administration	17	74
Environmental Protection Agency	21	66
Department of State	21	72
Veterans Administration	22	66
Department of the Treasury	22	68
Department of Commerce	23	66
Department of Energy	24	62
Department of Justice	24	66
Small Business Administration	25	62
Department of the Army	25	60
Department of Transportation	26	59
Department of the Air Force	26	66
Department of Agriculture	28	55
Department of the Interior	28	59
Department of the Navy	28	61
Department of Housing and Urban Development	28	61
Department of Health and Human Services	30	58
Office of Personnel Management	31	57
Other Department of Defense	31	61
General Services Administration	33	58
Department of Education	33	61
Department of Labor	36	55

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Appendix 5

"In the past 2 years, have any of the following practices happened to you? * * * Denied a job or job reward as a result of another person's selection based on the "buddy system" without regard to merit."

<u>Agency</u>	<u>Percent of Responses "Yes"</u>
National Aeronautics and Space Administration	19
Department of Agriculture	20
Office of Personnel Management	21
Department of Commerce	21
Small Business Administration	22
Department of the Interior	23
Department of Transportation	24
Department of Health and Human Services	25
Veterans Administration	26
General Services Administration	26
Environmental Protection Agency	27
Other Department of Defense	28
Department of the Navy	29
Department of the Air Force	30
Department of the Army	30
Department of State	30
Department of the Treasury	30
Department of Energy	30
Department of Justice	31
Department of Labor	32
Department of Education	34
Department of Housing and Urban Development	36

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Appendix 6

"In the past 2 years, have any of the following practices happened to you? * * * Denied a job or job reward based on race, color, religion, sex, age, national origin, handicapping condition, or marital status."

<u>Agency</u>	<u>Percent of Responses "Yes"</u>
National Aeronautics and Space Administration	6
Department of Commerce	7
Department of the Interior	7
Small Business Administration	8
Department of the Navy	9
Department of the Army	10
Department of Agriculture	10
Department of the Treasury	11
Department of Transportation	11
Office of Personnel Management	11
Department of Labor	11
Veterans Administration	12
Department of Energy	12
Environmental Protection Agency	13
Department of the Air Force	14
General Service Administration	14
Other Department of Defense	15
Department of State	16
Department of Justice	16
Department of Health and Human Services	16
Department of Housing and Urban Development	17
Department of Education	18

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Appendix 7

"In the past 2 years, have any of the following practices happened to you? * * * Denied a job reward as a result of political affiliation."

<u>Agency</u>	<u>Percent of Responses "Yes"</u>
Department of Health and Human Services	0
Department of the Treasury	0
Department of the Air Force	1
Other Department of Defense	1
Department of the Navy	1
Department of Agriculture	1
National Aeronautics and Space Administration	1
Office of Personnel Management	1
Small Business Administration	2
Department of Energy	2
Department of the Army	2
Department of State	2
Department of Transportation	2
Department of the Interior	2
Department of Justice	2
Department of Labor	2
Environmental Protection Agency	2
General Services Administration	3
Department of Commerce	3
Veterans Administration	3
Department of Housing and Urban Development	5
Department of Education	6

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Appendix 8

"To what extent does your job description accurately describe the work you perform?"

<u>Agency</u>	<u>Percent Who Perceived Job Description to be Accurate</u>
Department of State	70
Department of Commerce	68
National Aeronautics and Space Administration	66
Small Business Administration	65
Department of Labor	62
Department of Transportation	62
General Services Administration	61
Department of the Air Force	61
Department of Housing and Urban Development	60
Department of the Interior	60
Department of the Treasury	59
Department of Energy	59
Department of Agriculture	59
Department of the Navy	59
Veterans Administration	58
Department of the Army	58
Other Department of Defense	58
Department of Health and Human Services	57
Department of Education	57
Environmental Protection Agency	55
Office of Personnel Management	54
Department of Justice	51

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Appendix 9

"To what extent are the job elements in your performance standards an accurate statement of the work you are expected to perform in your job?"

<u>Agency</u>	<u>Percent Who Perceived Elements & Standards to be Accurate</u>
Department of State	69
Department of Commerce	63
National Aeronautics and Space Administration	62
Department of the Air Force	57
Department of the Army	55
Small Business Administration	55
Department of Education	55
Department of Housing and Urban Development	54
General Services Administration	53
Department of Transportation	53
Department of the Interior	52
Veterans Administration	52
Environmental Protection Agency	51
Department of Labor	51
Department of the Navy	51
Office of Personnel Management	51
Department of Agriculture	49
Department of Energy	49
Other Department of Defense	46
Department of Health and Human Services	45
Department of the Treasury	43
Department of Justice	41

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Appendix 10

"Did your most recent performance rating present an accurate picture of your actual job performance?"

<u>Agency</u>	<u>Percent Who Considered Their Performance Appraisal to be Accurate</u>
Department of State	81
National Aeronautics and Space Administration	73
Veterans Administration	67
Department of Justice	66
Small Business Administration	66
Department of Education	65
Department of Commerce	65
Department of the Army	65
Environmental Protection Agency	64
Department of the Interior	64
Other Department of Defense	63
Department of the Navy	62
Department of Transportation	62
Office of Personnel Management	61
Department of Agriculture	60
Department of the Treasury	60
Department of Health and Human Services	60
Department of the Air Force	59
General Services Administration	59
Department of Energy	58
Department of Housing and Urban Development	55
Department of Labor	54

**TOWARD EFFECTIVE PERFORMANCE MANAGEMENT
IN THE FEDERAL GOVERNMENT**

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Appendix 11

"The standards used to evaluate my performance are fair."

<u>Agency</u>	<u>Percent of Employees Who Believed Their Job Standards Were Fair</u>
National Aeronautics and Space Administration	65
Department of State	63
Small Business Administration	59
Department of Transportation	59
Department of the Army	57
Department of Commerce	57
Department of the Interior	56
Department of the Air Force	56
Department of Agriculture	53
Department of Energy	53
Department of Justice	53
Office of Personnel Management	53
Department of Education	52
Other Department of Defense	52
Department of the Navy	51
Environmental Protection Agency	51
Veterans Administration	51
General Services Administration	50
Department of Housing and Urban Development	48
Department of Labor	46
Department of the Treasury	46
Department of Health and Human Services	45

**TOWARD EFFECTIVE PERFORMANCE MANAGEMENT
IN THE FEDERAL GOVERNMENT**

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Appendix 12

"There is an arbitrary limit on the number of people who can get high ratings."

<u>Agency</u>	<u>Percent of Employees Who Believed There Was An Arbitrary Limit On High Ratings</u>
Department of State	40
Small Business Administration	41
Department of Justice	41
Department of Transportation	43
Office of Personnel Management	44
General Services Administration	47
Department of Agriculture	47
Department of the Interior	48
Department of the Navy	49
Department of the Army	50
Department of the Treasury	51
Veterans Administration	52
Other Department of Defense	54
Department of Health and Human Services	59
National Aeronautics and Space Administration	60
Department of Energy	61
Department of Education	61
Department of the Air Force	64
Department of Commerce	69
Department of Labor	70
Department of Housing and Urban Development	75
Environmental Protection Agency	75



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