A Report on the

CONFERENCE ON WORKFORCE QUALITY ASSESSMENT

September 1989

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Sponsors

U.S. Merit Systems Protection Board	**U.S. Office of Personnel Management**

A Federal Government which is staffed by well qualified and motivated employees serves the national interest by efficiently and effectively carrying out the purposes of Government. Consequently, to achieve this goal it has long been national policy to provide for a merit-based civil service system.

The question of whether we have met the objective of a well qualified Federal workforce is especially relevant now as the demands and challenges being placed before the Government will require an increasingly high level of competency, commitment, and ingenuity on the part of Federal employees. At the same time, however, serious questions have been raised as to whether the Federal Government is currently able to recruit and retain sufficient numbers of qualified employees. To answer those questions requires the ability to provide an objective assessment of Federal workforce quality. Unfortunately, for much of the workforce such an assessment is not currently available.

To help fill that void and to underscore the importance of a quality workforce, the U.S. Merit Systems Protection Board and the U.S. Office of Personnel Management agreed to a first-of-its-kind collaboration through sponsorship of a joint conference on workforce quality assessment. This report is just one tangible result of that conference. It is our intent that the conference deliberations evident in this report serve as a catalyst for the more difficult task which lies

ahead--implementation of an ongoing system which will provide objective and usable data on the quality of the Federal workforce.

Daniel R. Levinson, Chairman U.S. Merit Systems Protection Board	**Constance Berry Newman, Director U.S. Office of Personnel Management**

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PREFACE

For over 100 years, since passage of the Pendleton Act in 1883, a central goal and purpose of the U.S. civil service system has been the creation of a highly qualified Federal workforce to effectively carry out the purposes of Government. To this end, much time and effort have been spent over the years to develop and implement a competitive recruitment, selection, and promotion process. In addition, considerable attention has been devoted to the development, motivation, and retention of that workforce. The Civil Service Reform Act of 1978 reinforced the theme of workforce quality through the articulation of statutory merit system principles which specify, in part, that:

> Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills, after

fair and open competition which assures that all receive equal opportunity.

The merit principles also call for adequate compensation and rewards for excellence, retention or dismissal based on performance, and the provision of effective job-related education and training. Clearly, if Federal personnel management is in consonance with these principles, the end result should be a highly qualified workforce.

But has the Federal Government achieved this desired end result? How do the qualifications of Federal employees compare to their counterparts in the state and local governments or in the private sector? Has the quality of the Federal workforce remained stable over the last 10 to 20 years or has it increased or decreased? Do we have well qualified employees in some occupations and geographic areas and poorly qualified employees in others? How has workforce quality affected the services Government provides? Should we be concerned about the current quality of the Federal workforce?

Unfortunately, although efforts are underway, the most accurate answer to each of the above questions is "we don't know." Logical scenarios can be created which suggest that the merit-based personnel policies and programs of the Federal Government should have resulted in a well qualified workforce. Other equally logical scenarios can argue that a number of external factors (changes in the labor market, pay, and the image of the Government) has led to a decline in employee quality. An objective measurement of Federal workforce quality--taken over time-should be able to resolve many of these issues. At this point in time, a comprehensive system for conducting that assessment does not exist; however, efforts have been initiated by the U.S. Office of Personnel Management, the U.S. Merit Systems Protection Board, the Department of Defense, and other agencies.

Addressing the Problem

In early 1989, the U.S. Merit Systems Protection Board and the U.S. Office of Personnel Management agreed to jointly sponsor a conference focused specifically on workforce quality assessment. Both agencies have statutory responsibilities related to the effective and efficient operation of the civil service system. The importance of the topic is underscored by noting that this conference marks a first-of-its-kind collaboration between the two agencies.

It was clear at the outset that a single conference would not possibly be able to answer all of the questions concerning the quality of the workforce. It was also clear, however, that benefit would be gained from a clearer focus on the issues, an active exchange of ideas from knowledgeable participants, and the

development of guideposts for future activity and cooperative efforts. Realization of these benefits became the goal of the conference.

On May 8, 1989, the Conference on Workforce Quality Assessment was convened in Washington, D.C. It brought together 108 invitees from a broad spectrum of public, private, and nonprofit environments to share their views and experiences. The report that follows is based on a verbatim transcript of those proceedings which has been edited only to exclude some extraneous administrative remarks and for clarity of presentation. It is our objective that this effort serve as a catalyst for further collaborations, constructive debate, and development of more reliable workforce quality assessments.

WELCOMING REMARKS & INTRODUCTIONS

MS. McKAY: Good morning. Welcome. Thank you all for coming to this first-of-its-kind roundtable discussion regarding assessment of the quality of the Federal workforce. We really appreciate your coming.

My name is Margo McKay and I have talked to many of you on the telephone in the past several weeks. I am enjoying finally meeting you in person. If you have any problems or need any assistance during the course of the day, please see me and I will try to do everything I can to help you out.

I would like to quickly go over the structure for today's program before I introduce our co-hosts. This morning after closing remarks we will have two panel presentations, sort of appetizers, if you will, to get your thought processes flowing. One panel will consist of representatives from private corporations; the other, representatives of the public sector and academia. We will have a short break in between and at the conclusion of each panel's presentation you will have an opportunity to ask questions and make comments.

We will then break for a buffet luncheon, which will be in the outer lobby. During the luncheon, we will hear keynote addresses from Mr. Daniel R. Levinson, who is the Chairman of the Merit Systems Protection Board, and Dr. Curtis J. Smith, who is Associate Director for the Career Entry and Employee Development Group, Office of Personnel Management. Dr. Smith will be filling in for Constance Homer, who is in transition from Director of the Office of Personnel Management to Under Secretary of the Department of Health and Human Services.

After lunch we will break up into four smaller groups to focus on and discuss among yourselves specific aspects of the issue of workforce quality. Everyone has been assigned a group and a topic. You will find a listing in your notebook. After the afternoon break, the facilitators of the small group discussions all

report out to the audience with highlights and main points of the small group discussions, and then we will open it up to general discussion in which you can all participate.

I would like to remind you that these proceedings are being recorded and will be published in a report. I would ask that whenever you speak, you use the microphone. We have two microphones available for your use. Please, when you come to the microphone, make sure that you turn it on, state your last name, and proceed with your questions, comments or remarks.

Now, I would like to introduce to you our co-hosts for today's program. We are proud to have two of the most capable and dynamic women in Government today. Both are high-level senior executives. They will moderate the panel programs and the plenary discussions for the day. First, we have Dr. Marilyn Quaintance. Marilyn has just complicated things here. She recently got married and now is Dr. Gowing, but, on your program she is listed as Dr. Marilyn Quaintance. So whenever you see Quaintance in your program, we are speaking of this lady.

Dr. Gowing is currently Assistant Director for Personnel Research and Development in the Career Entry and Employee Development Group, Office of Personnel Management. Her office conducts basic and applied research in human resource management, including workforce quality. Marilyn received her Bachelors degree in psychology from the College of William and Mary and her Masters and Doctorate degrees in industrial and organizational psychology from George Washington University .

Throughout her career, Marilyn has held various positions with Federal agencies, research and consulting firms, and with professional associations, such as the International Personnel Management Association, where she served as Director of Assessment Services and Professional Development. Her expertise has been in the areas of employee selection procedures, job analysis, classification and training.

She has received numerous awards recognizing her contributions in the field. She is a national officer of the Society for Industrial and Organization Psychology and is a past President of the Personnel Testing Council of Metropolitan Washington.

Next, we have Ms. Evangeline Swift, or Van, as we like to call her, Van is currently the Director of Policy and Evaluation at the Merit Systems Protection Board. She heads up the office that conducts the Board's reviews and studies regarding the health and well-being of all Federal merit systems. Van is a graduate of St. Mary's University of Law . Prior to joining the Board, she held

various legal positions with several other Federal agencies and was a managing partner in a private law firm.

Van has been with the Board since it was created in 1979. She served as the Board's General Counsel for 7 1/2 years, before becoming Managing Director of the agency. She was one of the Board's most outstanding senior executives, having won many awards, including the Board's highest honor, the gold medal for outstanding achievement in 1986. Subsequently Van decided to take a sabbatical. During her leave, Van worked with public broadcasting and elderly programs. Upon her return, she assumed her current position, and within 1 year, in a field relatively new to her, she had made such major contributions that she became the Board's first recipient of the Theodore Roosevelt Award for Managerial Excellence.

Now, I would like to turn the program over to Van Swift.

SESSION I

PRIVATE SECTOR PERSPECTIVES ON WORKFORCE QUALITY ISSUES

Panel:

Mr. L. E. Allen, Manager, Personnel Training Center, Xerox Corporation

Mr. Jerry L. Calhoun, Director, Human Resources, Defense Systems Division, Boeing Co.

Mr. George C. Franci,s Vice President, Human Resources, Blue Cross/Blue Shield of Michigan

Mr. Leon Z. Hollins, Atlantic Geographic Area, Personnel Manager, IBM

Moderator:

Ms. Evangeline W. Swift Director, Policy and Evaluation, Merit Systems Protection Board

MS. SWIFT: Thank you and welcome. It is a great pleasure to be here today with such a distinguished group of people. Actually, most of the people here today I have heard speak at one time or another, so I really think it is a momentous occasion to have all of you together at one time.

This is the first time that the Merit Systems Protection Board and the Office of Personnel Management have joined together in a forum of this type. For that matter, we have been fairly separate over the years, since the Civil Service Reform Act. There are many reasons for that, but it is important this morning that in an area where we can be cooperative, we have joined together for our first roundtable.

It is appropriate that the topic for this gathering is an issue which strikes at the very core of our civil service system and, for that matter, our system of governance. I think all of us understand the absolute necessity for a highly qualified national and Federal workforce if our Nation is to maintain its status as a world leader. The quality of the Federal workforce has a direct and profound impact on all of us, on the quality of our environment; on the security of our Nation; on the ability to provide a compassionate and helping hand for those in need; for our ability to continue to maintain and create our infrastructure; and in our ability, I think most importantly, to wisely administer our national policy that must tread carefully through the myriad of competing interests and demands of the modem world.

It is perhaps with these thoughts in mind that the Civil Service Reform Act of 1978 charged the MSPB and the Office of Personnel Management with major responsibilities for ensuring the health of the merit systems. In fact, several of you in this room I know helped draft many sections of the original legislation, and if you were not involved in the drafting of it, you were involved in the early implementation.

To know whether or not we have a quality workforce depends on our ability to assess quality on a Governmentwide basis, ability that has been fragmented and lacking in a very large degree. The Merit Systems Protection Board has long been interested in the issue of workforce quality and in fact, one of the studies that we recently completed -- well, actually it is not so recent, last summer -- dealt with attracting quality graduates.

With that in mind, the Chairman of the Merit Systems Protection Board, Daniel Levinson, encouraged those of us in MSPB's policy and evaluation unit, along with other members of our Board, to approach OPM to have this joint roundtable. We met with Curt Smith and his staff, and OPM was extremely receptive to the idea of the roundtable and here we are today. I am extremely pleased, and I believe it is an appropriate celebration, if you will, of the completion of a decade under the Civil Service Reform Act, that we come together for the first time in this kind of forum.

As I said earlier, the reason that most of you are invited here today is simply because you have so much to give to this issue. The purpose of this roundtable

is to get your thoughts and experiences. Our particular forum this morning is to operate as a catalyst for the discussion. But we expect a lively exchange.

e could spend a full week together but we only have a day, and I appreciate your taking this very important time to be with us this morning. We couldn't adequately tap the subject, as someone said, in a century, or was it a decade? I think it was a century, and still not adequately cover the subject. But at least we are together today on this subject, something that we need to work on.

Our task, I believe, is to get organized, to come up with some sort of framework or road map so that we can begin to work toward this common goal, assessment of the workforce with a minimum of overlap and duplication of effort. As a starting point, we thought we would start with the private sector and see how they frame the issues and deal with them.

Before I do that, I would like to acknowledge the support of the Vice Chairman of the Merit Systems Protection Board, Maria Johnson, who has generously loaned me her executive assistant, her right hand, her right arm -- I don't know. But in any event, she has loaned her to me, as well as some other staff, and also money, to assist in the coordination of this conference and I really appreciate your doing that. I know how much it means to you. Thank you very much, Maria.

Without further ado, I would like to introduce the private sector panel this morning. Our first panelist is Lawrence (Larry) Allen. He received his undergraduate degree from the University of Delaware and an MBA from Memphis State University. He has been with Xerox for 16 years in various positions in Personnel and Human Resources, in recruiting, staffing, compensation, training, employee relations, etc. Prior to joining Xerox, he spent 5 years as a college and professional recruiter for a well-known competitor, namely IBM. In fact, I understand that Mr. Allen and our panelist from IBM, Leon Hollins, worked together back then.

Our next panelist, Jerry Calhoun, is well known to many of us as a friend and colleague. He currently is the senior human resources manager for Boeing Aerospace. He received a degree in political science from Seattle University and an MBA from the University of Washington. He comes to us with a rich and varied background, not only from corporate America but also in the Federal Government. I think I first knew him when he was at the Department of Defense, where he was in the Office of Civilian Personnel Policy and Assistant Secretary of Defense for Force Management and Personnel. He then was appointed by President Reagan to be the Chairman of the Federal Labor Relations Authority, where he was just before he left the Federal Government and returned to Boeing.

Next, we have George Francis. Mr. Francis is Vice President for Human Resources for Blue Cross and Blue Shield of Michigan. He obtained his undergraduate degree from Prairie View A&M, and did his graduate studies at Harvard University School of Business. Mr. Francis started his career at General Motors, and in fact somebody told him this morning they have only loaned him to Blue Cross and Blue Shield; I don't know if that was a joke or that is the truth, but in any event, he has spent most of his career at General Motors so far. He recently joined Blue Cross and Blue Shield, where one of his primary charges was to develop a quality workforce.

Last is Mr. Leon Hollins. Mr. Hollins is the Area Manager in Personnel for IBM for the Atlantic geographic area. He services over 11,000 IBM employees in such organizations as Federal marketing and Government programs, among others. We will hear brief remarks from each of our panelists and then take questions and comments from the audience. Please hold the questions until after the panelists have finished and, as Margo said to you earlier, we are going to publish these proceedings so it is necessary for the reporter to hear you.

We would like for you, to be able to walk up to the microphone simply so that we can hear you when you speak. Please, I know none of you are shy; many of you speak at the drop of a hat so please do so this morning. Without further ado, we will hear from the first speaker, Mr. Allen.

MR. ALLEN: Thank you. I am glad to be here this morning. I am going to talk very informally for about 5 or 10 minutes, tell you a little bit about what I think helps to make Xerox a successful corporation with attracting people who we want to attract and, not only attracting them but also managing to hold them in the company, or keep them in the company, or create an environment for them that makes them want to stay with Xerox Corporation.

I think first and foremost it would be the corporate philosophy, corporate values that Xerox imparts. We try to communicate that in numerous ways through our advertising for our projects and the types of programs that we sponsor on television. I think that has been a lasting effect that started back in the 1950's, 1960's with, I think, being a leader along with Mobil Oil and with doing some quality programming.

lot of them were very controversial back in the 1960's. In fact, we had many of our customers, especially in the South, that would put our equipment out on the street when we were doing some very avant garde type of promotion for films and television pieces that were very controversial at the time. That leads me to the next important reason I think that Xerox is highly respected. We believe very strongly in what we call a balanced workforce. That is, not only recruiting women and minorities at entry level positions but also our big challenge is upward mobility, moving our minorities and our women into middle and upper management positions.

Xerox has always been a leader in affirmative action. In fact, we were recognized by Black Enterprise magazine a couple of years ago as the leader in moving blacks throughout the corporation. We have already achieved our 1995 objectives for balanced workforce for black males in the corporation. Our big challenge is women and a lot of women in the workforce. When we start talking about having anywhere from 33 to 38 percent women in all positions, from directors, at $300,000 to $500,000, on down to middle management, it is quite a challenge. We are hoping to reach that by 1995. So, we have our work cut out for us there.

Some of the other things we do that I think are important, our employees feel that they can communicate down, they can communicate up. We ask for feedback from our employees. We have a Leadership Through Quality program in place where we ask for input from all levels of our employees. They have the opportunity to participate similar to the Japanese concept, or actually our concept -- the "Deming" concept that went to Japan and now is back in the United States -- of quality circles. We have Leadership Through Quality training that has cascaded down from the CEO to our grounds crew workers.

Everyone goes through that training and our managers -- I have been through it with my boss as the facilitator and then again with people who work for me. So, I went through training twice. We reinforce training every year, where we go through some additional training. That started in 1984 in Xerox and, I think it has really made a great impact. Xerox had some problems with competition from the Japanese that started in the late 1970's and through the early 1980's, and in the last 3 years we have just regained market share for the first time since the late 1970's. We are starting to do some good things and doing them right.

Our employees, I think, are very supportive of the quality process and we try to impart that in every phase of our business and especially when we are recruiting new people. As with IBM -- in fact, our CEO is a former IBM'er, and he feels very strongly about the importance of hiring off the college campus and growing your own executives. Our college hire targets are 80 percent, all professional hiring is targeted at 80 percent entry level for college hiring.

One of the things that we try to do is establish ongoing relationships with the college campuses where we think there are quality people. We maintain a very close college relations program with the colleges around the country. Some of the other things that we do that I think are very important, in our benefits programs, we really emphasize off-site issues, family issues. Although we are a large company, I think we really make a real effort to respect the individual and the individual's personal issues, personal problems.

We have an employee assistance program that is very active and is well received. We really try to go out of our way to respect the needs of the individuals. One area in particular that has come into play that I think you might think about for the Federal Government, we are really not relocating people; we are not telling people that, if they want to be promoted that they are going to have to go somewhere else. They are going to have to take an opportunity in Peoria, Illinois or wherever.

We try to accommodate people without having to move them every couple of years. Now, in the past we have done that. I remember when I was with IBM, I was moved; that is what it stood for, and the same thing with Xerox. For many years we were doing the same thing, but relocation is very expensive and we have really tried to accommodate people. People's quality of work life is very important, quality of life is very important to people. We try to make every effort to promote someone, restructure a job, job enrichment and eliminate the issue of relocating when families really are not that excited about moving on to another area.

There are a number of other small points that I could make. We really try to give people a lot of responsibility early on in their career, as much as they are willing to take on. We think that is something that works very well. People like to take on responsibility and feel that they are valued and we have a lot of trust in their judgment. We also have really been emphasizing a lot of recognition programs, both informal and formal, as opposed to the traditional pay for performance, or merit program, which we have in place.

We really are trying to do more lump sum awards. It can be from a dinner for two to a $5,000 or $10,000 lump sum payment for some accomplishment that has been earned. This payment is a onetime payment and doesn't go into the salary permanently. So, it isn't quite as expensive as the merit program. That is something we have been emphasizing for the last 3 or 4 years and we find it very effective.

I think at this point I will stop. Are we going to ask questions at this point?

MS. SWIFT: No, we are going to ask questions after everyone has finished. Jerry?

MR. CALHOUN: Thank you very much. Good morning. I am delighted to be back in Washington, as I am often reminded, the crucible of civilization. Let me assure you that life on the west coast is just as fine. Our weather is a heck of a lot better.

I am going to take a slightly different approach. I perhaps will violate the conventions of our honorable Chair, but I think it is a little too easy and perhaps even somewhat glib to sit here and tell you how Boeing does it.

It is not particularly complicated, not particularly fancy, but I think it is equally important, perhaps, to spend some time and perhaps provoke a little thought about the whole subject of quality, quality workforce. It has certainly become a cottage industry in America. A lot of people are making a lot of money writing about it, but I am not convinced that it is a magical endeavor or proposition. I think it is pretty simple, actually.

I am going to posit a notion and come back and talk about it in a bit more detail later. The notion that I have about quality workforce is simply that I think "a quality workforce" is already embedded in every enterprise. It is a question rather of not assessing it, not spending a lot of time analyzing it, researching it, but rather looking at methods, processes to unleash it, to allow people to bring to bear on the enterprise all of the skills, talents, commitment that they, I am sure, would like to. I think most organizations inhibit that process and today our challenge is to remove those inhibitors.

Let me leave that for a moment and start at what I think is the front-end process, and really the part of the process that puts quality in place if it is to be put in place at all. That, in my view, is during the hire-in process. Quality is going to depend on how you define it within your organization. You get to define the work that has to be done, often in combination with your labor leadership to the extent that you have an organized workforce or segments of your workforce that may be organized and you see fit to discuss that.

Once you have done that, of course you have to decide what skills and talents the enterprise has and their congruence with that defined work. This then is confirmed by the process of the interview, by tests, by certification requirements, by the extent to which you elect or do not elect to use drug or alcohol screen tests, but through that process, however *you* choose to define it. That really is the point at which, in my view, you decide what kind of workforce you are going to have, and the extent to which that workforce, those personnel, bring the

training, the skills, all of those characteristics that you have had an opportunity to define to the workplace.

Once they are there, once you have made those decisions, then of course it seems to me that the organization has to make sure that those skills, those attributes, characteristics that are brought to the workplace by the employees, are intersected timely by training, by those kinds of processes that are going to allow that person to maximally apply those skills to the job for which he or she has been hired to do.

Training, it seems to me, is probably one of the most vital. The rapidity with which technology is changing, growing, obviously means that skills can be outdated in perhaps a breath. To have the right training in place when needed is just as important as JIT in the manufacturing process (just-in-time kinds of approaches). I think that approach applies to training and updating skills too.

Another part, it seems to me, of a quality workforce that is in the hands of the employer to define goes to the questions of motivation, and to the question of commitment. It goes to questions of whether or not that employee has an opportunity, or at least a sense of an opportunity, to participate in the decisions of that enterprise. I think that all of us understand that we have a different kind of employee today than we had perhaps 10 or 15 years ago. Not markedly, but somewhat different in the sense that I think most folks want to participate. They want some empowerment, as Deming and others have talked about.

I think it is incumbent upon the organization to ensure that through either team approaches, quality circles maybe, but certainly some kind of empowering process to bring to bear those contributions and that feeling of contribution. I think also that it has been mentioned, compensation. Well, it is not just compensation in my opinion. I think it is timely compensation. Compensation that is tied to an event. For example, tied to a specific performance as opposed to a structured system that has no flexibility but to give an award once a year, which may or may not have anything to do with a specific contribution or set of contributions that may have been a half, quarter or semi-annual period ago.

What that begs, it seems to me, is the notion that more flexible compensation systems, perhaps, are needed and could be added to the mix "enablers" of that, a quality enterprise. I don't know if there is anyone here from Ford to either defend themselves or correct some remarks I am going to make, but I certainly look at Ford as kind of an example of what a quality enterprise is today. Not with respect to so much "quality as job one," which I think is a simple set of words with a very clear and simple message, but it is its creed and that is what they manage.

Ford, 10 years ago, 15 years ago, I knew it as Ford standing for "fix or repair daily." But you look at Ford today and I think that everyone would recognize it as an organization that is a quality operation. It is motivated and driven by quality. Its products are quality. Its employees believe in quality. Well, that just didn't happen. It happened because there was a leader who believed in that simple proposition and he managed that simple proposition by bringing to bear the kinds of things we just talked about in terms of recognition, motivation, empowerment, training, and mixed in with that the human resource, the technology; and understood the vital nature of the human resource in that whole mix.

It has been said that we certainly can be very dexterious with our numbers, but we certainly are not going to be successful unless we understand the most vital part of that enterprise is certainly not just managing human values and having very simple statements of what our values and what our objectives are. We also need to look, perhaps, at the 1980's as a teacher. I think if I look at the 1980's, what the 1980's have taught me is first, that no longer can we have the old adversarial relationships between management and labor.

It seems to me that obviously, it is axiomatic that those entities have to join together to make a quality organization and a quality workforce. I also think that the 1980's teach us that we cannot leave quality to somebody else. It doesn't belong to Ford by itself. It doesn't belong to the Japanese. It certainly belongs to all of us. I think also that the 1980's have taught us that we are going to have to empower employees.

I think the 1980's have also taught us that the organization has a responsibility to put in place those things that really unleash the quality; and that quality isn't something that is going to magically appear and manifest itself. If I were to leave *you* with a couple of thoughts beyond that, I would say that, while I believe very fundamentally that leadership probably is one of the most vital ingredients, I also feel that middle management is where quality is translated into action and moved down the pyramid to the worker on the floor, has to also be part of that process. They also have to be committed. Middle management is an integral filter of quality.

One of the things we are seeing in organizations today are flatter organizations because that translator, the filter, the middle management cadre, sometimes is a larger inhibitor than facilitator.

I would also go back again and hopefully leave you with the thought that really the quality workforce is embedded in the enterprise already. I am not convinced personally that we need to spend a lot of time figuring out the contours of that quality with respect to its presence or absence.

There may be some small pockets where we may not be getting all the Columbia graduates or Purdue graduates, but being from out west, we have some pretty good graduates out there as well. I think that maybe sometimes we need to recalibrate our definition of what quality is. I am profoundly of the view that -- I sense here that there is a lot of study going on; there is a lot of research going on.

I read the GAO report1 and I believe there has been spent something like $750,000 warming up to study this, not having studied it yet. I think that it is time to act. There is a lot of data out there already. I think that really it is incumbent and probably very easy for each of you to decide what work needs to be done, the kinds of people you need, and what kinds of skills they need to have; but, the most difficult part of it is going to be the internal processes that have to, as I say, intersect with that and allow people to really bring the workplace the contributions that they certainly can bring.

One last anecdote: I would say that if you look at history, I guess history would also teach us that, I believe, from 1905 to about 1952 all of the capital improvement in our workplace was brought by innovation of employees, where maybe 15 percent of the capital investment and improvement in the country was brought by machines and capital investment. So, really the message there is that the capacity of the workforce is tremendous.

Instead of trying to spend time figuring out what their quality is in the sense of: Do they have a good degree vis-a-vis degrees held by people somewhere else, or do they have the right pedigree with respect to geography, that you spend a little more time just allowing people to bring added value, which indeed they can. So I will punctuate there, and I am sure you will have some later questions that will allow us to revisit some of the points I have attempted to make. Thank you.

MS. SWIFT: Mr. Francis?

MR. FRANCIS: Thank you, and good morning. It is really a pleasure to be here and participate in this roundtable. I don't know that I bring to this party very many solutions. I think I bring probably more questions and, after having reviewed carefully the GAO report, I know that you have enough questions already. It is an interesting subject that we are talking about and I am really pleased to be a part of this.

How does an organization attract, assess and retain a quality workforce? Now, that to me sounds like the kind of question that Ted Koppel might ask a prominent executive on Nightline. Representing a very successful organization, the executive probably talks about the caliber of the organization's employees in

terms of their education, the schools they have attended, and their professional experiences.

She continues to explain the organization's high standards and requirements that the applicant must meet, that the Human Resource Division screens applicants carefully before they are interviewed, and how the appraisal process monitors their performance against these standards and requirements. Notice how the words standards and requirements keep getting repeated. One might ask, as Peggy Lee did, "Is that all there is?"

I would like to ask that question again: How does an organization attract, assess and retain a quality workforce? It seems to me the answer has possibly two dimensions, both behavior and skills. Let us talk about behavior for a moment. When resource-rich America, a country that could rightfully boast about its scientific and technological achievements, began to earn a reputation for poor quality products and shoddy workmanship, organizational experts like Drucker, Peters and Waterman began writing books and articles about renewal factors, excellence, leadership, corporate culture and ethics.

Training and development seminars focused on shared decisionmaking, psychological selfassessment, positive reinforcement, and walking around. All of this translates into human behavior. Let us talk a bit more about behavior. I am sure each of you knows of a high-intensity performer who gets the job done. The person beats deadlines and then goes out and asks for more work. The same person also burns out the subordinates who work for him or her; notice I said work "for" and not "with."

This person likes to stand in the spotlight of achievement because too often that is how you get promoted. Coworkers who helped are in the shadows. They are recognized but too often we have to squint, to clearly make out who they are. You know the type of person I am talking about; they get the job done but they leave dying and wounded in the wake.

Now, some of you may be saying, come on George, sure these people exist, but they are the exception and not the rule. Then why are all the experts I mentioned becoming rich and famous with their books and their articles? Why are organizations, large and small, investing large sums of money in training programs reflecting the topics I cited earlier?

It is because we are now realizing that to have a quality workforce we must not only ensure that employees have technical skills, but that they also have people skills, that is, behaviors that reflect the ability to work well with others to achieve common objectives. Also, behaviors that are congruent with the culture that you seek to have in place. Now, I think it is a fact that American business and

industry established a world-renown reputation largely as a result of rugged individualism. We have celebrated individualism and personal competition as a hallmark of our national culture. It worked well for us and we developed into a world power.

But times have and are changing. Teamwork is now the key to success. It is the harnessing of collective talent, energy and cooperation that get excellent results. Teamwork demands the blending of technical skills and interpersonal skills. Super skilled players alone don't make a winning team. In recent years, the owner of the New York Yankees has spent millions of dollars recruiting the best players money can buy. He still has not won a pennant or World Series. As a matter of fact, his players and managers make more headlines based on their interpersonal team problems than on their baseball skills. Skills alone cannot do the job for us.

I would suggest to you at this point that excellence in our country must be redefined. An excellent workforce, a quality workforce, if you will, must comprehend not only what is achieved but how we achieve it. The stark reality is, the United State is running out of workers who can do the jobs the 1990's will require. Today, consulting firms all across our country have off-the-shelf assessment tools to assess our workforce.

Unfortunately, these tools too often tend to focus on the skills and abilities contained in the workplace and the workers' ability to apply those skills to the in-place technology. Little is available, however, to assess the social side of our organizations, and therein lies our challenge. Senator Edward Kennedy has stated that, for the first time since World War II, America is about to enter a period of prolonged labor shortage, a shortage of both workers and skills.

If this is true, and I believe it is, I submit, only those organizations that apply a multidimensional definition to excellence will attract the best and the brightest. If it is Government, that is where the people will go. If it is the private sector, that is where the best and the brightest will seek to build their careers. The best organizations will chase and attract the best workers.

The message for us should be clear: Human resources has to focus on the human dimension of this mission. We have to have 20/20 vision as we help shape the work environment of our organizations. Now, I am going through a new experience myself. I have in the last 2 weeks graduated to bifocals and that is affecting my ability to read some of this stuff here. Some would suggest that is a sign of aging, but I would submit to you that with age we should have increased maturity, and bifocals make us better appreciate the value of clear vision.

As human resource professionals, we have a responsibility to provide that clear vision, that bifocal vision for our organizations regarding the necessity for people-oriented work environment. We have to be "bifocaled" to see the long-term need for a cooperative, productive workforce, as well as a short-term need to fill positions with technically qualified candidates. We have to see the immediate relevance of performance appraisals that include both personal as well as professional growth. Yes, personal as well as professional. We have to see the far-reaching impact of developing the whole program.

Now, why must we now be interested in both personal and professional growth of our employees? I think it is a matter of organization survival. You see, the Labor Department estimates the economy to grow by 2 to 3 percent on average throughout the 1990's. The baby boom generation is aging and the birth rate declining. The supply of workers will grow by only 1 percent a year. Inevitably, that means a shortage of new workers entering the job market.

The condition, while it has arisen only rarely in our economic history, is expected by the Labor Department to become the norm over the next several decades. What does it all mean? Well, I submit it will take the "bifocaled" approach to attract a quality workforce, a promise of personal and professional growth, and a "bifocaled" approach to extract excellence from the workforce by emphasizing both the technical and social side of our workforce.

Moreover, there are other "bifocaled" areas of concern. We need to look at how entry-level workforce differs from our long-term workforce. It appears to me that entry-level professionals no longer make loyalty to an employer a high priority, nor do they believe that careers are their lives. Today, our public schools are graduating students with limited reading and writing skills. The pool of basically qualified candidates is less than the numbers needed to fill increasingly complex jobs.

The Bureau of Labor Statistics estimates that by 1992, just 3 years away, over 60 percent of the labor force will be women. They are now the majority in college and university freshman classes. Among the young people starting out to work in the next decade, only 15 percent will be white males. White males, the historic core of the workforce. Today, white men make up almost half, 47 percent, of the Nation's workforce, and hold the majority of top jobs in most occupations. For most organizations, the years ahead will require major change.

These data dictate that we have to look at the personal needs and wants of our changing workforce. Organizations that proactively design systems to accommodate these needs and wants will be the winners in attracting and retaining a quality workforce. So, let us use our professional maturity and

experience, put on our bifocals and give our organizations the clear vision they need to succeed and prosper. Thank you.

MS . SWIFT: Next, we have Mr. Hollins.

MR. HOLLINS: Thank you. The question today is: How do you assess the quality of the workforce? I would submit to you that what is equally important is, how do we ensure that the quality employees within the organization remain in the organization? So, I would like to spend some time discussing what I would also believe to be an equally important issue.

First of all, let us talk about employment. I will repeat some of the things you have heard here this morning. But no doubt about it, the fact of the matter is there must be high-quality employees brought into the workforce. We tend to have a traditional view in terms of what constitutes high quality. Let me just remind us of some of that perceived criteria. Grade point average. Where did you attend school? Technical discipline, nontechnical discipline. Most important, the interview evaluation, the kinds of measures that we have looked at for years and years to assess quality.

At the same time, those are important considerations but that is not all there is to that. From a legal standpoint, and I guess now we go back 20 years or so, is that we have grown to understand in both the public and private sectors that there is an extremely important need to address consistent evaluation procedures to ensure that the applicants have been treated consistently because of, once again, the legal ramifications to that.

At the same time, when we talked about the established criteria, it is also important to ensure that the applicants coming in have passed the rigorous and competitive process, once again, bridging back to the interview. The other thing, too, that we have experienced is that we are allowed to test to the degree that there is content validity associated with those measurements. So the issue today is valid, experience-based testing.

Now, let us assume that we have hired a cadre of quality applicants into the business or excited them into the business. We also believe there is a strong necessity for training to ensure, once again, that once you attract them to the business they stay there, the whole area of motivation. Now, let us spend just a minute talking about performance planning, counseling and evaluation, which is a euphemism in IBM to ensure that people understand how well they are doing and there is an interactive process between the employees and management.

And it is for all intents and purposes fairly technical on the front end, but effectively what we say is, employees need feedback. Think about it. You have

just attracted some of the best and brightest into the business. The key is: How do you keep them motivated? How do you keep that quality crisp and sharp? How do you keep their knowledge relevant? So, these are some very important considerations from our vantage point.

As a result of that, we try to ensure, as all organizations interested in quality, that what we assign our employees to do is clear, objective, concise, but at the same time, you need to do what? You need to encourage intracompetition. Very, very important, and be results oriented. Now, I have heard one or two of my distinguished colleagues this morning talk about the need for compensation and its relevance. I would submit to you that there is also an equally important responsibility for recognition as being, from my vantage point, more important than compensation.

We expect compensation. It is a way of life in our society. The question becomes: Do we expect recognition? Do we want recognition? Does it drive us? Does it motivate us to be the best that we can be? I would submit to you that for any workforce assessment that says, how do you attract and retain the quality people, you really need to focus on something called recognition.

In addition to that, there is a concept that we all know and love called development planning. It is one thing to lay out a path by which your people understand the objectives that they are being measured against. It is equally important, I submit to you, that we develop our people and have a tacit understanding that says, this is the development plan; these are the things we are going to work on together, manager and employer.

Effectively what you are trying to do is, not just sustain quality but to enhance quality. You do that, obviously, by what? Developing and enhancing skills. So, I believe it is very important to have a partnership between managers and employees that shows a distinctive developmental process that has dates, things to be accomplished; and there is a working relationship to ensure that those things happen, and timely feedback as they are completed. Once again, the manager should in fact be what? The facilitator, the catalyst.

Now, I also believe that when you talk about a quality workforce and retaining that quality workforce, you need to provide your employees with an opportunity to express their views on the work environment. Obvious, but sometimes missed, depending on the size of the organization.

Opinion surveys, what we aptly describe as executive interviews, where the manager of the manager will in fact talk to the employee during the year to understand ways to improve their different views on the work place. This is very, very important, as we obviously know, to get the feedback.

Now, it is one thing to ask the question; it is another thing to make sure that once you ask the question you know what to do with the answer. So, I would strongly encourage, as I am sure all of us have been a part of, to ensure that if you put an opinion survey in place, if you ask questions of your employees, make sure you do something with the answers. Very, very, very important. What we collectively call the attitude or opinion surveys, and then you construct the morale index. All the work and all the study in this regard is meaningless if you do nothing with it.

Now, let me just summarize very quickly, and I have heard it from all of us so far here this morning, and it is clearly obvious. An organization that is successful, an organization that has a quality workforce is an organization that has a culture, an organization that has a philosophy, a clearly stated objective. Very, very important. Once you have that, then as a result, your personnel actions that you take are party to what your culture is about, what your so-called creed is about.

In the IBM Corporation, as in all others represented here this morning, ours is respect for the individual and all that that means. Which says that we will do our best to create an environment that you can be the best you can be, but it is quid pro quo. We also expect results. Hire the best, the obvious. We tend to believe that the organization should be merit-based, not that that is the only thing that works but we believe there is a need for that short-term incentive. But by no means is that any more important than recognition, as I mentioned earlier.

I also believe that for an organization to be at its best, for its people to be top-quality, they also must feel pretty secure about its benefits. So, you do not worry about those things; they do not become interference factors because you know they are there. And last, I will just describe conceptually, promote from within. My words here this morning are that if you have an organization of quality people -- and that is the assumption we make in this because those are the kind of people we are hiring -- the key is, how can they remain at their best?

They key is, how many do you lose, and what is your voluntary attrition rate in the investment that you paid on the front end and then they are only with you after 3, or 4, or 5 years? So, with an aggressive philosophy that says, let's do these things for our people to help them be at their best, whether it is training, evaluating or whatever else, I think that all comes together to help the organization to begin to be about a quality set of employees in their respective workplaces. Thank you.

MS. SWIFT: All right. Let's start with some of the questions here. I know there is an eager first person.

MR. NEWLAND: (Speaker not at microphone, however his comments generally addressed two areas: the approaches presented in the panel did not seem particularly new or innovative--in fact he remembers that many of them have been around for at least 30 years; he also complimented OPM and MSPB on their collaborative efforts to sponsor this conference as a means of addressing some vital issues.)

MS. SWIFT: Let's start with number one.

MR. CALHOUN: I would simply say that I agree in large part with what you have just said. As I have suggested, I think the subject, though timely and very important, is one that is not particularly new. Its dimensions, contours are not particularly evocative of new ideas; but I firmly believe that leadership really, in my opinion, as I said earlier, is one of the most vital ingredients to a successful enterprise or a successful Federal agency.

In our company we look to the watershed with respect to values, and that is its CEO and his particular management team. An enunciation of those values, an understanding of those mores, unwritten rules that make up the culture of that organization. It changes based on that leadership. T. Wilson, who most of you are familiar with, has been "Mr. Boeing" for a long, long time. His very simple approach to business: Make the best in the most simple, straightforward way you can; recognize people, pay them and promote them from within.

I think probably there is a lot learned from IBM or other enterprises on that subject, and Boeing has approached it that way. Mr. Frank Shrontz, who is now the CEO, brings a different kind of culture, brings a different set of values. The enterprise has changed.

I don't think that there is a lot that we don't know about how to attract, retain people. What we need to do a little better is to understand that the mix of people and their needs are changing, that the technology is changing; and to manage the interception of that is really what I would view as a challenge.

As my colleague notes correctly, the workforce is certainly changing. Not only is it older, it is going to be smaller; it is going to be more female; it is going to be made-up of more minority. Certainly in our part of the world it is going to be made up of more individuals who have English as a second language as opposed to a primary language. So, I take what you say as correct and I would only add that footnote.

MS. SWIFT: Mr. Francis.

MR. FRANCIS: I think because we are dealing with people, we are likely to hear for the next 30 years the same things that we have heard before. It is not

that we don't know what to do; I think, clearly, we know what to do. It is more a matter of courage and leadership to do what it is that needs to be done with people in our organizations. I would agree with you. You are not going to hear very much new, I don't think.

MS. SWIFT: Mr. Allen?

MR. ALLEN: I believe there is a subtle change you have to look for but it is there. That is respect for the individual, giving the individual more of a say in his or her job, career, movement. This is really real. I've seen it in the last 15 years in Xerox Corporation. I think that has really made a difference. I think people respond to that. Yes, we have had that philosophy for a long time but I think we are starting to really practice it, and I think it is coming from the top.

The people at the top of the corporation are understanding that what we get from the bottom up through the organization is extremely important. We are starting to listen to our employees from the lowest levels all the way through, and I think that is subtle but it is happening and it is affecting our companies in a positive way.

MS. SWIFT: Mr. Hollins?

MR. HOLLINS: I share the questioner's comments. Let me focus for a minute on leadership. I strongly believe that the major issue facing us today is the crisis of leadership as it relates to human resource executives, obviously present panel excluded. But in all sincerity, I think what we have not done traditionally, at least for the experiences I am aware of, is to pick the best and brightest, the bold, creative, strategically oriented human resource professionals to run their respective businesses, to understand the bottom line.

I think there are many times when all of us can probably recall in our careers that the human resource presentation was strategy; it did not affect the bottom line. It did not get down to where you can tell your boss or your boss's boss that if you don't follow these human resource initiatives it will negatively impact productivity. Let me tell you how absenteeism is another example.

So, a long way of saying what I think is that the crisis that we face today as a human resource community is a function of or the need for greater, bolder, more responsive leadership.

MS. SWIFT: Jerry?

MR. CALHOUN : I just wanted to say one other thing. I guess the broad themes that we speak about here are, again, not new. There is nothing revolutionary, probably, about anything you are going to hear today, but I guess

that I would say there are some small experiments. There are some laboratories out there where new kinds of human resource management approaches are being tested.

I look at Bechtel, for example, and then I will share with you an experience that we have had recently at Boeing. Bechtel, for example, as we know, is a very profitable, very large organization. One of the ways that it approaches the development, which was pointed out earlier as being very vital in the survival of that enterprise, is to give its young expos, hypos, whatever you choose to call them, real life experience.

So, basically what they do is they buy small, very marginal companies and instead of sending these middle- or high-potential people, middle management-types off to Sloan or Harvard or Stanford, they put them in those organizations to run them and give them those kinds of real life experiences.

I am not saying that the Government ought to go buy small companies, but that is a kind of laboratory that is very interesting to look at and study, and to see what happens.

The Boeing Company, similarly, has a laboratory in Texas; it is called Boeing Corinth of Texas. We are striving to employ some of the ideas we touched on earlier. I think that is really where we are going to nudge at the envelopes of this management crisis that has been described. We have put in place organizations that don't have hierarchical structures. There are no lines between boxes on an organization chart. It is circles with arrows, and I tell you, it has caused considerable heartburn within the Boeing organization because they don't know what to do with it.

But it seems to be working. It is really kind of a team approach where we have paper knowledge kinds of activities; we allow the teams to hire their own people, to do their own interviews, to do their own assessment, to do their own pay determinations; to decide who gets paid based on knowledge, based on experience gained, determine who gets moved. They determine collectively within those work cells who gets fired.

Those things are real and Boeing certainly is not a leader; I know GM is doing similar kinds of things. So, while there isn't anything new, I would join with my colleagues who have said that really it is going to take some bold leadership to flip the switch, as it were, to allow some of these things to be grafted upon our various organizations. The Federal service -- my experience is that there are as quality a workforce in place here as there is probably anywhere else in America, be it private or public service.

There are good, capable people, who are trained, with good educations, and in my view, have not been given, not by some individual decision but perhaps more by just the way the system has been operating over the decades, the opportunity to really bring added value to the agency in which those people are employed. So again, I would go back to a statement I made. The challenge isn't assessing it, measuring it, seeing how many hair follicles each individual has, but looking at ways to really unleash that human resource and to put in place processes that are going to do that.

Nothing is new, but I agree with my colleague, particularly from IBM, that the challenge is leadership.

MS. SWIFT: Mr. Hollins?

MR. HOLLINS: Nothing is new, we have not asked any new questions. We have not offered any new solutions over the past 30 years, so therefore, you say fine; if we have known it for 30 years, then the problem is there has not been an implementation plan, which comes back to the bold leadership. Because leadership implements.

MR. FRANCIS : Maybe there is more of a reason today, or there will be more of a reason, to implement going forward, because I think survival is a function of how well we start to do some of the things we know we should do. The answers maybe are not new, but the results that might flow from the kinds of things that have been discussed here today could produce some very new types of results.

MR. ALLEN : Just one other comment on that. I think necessity is the mother of invention. With my corporation, we had to improve or we were going to become a second-rate company. That is when we got the ear of top management to start employing what we know and we human resources professionals have known for a long time the importance of the principles of good management. We have senior management's ear and it really is working.

You have to buy off from senior management from line management along with your human resources managers taking the strong stand, as Leon has said. That is the secret. When you are ready to get the commitment, you have the ears of your top people, you make headway.

MS. SWIFT: Yes. Please state your name.

MS. BEAUMONT : You all come from very highly respected companies that are examples to us all, and without going any more into the past, have you found out anything about pay that will help us figure out, does pay still motivate -- how are your pay systems working? We think this is a very big problem in the Federal sector, regardless of pay compression, but it is also determining pay. I would like

to know if there is anything new, even slightly new, on the horizon that you have found out about paying people in the last few years?

MR. HOLLINS: I would like to, if you allow me, talk a little bit about recognition. For operational purposes, if we could say that salary is included. What I think we have found in the last 5 or 10 years is that every organization needs a recognition strategy, once again, a subset of which is pay, if you operationally define recognition as to the extent or degree to which an organization rewards its employees for special results.

Once we have been through this strategy of recognition, I tend to believe that morale in creases. If you can bring in the component of surprise recognition for above and beyond, we tend to believe that is a bigger motivator and has impacted our morale surveys over time.

MR. FRANCIS: I would say I agree with Leon that many organizations continue to focus on compensation or direct pay, and I think that the more appropriate focus is how you reward people in your organization. That is a much larger issue than direct pay. It also includes benefits and the recognition piece that Leon talked about.

MR. ALLEN: Also, it does not have to be monetary. It can be recognition through communications, company communications within the department itself, just recognizing someone's performance. Or, as I mentioned earlier, a dinner for two, something that is really not a major cost to the organization. Recognition has become a big part of Xerox's entire plan of pay. Recognition, we think, has a lot of importance and the employees respond to it really well.

As I said, it does not have to be a lot of dollars. It can be, if it warrants that. We can give a lump sum payment, or we can just give a pat on the back. We really emphasize the importance of communicating to the employee when they have made achievements, small and large, to give them that recognition. We found it to be a very powerful motivator.

MR. FRANCIS: There may very well be something to psychic income. I don't know that I would appreciate my boss giving me a psychic raise, but there may be something to looking for other ways to reward the people other than direct pay.

MR. CALHOUN : I would certainly underscore what has been said, more specifically, to the pay question -- certainly understanding the importance of recognition, to digress for a minute, is vital. We at Boeing did an opinion survey and one of the things we discovered is that a number of employees were, indeed, more concerned about just recognition as opposed to dollars in their

paycheck. But dollars in one's paycheck obviously is very important; that's why we work, or we might go fishing, maybe?

One of the things about compensation that we have discovered or has these characteristics, first of all, it needs to be flexible. It really needs to be able to respond in consonance with an event. That does not displace the annual salary review or bonus award process that certainly we have grown to expect. The other thing that we have discovered at Boeing is that employees are interested in ownership of the company through stock, through some kind of employee ownership.

We have opted for stock availability plans for our employees. We have also decided that all compensation should not be a part of base; that base salary is based on some analysis of comparability within the industry, among them skills, and looks broadly across the continuum of that thing called compensation within our United States. So there is, obviously some analysis and there is some degree of scientificness, I would suggest, in the compensation world.

But we have looked at ways of giving rewards to people on an annual, and quarterly basis apart from base salary treatment. We have looked at other kinds of rewards. Sometimes we have lowered the threshold in the company with respect to when you get a car. We have lowered the threshold with respect to some of the access to other, what had been, executive perquisites. One of the things we have found is that engineers, for example, pursue management as opposed to a technical career because of the compensation and perquisites that accrue to management as opposed to really the challenge of management vis-a-vis if one were to look at the interest in the technical discipline.

So we have made available to our engineering population, our senior engineers, some of the pay and perquisites that accrue to management. We have found over the study period, that we are retaining more leadership in our engineering workforce than before. They are opting not to go strictly into management but to stay in the technical realm. While pay is not the end-all, or be-all, it is not number one on one's hierarchical list of needs, as Maslow characterized them. Certainly it is vital and it is something that our corporation has looked and continues to look at very carefully.

I think the problem is a bit different, obviously, in the Federal service. I am troubled by the link to congressional salaries among the senior service. I am troubled by the political nature of the whole subject. I am troubled by the pay determination mechanism and the extent to which it is or is not reality, or is it just a process? My personal view is that the pay system in the Federal service, needs to probably be torn down and rebuilt again.

It does not serve the needs of the average Government worker. It certainly will never mirror what is going on in private industry but, as far as I am concerned, it is a Tyrannosaurus rex running around in the 20th century.

MR. FRANCIS: One last comment, maybe about compensation.

MS . SWIFT: I have a man right back here. Would you go to the microphone and state your name for the reporter, please?

MR. HARDY: My name is Hardy. At the risk of stiffing up things a bit, I would like to throw out two notions to get the panel's reaction. One notion is that all this hype about assessing quality is related to a notion that the educational system is failing, so much so that it requires corporate intervention. The other notion is that at long last the workforce is flooded by groups that have traditionally been disenfranchised and disadvantaged, and so now we have to do something about it. Panel?

MR. HOLLINS: Could I just, before I try to respond to that, do one final thing on the recognition? I promise 30 seconds.

MS . SWIFT: Yes.

MR. HOLLINS: I want to start, first of all and underline this with affordability. When you are talking anything about recognition you have to understand, what can the organization afford to spend from a budgetary view point. Secondly, we have found it very advantageous for the human resources function at IBM to spend some time taking the management team through current reviews on motivation.

The second part is, if you look at the demographics and shift in terms of the workplace, now and in the future, you do talk about a significant percentage being the so-called disenfranchised. Now, that becomes an issue, whoever the disenfranchised happen to make up, to the degree that they are not equipped to be as productive as they need to be. So, that is a very important consideration.

I don't stop and think that there are any inappropriate reasons for concern; I stop and say, well, wait a minute; this is a business proposition. Whoever is coming in the workforce, are they ready to do the job? I think that is why people are getting involved, and motivated and everything else, to do better than we have done. Bottom line, supply and demand issues as well. I do not know if that helps too much, but that is how I see it.

MS. SWIFT: Mr. Francis, and then how about Roz Kleeman.

MR. FRANCIS: I would like to throw back at Mr. Hardy a couple of notions of my own. Maybe somewhat provocative, but there is something that is happening in our country around education and there is something that is happening in our country around human resources. I think in far too many cases in our country, parents have turned over the education of our youth to the schools and I think the schools should be viewed as a resource, but not as the whole means of educating our youth, and I think we need to straighten that out right away.

In some way, I think organizations, public and private sector, have turned over the management of human resources to the personnel department, and I think that is just as bad. Somehow we have got to turn education, as a responsibility, back to parents, and we have got to return the management of human resources back to the people who best know how to do it and it is not your personnel department, it is the managers of your human resources. That is the first one.

The second point that you made has to do with the change in the demographics of the workplace, and I don't suggest that from those changing demo graphics there ought to be some loss of productivity. I would suggest to you that, at least my message is to human resource professionals, that we ought to be talking about the value that can flow from diversity if properly managed. We are sitting on the very edge of a tremendous opportunity in this change in workforce, to be the most productive ever, provided that we can tap all of the views that flow from diversity.

I think we can really make some headway here if we are attentive to that.

MS. SWIFT: Roz?

MS. KLEEMAN: I would like to ask a question. Mr. Hollins, you mentioned specifically that you use grade point average as a factor in your recruiting and hiring. And I wondered if you have a specific grade point average that you use, and if you would comment on whether you would use it as the sole factor in hiring?

MR. HOLLINS: That is a very fair question; let me do my best with it. What I really wanted to say there is that I believe that human resource organizations have been very, very aggressive in coming up with a so-called quality criteria.

Now, let us talk specifically about grade point average. So many variables to say what does it really mean? But I can tell you without any shadow of a doubt that, if you have a 1.0, from wherever, where 4.0 is the best, you are in trouble. I will not tell you that a 3.5 from Harvard is any better than a 3.4 from MIT. I don't ever want to isolate any single factor. It ought to be a total assessment including

the interview evaluation; and of course grade point average should be a consideration.

In conclusion, I would never, ever say there is a specific grade point average that passes the bar, even though there are many organizations that would tell you that you have to have at least a 3.0 for consideration. Does that help?

MS. KLEEMAN: I wonder if you would consider using it as a sole factor?

MR. HOLLINS: Let me play her question back; because I think that would be helpful. Her further question is, would you ever get to the point where that is a single measurement to get the job or not to get the job? My answer is emphatically, we would never do that, in my judgment.

MR. ALLEN: Let me reinforce that by saying that maybe the Federal Government in past practices of hiring has been one-dimensional or maybe two-dimensional, but one looking at grade point average, just as you are alluding to. I know within our corporation it is just one of many factors, looking at the person as a whole person. Looking at how active they have been on the college campus, involved in leadership activities, sports, social, community involvement. We like to see people who care for other people. We think that is important.

We take a composite in determining. Grade point is important but it is only one of a number, five or six factors that we look at. I think that is some thing that the Federal workforce should be looking at more seriously as well.

MS. SWIFT: I think I will take this time to take a break so we can get back to our public sector panel. Thank you.

SESSION II

PUBLIC SECTOR PERSPECTIVES ON WORKFORCE QUALITY ISSUES

Panel:

Mr. Walter Broadnax, Commissioner, New York State Department of Civil Service

Mr. David L. Crawford, Executive Director, Commission on Workforce Quality and Labor Market Efficiency, Department of Labor

Mr. James C. Foster III, Director of Personnel, Securities and Exchange Commission

Ms. Sally K. Marshall, President, Federal Section, International Personnel Management Association, Director of Personnel, General Services Administration

Dr. George P. Millburn, Deputy Director, Research and Engineering (Research and Advance Technology), Department of Defense

Dr. Peter Zimmerman, Project Director (Education/ Training), National Commission on the Public Service, Kennedy School of Government, Harvard University

Moderator:

Dr. Marilyn K. Gowing, Assistant Director for Personnel Research and Development, Office of Personnel Management

DR. GOWING : I am Marilyn Gowing, Assistant Director for Personnel Research and Development with the Office of Personnel Management. This is the session of Public Sector Perspectives on Workforce Quality Issues. From this morning's session it seems to me that it is very clear that we have two mandates. Number one, we have to "identify something new in the last 30 years," and number two, we have to do more with less. We have six panelists and the same amount of time that was allotted for this morning's session with four panelists.

I would like to welcome many friends and colleagues. It is a pleasure to see so many people who I have gotten to know over the years, and so many eminent individuals in one room. I wish to join Van Swift in giving you a warm welcome. When I arrived at the Office of Personnel Management 3 months ago, I found that there was an ambitious research program already in existence. That program was developed by Sandra Payne, Jay Gandy, and others at the Office of Personnel Research and Development.

This program will be described in greater detail by Dr. Curtis Smith during the luncheon presentation, but I wanted to bring to your attention the red, white and blue brochure inserted in your binder. This brochure describes the "Quality Assessment and Development Program." It is a longitudinal effort covering both public and private sector organizations.

I believe that this program demonstrates the fact that OPM is taking a leadership role in this very critical area. I would like to highlight our slogan, and the slogan on the brochure: " America's Civil Service: Quality Counts." The people here today are in agreement with that slogan. On this panel are both representatives of the public civil service, and advocates for civil service.

Let me go through the introductions fairly quickly. The gentleman on my left is Commissioner Walter Broadnax. He is also the President of the New York State Civil Service Commission, and, in that capacity, he acts as the head of the civil service department. There are 197,000 members of the workforce for New York State's executive branch.

Additionally, he is the Chairperson of the Governor's Executive Committee for Affirmative Action. He has started a very impressive workforce planning initiative for the State that is probably unparalleled, and I am certain that he will comment on that program this morning. He

has a doctorate from the Maxwell School and he taught at Harvard University on the faculty of the John F. Kennedy School of Government.

He has extensive prior Government experience. Just to give you some examples, he was a Principal Deputy Assistant Secretary for Planning and Evaluation at the U.S. Department of Health, Education and Welfare under President Carter. He has also been the Director of Services to Children, Youth and Adults for the State of Kansas. He is a fellow of the National Academy of Public Administration, a consultant, and is, of course, widely published.

The next gentleman is Dr. David Crawford. He is the Executive Director of the Secretary of Labor's Commission on Workforce Quality and Labor Market Efficiency. Dr. Crawford is going to discuss some of the relevant issues that have been addressed by the Commission and the possible public policy recommendations that will be coming for Secretary Dole on Labor Day. He did indicate that the Commission's focus is not just the public sector, but because the Federal Government is such a large part of the national workforce, issues involving the quality of the public sector are of course relevant.

His Ph.D. is in economics from the University of Wisconsin . He is a professor of economics at the University of Pennsylvania and also has his own consulting firm on the side. He is a recipient of the Excellence in Teaching Award from the Wharton School, as well as a number of other awards, and is widely published.

The next panelist is James C. Foster, Director of the Office of Personnel for the Securities and Exchange Commission. He has been asked to be introduced as a proud career Federal servant, who has more than 30 years of experience, largely in supervisory and managerial positions. He is also a member of the Executive Resources Board of the SEC. In fact, he has served in that capacity for 8 years. He feels he is in a good position to assess the quality of applicants from those two responsibilities.

As you know, the SEC's work is extremely complex and they are trying to protect the public interest. They require highly skilled lawyers, accountants, analysts and professionals of every kind, as well as a very competent support staff. Recently, they have submitted to Congress a proposal to become a self-funded organization, and I am sure Mr. Foster will touch upon that in his remarks.

The next panelist I am sure is known to many of you, Sally Marshall. Sally is the Director of Personnel for the General Services Administration, but she also serves as the President of the IPMA Federal Section. She brings both the perspectives of an operating manager and a Federal Governmentwide perspective to these important issues.

She has been at GSA since August of 1982 and her workforce contains approximately 25,000 employees. She has been in a variety of other positions at GSA, including Deputy Director of Personnel and Director of Employee and Labor Relations. She has been at other Federal Government organizations, the Bureau of Engraving and Printing and the Office of Personnel Management.

Her undergraduate degree is from the University of Maryland, but she has also done graduate work at George Washington University and the University of Southern California . She has also served as past President of the Society of Federal Labor Relations Professionals and is a member of the National Academy of Public Administration Public Sector Panel.

Dr. George Millburn is our next panelist. He is Deputy Director of Defense Research and Engineering and directs the Office of Research and Advanced Technology for the Department of Defense. The programs he manages approximate $5 billion annually, and they include the largest multi-disciplinary science and technology pro gram in the Department of Defense.

Dr. Millburn has a very distinguished career, having been Executive Director of the Defense Science Board, Director of SHAPE Technical Center in the Hague, where his activities sup ported the Allied Command in Europe. It is important to point out that Dr. Millburn has also had private sector experience in the past, both with the Aerospace Corporation and with the Ford Motor Company. One important highlight of his career is his service as cochairman of the Operations Panel of President Nixon's Space Task Group, which defined what ultimately became the space shuttle.

Dr. Millburn has a Ph.D. in nuclear physics from the University of California. He has won many awards, including the Secretary of Defense Civilian Meritorious Service Medal in 1983 and bonus awards for senior executive service.

Finally, I am pleased to present Dr. Peter Zimmerman. I am sure he is known to many of you as well, as he is an Associate Dean and Director of Executive Training and Program Development in the John F. Kennedy School of Government at Harvard. He has also worked most recently with the Volcker Commission, or the National Commission on the Public Service. His duties are broad-based at Harvard; in addition to the actual management of the program,

he handles the case program and public management research, as well as an outreach strategy, which he coordinates.

Dr. Zimmerman is a graduate of the Public Policy program, and has worked for the Navy's strategic systems project and the National Security Council staff. I just wanted to mention, as a member of the Volcker Commission, he has given the following quotation in his letter to me: "Service on that Commission drove home to me how weak is our knowledge base on the issue of the quality of the Federal workforce, its current direction and rate of change, if any."

And so, let's begin with remarks by each of the panelists. We will try to keep them at 10 minutes each.

MR. BROADNAX: Thank you very much, and I will do my best to keep it within the 10-minute framework. I must confess, after listening to the panel that has preceded this one, I felt a little bit guilty about what I was going to have to say. In some ways, I feel like the dirty fingernails component of this conference. That is meant to be a compliment to my colleagues who just preceded us. At the same time it does cause me some insecurity in that I come from State government, and I tend to think in terms of goods and services, nuts and bolts.

We have a problem in the State of New York, and I want to provide you with a little bit of an outline and some background on our workforce and then get specifically into why we have a problem. Then, I would like to discuss some of the things that we are trying to do to wrestle with this problem.

About 54 percent of our workforce in New York State is nonprofessional, so a lot of my concerns in terms of the issues of providing a quality workforce for now and the future have to do with thinking about people outside of the professional ranks because they are so critically important to the delivery of goods and services in our State. For example, in our mental hospitals, we have something in the neighborhood of 15,000 mental health therapy aides. And these are people in paraprofessional jobs, but if you know anything about mental hospitals then you know how important they are to the conduct of business in a mental hospital.

To help you understand even a little bit better, yes, we are having shortages in terms of attracting psychiatrists to our State workforce, but we know that we can keep some of our mental hospitals open without the necessary complement of psychiatrists, but we could not keep them open without the necessary complement of mental health therapy aides. But the mental health therapy aide is much lower in the hierarchy of employment within our mental health community. They are not professionals; they are paraprofessional employees.

Another important fact, it takes about 21,000 people in clerical support roles to keep our offices going in New York State government. We only have 1,200 civil engineers in the State service. When you are talking about a workforce, it is somewhere between 180,000 and 240,000, depending on how you count. But our problem lies in trying to find qualified people to perform the jobs that represent this backbone of the workforce that I am talking about -- paraprofessionals.

In New York this demand is juxtaposed against a backdrop that has some very alarming facts and statistics. New York City, as you might imagine, is very important to our State and when we look at New York City , we see some very, very disturbing things. It is the Nation's largest school system, as most of you know. But it has a 30 percent high school dropout rate; 31 percent dropout rate for Hispanics, 24.5 percent dropout rate for blacks, against a 9.2 percent dropout rates for whites.

Twenty-five percent of students in New York City remain in high school 5, 6 or more years, and that is not because they are doing advanced work; that is because people are having trouble getting through. In 1988, 40 percent of the students entering New York City high schools were over the normal high school

entry age. Now, all of us know that many of the jobs of the future, and many of the jobs that are being created by current technology, will require an education beyond high school.

Continuing on, we know who the typical dropout is in the New York City context. He is a boy; his native language is not English. He has attended two or more high schools, and he is at least a year older than the traditional age for his grade level. Now, we all have talked a lot in New York State and across the country about reforming our educational institutions, but in my current role I cannot wait for the educational institutions to be reformed because the people of the State of New York need goods and services now. Therefore, there were some things that we had to do in order for us to keep going in the short-term as well as the long-term.

So, what I would like to do is share very briefly with you a few initiatives that we have come up with to help us maintain the quality of goods and services in New York State government. The first is a project called Project Reach. It is sponsored by the New York State Civil Services Employees Association. I won't get into this very deeply, but a large proportion of our workforce interventions are financed by negotiated dollars, union-negotiated dollars. So many of the things I am going to mention here are supported by negotiated union monies.

Project Reach is targeted toward State employees who are basic and low-level readers. It is a simple fact that we discovered that many people in our workforce were having difficulty reading and we have very few jobs that you can do very well if you can't read. And we have very few jobs you can do very well if you don't read very well. And so Project Reach was designed to remedy this situation.

The goal of the program is to elevate the reading level of State employees to a minimum of the 8th grade level. So, if you stop and think about that, I mean, it is very, very basic but even the union recognized that this was a difficulty and a problem we had to overcome. There are other methods being used that have been developed around the Project Reach notion.

One-on-one tutoring programs are being employed by the State. We have connected with a whole series of volunteer tutors who are trained by the Literacy Volunteers of America. People can receive certification and so forth, and we have developed a large cadre of tutors that go in and out of institutions and State office buildings actually tutoring State employees.

We have an IBM PALS program, Principle of the Alphabet Literacy System, which is connected to IBM technology. It is designed for employees reading below the 6th grade level. What happens here is students spend time learning computer

familiarity skills, as well as reading and writing skills on the computer. This is another very successful intervention.

We also have something called the Basic Skills Video Training Method. This is a series of basic skills videos and accompanying workbooks to teach job skills. Remember I mentioned the mental health therapy aides. Well, we have discovered that you can go a long way toward teaching the fundamentals of the mental health therapy aide job, while simultaneously improving people's reading and writing skills and abilities through computer technology as you are teaching them the basics of the job that you want them to do.

English as a second language I heard mentioned earlier. It is really a big issue for us in New York State. New York State is still one of the primary ports of entry to this country. Some people may think that is no longer true; it is still true. We use certified English-as-second-language teachers from local school districts, again bringing them into the workplace where they work with employees.

I was at City University one day last fall and I was talking with some of the chancellor's people; we were up at CCNY. There was a comment made which again maybe will help you put in context New York State 's situation. My guide told me that over lunch at CCNY on any given day you can hear 56 different languages being spoken.

If you look as you are traveling around New York City, in a taxicab or on foot, you begin to get a sense of the differences that represent the changing world to which State government is having to address itself.

The last thing I will mention, briefly, although it is something with which I am obsessed, it is called workforce planning for the State of New York. It is a elaborate process that produces a workforce plan for the State of New York on an annual basis.

The reason that the governor, and it is a good reason, thought it was something of value and worth his time was that he recognized that 80 percent of this State operations budget every year is devoted to human capital, and that the human resource management capability for the governor was fairly limited. Moreover, he had many levers in terms of thinking about fiscal resources, but very few levers with which to manage human resources.

What the plan does is, on a short-term as well as a long-term basis, provide the governor with some options for managing his human capital. Obviously, the first plan is very much focused on, again, trying to make sure that we can keep the workforce quality up in the State of New York.

One last comment, we have stolen a phrase from someone and it is called "grow your own." We have decided that one of the things we are going to have to do is grow a lot of our own talent. We are a State government and we are fearful, certainly, of trying to compete with the private sector. That seems like a nonstarter. So, we are going to try to "grow our own." And we are doing several things in the realm of pre-employment training programs.

One of these programs is called a School to Work Bridge Program, where we are actively recruiting in high schools, to get young high school students to come into State government, spend their summer with us in training programs, where they begin to learn skills and other skill related things that they need to know, like workplace values, which are very important. Then we transition these kids into a series of these "backbone jobs" that I have been talking about. We are being very frank about what our needs are and very frank about expectations, and we are seeing some real success with our efforts this far.

So this is a little bit about what we are doing in New York State government. As I said, this is sort of the "dirty fingernails" side of this business but I think that is where the solutions are. Thank you.

DR. GOWING: Dr. Crawford.

DR. CRAWFORD: Thank you. Many of you are probably familiar with the Workforce 2000[2] report, which was issued by the Department of Labor some time ago. It has gotten a lot of well deserved attention in a variety of sectors. That report highlighted some of the major problems that we envision in the labor markets in the coming decades. Specifically, that the aging of the workforce is likely to lead to shortages of man power; that today's minority groups are going to become relatively more important in labor markets; and that there are likely to be shortages of specific sorts of skills in the labor market.

The report leaves one with the question of, so what do you do about that? Former Labor Secretary Anne McLaughlin decided that she would pose that question to the commission that she created, the Commission on Workforce Quality and Labor Market Efficiency. I think of it as the commission with the name that is too long. What makes it worse is we have no pronounceable acronym. But that is what we are stuck with: the Secretary's Commission of Workforce Quality and Labor Market Efficiency.

The title does have one virtue in that it actually does describe what we are doing, unlike the names of some other agencies of Government. Because if you think about it, there are two things you can do about skills gap issues, and only two. One of them is to try to increase the level of skills in the population, that is the workforce quality part; the other thing you can do is try to take better

advantage of the skills you already have in the population, and that is the labor market efficiency part.

This Commission has been asked to review a wide range of policy issues related to workforce quality and labor market efficiency, including education and training, problems of dislocated workers, other problems of matching workers and jobs, and workplace flexibility issues, which may relate to the ability of individuals to participate in labor markets, for instance, as child care might allow parents to participate more fully in labor markets.

We have a very broad list of issues. Our mission may be very broad but we have remarkably little time to do it. The Commission was created in July 1988 and will be finished by Labor Day of this year. This panel of 21 distinguished Americans will be making their report on Labor Day in a cheap and obvious attempt for the publicity that would be associated with that event.

At this point, I can't really tell you what the Commission is going to recommend, but I can tell you some things that the Commission is considering. Perhaps one of the most interesting, the one that could turn out to be the headline if it is adopted, is the question of the commitment in this country to basic skills education for adults. We have a curious situation right now where we have a very fundamental commitment to basic skills education for people below the age of 18.

This commitment is so important that it is included in every State constitution in the country. The commitment beyond age 18 is substantially less. One of the questions that this Commission has decided to ask is whether there should be a fundamental guarantee of universal free basic skills education for adults. As I say, if they recommend that, I think that is the headline.

There are other issues that the Commission is getting into, having to do with the structure of Government training programs. For example, they want to address the creaming problem in JTPA that everyone has recognized now and more and more people are starting to do something about: the inability of JTPA as currently structured to address the needs of severely disadvantaged individuals.

There are lots of other things on our plate, issues related to tax policy and how tax policy may affect investments in education and training. We have another curious feature in our laws, when you think about it. There is a bias in our tax laws, both corporate and personal, in favor of education and training investments which are intended to keep one in one's current job.

If the education and training qualifies one for a different job or a promotion, then it is not deductible to an individual in the personal income tax code, and if it

is deductible to a corporation, may involve some personal tax liability for the individual. One has to wonder whether that sort of bias makes any sense in a world where everyone is saying people are going to be changing careers and occupations more quickly.

Those are some of the issues that the Commission is addressing. As Marilyn said in the introduction, I guess the reason I am here is that workforce quality generally relates to workforce quality of the Federal workforce. To try to make a little more of a link, let me submit that it strikes me there are two things you can do -- there is a two step strategy to improving the Federal workforce. The first is to improve the general workforce along the lines of the kinds of things I have been talking about already, and the other is to make Federal employment competitive.

As an economist, I take as a fundamental article of faith that markets work. I think the case of Federal employment is proof of the fact that markets work. When I came out of graduate school in the mid-1970's, Ph.D.'s in economics were eager to go into Federal Government jobs. They were viewed as very desirable, very competitive; now it is tremendously difficult to get new Ph.D.'s in economics to take Federal jobs, and the only reason is salary.

As you try to make Federal Government more competitive, you have some fundamental obstacles, which I think are obvious. You have a system which is designed from the start not to be market-driven, and there are good reasons why it has been designed that way. The trick, then, is to see how much of the influence of markets you can get into the process.

Again, as an economist I would run to labor market data as the indication. The markets are going to tell you when something is out of whack. When jobs are overpaid, you are going to get lots of applicants. When they are underpaid, you are not going to get any applicants. You should be able to see salaries that are out of line in data-like application rates, quit rates and those sorts of market-driven behaviors.

I would submit that efforts to address the problem of Federal workforce quality should focus more on these market-driven indicators as evidence that something is out of whack in particular jobs, rather than to try to address directly the problem of evaluating the quality of individual applicants. Thank you.

DR. GOWING : Mr. Foster.

MR. FOSTER: Thank you. Good morning. I would like to use my time this morning to talk about what we are doing at the SEC to address a specific problem that we have identified having to do with workforce quality. Marilyn

mentioned in her introduction that I am a proud Government employee. That is true. I am especially proud of the fact that my entire 30-year service has been with the SEC. The SEC is a fine agency. I say that in the context of the problems I am going to talk about.

The SEC, as you probably know, is an independent, bipartisan, quasi-judicial regulatory agency. We are charged with administering the Federal Securities laws, and those laws are designed to protect investors in the securities markets, to ensure a fair and open securities market. The Commission has some 2,000 employees. Attorneys constitute 62 percent of the professional staff and 36 percent of the total staff. Our problems specifically deal with recruiting and retaining attorneys.

The Commission is an attractive place to work for attorneys because the agency has earned a reputation for integrity and effectiveness, both inside and outside of Government. The laws we administer are important, the work is challenging, and attorneys make enormous amounts of money in the private sector when they leave the SEC staff. So, from the time the Commission was established in 1934 until about 1978, we attracted far more top-notch attorney applicants than we had funds to hire.

We also attracted large numbers of other highly qualified professionals: accountants, investigators, securities compliance examiners, economists and others. Our most difficult personnel staffing problem was selecting from among the brightest and the best who applied for positions on the Commission's staff.

Beginning in about 1978, the SEC managers, with reluctance, began to point out that the staff was not quite as competent as it once was. The staff was still very competent, but it was not quite measuring up to the standards that we had set in years past.

We were not moving the cases that were very complex as quickly as desirable; we weren't detecting emerging problems as readily as we had in the past, and the learning curve for the new staff was much longer than it formerly was. Moreover, we began to notice that attorneys were leaving the SEC staff after 3 years rather than staying 4, 5 and more years as had been the custom just 10 years previous to 1978. They were giving us a turnover rate for attorneys of 20 percent annually.

Attorneys, to repeat, are our most important group of employees. They are to us what special agents are to the FBI. The turnover rate for FBI special agents is 2.17 percent nationwide, and 3.45 percent in New York City. Now that 3.45 percent turnover rate was so high that Congress enacted and the President signed special legislation giving the FBI agents in New York City a 25 percent

locality adjustment; 3.45 percent at the FBI and at the SEC, we are talking about a 20 percent annual turnover rate for attorneys.

Let me get back to the SEC. The turnover rate we have for secretaries is something like 40 percent annually. Now, we expect our professionals to "swim with the sharks, and soar with the eagles," so the support staff must also be good. But we were getting complaints from professionals and managers that the support staff was not measuring up to what we had expected and what we had experienced in the past. We identified secretaries who could not spell; secretaries who did not have good command of English grammar; secretaries who, in some instances unfortunately, could not type as well as their applications said they could.

We were facing the dual problem, of not being able to attract sufficient numbers of high quality staff and of not being able to retain them for a long enough period of time. We did a number of things: We increased the training budget manifold. We made substantial increases to the training budget for the SEC and made every effort to identify courses and classes that would be of interest and helpful to the staff.

We created several honorary awards. We heard discussions this morning about recognition. We created several new honorary awards to recognize the staff for outstanding achievement and distinguished accomplishments. We increased the number of outstanding ratings. We, in fact, invited some experts in to help us develop a performance appraisal program that would be more attractive and more germane to what we were trying to do.

We developed the program and began giving out outstanding ratings. OPM came along and said we were giving out too many outstanding ratings. In fact, 81 percent of our GM managers in the grades 13 through 15, are rated above fully successful. We have a five-tier evaluation program: outstanding, exceeds fully successful, fully successful, minimally satisfactory and unsatisfactory. Well, 81 percent of our managers were in the two top categories and OPM criticized us for having skewed the ratings inappropriately.

As you know, we have statutory and regulatory limitations on the amount of money we can give to persons for performance. So we were stymied, both as to money and as to policy, with respect to being able to recognize the staff.

As a function of its oversight responsibilities, the Securities Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs, then chaired by Senator Riegle, heard extensive testimony from a number of influential persons in the securities and legal communities, to the effect that the SEC lacked sufficient overall resources and faced great difficulty recruiting and retaining top-

quality staff necessary for effective regulation of the securities markets and enforcement of the Federal Securities laws.

That Subcommittee then directed the SEC to study the feasibility of transforming the agency from appropriated to self-funding status and to gather data on the problems of recruiting and retaining sufficient numbers of high quality staff. We then conducted a study by, among other things, looking at what other Federal agencies were doing, by conferring with representatives of the private securities and legal communities, by sending questionnaires to former and current staff, by commissioning recognized scholars to write papers on the subject for us, and by examining our practices, procedures and records.

We learned that the staff and the applicants were unhappy with the crowded office space we had. They were unhappy with the quality of the support staff we had hired. They were frustrated with the delays inherent in the hiring and promotion processes, but frankly, we found that the most significant deterrent to our recruiting and retaining top staff is the relatively low pay. Not surprising, but we needed the confirmation.

As an example, in 1988 we at the SEC were offering top-quality law students $27,000 a year to start. $27,000 a year to come to the SEC as a graduate attorney. Those same students were being courted, wined and dined, by the private bar. In Washington they were getting offers of $57,000 as compared to our $27,000. In Los Angeles they were getting offers of $62,000 as compared to our $27,000. And in New York City they were getting offers of $71,000 compared to our $27,000.

In our recruiting effort, we emphasize how important the work that we do is and how exciting a place the SEC is. And we of course assure staff attorneys and others that we will give them as many responsibilities as quickly as they demonstrate the ability to handle those responsibilities, whereas going to a law firm, or a brokerage firm, or to an accounting firm, or other firms they may well end up as junior associates or gofers for a number of years. But, we assure them that we do in fact give them such responsibilities as they demonstrate the ability to handle.

To repeat, we do offer the current staff as much as we can by way of recognition and award. But it is unlikely we are going to keep a staff attorney who can more than double his or her pay after 2 or 3 years on the SEC staff. It is unlikely that many top law school graduates who have a loan outstanding or financial obligations will accept our offer and come to work for us.

We concluded the study in December of 1988 and it is a two-volume study, one showing our findings, conclusions and recommendations; and the other

containing proposed legislative action. Let me very briefly summarize the findings of our study and our conclusions, what it is that we think we need in order to attract and to retain the quality staff that we need. By the way, Chairman John Dingell, of the Subcommittee on Oversight and Investigations has already held hearings on our study. Other hearings in both houses of the Congress are expected.

We concluded that we should be able to set staff salaries that would take into account the competition that Dr. Crawford talked about, and would provide for regional pay differentials. A second conclusion is that we should be able to offer retention bonuses based on performance to keep professional staff. A third is that we would be authorized to hire up to 100 persons at compensations up to the level four of the executive pay, to manage or to direct special activities, special programs, special undertakings of the SEC. So 100 special positions, in a sense, "Schedule C" positions or noncareer SES positions.

The fourth conclusion was that we develop and implement pay-banding for all of the staff in lieu of the rigid classification system we have today. And, finally, that we get authorization to manage our own space. We have staff attorneys doubled and tripled up in small rooms with caseloads of boxes, whereas their counterparts in the private sector, of course, have private and in some instances, plush offices.

We believe that our findings if enacted would solve most of our recruitment and retention problems for high quality staff. But again, money or pay is not the total answer, it is not going to solve all of our problems. But it is an important factor that has to be taken into account. We heard this morning about the private sector also looking for quality. If the private sector is recruiting from the same sources we are recruiting from and they are able to offer substantially more pay than we are able to offer, then I think in most instances the public sector is going to be the loser in terms of attracting and retaining high quality staff. Thank you.

DR. COWING: Ms. Marshall.

MS. MARSHALL: I would like to take a slightly different approach from what we have heard from the first panel and so far from my colleagues on the second panel. That is, I think we would be remiss if we didn't have a record that included some observations about what we not only know is not working well, but some observations about what we know is working well and build on those successes.

Chet earlier this morning said, "So what is new." We all know that there is not a lot new but what is important is that we have to get back to the basics. Indeed

in my particular agency, the General Services Administration, that is what we have done.

We are back to the three R's, and I have added a fourth recently, and that is that we have got to recruit, retain, retrain, and recognize our workforce. Those are factors that for many reasons we have forgotten to pay attention to over the last 10 to 12 years. I think it is appropriate that we are having a conference on the workforce quality assessment 10 years after the Civil Service Reform Act, and I would remind you we are not in this dilemma of questioning our workforce quality totally by accident.

We all recall that much of the Civil Service Reform Act was passed on the premise that the Federal workforce quality was poor, that we were required under the Civil Service Reform Act to indeed fire the "dead wood." When we have constantly heard a drumbeat during the last two administrations that the Federal workforce quality is unacceptable, how are we going to compete for a quality workforce? How are we going to retain a quality workforce? How are you going to revitalize a quality workforce under that kind of continual negative drumbeat?

I believe it is time to break the negative cycle and look at the positive aspects of what we have accomplished over the last 10 years, and build on those. To do that, let me set out a basis of four often-quoted beliefs that we have heard, and then let's throw out some facts and observations about those four often-quoted beliefs and identify where we need more study, where we need more assessment on the quality of the workforce to either fix those beliefs or to refute those beliefs.

The first is that we cannot compete in the Federal system for a quality workforce. We hear it constantly. We have all talked about it. I think there are a couple of facts that ought to be put on the record to indicate what we know does occur in some places. For 10 years we have not had a system that has allowed us, encouraged us or enabled us to always compete for a quality workforce.

For the last 10 years we have had no testing and appointment authorities due to the Luevano consent decree. Until we have a viable mechanism to bring in college recruits, how do we revitalize the workforce? We are starting to see some improvement in that effort. Those of us who have been attempting to run a college recruitment program have found a great deal of success. Let me just give you one set of the facts from my agency and I will cite some instances from others.

We have just embarked on our third cycle of aggressive college recruitment in the General Services Administration. Does the public understand what our exciting, challenging organizations do? Can we compete with the high-priced lawyers and the high-paying private-sector employers?

I say, yes, we can. In GSA we recruited last year 300 college graduates with a grade point average of 3.2 from many universities, including Harvard and MIT. We have a 24 percent minority representation in that college recruitment program and 60 percent female representation. We are not the Securities and Exchange Commission or NASA or one of the sexier organizations. I say if we get back to basics with strong, aggressive college recruitment programs, we can compete.

But we need public policies to support that recruitment effort. We need appointment authorities from Congress, the courts, as well as OPM leadership. We also need a public policy that stops bashing the truth because the Government is a good place to start a career. We need leadership at the top that stops saying that the Federal sector only attracts the best of the desperate, not the best of the brightest. And it takes all of us together to break that cycle; to send the message that we can compete on the college campuses.

I only urge you to look at some of the recent agency recruitment materials and the numbers of agencies that have been out on college campuses. Time and time again, when I go to campuses I find out, "Gee, congratulations, first time in 10 years I have seen a Federal agency here present on the campus." We need to get out and talk about public service and compete with the IBMs, the Xeroxs, etc.

Belief number two: That we cannot retain a quality workforce. We talk about attrition rate, high turnover rate. We talk about it especially in the clerical area; we all know it exists. We do not have good statistics, in fact, about what our turnover rate is by occupational area or by geographic areas. My analysis of my own workforce and the analysis I have seen from the Central Personnel Data File on turnover, particularly when we were looking at special rate cases, is that there is no one single uniform answer to the retention problem. It varies by occupation, by agency, by geographic location. So, there is not one solution to the retention problem.

I would like to propose that this is one area that needs study. The retention and turnover problem is varied. What is the definition of an acceptable turnover to you? What is the normal turnover rate that is healthy in an organization?

My evaluation of the turnover rate in my particular agency indicates that one-third of it is normal workforce turnover: retirements, deaths. The second- third

of my workforce turnover is due to our not being competitive with the private sector, it is that they are leaving for jobs in other Federal organizations and agencies. We have a mobile workforce in the Federal sector and a portion of our turnover rate is among each other.

The third piece of my turnover rate is what I would call concerned turnover; it is my concern area. Why is it so high in certain areas? Is it compensation problems? Is it management? Is it lack of workforce planning? Is it bad working conditions? We ought to be concentrating on that piece of the turnover rate that causes us concern. But we should not continue to rely on the myth that we have, quote, "unacceptable or high turnover rate" without looking at the facts.

The third myth is that the Federal workforce is of poor quality. This goes back to the issue that I started with. If we hear that often enough, loud enough and long enough, we are going to start believing it of ourselves. Therefore, it is important that we have some baseline data and some assessment about the quality of the workforce. I expect most of us believe that 95 percent of our workforce is of a quality that will be surpassed by none and we will stack our own workforce up to any public-sector agency.

But that is not what we hear. We hear most about that 5 percent of the workforce that has performance problems, personal problems, adjustment problems, retraining problems. And we have allowed discussion about that piece of the workforce to take over the dialogue. How do you think Xerox, IBM, Ford, Boeing and others could have developed a high quality workforce, if they had started by talking about the poor quality of their workers, which is what we have been doing to ourselves? I challenge us to start talking about the Federal workforce in its entirety, not just the small percentage of poor performers but the overwhelming percentage of our workforce that is of top quality.

Myth four is that the quality of the Federal-sector workforce has been declining during the last 10 to 15 years. Our facts in this area are limited. I ask you to ask your colleagues, "Do you believe the quality of the workforce in your agency has improved, stayed the same or declined over the last 10 to 12 years?"

At least 80 percent of the time they are going to tell you they think it has declined. Then ask them, "How about your particular work unit?" Well, they will say it has either improved or stayed the same. Ask them about the employees they hired, they trained, and they supervise on a day-to-day basis, and 80 percent of the time they are going to tell you it has improved.

The closer we get to the fact, the more our perceptions change. Yet, we continue to repeat this myth that the quality of the Federal workforce has

declined. I challenge each and every one of us to look closely at this issue and discover reality.

Do we need to look at the workforce quality and assess it? Yes. Do we need to publish those findings so facts replace myth? I say, yes. And I also challenge each and every one of us to continue to work at breaking the cycle and start talking facts and reality, not myths and beliefs. However, I also am not terribly naive. I am out there along with many of you every day trying to accomplish the four R's,-- recruit, retain, retrain and recognize. Yes we have to have systems changes to improve our ability to recruit.

We need systems changes to ensure that we have all the flexibilities needed to retain a quality workforce. We need major changes to allow us to retrain and to revitalize the Federal workforce as we enter "Workforce 2000" shortages projected for the labor market. Fourth, we need better systems to accomplish our objective of recognizing and rewarding the quality workforce that I know we can and will have -- and that we have today. Thank you.

DR. GOWING: Dr. Millburn.

DR. MILLBURN: Thank you, Dr. Gowing. Good morning, ladies and gentlemen. I have to leave in a few minutes for a trip to the West Coast, but remaining is Jeanne Carney, the member of my staff who is responsible for conceiving and directing the effort I am going to discuss here, and with her are Paul Van Hemel and Ruth Hatfield from the Allen Corporation. I understand Claire Freeman is also here and she is the Deputy Assistant Secretary of Defense for Civilian Personnel Policy. They certainly can answer any questions much better than I.

The Department of Defense employs more than one million civilians and almost 100,000, or approximately 10 percent, are scientists and engineers. In 1981 we conducted a study of recruitment and retention of scientists and engineers in our laboratories. We found that the recruitment and the attrition were in balance; we were able to recruit as many as were leaving.

However, 60 percent of those resigning or transferring from the laboratories were at the journeyman level, the GS-12 and 13 level. We had to replace them with entry-level scientists and engineers at the GS-5 and GS-7 levels. In 1986 we set out to update that study and also modified it to try to determine and analyze the quality of scientists and engineers throughout the entire Department of Defense. I think the most telling measure of the difficulty of measuring quality, which we have been discussing this morning, is that after 3 years we are still not finished with our study of quality, and will not be for several more months.

I think, though, it is necessary to point out that though we call our study a quality study, our intention is primarily to develop data descriptive of a variety of characteristics of our science and engineering workforce to determine whether there are any trends evident from these data which may require attention. Making a judgment on the data that we currently have collected, I do not think it is possible today to make any statement about the quality or lack of quality within our science and engineering workforce, and it may not even be possible to do that at the conclusion of our study.

There are many reasons for that, having to do in part with the changing characteristics of the workforce and the changing jobs that must be done. I think it is definitely premature to say that these data will give us a definite measure of the quality or lack of quality of our workforce. We designed our study around three sets of data bases: 70 source documents from professional societies, Government agencies, National Science Foundation and others, from which we identified 25 workforce descriptors. We also used the data base from the Defense Manpower Data Center including their summaries of science and engineering workforce data for 1978, 1981, 1984 and 1987. And lastly, we surveyed a large sample of our scientists and engineers. We sent out a 12-page questionnaire to a sample of 23,000 scientists and engineers in the Department of Defense and received 15,000 replies, which in itself I think is unusual. In talking to Jeanne Carney about the responses, she said it was necessary for her to contact some respondents who had questions, many were overwhelmed that someone from the office of the Secretary of Defense would call someone at a Defense laboratory to inquire about their feelings and their concerns about the work that they are doing. I think that is probably the most telling comment I have heard about this study to date.

Of the several measures of quality we are looking at, I asked the study coordinator to run preliminary data on two for this conference: degrees and publications. Of those scientists that were hired by the Department prior to 1958, we had approximately 35 percent holding a doctor's degree; in 1987, the latest year for which we have data, the number was 20 percent. For Engineers, the corresponding numbers were 8 percent for those hired before 1958, and a little less than 2 percent for those hired in 1987.

The number of publications that these individuals are credited with also declined. Those who joined the DoD in earlier years were more productive by that measure than those who joined later. I caution, however, as I mentioned at the outset, that it is difficult, certainly for me and I think for those doing the study, to draw from these data any definitive measures of quality. It well may be that it is impossible to develop a quantitative measure of quality for these types of employees, the scientists and engineers. It still, I think, will come down to many cases of semi-objective evaluation.

With that, I will have to leave you but I wish you good will and good speed; I think I am getting off easy. These questions certainly are not easy but they are the cutting edge of what we have to do in the Government and in our workforce in general.

DR. GOWING : Thank you, Dr. Millburn. Dr. Zimmerman.

DR. ZIMMERMAN: We will let George get out of here and I will try to cover his hasty exit. First, I wanted to hark back to something that Jerry Calhoun, I think, was talking about. Was it Bechtel who hires their young chargers and buys small, failing companies, or maybe marginal companies, and suggests that we might boldly propose that we take, say, the current cohort of PMI's and shall we give them the MSPB, perhaps, or maybe Mr. Foster's SEC, if he is having trouble recruiting quality people, to see what they can do with it. A wonderful experience, actually. It is a neat idea.

Let me make four comments, remarks, observations. First, why is this an interesting question? I mean, why are we spending this time focusing on the quality of the Federal workforce? Why is the Congress writing letters to GAO, OPM and others, asking these questions? I think there are a couple of reasons why. First, there is a perception, belief, suspicion, maybe; (reality we are not so sure about) but at least a perception that quality may be declining, some would say.

Others would say it is not so much that the quality is declining but the world is getting more complicated, so we need a different level of skill and competence in the Federal workforce to deal with the problems of the coming decades. Whether it is the diversity of the workforce, whether it is the nature of the economic environment in which we find ourselves, the interaction of problems which in the past we were easily able to decouple, and disaggregate and deal with sort of one-on-one, now we have to worry about global warming and 14 other things. So there is at least a belief or suspicion that is out there.

Second reason. I do not have to remind this group to remember the pay raise debacle. I think it was Harris data that showed the public disapproval ratings for pay raises did not discriminate at all among judges, executive branch people or politicians. It wasn't just the politicians they were unhappy with. Very different kinds of data, the same thing. The Volcker Commission commissioned a nice piece of research by a fellow named Ron Sanders, Air Force civilian personnel employee, in which he did a survey of students and various honoraries; Phi Beta Kappa, the engineering honorary, the public administration honorary, the business honorary.

A similar piece of research was done by a terrific Harvard undergraduate named Nancy Pryor who just turned in her senior thesis, in which she did a similar survey among Harvard undergraduates. What they find is what people say about the Federal Government is that the work is really important, but it is not a place where I would want to work. It seems big, it seems boring, it seems bureaucratic; the opportunity for things that seem to motivate people -- and I differ a bit with my market-oriented colleague down the table on this point. What these and a number of other studies suggest about people's career choices is that intrinsic factors are at least as important if not more important than traditional extrinsic salary and perk-type factors.

That is, young people are concerned about opportunities for growth and development. Is the work challenging, is it interesting, is it meaningful, is it exciting? And those can compensate a little bit -- maybe not fully, as Jim was saying -but at least a bit for some disadvantage in what you take home in pay. I am reminded of hearing Joe Califano describe the way he came to Washington . At a meeting, actually, in this town just about a year ago, he was saying when he was a young attorney in New York, he was making $11,000 and Cyrus Vance was coming down to be Secretary of the Army in 1961 and asked Califano if he would like to come.

Well, he would have to take a pay cut. He could only make $9,500 as an attorney. So there was a pay cut; he thought it was a good trade. On the other hand, his daughter, who got out of law school last June, is looking at the kind of figures that Jim Foster was citing, a factor of 2, factor of 2.5 difference. She had grown up in a family that was committed to public service, been in and around this town most of her young life, and wanted to come to public service, but why not go down the street and make 2.5 times as much, make yourself financially secure and get your career established?

And of course we all know that these folks will come back at some point, right? I mean, they will come back as assistant secretaries and general counsels or something like that and they will spend 18 months in Government and then they will go off and make more money. But there is a message out there, both in the data from young people, the pay raise and many other things. The American people aren't all that happy about, whether it is perception or reality I will leave for discussion, but they are not all that happy about the performance of the Federal Government.

They do discriminate. One can find, for example, in what has been going on in public education over the last 5 years, in Mississippi, when Bill Winter leads Mississippi to raise taxes for public education, people think they are getting something for that and people are prepared to raise taxes in the lowest tax State in the country to do something about public education.

When Ross Perot and Mark White do the same thing in Texas, they actually take on the saint of all saints, Texas high school football, and actually wind up disqualifying kids who are the all-stars because they are not passing their subjects. The public was prepared to support that because they saw value for their dollar. Somehow, for a variety of reasons, you guys or us guys, maybe, if I can consider myself one of you, haven't got the word out. The public isn't willing to pay. So the question is interesting because we fear quality is slipping and the public is not buying our story. Whether it is reality or perception I don't know, we will leave that for discussion.

Second, a point that I have already been quoted and cited about, comes from my brief experience with the Volcker Commission. I worked on the task force on education and training and worked very closely with Pat Ingraham, who served with the task force on recruitment and retention. We were chagrined at the lack of good data on the quality questions. I mean, a number of folks in this room participated in one way or another, but we were distressed, chagrined, at our inability to tell a credible story.

We cited every shred of data including things that poor Curt Smith told us, but said please don't quote me with this, and we would write down dutifully and put it in the report and we wouldn't attribute it to him. We took any shred of evidence we could get that was suggestive of what we felt (subjectively) was a significant problem in the Federal workforce.

I won't go on about that, but I think that we have still failed to make a connection, both in the materials we have produced through the Volcker Commission and in lots of other discussions between the quality of inputs and what people care about in the larger society; whether it is air traffic control or environment or FBI agents or regulation of our securities markets or the disaster in the savings and loan business, or Challenger, or any one of a dozen other things.

Third, I want to note just a couple of methodological points, since Marilyn's delightful, provocative paper -- she gave us food for thought and I said, I have to talk about stuff like this? It is just like an academic conference. But I will offer a couple of methodological points.

It ought to be possible for many agencies to say a lot about the quality of inputs. We have lots of ways to do that, all the standardized tests, college and graduate school performance, awards, school selectivity, (as difficult as it is for somebody from Harvard to talk about selectivity).

But there is a lot you can say there. I think it is also important, particularly in public service, to examine things one of the earlier speakers mentioned, such as

community activities, extracurricular activities, things that help communicate people's values and their commitment to public service, and to figure out how you weigh those in the equation with things that are more easily measured.

I said something slightly anti market, but I will say something promarket. There are a lot of quasi-market indicators. For example, if you ask us how we think we are doing, we will look at students who are jointly admitted to different schools and say, are we getting the majority of those students? What is the rate of change and how does that rate track over time? Macy's and Gimbels do the same thing, I suspect, as do IBM and Xerox and lots of others.

If NASA is out there on the MIT campus trying to recruit electrical engineers or mechanical engineers or chemical engineers or something like that, how are they performing against the Exxons and the DuPonts and so on, where you are both going after the same kinds of people? How are you doing and how are you doing over time? There are some market-like indicators that one can look at.

The second point will get me read out of the social science fraternity, but it is just a caution about what I would characterize as the traditional reductionist, holding all other things equal approach to a lot of research that is done. I think Marty Feldstein, who is an economist of some note, or at least notoriety, says that in 30 years of trying to estimate the price elasticity of demand empirically, usually the sign accords with theory. So, if the price goes up, demand usually goes down according to the empirical results.

Now, that was all well and good until some McKinsey consultant told Frank Perdue that if you raise prices 10 cents a pound on your chicken and spend 2 cents of that 10 cents on advertising, your sales will go up. And he was right. So the rule doesn't hold always even where you have a lot of careful data, lots of good empirical data that is well understood and things like that -- well, anyway, maybe the point is made.

But I would really want to encourage a very eclectic, broad-based kind of approach to research in this area. Cohort studies: Are there any interesting cohort studies being done, tracking people through the Federal system? I mean, look at what the Framingham heart study did for our understanding of heart disease. Are we writing case histories of organizations, of programs, of individuals?

How about various kinds of focus groups and detailed exit interviews, lots of different approaches that I think folks ought to be employing because the purpose of all this research ought to be to yield insight, and I hope, persuasive evidence about what connects to what in some reasonable way. Give us a story we can tell, because at this point we are not doing a very good job.

The final point I will make, and if I am successful-- no, I have a long joke I could tell you that could absolutely blot out all time for questions but I will not do that.

Let me just pick up a couple of points from the morning. I think Jerry Calhoun was saying that quality is there, the challenge is to figure out how to let it shine through, and George Francis was saying something along the same lines. Not enough focus on behavioral and human side.

If I were to try to tie those together, I would say that the premium today ought to be on the capacity of management and agency leadership to bring out the talent that is already in the organizations. I have no doubt that the quality of the Federal workforce is high. We did a little survey a few years ago; we surveyed about 400 political appointees in the Reagan administration and asked them, "what surprised you when you came to Washington ?"

Well, the overwhelming answer -- well, there were two things actually. One shows how naive they are about the American system of government. They were surprised to find out that Congress had something to do with them carrying out the President's mandate. For that naive view we will condemn 8th grade civics education. The other thing we found was that they were overwhelmingly impressed with the high quality and dedication of the people they had working for them, the career civil servants. And I believe that.

But that message somehow hasn't gotten through. Maybe we haven't cycled enough of these assistant secretaries through and sent them out to the hinterlands to give the message. But I would like to think that it is time, maybe, for the Federal Government to embrace management as a profession and give attention to management and leadership of organizations. Give it its due, give it anything like the kind of attention private sector organizations spend on this, or that the military spends on this.

'Sadly, when you talk to senior executives a decade into the Senior Executive Service, and say, what difference does it make that you are now in the Senior Executive Service? Well, the most common answer is that we get to accumulate annual leave. Okay, a few hundred unscientific questions, maybe a thousand asked over 10 years of senior executives. Roz could tell us about the GAO's assessment of the dismal record of SES candidate programs. That is not to pick on any one agency; to pick on all agencies maybe.

Something like 80-plus percent of the candidates who went through SES candidate programs are not in the SES and 80-some percent of people in the SES didn't come out of SES candidate programs. So what is the point? I think the quality is high but the perception of performance is not, and I think that

performance begins at the top. If this were a private sector company we would be looking to strengthen the management.

I would like to come back to sort of the political point that I made at the beginning, by saying that the market is sending signals, I think, to folks in the Federal Government, just as surely as if your stock price were plummeting or your market shares were eroding. The people are skeptical about getting value for their dollars. With that I will pause and give you a couple of minutes for questions.

MR. ROBERTS: The point has just been made that there is quality there. We have spent some years in D.C. with Federal agencies and the quality is there. The issue is getting it out. All the morning speakers said similar things about the need for feedback, feedback to encourage and enhance, for example. One of the points at which this is bound to happen all the time is the exchange between the boss and the subordinate and this takes place both daily and annually with appraisals.

An observation, I suppose, is that our educational system teaches us skills of analysis to define and understand, and I think this gets carried over into this exchange between boss and subordinate. What we are talking about, and Sally Marshall has touched right on it, bless you, is this business synthesizing to get solutions and to recognize what is working and build on it? I think what happens in these exchanges, we spend a lot of time analyzing and need more time synthesizing.

So, I suppose my question is, what are we seeing happening in Federal management as well as in the private sector, to help: (a) as a climate that people can give exchange openly without having their fingers chopped off; and then (b) how do we develop this both in our educational system, too, so people are prepared before they even come in? Thank you.

DR. COWING: Who would like to address that?

MS. MARSHALL: Well, on how we are encouraging and supporting that kind of give and take in the workforce, creating more of a participatory workforce. It goes back to one of this morning's speakers. What are we hiring, what are we recruiting in our workforce and does it match our mission, our culture, our organization?

I think many employers are probably saying they want one thing and are recruiting another. Then we wonder why the mismatch is there. It is true that we need to do a better job of talking about our missions, our organizational culture, and then recruiting to match that culture. We are such a diverse organization in the Federal Government. The kinds of people that we should be recruiting for GSA are not the same kinds, necessarily, that my colleague at SEC or another agency would look for.

So we have to stop treating ourselves as a com mon blob and start evaluating our organizational culture and rewarding the behavior that we encourage. We do not always do a good job of that.

MR. FOSTER: There are two things we do at the SEC that come to mind that we do to enhance communication between and among managers and their subordinates. One is that we give recognition to managers who do well in their people program. Recognize them with plaques and certificates and publication of events in employee newspapers and things of that sort to encourage managers to spend more time communicating with and relating with their subordinates.

We also built into the regulations the obligation of managers to be responsive to employees, letting employees take the initiative to ask for conferences, meetings and discussions where they can discuss

problems that relate to the job situation. So, we encourage both managers and employees to initiate and to maintain an ongoing communication link between themselves and among themselves.

DR. COWING: Any other questions or observations?

MR. BOGLEY: I am Sam Bogley; I am a member of the Merit Systems Protection Board. I would like to ask you if you could give us some idea of what portion of your resources that you would like to use for training for advancement are now going to train for remedial purposes, to perhaps provide entry-level skills which you thought the new employee possessed but you found that they didn't have, or perhaps lost due to social or economic deprivation, which requires you to expend funds that otherwise would be going for training but are now spent dealing with rehabilitation of an addiction or some other type of detriment to the quality of the workforce.

MR. BROADNAX: Well, since it seems every one on the panel wants me to answer, let me simply say this; there are several things going on in the workforce, at least from our point of view in one state, and that is that there is clearly a greater need for providing mechanisms to draw out human potential. I think I will use that phrase. Human potential. How do you extract the human potential that is already there?

What we have learned is that it requires the frontloading that I spoke about earlier -- training and education prior to employment. But what we have also learned is that for the workforce that is currently in place from managerial levels down through the organization, retraining has become extremely important. At least in New York State government, it is something we had not engaged in extensively in the past. So we had numbers of people whose potential had decreased over time through no fault of their own but because the organization had chosen not to make the necessary investments in them such that that potential could be kept at the highest levels.

So now we are involved in training and retraining activities as well. New York State government is very fortunate because of our strong unions, to be able to make substantial investments in the training and retraining area. The last legislative session in New York State, because of layoffs and problems like this, the legislature actually put up $12 million in the governor's budget for retraining activities. This is very different. That means that legislators are starting to understand that it is important to provide resources to my department for retraining purposes.

As I said before, most of those monies, approximately 90 percent, had come previously through the contract negotiations process. So, I think that the need involves harnessing human potential and in this context, I think front-loading (pre-employment or early employment training) becomes much more of an important thing for managers and governmental organizations as well as private sector organization. We don't usually see the Ph.D. who wants to become a

keyboard specialist, but rather you get someone with a lot of potential who can be a damned good keyboard specialist but it requires front-loading to get that done effectively.

MS. MARSHALL : From a Federal perspective, I might just point out that at least in my particular agency, and I think in the Government as a whole, we have, again, reemphasized and revitalized that retraining aspect. For instance, over a 3-year period in my agency we have gone from 1 percent of salary on training expenditures to almost 3 percent this year.

And when I look at how we are spending that 3 percent of salary on training, I wouldn't call it remedial training; I would call it retraining in high-tech jobs, adapting to changes in the telecommunication industry, the ADP areas, the procurement practices. We are spending 3 percent of salary in those particular areas. We have not yet, in my opinion, in the Federal Government, invested much in that base level remedial training; clerical skills, communication skills, keyboarding skills, but we are starting to see a need.

We all have huge turnover rates in our clerical workforce. We know about 50 percent of the high-school graduates taking the clerical examination, either through an agency's delegated authority or OPM, are failing the exam. So, we are going to have to spend more in the future on the remedial training. Right now, we are doing more retraining because the agencies have all had major shifts in skill needs.

DR. ZIMMERMAN: Could I just make a brief comment and go back to Chet's "what's new; we have known this for 30 years." Actually, we have known it for 60 years. Chester Barnard, a name known to most of you, I think it was 60-odd years ago that he took Pennsylvania Bell executives and sent them off to the University of Pennsylvania to study the humanities. He had in mind the idea that you might learn as much about how people operate in social and organizational settings by reading literature and studying the arts as you would by studying a narrow course in personnel administration.

Which is better is not clear, but I want to use that by way of comment. We tried to suggest in the Volcker Report that there are sort of three basic purposes to training. One is to help people do their current jobs better and that may require remedial skills because technology is changing or the character of the task is changing. The second reason is really to help people renew, and that is the point of the 60-year Chester Barnard story. Understand that people who feel refreshed and renewed and reinvigorated are both more commit ted to the workplace and the employer, and may indeed be more effective employees.

And third, is to prepare people for growth and development. To do their current jobs better, renew, refresh and reinvigorate them; and prepare them for future responsibilities, that is the purpose of training.

DR. GOWING: I think I saw one more hand. I think we can take one more question. I am going to take Wayne Cascio.

MR. CASCIO : Thank you. My name is Wayne Cascio; I am from the University of Colorado. I am concerned about the policy implications of what has been presented thus far, and four of the six panelists addressed the issue of the study of turnover, directly or indirectly, as an indicator of quality. Peter, I think you talked about the necessity to make leadership and management a real priority.

If that is to happen, then I submit that the kind of data that you need to present have to be a lot more

systematic than what has been presented thus far. Sally raised the question of, what is an okay level of turnover? What is functional and when does it become dysfunctional for the organization? Just a comment, to be able to provide those kinds of data, we need to know at least three things: Number one, who is leaving? High performers versus low performers. If they are low perform ers, that is great; that is dead wood and you want to get rid of them. That is functional.

How easy are they to replace? If they are easy to replace, again, that is functional. If they are difficult to replace and they are high performers, like George was talking about, just alluded to with the scientists and engineers, where you lost journey-worker level people and had to replace them with entry-level people, that is a much more serious problem. And then the last one is, why are they leaving? With respect to exit interviews, one of the things we know is that the worst time to ask people why they are leaving is on their way out the door.

You get much more credible information if you can contact them about 6 months later, after they have gotten a new job and then ask them why they really left the last job. So, the point is just that the data win; and if we are going to be able to impact on policy, then we have to address this turnover issue in a more systematic manner.

DR. COWING: Thank you. Sally, did you want to comment on that?

MS. MARSHALL : I agree. We say it is high turnover but your point is well taken and you have identified the criteria: what is functional and dysfunctional?

Some of the statistics at my agency and some Federal studies show that we have a higher turnover rate among our poor performers, which is good turnover. While we might not be firing them under the adverse action procedure, they are certainly getting performance feedback that encourages them to find another career, and that is good turnover.

Some of our occupations are going to be high turnover no matter what. Let's face it; the clerical workforce is going to have a high turnover. We can take actions to stem it to a certain extent. With motivation, career development, training systems, job redesign, and certainly with the high technology changes we can do an awful lot toward job enrichment in the clerical workforce.

DR. GOWING: I think Dr. Crawford wants to make a quick comment.

DR. CRAWFORD: Two quick thoughts. One, if you pull off that 6-month, post-exit interview, be sure to ask them what their salaries are, because I think that probably the single best indication of the quality of people that you are losing is what the market is willing to pay them. The other thing that I think you should keep in mind about turnover is that it may not necessarily be bad. It may be that the best way to deal with the Federal salary structure is to design turnover into the system as the SEC has done, and many other agencies that employ lawyers.

The idea is that you come here for several years, you get the litigation experience that will be very marketable elsewhere, and you "bite the bullet" that you are going to lose a lot of good people. The military has done this for years. You can build organizations around turnover if you plan on it in a sensible sort of fashion.

MS . MARSHALL: I just would like to make one point. Many of us have examined those options. I would suggest that it is a very dangerous theory when we look out at "Workforce 2000" and the shortage categories. We hear some of our private sector colleagues saying their employment policy is to grow their own.

With many of our job occupations, we have a need to start growing and nurturing our own. There is going to be hell to pay with the labor market shortage that is on the horizon if we do not take care of our own. So, I would be very concerned if we changed our philosophy in the Federal Government, if we decided that we would live with an in-and-out system in our professional workforce.

We have that with our political leadership now and it hurts us when it comes to leadership. We don't need it in our career service.

DR. COWING: Thanks, Sally. That is an excellent final point, and please join me in thanking the panel.

LUNCHEON KEYNOTE SPEECHES

Speakers:

The Honorable Daniel R. Levinson, Chairman, Merit Systems Protection Board

Dr. Curtis J. Smith, Associate Director for Career Entry and Employee Development, Office of Personnel Management

MS . SWIFT: This afternoon we are going to have as our first keynote speaker, Daniel Levinson, who is the Chairman of the Merit Systems Protection Board. Many of you know him, but for those of you who do not, I am going to give a short run-down of his background. He has been with us since August of 1986 as Chairman of the MSPB. Prior to that time, he was the General Counsel of the Consumer Product Safety Commission.

I knew him at first when he was the Deputy General Counsel of the Office of Personnel Management. Prior to joining OPM, he was a partner in the law firm of McGuinness & Williams in Washington, DC, and began his career with a 2-year clerkship in the New York Supreme Court, Appellate Division in New York. He comes from New York but he went to the right school, at least the right school for me, the University of Southern California, which also is one of the numerous colleges that I attended in my background. So, without further ado, I will ask Mr. Levinson to talk to us.

MR. LEVINSON: Thank you very much, Van. Let me start off very quickly by noting that this has been over-billed as a keynote address. My intention is to offer just a few remarks of welcome and some observations on today's conference. This, in fact, as far as the Board is concerned, has been designated a working lunch. That is to make sure that we could pay for your lunches during the conference.

As you know, when it comes to rules and regulations, the Government has something governing virtually everything. While I am speaking, I would encourage you to pursue your work if you haven't finished, in the hope that if you don't find this portion of the conference entirely fulfilling, at the very least you will find it filling.

This is a very appropriate day to be talking about the subject of quality, particularly the quality of the Federal workforce. According to the most recent

news report I was able to get this morning, the space shuttle Atlantis is due to touch down in the next hour or so. Those of you who have been following this launch and the flight, know it has been a near flawless performance. I think that with the shuttle about to touch down very soon, this is one of those days where the public interest in a high quality Federal workforce may be at its peak.

The whole notion of public interest in a high quality Federal workforce seemed to be a very important theme in last week's hearings conducted by Chairman Ford of the House Post Office and Civil Service Committee on the Federal pay raise issue. Appearing before Chairman Ford and his Committee was the Chief Justice of the United States in a very unusual appearance.

He was there on behalf of Federal judges to endorse a 30 percent pay increase for at least that portion of the Federal workforce. I think it is fair to say that he received a very friendly reception from the panel. It was interesting to note that members of the Committee seemed to be seeking tips from the Chief Justice on how to sell the idea of Federal pay raises to the American voters.

What was interesting is that the Chief Justice was plainly struggling with how the members of Congress could come up with a convincing and persuasive way of attaining a sufficient political consensus for a Federal pay raise. As you may know, the Civil Service Committee voted overwhelmingly for the pay raise, but members of the Committee seemed to be looking for a way to go back to the rest of their colleagues and give them a good idea on how the pay raise could be sold to the American public.

It was a fascinating exercise in American politics to watch. This must have lasted a good 30 to 45 minutes. The Chief Justice was struggling and not coming up with an answer that was satisfactory to any member of the panel, and really wasn't satisfactory to himself. He had to concede several times during the questioning that selling the pay raise was going to be difficult. I could just envision him getting up from the hearing table to return to his office, taking up the *Roe v. Wade* issue, and breathing a sigh of relief, secure in the belief that the most challenging part of the day was well behind him.

Obviously, today we are not here to resolve Federal pay raises for the several thousand highest paid Federal workers in Government. But I believe the Board along with OPM can in a very important way help establish a framework for making realistic and politically acceptable pay decisions in the future.

I have no doubt that our work is going to take a lot longer than the Quad Commission took to do its work. But I am very hopeful that the results of this process will be more satisfying than many found the Quad Commission process

to be over the course of the last several months. I would like to address briefly the Board's special role in all of this.

At the risk of deflating some egos, even had you all not been kind enough to answer our call for today's conference, and had you not shown up, you should know that the Board still would be addressing the very questions that are on the table at today's conference. Maintaining a high quality workforce is what the merit system is all about. Of course, the Board's primary mission is to protect the merit system through an adjudicatory process.

But the Board has a charter to conduct merit systems studies and reviews. This charter plainly contemplates a key role for the Board in enhancing and affirmatively promoting the Federal merit systems. Over and above the charter, it is a very exciting exercise for lawyers. Van and I are both lawyers and we come out of the law side of civil service administration. It is great to take leave of the lawyers for a while and address some of these larger systemic issues.

So, today's work is done pursuant to our charter. That being said, the Board appreciates your interest and is going to actively work with you to address the questions we have posed in our workbook today. We are very aware that there are many individuals and institutions around town and around the country who can play a key role in ensuring that this whole exercise is going to be productive.

Let me say a word about the relationship between the Board and OPM. It is very important that these two agencies work in a complementary fashion whenever possible.

As Van mentioned, during the first 10 years of civil service reform, I have had the privilege of spending 2 of those years with OPM and nearly 3 of them with the Board. I cannot recall in my own experience any past joint effort like we are taking with this project today. Given that scarce resources are a Governmentwide problem and that we have a very full agenda of workforce issues, it is good news indeed for our field that OPM and the Board can join forces in addressing Federal workforce quality.

I know that Curt will want to make mention of the very fine people who have helped produce this conference on the OPM side. I would just like to note for the record my thanks and my appreciation to the Board members, Vice Chairman Maria Johnson and Member Sam Bogley, for their support in this whole effort. Special mention should be given to the outstanding effort that Van Swift, as Director of OPE, and Margo McKay, as a Senior Counsel to Vice Chairman Johnson, have given to make sure this conference would be of the highest caliber.

They are all to be applauded for their work, as is the entire OPE staff for the work they have done leading up to this conference. On a personal note, I particularly enjoyed hearing James Foster describe to you what the Securities and Exchange Commission is all about. I was taking a mental checklist, thinking that since the Commission in terms of structure is very much like the Board, it would be interesting to compare the two agencies. Jim began by noting that the SEC is an independent agency, and I thought, well, so is the Board. SEC is a bipartisan agency, as is the Board. SEC is a regulatory commission. That is a term of art for lawyers, but the Board does regulate in a sense, so we share that kind of function with the Commission. SEC is quasi-judicial, as is the Board. And then Jim noted that when lawyers leave the Commission, they make enormous amounts of money. And that is when I realized how big our Government really is. In that respect, at least, there are stark differences between the Commission and the Board. I cannot recall lawyers leaving the Board and making enormous amounts of money. If they have, they haven't told us about it!

I will have the opportunity, of course, to test that proposition when my term expires some time hence, but notwithstanding the unlikelihood of making enormous amounts of money after work at the Board, it is an outstanding agency with which to be associated. It is a star within the executive branch constellation. The work that we are doing here today is just one more indication of the strong commitment of the Board and its staff to improve the quality of the Federal workforce for the benefit of our entire Nation.

With that, I thank you.

DR. GOWING: Our second speaker is Dr. Curtis J. Smith, and I am sure that he is known to many of you. However, for those of you in the private sector, let me review a little of his background. Dr. Smith is currently our Associate Director at the Career Entry and Employee Development Group, and has served in that capacity since July 1986. He has responsibility for Govemmentwide policy on recruiting and examining, hiring and general staffing matters. He is also responsible for the Presidential Management Intern Program and for the Administrative Law Judge examination process and program. I would characterize Dr. Smith as a "manager's manager," in the sense that he is both task-oriented and people oriented. He uniformly has the respect of his superiors, his peers and his subordinates.

I am convinced that the reason he is such a good manager is because his Ph.D. is in English Literature and I am sure we will all head back to the humanities someday, as was mentioned earlier this morning. He has been with OPM previously and also with the Office of Management and Budget, where he was a senior budget examiner. His work history is unique in that wherever he has worked, there have been tremendous innovations in Government programs.

Just to give you some examples of what happened at OPM, we have had a significant turnaround in our recruitment efforts, the Career America concept. We have designed a major new examining program to replace the PACE examination where we are introducing biodata to assess people entering the Federal Government. This work is being accomplished under a court consent decree.

There has been a tremendous move to simplify all of the hiring procedures and staffing programs and to make the life of Government managers easier. And all of this can really be attributed to Dr. Smith's leadership. We are looking forward to his remarks today.

DR. SMITH: Thank you. I will first make the thank you's for the people who have helped make this possible from OPM's perspective: Marilyn, of course, for a very nice introduction and also for leading the people who have been doing our work on workforce quality and who have been cooper ating with the Board on this. Sandi Payne and Jay Gandy have done a lot of the work for us.

I, too, am glad to be here. We have been looking at workforce quality as an issue for some time and have paid attention to the GAO work. We have been anxious to involve other people in it because the demands of what we think we need to know, but do not know, about our workforce being so great that we cannot possibly satisfy that need for information ourselves. We would like very much for every one to participate in the business of defining what it is we need to know, where we want to go. We would also encourage the kinds of

partnerships that we have with the Board now and that we hope we will have with more of you as a result of today.

On the business of measuring quality, I was struck somewhat by the panels this morning because there wasn't a lot of focus on the issue of actually measuring quality. I would assume that our private sector friends do, in fact, have to explain in some sort of bottom line fashion why what they do works or doesn't work, why training is worth the investment or is not, why salaries should be at a particular level.

As I watched what was going on in the programs that I am responsible for at OPM, one of the major frustrations was that we never really had any data upon which to make the decisions that we were nevertheless forced to make. I suppose I must admit that that doesn't make me terribly uncomfortable; it is fun to make the decisions without being impeded by a whole lot of data.

On the other hand, they may not be the right decisions and in our town it is also very difficult to convince anybody else. Other people have their own anecdotes and you end up in anecdote wars and really don't advance the cause of figuring out how best to manage our people, or what sorts of programs we need for them. Mr. Levinson mentioned pay. There has been a sense that somehow the caps on pay over the last number of years must have hurt us in recruiting the kinds of people that we want in our workforce. And yet I would agree with Sally Marshall that none of us is claiming that the people who work immediately for us are no good.

Altogether, we lack the sorts of data that would show us whether the people we are hiring by some measure are better or worse or the same as they were 10 years ago. A more specific and parochial example of that is the difficult court case that we have been working with surrounding the loss of the PACE exam, the way we used to hire entrylevel people. When we lost the use of that exam under a consent decree, we put up some new exams, but more importantly, we turned over hiring authority to agencies for a large number of those occupations. We called it Schedule B and let agencies do whatever they could figure out to do.

The anecdotal evidence on that was all very, very powerful. The agencies loved that new tool; they loved the kinds of people they were hiring, they were balancing the workforce; they were getting college graduates. Across the board, the managers using that tool were very pleased with it. Unfortunately, there was no data base for us to know whether, in fact, we were getting the kinds of people we used to get off the PACE exam, for example, or if there had been some loss of merit in the sense of quality because of this ad hoc hiring system.

Consequently, when we were called upon to argue and defend Schedule B in a separate court suit, we lost because we could not, as a matter of fact, establish that the lack of process was not a problem. When we couldn't show what the results were in some sort of verifiable way, then we got pushed back once again into the whole business of process. It may be, for me, the most important potential for workforce quality studies that, when we get to the point where we can show results for what we do, we are less dependent on process.

When we can satisfy and show people that we have satisfied our interest in merit by the kinds of people we are hiring based on quality indicators, there is less pressure at least for us to go through some particular arcane process to assure that no untoward judgment was exercised in the process. We are working with the Board, as I said before. The piece of it that OPM is involved with is to collect information on a number of quality indicators for the people who apply for our jobs.

There are about 12 of these. They include things like professional certifications, previous experi ence, college subject matter, college grades. We will collect these beginning now, and we hope eventually to collect them from every applicant for every Federal job, but it will take us some time to get there. What we hope to do with that baseline is to see, first of all, whether we are hiring the best people who apply to us.

Then we would like to see if the best people that we hire stay, or is the turnover, as the talk was this morning, among people we wished we had kept? We would also like -- and I think we will be able -- to establish some kind of a comparison with the whole Nation's applicant pool, so that we know whether or not the better people in that pool were willing to consider the Government even up front.

As I said, to know the things that we need to know about the quality of our workforce requires an awful lot more than any of us can do individually. I think you will see from the constitution of the group of people who are here today that we hope very much to consult with and to learn from people from all the sectors.

From the private sector we would hope to find benchmarks for the quality of their employees, for the ways that they measure quality. We assume that they have had the same kinds of experiences that we are having in recruiting and training people. We want to know what they do to solve those problems. I think we heard some of that this morning. We hope that they will be willing to talk to us, to explain to us what they know about an area that is relatively new for us; and we in turn are willing to share what we learn with people outside the Federal Government.

The same with the academic community. Excellent research is being done. We would like to know what the research concerns are; we would like to hope that people will be willing to do research along the directions that we are trying to establish. Again, as we begin to create a data bank and a baseline on Federal workforce quality, it will turn out, I think, to be an extraordinary collection of information because the workforce is so huge. There are not many places where you can get information on 2 million people as part of one organization.

From the employee organizations, we understand that in order for quality to get better, certainly, and for us to be able to measure it effectively, the cooperation and support of employees and of the people who lead their organizations will be required. We think it is to the benefit of both management and labor that we get a sense of what quality is and that we be able, therefore, to deliberately take steps to improve that quality. Consequently, we want the people representing employees to be involved early to understand what we are doing, to see the kinds of things that we are talking about.

A special note about the contribution of our cohost, the Merit Systems Protection Board. MSPB is working, I think, as ambitiously as any on the business of workforce quality. They are now working with an exit survey of employees who voluntarily leave Federal service, in addition to other attitudinal surveys, which will give us information about what is going on here. I hope we can link it up with the sorts of statistical things that we at OPM are capable of knowing so that we can see not only what is happening but, at least from the employee's perspective, why it may be happening.

I think a cooperative effort will benefit all of us, and I think, finally, that any one sector of our economy can succeed only when the whole economy does, and that there needs to be a national shared goal of workforce quality and of doing what we can to improve the people who are in our labor market and who are available to go to work. I hope that this conference will move us toward this goal. I think it is off to a good start, and it is a pleasure to be here. Thank you.

SESSION III

SMALL GROUP DISCUSSIONS

MS. PAYNE: I am going to explain to you a little bit about the way the next part of the afternoon will move on, when we do our breakout groups and the contribution that we are hoping and expecting to get from you all. I will also introduce to you all the facilitators who will be leading the groups this afternoon. I would like to begin, by making mention of the fact that I have my own quality issue. One of the speakers this morning talked about his learning to use his bifocals and how he moved from there into looking at quality in a different way, looking at it more closely.

My own impact on understanding quality has also come from the fact that now I need to use glasses, but I need to use them to see people far away. I have a choice; I can read what is up close or I can see what is far away, and I am, therefore, learning that a quality workforce needs to be adaptive in adjusting to technological change; in this case, it is my body's technological change.

So, when I ask the facilitators to stand, I will have no idea if the right person is standing, I trust that they will be. It gives me great pleasure to introduce the people who are going to be leading these breakout discussions this afternoon. They are the people at OPM and MSPB who are actually conducting and leading the research that was identified this morning as important. We want to understand these issues of quality assessment and what we need to do about it. I was personally gratified that this morning did identify this research as necessary since we both have it underway.

You will find in your notebooks, on the bright pink sheets of paper, the small group discussion lists. There are four small group discussions and each of you will find your name on one of those lists. The first group discussion will be held in conference room number one, which is the first conference room beside the

entrance way. That group discussion will be led by Carol Ann Hayashida from the Merit Systems Protection Board, and Ilene Gast, from the Office of Personnel Management.

Carol Ann Hayashida is a senior research analyst with the U.S. Merit Systems Protection Board. She conducts studies relating to the Federal Civil Service, including a recent study on first-line supervisory selection techniques. Prior to joining MSPB, she was with the Department of Army. Her assignments were at both staff level and operating personnel offices. Her particular interests are job classification, recruitment, staffing and program evaluation. She is a graduate of the University of Hawaii School of Business Administration and she majored in Personnel and Industrial Relations.

Dr. Ilene Gast is a personnel research psychologist in OPM's Office of Personnel Research and Development, led by Dr. Gowing. She completed her B.A. in psychology at the American University and later completed her Ph.D. work at George Washington University . She has been working with us in our workforce quality assessment program for the past year. Prior to that she was at the Army Research Institute, where she had performed research in first-line supervisory behavior.

The second small group discussion will be held in Room 2 and will be led by Jay Gandy of OPM and Paul van Rijn of MSPB. Jay is the program manager for workforce quality assessment in our Office of Personnel Research and Development. It is a broad program of studies, which Dr. Smith described to you, and we can conceive of it going on for a long time. All of this work is done under the direction of Mr. Gandy. Mr. Gandy has been with OPM since 1973. He has led much of our important research over the years, including the introduction of biodata into Federal selection, which was mentioned by Dr. Gowing earlier as a very new initiative in the Federal Government.

This is a commendable effort, and probably the reason that we immediately decided that he was the person to lead our workforce quality research. Mr. Gandy graduated from Emory University with his Bachelor's Degree, from George Washington University with his M.A., and completed his remaining post-graduate work at the University of Maryland.

Dr. van Rijn is a personnel research psychologist at MSPB. He is very well known to many of us because he also worked in our Personnel Research and Development Center some years ago. We certainly value the work that he is doing. He is leading the research now that is studying the relationship between the quality of the people who are leaving, and why they are leaving. We are going to try to relate his results to our study program.

Prior to joining MSPB in 1987, Dr. van Rijn was with the U.S. Army Research Institute, where he studied Organizational Productivity and Leadership in both the military and civilian side of the Army. He has authored numerous reports and has taught psychology as well. He received his B.A. from the University of San Francisco and his Ph.D. from the University of Colorado.

Groups III and IV, we are going to have to share the main conference room. Group III will be led by Martin Reck from OPM and John Crum from MSPB. Dr. Reck is from our office. He joined the Office of Personnel Research and Development in 1975 and has made a variety of contributions over the years, including serving as our Interagency Personnel Research group coordinator. I am sure he is familiar to many of you in the Federal sector.

He is currently directing one of our particular workforce quality projects, which is a study of scientists and engineers. We are going to try and expand on the study that is being done in the Department of Defense. Dr. Reck received his Bachelor of Arts Degree from Brooklyn College and his Master of Science and Ph.D. from Purdue University . Dr. Reck also was a member of the faculty at Purdue and other schools before he joined OPM.

Dr. Crum is a personnel research psychologist at MSPB. He is one of their senior analysts and project managers on a number of activities that have gone on in MSPB for some time. Prior to that, he was with the Department of Army Civilian Personnel Center, where he was responsible for the development of candidate evaluation procedures, planning and other personnel research projects. He obtained his Bachelor's Degree at Boston University and his Master's and Ph.D. from the University of Florida.

Group IV will be led by myself and by John Palguta. As I said, I am from the Office of Personnel Management; John is from the U.S. Merit Systems Protection Board. John and I have the joy of directing many of these researchers that we just introduced to you, some of the most competent researchers who exist in our field.

John has served as a supervisory research analyst at MSPB since 1984, having first joined the Board as a senior research analyst in 1980. He is currently directing development and conduct of many special Governmentwide studies of the Federal civil service. He previously came from OPM also, where he was a branch chief in our operating Personnel Office. Prior to that, John spent 10 years in the old U.S. Civil Service Commission at both the field and headquarters level, primarily as a personnel management advisor with emphasis on program and policy evaluation. Mr. Palguta received his Bachelor's Degree in Sociology from the University of California, and a Master of Public Administration from the University of Southern California. His diversity of experience is an example of

what gives each of our panel members or small group leaders a perspective to help guide these discussions this morning.

For myself, I guess I am not supposed to introduce myself except that, as I said, I have the pleasure of directing several of these people and their research in the area of workforce quality. I work for Dr. Gowing in Personnel Research Development and head up the Division of Policy and Analysis. I received my Bachelor of Arts Degree in Psychology from Roanoke College; I did my postgraduate study at the American University and the University of Virginia .

I am very excited about this particular area of study. I think it opens up windows of information and windows of opportunity and we see our role to not only describe some of the data, but also to analyze and perhaps propose methods for developing workforce quality. As a result, we are very interested in hearing the things that we heard today.

A few little pieces. of information about how the workshops will be carried out this afternoon. You will find that almost everybody's names will appear somewhere on one of these four lists. However, there are some names which are not included. Some of our staff have not been assigned to a particular group. Also, we have some press joining us today and we did not assign them to a specific group. You are invited to attend any of the group or groups that you are interested in.

I would also like to point out that although you have been assigned, and we have to keep these groups the same size in order to fit into the rooms, I invite you to shift to one of the other groups if we made an error in judgment about where your contribution may be most effective and you feel very strongly that you could contribute to one of the other topics.

At this point we are going to break and reassemble by 2:15 since we want to keep on schedule. I ask you to please keep an eye on the clock and be sure to come back on time, since we have a lot to cover.

The final point that I want to make is, many of you may not have had an opportunity to express your thoughts this morning. After all that is why we have invited you all here, to have your input. We started rolling this morning and then it was time to eat, and I certainly wasn't going to not have us eat.

But I would point out to you that this afternoon we really hope for your input and are looking for it. This is your opportunity, both in the small groups and when we reassemble. You will notice on your schedule that there is plenty of time allocated to hear from you and to exchange information amongst yourselves. That is the purpose of the roundtable.

Thank you.

SESSION IV

PLENARY SESSION REPORTS FROM DISCUSSION GROUPS AND DISCUSSION FROM FLOOR

MS. SWIFT: We will now hear from the facilitator for Group I, Carol Hayashida.

GROUP I

TOPIC: Why should we study workforce quality? What purposes will be served by investing time and resources into this study? What results can we expect to obtain and how can we expect to use them? If problems are identified how should they be addressed?

Facilitators: Carol Ann Hayashida, MSPB, and Ilene Gast, OPM

MS . HAYASHIDA: Group I addressed the issue of why should we study workforce quality; what purposes are going to be served by investing time and resources in this kind of study; what results could we expect, and how would we expect to use those results; then, if problems are identified, how should they be addressed? The group decided that one reason we should study quality is first, to gather baseline data in order to know where we are -- in order to effect any changes, we really need to know from where we are coming.

A second obvious reason for studying workforce quality is as a basis for selling and marketing. I think implicit in this was the attitude that we are going to find good things if we study quality. The selling and marketing would be not only external to the Federal Government, but internal as well. Someone made a very good analogy, that in the public sector, when we talk about our problems, everything is wide out in the open.

That person said that it is as if private industry has a clothes dryer and we have a clothes line with our laundry being hung out for all the neighbors to see. So many times, I think, because we discuss our problems in a public forum, they seem to be either larger than they really are, or loom as obstacles that just can't be overcome. So, what we need is to look at the quality of the workforce, see the good things that are really there, and bolster the self-image of those Federal employees who are working for us currently. We should let them know that the Federal Civil Service really is a good place to work and they are part of the good things that are happening.

There also is an important aspect to marketing the quality of the Federal workforce to the outside. People outside Government need to know that the

Government is a good place to work and that good things happen inside the Government. We find that recruits want to affiliate themselves with a winning organization. The only way to convince them that we have a winning organization is with data about the quality of our workforce.

Another reason for studying the quality of the workforce is to provide a basis for anticipating current and future human resource needs. In this way we can identify the training that is required, and this training becomes an investment in the future, rather than a cost.

The group raised the point that often training is seen as a cost and, therefore, in tight times it becomes a cost to be cut. Whereas if training is seen as an investment in a structured plan it is less likely to be cut.

You can't study quality without studying it in context. The group emphasized, that quality has to be studied in the context of productivity or long-range human resource planning, or something of that sort. The group felt that the military has been especially successful in workforce planning and quality issues because they try to relate their manpower resource needs to their future systems. They really have done a better job than in the civilian side of the house.

The group spent a lot of time on the definition of quality. They noted that we really must pay close attention to how we define quality. Some of our speakers this morning brought up that issue as well, emphasizing especially that the components of quality should be multifaceted. We should not talk about quality in terms of single issues or single items. We really should not talk about quality in terms of GPA, or a certain school, or its prestige, but rather we should stress a wide variety of features.

Some members of the group were troubled by the idea that we might study only inputs and outputs to the Federal system. People said that much goes on in between inputs and outputs. We must study the intervening processes and systems. The managerial system is especially important. We need to study managers because they play such an important part in getting the workforce to be fully productive and to reach their full potential. The group urged that when we must study quality, to study not only inputs, but also the intervening processes as well.

The subject of managers took up a lot of our discussion time. People felt that managerial quality is not an easy issue to study but we really need to study it because managers are such an important part of an organization. We should not only study the qualities of entry-level-workers, people coming in at the beginning of their careers, but also we should study employees throughout their career. When we capture the profile of successful managers, we should be looking back

not only at their GPA's and other college-based information, we must examine other more current, and perhaps more relevant data about them.

Finally the group decided that quality is really a multifaceted issue. You really can't study it using a single approach, or a single group. You really must use a number of different approaches to be able to study quality adequately. Thank you.

MS . SWIFT: Jay Gandy will report for Group II.

GROUP II

TOPIC: How can we best determine the quality of the Federal workforce? What measures of quality or methods of study are available? What problems can we expect in attempting to explore this issue?

Facilitators: Jay Gandy, OPM, and Paul van Rijn, MSPB

MR. GANDY: I could have sworn Carol was in our group. With few exceptions, I could have summarized our points of discussion very much along the same lines. Group II was looking at how we can best determine the quality of the Federal workforce, what measures or methods of quality are available, and what problems can we expect in attempting to explore that issue.

We looked at the structure of our problem before us from the standpoint of quality, first of all, being a huge, multi-faceted area. You have the inputs consisting of people that bring certain. capabilities with them; you have the processes which take place after selecting people for the Federal workforce, such as total quality management concepts, training and development, and so forth. Finally, you have the system outputs in terms of productivity measures, the services provided, and so forth.

We tried to focus the issues back on the first matter of inputs in terms of the qualities of the individual that relate to this issue. The purpose of that focus was to make our deliberations more practical in terms of the participants there from the Federal agencies who can go back and start doing something in terms of measurement. So we described to some extent what has been done recently and what is ongoing in the actual measurement, assessment, or quantification area.

The GAO work, the report, which is in your notebook, was discussed along with the possibilities of those quality indicators and their use. The DoD work with the scientists and engineers has been ongoing for some time now, and it looks like some very productive and very interesting results are going to be forthcoming from that. I hope they will not play around with the data forever but will let us see some reports on it soon. They might go back and look in more detail at

some of the more interesting issues, because they have huge amounts of data there. I think from that process of having gone through exercises with these indicators and looking at relationships, we will be in a better position to say what is useful for evaluating quality. The work of MSPB and following up with people leaving was discussed. Generally, it was felt that this is a very important area in terms of why are people leaving, the pay issue, other factors versus pay, the inherent factors of job satisfaction, and so forth; and some enlightenment there may come from that work. We discussed a number of projects that were ongoing.

The issue of context or the matter of context in which we evaluate quality kept coming up in almost everyone's comments. There appeared to be a general lack of belief that individual quality indicators are going to be very meaningful in themselves. I wish that we had gotten further into a discussion of the possibility of combining quality indicators into an overall index; hopefully at some later conference that can be done.

There is considerable concern that we may run into trouble with interpretation of the quality indicators that we collect. There may be misunderstandings and, at least, perceptions of misuse from certain quarters with respect to single quality indicators and whether they have -- analogous to the selection context -- a differential impact on subgroups in the population. We were adequately warned in our discussions to be conscious of the limitations of our indicators as individual units of information.

In general, the group felt that we should go ahead and make attempts to measure quality; we shouldn't wait until we have the answers to all sorts of related things. We can't wait until we have good productivity measures, for example, to drive the question of where our problems in quality lie. The group felt, however, that what we were focusing on today is only one aspect of quality assessment and that it shouldn't detract from total quality management concerns, development concerns, and attempts to measure the outside also.

MS. SWIFT: Martin Reck will report for Group Ill.

GROUP III

TOPIC: How do non-Federal (i.e., state and local governments, private for-profit and private nonprofit organizations) deal with the issue of a quality workforce? What measures of quality are available in the non-Federal sector? What sort of reaction can we expect from the non-Federal sector if asked to share and compare their workforce data? What can we do to obtain the support and cooperation of non-Federal sector organizations?

Facilitators: Martin Reck, OPM, and John L. Crum, MSPB

DR. RECK: Well, not surprisingly, I can make the comment that I thought I was at Jay's meeting. There certainly was a lot of commonality between groups. The basic focus of Group Ill was on non Federal entities and how they go about measuring quality or deal with the issue of quality and what quality measures they use if they do deal with it. Much of what was said in the group was very consistent with remarks made by the non-Federal panel this morning.

Quality seems to be viewed as a function of many aspects of the processes within an organization, starting with selection and moving through training, organizational philosophy, performance management and appraisal systems. Quality was viewed as very difficult to break out on its own. I believe that Curt Smith made the statement, if I recall correctly, that the private sector doesn't seem to measure quality, or quality per se.

That indeed was the impression I got from Group III. Non-Federal managers don't go around asking each other, "well, what is our workforce quality today?" The emphasis seems to be not so much on individual input, but much more on organizational output. If you are looking at the individual input side, most people consider these variables as predictors for selecting people in the first place. But for measuring quality once individuals are on board, one should focus on the output side, such as customer expectations and client satisfaction indexes.

This was the very strong focus in Group III, that we should be looking at the output in terms of client satisfaction and that, in fact, this would probably be a very good way to help the program gain general acceptance. There did not seem to be much optimism regarding the usefulness of generalized indicators of quality. It was difficult for the group to focus on this because, I believe, they had problems with selecting any one indicator as a general measure of quality. They may use the indicators for some other purpose such as, for selection.

They also did say, however, in the process of discussing the Defense Department scientist and engineers study, that looking at these indicators in an experimental manner can be very useful. An example would be relating potential indicators to performance appraisals, which is what is being done in the Defense Department study. However, basically the group expressed a preference for an output-oriented approach and consistent with what I heard from the other two groups and what I heard this morning from the panel. Thank you.

MS. SWIFT: John Palguta will give the report on Group IV.

GROUP IV

TOPIC: Which agencies or organizations should be involved in the study of Federal workforce quality? What are their respective roles and how should their efforts be coordinated? What kind of support is needed from Congress, the public and the media in order to successfully undertake this study? What is the best way to obtain the support we need?

Facilitators: John M. Palguta, MSPB, and Sandra S. Payne, OPM

MR. PALGUTA *:* Well, unbeknownst to Groups 1, II and III, we had bugged their discussion rooms so we were able to deal with all the same information. Actually, we subtitled our group, "Where Do We Go From Here?" or, "Who Does What?" We quickly came to the conclusion that in order to answer that question we had to deal with the methodology: what is it we think we need to do and want to do?

We came to some degree of consensus that we needed to continue along a multifaceted approach, relative to development of quality indicators and including consideration of who should put those indicators into place. We talked about, for example, the need for individual organizations to be examining their quality within their own environment, within their own culture and, in fact, perhaps even conceding that a high quality employee in one organization may not be a high quality employee in a different organization.

However, that does not do away with the need for some Governmentwide indicators for the purpose of Governmentwide interventions, should a problem be discovered and feeding into the notion that multiple efforts at multiple levels is probably the best course of action, we also talked about an agency that would serve as a laboratory and go into quality assessment in depth and even look at interventions within their environment. This may be somewhat analogous to what we are currently trying to do under the research and demonstration projects.

We talked about the need for both hard data and soft data, the need to look at job behaviors and how they affect our measurement of whether or not we have a quality employee as opposed to simply looking at someone with a high GPA and a variety of degrees and credentials without being cognizant of how that person is going to work on the job. This would include consideration of such issues as morale and the impact of job satisfaction on work performance and, ultimately, on the quality of the employee if measured by their contribution to their organization.

We talked about reputational studies, looking at what we believe are excellent organizations and perhaps comparing and contrasting them with the awful

organizations for an attempt to discern some differences in workforce quality and measurement of that workforce quality.

With the data itself, and again, along the theme of: "Where do we go from here and who does what?," we emphasized the need to institutionalize the data assessment and the quality assessment efforts so that those efforts would be ongoing, and would be nonpolitical. Nonpolitical from two perspectives -- one, the effort would continue over various administrations and, two, nonpolitical from the viewpoint of ensuring data integrity.

On that last point, it was felt that data integrity would be enhanced if we dealt with the data in an open manner. In other words, whoever gathers the data, should make it available for examination and manipulation -- in a positive sense -- by any number of groups or individuals. This led to discussion of advisory committees, which would include union representation, academics, professional associations and so on. The committees would be providing input into the proper analysis and massaging of that data.

We talked about the possibility of an annual get together, like today's conference, perhaps being helpful. Some nice pats on the back were given by the group for the interagency cooperation, evidenced by this conference, between OPM, MSPB and GAO as a prod towards continuation of that interagency cooperation.

Finally, two last points: It was clear that we need to have input from agencies in terms of how each agency is going to define quality. A universal indicator of quality may be a more nebulous and elusive goal than attempting to define quality within the context of each organization. But again, we were being tugged back with the thought that, "Gee, it would sure be nice if we had some Governmentwide indicators as well."

That all got down to the bottom line, which is the only reason we are concerned about this. One, the supposition that there is somehow a relationship between a quality workforce and the quality of the service provided by Government. Second, that if either is found lacking, then knowing or at least feeling that we have a better handle than we currently do on the quality of the workforce, we could talk about some interventions that could improve the situation. That is basically it. Thank you.

MS. MCKAY: We would like to open the discussion up to the floor for questions you may have for the facilitators or the panel members.

MR. GOLDEN: I haven't been here most of the day. I guess I am disappointed most by the outcome of today, because I have not once heard the concept of

accountability. I think that we can design the very best and most effective systems that anyone has ever heard of. But quite frankly, if we take all of these wonderful people and bring them into the system, and in no way do we hold our managers accountable for the management orchestration of these talents and resources, then in effect, we have nothing.

The question I have, if you think about this, is, if you bring in the very best people and you give them to a poor manager, what are they going to do with this wonderful talent? And it really is, I think, a sad commentary when you think about our system, that in no way do we hold our managers accountable for the effective management of human resources.

It seems to me that the one thing that we are beginning to miss here, and that we are missing in the long run, is that no matter how well we establish our recruitment programs, no matter how much we establish the qualifications or techniques or methodologies that we are going to use for attracting employees, if once we bring them into our orchestra, if we do not have some sense of orchestration in terms of trying to produce something that is really beneficial, then in effect we have nothing.

I think my friend Chet Newland asked the question this morning early on; I have been hearing the same thing for 30 years; and the truth of the matter is, in the public sector we have been hearing it for at least 30 years or beyond. I have not been here that long but I am going to take Chet's word for this. The issue is that in no way do we really hold managers accountable. The closest systems that we have for dealing with accountability are, quite frankly, in our military systems.

Our military systems, and to a degree our foreign system, which applies the same thing, says we will give you credit for that as long as you do something

good, but if you do something bad -- if you take a risk as a manager -- we are going to hold that against you and, in fact, your career will be impaired by that kind of a process. So, we sit around in this kind of a forum and we think about how much of an impact we can have on the system, and that is wonderful if we want to continue to fool ourselves to think that we are really the end-all to beat-all.

But no matter how much talent, no matter how rich, no matter how talented it is, once we get it into the system, if we don't have a better way of managing it and orchestrating it, in effect, all of that energy, all of that study, all of that evaluation and analysis is for naught.

So, it seems to me that what we have is a little bit of the cart before the horse syndrome here. In that, the sense that I come away from here is that I need to go back and put more pressure on our attraction-retention-development of managers, and more on the sense of holding those managers accountable for producing high-quality products and programs and I think, then, that we will find that high-quality recruitment will follow as a natural consequence of that kind of input.

So, I really think that no matter how well we design an initial recruitment program, if we don't do something once we get them into the system, then the rest of it, I think, is highly questionable.

DR. COWING: Thank you, Mr. Golden. That was Jack Golden, who is the Director of Personnel for the Department of Commerce, and a former president of IPMA. Jack, I agree 100 percent. I think some of the speakers today had touched on that very indirectly when they said, let's treat management as a profession. But I think the accountability component is very essential. That is a question that we really need to address.

MR. GOLDEN: Let me give you an example. We have talked about the demonstration projects, and of course we have heard a lot about the China Lake program. We had one at the National Bureau of Standards, which is now NIST (which is a very highly scientific organization). I think it is interesting that our turnover rate was less than 3 percent. Unfortunately, we got a demonstration project which I think will destroy that because one of the things that happened is that organization managed its program and its people within the system that was designed.

Too many times we are looking for an escape, and what we want to say is, the system doesn't work so let's throw it out and bring in something new. That is what we need to throw out. What we need to throw out is the management

attitude that we cannot manage within the structure that we have established and, in effect, go through a refinement process.

I think that good people are attracted to organizations because the organization is attractive. I think good people stay in an organization because an organization creates an environment where they can exercise their full growth potential, where they can exercise their professional inputs that they want in that organization and, indeed, where there is some sense of accountability in that structure.

Where we fail is when we don't deal with that, where we just bring people in and put them into a system. They are allowed to sit there; we treat managers as we do everybody else. In fact, one of the interesting things that is happening right now, and I don't know whether this is coming from OPM or from other agencies, that we wanted to take what basically is kind of a poor performance management system and turn it into one that is really bad by going back to a pass-fail syndrome.

What we are saying to our managers is, we don't expect you to have any backbone. We don't expect you to have any integrity; we don't expect you to have any credibility and we sure as hell don't want you to make any meaningful judgments about the quality of the people you have working for you or their ability to produce and meet the organizational goals. So, we want to make our job easier and simply say, pass-fail.

I want to tell you, that is an awful sad commentary on our system. It reminds me a little bit of civil service reform when we took one bad performance appraisal system and created 2,700 bad performance appraisal systems, and now it seems we want to go back to the one because it is easier, for some reason, to add up the number of bad systems. But accountability seems to be the issue that really seems to be missing.

It would seem to me that if we could go into a system that, in effect, would pay executives or managers a reasonable base pay and then to pay them the rest of their salary based on their ability to perform, I think we would cure this problem in a hurry.

DR. GOWING: Yes. Question or comment?

MR. LINDLEY: I don't want to disagree with what John Golden said, but I would like to add a little bit to it because I don't think accountability is a practical solution in all instances in the Federal Government. Because of certain management structures, certain people who are at the top are not accountable and nothing that you do will make them accountable.

So, what I would argue for is certainly accepting what John says, but I would certainly institute a program from the bottom also, involving the people in the organization because you already have the nucleus of that in practically everything that you do. The people in the organization are mighty movers, but you have to give them the opportunity.

Now, you can get at part of the problem, and I have seen this happen in one organization, you have to give them the opportunity to speak and talk and meet, so I implore that you do that approach, too. You can do it through performance evaluation programs, you can do it through small group discussions, but the employees are a very important aspect of the organization and they are just as important as management in many organizations, more important because they have got to get rid of some of those incompetent managers.

I still believe in what you say. Accountability is very important but I would say start from the bottom, too, and go through the entire organization and do your quality work there. In many organizations, employees have banded together and say, you have got to change our working conditions, and they do it. In one organization that I was with in the Federal Government, they said, this guy who is the boss has got to go; and by the way, he did go.

So, this can be done. I think you have got to look to this because in my experience in the Federal Government and in public service elsewhere, there are many incompetent supervisors, and one of the problems is getting rid of them. How do you get rid of them, incompetent managers? I say, use the employees in that organization; not directed toward that, but to be a force for change.

DR. GOWING: Enid Beaumont.

MS. BEAUMONT: Some suggest three factors- -the individual variables, the behavior and the outcome -- as important for us to think about. I don't think there is any proof that individual variables or behavior has any bearing on performance in terms of the literature, but you all are really hanging on to those factors because you are comfortable with them.

It seems to me that one of the most exciting things that is happening in our society at the moment is in the field of education. The teachers are being judged, some of them, by the outcomes in terms of student performance, and they are very frightened.

You see a lot of dislocation throughout the country as these things are trying to be put through. But just think about that. I mean, that is to me the only breakthrough we have really had in this field for along time.

I just think that if I heard all your four groups, you really "pussyfooted" around with outcome measurement; well, yes, it is nice. I am questioning all of you in terms of, do you have to hang on to individual variables? We have not proven, either in terms of selection, retention or performance that individual variables have much impact. You all know the literature at this point, but in my time that is what we knew.

On behavior, we know that different kinds of behavior have different kinds of outcomes. It often does not matter; but outcomes do matter. So, it seems to me that if we are going to be bold, somebody ought to start trying to measure the outcomes and trying to articulate and design them, and I think maybe then we will be on the right track. I may be crazy, but it seems to me we need to watch the education field to see if anything comes of that because it is the most exciting change in our society in a very long time.

MR . PALGUTA: I perhaps did not do full justice in my 5 minutes to all of the discussion in Group IV, but output indicators and measurement was indeed a major item of discussion and some felt quite strongly that there needed to be a connection between any workforce quality measurement and output indicators, with the caveat that obviously some Governmental service outcomes are going to be influenced by things over which the workforce may have no control, such as budgetary considerations, and so on.

So, keeping that caveat in mind, clearly I think the only purpose for being concerned about workforce quality is the supposition that it is going to have an impact -- and should have an impact -- on the Government service being provided.

DR. RECK: That was certainly the emphasis of Group III as well. The outcome process, the customer-oriented process, no question about that.

DR. GOWING: I am going to put in another plug for behavior. Think of a manager who is very effective in terms of bottom-line profits, but gets there by being extremely hard on his people. That is an individual behavior on the part of the manager. Often that behavior results in other bad outcomes, such as turnover, sabotage, etc. There may be an equally effective manager in terms of bottom-line profits who treats his people very well in the process. You would say this person is totally successful because he does not have any of the unwanted outcomes as well. So, that is why we are keeping both -- behavior and outcomes -in the equation.

MR. GOTZ: Something I have been struck by in listening to the conversations is that from OPM and Merit Systems' points of view, I am not sure that you have a clear understanding of what the purpose of these quality measures are -- why

you are doing it. I don't see how you can get into what the individual manager is doing in a job site. You have to make policy and presumably the reason why you care about these quality measures is to change policy, either in how managers are selected or how they are promoted, or to change compensation.

You are presumably interested in some high-level measures of quality because you want to be able to go to Congress with a good story; if you don't change pay, here are the consequences for the product, and the quality measure is your proxy for product. I guess I would like to ask or suggest that you perhaps forget about notions of quality and focus on specific problems, and focus on their solutions instead.

Why worry about the term quality? Why not just say, look, we have this problem: We have managers who have high turnover in their work units because they are poor managers; you need to adopt some sort of strategy for identifying those people and for either re-educating them or getting rid of them. Focus on specific problems that you can take to Congress and say, we need a change in legislation. We need changes in compensation to be able to solve these problems. Forget about quality completely. That is a suggestion.

DR. GOWING: Actually we are addressing operational problems simultaneously with our investigations into the quality of the individuals in the Government workforce. We are fighting fires -- handling very specific issues and coming up with very concrete solutions. But the quality issue, I think, is a very political issue, a very visible issue which must be addressed.

That is what Sally Marshall was saying; there are all of these myths out there about the reduced quality of our workers and one of the primary reasons we are going forward is that we are trying to get data to substantiate or refute the assertion that the quality of the Federal Government workforce is either declining or increasing, whatever the outcome might be. Sandi, is there anything else you wish to add?

MS. PAYNE: I agree.

MR. PALGUTA: The only other thing I would add is that I think when you are looking at problems and trying to deal with the problems, you find, when it gets to the Governmentwide policymaking level, that you have a lot of individuals claiming that there are problems but without data to substantiate that claim. We may claim we have a problem with huge turnover and that the best people are leaving, and therefore something must be declining, but then it is a question of, "Well, prove it! Show me."

We can cut salaries in half and there will still be 10 people lined up for every job. Show me that quality is declining and that there is a concern. I think it is all interwoven and it is difficult to separate it out and say, well, we will just talk about operational problems and the workforce quality will take care of itself. Unfortunately, it doesn't always work quite that simply.

MR. GOLDEN: One last point before you cut it off. I don't want to let OPM get away today without having something nasty to say about them. I think an interesting part of this kind of study would be to attempt to measure the quality of employees being brought into organizations who have direct-hire authority versus those who have to use the traditional OPM very heavyhanded, ministerial-laden, time-consuming approaches that we have all gotten to know and to love.

Quite frankly -

DR. ZIMMERMAN: Which you advocate, Jack.

MR. GOLDEN: Yes, I am certainly a strong supporter of it. I was thrilled when we got advance in-hiring rates for clerk-typists. We were told that a clerk-typist could come in and certify that they could type, and then told that I had to give them a miserable little clerical exam and send it to Atlanta, Georgia, and 8 weeks later I would find out whether the person passed or failed. By that time, they were either dead of starvation or had found another job.

Part of our problem, I think, in quality is the system, and it is the process. So, I think if you are going to study this then examine the impact of direct hiring and the difference when we don't have our hands tied behind our back and we have an opportunity to go out and compete in an open marketplace, what we are able to produce in forms of high-quality people versus when we have to use these archaic systems.

I don't blame this all on OPM. I think the House Manpower Civil Service Committee -- and I saw Andy Feinstein here and I hope he didn't get away before I take my shot at him, there he is -- and that what has happened is that we have this conflict between administrations and the political base in this country, and what we have done is make it extremely difficult for us to survive and compete in today's marketplace.

Here again, is another example that, no matter how good our intentions are, if we simply cannot go out and compete in a meaningful way, then, in effect, the quality is going to be hampered and adversely impacted. So, it seems to me as part of this review we have to look at a way of throwing all these shackles off and giving us an opportunity, then, to go out and compete and then to -my last

shot, and my peer, the personnel director, says, if we can't do it then fire us and bring in somebody who is capable of doing that job.

DR. GOWING: I am going to have Sandi Payne address that issue.

MS. PAYNE: I think I will start by saying that each time a question is raised, I am kind of sorry we broke into four workshops and didn't stay in plenary session because I feel that each question was addressed by one, two, three, or possibly four of the groups. In this case perhaps not all four of them. One of the things that we tried to emphasize is -- and I think this addresses the earlier question, too -- why are we looking at quality? Why are we gathering any of these data? Why do we need it?

It is precisely so that we have data in order to look at systems and look at what works, look at programs. We have been directed in our work on workforce quality by Curt Smith to look at precisely that. I want to know how different programs work; I want for the first time to be able to tell if this process works, if this one works, how they work, why they work and how we should meld them together in the future and what we should recommend.

So, that is a very important part of the quality studies and I think you are very right to address that question. I am glad it was brought up in plenary session.

MR. FEINSTEIN: I am Andy Feinstein. I agree with you, Jack, particularly the part about firing personnel directors. I have a lot to do with the origin of this and think that the reason that you want to measure workforce quality is to find out whether what we have done over the last decade in terms of reducing pay and benefits, in terms of making the workplace a less satisfactory place for employees, has had any effect, and if it has, to design interventions to deal with that.

Now, the main criticism, or one of the most telling criticisms, has been you don't want to do it Governmentwide. You don't want to do it Governmentwide, probably in part because it is not terribly accurate; it is more accurate the finer the focus. My concern about that is that if you have identified problems on a more localized basis, that leads to localized solutions. As I said in the small group, the reason DoD did a study of scientists and engineers was to seek pay for scientists and engineers in DoD, not to deal with the workforce as a whole.

Frankly, although I am on the other side, I don't think the consensus is there to end the centralized personnel system. Despite the obvious attractions of getting rid of OPM, I don't think that there is a public consensus yet that that is what ought to be done. When that happens, I agree that it ought to all be done on an agency basis. However, as long as we still have this central personnel system, I

think we have to look at it centrally and I think that the solutions to most of these problems still happen on an across-the-board Governmentwide basis.

MS . PAYNE: We thank you for your support, Andy. Any other comments or questions?

CLOSING REMARKS

Dr. Marilyn K. Gowing, Assistant Director for Personnel Research and Development, Office of Personnel Management

DR. GOWING: I have some reflections on the entire day that I would like to share with you and, also some quotes from presenters that I found compelling. I hope that I have not misquoted anyone. One of the important issues for me this morning came from the private sector, and that was: "Have you done all you can do with your current workforce?" I believe it was Mr. Calhoun with Boeing who said: "Unleash the quality in our current workforce, however we can. Let's maximize their productivity, maximize their motivation and maximize their satisfaction."

I also liked the quote, and I am not sure where this one came from: "Be the best that you can be." Of course, the other side of that in the private sector is: "But we have expectations for you, for the organization, as well." To us in psychology, this concept is labeled "self-actualization." "Be all that you are capable of becoming." I hope that this concept will also be a driving force in the public sector. Another quote, this one from Dr. Zimmerman, deals with management. "Management needs to be viewed as a profession." I really believe that if we are going to have a selfactualized workforce, one that is going to be all it can be, then the onus falls on management. I hope that we will have a new respect for our managers. We have done some excellent things with the Federal Executive Institute and Mike Hansen should be given credit for improvements in that operation. I think we are seeing a revitalization of interest in management within the agencies and departments of the Government.

In terms of recruitment and selection, I think it is very important that we know the kinds of people we are looking for. I am not really certain that we in Government understand the value system of our current employees. Who are those high performers, the people we value who stay with us? What are their motivations, and their values?

Obviously, it is not money. I will share my personal story -- as one who turned down an offer that was $25,000 higher the same week I received the offer from OPM. I know firsthand that there are other things that motivate people, such as

the impact of your job -- the very broad-scale respon sibility that the Government has to offer. So, I think we need to look at those things that make Government opportunities unique and attractive, especially for young people coming into the workforce.

Dow Chemical recognizes the importance of the motivating force of high impact work. You have seen their ads on TV; "Dow lets you do great things." I think the Government can make the same claim. So, we have to measure those values and those motivations before we go out to recruit. We need to know what kinds of people we are looking for. Once we have our people in mind, I believe it was Mr. Calhoun, again, from Boeing who said, "Decide what kind of workforce you have and the skills you have and then the training intersects."

We are looking at that right now and the term we are using is diagnostic testing, giving examinations as people come through the door, to help us to determine their developmental needs. I think we will see more of this application of diagnostic testing in the future.

I also want to point out that we need to be aware that our workforce will always be changing its values. We have seen dramatic changes; two of our presenters, Xerox and IBM, talked about their employees' aversion to frequent relocation. That aversion resulted in changed company policies. I think we all need to change our policies, in accordance with the values and the mores of the individuals that are coming to work.

We have heard that employees are balancing their professional and personal lives, and we need to keep this in mind. I also liked Sally Marshall's aggressive marketing in recruitment situations. I think that once you have your identity, you know who you are and what you have to offer; you know the kinds of folks you are looking for, then you approach recruitment in a much more confident manner.

And it is important to keep in mind that people want to join a winning organization. I think that point was made by Group I. I agree with that, but we need to remember there are different definitions of winning.

On training, the new emphasis we keep hearing over and over again is "grow your own, grow your own managers, grow your own professionals, and grow your own clerical support." OPM has a very active Clerical Apprentice Program; we have taken eight trainees out of the local schools, and we are training them not only in basic skills but also in organizational values. I believe we heard from Commissioner Broadnax this morning that New York State has a similar program. I see a real interest and more funds being committed for (a) "school-to-work bridge programs"; (b) higher level managerial training programs and (c)

programs for cross-utilization. People are not going to have just one occupation in the future. There will increasingly be a requirement for midcareer change from one occupation to another. Only through cross-utilization training can we help people move easily from one occupation to the next.

To support the development of these training programs directed toward cross-utilization, we must conduct occupational analyses. We need to go beyond job analysis now to multi-purpose occupational analysis to determine the commonalities across occupations in terms of work activities, knowledge, skills and abilities. Regarding the topic of the retention of our workforce, these ideas presented are in fact ideas that are 30 years old. They represent proven management techniques: 1) excellent leadership from the top; 2) a vision that is tied to the mission of the organization and its goals and objectives; 3) an organizational culture that is established with clear values that are stated in words that employees can understand.

People are given feedback whenever they are doing things that are in accordance with the expectations of the organization. You have ideas involving participative management in whatever form, teamwork; you have quality circles, you empower your people; that is language that Lynn Offermann of George Washington University would appreciate, because she has published extensively in that area. You have recognition programs, awards, and compensation. The Government is trying to be more creative in that area. That was brought out by Mr. Foster of SEC -- how we are thinking of things like retention bonuses based on performance and pay banding.

So, yes, we do have to be a little more creative with those 30-year-old ideas, while remembering they have worked to keep people happy, content, motivated, and productive.

Let me turn to the question of why we are attempting to assess quality. We have heard a lot of reasons today. I liked Sally Marshall's suggestion that we are attempting to support or refute the myths that are going around about Federal Government quality; that is certainly one reason. I liked Curt Smith's statement that "it is very difficult for managers to make decisions unless they have data on which to base those decisions." You have to give them data saying our quality workforce has deficiencies in the following skill areas, and then you can expect that there will be support for training programs to rectify those deficiencies.

Another statement, one made by Mr. Levinson, was that, "maintaining a quality workforce is what merit is all about;" that is a pretty compelling reason to undertake these studies if you had no other reason. Some of the others we have mentioned bolstering the Government's image and having a data base with

which to compare our progress, both longitudinally and across the public and private sectors.

Now, finally, the most difficult issue of all: "How do you measure quality?" I loved hearing the conversations today because they were all over the spectrum, but, as a psychologist, I can tell you that you are all right in your recommendations for the quality measures. First, we have the advocates of the quality indicators. You know, OPM is a big advocate of that measure, we have printed 250,000 forms and we are going to use them. So, we are going to proceed with quality indicators (e.g., data on academic achievement, experi ences).

I think there is merit in that approach. We also recognize there is dissatisfaction with these types of data; we were hearing that from Mr. Calhoun from Boeing. He said, "Let's recalibrate our definition of quality; it is probably not a degree from Duke." (I hope that was a direct quote). But even Dr. Millburn, having this tremendous investment in the DOD study and this tremendous sample size, is saying, "Well, I am not really sure the number of professional publications is really an indicator of quality."

And I agree. I think you have to collect these data, these quality indicators, but to use them very cautiously. I like to relate them to other data, other measures of quality, which I will mention, and see how they correlate. Then perhaps, we will have some confidence about which of these indexes would be useful for operational decisions down the road.

Now, in psychology our measure of performance includes three sets of variables: 1) individual variables, and those are measured by quality indicators; 2) the behavior of the performer, and we usually look at that in terms of supervisory ratings of performance; 3) organizational outcomes, and those are the products and services that this person produces.

Basically, the great debate I was hearing in one of the groups that I was attending -- and I think it was coming out in all of the groups -- was should we be looking at individual behavior or should we be looking at products and services? My answer is, let's look at all of these measures of quality. Why would we rule anything out at this point?

We are proceeding with preparing administrative performance ratings of individuals across the Federal Government. Well, the other issue that comes out across the groups is, how do you measure behavior? You do it in two ways. There will be generic kinds of dimensions that go across all agencies. By that I mean, something like "service orientation," the degree to which someone is responsive to the customer or to the client. This could be a performance

dimension across organizations. Then there will be agency specific skills that are directly related to the work that must be accomplished by that particular organization. These performance dimensions are directly related to the strategic plan and the definition of the work that must be accomplished to fulfill that plan.

Left to right: Margo M. McKay Maria L. Johnson Jerry L. Calhoun Barbara Mahone

Therefore, an individual administrative performance rating that gets at behavior will probably have a combination of both of those performance dimensions -- generic and specific, depending upon the setting. Finally, why on earth would we rule out product and services, including getting opinions from outside parties as to the delivery of those services and the quality of our people? I think only by doing all of this simultaneously (and I will throw in the intervening systems for study such as the quality of management in organizations) are we going to be able to get at a solution for measuring the quality of the Federal government workforce. That concludes my remarks.

MS . MCKAY: I would like to thank you all for coming. MSPB and OPM are both committed to continue the ongoing project of assessing the quality of the Federal workforce. This was one step to get your input. We hope that it doesn't end with today and that you will continue to be in touch with us and give us your thoughts, suggestions, papers and whatever you have that would help us to move closer to our goal.

We will be putting together a published report of these proceedings within the next several months. Each attendee will receive a copy free of charge. That is our gift to you. Thank you very much for your gift to us in coming here today.

Excuse me, we have one more comment over here.

MR. LINDLEY: I have one comment and a vote of thanks. I think the discussion groups were terrific. That is a good technique. I liked the whole thing.

Postscript

The ability of the Federal Government to meet the needs of the Nation will ultimately depend upon the quality of the Federal workforce. This conference is but one small part of what must be a concerted and ongoing effort to understand the dynamics of workforce quality assessment so as to be able to formulate constructive public personnel policies. Both MSPB and OPM are committed to the goal of an efficient and effective Federal workforce. The ideas and information resulting from this conference -- if used to guide and encourage future assessment efforts -- will assist in meeting that goal.

APPENDIX A
ROSTER OF CONFERENCE ATTENDEES

Enid Beaumont, Director, Academy for State and Local Governments

Dorothy H. Berry, Deputy Director Federal Aviation Administration

Sue E. Berryman, Director, National Center on Education and Employment, Columbia University

Jean Galloway Bissell, Judge, US Court of Appeals - Federal Circuit

Ralph Bledsoe, Director-Designate, Washington Public Affairs Center University of Southern California

Carol Bonosaro, President Senior Executive Association

Richard L. Buckley, Government Employee Relations Report

Michael Carmichael, President-National Capital Area Chapter American Society for Public Administration

Jeanne Carney, Staff Specialist Department of Defense

Wayne F. Cascio, Professor of Management University of Colorado - Denver

Linda Cinciotta, Director of Attorney Personnel, Department of Justice

Tim Clark, Editor, Government Executive Magazine

Cheryl DeSiena, Staff Assistant to the Chairman, Subcommittee on Civil Service, Post Office and Civil Service - House

Lucretia Dewey-Tanner, President Capital Chapter, Classification and Compensation Society

Heea Fales, Staff Director to the Ranking Minority Member, Subcommittee on Civil Service, Post Office and Civil Service - House

Andrew Falkiewicz, Special Assistant to Constance Berry Newman

Andrew Feinstein, Staff Director, Subcommittee on Military Installations and Facilities, Armed Services - House

Claire E. Freeman,Special Advisor to the Secretary, Department of Housing and Urban Development

Gregory H. Gaertner, Senior Project Director, Westat Corporation

Roy C. Gay,Deputy Director for Workforce Effectiveness, Department of Air Force

John M. Golden, Director of Personnel and Civil Rights, Department of Commerce

Edie Goldenberg,University of Michigan

Glenn Gotz, Director,Defense Manpower Research Center, Rand Corporation

Jeanne Griffith, Advisor to the Commissioner of Education Statistics, Department of Education

Michael G. Hansen, Director, Federal Executive Institute

Clarence Hardy, Deputy Director of Operations, Environmental Protection Agency

Ruth E. Hatfield, Research Scientist, The Allen Corporation

Judith Havemann, Washington Post

Jo-Ann Henry, Director, Personnel Management Services, Equal Employment Opportunity Commission

William Hogan, Executive Director-POPA Educational Testing Service

Anthony W. Hudson, Staff Director, Civilian Personnel Defense Logistics Agency

Joan B. Keston, Executive Director, Public Employees Roundtable

Rosslyn Kleeman, Director, Federal Workforce Future Issues, General Accounting Office

Deborah Klein, Economist, Bureau of Labor Statistics

Gilda H. Lambert, Associate Director, Center for Excellence in Government

Anne Laurent, Federal Times

Sar Levitan, Director, Center for Social Policy Studies, George Washington University

Clyde J. Lindley, Associate Director, Center for Psychological Service

Paul Lorentzen, Assistant Professor, University of Southern California, Washington

Barbara Mahone, General Director, Personnel, General Motors Corporation

John Mahoney, Manager, Personnel Research and Development Branch, U.S. Postal Service

Thomas S. McFee, Assistant Secretary for Personnel Administration, Department of Health and Human Services

Dennis McGrann, Staff Director to the Chairman, Subcommittee on Civil Service, Post Office and Civil Service - House

Dorothy M. Meletzke, Deputy Assistant Secretary of the Navy, (Civilian Personnel Policy/EEO), Department of Navy

Jerry W. Miller, Director Washington Office, American College Testing Program

Frederick Mulhauser, Senior Analyst, Program Evaluation and Methodology Division, General Accounting Office

Edward L. Murphy, Legislative Counsel, National Association of Government Employees

Chester A. Newland, Professor of Public Administration and Editor, Public Administration Review, University of Southern California, Sacramento

Lynn R. Offermann, Associate Professor, George Washington University

Michelle A. Oppenheimer, Associate Managing Director for Human Resources Management. Federal Communications Commission

Jerry L. Padalino, Director of Human Resources, Department of Treasury

James M. Pierce, President, National Federation of Federal Employees

Ronald C. Pilenzo, President, American Society for Personnel Administration

William J. Riley, Jr., Director of Personnel, Department of Agriculture

Ian T. Roberts, President TempleR

David H. Rosenbloom, Professor of Public Administration, Syracuse University

J. Merle Schulman, Director of Personnel and Career Development, Department of Energy

Paul D. Slattery, President, The Chiron Group

Steven D. Stehr, University of Southern California , Berkeley

Frank Sutherland, Director,Personnel Policy and Workforce Effectiveness Division, National Aeronautics and Space Administration

Paul Van Hemel, Senior Program Manager, The Allen Corporation

Robin Van Mechelen, Department of State

Judy Van Rest, Special Assistant to Constance Berry Newman

Dan Vukelich, Washington Times

Robert K. Weatherall, Director, Office of Service and Pre-Professional Advising, Massachusetts Institute of Technology

Charles W. Weatherholt, Deputy Director of Civilian Personnel, Department of Army

Frances Webb, Director of Membership Services, Federal Managers Association

Linda White, Special Assistant to Constance Berry Newman

Philip Wirtz, George Washington University

Dona Wolf, Special Assistant to Constance Berry Newman

George W. Wooten, Acting Director, Workforce Relations and Compensation Department, Department of Navy

Don I. Wortman, Director, Federal Programs, National Academy of Public Administration

Frank Yeager, EDS

Diana L. Zeidel, Director of Personnel, Department of Transportation

Alfred Zuck, Executive Director, National Association of Schools of Public Affairs and Administration

APPENDIX B
PARTICIPANTS FROM SPONSORING ORGANIZATIONS

U.S. Merit Systems Protection Board

The Honorable Daniel R. Levinson, Chairman

The Honorable Maria L. Johnson, Vice Chairman

The Honorable Samuel W. Bogley, Member

Lucretia F. Myers, Executive Director

Michael W. Crum, Deputy Executive Director Director

Evangeline W. Swift, Director, Policy and Evaluation

Margo M. McKay, Conference Coordinator

Patricia L. Carpenter, Conference Assistant

John L. Crum, Personnel Research Psychologist

Gwen Hargrove, Conference Assistant

Carol A. Hayashida, Senior Research Analyst

John M. Palguta, Supervisory Research Analyst

Sharon Ratliff, Conference Assistant

Marsha Scialdo, Personnel Director

Brigitte H. Selden, Senior Conference Assistant

Paul van Rijn, Personnel Research Psychologist

U.S. Office of Personnel Management

Dr. Curtis J. Smith, Associate Director for Career Entry and Employee Development

Dr. Marilyn K. Gowing, Assistant Director for Personnel Research and Development

Donna Beecher, Assistant Director for Systems Innovation and Simplification

Philip A.D. Schneider, Assistant Director for Workforce Information

Sandra S. Payne, Chief, Policy and Analysis Division

Jay Gandy, Personnel Research Psychologist

Martin Reck, Personnel Research Psychologist

Ilene Gast, Personnel Research Psychologist

APPENDIX C
SUMMARY OF SMALL GROUP REPORTS

Discussion Group I

Topic: Why should we study workforce quality? What purposes will be served by investing time and resources into this study? What results can we expect to obtain and how can we expect to use them? If problems are identified how should they be addressed?

Summary of Discussion:

The group participants reached early agreement that we should study workforce quality for the following major reasons:

• To gather baseline data about the workforce;

• To use any positive results that emerge from the workforce study in internal and external marketing campaigns. Within the Government, such a marketing campaign can create and foster a "culture of competence." In the past, negative anecdotal data have tended to reinforce, perhaps unfairly, Federal employees' attitudes about declining workforce quality. Externally, data about a "winning" Federal workforce would be helpful in persuading high quality applicants to affiliate with Government organizations; and

• To have readily available data which could be used as bases for anticipating current and future needs. For example, if skills gaps or other factors are identified which can be remedied by training, the resources to accomplish that training can be programmed ahead of time. This would be a change from current modes of operation. Training has historically been approached as a "cost" item, and is highly vulnerable to reduction during periods of shrinking budgetary resources. By changing the orientation of the organization toward training as an "investment" to meet identified needs, funds to accomplish the necessary training may be more easily justified and preserved.

Other concerns and issues raised by the group included the following.

• We should not attempt to study quality without clearly defining the contextual setting, e.g., productivity or long-range human resource management planning. It was noted that the military services have been successful in identifying and assessing their personnel requirements vis-a-vis their various systems.

• The definition of quality which is used in the study design for the assessment of the workforce must acknowledge that it is multifaceted. There is a danger in focusing on a single measure, e.g., grade point average, as a quality indicator.

• Managers play such a critical role in Federal agencies that we should review and assess quality levels for that group separately (and perhaps earlier than focusing on the workforce in general). The managerial system has the largest impact in determining whether the workforce reaches its full potential and therefore deserves special attention. If there are impediments to high productivity which become evident after studying the managerial systems, these can be removed or addressed separately from the issue of workforce quality.

Discussion Group II

Topic: How can we best determine the quality of the Federal workforce? What measures of quality or methods of study are available? What problems can we expect in attempting to explore this issue?

Summary of Discussion:

The facilitators focused initial discussion on some of the current and planned projects within the Federal Government related to workforce quality assessment, including:

• the GAO "framework" study;

• the OPM program to collect and track quality related data on applicants and employees by occupation;

• the Department of Defense study of scientists and engineers; and

• the MSPB retention study, which includes statistical analyses of data from OPM's Central Personnel Data File (CPDF) as well as an exit survey of employees leaving the Government.

All participants appeared to agree that attention to the broader issues was important -- perhaps essential -- if we are to deal effectively with measuring and assuring quality of both the workforce and the services rendered by Government.

A lively discussion ensued with respect to what is practical and "doable" at present versus what is desirable over the long range. Questions were raised about the purpose of measuring workforce quality. Who would use the data? What would they do with the data if they had it?

One view expressed was that present quality assessment efforts were driven by a strong interest in the Congress in obtaining data to back up continuing allegations and speculations about declining quality in the Federal workforce. Since the focus of this concern has typically been on quality of applicants and hires, it is understandable that initial indicators would also focus on this area.

With respect to use of data from quality indicators, some participants suggested that, even though good external benchmarks are not presently available, changes in relevant indicators over time can be important even in the absence of benchmarks for comparison.

The issue of use of quality indicator data to bolster arguments for pay increases generated divergent viewpoints. There appeared to be consensus, however, that the role of pay in the quality equation was one that varied greatly by occupation and context; also that pay considerations may be important in interpreting other

quality related data; thus, data on pay should be collected and analyzed as a potentially relevant part of quality-related studies.

With respect to obtaining relevant data from sources external to the Federal Government, it was suggested that certain public interest or professional organizations would probably assist in making contacts or collecting data. Many colleges could tell us where their graduates were going and, also, may be willing to administer surveys to students relating to their plans, attitudes to Federal employment, and knowledge for Federal service opportunities.

Several concerns and cautions were expressed with regard to use of quality indicators.

• Limitations as to the generality of quality indicators, and caution was advised with respect to ensuring that interpretations are appropriate to situation and context.

• Similarly, a concern was noted that specific indexes may become targets of opportunity because of weak or unclear relationships to quality of performance or organizational services; thus, these relationships would need to be supported.

• A third concern was that quality indicators may tend to reflect adversely on subgroups and thus may be subject to challenges similar to those that afflict many personnel selection procedures.

Discussion Group III

Topic: How do non-Federal (i.e., state and local governments, private for-profit and private nonprofit organizations) deal with the issue of a quality workforce? What measures of quality are available in the non-Federal sector? What sort of reaction can we expect from the non-Federal sector if asked to share and compare their workforce data? What can we do to obtain the support and cooperation of non-Federal sector organizations?

Summary of Discussion:

The main concern of the group was the definition of quality, which was viewed as a nebulous concept. It was felt that, at least in private organizations, quality is more often thought of in terms of organizational output rather than individual input. Thus, to measure workforce quality, the concepts of productivity or organizational effectiveness are most important, and some sort of output or bottom line measure is useful. The focus is often on such measures as error rate, loss of accounts, change in market share, or customer satisfaction. If the organization is meeting its goals, as indicated by the appropriate measure, then by definition the quality of the workforce is sufficiently high. If the organization is

not performing adequately, then attention is devoted to finding out why this is the case.

Although the group felt that it was difficult to develop global outcome measures for the large organization; it was suggested that the global concept of customer satisfaction, a measure of which can be tailored to fit each situation, would be a possible way to approach the question of Federal workforce quality. A program was suggested which would evaluate the views of recipients of Federal Government programs to assess current status, identify aspects of performance which are controllable, set performance standards, and conduct follow-up studies to determine if the standards are being met. It was felt that this approach would be viewed favorably by both Congress and the public at large.

The group suggested the possibility of using peer appraisals and evidence of experiential learning obtained from nonwork related activities such as hobbies and other outside interests. Reservations were expressed regarding the use of generalized individual variables, such as grade point average or standardized test scores, as measures of quality. However it was stated that research and analyses are needed to determine the degree to which such potential quality indicators are related to other variables such as performance appraisals.

Discussion Group IV

Topic: Which agencies or organizations should be involved in the study of Federal workforce quality? What are their respective roles and how should their efforts be coordinated? What kind of support is needed from Congress, the public and the media in order to successfully undertake this study? What is the best way to obtain the support we need?

Summary of Discussion:

The basic objective of this group's discussion was to generate some thoughts on what the next steps should be regarding Federal workforce quality assessment efforts and who should be taking those steps. It was quickly agreed that Federal workforce quality is a shared concern and that attempts to address the issues involved should also be shared. Some participants suggested that the real focus of workforce quality assessment efforts should be within individual Federal agencies. It was also acknowledged, however, that there is a need for a Governmentwide perspective which lends itself to any needed Governmentwide policy or program changes.

Within this broad framework, several important issues were raised and discussed. In summary:

• Several participants were of the opinion that not enough attention was being paid to assessing the quality of the service being provided by the Government. They believed that service quality was a good indicator of workforce quality or according to at least one observer, was even more important since the workforce is simply a means to an end. Regardless of the emphasis, there was general agreement that we should not lose sight of the connection between workforce quality and quality of the service being provided.

• The type of data to be gathered will have an obvious influence on not only how that data is gathered but on who is in the best position to gather it. The participants perceived a need for both hard and soft data. Some hard data items would include demographic information about the workforce and, possibly, some "output" indicators regarding the organization as a measure of productivity. Some of the softer data items would include information about the organizational "culture" involved or employee morale or attitudes.

• The use of performance appraisals as a partial measure of the quality of an employee was discussed. It was generally agreed that the performance appraisal process used by most agencies was not useful for this purpose, especially combined with a trend towards inflated performance ratings. However, performance appraisals specifically designed for research in this area could be useful.

• One participant suggested that "reputational studies" which contrasted excellent organizations with problem organizations could be illuminating especially if differences in workforce quality were discerned. Such an approach, however, would need to identify and attempt to control for all of the other (nonworkforce) variables which could be involved. Another suggestion which dealt with organizational setting was the use of selected agencies to serve as a "laboratory" in order to test different approaches or interventions to enhance workforce quality.

• As to who should gather, analyze, and report workforce quality data, there was a general consensus that multiple organizations at multiple levels needed to be involved. A major determinant in this regard is the purpose the data is to serve. It may be addressing a localized need in a particular situation or it may be intended to help devise Governmentwide interventions if problems are found.

• There was unanimous agreement that any workforce quality data or assessments needed to be open to examination by all interested parties. This would help ensure confidence in the data and minimize the risk of improper data manipulation or "politicization." It was suggested that workforce quality assessment efforts use "referees" or experts in the field to guide and advise.

• The participants also strongly endorsed the idea of a Federal advisory commission that would consist of individuals inside and outside of Government. It should provide for academic input and exchange, employee union involvement, and the participation of other interested and knowledgeable individuals and organizations to guide and review Federal assessment efforts.

• It was also agreed that workforce quality assessment should not be a "one shot" affair and that it should be an ongoing effort so that changes over time could be tracked and that it should be institutionalized and nonpolitical. The ability to draw comparisons with the private sector experience was also seen as a very useful goal.

• The participants commended OPM and MSPB for joining in a cooperative venture on workforce quality through joint sponsorship of the conference. The General Accounting Office was also commended for its role in helping to focus attention on the topic and suggest some alternative approaches to workforce quality assessment through its earlier studies.

Footnotes

1 U.S. General Accounting Office, "Federal Workforce-A Framework for Studying its Quality Over Time," GAOIPEMD-88-27, August 1988.

2 U.S. Department of Labor, Workforce 2000. The Hudson Institute, 1987.