

Issues of Merit

A Publication of the Office of Policy and Evaluation, U.S. Merit Systems Protection Board

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Director's Perspective

Handling Poor Performers: Should Federal Supervisors Get Tougher or Smarter?

Are federal supervisors doing enough to deal with employees whose job performance is inadequate? The good news is that only a very small percentage of federal employees fall into the poor performer category. The bad news is that federal employees and managers overwhelmingly believe that not enough is being done to improve—or remove—that small percentage. A popular reaction to this perennial issue is to call for “tougher” managers who are not afraid to fire people. This belief is undoubtedly fueled by real life situations in the federal workplace where a supervisor with a backbone is precisely what is lacking. The Merit Systems Protection Board’s research, however, finds that this purported solution is much too simplistic.

In a report of an innovative study released earlier this year, the U.S. Office of Personnel Management estimated that the proportion of poor performers in the Federal workforce is 3.7 percent. Stated more positively, OPM found that over 96 percent of all Federal employees were in the “okay” to “good” range. Nevertheless, last year when the National Partnership for Reinventing Government asked in a governmentwide federal employee survey whether “corrective actions are taken when employees do not meet performance standards,” only a little more than one out of every four employees (28 percent) agreed they are. Those findings are consistent with MSPB’s own studies over the years, including the conclusions reached in the Board’s July 1999 report, “Federal Supervisors and Poor Performers.” As the Board noted in this report, “. . . a consensus has formed over time on two issues. One, even a relatively small percentage of poor performers can have a disproportionately large and negative effect on an organization. Secondly,

(continued on page 2)

Employee Selection Methods Need to be Better

When OPM dropped the Professional and Administrative Careers Examination (PACE) in 1984, the government had to find other ways to evaluate applicants for its entry-level professional and administrative jobs. According to research conducted by MSPB, what agencies primarily have relied upon to identify the best candidates for these types of positions are ratings of applicants’ training and experience. In addition, many individuals have been hired on the basis of their college grade point average (GPA) under the “Outstanding Scholar” provision of the consent decree that led to the abolishment of the PACE. Agencies often augment these two methods of rating applicants with unstructured interviews of the best qualified candidates by the selecting official. While managers seem to be satisfied with this approach, research on the use of various selection procedures has consistently shown that the methods the

(continued on page 2)

OPE Focus on the Facts

Belief:

When a federal employee appeals a personnel action to MSPB, it often takes a year or longer for the case to be resolved.

Fact:

The number of initial appeals MSPB regional offices typically receive in a year is over 7,000, and, on average, MSPB regional administrative judges decide the cases in about 100 days.

Inside this Issue

Noncompetitive Program Not Needed for Hispanic Hiring Success. Page 3

MSPB Cuts Age of Pending Cases. Page 4

Preventing Retirement Woes. Page 4
Agency Views on Job Candidates Are Mixed. Page 4

Intern Hopefuls Undergo Rigorous Screening. Page 5

You May Be One of the Lucky Ones. Page 5

Director's Perspective *(continued from page 1)*

federal departments and agencies do not do a good enough job of confronting and resolving individual instances of poor performance.”

MSPB's report also notes that the poor performance issue needs to be addressed within a larger context that takes into account a number of elements including the organizational culture, degree of top management support, employee selection methods, and the requirements of each agency's performance management system. It's also clear, however, that the individual supervisor remains the key to managing employee performance. Three important points underlie MSPB's findings that simply exhorting supervisors to “get tougher” is not a very effective strategy:

1. The goal of good performance management is the effective accomplishment of the organization's goals and objectives. A supervisor who is very effective at removing employees can nevertheless be ineffective at

selecting good employees in the first place or at motivating superior performance from that majority of employees who are capable of doing good work. Without these talents, the sought-after “tough” manager could end up being the proverbial bull in a china shop.

2. A manager intent on firing a problem employee can do so under the existing laws, rules, and regulations. Although under the law it's intentionally not easy to do so, over 10,000 federal employees are involuntarily separated each year (*not* counting those removed through reduction-in-force procedures). However, OPM has estimated that up to half of all poor performers can be rehabilitated to perform at an acceptable or better level. While this is a better outcome for all concerned, it certainly takes a degree of skill to successfully rehabilitate a poor performer. It may take an even greater degree of skill to determine who can and cannot be rehabilitated.

3. There is ample evidence to suggest that, overall, the federal government is not doing a good

enough job of ensuring that supervisors have the skills, tools, and aptitude for the human relations aspects of supervisory work. There may be much to be gained by reexamining the process used to select and develop supervisors to ensure that they: a) are able to make good employee selections in the first place; b) can develop, communicate with, and motivate their employees; and c) are able and willing to deal constructively with performance and conduct problems. This includes a willingness to separate a poor performer when all else fails.

In short, when examining the place of supervisors in the poor performers equation, it's clear that the government and the public are better served by an emphasis on selecting and developing supervisors with a full range of people skills. Clearly, one of the skills we need to work on is being smarter about how and when to be tougher.

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Selection Methods *(continued from page 1)*

government frequently uses are among the worst available when it comes to identifying the best candidates for entry-level professional and administrative jobs.

Statistical methods make it possible to quantify how much of job performance is predicted by a given selection procedure. In the case of the procedures the government typically uses to decide among job applicants, the amount of performance that can be predicted is often extremely small. Frank Schmidt of the University of Iowa and John Hunter of Michigan State University, among the most prominent researchers in the field of employee selection, report that only about 4 percent of job performance can be predicted from the

kind of training and experience ratings typically used by the federal government. Similarly, research has shown that under most circumstances a person's GPA predicts less than 4 percent of job performance. And this degree of relationship holds only when the candidate's college work is directly related to the type of work to be performed and when the degree was obtained within a few years of applying for the job. Once five or six years have passed or if the college work is not related to the job, the usefulness of a person's GPA in predicting job performance drops nearly to zero.

By contrast, using the best selection procedures can result in the ability to predict more than 40 percent of job performance. In other words, use of the best selection

procedures could lead to a 10-fold improvement in the government's ability to select among applicants for professional and administrative jobs. What are the best predictors of job performance? Unfortunately they are the very procedures that many agencies have abandoned because they were seen as too costly and too time-consuming. For example, some of the best predictors of performance are tests of cognitive ability. Also high in predictive utility are observations of actual performance such as those used in the Cooperative Education Program and in structured interviews. Both of these methods require a significant investment of time and/or money.

A review of workforce statistics
(continued on page 3)

reveals that, once hired, very few federal employees are fired and, if they stay beyond the first couple of years, relatively few choose to leave the government. Because the employees the government hires today are likely to be around for a long time, it's important to do a good job of hiring the right ones to fill entry-level professional and administrative vacancies. These people, after all, are the leaders of tomorrow's career civil service. Therefore, the government should do the best job possible in selecting these employees. Although for some agencies it may mean a drastic change in their approach to

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hiring, they should be leery of depending solely on either training and experience ratings or on applicants' GPAs to make selections.

Since the days of the PACE—and even since its replacement in the early 1990s by the ACWA exam—technological advances have significantly changed test-giving and test-taking. It's no longer necessary for applicants to take written examinations only at a scheduled time and place. There is no reason exams can't be administered by computer and scored immediately. Just because written examinations were cumbersome in the past does not mean that they should be permanently abandoned.

Similarly, many organizations have stopped using the Co-op Program because of personnel cutbacks. This is unfortunate and very short-sighted. Having a person actually on board performing the duties of a job is a wonderful way to see whether he or she will make a good long-term employee. It also gives co-op

employees a chance to see whether a career in government is what they really want.

In addition to bringing back written tests in a new form and reinvigorating the Co-op Program, agencies should be investing more resources in training managers to conduct structured interviews. Managers will always want to interview the people they're considering hiring and doing this in a structured manner can greatly improve the chances of making a good selection.

Finally, it's occasionally a good idea to revisit old adages for the sound advice they can provide. In this case the maxim "you get what you pay for" applies: the greater cost and time that are involved in developing and using better selection procedures will be offset many times over by the improvement in the quality of the workforce.

Noncompetitive Program Not Needed for Hispanic Hiring Success

The government's Bilingual/Bicultural Program uses a special noncompetitive hiring authority aimed at increasing Hispanic representation in the federal workforce. According to a soon-to-be released MSPB report, this program unnecessarily avoids competitive hiring procedures and conflicts with the first merit system principle.

The Bilingual/Bicultural Program allows the government to hire candidates who meet minimum qualification requirements if they have Spanish language ability or knowledge of Hispanic culture. Because the program is a special one that does not require competition, qualified candidates are not ranked to determine who among them are the best qualified. Indeed, managers and supervisors who use this hiring program need not consider any more than a single candidate as long as that candidate

meets the minimum job qualifications and the bilingual/bicultural requirements. In contrast, competitive hiring procedures reflect the first merit system principle's expectation of selection based on relative ability, knowledge, and skills (meaning that candidates are compared against the selection criteria to determine the best qualified).

Ironically, this practice of suspending the government's customary merit-based procedures appears to be unnecessary. The Board's research found that Hispanic job candidates are being hired into professional and administrative jobs through competitive procedures in proportions equal to or greater than their representation in the civilian labor force—without the help or involvement of the noncompetitive Bilingual/Bicultural Program. In competitive hiring, Spanish-English language ability or Hispanic-Anglo cultural knowledge can be used as selective or quality ranking factors when needed to assure that bilingual/bicultural requirements are met, while still allowing for candidates to be evaluated based on their relative qualifications.

The government's Bilingual/Bicultural Program was created 18 years ago by a consent decree that settled a lawsuit alleging that the Professional and Administrative Careers Examination had adverse impact on two groups of job applicants—African-Americans and Hispanics. The program is supposed to be used as a noncompetitive supplement to normal competitive hiring procedures in situations where competitive hiring does not produce a representative workforce. Although non-Hispanics are not excluded from the program, its primary purpose is to open more administrative and professional jobs to Hispanic candidates.

The Board's upcoming report questions the continuing use of the Bilingual/Bicultural Program and urges that managers be held ac-

(continued on page 4)

countable for the appropriateness and fairness of their hiring practices and decisions. As noted in MSPB's September 1997 report "Achieving a Representative Federal Workforce: Addressing the Barriers to Hispanic Participation," carefully focussed and adequately funded recruiting strategies can help increase the number of Hispanics in the applicant pool, leading to an increase in their numbers in the federal workplace.

The new MSPB report, "Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended," also discusses the government's Outstanding Scholar Program. The report is expected to be available early in January.

MSPB Cuts Age of Pending Cases

As noted elsewhere in this issue, MSPB regional offices normally receive over 7,000 cases per year and process those initial appeals in an average of about 100 days. The regional office determinations become the final decision of the Board if neither party files a petition for review (PFR). Where further review is sought, as it is about 1,500 to 1,800 times a year, it is the determination of the three-member Board that then becomes the final MSPB decision. The Board usually completes work on PFRs within 200 days of receiving them, but given their large number it is not surprising that a small percentage of PFRs can remain unresolved for more than a year. Two years ago, MSPB Chairman Ben L. Erdreich set a goal of drastically reducing the number of these old PFRs. At that time about ten percent of the cases at headquarters had been pending for more than a year.

Recently the Board announced that it had achieved the Chairman's goal and that there currently are only eight PFRs at headquarters that remain pending after more than a year. There has also

been a significant reduction in the percentage of old cases pending in the regions. The number of initial appeals that take more than 120 days to decide has been cut in half, and the percentage of initial appeals that have been pending for more than a year has dropped to two percent, or just 36 of the 1,730 cases currently pending.

Preventing Retirement Woes

Agency officials who work with federal retirees or prospective retirees can help employees and annuitants avoid common problems by imparting some straightforward advice about steps they can take to help themselves. The ounce of prevention that these steps represent is fairly simple, and more than worth the pounds of cure that could later become necessary if employees don't take these precautions. Agencies will be doing their employees a valuable service if they provide information such as:

- ✓ Before you complete or sign forms, carefully read the instructions on how to fill them out. Often these instructions contain valuable information about your annuity. If your agency is completing forms for you, read the completed forms *before* signing them. Make sure that all the questions that apply to you are answered and the answers are accurate.
- ✓ If you're applying for a disability retirement make sure the appropriate people (agency personnel, your supervisor, your physician, etc.) complete their parts accurately. Check to be sure nothing is missing. You should identify *all* medical conditions that make you disabled. Medical evidence submitted with the application should be current and show a history of the medical condition(s) including physician progress notes, objective test results, hospital records/reports, and evidence showing treatment and/or therapy provided. Doctors should also show how the medical

condition(s) relate to the performance of your duties. Disability applications must be filed within one year from the date of separation from the agency. A waiver of this requirement can be provided only if the applicant shows mental incompetence.

- ✓ Generally, if you will be eligible to receive Social Security benefits, credit for military service you performed after 1956 will be deleted from the computation of your annuity at age 62, thus reducing your monthly annuity, *unless* you pay a deposit amounting to 7% of your military earnings plus interest. You must pay your agency this deposit before or at retirement to avoid the potential annuity reduction.
- ✓ Before you retire, check the beneficiary designations that you have on file to make sure they are current and reflect your wishes. After you retire, keep these designations current.
- ✓ Understand your survivor election options before you retire and know your responsibilities concerning survivor elections throughout retirement. Notify the Office of Personnel Management of life changing events—deaths and births of immediate family members, marriages and divorces that occur after your retirement. OPM sends an annual notice to retirees and survivors that gives important information concerning retirement matters. You should always read and understand these notices.

While these steps may seem simple and self-evident, if agencies suggest them and employees carefully follow them, they can save some headaches later on, at a stage of life when annuitants would rather be enjoying their free time than struggling with legal and financial issues.

Agency Views on Job Candidates Are Mixed

Although the federal government has gone through
(continued on page 5)

tremendous workforce reductions over the past several years, federal agencies are still doing plenty of hiring. In the interest of learning more about their recruitment efforts, we recently asked federal human resources directors from the 23 largest departments and agencies whether they were satisfied with their agencies' ability to fill jobs with highly qualified candidates. The 18 HR directors responding to this question were almost evenly divided among those who were satisfied, those who were only partially satisfied, and those who were dissatisfied with their ability to recruit highly qualified candidates.

Those who expressed satisfaction with the quality of hires pointed to two initiatives that they believed to be primarily responsible for an increase in the quality of candidates they were seeing: (1) the delegation of examining authority to the agencies, which has given agencies more control over the recruitment and selection process; and (2) increased use of the Internet for recruitment purposes. Regarding Internet recruiting, the HR directors noted that they are reaching a much broader applicant pool electronically—specifically through OPM's USAJOBS site—than they had previously been able to do using other methods to find candidates.

Those HR directors who were not happy with the quality of job candidates suggested a number of potential causes for their dissatisfaction. Several expressed frustration at their inability to offer competitive compensation packages, which they felt put them at a disadvantage in competing with private sector organizations for new recruits. Some HR directors also complained that regulatory restrictions on the hiring process—most notably the so-called "Rule of Three," veterans preference, time-in-grade restrictions, and the Career Transition Assistance Program (CTAP)—made it difficult

for them to recruit and select the most highly qualified candidates for vacancies. Some in this group were also not particularly positive about the quality of candidates referred to them via OPM's automated examining services.

Because recruitment and selection of high quality candidates is so critical to the federal government's ability to serve the public well, the fact that some agencies are still unhappy with the quality of candidates they're placing into jobs is of great concern. For this reason, the Board will be examining federal recruitment strategies in greater depth in the near future. We'll keep you posted on what we learn.

Intern Hopefuls Undergo Rigorous Screening Process

Since 1978, some 4,000 presidential management interns (PMIs) have been hired, and many of those individuals are now serving in senior managerial positions. For 20 years the Presidential Management Intern Program has been a premier recruiting mechanism for attracting outstanding graduate students to federal service. The screening process it uses is a major reason the program has earned that distinction.

Because PMIs are a very highly-regarded group, competition to enter the program is keen. In 1998, 540 out of 1,600 nominees

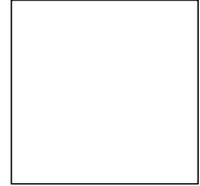
were selected as finalists. Of the 540 finalists, 343 were selected for the PMI class of 1998.

The program uses a rigorous screening and evaluation process to hire students with potential to become future managers and leaders of the civil service. First, candidates must be nominated to the program by the dean, director, or chairperson of their academic program. For the class of 1998, 300 universities nominated students. Second, all nominees go through a round of screening conducted by the Office of Personnel Management. A panel of reviewers assesses the nominees' applications, recommendations, and writing samples, and the nominees undergo a one-day structured assessment during which their oral communication, leadership, and interpersonal skills are evaluated. Candidates who pass this intensive screening and evaluation process become finalists. The finalists may then apply to agencies that have vacant positions set aside for PMIs and often must undergo further interviews conducted by agency officials who make the final intern selections.

Selection to the program does not end the evaluation process. PMIs are given an initial two-year excepted appointment at which time they are given intensive developmental assignments. At the end of the two-year period, if the interns' work has been of sufficiently high quality, the agency may convert them to permanent positions in the competitive civil service.

YOU MAY BE ONE OF THE LUCKY ONES !

Early in 2000, we'll be sending our Merit Principles Survey to about 18,000 federal workers. If you receive the survey, do take the opportunity to fill it out and (anonymously) give us your opinion about your work and work environment. If someone you know or supervise receives one, encourage him or her to complete it. The results will go to the President, Congress, and agency leaders. It's your chance to be heard. In coming weeks, look for information about the survey under "Studies" on our website at mspb.gov



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Happy Holidays from

Issues of Merit

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* Most of these reports can be downloaded from the studies page of the MSPB website: mspb.gov

"Issues of Merit" provides findings and recommendations drawn from MSPB research on topics and issues relevant to the effective operation of the federal merit systems and the significant actions of the Office of Personnel Management.