Papers OLC

GETTING INVOLVED:

Improving Federal Management With Employee Participation

May 1986

A REPORT OF THE U.S. MERIT SYSTEMS PROTECTION BOARD
OFFICE OF MERIT SYSTEMS REVIEW AND STUDIES

MERIT PRINCIPLES GOVERNING THE FEDERAL PERSONNEL SYSTEM

The Civil Service Reform Act (Pub. L. No. 95-454, 92 Stat. 111 (1978)) requires that Federal personnel management be implemented consistent with the following merit principles:

(1) 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.

(2) All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.

(3) Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.

(4) All employees should maintain high standards of integrity, conduct, and concern for the public interest.

(5) The Federal work force should be used efficiently and effectively.

(6) Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.

(7) Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance.

(8) Employees should be --

- (a) protected against arbitrary action, personal favoritism, or coercion for partisan political purposes, and
- (b) prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election.

(9) Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences --

- (a) a violation of any law, rule, or regulation, or
- (b) mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.

It is a prohibited personnel practice to take or fail to take any personnel action when taking or failing to take the action results in the violation of any law, rule or regulation implementing or directly concerning these merit principles.

The Merit Systems Protection Board is directed by law to conduct special studies of the civil service and other Federal merit systems to determine whether these statutory mandates are being met, and to report to the Congress and the President on whether the public interest in a civil service free of prohibited personnel practices is being adequately protected.

These studies, of which this report is one, are conducted by the Office of Merit Systems Review and Studies.

GETTING INVOLVED:

Improving Federal Management With Employee Participation

May 1986

A REPORT OF THE U.S. MERIT SYSTEMS PROTECTION BOARD
OFFICE OF MERIT SYSTEMS REVIEW AND STUDIES

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May 1986

Sirs:

In accordance with our responsibilities under section 202(a) of the Civil Service Reform Act of 1978 (5 U.S.C. section 1205(a)(3)), it is my honor to submit this report titled, "Getting Involved: Improving Federal Management with Employee Participation."

This report is the result of a U.S. Merit Systems Protection Board study designed to identify any systems, policies, or procedures each of the major Federal departments and agencies have in place which allow or encourage employees to identify agency-related problems without fear of reprisal.

The report discusses Quality Circles, Suggestion Programs, Hotlines, and a number of other programs and systems which are specific to particular agencies. All of the systems have the potential to foster constructive employee involvement. Given adequate support and development, these programs (and others of similar concept) may ultimately assist Federal agencies in delivering their services more effectively and efficiently.

Respectfully,

Maria L. Johnson

Maria L. Johnson
Acting Chairman

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

Washington, DC

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CHAPTER 1

INTRODUCTION AND OVERVIEW

A. PURPOSE OF THIS REPORT

On January 15, 1985, the Merit Systems Protection Board (MSPB) released its report, "Blowing the Whistle in the Federal Government: A Comparative Analysis of 1980 and 1983 Survey Findings." That report noted that fewer employees observed fraud, waste and mismanagement in the Federal Government in 1983 than in 1980. It also highlighted some concerns, including the lack of measurable progress in overcoming Federal employee resistance to reporting instances of fraud, waste, and abuse, and a significant increase (from 20% in 1980 to 37% in 1983) in fear of reprisal among those employees who observed fraud, waste or abuse, but did not report it.

As a result of this study, the Board recommended that:

> Given the limited impact that the current Federal "whistleblowing protections" appear to have had relative to the encouragement of constructive employee involvement in identifying or resolving instances of fraud, waste, or abuse, Congress and the Administration should encourage Federal agency heads to develop or explore alternative or additional methods of achieving that goal.

This report on employee involvement systems provides a "first of its kind" summary of those major management initiatives underway in the 22 largest Federal departments and agencies which may achieve part of what Congress wanted to realize through the CSRA "whistleblower protections," i.e., involvement of Federal employees in keeping fraud, waste, and mismanagement to a minimum.

This is a "good news" report in the sense that the study was designed to identify and report on successful (or potentially successful) employee involvement systems or mechanisms. It may serve, therefore, as a source book for those Federal managers or policymakers searching for new (to them) ways of constructively tapping into a potentially valuable reservoir of information — Federal employees. Where appropriate, specific agency telephone numbers are provided for those who may wish more detailed information about a particular agency's system. The study is based on two basic premises:

1. It is simply "good management" and in the best interests of the Government and the taxpayer to encourage Federal employees to become constructively involved in identifying or resolving organizational or operational problems (including the problems of fraud, waste, and abuse); and

2. There are conscious management actions that can be taken to promote employee involvement in a constructive manner that minimizes the potential for antagonism between the employee and the agency.

The MSPB study team found little documented evidence that any of the employee involvement systems mentioned in this report significantly reduced fraud. The study team did find many cases where the implementation or refinement of selected employee involvement systems resulted in significant cost savings as a result of a reduction in waste or mismanagement. In many cases, the systems discussed in this report seemed to foster creativity, prudent risk taking, and enhance organizational performance. A basic merit principle is that, "the Federal work force should be used efficiently and effectively." This principle and one other, which states that employees "should be protected" when they lawfully disclose information on mismanagement, abuse of authority, etc., serve as the authorizing framework within the Civil Service Reform Act (P.L. 95-454) for this study.

It should be noted that one agency's highly successful employee involvement system could be another agency's "disaster" because of major differences in work force composition, agency mission, top management styles, and so on. In reviewing this report, therefore, it should be remembered that any employee involvement system must be specifically designed to suit the particular needs of each individual agency or organization. Once these differences are taken into account, most of the various systems discussed in this report will have applicability within a wide range of different agencies and organizations. While no panaceas are offered in this report, it should be noted that most of the employee involvement systems described are mixtures of common sense and good management.

The Office of Merit Systems Review and Studies (MSRS) performs two functions assigned to the Board by law. The first is to conduct special studies to determine whether the public interest in a civil service free from prohibited personnel practices is adequately protected. The second is annually to review and report on the significant actions of the Office of Personnel Management (OPM), including an analysis of whether actions of that office are consistent with the merit system principles and free from prohibited personnel practices. Reports prepared by MSRS are addressed to the President and the Congress. They also are sent to heads of executive departments and independent agencies, Federal personnel and EEO officials, public administration organizations, and to the public on request.

Reseach conducted by the Office of the Merit Systems Review and Studies is a primary source of information concerning the effect of executive and legislative initiatives on the statutory merit principles and prohibited personnel practices. The reports resulting from this research are used by the Board, Congress, and OPM to evaluate Governmentwide personnel policies and practices.

B. HOW THIS INFORMATION WAS GATHERED

On September 20, 1983, the Board sent to the heads of the 22 largest Federal departments and agencies a detailed request for information on any currently operational systems, policies, or procedures relative to the concepts of employee involvement in organizational problem identification and resolu-

tion.[1] In February 1984, the Board's study team began a series of follow-up visits to each of the agencies for the purpose of expanding upon the written materials submitted to the Board.

Most of the information for this report was obtained from two sources: (1) the surveyed agencies' responses to the MSRS request for information on relevant employee involvement systems, and (2) on-site program reviews and interviews with over 100 agency coordinators or representatives. Some agencies subsequently provided the Board with additional materials which clarified information obtained from the individuals interviewed and provided illustrations.

The listing of systems and procedures described in this report is by no means an exhaustive one. For example, the study covers only those systems or procedures in place within the 22 largest Federal departments and agencies (which, together, employ over 95 percent of all Federal civilian employees). Some of the smaller agencies not covered by our review, however, may also have some worthwhile programs in place. We have included one such agency, the Nuclear Regulatory Commission, because of the noteworthiness of its Differing Professional Opinions Program. In addition, in the time between our initial request for information and the issuance of this report, some of the agencies may have initiated new systems or they may have revamped, expanded, or canceled existing systems or mechanisms. We have updated our information as these changes have been brought to our attention, although it is difficult for any report of this nature to be truly comprehensive given the size and dynamics of the Federal Government. This report, therefore, might be considered a starting point rather than the final word on information about Federal employee involvement systems.

It was also recognized at the outset of the Board's review that there is no single employee involvement system or mechanism that will suffice for all, or even most, problems or situations. Clearly, the nature of the problem is an important factor in determining whether a particular system is an appropriate vehicle for capturing or conveying relevant information. Evidence that one's supervisor is accepting bribes or kickbacks is not an issue, for example, that would normally be reported through an employee Suggestion Program. Likewise, an idea on how to streamline an organization's workload processing is not an item that would normally be called into a Hotline or be the subject of a surreptitious tip to the local newspaper.

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[1]The Federal departments and agencies covered by this review were the Departments of Agriculture, Commerce, Defense (including separate inquiries to the Departments of the Air Force, Army, and Navy), Education, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, State (including a separate inquiry to the Agency for International Development), Transportation, Treasury, the Environmental Protection Agency, General Services Administration, Veterans Administration, National Aeronautics and Space Administration, and the Small Business Administration. Separate onsite program reviews and interviews were also conducted at the Defense Contract Audit Agency, Defense Logistics Agency, and the Defense Investigative Service.

C. SUMMARY OF MAJOR FINDINGS

This report documents some of the various attempts currently being made throughout the Federal Government to gain greater employee involvement in the process of making institutional improvements. Many of these attempts have met with some degree of success and others have been sustained for a number of years. Most often they involve the establishment of some formal mechanism through which employees can bring to light a wide variety of issues, problems, or opinions, including those related to fraud, waste, or mismanagement.

When asked to identify their "employee involvement systems," over 150 systems, policies, and procedures were identified by the 25 agencies[2] covered by our review. On an agency-by-agency basis, the number of identified systems ranged from 2 to 22. Every agency had at least two major employee programs or systems in place, i.e., a telephone Hotline and an Employee Suggestion Program. In four agencies, these were the only two programs identified. Both of these particular systems are basically "passive" in that they require the employee to take the initiative to use them.

Fourteen out of the 25 agencies queried also reported the use of Quality Circles, i.e., small groups of from 3 to 15 employees who meet regularly to identify, analyze, and hopefully solve work-related problems. Since agency management typically initiates the formation of the Circles and solicits employee participation, this may be regarded as an "active" employee involvement system. At the time of our survey, the number of Circles in place within the 14 agencies ranged from less than 10 to more than 500.

Eighteen out of the 25 agencies also reported that they periodically used some type of questionnaire survey within their agency to solicit employee opinions and experiences on a wide range of subjects including agency operations and agency personnel management. This is another "active" system characterized by its management-initiated nature.

Despite the fact that all of the Federal agencies surveyed had two or more systems in common with other agencies, a closer examination of these systems on an agency-by-agency basis revealed some significant differences in their operation and in the results obtained. Some agencies simply seemed to be more successful than others in realizing benefits. In essence, some were more cost-effective than others.

In addition to the systems or procedures mentioned above, a number of individual agencies have developed unique programs or systems designed to meet particular needs or objectives. Notwithstanding the specialized natures of some of these systems, they have potential adaptability to other Federal Government organizations. Among these noteworthy systems or programs are the Nuclear Regulatory Commission's Differing Professional Opinions System (along with its less formal "Open Door Policy"), the Department of Health and Human Service's Management Self-Improvement System, and the Department of State's Open Forum and Dissent Channel.

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[2]This number includes the 22 departments and agencies to which letters of inquiry were sent plus three additional defense agencies that were added to our review (see footnote 1).

D. OVERVIEW OF THE REPORT

Chapter 1 of this report has outlined the rationale for the study and its strengths and built-in limitations. In this chapter, we have also discussed the methdology used in gathering the underlying data and the resultant findings. This chapter also summarizes in the next section the study team's conclusions and recommendations. The remaining chapters in this report provide more specific details about some of the employee involvement systems reviewed by the Board. Because of the scope and ubiquity of three of the systems, i.e., Quality Circles, Suggestion Programs, and Hotlines, separate chapters are devoted to each. Various programs or systems unique to one or only a few agencies and a discussion of some of the survey research (questionnaire) efforts used in a number of agencies are discussed in the report's final chapter. These chapters are arranged as follows:

CHAPTER 2: QUALITY CIRCLES

This chapter focuses on the Quality Circle Programs which have been implemented in 14 of the 25 agencies covered by this report. Subjects discussed included: Quality Circles structure; union involvement; areas barred from Quality Circle involvement; size and scope of Quality Circles; program promotion; management involvement; training, resource allocation, and agency interaction; program interaction with the private sector; and benefits, costs, shortcomings, and areas for improvement.

Quality Circles were found to be a growing phenomenon which deserves a closer look by Federal Government managers and policymakers. Quality Circle Program coordinators and representatives emphatically acknowledged both the tangible and intangible benefits which their organizations receive as a result of their employees' participation in Circles. Most of the agencies viewed their Quality Circle Programs as cost-effective systems which produced significant and positive results. It is also acknowledged, however, that Quality Circle Programs are not going to work in every organization nor even necessarily in the same organization over time. Also, while there is a great deal of anecdotal information about the benefits of Quality Circles, hard data about their long-term impact on productivity and effectiveness in the Federal Government is less evident and still being gathered.

CHAPTER 3: EMPLOYEE SUGGESTION PROGRAMS

This chapter examines the systems used by all of the surveyed agencies to promote and process employee suggestions. Subjects discussed include: organization and structure; management support; publicity; processing; types of suggestions; participation and adoption rates; agency interaction; and benefits, costs, problems, model programs, and goals for the future.

Although the information gathered by this study demonstrated that Suggestion Programs are valuable tools enabling management to better achieve important organizational goals, a number of operational problems were found to be reducing the potential effectiveness of many of the agencies' programs. Deficiencies relative to program staffing and suggestion evaluation require the greatest amount of attention.

CHAPTER 4: HOTLINES

This chapter reviews the employee communication systems (called Hotlines) developed and implemented by all of the agencies. Subjects discussed include: organization and structure; quantity and quality of contacts received; processing; publicity efforts; and agency interaction.

The Hotlines were considered useful and effective deterrents to fraud, waste, and abuse by virtually every agency surveyed. System effectiveness was found to be dependent on three primary factors: the manner and speed of processing contacts received, the type and extent of publicity and promotional efforts, and the degree of top management support.

CHAPTER 5: OTHER EMPLOYEE INVOLVEMENT SYSTEMS

This chapter describes the agency specific programs which are not covered by any of the three major program areas covered in Chapters 2 through 4, but which, nevertheless, also serve as effective employee-management communication efforts. Thirteen programs, each of which is identified with a particular agency, are separately discussed. In addition, the chapter examines: the government's employee cash award program for the disclosure of fraud, waste, or mismanagement; surveys and questionnaires used by the agencies to measure employee attitudes and opinions; and selected private sector initiatives relative to the concept of employee involvement.

E. CONCLUSIONS AND RECOMMENDATIONS

As will become obvious to the reader, most of the systems and procedures outlined in this report are viewed positively. This is to be expected since the thrust of the review was an attempt to identify constructive employee involvement systems that were producing desirable results. A result was deemed desirable if some constructive change was made (e.g., an organizational problem was solved or an improvement made), or if the agency realized some other benefit because of the involvement of one or more employees who were going beyond the specific day-to-day requirements of their jobs.

Even though almost all of the programs which were reviewed were producing some benefits to the agency, some agencies were able to realize demonstrably better results (in terms of quantity or quality) than others with similar systems (e.g., Hotlines or Suggestion Programs). Some possible reasons for this are discussed below. In a few cases, there was some doubt as to whether the benefits derived from a particular program outweighed the costs of that program.

In the final analysis, although the level of activity varied widely, almost all of the agencies surveyed believe that the employee involvement systems they had in place at the time of our review were cost-effective and beneficial to the Government and to the taxpayer. In most cases, the agencies were able to provide some evidence to support that contention.

In light of the Board's findings, Federal agency managers should be encouraged to actively pursue opportunities within their own agencies to inaugurate, revise, or revitalize, as appropriate, employee involvement systems tailored to the needs of their agency. In some cases, this may lead to

abolishment of a non-functioning or dysfunctional system that has either outlived its usefulness or is inappropriate within the context of a particular situation. In most cases, however, agency managers should be able to identify multiple opportunities for the constructive involvement of employees in problem identification and resolution. In this regard, the information contained in this report should be a useful resource.

In attempting to adapt to a new agency or organization a system or program that has proven successful elsewhere, there are some caveats to be heeded and some guidelines which may be helpful. It is a mistake, for example, to think of the Federal Government in the singular, i.e., as a monolithic entity with a massive number of employees -- all doing basically similar tasks. There are currently 61 different executive branch departments and independent agencies, employing anywhere from two to over 370,000 civilian employees. Altogether they employ over 2.1 million individuals (not counting the semi-independent U.S. Postal Service with over 685,000 employees). Federal employees are located not only nationwide but worldwide. They work in literally thousands of different white- and blue-collar occupational specializations ranging from unskilled laborers to highly skilled scientists and engineers. Any specific plans for gaining greater involvement of Federal employees in problem identification and resolution must take the differences between the various Federal agencies into account. These differences are related to such tangibles as agency size, mission, work force composition, and geographic location, as well as to such intangibles as organizational climate or culture.

With regard to getting employees more involved in efforts to increase the efficiency and effectiveness of Government, the management "team" within each agency needs to tailor its efforts to the unique needs and objectives of the particular agency. Federal agency managers at all levels can and do make a major difference in the willingness of employees to become involved.

While the systems or procedures covered by this review varied considerably in form and function, their relative success appeared to depend largely upon the degree to which they incorporated each of several interrelated elements. Summarized below are the elements which appear to be most valuable or necessary in this regard.

- **Top Management Commitment:** It is no accident that many of the most active or productive employee involvement systems or mechanisms the Board reviewed were ones that have the active interest and support of top agency management. In fact, in a number of cases the system or procedure was initially established at the request of top management. Conversely, without continuing top management support, many attempts at employee involvement were unable to produce any real or lasting organizational improvements, and any relevant systems or mechanisms developed to aid those attempts quickly fell into disuse.

- **Middle and First Line Supervisory Support:** Even if top management support exists, unless that support is communicated to the rest of the agency through the "connective tissue" provided by the actions of middle managers and first line supervisors, an employee involvement system is likely to have limited success, at best.

- **Allocation of Resources:** Each agency system the Board reviewed had a cost associated with it. The types and amounts of these costs varied greatly. Personnel costs were predominant, especially the cost of employee salaries for that portion of the time that employees were "taken away" from their regularly assigned duties because of their involvement. Depending on the mechanism or system, there may or may not have been additional personnel costs associated with specialized individuals such as program coordinators, facilitators, or consultants. Other costs included those associated with system publicity, training, and facilities (e.g., office space, phone lines, supplies). The costs should ideally be justified and outweighed by the benefits a successful system provides. In order to successfully produce the intended benefits, however, the agency needs to be able and willing to make an adequate "capital investment" for start-up purposes and for periodic system maintenance.

- **Good Upward and Downward Communication:** Related to the previous elements dealing with commitment and support on the part of agency management, this element emphasizes the concept of communication of that support (through actions as well as words) to employees and, just as important, communications from employees back to management. Those employee involvement systems that incorporate or encourage an on-going problem-related **dialogue** between management and employees have a significant advantage over those in which communication is unidirectional.

- **Willingness to Deal with Results in Good Faith:** In their best selling book, In Search of Excellence, authors Peters and Waterman devote a full chapter to the theme of "productivity through people," which gives heavy emphasis to the concept of respect for the individual.[3] In the course of their discussion they refer to two alternatives to true people orientation. They call these alternatives "the lip service disaster" and "the gimmicks disaster," and they provide us with useful concepts when applied to the notion of employee involvement. The "lip service disaster" translates into asking for employee involvement when it is not truly wanted or needed, e.g., asking for employee input on an issue when management has already reached a decision. The "gimmicks disaster" translates into establishing a system e.g., Quality Circles, on the unspoken assumption that the mere existence of a system is sufficient to achieve the desired end results. To avoid these "disasters," therefore, Federal managers must demonstrate that they truly want employee involvement by dealing with the results of that involvement in good faith.

- **Feedback to Employees:** The more successful systems or mechanisms for employee involvement also incorporated active feedback procedures to the specific employees involved or to groups of employees, as appropriate. If an employee idea or recommendation was not adopted, for example, the employee was informed of this and usually told why it was not adopted. On the other hand, if employee involvement did

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[3]Thomas J. Peters and Robert H. Waterman, Jr., In Search of Excellence (New York: Harper & Row, 1982), p. 238.

result in the successful identification of a particular problem and especially if the problem was subsequently resolved, the employee(s) were also informed. While this is a relatively simple concept, its importance is highlighted by the recollection that, according to the Board's 1980 and 1983 survey research results, over half of the Federal employees who had knowledge of illegal or wasteful activities and who did not report them, gave as a reason their belief that nothing would be done if they did report.

- **Positive Reinforcement (No Reprisals) To Employee Participants:** Related to the concept of feedback is the idea that employees who do become constructively involved in the process of problem identification and resolution deserve to be given credit for that involvement. This is especially true when the organization realizes some benefit as a result. A number of mechanisms or systems provide the possibility of monetary recognition. The Board's survey research results and subsequent review of agency systems suggest, however, that non-monetary reinforcements can usually be at least as effective and often more effective than the monetary ones. Knowing that one has made a difference in either the eventual resolution of a problem or in an important (to the employee) management decision is a powerful motivator.

  Public recognition of the involved employee(s), where appropriate, also helps. Antithetical to the goal of positive reinforcement and encouragement, of course, is the existence of any actual or perceived reprisals against an employee who identifies an organizational problem.

- **Periodic Reassessment and Refinement:** Employee involvement systems or mechanisms, like organizations and the people within those organizations, are constantly changing and evolving to some degree. It is not surprising, therefore, that most of the successful systems reviewed by the Board incorporate a formal or informal evaluation or assessment cycle which comes into play periodically. This is of vital importance since some systems or mechanisms will not work in certain situations and will need to be abandoned in favor of something more attuned to the needs and climate of the particular organization involved. Some systems, therefore, will need mid-course corrections to achieve their objectives. All will need on going attention and periodic revitalization in order to become and remain effective. In addition, organizations, like the individuals in them, grow and change along with their needs.

CHAPTER 2

QUALITY CIRCLES

A. INTRODUCTION

A Quality Circle Program is a joint employee-management process which has as its objectives the development of problem-solving skills and abilities among employees and the improvement of communications between management and employees. An individual Circle is a small group of individuals (typically from 3 to 15) who have common work interests and who meet regularly on a voluntary basis to identify, analyze, and solve work-related problems. Quality Circles are founded on the concept that productivity improvements come not only from technological change but also from greater employee motivation and involvement in the work. When properly implemented, Quality Circles provide a mechanism to identify quality and productivity problems within a particular workplace, analyze potential solutions to the identified problems, and present to management recommended solutions for existing or potential problems. It is intended that the Quality Circle process will enable management and the organization to benefit from its employees' knowledge and experiences while creating a vehicle for improving the "quality of working life" in the work environment.

Economic considerations make it more important than ever for Federal agencies to deliver services as effectively as possible. Success with Quality Circles has been reported by the surveyed agencies[1] in virtually all of their functional areas: clerical, industrial, administrative, technical, and scientific. The agencies outlined a number of common goals and objectives for their Quality Circle Programs, including the following:

- Increasing the agency's efficiency and productivity,
- Improving the quality of the service provided,
- Improving the quality of working life,
- Improving methods of anticipating, identifying, and solving work related problems,
- Promoting cooperation and interaction among and between employees and management,
- Improving employee performance by stimulating interest and pride in their work.

Some of the agencies cited additional goals for their Quality Circle Programs. The Veterans Administration, the National Aeronautics and Space Administration, and the Department of the Treasury's Bureau of Government Financial Operations, for example, also view Quality Circles as an effective

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[1]At the time this report was written Quality Circle Programs had been implemented in 14 of the largest Federal Government agencies, a detailed listing of which is presented in Table 2-1 on page 17.

means of providing employee development and training.

Quality Circles are, above all, a means by which employees may freely express their views about particular problems to management. The nature of the Quality Circle process requires close and active management involvement, including the willingness of management to listen to and seriously consider the ideas of their employees. Such employee-management interaction usually precludes any substantive concerns on the part of employees that they might suffer reprisals for their initiatives.

Quality Circles are not a panacea for all organizational ills. Under some conditions, Quality Circles may actually cost more than the benefits received. In a 1981 report by the Navy Personnel Research and Development Center, titled "Quality Circles in the Navy: Productivity Improvement or Just Another Program?," it is noted that:

> While expectations and reported effects of QCs are positive, it is still questionable as to whether QCs will result in long lasting increases in productivity or morale. First, QCs have not been used widely in America, and although interest in the implementation of QC programs is increasing, systematic and long-term evaluations of program benefits are scant. It appears that perceptions of benefits are widespread while hard supporting facts are few.

The Board's study orginially attempted to find a "model program" to recommend. Examination of the wide differences between agency needs and environments, however, leads us to conclude that such a program may not exist. A Quality Circle program that works well for particular agencies mentioned in this report are provided as potential sources of informaition as a convenience to the reader.

In order to provide a comprehensive framework for a thorough understanding of the Quality Circle process and in an effort to provide some significant criteria by which such programs could be evaluated, the study team examined the following critical program elements:

- Quality Circle structure,
- Union involvement,
- Areas barred from Quality Circle involvement,
- Size and scope of Quality Circles,
- Program promotion,
- Management involvement,
- Training, resource allocation, and agency interaction,
- Program interaction with the private sector,
- Benefits, shortcomings, costs, and areas for improvement.

Each of these elements is discussed in greater detail under the corresponding subheadings in Section C, Comparisons, and Section D, Evaluation of Programs. For more specific information on the Quality Circle Programs at each of the agencies, please refer to the agency telephone numbers listed in Appendix H.

B. MAJOR FINDINGS

The study team found that most of the surveyed agencies view their Quality Circle Programs as cost-effective systems which produce significant and positive results. The major findings in this area are discussed in the rest of this chapter. Based on our survey and analysis, they can be summarized as follows:

- There are currently over 2,500 Quality Circles operating in 14 Federal agencies, with from 25 to 7,000 employees involved in each agency.

- As a percentage of the total civilian work force in each agency, participation ranges from .05 percent of the total work force at the Department of the Interior to 17.9 percent of the total work force at the Defense Investigative Service.

- Union involvement from the very beginning of implementation efforts is viewed as advisable by most of the agencies, in order to prevent any strain between labor and management. The reported experience of the surveyed agencies shows that where management has kept union representatives fully informed and involved in the Quality Circle process, few problems have arisen.

- The Quality Circle Programs within the Federal Government are as varied as the agencies in which they exist. Although the larger agencies typically have more Circles in place than do the smaller agencies, this tendency is not without exceptions. Promotional efforts for the program also vary widely among the agencies, depending on office resources and management preferences.

- Overall program success greatly depends on the extent to which top-level management accepts and supports the concepts associated with Quality Circles. Management support varies according to their understanding and appreciation of the process. Program viability and the extent of employee participation are directly related to the degree of management involvement in the program.

- The willingness of agencies to exchange information with each other as well as with private sector organizations which have Quality Circle Programs also enhances program effectiveness.

- Training quality and quantity vary widely among the agencies. Agency representatives agree on the importance of training to program success and generally advocate the provision of supplemental training to Circle participants.

- Quality Circle Program coordinators and representatives emphatically acknowledge certain intangible benefits which their organizations receive as a result of their employees' participation in Circles.

Positive changes in employee morale and attitude toward the workplace are viewed as the most obvious and important of these benefits. In addition, most of the surveyed agencies maintain that Quality Circles have produced significant changes resulting in tangible benefits such as increased productivity and decreased expenditures.

- Most of the agencies view their Quality Circle Programs as cost-effective systems which produce significant and positive results. The agencies acknowledge the benefits derived from Quality Circles and conclude that they usually far outweigh the operating costs.

C. COMPARISONS

1. Quality Circle Structure

Quality Circles are a system for involving employees in the management process within the organizational hierarchy. As such, they need to be organized. This implies a specific program structure, a deliberate assignment of tasks and responsibilities, and the involvement of people at all levels in the agency. The structure of Quality Circles is quite consistent from agency to agency. Most of the programs make use of a coordinator or steering committee, one or more facilitators, Circle leaders, and volunteer Circle members.[2]

The functions of these different Quality Circle components can be briefly summarized as follows. The coordinator or steering committee has the responsibility for establishing program objectives and operating guidelines, and for expansion of the program. A Quality Circle consultant (usually either an expert from the agency headquarters or on contract to the agency) provides initial facilitator training and instructional materials. The facilitator is responsible for the actual implementation and operation of the program, for training leaders and members in problem-solving techniques, and for training leaders in group dynamics. The facilitator is typically a capable supervisor who has some group dynamics and training skills. Agency representatives maintain that the facilitator's effectiveness is enhanced when involvement with Quality Circles is on a full-time basis (this opinion is shared by most consultants). The Circle leader is generally a supervisor or senior staff person within the Circle work group. He or she assists the facilitator in training Circle members and conducts Circle meetings.

Circle members voluntarily participate in the agency's program. Their only obligation is to abide by the agency's guidelines and policies regarding Quality Circles. The spirit of voluntarism is one of the most important factors of Circle structure and may be necessary for the program's success. Otherwise, the Quality Circle may be viewed by employees as merely one more example of an apparently arbitrary task assigned to them by management.

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[2]See e.g., "LMSA Participation Circles Members Manual," U.S. Department of Labor, Labor-Management Services Administration; Leonne Young Atwater, "Quality Circles in the Navy: Productivity Improvement or Just Another Program?" (Navy Personnel Research and Development Center, July 1981).

The basic elements leading to Circle problem resolution are typically:

1. Problem identification;
2. Problem selection;
3. Data gathering;
4. Problem analysis;
5. Solution development; and
6. Recommendations to management.

The suggested solutions to problems are usually conveyed by Circle members to management via a presentation which may include results of information collection, charts and graphs, and data on estimated quality or productivity improvement. With management's approval, the Quality Circle's suggestion is put into operation.

2. **Union Involvement**

The survey revealed that agencies frequently invite union officials to become involved in the implementation and operation of Quality Circles. Union involvement from the very beginning of implementation efforts is viewed as advisable by most of the agencies (e.g., Departments of Labor, Treasury, Education, Army, Air Force, Navy, and Interior, the Defense Logistics Agency, and the National Aeronautics and Space Administration) in order to prevent any strain between labor and management.

Two illustrations of effective union-management interaction can be found in the Quality Circle Programs at the Department of Education and at the Treasury's Bureau of Government Financial Operations (BGFO). The Department of Education, which at the time of our review was in the process of initiating a Quality Circle Program (called Participation Circles), has been able to co ordinate its program's implementation efforts with the union's active parti cipation. Areas of union involvement at the Department of Education included: (1) meetings with employees informing them of the program's objectives and methodology; (2) agency and union officials jointly sponsoring fliers inviting agency employees to join a Quality Circle; and (3) representatives from management, the union, and the employee work force jointly approving a formal statement regarding the agency's "Policies and Procedures for Participation Circles." The BGFO also provides an excellent example of labor-management cooperation. The policy for union involvement in the BGFO Quality Circle Program was developed through formal negotiations with the union. Two of the members of the Quality Circle Steering Committee are union representatives. The union is provided with an impact statement for all approved Quality Circle recommendations detailing the effects of those recommendations on employee workloads and on the work environment. In addition, BGFO management has pledged itself in writing to attempt to offset or minimize any adverse effects or impacts on Bureau employees.

As previously mentioned, one goal of Quality Circles is to promote and develop cooperation between employees and management. Experience has shown that the exclusion of union personnel may have an adverse impact on that goal

and may jeopardize the implementation effort.[3] The reported experience of the surveyed agencies shows that where management has kept union representatives fully informed and involved in the Quality Circle process, few problems have arisen. In fact, union/management joint efforts have generally resulted in strong and productive Quality Circles. It should be noted, however, that an uncooperative union position on employee involvement systems (and on Quality Circles in particular) could significantly frustrate an agency's attempts at creating a program that is responsive to the needs of both employees and management.

3. Areas Barred from Quality Circle Involvement

The Quality Circle cannot serve as a panacea for every work-related problem experienced by an organization. All of the surveyed agencies which have active Quality Circle Programs, therefore, exclude certain subject areas from Circle discussion. The areas that are considered outside a Circle's responsibilities generally involve: matters relating to Collective Bargaining Agreements (and other matters relating to personnel issues), performance standards, agency policies, and laws or regulations which the particular agency may be obliged to follow, implement, or enforce.

Circle involvement in matters concerning working conditions, pay rates, employment practices, and "personalities" would interfere with the performance of the Circle's objectives. The implementation of a Quality Circle Program should not preclude the discussion and resolution of these types of matters through other already established channels within the agency. For example, every agency has specified avenues for pursuing grievances. They are not the responsibility of the Quality Circle. Furthermore, many of these subjects are the appropriate concerns of the union and management and should be recognized as such.

4. Size and Scope of Quality Circles

The average Quality Circle within the agencies surveyed consists of 10 employees, with the number of participants varying from as few as 4 to as many as 15 employees. There is no correlation between the total number of employees in a surveyed agency and the number of employees participating in a Circle. However, it was not surprising to learn that the larger agencies tend to have more Quality Circles in place than do the smaller agencies. For example, the agencies with more than 200,000 employees (i.e., the Departments of Air Force, Navy, Army, and the Veterans Administration) have 385 to over 500 Circles with 3,200 to 7,000 participants. The surveyed agencies with fewer than 200,000 but more than 3,000 employees (i.e., the Defense Investigative Service, the Defense Logistics Agency, the Departments of Education, Housing and Urban Development, Treasury, Interior, Labor, and Health and Human Services, the National Aeronautics and Space Administration, and the Small Business Administration) have 2 to 376 Circles with 25 to 3,100 participants (see Table 2-1). Altogether there are currently over 2,500 Quality Circles operating in 14 agencies, and from 25 to 7,000 employees are involved in each agency. As a percentage of total civilian work force in each agency, participation ranges from .05 percent

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[3]See, Laborers' International Union of North America, Local 1276, AFL-CIO v. Defense Logistics Agency, Defense Depot Tracy, FLRA No. 9-CA-20241, slip opinion (December 28, 1982).

TABLE 2-1

QUALITY CIRCLES IN THE FEDERAL GOVERNMENT

	No. of Civilian Employees in Agency*	No. of Quality Circles	No. of Employees Per Quality Circle	No. of Quality Circle Locations**	No. of Quality Circle Participants
Department of the Army	370,991	385	8 - 10	12+	3,200 - 3,600
Department of the Navy	335,190	500+	8 - 10	Global Distribution	4,000 7,000
Department of the Air Force	246,328	420	6 - 12	31	4,000
Veterans Administration	240,757	500	6 - 10	44	6,000
Department of Health and Human Services	145,948	5+	8 - 11	1+	444
Department of the Treasury	124,287	71	4 - 12	17	690
Department of the Interior	74,470	4	8 - 9	2	36
Defense Logistics Agency	47,186	408	8 - 15	25	3,377
National Aeronautics and Space Administration	22,435	80	8 - 10	10	750
Department of Labor	19,662	23	10	3	230
Department of Housing and Urban Development	12,633	8	10 - 12	3	65 - 85
Department of Education	5,152	2	8 - 10	1	25 - 30
Small Business Administration	4,978	57	6 - 8	5	400
Defense Investigative Service	3,358	85	6 - 8	64	600

*This study is concerned solely with the experience of civilian employees. The participation of military

of the total work force at the Department of the Interior to 17.9 percent of the total work force at the Defense Investigative Service.

In the fewer than 200,000 employee work force category, the Defense Investigative Service, the Defense Logistics Agency, and the Small Business Administration evidenced significantly higher rates of employee involvement in Quality Circles than the other comparably sized agencies. The figures show that these 3 agencies have about 518 Circles, while 6 of the remaining 7 agencies in the same category (i.e., the National Aeronautics and Space Administration, the Departments of Labor, Interior, Housing and Urban Development, Education, and Treasury) have a total of approximately 186 Circles.[4] The Defense Investigative Service, the Defense Logistics Agency and the Small Business Administration estimate they have about 4,100 participants in Quality Circles, while the other 7 agencies (including the Department of Health and Human Services) in this group estimate they have about 2,250 participants.

Just as the size of Quality Circles varies among the surveyed agencies, so does the extent to which the agencies have integrated Quality Circles Programs into their organizations. Some agencies have established Quality Circles in their regional offices (e.g., Department of the Interior), while other agencies have Circles operating primarily within their headquarters or central offices (e.g., Departments of Housing and Urban Development, Education, and Labor). For the most part, however, agencies have Quality Circles operating in their regional offices or command stations with guidance and administrative functions frequently located and operating from the central offices (e.g., Defense Logistics Agency, Defense Investigative Service, Departments of the Army, Treasury, and Health and Human Services, and the Veterans Administration). (See Appendix A for Quality Circles location details.)

5. Program Promotion

A successful Quality Circle Program requires the participation of people at all levels in the organization. Such participation is made possible by the agency making employees and managers aware of the importance of the program and its need for their personal involvement. The types of promotional devices which the surveyed agencies use to inform employees varied widely among the agencies. A number of agencies publish articles on Quality Circles in their organizational newsletters which are distributed to the agency's employees on a monthly or bimonthly basis.[5] Another method to promote Quality Circles has

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[4]The Department of Health and Human Services is excluded from this portion of the comparison since the Social Security Administration was unable to estimate the approximate number of Circles it had in operation at the time of the survey.

[5]Examples of such agencywide promotional efforts can be seen in editions of the Department of the Air Force's "Airman," the Defense Investigative Service's "Spotlight," the Defense Logistics Agency's "DLA Dimensions," the Small Business Administration's "Inside SBA," the Social Security Administration's "Oasis," the Veterans Administration's "Vanguard," and the National Aeronautics and Space Administration's "NASA Activities."

been through formal agency recognition of employees involved in Quality Circles. To this end, some agencies (e.g., the Defense Investigative Service, the Defense Logistics Agency, the Bureau of Government Financial Operations, and the Veterans Administration) have expended their time and resources to provide Circle participants with certificates acknowledging their contributions or achievements.[6]

A number of other promotional techniques were also found to be in use by the surveyed agencies. Some examples of these are:

- The Defense Investigative Service publishes or circulates photographs of Circle participants who complete a Quality Circle training session.

- The National Aeronautics and Space Administration and the Departments of Air Force and Navy publish information on a particular Quality Circle at an agency's local level through regional or local office (or operating location) information channels or newsletters.

- The Department of Labor and the Veterans Administration use buttons, medallions, or plaques to recognize individual and/or group participation in successful Circles which have significantly improved productivity or provided the agency with substantial savings.

- The Defense Logistics Agency,[7] the Internal Revenue Service, the Social Security Administration, and the Veterans Administration distribute posters and fliers to disseminate information about and draw attention to their Quality Circles Programs.

- The Social Security Administration uses contests and questionnaires to survey staff knowledge of the agency's program.

While the agencies use various techniques to develop their Quality Circles Programs, it is clear that there is no uniformity regarding either the form of publicity preferred or the amount of resources allocated for program promotion. The information gathered also reveals that none of the surveyed agencies has a formalized system for promoting employee involvement or participation in Quality Circles. Decentralization of authority and responsibility is the norm, with the manager of the local, regional, or particular office (or command station) having the discretionary power to select promotional devices. Consequently, the extent to which a particular Quality Circle Program is promoted will depend both on the available resources of the office where the Circle(s) are located and on the personal preferences of the managing officials.

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[6]This particular type of overt recognition is far from a ubiquitous phenomenon among the surveyed agencies. The certificates usually were issued during a ceremony or an agency conference at which specific attention was given to the Quality Circle Program.

[7]Specifically, the Director of the Defense Logistics Agency and the Head of the applicable agency field activity sign a Quality Circles charter which names the Quality Circle and also lists each member's name. The charter is displayed in the members' work area to draw attention to Quality Circles.

6. Management Involvement

". . . [Q]uality Circles are only the latest in a long line of tools that can either be very helpful, or can simply serve as a smokescreen while management continues to get away with not doing its job of real people involvement."[8] A supportive management appears to be necessary for Quality Circle success. Without full and active support from top management, a Quality Circle Program will probably fail. In fact, several agencies have had their programs fail and others are currently experiencing major difficulties in achieving viable and effective program operations reportedly because of a lack of adequate management involvement and concern.

The extent to which an agency's top-level managers are supportive of their organization's Quality Circle Program varies with the degree of understanding and technical appreciation that the managers have regarding employee involvement and participation programs. This point is well illustrated by the Defense Logistics Agency (DLA), where top management was the moving force behind implementation of effective and energetic Circles throughout the agency. Unlike the situation at other agencies, where most managers have had few opportunities to learn about Quality Circles, the head of DLA at the time of the Board's survey was once actively involved with Circles at the Department of the Navy. It was interesting to note that although the DLA's top-level management was familiar with the various benefits to be derived from employee involvement programs, the agency still did not choose to require that its 25 field commanders implement Circles in each of their commands. Instead, the agency opted for a policy of "active encouragement," with each field commander remaining individually responsible for promoting and implementing the Quality Circle Program in his or her command station. Such delegation of responsibility for Quality Circle promotional and implementation efforts has nonetheless proven to be an effective management policy in the DLA as well as in other surveyed agencies which have active top management support.[9]

A few agencies appeared to have relatively little top-level management involvement in their Quality Circle Programs. The information gathered also reveals that a lack of top management involvement in an employee involvement or participation program usually results in an ineffective or underdeveloped program lacking clear perspective and direction. One experienced agency representative strongly emphasized the viewpoint that any employee involvement program, like Quality Circles, is doomed to either mediocrity or failure if that program is not made an integral part of the agency's operational management philosophy. It was also suggested that a systemic approach by management toward the program is necessary for program viability. Central direction of the program enhances the "evenness" of the success rate (decentralization of control was viewed by at least one agency coordinator as a negative characteristic of that agency's program, resulting in "spottiness" in terms of Circle quality and success from one installation to another).

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[8]Thomas J. Peters and Robert H. Waterman, Jr., In Search of Excellence (New York: Harper & Row, 1982), p. 241.

[9]Among those agencies with clearly active top management support at the time of the survey were the Defense Investigative Service, the Department of the Navy, the Social Security Administration, the Veterans Administration, and the National Aeronautics and Space Administration.

Since Quality Circles are inevitably viewed by many supervisors and mid-level management personnel as a challenge to already existing and familiar adversary relationships within the organization, it becomes important to include these middle-level personnel in all aspects of the Quality Circle process. Involvement in the implementation of the new program will help nurture management's commitment to Quality Circles. Furthermore, managers are more likely to be supportive of such programs if they understand the program goals and processes. In this regard, managers need to be educated and provided with the "technical maturity" to better understand the Quality Circle concept and philosophy. Yet, even without top management's specific articulation of an official policy for Quality Circle implementation, some agencies, such as the Small Business Administration, have continued to operate Quality Circles and to derive benefits from them (especially in the areas of improved employee morale and communication skills). Such a situation, however, would seem to be more the exception rather than the rule.

Proper preparation is also needed to avoid a program's possible failure; for a Circle alone, without adequate support and proper training, will probably not be an effective problem-solving mechanism. The next section in this report outlines some of the skills and resources which also appear to be necessary for success in this type of employee involvement program.

7. Training, Resource Allocation, and Agency Interaction

Quality Circles are geared toward the resolution of employee-identified problems. Since the participants themselves are responsible for proposing a solution to the problem identified in a Circle, it is essential that the employees involved in the process be skilled in problem resolution techniques. While the need to train program participants is generally recognized by participants and agency representatives alike, the level of training provided to participants varies among the agencies. Agency representatives interviewed believe that the effectiveness and sophistication of an agency's Quality Circle Program depends greatly on the quantity and quality of training afforded the individuals who participate in or are associated with the Circles.

Some agencies spend a substantial portion of their Quality Circle Program's resources on training and have created projects specifically designed to assure proper and successful Circle implementation. In this regard, the Department of the Air Force has established a course at the Air Force Institute of Technology to train individuals in Quality Circle Program management and to train others to organize and operate Quality Circles. In addition to instituting a formal training program for Quality Circles, the Department of the Air Force has also prepared instructional materials on the implementation and operation of Quality Circles.[10]

Although the Department of the Navy does not utilize this particular form of Quality Circles training, the agency has various other techniques which help it to maintain a well-known and respected Quality Circle Program. The Department of the Navy's Naval Material Command, which began one of the Federal Government's first Quality Circle Programs in 1979 at its Norfolk Naval Shipyard, has developed training materials which it and other agencies have

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[10] Such as Air Force Pamphlet 25-4, "How to Implement Quality Circles."

used for training and promotional purposes. The materials include a series of video tapes demonstrating the experiences at the Shipyard. Such video taping of Quality Circle activities has proven to be an effective and well-received method of instruction (and one which is also used by the Social Security Administration and the Veterans Administration).

In an effort to keep training costs low, other agencies have also developed their own training materials and have used their organizations' training divisions to implement their Quality Circles Programs within the framework of agency objectives. Various in-house training techniques exist in the Veterans Administration, whose Training Division includes Quality Circles information in its supervisor training sessions, and the Internal Revenue Service, which uses its Quality Circles Steering Committees to train its Circle facilitators and leaders. Notwithstanding such participation by training divisions, most of the agencies surveyed appear to exchange information most readily and effectively through both formal and informal contacts. In this regard, it should be noted that if it were not for informal exchanges of information, some agencies, which may not have the resources to develop their own training materials, would have been unable to even initiate implementation of Circles.

Communication of top management's views on Quality Circles through policy letters and statements also serves to encourage employee and midlevel management involvement and promote Circle development. The Defense Logistics Agency and the Department of the Air Force provide examples of agencies in which such communication has occurred. A number of agencies, such as the Defense Investigative Service, the Department of the Navy, and the Veterans Administration, have also informed their managers and employees of top management's policy on Quality Circles by sending informed staff members to visit local field offices or command stations in order to discuss the Quality Circle process with interested managers and employees. The sharing of information among agencies has also led to improved implementation of Quality Circles in certain work environments. For example, the Defense Investigative Service, the Defense Logistics Agency, the Departments of the Air Force, Housing and Urban Development, Interior, and the National Aeronautics and Space Administration have all benefited from the Department of the Navy's early 1979 experiences with its Quality Circle Program at the Norfolk Naval Shipyard. Such interagency sharing assists the Federal Government in developing a better understanding of the role employee involvement devices, such as Quality Circles, can play in the public sector.

Although most agencies regularly shared information with each other during the process of Quality Circle implementation, the information was apparently exchanged most frequently at conferences relating to productivity and management concerns. Some agencies, such as the Departments of the Navy, Labor, and Air Force, have also had their productivity officers attend quarterly meetings where Quality Circles and productivity are specifically addressed.

Such exchanges of information have led some agencies to adopt other Quality Circle Programs as models for their own. For example, the Department of Education has used the Department of Labor's Quality Circle Program as a model for its own program. The Department of Education has also utilized Labor's "Resource Guide to Labor Management Cooperation" as part of its effort to develop an effective pilot program.

In addition to sharing information with other Federal agencies, some

Quality Circle Program coordinators are charged with the responsibility of program implementation in other divisions or offices within their organizations. For example, the Social Security Administration has been involved in Quality Circle implementation training for other agencies within the Department of Health and Human Services structure (such as the Office of Hearings and Appeals, the Health Care and Finance Administration, and Aid to Families with Dependent Children).

8. Program Interaction with the Private Sector

Most of the surveyed agencies have had limited interaction with Quality Circle Programs operating within private corporations. All Quality Circle coordinators and representatives interviewed stated, however, that they have been aware of, or are members of, the International Association of Quality Circles (IAQC), an organization composed primarily of individuals from the private sector who are interested or involved in Quality Circle implementation and operation.[11] Similarly, the interviews revealed that some agency representatives have attended conferences involving Quality Circles sponsored by such organizations as the American Center for Quality Working Life, the University of Maryland's Center for Quality Working Life, the American Productivity Center, and the World Future Society (which held a conference entitled "Working Now and in the Future," with employee involvement as a major theme).

Many of the surveyed agencies have also exchanged information with private consultants (such as Organizational Dynamics, Inc.; Productivity Development Systems, Inc.; and Interspan, Inc., a management consulting corporation formed by a former Department of the Navy staff member who had been responsible for that agency's Quality Circles implementation) which have assisted the agencies in developing and improving their programs. In this regard, the National Aeronautics and Space Administration has actively encouraged and supported prime contractor efforts to help implement its Quality Circle Program (called "NET," NASA Employee Teams). Information was gathered from key prime contractors and a training program for agency management and other employees was thereby developed. A number of agency program coordinators and representatives have also found it both beneficial and constructive to develop and maintain professional relationships with Quality Circle coordinators from such private sector corporations as Westinghouse Electric, Eastern Airlines, Florida Power and Light, General Motors, Ford Motors, Mount Sinai Hospital of Miami, Florida, and the Sperry Rand Corporation, all of which are reported to to have active and successful Quality Circles Programs.

D. EVALUATION OF PROGRAMS

1. Benefits

Most of the surveyed agencies maintain that Quality Circles have produced significant changes in their organizations resulting in tangible benefits such as increased productivity and decreased expenditures. The few agencies which

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[11] Many of the individuals interviewed noted that they have attended IAQC conferences, and at least one of them currently serves as an officer for an IAQC local chapter in Miami, Florida.

were unable to make such claims explained that their organizations did not maintain any productivity records on Quality Circles which might have revealed tangible benefits or other objectively measurable results. Nevertheless, even the agencies without formal reporting systems recognized that Quality Circles contributed positively to their organizations' operations and work environments. Some of the tangible benefits identified as products of Quality Circles include: reducing machine repair time (in an industrial or manufacturing environment); improving the exchange of technical information (in an administrative, scientific, or technical setting); and changing paper flow and/or processing (in clerical or administrative offices). Appendix B to this report details both these and others of the more specifically measurable results realized through Quality Circles Programs.

During their interviews, Quality Circle Program coordinators and representatives also emphatically acknowledged particular "intangible" benefits which their organizations received as a result of their employees' participation in Circles. The most obvious of these benefits has been the reported changes in employee attitude toward the work place. In this regard, the surveyed agencies have been prompt to recognize the effects of Circle participation on the employee-management relationship. The Department of Housing and Urban Development, for example, provided specific information in this area. Agency officials noted that, based on managers' observations of employees who participated in Circles and certain attitude surveys (conducted both before and after the implementation of its Quality Circle Program), "an improvement in morale and a more positive attitude toward the work and the workplace" occurred in work units where Circles were operating. While no formal system for ongoing measurement of changes in employee morale and attitude resulting from participation in Quality Circles has been established in any surveyed agency, certain characteristics have been considered as evidence of this important benefit. In this context, the Department of Housing and Urban Development's representative stated that many of the agency's managers espoused the view that Circle participants were motivated by the knowledge or belief that:

- Their organization had a reputation for maintaining high standards.
- The agency provided employees with necessary recognition and showed concern for them as employees.
- Employees had pride in the organization.
- Employee initiative was rewarded.
- Employees felt loyalty to the organization.

Some agencies have viewed changes in employee attitude and morale as meeting certain organizational objectives for Quality Circle implementation. For example, the Social Security Administration maintained that, employee participation in Quality Circles, was responsible for:

- Inspiring more effective teamwork,
- Promoting job involvement,
- Increasing employee motivation,

- Creating employee problem-solving capability,
- Developing a more harmonious manager-worker relationship,
- Promoting personal and leadership development.

In light of these achievements, the Social Security Administration's program coordinators indicated that it was well recognized within the agency that employees who participated in Quality Circles contributed numerous improvements to their offices' work life. The Department of Labor shares this assessment, going so far as to identify each of its Quality Circles as a "Quality of Working Life Project."

Surveyed agencies also reported important changes which may be considered incidental benefits of employee involvement with Circles. In this regard, the agencies noted a marked improvement in employees' verbal communication skills, a benefit most often recognized during participants' meetings with agency managers (where proposed solutions to particular problems are presented). Some other observed changes of a collateral nature believed to be a result of employee participation in Quality Circles include:

- The improvement by employees of their overall analytical approach to a given problem situation,
- A decrease in employee leave requests,
- Increased employee flexibility regarding work performance and demands,
- Enhanced employee confidence in their work-related abilities,
- Fewer job-related conflicts between managers and employees,
- Increased trust between managers and employees.

The benefits described in this section basically add up to worker motivation. They seem to point to the conclusion that Quality Circles help to provide employees with both the power and the desire to accomplish their jobs in ways that promote satisfaction with their work and achievement of organizational goals.

2. Shortcomings[12]

The surveyed agencies have experienced some difficulties in documenting the achievements of their Quality Circle Programs. These difficulties stem in large part from their programs' emphases on voluntary participation and decentralized operations. Indeed, many of the surveyed agencies have been unable to even enumerate the problems which their Circles have identified for analysis

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[12]Note that it is not this study's intention to "point the finger" at any specific agency. Rather, existing deficiencies are generally identified as areas and elements of Quality Circle Programs where improvements might be made, in order that other agencies and interested parties may benefit from the insight thereby provided.

and solution. The basic dilemma which the agencies face is that their program coordinators and Circle facilitators are not required to maintain comprehensive records on program operations. In general, agencies must rely entirely upon the informal notes or reports maintained by their program coordinators, Circle facilitators, and leaders for program evaluation purposes. Consequently, a number of the surveyed agencies lack the data they need to evaluate many aspects of their programs. Areas where evaluation is either weak or entirely lacking include:

- Problems identified, analyzed, and solved by each Circle,
- Certain statistical information regarding employee participation and Circle activities,
- The variety of benefits derived from the Circles,
- The relative level of effectiveness and/or efficiency of each Circle,
- Cost-effectiveness determinations.

In addition to the difficulties created by the lack of a formal system for evaluating their Quality Circle Programs, some agencies have identified other deficiencies. A number of program coordinators, Circle facilitators, leaders, and participants have reported that Circles operating within their agencies occasionally examine similar or identical problems without any exchange of ideas between the involved Circles. This lack of information or communication with individuals from other Circles who have shared a commonality of interests and efforts promotes inefficiency in problem solving. Insufficient information regarding the activities of various Circles also tends to hamper the ability of many Circle participants to fully appreciate the scope or breadth of particular problems.

Notwithstanding these shortcomings, many of the agencies do attempt to evaluate their programs and were able to present information showing both the extent of their Circles' activities and some identifiable benefits (see Appendix B). In this context, some agencies have also recognized certain weaknesses in their program evaluations and are planning to design and develop more effective methods of measuring the Circle activities.

Although all the surveyed agencies incorporate training for Circle facilitators and leaders into their Quality Circle Programs, many of the representatives emphasized that Circle participants need more training in problem-solving techniques as well as greater exposure to the Quality Circle Programs in use elsewhere in both the public and private sectors. Representatives noted that Circles often were unable to effectively and/or efficiently operate because Circle members, who were trained primarily by their Circle facilitators and/or leaders, received a limited amount of information from their trainers. Similarly, some Circle facilitators and leaders prematurely reached their functional capacities because they lacked additional or follow-up training. The general consensus reached by Circle participants is that a Circle can only be as effective as the members (including Circle facilitators and leaders) who comprise it. In turn, however, the effectiveness of each member is influenced by the amount and quality of training he or she receives.

3. Costs

As noted above, many of the surveyed agencies were able to keep the cost of training Circle facilitators low by developing their own training materials. Since training plays a crucial role in Quality Circle Programs, such cost savings are significant in determining the cost-benefit ratio of Quality Circles. Most agencies require that their Circle facilitators spend at least eight regular-duty hours in Quality Circle training. Training costs vary widely both among and within the surveyed agencies. For example, the Social Security Administration estimated that in one region the agency expended approximately $2,100 in staff time and travel expenses for training, while in another region approximately $14,000 was expended. As an illustration of the wide differences existing between agencies, we found that while the Defense Investigative Service (between June 1982 and March 1984) spent approximately $90,000 for per diem and travel expenses and $22,000 for equipment and supplies, the Department of Labor's Office of Assistant Secretary for Labor and Management Relations Quality Circle Program had not expended <u>any</u> funds on training.

Another identified expense involved Circle meeting time. Each Circle generally requires one work hour per week per participant for performance of regular Circle activities (any extra time which an employee spends on Circle activities is usually not compensated). This has not proven to be a problem, however, as most of the surveyed agencies have developed a working relationship between managers and Circle participants which is conducive to allowing for flexibility in the workplace while maintaining a good productivity level.

Although most of the surveyed agencies were unable to ascertain the exact cost for Circle activities within their organizations[13], representatives noted that they viewed the agency's Quality Circle Program as a viable and cost-effective management-sponsored system which produced significant and positive results relating to agency productivity and work force effectiveness. The Department of the Army's Materiel Development and Readiness Command representative stated that for its Depot Systems Command, they had calculated receipt of an average two to one return (2.1:1 systemwide cost-benefit ratio) on their investment dollar for the Quality Circle Program. In recent testimony before the U.S. Senate Subcommittee on Civil Service, Post Office, and General Services,[14] the Commander of the U.S. Army White Sands Missile Range said that the Quality Circles operating in his installation were more than paying their way — providing a cost-benefit ratio of almost two and one-half to one, even taking into consideration training and administrative costs. While most of the other agency representatives could not provide a precise dollar figure, they were also convinced that the savings and benefits derived from the operation of a Quality Circle Program far exceeded the costs to implement such a program.

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[13]Since the cost-effectiveness of a Government program such as Quality Circles may prove to be an important consideration relative to the continued funding of that program, a more systematic data collection process would seem to be advisable both on an agency specific as well as a Governmentwide basis.

[14]Statement by Major General Niles J. Fulwyler, Commander of the U.S. Army White Sands Missile Range, before the U.S. Senate Subcommittee on Civil Service, Post Office, and General Services, Hearing on Private and Public Sector Management Theories, Part I, Sept. 19, 1984.

4. Areas for Improvement

While most of the surveyed agencies were generally satisfied with their organizations' Quality Circle Programs, all of the agencies noted that there were certain areas in which improvements could be made. The two areas most highly emphasized as requisites to ensure the effectiveness of any Quality Circle Program are (1) active top management support for the program's efforts, and (2) provision on a regular basis of supplemental training to all Quality Circle participants. Many of the suggestions for improvements in the Quality Circles Programs tended to touch upon one of these two areas. For example, some agencies (such as the Defense Logistics Agency, the Department of Labor, and the National Aeronautics and Space Administration) noted that, at the time of our review, their programs could be improved by:

- Obtaining more cooperation and support from the Regional Directors or midlevel managers,
- Establishing more selective criteria in identifying Circle Facilitators and Leaders who have some knowledge of problem solving and who have shown an ability to interact with others,
- Allocating more funds for Quality Circle Programs, especially to cover travel expenses associated with training and to promote program activities.

The Department of the Navy's Naval Material Command believes that the agency's Quality Circle Program could be improved by having:

- Better coordination at the headquarters level,
- Stronger program commitment at all levels, but especially at the managerial levels,
- A formal Quality Circle training program (such as the Department of the Air Force's Facilitator Training Program), whereupon the Navy could train its Circle facilitators within the agency itself and not have to rely on outside sources for such training,
- Additional management participation and employee involvement.

Sharing the Naval Material Command's view for developing a training program to operate and develop from within the agency itself is the National Aeronautics and Space Administration, which recommends that its agency's Quality Circle Program would be improved if the agency were to develop training modules more applicable to the white collar-environment rather than continue to use models more suitable for a manufacturing or blue-collar environment.

A concern of some agencies (such as the National Aeronautics and Space Administration, Social Security Administration, Small Business Administration, and Department of the Navy) is the limited time which their organizations' program coordinators and Circle facilitators have available to involve themselves with the Circle activities. In this regard, the agencies recommend that the coordinators and facilitators be required to perform their responsibilities with the Circles on a full-time basis. It is believed that such a modification

would markedly improve the agency's productivity levels and would increase the likelihood of desired tangible benefits.

While most of the recommendations cited above were submitted by agency representatives at the headquarters level, other recommendations based upon practical experiences with Quality Circles were submitted at the field office level. A salient example of local level concerns for improving Quality Circles comes from the Social Security Administration, where agency field office representatives put forward the following suggestions for improvement:

- Have Area Directors provide a list or identify the problems that Circles have worked on in order to avoid duplication of efforts and make the problem-solving process more efficient by permitting Circles to exchange reports on their activities.

- Have more training for Circle leaders and members, especially in offices where Circles are in operation and where Circle leaders and members have received minimal training.

- Have more flexibility in dealing with problems closely related to employees' quality of working life but not subject to a Collective Bargaining Agreement (e.g., employee insurance premium problems resulting from the dissemination of erroneous or confusing information).

- Issue monetary awards to Circle participants who have proven diligent in their efforts toward problem solving and whose activities resulted in a substantial savings to the agency.

- Have the agency sponsor certain participants who have proven to be active and consistent in their Circle activities (in such organizations as the International Association of Quality Circles).

- Expand the Quality Circle Program throughout the agency.

- Have top-level management become more involved in the program.

The underlying philosophy behind these recommendations was succinctly expressed in a statement made by a District Manager from one of the two Social Security Administration's Miami District Offices who said, "too often we look for a quick response and fail to realize that some things require much attention over a substantial period of time before a benefit can be recognized."

E. CONCLUDING OBSERVATIONS

There are currently over 2,500 Quality Circles operating in 14 Federal agencies, with from 25 to 7,000 employees involved in each agency's program. Employee participation ranges from .05 percent of the total work force at the Department of the Interior to 17.9 percent of the total work force at the Defense Investigative Service. As a means by which employees may freely express their views about agency-related problems to management without fear of reprisal, Quality Circles offer the Government a potentially invaluable resource. Although it is a recently implemented process that has not yet been widely accepted by public sector organizations, Quality Circles are a growing

phenomenon which deserves a closer look by Federal Government managers and policymakers.

The information obtained from the surveyed agencies revealed that Quality Circle Program operations within the Federal Government vary widely from agency to agency. There was, however, at least one element deemed by all to be absolutely necessary for continued program viability and effectiveness — top management support. Whether an agency's program will be successful greatly depends on the extent to which the organization's management accepts and supports the concepts associated with Quality Circles. In this regard, the survey revealed that management involvement is characterized by such activities as program promotion, allocation of resources for training, and recognition of the program's results and accomplishments throughout the organization. Also important to the enhancement of program effectiveness is the willingness of agencies to exchange information with other agencies in the public sector as well as with members of the private sector which have implemented Quality Circles within their organizations.

While we found that agency representatives agree on the importance of adequate training to program success and generally advocate the provision of supplemental training to Circle participants, the quality and quantity of training offered by the agencies varies from minimal basic instruction at some to extensive and continuing educational efforts at others.

Union involvement from the beginning of program implementation efforts is viewed as advisable by most of the agencies in order to prevent any strain between labor and management. The reported experience of the surveyed agencies shows that where management has kept union representatives fully informed and involved in the Quality Circle process, labor-management problems in this particular area are kept to a minimum.

Quality Circle Program coordinators and representatives emphatically acknowledge certain intangible benefits which their organizations receive as a result of their employees' participation in Circles. Positive changes in employee morale and attitude toward the workplace are viewed as the most obvious and important of these benefits. In addition, most of the surveyed agencies maintain that Quality Circles have produced significant changes resulting in tangible benefits such as increased productivity and decreased expenditures. Finally, it appears that most of the agencies view their Quality Circle Programs as cost-effective systems which produce significant and positive results. The program operating costs at most of the agencies are eclipsed by the benefits derived from the Quality Circles.

Although the Quality Circle Programs at most of the agencies are relatively new, the positive results achieved are already quite evident. In addition to the above-mentioned tangible and intangible benefits derived from Circles, the Quality Circle process in and of itself provides participating employees with the opportunity to freely express their ideas and concerns to management without fear of reprisal. As an effective system for improving management through employee involvement, a well-run and adequately supported Quality Circles Program should be able to do much to enable Federal agencies to deliver their services more economically and efficiently. The environment of mutual trust and improved communications between employees and management which results from the implementation and continued operation of a successful Quality Circle Program may also help lead to a decline in instances of fraud, waste, and mismanagement within the Federal Government.

CHAPTER 3

SUGGESTION PROGRAMS

A. INTRODUCTION

For the purposes of this study, a suggestion is defined as a constructive proposal submitted in writing by one or more employees that directly contributes to economy or efficiency, or that directly increases the effectiveness of Government operations.[1] A Suggestion Program is the system an agency uses to promote and process suggestions.

In the quest for increased productivity and efficiency, both the Federal Government and private industry have recognized the effectiveness of Suggestion Programs.[2] Suggestion Programs are based on the principles that employees are best able to recognize and to propose solutions for problems in their jobs, and that no one individual has a monopoly on good ideas. An effective Suggestion Program enables employers to tap a valuable resource—the ideas of their own employees. It promotes cooperation between labor and management for the correction of problems, and ultimately results in improvements in the workplace that are beneficial to all concerned. The employer gets a more productive work force and employees get recognition. Put another way, Suggestion Programs are a means of structuring communications between employees and management for the purpose of improving both productivity and the quality of work life.

Suggestion Programs have existed in the Government since 1912, but it was not until 1954, with the passage of the Government Employees Incentive Awards Act (the Act), that responsibility for the programs was centralized under one agency.[3] Prior to that time, each Federal agency administered its program independently. Currently, the Act provides that agency heads may pay cash awards to employees for suggestions, and requires the Office of Personnel Management (OPM) to prescribe regulations and instructions under which agencies are to operate their programs.

Federal Government awards currently may be a maximum of 10 percent of the "shared savings" enjoyed by the Government for the first $100,000 of savings, with decreasing maximum percentages awarded for savings of over $100,000. The current maximum award available for beneficial employee suggestions is $35,000 (agency heads may authorize cash awards up to $10,000; at an agency's request, amounts up to $25,000 may be authorized by OPM; and an additional $10,000 may

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[1]Federal Personnel Manual, Chapter 451, Subchapter 8-2(a) (August 14, 1981).

[2]Such recognition is demonstrated by the active participation of Government agencies and private industry in the National Association of Suggestion Systems.

[3]Under 5 U.S.C. 4506, responsibility for overseeing Suggestion Programs was vested in the Civil Service Commission; however, in 1978 this section was amended to substitute the Office of Personnel Management for the Civil Service Commission.

be authorized by the President).[4]

OPM's regulatory requirements together with instructions contained in Chapter 451 of the Federal Personnel Manual, provide guidance for agencies in administering their programs. The regulations require OPM to review agency plans and to report annually on the results of the programs to the President, the Congress, and the agencies. OPM also functions as a clearinghouse for suggestions with Governmentwide application. It aids agencies by sponsoring an annual cooperative purchase of posters and brochures, and publishes a yearly incentive awards report. Published material available from OPM and the Government Printing Office is listed in the Federal Personnel Manual Supplement, Chapter 451-1, Subchapter 1, (September 23, 1980).

It is OPM's policy to encourage each agency to establish a program that best supports and enhances the goals of both the agency and the Government, and that meets employee recognition needs. Agencies are responsible for establishing plans providing for delegation of authority for approval of awards, central administration and review of the agencywide program, time limits for completion of the evaluations of suggestions, and consideration of suggestions for wider application both within the agency and Governmentwide. Each agency surveyed has developed a Suggestion Program based on the statutory and regulatory requirements, and the guidance provided in the FPM.[5]

In order to provide a comprehensive framework for a thorough understanding of Suggestion Programs and in an effort to provide some significant criteria by which such programs could be evaluated, the study team examined the following critical program elements:

- Organization and structure,
- Management support,
- Publicity,
- Processing,
- Types of suggestions,
- Participation and adoption rates,
- Agency interaction,

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[4]It should be noted that proposed OPM regulations at the time of the survey, would cut in half the award amount that can be paid for an adopted suggestion — from the current 10 percent of the first $100,000 of savings to 5 percent.

[5]As previously noted, OPM provides advice, guidance, and general oversight over Federal agency suggestion programs. OPM's efforts are largely hortatory in this regard. This report augments OPM's statistical information and program materials by examining the suggestion programs from the agency point of view and by providing the Board's independent analysis of the data and the programs as actually implemented.

- Problems, costs, benefits, model programs, and goals for the future.

Each of these elements is discussed in greater detail under the corresponding chapter subheadings in Section C, Comparisons, and Section D, Evaluation of Programs. For more specific information on the Suggestion Programs at each of the agencies, please refer to the agency telephone numbers listed in Appendix I.

B. MAJOR FINDINGS

The study team found that the agencies typically regarded their Suggestion Programs in a positive light and felt that the programs can and do play an important role in developing a more productive and well-managed workplace. The major findings in this area are discussed in the rest of this chapter. Based on our survey and analysis, they can be summarized as follows:

- Top management support, believed to be crucial to both current and continuing program success, is termed adequate by a majority of program coordinators. This is significant, given the fact that insufficient management direction or support can be a serious impediment to program effectiveness.

- The type and amount of promotion and publicity provided to the Suggestion Programs are also important factors determining program success. On-going efforts are necessary in order to make both employees and management aware of the program and of how to use it.

- While employee participation and adoption rates vary considerably among agencies, rates within agencies have generally remained relatively stable over the last three periods for which data are available — Fiscal Years 1981 through 1983.

- Active program coordinators have a positive impact on their programs. In agencies with high participation rates, the coordinators generally are enthusiastic about the program, enjoy the active support of top management, and have considerable interaction with coordinators from other agencies.

- The quality and quantity of staff resources devoted to the Suggestion Programs are generally thought to be less than adequate by most of the agency representatives interviewed. Program coordination is frequently assigned as a collateral duty to personnel with other responsibilities. Furthermore, a number of the agencies report that their Suggestion Programs are staffed entirely or in large part by lower graded (e.g., GS-5 or 7 level) personnel. This sometimes limits their ability to effectively interact with higher level management or to initiate substantive program changes or refinements.

- Most of the coordinators believe that their programs need to improve the process of evaluating suggestions, especially with regard to the amount of time it takes to complete the evaluations. Delay in

evaluation can discourage employees from submitting suggestions and may also serve to compromise the perceived fairness of the system.

- The handling of ineligible or inappropriate suggestions is often a problem. Inefficiency in this area can constitute a significant drain on an agency's Suggestion Program resources. Suggested solutions include publicizing the definition of an ineligible suggestion and improving the initial suggestion screening process.

- Although most of the agency coordinators believe the Suggestion Program to be a cost-effective system, only one of the agencies has conducted an evaluation of program costs. Agency representatives attributed the difficulty of determining the exact overall costs of their programs to being unable to accurately keep track of time spent by evaluators. They agreed, however, that program costs were certain to be outweighed by the substantial savings realized.

- Most agencies reported that the program is beneficial, not only because it is regarded as cost-effective, but also because it enhances morale by encouraging employee involvement and improving the workplace. The Suggestion Program is viewed as one way for management to demonstrate that they are receptive to employee ideas and that the agency benefits from the implementation of good ideas.

C. COMPARISONS

1. Organization and Structure

Because the statutory and regulatory provisions, together with the guidance in the FPM, provide the basic structure for Suggestion Programs, most of the agencies surveyed display programs with similar characteristics. There are, however, some programs with noteworthy differences.

All agencies surveyed have written instructions or directives setting out the policies and procedures for their programs. Generally, the policy objectives for implementation of a Suggestion Program are:

- To motivate personnel to suggest ways to increase effectiveness and efficiency.

- To improve morale by providing opportunities for employees to take part voluntarily in making improvements within the agency.

- To provide a formal channel for communication between management and personnel.

- To foster and maintain an atmosphere where imagination, creativity, and innovation may flourish.

- To provide prompt recognition for employees who improve Government operations.

All of the agencies surveyed, except the Department of Education[6], have

Suggestion Programs that are decentralized. Headquarters offices are responsible for developing policies and procedures, conducting agencywide activities, establishing reporting mechanisms for the programs, and providing guidance, materials, and assistance in running the programs. Component agencies[7] and local or regional offices are then responsible for operating the Suggestion Program within the guidelines set by headquarters. Most agencies allow the local levels to tailor the program to their needs, as long as agency policy is followed.

All agencies have Suggestion Program coordinators or administrators. In most agencies, the coordinators' duties are collateral duties which are often included under the Incentive Awards Program.[8] Each component, local, or regional office reports on the number and type of suggestions received at its level to the headquarters office for inclusion in the agency's yearly report to OPM. As a general rule, suggestions submitted at the local levels are sent to headquarters only when they have agencywide or Governmentwide application, or involve award amounts above the limit delegated to the local level. Suggestions with Governmentwide application are forwarded by headquarters to OPM for referral to other agencies. Occasionally, agency coordinators will receive suggestions that have application to only one or two other agencies, and in those cases, the coordinators refer the suggestions directly to the appropriate agencies, rather than to OPM.

2. Management Support

While management support for Suggestion Programs varies from agency to agency, a majority of the program coordinators reported that they receive adequate support from top management.[9] This is especially significant given

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[6]The Department of Education has centralized the program at its headquarters. Such centralization of control would seem to be appropriate given the relatively small size of the agency (approximately 5,000 employees).

[7]A component agency is one within a larger agency. For example, the Social Security Administration is a component of the Department of Health and Human Services.

[8]Notable exceptions to the general rule are the Air Force Suggestion Program coordinators. Air Force has brought most of the Suggestion Programs at the installation levels out of the area of incentive awards and has placed them, instead, as an independent program under the auspices of the Office of the Director of Personnel. This change has been successful and has transformed the program from a clerical to a management oriented program.

[9]Coordinators at the Environmental Protection Agency, the Department of the Interior, and the General Services Administration stated that they had enough top management support in the past, but because of recent changes in top management, they were not sure what degree of emphasis would be forthcoming. Each of these coordinators also said, however, that he or she anticipated support for the program from the new agency administrators. Even in those agencies that have not undergone such changes, coordinators related that changes in top management affect program activity. As the coordinator at the Veterans Administration put it, "the more vocal an administrator is about the program, the more activity the program gets."

the fact that a study conducted several years ago by the General Accounting Office indicated that a serious impediment to program effectiveness was insufficient management direction or support. Management had not made basic decisions nor taken appropriate action to optimize the suggestion system as a means of achieving productivity gains and improving the quality of work life. The current reports from the agency Suggestion Program coordinators indicate an apparent improvement in this situation.

An effective Government agency Suggestion Program requires support from top management officials. A voluntary employee involvement system needs a "bed of support" that is in place in the agency's managerial structure. The best type of support derives from the agency's top official taking an active interest in the operation and promotion of the Suggestion Program.

Coordinators reported that management support takes various forms. In some agencies, top agency officials send letters to employees, encouraging them to participate in the program.[10] Another way top management supports the Suggestion Program is by including information about the program in training sessions for supervisors and new employees (among the agencies that provide such training are the Departments of Labor, Navy, and Interior). Top management officials at the Departments of the Air Force, Army, Treasury, Interior, and at the Veterans Administration sign award certificates or special letters and present awards at special ceremonies. Officials at the National Aeronautics and Space Administration, the Department of Commerce, and the Department of Education have encouraged senior managers to support the Suggestion Program. The Assistant Secretary at Treasury recently sent a memorandum encouraging components to raise the amount of awards paid for sustained superior performance in exceptionally deserving cases up to a maximum of one-fifth of salary.

It is significant to note that several coordinators indicated that even though the program gets support from top management, middle management is not supportive. The effectiveness of the program can be substantially diminished when first-line supervisors fail to actively solicit suggestions. According to the coordinators, middle management's resistance is in large part the result of the belief that making suggestions for improvements is an inherent part of every employee's job and that, consequently, no monetary awards should be made to employees for their suggestions. In fact, some middle managers have refused to recommend an award even after the evaluator has supported the adoption of a suggestion. Such negative attitudes on the part of supervisory personnel are obviously harmful to program viability and success.

3. Publicity

The regulations promulgated by OPM require the head of each agency to provide effective promotional and publicity activities. In the Federal Personnel Manual, OPM emphasizes the need for continuous promotion of the program and notes that promotion of the program is not merely a matter of good

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[10]Recently, the Defense Contract Audit Agency, the Navy, the Department of Health and Human Services, and the National Aeronautics and Space Administration have sent out such letters.

will, it is also a crucial element in achieving the purposes of the law. Most agencies have delegated responsibility for Suggestion Program publicity to the component, local, or regional level. (For a listing of the method each surveyed agency uses to publicize its program, see Appendix C.) Headquarters offices provide support in the form of posters purchased through OPM and by letters, memoranda, or directives from top agency officials encouraging participation in the program.

Several agencies are beginning new promotional campaigns as a result of the interest and support shown by top agency officials. For example, the National Aeronautics and Space Administration (NASA) began a promotional campaign on June 1, 1984. It was interesting to note that the number of suggestions submitted at NASA increased before the promotion officially began. The program coordinator indicated that the open and active support of top management was made apparent to the local levels of the agency even before the campaign started, and that employees consequently became more active in the program without requiring the additional incentive of a formal publicity effort.

Most of the agencies use posters to publicize their programs. NASA, Navy, Commerce, Army, and Air Force have had special posters designed for their Suggestion Programs. For example, one of NASA's posters features the "space walk" of an astronaut with a specially designed backpack (the NASA coordinator related that the featured astronaut's suggestions had contributed to the development of the backpack).

Some agencies promote their programs through articles or advertisements in agency or local office newsletters. Other publicity techniques include suggestion boxes and brochures. The Veterans Administration publishes a quarterly digest that lists and describes adopted suggestions. The digest is circulated throughout the agency for informational purposes, and it not only publicizes the program, but also provides the guidance necessary for each local or regional office to determine if the suggestions apply to that particular office. Other agencies have used tokens or mementos to publicize their programs.[11] When a suggestion is adopted by the Department of the Interior or by the Army, the suggester may receive a padded picture frame, with a certificate on one side and room for a photograph on the other.[12] It was noted that when an employee receives an award, certificate, memento, etc., for an adopted suggestion, it acts as an incentive for other employees to submit suggestions of their own. Most agencies also furnish information about the Suggestion Program during training for employees and supervisors and in employee handbooks.

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[11]The Defense Logistics Agency, the National Aeronautics and Space Administration, the Environmental Protection Agency, Army, and Air Force give tokens for suggestions submitted and/or adopted. These tokens include items as varied as paperweights, mugs, pens, thermometers, lapel pins, and miniature reproductions of the Army Seal.

[12]The coordinator at Interior said that the picture frame can be ordered through the General Services Administration. She also said it is surprising how interested employees are in mementos and other similar items which serve to demonstrate the agency's open appreciation of the employee's participation in the Suggestion Program.

A number of agencies have utilized rather unique and unusual publicity activities and mechanisms. For example, the Department of Health and Human Services has used a lighted graphic display, and Commerce has had a promotional program with a circus theme. The Environmental Protection Agency has displayed in-house commercials on television monitors at the agency. One local coordinator for the Air Force received permission to have a biplane trailing a banner about the Suggestion Program fly over the local installation. Army, Navy, and Air Force are currently involved in a cooperative effort to produce television and radio commercials for their Suggestion Programs, and Navy is producing a 20-minute film about its Suggestion Program. The General Services Administration gives certificates to suggesters (the certificate has room to add stickers for each subsequent suggestion submitted by the suggester). All agency coordinators reported that they also get publicity by "word of mouth."

An inadequate staff makes extensive publicity efforts both unnecessary and unwise. In this context, a few coordinators stated that they do not presently publicize their programs and have no plans for promotional activities in the near future. They said that they are reluctant to initiate new campaigns because increased publicity will result in more suggestions to process, thereby creating an unmanageable workload for the available personnel. In the guidance furnished by OPM in the Federal Personnel Manual[13], agencies are cautioned that if the agency promotes the program to get more suggestions, it must have staff adequate to properly process the suggestions. OPM has emphasized, and coordinators recognize, that it is pointless to solicit numerous suggestions if it appears likely that processing will take so long that employees will tend to lose confidence in the system.

4. Processing

The processing of submitted suggestions is operationally similar at most of the agencies.[14] All of the surveyed agencies have printed forms for employees to use when submitting a suggestion (a sample form is attached at

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[13]FPM Supplement 451-1, Subchapter 3-4 (September 23, 1980).

[14]As a result of its unique centralized program operations, the Department of Education processes its suggestions differently than most of the other agencies. Education's processing system is as follows. Employees first complete a suggestion form and then submit the form to the Secretary's Office at headquarters. The suggestion is acknowledged and then forwarded to the Suggestion Program coordinator who, in turn, refers the suggestion to an evaluator. The evaluator's recommendation is subsequently sent back to the coordinator. The coordinator prepares a letter for the Secretary's signature that informs the employee whether the suggestion is adopted or not adopted. If the suggestion is not adopted, the letter from the Secretary also informs the employee of the reasons for not adopting the suggestion. If the employee has any questions relating to the adoption or non-adoption of his/her suggestion, he or she is invited to phone the coordinator. One of the benefits of Education's centralized system is that it provides concrete evidence of top management's support for the program and allows evaluations to be processed more quickly.

Appendix D). The forms generally include space for the employee's name, position, title and grade, social security number, organization and division, phone number, signature, and date. A large space is provided to describe the problem or circumstance prompting the suggestion, the suggested change(s), where and how the suggestion can be used, and the expected benefit to either the agency or the Government as a whole.

Most agencies encourage employees to discuss their suggestions with their supervisors, in order to get advice and assistance before the suggestion is submitted to the Suggestion Program coordinator.[15] After the supervisor reviews the suggestion, it is forwarded to the program coordinator. The coordinator assigns a control number to the suggestion, "logs it in," and sends an acknowledgement to the employee. Army, Air Force, State, Commerce, and the General Services Administration allow the employee to remain anonymous by having the Suggestion Program personnel copy the suggestion and its control number and cover over or tear off the information which gives the employee's name and position. The only identifying information then remaining on the suggestion form is the control number.[16]

After the suggestion is logged in, it is forwarded to an evaluator (generally someone with expertise in the specific subject area of the suggestion) along with an evaluation form[17] (a sample form is attached at Appendix E) requesting the evaluation and providing a "suspense date" for its completion.[18] The evaluator's recommendation typically determines whether a suggestion will be adopted.

In all the agencies surveyed, evaluators are employees who have other primary duties. They are assigned the evaluation as additional work. For this

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[15]Justice, the Defense Contract Audit Agency, and the Environmental Protection Agency either recommend or require the employee to submit the suggestion to his/her supervisor, who then determines whether the submission is eligible as a suggestion.

[16]The coordinator at the State Department said that suggesters will often compromise their own anonymity by contacting the evaluator with questions concerning their suggestions.

[17]All agencies surveyed have a standard evaluation form to be completed by the evaluator. The form indicates that the suggester may receive a copy of the evaluation, and evaluators are encouraged to seriously consider the suggestion and to be courteous in the evaluation.

[18]When the suggestion is transmitted to the evaluator, some agencies use a cover memorandum emphasizing the need for prompt attention. For example, the Small Business Administration uses the following transmittal note: "Failure to act promptly on suggestion evaluations undermines management's credibility and employee confidence in the suggestion program and severely reduces participation. Therefore, it is imperative that we have your decision no later than _____. Should you have any questions, please feel free to contact us immediately."

reason, the time it takes to process suggestions varies and may take from as little as two weeks to as long as two years. Coordinators reported that although the majority of suggestions are processed in 30 to 90 days, those suggestions that are complex or that have agencywide or Governmentwide application may take several months or longer to process. Individual coordinators are generally required to try to follow up on suggestions pending more than 30 to 45 days. If the evaluation cannot be completed within the original time limit (i.e., the suspense date) set by the coordinator, extensions may be granted. Agencies usually have provisions to inform the employee who submitted the suggestion that the evaluation has been delayed, and that he or she may contact the coordinator to check on the status of the evaluation. Some coordinators will personally phone employees to inform them of the status of a submitted suggestion.

If the recommendation is to adopt the suggestion, the coordinator begins processing the award. In some agencies (such as the Defense Logistics Agency, the Defense Investigative Service, Air Force, Army, the Veterans Adminstration, and the National Aeronautics and Space Administration) the evaluator's recommendation must be approved by someone with higher authority (i.e., someone with the authority to adopt or implement the suggestion). If the evaluator recommends that the suggestion not be adopted, the suggestion and evaluation are returned to the coordinator who then sends a letter to the involved employee informing him or her of the decision and giving the reasons (see Appendix F for a flow chart of the suggestion process). A majority of the surveyed agencies either allow an employee to request reconsideration of the suggestion or provide some type of appeals process. If an employee requests reconsideration or appeals the recommendation, agencies generally require the employee to provide additional information or an explanation as to why the recommendation was inappropriate.

Awards for adopted suggestions are based on the amount of benefits to the Government, either intangible or tangible. In some of the agencies, no awards are paid until the suggestion is implemented. This means that even though the agency has adopted the suggestion, no award can be paid until the suggestion is actually put into practice.[19] A majority of the agencies surveyed have delegated authority to approve awards up to certain amounts to the local and regional levels. This authority ranges from amounts of $500 at SBA to $10,000 at Treasury and Army. Any awards above $10,000 must be referred to OPM for approval, and will be routed through the agency's headquarters office. Awards up to $25,000 may be approved by OPM, and OPM may then recommend that the award be considered by the President for an additional $10,000. For example, in October 1983, the President authorized a maximum award of $35,000 to an employee who identified and suggested a solution to a problem involving procedures used by agencies to collect refunds from airlines. The Government recovered more than $6,000,000 by implementing the suggestion.

5. Types of Suggestions

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[19]Implementation may take a long time. For example, when an adopted suggestion requires a change in forms to be used, many agencies wait until all the old forms are used before ordering new forms incorporating the suggested change.

Each Suggestion Program coordinator was asked about the types of suggestions the program receives. While a large number of suggestions fall into the area of changes in forms and procedures, agencies also receive suggestions of a technical nature. The "mix" of suggestions depends to a large extent on the mission of the agency and the type of work performed by that agency. As might be expected, the subject matter of the suggestions adopted by the surveyed agencies is diverse. Examples of suggestions adopted by the various agencies are described in Appendix G.

6. Participation and Adoption Rates

Apart from differences in the types of suggestions received, there are also some wide variations apparent in the number of suggestions received and adopted by the various agencies. The annual figures compiled by OPM show that the number of suggestions received by agencies Governmentwide had increased between FY '81 and FY '83. Governmentwide, the receipt rate per 100 hundred employees was 5.8 in FY '81, 5.6 in FY '82, and 6.4 in FY '83. An examination of the participation rates by agency shows that the employee participation rates in the Suggestion Programs within agencies have generally remained relatively stable over the last three-year period for which data are available -- FY '81 through FY '83. Participation rates varied considerably among agencies, however. For example, the latest available data show that the agencies ranged from less than 1 suggestion received for every 100 employees (in State and the Agency for International Development), to a high of almost 17 suggestions received per 100 employees (in Air Force and the Defense Logistics Agency). (See Table 3-1.)

Table 3-2 shows similar trends for agency adoption rates. Within most agencies, adoption rates have remained quite steady over the past three fiscal years. The number of suggestions adopted has increased Governmentwide from 39,543 in FY '81 to 42,078 in FY '83. A few agencies (e.g., State and the Small Business Administration) experienced a sharp increase in adoption rates from FY '81 to FY '82, only to have an equally sharp decrease in adoption in FY '83. Commerce, Labor, and Transportation were the only agencies to show declines in adoption rates for the entire three-year period.[20] Agency size appears to have no correlation to the percentage of suggestions adopted by an agency. High rates are as likely to appear in the smaller agencies (e.g., Energy) as in midsized agencies (e.g., Interior) or large agencies (e.g., Agriculture). Similarly, low adoption rates can be found in large agencies (e.g., Health and Human Services) as well as in small agencies (e.g., the Environmental Protection Agency).

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[20] It should be noted, however, that Commerce experienced an approximate doubling of the actual number of suggestions received for that same three-year period, and that both Commerce and Labor had dramatic increases in their benefits-costs ratios from FY '81 to FY '83. (See Tables 3-1 and 3-2.)

TABLE 3-1

Suggestions Received Per 100 Employees

Agency	FY 1981	FY 1982	FY 1983
Over 100,000 Employees			
USDA	3.1	2.6	2.7
Air Force	15.9	15.9	16.7
Army	10.6	10.3	11.1
HHS	4.1	3.9	3.5
Navy	6.4	6.1	6.9
Treasury	3.6	3.0	3.7
VA	4.8	4.4	5.9
50,001 to 100,000			
Interior	2.6	1.9	1.7
Justice	6.6	6.3	5.3
DOT	2.9	1.9	1.5
20,001 to 50,000			
Commerce	2.1	2.6	4.7
DLA	18.1	17.3	16.8
GSA	4.0	3.2	4.0
Labor	1.4	.8	1.1
NASA	2.4	2.4	1.8
10,001 to 20,000			
Energy	1.0	1.0	1.2
EPA	1.1	1.5	1.0
HUD	5.3	7.9	4.7
State	.2	.3	.1
Under 5,000			
AID	.1	.1	.2
SBA	3.3	4.7	2.5

Source: U.S. Office of Personnel Management, Workforce Effectiveness and Development Group, Achievements: 1981 and 1982 (Washington, DC: U.S. Government Printing Office, 1982 and 1983), pp. 12 and 10, respectively. Unpublished data (at the time of the survey) for FY 1983 were also supplied by the Office of Personnel Management.

TABLE 3-2

Percent of Suggestions Adopted of Those Processed

Agency	FY 1981		FY 1982		FY 1983	
Over 100,000 Employees						
USDA	33%	(2,709)*	32%	(2,745)	25%	(2,717)
Air Force	26%	(33,064)	28%	(32,592)	26%	(35,604)
Army	24%	(27,768)	23%	(34,100)	28%	(36,279)
HHS	7%	(6,150)	10%	(5,539)	10%	(5,085)
Navy	33%	(18,681)	33%	(18,227)	30%	(20,521)
Treasury	24%	(4,557)	23%	(3,793)	26%	(4,806)
VA	33%	(11,064)	33%	(10,204)	32%	(10,555)
50,001 to 100,000						
Interior	36%	(1,528)	37%	(1,466)	37%	(1,315)
Justice	21%	(3,585)	22%	(3,457)	20%	(2,849)
DOT	27%	(1,930)	26%	(1,195)	22%	(992)
20,001 to 50,000						
Commerce	27%	(765)	20%	(875)	16%	(1,668)
DLA	29%	(8,421)	26%	(8,267)	26%	(7,868)
GSA	26%	(1,208)	26%	(970)	26%	(1,130)
Labor	23%	(301)	14%	(176)	12%	(231)
NASA	21%	(566)	21%	(511)	26%	(489)
10, 001 to 20,000						
Energy	34%	(191)	33%	(164)	36%	(196)
EPA	16%	(139)	16%	(186)	8%	(118)
HUD	20%	(819)	18%	(1,020)	20%	(536)
State	14%	(40)	26%	(63)	14%	(29)
Under 5,000						
AID	8%	(5)	18%	(7)	25%	(21)
SBA	15%	(179)	26%	(186)	13%	(139)

Source: U.S. Office of Personnel Management, Workforce Effectiveness and Development Group, Achievements: 1981 and 1982 (Washington, DC: U.S. Government Printing Office, 1982 and 1983), pp. 12 and 10, respectively. Unpublished data (at the time of the survey) for FY 1983 were also supplied by the Office of Personnel Management.

*The figures in parentheses refer to the total number of suggestions received by the agency.

7. Agency Interaction

The amount of interaction between agency coordinators varies. Army, Air Force, Navy, Transportation, Housing and Urban Development, Health and Human Services, and the General Services Administration reported that there is considerable interaction among their coordinators. Currently, for example, Air Force and the Federal Aviation Administration (FAA, a component agency of the Department of Transportation) are working together to correct a misconception on the part of FAA employees who work on Air Force equipment but believe that they cannot submit suggestions to the Air Force. The Air Force coordinator is now working to provide information to FAA employees on how to submit suggestions to the Air Force. As another example, the Housing and Urban Development (HUD) Program Officer recently sent information on HUD's program to the Federal Energy Regulatory Commission. Coordinators from a number of other agencies, however, reported that they have little, if any, contact with their counterparts in other Government agencies.

In at least one instance, an agency (National Aeronautics and Space Administration) actively sought information from private industry before beginning a promotional campaign to revitalize its Suggestion Program. The NASA coordinator reported that having some insight into the Suggestion Programs of private industry was beneficial in developing the promotional campaign for NASA, and that an expected increase in the number of suggestions submitted within NASA should increase the amount of savings to the agency.

Most of the agencies reported that they participate in the National Association of Suggestion Systems (NASS), an organization that promotes Suggestion Programs in the Government and private industry. Even those coordinators who have not personally participated in NASS activities are nevertheless familiar with that association's activities and publications. Annually, NASS sponsors a national conference for Suggestion Program coordinators as well as a meeting in the Washington, D.C. area. It was interesting to note that a recent edition of OPM's "Incentive Awards Notes" featured a summary of the qualities of a successful awards administrator which was prepared from information presented at a workshop at the 41st Annual NASS Conference.

D. EVALUATION OF PROGRAMS

The agencies' coordinators were asked to evaluate their Suggestion Programs in general and to suggest areas for improvement. They reported that there are both positive and negative aspects to Suggestion Programs and proceeded to outline specific problems that they had experienced. These include problems related to staffing, inappropriate suggestions, timeliness and fairness of evaluations, implementation of suggestions, and program emphasis.

1. Problems

Inadequate staff resources devoted to the Suggestion Program have created problems at all of the agencies surveyed. In most agencies, program coordination is assigned as a collateral duty to individuals with other primary responsibilities. In one agency, for example, the time allotted to the duties of a Suggestion Program coordinator at the local level amounted to only

one-fifth of a full-time position. Because the Suggestion Program is not the individual's primary responsibility, in that agency the program is given a relatively low priority. Several agency coordinators stated that they believed they could run a better program with more staff, but that they currently do not have enough time or personnel to administer the program the way they would like.

Another problem area identified by some of the coordinators is attributed to assigning program responsibilities to individuals who are at a relatively low level in the organization. In this regard, one coordinator noted that local suggestion coordinators are usually in GS-5 or GS-7 positions. This results in difficulties dealing with higher level supervisors or managers when suggestions get stalled in the evaluation process or when management resists approving an award. In some agencies, moreover, the duties of the local coordinators are clerical in nature and merely consist of logging the suggestions in and out, rather than managing or developing an effective program.

Every agency surveyed reported some difficulty relative to the handling of ineligible suggestions. Most agencies have sought to control this problem by excluding certain types of suggestions from initial eligibilty. Suggestions relating to "general housekeeping matters," routine safety, or suggestions that come under responsibilities described in the employee's job description are generally not eligible for consideration as suggestions. Also excluded from consideration are suggestions obviously designed as reprisals for a supervisor or coworker's action. Agencies have tried to eliminate these problems by defining an ineligible suggestion in their program's publicity materials.

Several coordinators indicated that they receive suggestions regarding subject areas already being studied elsewhere or where changes have already been considered. In other cases, suggestions may be without merit, but the agency will still evaluate them. One coordinator said that the program is a "hassle" because supervisors had to evaluate suggestions that were not serious or logical. In some agencies, if the suggestion is clearly without merit, it will be returned to the submitting employee. In several agencies, coordinators reported that when they actively and openly emphasized the need for quality in suggestions, they began to receive fewer suggestions of questionable validity. A few coordinators indicated that they had difficulty getting suggestions with tangible value or which might result in cost savings because of the specialized natures of their agencies' missions. Finally, one coordinator remarked that local level personnel should devote more time and effort to the initial screening of suggestions in order to more quickly eliminate those that are clearly without merit.

Coordinators reported several common concerns about the evaluation process. Questions about the fairness or thoroughness of evaluations are not a major problem, since all of the agency coordinators interviewed will send an evaluation back to the evaluator for revision if it is not courteous or if it is incomplete. Frequently delayed schedules for evaluating suggestions can and do create serious problems for Suggestion Programs, however. Delays in processing are often the result of the evaluator having other primary duties which necessarily must be completed before any suggestion received can be examined. The coordinators recognize that if the evaluation takes too long or if it is incomplete, the employee who submitted the suggestion will tend to become discouraged and will probably not submit other suggestions. A majority

of the coordinators believe their programs need to improve the evaluation process, primarily with regard to the amount of time it takes to complete the evaluations.

Coordinators are also concerned about the effect of Quality Circles on the Suggestion Program. The Defense Logistics Agency, for example, has an active Quality Circle Program and has also experienced a potentially related decrease in the number of suggestions submitted. At Interior, one agency component using Quality Circles has decided to postpone the evaluation of suggestions submitted by individual employees if it is found that the suggestion applies to an area that is also being addressed by a Quality Circle. A few agencies, such as Housing and Urban Development and Air Force, are using Suggestion Program resources to provide awards for suggestions made by Quality Circles. The Suggestion Program coordinators indicated that they will be watching to see how the two systems interact in the future.

Some agencies reported that delays in implementation can also be a problem. Even if a suggestion is adopted, it may take months or even years before it can be implemented, and the suggestion coordinators generally do not receive any ongoing information on the status of the implementation process. An example of extended delay occurred at HUD, where a recent complaint made to the Inspector General concerning the failure to implement a suggestion adopted in 1980 focused attention on HUD's implementation policy. As a result, HUD is currently strengthening its follow-up procedures on implementing adopted ideas. Long periods of delay between suggestion adoption and implementation have also led the VA to change its policy regarding suggestion awards. Awards of up to $300 are now given out upon adoption of the suggestion, rather than requiring the suggester to wait until the suggestion is actually implemented. The Farmers Home Administration of the Department of Agriculture advocates a similar change in its current policy of award upon implementation only.

It was reported that there is occasional resistance on the part of an agency to give an award, or that there are problems with good ideas getting stalled at lower levels in the organization. One coordinator thought that more training was in order for supervisors "suffering from attitudinal problems" in this area. Another coordinator believed that the program works better in agencies with a strong sense of organizational identity. Other coordinators stated that the program has greater potential for savings in the more "industrialized" agencies.

A few coordinators felt that the Suggestion Program is undervalued by their agencies. The coordinators at Air Force, Army, and Health and Human Services stated that their programs provide significant benefits to their agencies, and that, in their opinions, the programs' publicity and awards should be increased to more appropriately reflect the substantive nature of the programs.

2. Costs

Most of the agency coordinators believe the Suggestion Program is cost-effective, but only Air Force has conducted an evaluation of the costs of its program. The Air Force evaluation showed that the savings from the program were greater than the amounts expended for awards and administration. The ratio of benefit to cost for Air Force was $21:$1.

Agency representatives reported that it is difficult to determine the exact overall cost of the program because they cannot accurately keep track of time spent by evaluators. They indicated, however, that the cost of the program was not great when one considers the savings realized. Although a few coordinators could not specify the amounts of their agencies' savings derived from the program, OPM's yearly reports show that Governmentwide, the program results in substantial savings. Governmentwide measurable benefits amounted to $189,929,338 in FY '81; $157,963,072 in FY '82; and $155,834,885 in FY '83.[21] The ratio Governmentwide of amount saved to amount awarded to employees was $47.2:$1 in FY '81; $27.7:$1 in FY '82; and $25:$1 in FY '83 (the drop in the measurable benefits and benefit to award ratio from FY '81 to FY '83 may be explained by an increase in the amount of awards paid to employees). A majority of coordinators believe that the Suggestion Program would pay for itself if only a part of the money saved were put back into it. In discussing costs, coordinators reported that the agency also receives benefits from the program that are not measurable in dollar amounts.

3. Benefits

The Suggestion Program is thought of as beneficial to the agencies, not only because it is regarded as cost-effective, but also because it enhances morale by encouraging employee involvement and improving the workplace. The Suggestion Program is one way for management to demonstrate that it is receptive to employee ideas and that the agency benefits from the implementation of good ideas. A representative from the Department of Education remarked that if employees are convinced that their suggestions will be heard and considered, even if not always implemented, then the program is an effective one. The same individual also indicated that the program provides a mechanism by which ideas may be presented in a nonthreatening way, thereby promoting a sense of employee involvement. In this way, even the employee whose suggestion is not adopted benefits from the system.

A number of other agencies shared their views on the benefits of the Suggestion Program. A representative from the Department of Justice commented that the program allows recognition of employee ideas and provides a channel of communication between management and employees. It is both a means of providing feedback to the employees and an incentive to keep the employees thinking of possible improvements. The program coordinator at Commerce stated that the program improves participation, reduces waste and inefficiency, and tells employees that "we care about what you think." The Air Force coordinator stated that the program not only provides a forum for employees, but also provides a recordkeeping system where results can be measured. Air Force believes that its program shows that the agency has a sincere desire for improvement. The coordinators at Air Force, Justice, and Labor all reported that the program is also useful as a means to uncover problems previously unrecognized by the agencies.

Program coordinators, in general, believe that employees react positively to the knowledge that their agency cares about what they think and that they appreciate the recognition that the program provides to them. Air Force and

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[21]These figures are taken from OPM's yearly report on the Incentive Awards Program.

Labor representatives stated that the Suggestion Program can be a highly effective method for motivating agency employees. Once they make one successful suggestion (i.e., one that is evaluated quickly, thoroughly, and fairly, even if not adopted and implemented), others will often follow.

The available statistical data also lend some support to the coordinators' assertions regarding the tangible benefits of the program (despite fluctuations over the 3 year period). Table 3-3, for example, shows the ratio of measurable benefits for each dollar of cost incurred for FY '81 through FY '83. A number of the larger and smaller agencies showed an increase in measurable benefits from FY '81 through FY '82, but showed declines in measurable benefits in FY '83 (e.g., Departments of Agriculture, Navy, Treasury, Justice, Health and Human Services, and the Environmental Protection Agency). Still other agencies (e.g., Departments of Transportation, Army, Interior, Commerce, Energy, Housing and Urban Development, the Veterans Administration, and the National Aeronautics and Space Administration) showed the reverse pattern in which the ratio of measurable benefits to cost incurred decreased from FY '81 to FY '82, but increased in FY '83. Only a few agencies showed either consistent increases for the 3 year period (General Services Administration and Labor) or decreases for the three years (Air Force and Defense Logistics Agency). Finally, State and the Agency for International Development were the only agencies to report no measurable benefits for costs incurred in operating their programs for any of the three fiscal years.

Estimated dollar amounts of measurable benefits for FY '81 through FY '83 grouped by size of agency are shown in Table 3-4. In a number of instances, both large and small agencies experienced sharp declines in measurable benefits from FY '81 through FY '82, followed by increases in FY '83 (e.g, the Veterans Administration, National Aeronautics and Space Administration, Departments of the Air Force, Interior, Transportation, Labor, Energy, and Housing and Urban Development). In other instances the reverse pattern held. Noted increases in measurable benefits appeared in Agriculture, Health and Human Services, Treasury, Justice, and the Environmental Protection Agency between FY '81 and FY '82, only to be followed by equally rapid declines occurring in FY '83. Army, Commerce, and the General Services Administration showed the most consistent gains in first-year measurable benefits, with sizable gains occurring between FY '81 and FY '82 and between FY '82 and FY '83. On the other hand, Navy and the Defense Logistics Agency experienced decreases in measurable benefits from FY '81 through FY '83. Only two of the smaller agencies, State and the Small Business Administration, showed first-year measurable benefits for a single year (FY '83).

TABLE 3-3
Ratio of Measurable Benefits for Each Dollar of Cost Incurred

Agency	FY 1981	FY 1982	FY 1983
Over 100,000 Employees			
USDA	5:1	9.1:1	5:1
Air Force	82.7:1	53:1	38:1
Army	43.6:1	26.5:1	29:1
HHS	11.7:1	29.2:1	12:1
Navy	43.6:1	168:1	21:1
Treasury	20.6:1	31.7:1	18.5:1
VA	8.2:1	5.8:1	27:1
50,001 to 100,000			
Interior	13:1	6.9:1	7:1
Justice	8.7:1	25.4:1	4:1
DOT	10.4:1	8.6:1	14:1
20,001 to 50,000			
Commerce	13.5:1	12:1	28:1
DLA	25.9:1	24.2:1	16:1
GSA	11:1	28.7:1	42:1
Labor	[illegible]:1	12:1	86:1
NASA	20.1:1	11.2:1	14:1
10,001 to 20,000			
Energy	14.1:1	12.6:1	16:1
EPA	3.4:1	43:1	18:1
HUD	207:1	25.7:1	51:1
State	0	0	0
Under 5,000			
AID	0	0	0
SBA	0	0	6:1

Source: U.S., Office of Personnel Management, Workforce Effectiveness and Development Group, Achievements: 1981 and 1982 (Washington, DC: U.S. Government Printing Office, 1982 and 1983), pp. 12 and 10, respectively. Data for FY 1983, unpublished at the time of the study were also supplied by the Office of Personnel Management.

TABLE 3-4
First Year Measurable Benefits*

Agency	FY 1981	FY 1982	FY 1983
Over 100,000 Employees			
USDA	$ 701,000	$ 977,000	$ 607,000
Air Force	65,383,000	39,787,000	41,196,000
Army	34,594,000	39,787,000	44,779,000
HHS	1,125,000	2,138,000	1,053,000
Navy	45,264,000	34,311,000	27,369,000
Treasury	2,688,000	4,694,000	3,204,000
VA	2,192,000	1,406,000	17,933,000
50,001 to 100,000			
Interior	960,000	405,000	512,000
Justice	259,000	714,000	93,000
DOT	623,000	318,000	817,000
20,001 to 50,000			
Commerce	256,000	264,000	890,000
DLA	3,859,000	3,498,000	2,342,000
GSA	336,000	918,000	1,581,000
Labor	90,000	37,000	610,000
NASA	710,000	283,000	562,000
10,001 to 20,000			
Energy	216,000	153,000	402,000
EPA	12,000	167,000	86,000
HUD	10,132,520	978,114	3,934,000
State	0	0	1,500
Under 5,000			
AID	0	0	0
SBA	0	0	15,000

*Rounded to the nearest thousand.

Source: U.S., Office of Personnel Management, Workforce Effectiveness and Development Group, Achievements: 1981 and 1982 (Washington, DC: U.S. Government Printing Office, 1982 and 1983) pp. 12 and 10 respectively. Data for FY 1983 , unpublished at the time of the study, were also supplied by the Office of Personnel Management.

4. Model Programs

All of the agencies surveyed proposed a number of elements thought necessary for a "model program." The most frequently mentioned element is top management support. As one coordinator put it, "without the support of top management, the program falls by the wayside." Moreover, top management support emphasizes the importance of the program to subordinate managers and supervisors. Ongoing publicity is also cited as an important factor for program success. Employees and management must be made aware of the program and of how to use it.

All of the coordinators stated that a model program should be responsive to the employees. In this regard, receipt of the suggestion should be acknowledged, the employee should be kept informed of the status of his or her suggestion, and reasoned explanations should be provided for evaluators' recommendations. The coordinators believe that a model program should assure employees of timely processing and fair evaluation of suggestions.

Some other elements coordinators identified as important to a model Suggestion Program are: a good source of funding, adequate staff both to process suggestions and to manage the programs, willingness of management to provide awards, training for both entry-level and midlevel personnel, and a good recordkeeping system. Generally, coordinators felt that a model program should make it easy for employees to be involved and to have their suggestions acted upon.

One element that most coordinators did not include was the need for an active coordinator. It was evident from the interviews and agency responses, however, that active coordinators do have a positive impact on their programs. In agencies with high participation rates, the coordinators are enthusiastic about the program, have the active support of top management, and have interaction with coordinators from other agencies. Interaction among agencies provides an additional network of support and an avenue of communication that enhance most programs.

5. Goals for the Future

At each onsite interview, coordinators were asked about their goals for the future. Many coordinators said they would like to speed up the processing of suggestions and streamline their programs. Several program coordinators indicated a desire to automate their suggestion systems. Revision of the Suggestion Program instructions and forms is another goal of many of the coordinators surveyed. A few agencies are looking at ways to provide special recognition and training for evaluators. A continuing objective of every coordinator is to maintain timely processing and to produce fair evaluations. Some coordinators would also like to increase publicity in order to make the programs more visible to both agency employees and management. Finally, the coordinators would like to see more suggestions adopted and better attention paid to determining the tangible benefits of adopted and implemented suggestions

E. CONCLUDING OBSERVATIONS

The information obtained from the surveyed agencies revealed that their Suggestion Programs exhibit certain structural and operational similarities. This is not unexpected, however, as all of the agencies operate under an umbrella of regulations and instructions prescribed by the Office of Personnel Management. In this regard, most of the programs have centralized operations, use preprinted suggestion forms, and generally try to adhere to standardized timeframes for suggestion review and evaluation.

Top management support, believed to be crucial to both current and continuing program success, also shows a relative consistency from agency to agency. Overall management support for Suggestion Programs was termed adequate by a majority of program coordinators interviewed. Active program coordinators exert a similarly positive force on their programs. In agencies with high participation rates, the coordinators generally are enthusiastic about the program, enjoy the active support of top management, and have considerable interaction with coordinators from other agencies.

Other significant factors determining program success include the type and amount of promotion and publicity provided to the Suggestion Program. It is clear that adequate and appropriate efforts are necessary in order to make both employees and management aware of the program and of how to use it properly. While employee participation and adoption rates vary considerably among agencies, rates within agencies have generally remained relatively stable over the last three periods for which data are available -- FY '81 through FY '83.

A number of operational problems were found to be reducing the potential effectiveness of many of the agencies' programs. The quality and quantity of staff resources devoted to the Suggestion Programs is generally thought to be less than adequate by most of the agency representatives interviewed. Program coordination is frequently assigned as a collateral duty to personnel with other primary responsibilities. Furthermore, a number of agencies reported that their Suggestion Programs are staffed entirely or in large part by lower graded personnel. This was viewed as hindering their ability to effectively interact with higher level management or to perform anything beyond essentially clerical duties associated with the program.

Most of the coordinators believe that their programs need to improve the process of evaluating suggestions, especially with regard to the amount of time it takes to complete the evaluations. Delay in evaluation can discourage employees from submitting suggestions and may also serve to compromise the perceived fairness of the system. The handling of ineligible or inappropriate suggestions is often a problem. Inefficiency in this area can constitute a significant drain on an agency's Suggestion Program resources. Suggested solutions include publicizing the definition of an ineligible suggestion and improving the initial suggestion screening process.

Although most of the agency coordinators believe the Suggestion Program to be a cost-effective system, only one of the agencies has conducted an evaluation of program costs. Agency representatives attributed such difficulty determining the exact overall costs of their programs to being unable to accurately keep track of time spent by evaluators. They agreed, however, that program costs were outweighed by the substantial savings realized.

Overall, the information gathered by this study has shown that Suggestion Programs can provide a valuable tool that enables management to achieve several important goals. Suggestion Programs provide an effective mechanism by which employees may communicate with management without fear of reprisal. As a system for improving management through employee involvement, a well-run and adequately supported Suggestion Program can do much to enable Federal agencies to deliver their services more economically and efficiently. A review of adopted suggestions shows that employees are able to make valuable contributions to further the missions of both their own and other agencies. The Government not only benefits monetarily from adopted suggestions, but also benefits from the cooperative atmosphere that an effective Suggestion Program encourages. The improved communications between employees and management which results from the implementation and continued operation of a successful Suggestion Program can also help lead to a decline in instances of fraud, waste, and mismanagement within the Federal Government.

CHAPTER 4

HOTLINES

A. INTRODUCTION

Each of the Federal agencies surveyed has in operation a "Hotline" system developed and implemented in accordance with the authorization provided by the Inspector General Act of 1978 (P.L. 95-452). Unlike other communications systems, the Hotlines exist, for the most part, to receive allegations of or information on instances of waste, fraud, and abuse. A comprehensive report on employee involvement systems must characterize Hotlines as one of the more important and ubiquitous forms of employee-management communications currently utilized by the Federal Government agencies.

Although the Inspector General Act does not set forth specific statutory guidance relative to the organization and structure of Federal agency Hotlines, most agencies have nevertheless developed and implemented Hotline Programs that are substantially similar. These similarities result, in large part, from the common statutory foundation for most of the Hotline Programs examined in this study. The Inspector General Act outlines the kinds of complaints or information that may be received by the Inspectors General (i.e., information concerning the existence of an activity constituting a violation of law, rules, or regulations; or mismanagement, gross waste of funds, abuse of authority, or a substantial and specific danger to the public health and safety). The Act also clearly limits the circumstances under which the identities of the Hotline system users may be disclosed by the Inspectors General. These basic instructions serve as a general framework within which the agencies must necessarily structure their respective Hotline Programs. The similarities evident in areas of program structure, organization, and allegation processing are logical and expected outgrowths of this common base. The discussion which follows outlines many of these similarities. It also points out a number of instances where program elements at some of the agencies are significantly different from those at others and explains the reasons for these variations.

In order to provide a framework for a thorough understanding of Hotlines and in an effort to provide some criteria by which such programs could be evaluated, the study team examined the following critical program elements:

- Organization and structure,
- Complaint quantity and quality,
- Processing,
- Publicity efforts,
- Agency interaction.

Each of these elements is discussed in greater detail under the corresponding

chapter subheadings in Section C, Comparisons, and Section D, Evaluation of Programs. For more specific information on the Hotlines at each of the agencies, please refer to the agency telephone numbers listed in Appendix J.

B. MAJOR FINDINGS

The study team found that most of the surveyed agencies consider their Hotlines to be useful and effective deterrents to fraud, waste, and abuse. The major findings in this area are discussed in the rest of this chapter. Based on our survey and analysis, they can be summarized as follows:

- There is no apparent correlation between agency size and the number of personnel at those agencies performing Hotline related duties. Any existing relationships concerning staff size would seem, instead, to be primarily dependent on the relative importance given to the Hotline by the agency.

- The types of personnel performing Hotline duties and their grade levels vary widely among the agencies. This can be explained in part by the different functional characteristics assigned by the agencies to the individuals manning the phones -- while the primary function of one staff person may be merely to log-in the complaint, the duties of another may extend to on-the-phone evaluation of the call's propriety.

- The numbers and types of calls and letters received by the Hotlines at the various agencies cannot readily be quantified or classified. Most of the agencies keep only incomplete data on their Hotline operations, or are unable to separate out "Hotline contacts" from other types of complaints and requests for information received.

- The number of calls that deal with complaints or allegations related to waste, fraud, abuse, or mismanagement is a relatively small portion of all contacts received by the agencies and is surprisingly consistent in that respect from agency to agency. Most of the agencies estimate that approximately one out of every five of the contacts received through their Hotlines have "merit" or are substantive in that they deal with subject matter that is appropriate for Hotline concern.

- The manner and speed with which Hotline offices process calls and letters received are important factors impacting directly on the efficacy and, therefore, the potential success of those systems.

- The type and extent of publicity and promotional efforts that the agencies sponsor in support of their Hotline Programs also can impact on the potential effectiveness of those programs. In this regard, the degree of top management's expressed interest relative to Hotlines can directly affect employee awareness of agency Hotline Programs.

- Interaction between agency Hotlines is quite limited and consists primarily of referrals of Hotline complaints and allegations.

- The cost-effectiveness of the systems is rarely evaluated by the agencies involved. Many of the benefits derived from the Hotlines are not readily quantifiable and cannot accurately be expressed in terms of a specific dollar amount.

- Almost all of the agencies report that they have experienced some problems relative to providing sufficient staff to adequately process and evaluate complaints and allegations received by their Hotlines.

C. COMPARISONS

1. Organization and Structure

All of the Hotline Programs are operated under the auspices of the Offices of the Inspectors General (OIG) at the various agencies (except for the program at the Department of Justice, which has no IG, per se, and operates the program out of its Office of Professional Responsibility[1]). Depending on the size and organizational complexity of the agency involved, the Hotline personnel are responsible either to the IG directly or to one of its more specialized divisions (e.g., Investigations, Management and Technical Assessment, Inspection, or Fraud Control). A distinction is made at all of the agencies between the IG's investigative responsibilities and the administrative responsibilities of the agency's other bureaus and offices. This separation of functions appears to be fairly well observed at all of the agencies surveyed. The IGs generally confine their investigative activities to those areas specifically related to the prevention and detection of fraud, waste, abuse, mismanagement, and the violation of laws, rules, or regulations. Other complaints of misconduct or wrongdoing unrelated to these subject areas and which can normally be remedied through the proper exercise of administrative supervision are usually referred by the OIG to the appropriate office(s) within or outside of the agency.

All of the agencies surveyed (except for the Departments of Justice and Treasury)[2] have special phone numbers designated specifically for the exclu-

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[1]The special character of the Department of Justice has resulted in the development of a reporting system that is more informal than most of the others examined in this report. It was suggested by Department personnel that the nature of the Justice Department does not easily lend itself to the Hotline concept, since only a very small portion of the Department's expenditures go toward items or areas which exhibit a potential for susceptibility to waste, fraud, or abuse. Justice does not have any special phone number or postal address for exclusive Hotline use. Calls and letters dealing with allegations or complaints of fraud, waste, and abuse are, instead, dealt with in the same manner and by the same people who handle **all** complaints received by the Department's Office of Professional Responsibility.

[2]The Treasury Department is similar to Justice in that it also has an informal and relatively unstructured Hotline operation which does not utilize any specially designated Hotline number. Calls and letters may be received by any of the OIG's operating components, but are eventually referred to the OIG's Office of Policy Planning and Operations Review for most evaluation and processing.

sive use of Hotline callers.[3] In addition, many of the agencies have toll-free numbers available for use by both agency employees and the general public.[4] For those individuals who prefer corresponding with the Hotline offices by mail, the agencies either have Post Office Boxes designated for Hotline complaints or accept mail through their regular Inspector General postal addresses.

There is no apparent correlation between agency size and the number of personnel at those agencies performing Hotline-related duties. For example, although the National Aeronautics and Space Administration (NASA) has more employees than does the Department of Housing and Urban Development (HUD) (22,400 and 12,600 employees respectively at each agency), NASA has no staff members assigned exclusively to Hotline-related duties while HUD has three full-time employees involved in its Hotline operations. Any existing relationships concerning staff size would seem, instead, to be primarily dependent on an assessment by each agency of the relative utility of its Hotline. The significance attributed to the Hotline at each agency in turn depends on the particular agency's mission and organizational characteristics. Some agencies are simply more inherently susceptible to the potential receipt of allegations and complaints about waste, fraud, and abuse than are others. One could argue in this regard that the mission of the Department of State, for example, does not easily lend itself to the Hotline concept, whereas the Department of Health and Human Service (which operates numerous social service grant and monetary assistance programs) clearly provides more opportunities for various types of recipient abuse of the Department's funds. The amount of funding given to the Hotline Programs, the quality of publicity and promotional efforts, and the numbers and types of complaints or allegations received are all related to the assessment of the Hotline by the agency and its top-level management officials.

The types of personnel performing Hotline duties and their grade levels vary quite widely among the agencies. For example, while the Veterans Administration staffs its Hotline system primarily with personnel at the GS-12 and 13 levels, the Small Business Administration (SBA) uses individuals at the

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[3]Note that all of the component agencies of the Department of Defense (including the Army, Navy, Air Force, Defense Investigative Service, Defense Logistics Agency, and the Defense Contract Audit Agency use the Department of Defense Hotline to either supplement their own Hotline Program(s) or to provide them with their sole means for employees to anonymously communicate allegations or complaints of waste, fraud, abuse, or mismanagement.

[4]Most of the non-military agencies also have an FTS number available for use by Federal Government workers. The military departments use the Autovon phone system.

GS-4 to 9 levels. This variance is explained in part by the different functional characteristics assigned by the agencies to the persons manning the phones. At the SBA, the use of more senior individuals is thought to be unnecessary, since the primary function of the staff person is merely to log-in the complaint or allegation (in as much detail as possible). The subsequent evaluation of the call is left to other higher-graded members of the SBA Inspector General's staff. The situation is different at other agencies. At HUD, for example, the use of permanent, highly trained and more senior personnel is seen as necessary to the effectiveness of the Hotline system. HUD believes that the sophistication and strength of personality of the person answering the Hotline will directly influence the information gathering process by affecting the willingness of the Hotline user to divulge needed information. In this context, a number of the agencies (such as Defense, Commerce, and Navy) use trained criminal investigators to monitor their Hotline phones. As such, they are expected to have the knowledge and expertise necessary to invoke the desired responses from the Hotline user, especially with regard to the collection of pertinent information related to allegations of waste, fraud, and abuse within the Government.

The amount of time that Hotline staffers spend with the system (i.e., whether they are full or part-time, and whether they are on permanent or temporary assignment with the Hotline) also varies from agency to agency. As mentioned above, HUD views the continuity of Hotline staffers as an important element critical to Hotline effectiveness. The Department of Commerce , on the other hand, rotates its Hotline monitors on a weekly basis. The Department of Defense takes a middle of the road approach, assigning its investigators to one-year tours of duty with the Hotline.[5] A number of the agencies have no staff members assigned to handle Hotline matters exclusively. In these agencies (e.g., the National Aeronautics and Space Administration, and the Departments of State, Treasury, Justice, and Energy), either the small number of Hotline calls and letters received does not merit the assignment of a full or part-time employee to handle Hotline matters or the Hotline is handled by full-time staff members who also have additional duties unconnected to Hotline Program operations.

Most of the agencies operate their Hotlines on a 24-hours-a-day, 7-days-a-week basis. The Hotlines are usually answered by OIG staff during regular business hours. After regular business hours and on weekends and holidays, most of the agencies use answering machines to record the contacts received. The Department of Defense (DoD) is one of the few agencies that does not accept any Hotline calls after business hours. This policy decision was made by the DoD Inspector General in order to avoid the waste of valuable Hotline operator time which DoD expects would occur should a 24-hour answering machine system be used. DoD believes that such a system would require that a large portion of the operators' time be spent listening to the recorded messages--messages which past DoD experience has shown consist mainly of information or nuisance calls. The Department of the Navy also has misgivings

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[5]The system at DoD is also of interest in that it breaks up its eight investigators into two teams of four each -- one team for opening cases and one team for closing. These teams rotate every 90 days. Experience at DoD has shown that the efficiency and tolerance levels of its Hotline phone operators decrease dramatically after 90 days.

regarding the use of answering machines or recorded messages. It believes that a "live" Hotline operator is critical to the effectiveness of the Hotline system. The inherent limitations of using an answering machine to record complaints and allegations are viewed as compromising the Hotline's integrity and usefulness as an information gathering tool.

A number of the agencies have more than one Hotline available to their employees. The armed services, in particular, utilize numerous Hotlines in their efforts to collect information related to waste, fraud, abuse, and mismanagement. The Navy, Army, and the Air Force all publicize and use the DoD Hotline system. In addition, they have their own Inspector General Hotlines as well as separate systems of varying sophistication and effectiveness operated out of individual military commands and installations both in the U.S. and overseas.[6] Other non-military agencies, such as the Department of Health and Human Services, have specialized communications systems also called "hotlines", but which are not concerned with the collection of information related to waste, fraud, and abuse. These are, for the most part, mechanisms for responding to requests for information about various agency social service programs.

2. Complaint Quantity and Quality

The numbers and types of calls and letters received by the Hotlines at the various agencies cannot readily be quantified or classified.[7] As discussed above, there would appear to be some relationship between the mission and operational characteristics of an agency and the propensity of employees (and others) to use the Hotline system. In this regard, the Department of Defense and the Department of Health and Human Services, two of the largest and most organizationally complex Federal Government agencies, both exhibit rates of

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[6]The Navy, for example, has had numerous Hotline systems operating at its various commands and installations long before the concept of a central Hotline system operating out of Navy Headquarters was implemented. The Navy IG continues to encourage the installation and operation of these separate Hotlines, but does not exercise any directive function over them. Each command is left to do what it believes to be in its own best interest. The Navy IG views a direct "cross-connect" of the Navy OIG Hotline with these other Hotlines as both complicating attempts at coherency in data collection and compromising the subsequent effectiveness of problem-solving activities relative to Hotline complaints.

[7]Only a few of the agencies surveyed were able to provide MSRS with comprehensive and accurate data relative to the quantity of Hotline contacts received for any given period of time. Although several of the agencies do keep internal statistics and include Hotline data in their semi-annual OIG reports to Congress, many of the other agencies had only incomplete data on their Hotline operations or were unable to separate out "Hotline contacts" from other types of complaints and requests for information received. It would therefore be improper for this report to attempt to make exact comparisons between the agencies on the basis of the data available to this Office. Less specific (but not necessarily less accurate) conclusions and inferences can be made, however, based on the more general information provided to this Office by all of the agencies.

Hotline usage that are far higher than those at the other agencies. There is also a positive correlation, of course, between the quantity of Hotline usage and the amount and quality of publicity and promotional efforts given the program by the agencies.[8]

The number of calls that can accurately be termed "Hotline calls" (i.e., those that deal with complaints or allegations related to waste, fraud, abuse, mismanagement, violations of laws, rules, or regulations, or threats to the public health and safety) is a relatively small portion of all contacts received by the agencies and is surprisingly consistent in that respect from agency to agency. On the average, the agencies surveyed estimate that approximately one out of every five (20 percent)[9] of the contacts that they receive through their Hotline systems have "merit" or are substantive in that they deal with subject matter that is appropriate for Hotline concern.[10] Most of the remainder of the calls and letters received (approximately 80 percent) are either "nuisance calls" or are requests for information from both agency employees and the general public. At the Department of Agriculture, for example, many of the calls received over the Hotline consist of requests for information about the various Agriculture programs (e.g., Foodstamps) or complaints that could be better handled by other offices within the Department. This is to be expected, however, as Agriculture and most of the other agencies have toll-free Hotline numbers available in addition to their regular commercial and FTS lines. In many cases, these toll-free Hotline numbers are the only toll-free, long-distance phone numbers provided by those agencies for use by the general public.

The availability of a toll-free number is also a factor contributing to the large number of calls received by the agencies from individuals who are not employed by the Federal Government.[11] Although a number of the agencies could not statistically separate employee from non-employee Hotline contacts,

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[8]This relationship is discussed below in the section dealing with publicity and promotional activities at page 63.

[9]This proportion varies significantly in several instances. The Department of Commerce, for example, estimates that no more than 10 percent of the calls that it receives can be appropriately termed "Hotline calls." One-third of DoD's contacts are deemed to be substantive in that they require a formal opening, an audit, or an investigation. On the high end of the spectrum, the Department of State reported that fully 69 percent of the allegations and complaints that it receives each year (through phone, mail, and "walk-in" contacts) are eventually determined to have merit as valid Hotline concerns, and the Department of Labor indicated that as many as 75 percent of the Hotline contacts received during a recent six-month period had some merit.

[10]The "validity" of complaints and allegations received is made in the first instance by the person who answers the phone or reads the letter received. It is necessarily a subjective judgment based in part on the experience of the Hotline monitor and on the guidelines provided to that monitor by the agency.

[11]It was interesting to note, however, that HUD's Hotline receives more calls from the general public than from HUD employees, even though HUD does not have a toll-free number available.

some of the agencies were able to provide estimates of employee/non-employee participation rates: The Department of Education estimates that approximately 65 percent of the calls that it receives over its Hotline are from non-employees; the Department of the Treasury estimates an even mix between employees and non-employees; the Environmental Protection Agency (EPA) reported that about 85 percent of its Hotline contacts are from EPA employees; Health and Human Services receives approximately two-thirds of its calls from non-employees; and the "majority" of the National Aeronautics and Space Administration's Hotline contacts are from non-employees.

Almost all of the agencies' Hotline offices receive referrals of cases from other Government agency Hotlines. The clearest example of this occurs at the component agencies of DoD (including the Army, Navy, Air Force, Defense Investigative Service (DIS), Defense Logistics Agency (DLA), and the Defense Contract Audit Agency (DCAA)). All of these agencies rely on the DoD Hotline to refer a large proportion (or in some cases all) of their Hotline complaints and allegations to them. The DIS, DLA, and DCAA depend completely on DoD for Hotline referrals, as none of these agencies operates its own, distinct Hotline system. Many of the agencies also receive frequent referrals from the Hotline operated by the General Accounting Office.[12]

3. Processing

The manner and speed with which Hotline offices process calls and letters received are important factors impacting directly on the efficacy and, therefore, the potential success of those systems. Such processing is, in turn, dependent on the relative sophistication of Hotline Program operations. In this context, staffing levels, agency procedural guidelines, and numbers and types of contacts received are among the more obvious items contributing to the ability of a Hotline Program to react efficiently and effectively to the allegations that it receives.

The basic procedure followed upon receipt of a contact by a Hotline monitor is largely the same at most of the agencies surveyed. The call (or letter) is logged-in by the individual who, in the first instance, answers the phone or reads the mail. The information recorded includes the name, number, and address of the Hotline user[13], along with any other information thought to be both relevant and necessary to the performance of any subsequently performed audits or investigations relative to the allegation or complaint. It is at this early stage of the processing of contacts received that the type of person staffing the Hotline becomes an important factor which may affect the outcome of the case. As discussed above, HUD and other agencies believe that the personality, training, and experience of Hotline monitors can affect the ability of those individuals to extract needed information from the Hotline

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[12]See note 18 on page 64 .

[13]Such information is recorded only when the user voluntarily chooses to be identified. All of the Hotlines overtly offer the user the clear option of remaining anonymous. Furthermore, the fact that all information received is kept in the strictest confidence is a critically important precept of all of the Hotlines and, as such, is communicated to Hotline users at the earliest possible opportunity.

user (this would not be the case, however, at those agencies which use their Hotline monitors merely to record the information given to them by the caller).

The thoroughness of Hotline screening procedures also varies among the agencies. The Department of Housing and Urban Development, for example, appears to screen all Hotline calls more carefully before a complaint is officially "opened" than do most of the other agencies. As a part of this intensive screening of potential complainants, the Hotline monitor will, when necessary, explain the purpose and operation of the HUD Hotline to the caller and refer him or her to a more appropriate office for treatment of the complaint. The Department of Health and Human Services (HHS) also has an unusually thorough initial screening process. The monitors at HHS attempt to "refine" complaints received while they are still on the phone with the caller and sometimes go so far as to attempt to resolve the caller's problem over the phone during that initial contact. A number of other agencies, such as DoD and the Navy, process virtually every contact received (except for purely "crank calls") as "Hotline complaints" insofar as they are logged-in and identified as such in the agencies' records. Included as "Hotline complaints" are information calls and other contacts which might be better handled by different agencies or offices. In fact, these systems register <u>any</u> contacts which tie-up the monitors' time. In contrast to HUD's screening process (which HUD claims is responsible, in part, for a decline in the overall number of Hotline calls received and for an increase in the number of complaints that are eventually substantiated), the Navy (among other agencies) believes that it is better to take all calls, regardless of their content, and only subsequently weed out those that are inappropriate for Hotline action. This policy is thought to be preferable to placing a set of pre-defined and rigid boundaries on the types of calls that will be deemed initially acceptable to the Hotline.

After the initial screening and on-the-line evaluation by the phone monitor, the complaint record is passed-on to the Hotline coordinator or supervisor (in those agencies which have more than one employee responsible for Hotline operations). He or she then performs a second-level evaluation, ultimately deciding whether the complaint or allegation merits some type of further audit or investigation and, if so, which office either within or outside of the agency would be best suited to make such an examination.

Many of the agencies have formal timeframes within which they attempt to process and evaluate all complaints received. At Defense, for example, the agencies, services, bureaus, and offices to which Hotline cases are referred for evaluation are given 90 days to make an evaluation and respond back to the central Hotline office. At the Veterans Administration, the Hotline office tries to make the initial decision regarding Hotline contact disposition (i.e., "what do we do with it?") on the same day that the call or letter is received. Processing the call for initial validity or merit takes from three to five days. The entire evaluation process for those allegations thought to be worth investigating generally takes from 21 to 30 days.[14] The Agriculture

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[14]These figures for the Veterans Administration, as well as those cited for other agencies, are not "hard and fast." They vary according to the nature and complexity of the allegation or complaint received and may, in some cases, require more time for processing and evaluation than would ordinarily be the case.

Hotline office usually gives the agencies to which it refers Hotline cases 30 days to respond back in some manner (i.e., with at least a status report). The Timeframes at the other agencies generally range between 30 and 60 days. It should be noted that a number of the agencies have chosen to keep their Hotline systems "informal" in this regard and do not have pre-set time limits for complaint processing or evaluation.

It is important that the agencies either attempt to adhere relatively closely to their reported timeframes or that they actively endeavor to keep the processing and evaluation times as short as possible when dealing with all substantive Hotline contacts. Delays in processing can be detrimental to the overall effectiveness of the Hotline Programs both by allowing any actual abuses, wastes, etc., to continue unnecessarily and by undermining the Hotline users' faith in the system to react properly to their complaints. The faster the processing and evaluation, the more likely it will be that Hotline users will believe that the agencies are "taking them seriously."

Most of the agencies make provisions for communicating with the Hotline users regarding the continuing dispositions of their respective cases. At the Veterans Administration, for example, Hotline callers are encouraged to contact the Hotline office at any time to inquire about the status of their complaints. The VA Hotline office usually notifies the identified complainant when the evaluation process has been fully completed.[15] In contrast to this agency initiative, the Departments of Education, Housing and Urban Development, and Agriculture are among the agencies which contact identified Hotline users regarding their case dispositions only when specifically requested to do so by those users. The Hotline users at all of these agencies may, in any event, take it upon themselves to contact the Hotline offices to inquire about the status of their complaints.

Many of the agencies are either in the process of developing or already have implemented computerized recordkeeping systems to keep track of information received relative to Hotline matters. The Department of Defense, for example, has its own restricted access computer system which records and tracks all contacts received. The system is currently capable of statistical trend analyses and other applications of moderate sophistication. The HHS Office of the Inspector General has recently computerized its Hotline system so that trend analyses and electronic data transmissions to agency field offices can be performed. Such automation is expected to facilitate the flow of information in and out of the central HHS Hotline office and to speed the overall processing of cases. The Departments of Labor, Housing and Urban Development, State, and the Defense Logistics Agency (among other agencies) also all either have or are developing systems of computer-assisted recordkeeping and case tracking for their Hotline Programs.

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[15]It is important to reiterate that confidentiality is crucial to Hotline effectiveness. Those users who choose to remain anonymous (as well as those who do identify themselves) are generally assigned code numbers with which they (and their cases) are identified. Subsequent communications with the Hotline utilize these ID numbers exclusively in order to preserve the user's anonymity.

Several of the agencies' programs exhibit rather unique operational characteristics. For example, DoD separates its Hotline monitors into two sections for efficiency of operations. The "opening section" actually answers the phones and receives mailed correspondence and processes those contacts by entering them into the system's computer and by making any necessary referrals to DoD or to other appropriate agencies, bureaus, or offices. The "closing section" receives closing reports submitted by the various agencies and offices and reviews those reports for any deficiencies that might be present. At HHS, a "Hotline liaison network" is maintained throughout its many agencies and program offices. When a Hotline case is referred out to a particular agency for processing, a specifically designated person at that location is assigned to take charge of that case's progress through the system. That person acts essentially as an on-site representative of the central Hotline office when responding to all requests for information.

4. Publicity Efforts

The type and extent of publicity and promotional efforts that the agencies sponsor in support of their Hotline Programs affect the potential effectiveness of those programs. Since many of these efforts consist largely of letters, memoranda, and other communications from the agency or department heads to the employees, it is clear that the degree of top management's interest relative to the Hotlines can also impact upon employee awareness of agency Hotline Programs. In this regard, top management support for the Hotline Programs was found to be at least satisfactory and frequently excellent at most of the agencies surveyed.

Virtually all of the agencies use posters (which are usually displayed on bulletin boards at all agency facilities and locations)[16] as a means of publicizing their Hotlines. The posters name the "Hotline," state its purpose, and list the phone number(s) and postal address(es) to which all complaints should be reported. The Department of Defense reports that posters are its most effective publicity method (a conclusion based upon information gained through the periodic questioning of Hotline users by phone monitors).[17]

There appears to be a positive correlation between the quality and quantity of publicity and the number of calls and letters received by agency Hotlines. In this regard, the Small Business Administration (SBA) reports that the large number of Hotline calls received can be looked upon as evidence of

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[16]The Department of Health and Human Services is currently placing posters advertising their Hotline in public libraries nationwide. These posters (many of which are being printed in Spanish as well as English) are in addition to those already in place at HHS facilities.

[17]The Department of Defense and all of its component agencies also receive letters and memoranda from the Secretary of Defense directed to all employees reminding them of the DoD Hotline and of their general responsibility to report waste, fraud, and abuse. It should be additionally noted that these components (including the Air Force, Army, Navy, DCAA, DIS, and DLA) also use other promotional materials which are specifically directed toward and tailored for the various in-house Hotlines operated by those agencies.

their publicity's effectiveness. Furthermore, the fact that many non-SBA employees also use the SBA Hotline is attributed to Hotline advertisements in trade journals and other non-Government publications. Defense states that the number of contacts received by its Hotline increases dramatically each time the system's phone numbers and address are publicized anew. The Navy and the Veterans Administration (among other agencies) also emphasize the relationship between numbers of calls received and program publicity efforts.

5. Agency Interaction

Interaction between agency Hotlines is quite limited and consists primarily of referrals of Hotline complaints and allegations. These referrals include Hotline contacts which initially should have been made to different agencies (because they involved those other agencies' programs, employees, expenditures, etc.) and those calls which were properly made to the agency originally contacted, but which bear some relationship to another agency or agencies as well.[18]

There was a mixed reaction among Hotline coordinators and directors as to whether there would be any benefit derived from more formal interaction with other agency Hotline staff.[19] Approximately three-fifths (14 out of 25) of the agencies surveyed gave their opinions on this particular issue in response to interviewer questioning. Of that number, about two-thirds (9 out of 14) believed that formal interaction with other agency Hotline personnel would prove useful by providing forums for the exchange of procedures, office techniques and automation technologies, and other salient information relative to the improvement of Hotline operations at all of the agencies.

D. EVALUATION OF PROGRAMS

The Hotlines are considered useful and effective deterrents to fraud, waste, and abuse by virtually all of the agencies surveyed. They are generally looked upon as "working tools" which provide the agencies with an open channel for employee-management communications regarding the identification of actual and potential problems in these particular areas.

The cost-effectiveness of the Hotline has been evaluated at relatively few of the agencies and, in any event, is assigned little weight by many of them in determining program success. One of the benefits derived from a Hotline call, for example, may take the form of a change in regulation or procedure

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[18] A number of the agencies receive referrals from the General Accounting Office (GAO) Hotline. The GAO, as the Legislative Branch's primary "watchdog" agency, receives numerous complaints and allegations which involve executive branch agencies and departments. Those complaints are usually referred directly to those agencies for processing and evaluation.

[19] The director of the DoD Hotline, for example, indicated that he believed such meetings would serve little purpose. Informal, day-to-day contacts with the other Hotline offices of the various DoD component agencies occur frequently and are viewed as precluding the need for any more structured arrangements.

and thus would not be readily quantifiable.[20]

The attitudes of the agencies toward cost-effectiveness considerations vary widely. For example, while the Department of Labor states that its Hotline (as a part of the Department's larger "Complaint Handling System") is "very cost-effective," the Department of Energy indicated that the Hotline was not meant to be cost-effective in terms of cash savings or recovery, since its primary objective is the prevention of waste, fraud, and abuse. The Department of State believes its Hotline to be cost-effective, although it views the money-saving aspect of the program to be of only limited importance. The Agency for International Development notes the Hotline's usefulness as a deterrent, and also discounts the value of cost-effectiveness evaluations in this regard. The Department of Housing and Urban Development finds that the benefits of its Hotline far outweigh the administrative costs of the program. Although the Department of the Army has some difficulty evaluating the tangible benefits derived from its Hotline, the system "rates a 9 on a scale of 10" in this regard, according to the Hotline coordinator. The Department of Health and Human Services is somewhat unique in that its Hotline system is operated with a basic cost-effectiveness goal -- i.e., cost savings are expected to equal the system's operating costs. The determination of Hotline costs and benefits at HHS is, therefore, an administrative requirement rather than an optional management exercise. The Small Business Administration, by contrast, believes that it would be misleading and unproductive to attempt to evaluate the program in terms of dollars and cents. Since there are many evaluation factors that cannot be assigned dollar values, the Small Business Administration (and other agencies) have not attempted any cost-effectiveness reviews or evaluations of their Hotlines.

The agencies have had few complaints relative to the underlying concept or purpose of the Hotlines, and most of them agree on the system's usefulness as a deterrent to waste, fraud, and abuse within the Federal Government. There are apparently some problems, however, regarding the abilities of the agencies to provide sufficient staff to adequately process and evaluate complaints and allegations received by their Hotlines. Almost all of the agencies reported deficiencies in this area.

Several of the agencies qualified their general accolades for the Hotline systems for a variety of reasons. The Defense Investigative Service, for example, views the Hotline as a useful device only for the reporting of allegations by individuals who seek to remain anonymous. According to DIS officials, system users who desire to be identified with their complaints will choose instead to make their reports through one of the other channels provided by the agency. At the Agency for International Development, the concern relates both to the maintenance of anonymity for the Hotline user and to the protections available to those who choose to "blow the whistle." AID offi-

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[20]The Department of Defense is unusual in that it tries to record (onto its computerized recordkeeping system) **any** benefits derived from the Hotline that can be assigned monetary values. In this regard, it was interesting to observe that the November 8, 1984, edition of The Washington Post reported that DoD's Hotline saved $3.5 million in the past two years, and noted that Pentagon officials have been strongly promoting the Hotline as a way of correcting contractors' abuses (such as overcharging).

cials questioned the general protections afforded to the "whistleblower" under the Civil Service Reform Act and indicated that even the offer of guaranteed anonymity for the Hotline user will frequently prove to be a useless gesture within AID. They stated that "any experienced bureaucrat knows" that his or her co-workers will quickly discover who the "whistleblower" among them is, regardless of the confidentiality feature attributed to the system by the agency. The Veterans Administration contributed some constructive criticism regarding the image and improvement of the Hotline. Officials there stated that although the Hotline is effective for exposing certain problems, it does not especially enhance employee awareness or cooperation in the overall problem-solving process. Because they believe the image of the Hotline is inherently negative, in their opinion employees do not view the system as a positive instrument for constructive change. For this reason, officials suggested that one way to "improve" the Hotline would be to deemphasize its use as a general "problem-solving" device and encourage instead management improvement of the organization's work climate/environment.

E. CONCLUDING OBSERVATIONS

On the average, most of the contacts received through agency Hotlines are described by agency representatives as "general information requests." At most, only about one out of five calls received deals with information or allegations relative to waste, fraud, or abuse in the Federal Government.

The effectiveness of Hotline systems depends both on the manner and speed with which agency Hotlines process the information received and on the type and extent of publicity and promotional efforts used by the agencies to support their programs. Top management support is also related to program success, since the degree of management's interest relative to Hotlines can directly affect employee awareness of agency programs.

The Hotlines are considered useful and effective deterrents to fraud, waste, and abuse by virtually all of the agencies surveyed. Since many of the benefits attributable to Hotlines cannot be expressed in monetary terms, the cost-effectiveness of the systems is not considered a prerequisite for program success.

CHAPTER 5

OTHER PROGRAMS

A. INTRODUCTION

A number of the agencies surveyed have formal mechanisms for employee involvement that cannot be categorized into any of the three major programs or systems already covered in this report (i.e., Hotlines, Suggestion Programs, and Quality Circles). These agency specific programs also serve as potential models for effective employee involvement efforts, however, and are of interest within that context. The programs or systems discussed in this chapter are not all encompassing. While they were selected from among the ones identified by the surveyed departments and agencies, there may well be other equally effective or innovative systems in place within the Federal Government, which were not brought to the Board's attention.

The programs to be discussed in this chapter are:

- The Management Self-Improvement System at the Department of Health and Human Services,
- The Team-Building Program at the Defense Investigative Service,
- The Middle Management Council at the Department of the Navy's Naval Material Command,
- The Department of Agriculture's Idea Week, the Economic Management Staff's Employee Advisory Committee, and the Forest Service's Productivity Improvement Teams,
- The IG's Employee Advisory Council at the Small Business Administration,
- The Dissent Channel and Open Forum at the Department of State,
- The Differing Professional Opinions System and Open Door Policy at the Nuclear Regulatory Commission,
- The Office of Administration Employee Committee at the Department of Housing and Urban Development,
- The Soundoff Program at the Defense Communications Agency,
- The Management Memo at the Environmental Protection Agency,
- The Administrator's Mail Bag at the Department of Health and Human Service's Health Resources and Services Administration,
- The Department of the Treasury's Meetings with the Commissioner at the Bureau of Government Financial Operations and Director's Meeting with

Employees at the Bureau of Engraving and Printing,

- The Information Exchange at the Navy Personnel Research and Development Center.

As part of this examination of other programs involving employees in intra-organizational communication efforts, this chapter concludes with a listing of various questionnaire survey efforts periodically undertaken by a number of agencies, and separate discussions of the executive agencies' employee cash award program for the disclosure of fraud, waste, or mismanagement, and selected private sector initiatives relative to the concept of employee involvement.

The information for this portion of the report was collected primarily through on-site or telephone interviews with agency representatives. Additional data concerning the programs at a number of the agencies were extracted from materials received at the Merit Systems Protection Board in response to the initial Board information request directed to the agencies. The programs described in this portion of the report were selected because they serve to demonstrate the wide variety of mechanisms which have been successfully used by various Federal Government agencies and which may be adaptable to the needs or objectives of more than one agency. For more specific information on the programs at each of the agencies, please refer to the agency telephone numbers listed in Appendix K.

B. AGENCY SPECIFIC PROGRAMS

The Department of Health and Human Services' Management Self-Improvement System

The Management Self-Improvement System (MSIS) at the Department of Health and Human Services is a system of feedback to management about employee perceptions of management practices, workgroup climate, and organizational environment. The program utilizes employee surveys to guide development of department managers. The program's underlying philosophy is that existing problems are best solved at the lowest level of management. "Every manager desires to do a good job, but frequently lacks the knowledge to do so." The Management Self-Improvement System is a process intended to provide the manager with that missing information. As a "tool for organizational change and development," MSIS attempts to make the best possible use of employees in order to achieve higher levels of productivity. One of the Department's representatives stated that MSIS is a "wonderful way to sensitize managers to what they really are and to what they should do."

The basic purposes of MSIS are to improve managerial practices, to increase the capability of management to bring about change, and to monitor the status of human resource management practices in the organization. The operational process is as follows: (1) a questionnaire survey (called an organizational practices survey) is given to the employees; (2) employee responses to those questions are averaged and go to make up "management practice scores"; (3) work group scores are used to form a "unit profile"; (4) "action plans" are developed from the information gathered; and (5) "follow-up" examinations are made. MSIS assures confidentiality to the employees surveyed. Supervisors are not privy to results submitted by individual employees. The results are scored by an outside contractor who releases only the work group scores to the supervisor.

MSIS claims to offer the organization a broader scope of coverage than traditional personnel management evaluation programs, since 100 percent of the employees participate as the survey group in MSIS. The system also enhances reliability of results by focusing on the work group rather than on the individual employee. Accuracy is improved as well because those who are directly affected by the events they are asked to describe can be expected to provide a more accurate overall picture of managerial practices in the organization.

Agency representatives emphasized that the key to the system's success is commitment to the process by both employees and management. If an implementing organization's top management makes a substantial investment in terms of time and money, the program will be successful.

The Defense Investigative Service's Team-Building Program

The object of the Team-Building Program at the Defense Investigative Service is to increase job productivity and effectiveness by mitigating existing interpersonal conflicts on a particular "work team" (defined as an intact, relatively permanent work group, comprised of peers and their immediate supervisor). It is primarily a process of self-assessment for those involved as participants in Team-Building sessions. Although Team-Building and Quality Circles are similar in their organizational structures, they are conceptually distinct. While the Quality Circle process attempts to solve operational problems through a team effort, the Team-Building process attempts to rectify interpersonal difficulties through group interaction and discussion, thereby getting people to work together more harmoniously and more productively. Since certain task and interpersonal issues tend to impede a team's functioning, Team-Building aims at improving the problem-solving ability among team members by working through those issues. Team-Building seeks to develop a more cohesive, mutually supportive, and trusting group that will have high expectations for task accomplishment and will, at the same time, respect individual differences in values, personalities, skills, and idiosyncratic behavior. Successful Team-Building should nurture the individual potential of work group members. It is perhaps significant to note that the mere fact that Team-Building sessions are actually held, in and of itself, has proven to be a highly effective stimulus for morale-building among the program's participants.

The Naval Material Command's Middle Management Council

Each of the five different Systems Commands of the Naval Material Command (NAVMAT) has a Middle Management Council whose basic purpose is both to improve upward and downward communications in the agency and to contribute to employee development. The Councils provide forums for top management to learn the concerns and opinions of lower-level management. By providing a middle management level point of contact for Headquarters personnel to address staff reactions and recommendations regarding command actions, proposals, and policies, the Council fosters better understanding between the different levels of management in the agency. In this manner, the Councils also encourage the development of management potential in middle level personnel consistent with the needs of NAVMAT.

Council membership consists of civilians, military officers, and enlisted personnel. It is open to managers (i.e, branch heads and deputy division directors) and staff members alike. Members are chosen from each major directorate within each Systems Command.

With agendas open to any topic, the Councils are completely independent from top management regarding the determination of issues to be discussed at meetings. The legitimacy of issues suggested for discussion is decided upon by each Council acting as a group. The group as a whole also decides whether or not to make recommendations to top management regarding those issues determined to be appropriate for further examination.

Department of Agriculture's Idea Week, the Economic Management Staff's Employee Advisory Committee, and the Forest Service's Productivity Improvement Teams

The Department of Agriculture (USDA) has developed and implemented several employee participation programs that are unique to that agency. On a departmentwide basis, the USDA has implemented the Idea Week. A highly-expedited and specialized variation on the existing agency Suggestion Program, the Idea Week was developed in an attempt to stimulate creative ideas in the workforce. Every six months the USDA opens up special phone lines for a period of one week. During that week, agency employees are encouraged to call in (or, if they prefer, use electronic or regular mail channels) with their suggestions related to any aspect of agency operations. The critical difference between the Idea Week and the regular Suggestion Program is the fact that the Idea Week permits the employees to go directly to a top-level official (including the Secretary of Agriculture) with their suggestions.

The Employee Advisory Committee is a relatively new program of the Department of Agriculture's Economic Management Staff (EMS). The Committee is an outgrowth or modification of the original EMS Equal Employment Opportunity Committee, with a broadened scope of functions and a changed membership structure. The Committee is composed of members from each of EMS's operating divisions who are chosen by the EMS Director from a list of interested employees. The Committee meets on a monthly basis and meets with the agency Director every third or fourth meeting.

By allowing employee input (in the form of recommendations) to go directly to the Director, thereby bypassing the normal chain of command, the Committee acts, essentially, as an informal and quick method of discussing the applicability of employee ideas and of subsequently presenting those ideas to top management officials. The general consensus is that the Employee Advisory Committee is a useful program that helps to fill the communications gap between employees and management.

The informal nature of the Committee and of its meetings is important to its success. Although recommendations are "formally made" to the EMS Director, there are no formal recordkeeping or other operational procedures. The informal Committee structure encourages many employees to feel free to go to Committee members to discuss their personal concerns and to offer suggestions for Committee meeting agendas. Informal lines of intra-agency communication are thereby enhanced by the existence of the Committee.

In order to develop employee proposals which might save the agency money and improve productivity, the USDA's Forest Service created Productivity Improvement Teams. The teams are composed of high-level (generally GS/GM-13 and above) managerial personnel selected from Forest Service facilities nationwide. Each team is assigned a particular issue or problem area considered by officials at Forest Service headquarters to be of special current importance to agency operations. The subjects assigned for examination are broadly defined so as not to arbitrarily restrict team members to any specific areas of concern. The teams are free to use their creativity and judgment in their identification of both the particular problem to be examined and the suggested solution to that problem. The interest and active support of top-level management is considered crucial to the success of this program. In this regard, the head of the Forest Service has made the implementation of suggested solutions submitted by the Productivity Improvement Teams a top priority in his administration.

The Small Business Administration IG's Employee Advisory Council

The Small Business Administration's Office of the Inspector General created the Employee Advisory Council so that it could solicit and receive a "collective opinion" from agency employees regarding "what was wrong" with particular agency programs. The Council is a forum within which qualified SBA employees at all levels are given an opportunity to meet with the Inspector General to review selected SBA programs, to discuss the ways in which they may be vulnerable to fraud and abuse, and to consider how program management could be improved or alternative programs and policies developed. It is intended that the Council be a method of supplementing the opinions of individuals already being received via the SBA Hotline channel. Developed around notions derived originally from the concepts of Quality Circles and participatory management, the Council's purpose is to look at problems of SBA "systems." People-based problems are not considered appropriate Council concerns.

Council members are selected for Council duty on the basis of their exceptional qualifications. The members must have prior experience dealing with the particular issue that is to be the Council's topic of examination. Each Council is organized to deal with only one problem area at a time. Council deliberations are kept secret from those not immediately privy to Council information. None of the members is ever identified outside of Council meetings as having taken a particular position with regard to a specific issue. The ability to discuss issues in confidence is crucial to Council success.

Having the Council operate under the aegis of the IG has certain advantages: the OIG has an inherently independent nature that cannot be silenced by other agency offices; the IG has access to certain accepted legal mechanisms to ensure that appropriate actions accompany its proposals and recommendations; the IG cannot be faulted for the failure of programs that are the operational responsibility of other agency offices and, therefore, can examine the reasons behind such failures with impartiality and objectivity.

The Council, itself, is advantageous because it allows for the thorough examination of important questions and problems that cannot properly be addressed by OIG investigators or Department of Audit personnel. In addition, the sheer force of the arguments put forward by a relatively large group of intra-agency experts is a weighty consideration that cannot easily be

dismissed. The Council is considered to be a very cost-effective mechanism for the resolution of systemic problems within the agency. Furthermore, the issues that have thus far been brought to the attention of top agency management by the Council have been ones directly affecting the agency's organizational effectiveness.

Channels for Professional Dissent

> The problem is an old one: how to handle policy dissent within the career services. We have Inspectors General and agency hotlines to help ferret out fraud, waste, and abuse. The MSPB, by law, provides protection to whistleblowers, ... But the most difficult and delicate aspect of this problem of dissent is when the dissenter is not the exposer of lawbreaking or abuse, but disagrees with his or her supervisors on a substantive matter of policy. What recourse do such [employees] have?[1]

Two of the agencies surveyed have dealt with this problem by developing programs specially designed to handle dissent within their professional ranks.

1. The Department of State's Dissent Channel and Open Forum

The Dissent Channel and Open Forum were created by the Department of State to both encourage and effectuate the "Policy of Openness in Post Management" set forth in the Foreign Affairs Manual. That policy encourages and supports the free exchange of ideas and constructive criticism throughout overseas State Department missions. Mission staff members are encouraged to make known their ideas and opinions on operations, management, and all other post activities. Persons who may conclude, after carefully weighing all views, that they cannot concur in a report or recommendation are free to submit a dissenting statement, including use of the Dissent Channel, without fear of pressure or penalty.

The Dissent Channel exists to ensure that principal officers and managers of the Department have access to alternative and dissenting views and recommendations which may not reach them through other channels. Dissenting views of substantive foreign policy issues may be sent to the Secretary through the Dissent Channel. The Channel has been described as a "mechanism [which] has indeed had the result of enriching the policy process within the Department of State."[2] Approximately 125 Department employees over the past 13 years have chosen to use this particular channel of communication to register their differing opinions.

The Open Forum is an internal organization open to all employees of the Department of State. It serves as a direct channel for new or dissenting views

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[1]Statement by Bradley H. Patterson, Jr., President of the American Society for Public Administration, before the U.S. Senate Subcommittee on Civil Service, Post Office, and General Services, Hearing on Private and Public Sector Management Theories, Part II, Sept. 26, 1984.

[2]Ibid.

— primarily on substantive foreign policy issues -- to the Secretary and other senior officials. The Open Forum has four major functions: (1) to provide the opportunity for exchanges of views with provocative outside experts or for off-the-record discussions with Government officials; (2) to provide a vehicle for the expression of employee opinion of substantive issues to the Secretary and other principal officers through the preparation and/or transmission to principals of independent Open Forum position papers; (3) to provide a place for professionals to write frankly, using classified information, for their whole community in the the quarterly journal of professional opinion, "Open Forum"; and (4) to monitor the Dissent Channel.

2. Nuclear Regulatory Commission's Differing Professional Opinions System and Open Door Policy

Although the Nuclear Regulatory Commission (NRC), because of its relatively small size, was not included in our original survey of major Federal departments and agencies, two of its systems are noteworthy enough to be included here. Within the professional ranks of the NRC a normal differing view becomes a Differing Professional Opinion only when the originator brings it to the attention of NRC management in accordance with prescribed procedures. A Differing Professional Opinion must be a signed, written statement in order to be considered by management. It is defined as a conscientious expression of professional judgment which, on any matter relating to NRC's mission or organizational activities, differs from the prevailing staff view within an organization, disagrees with a management decision or policy position, or takes issue with a proposed or an established agency practice. Differing Professional Opinions may involve technical, management, legal, or policy issues and are not limited to the originator's area of expertise. Each Differing Professional Opinion of an NRC employee is evaluated on its own merit and pursued to resolution by management.

Although viewed as a reasonably effective procedure for communicating such dissents, at the time of the Board's review, the system has registered fewer than 24 dissenting opinions since the program's implementation in 1980. This is perhaps due in part to the rather rigid formality of the system. Adherence to program procedures is viewed as absolutely necessary, however, given the highly technical nature of the subject matter with which the opinions deal — such dissenting viewpoints must be specifically articulated in order to be effectively expressed.

The Open Door Policy of NRC is an alternate channel available for employees who prefer not to use the more formal Differing Professional Opinions system. The basic difference between the two systems is that the Open Door Policy permits the originator to select the individual manager to whom the differing professional opinion will be submitted and, in addition, makes provision for the submission of anonymous differing professional opinions upon request. The Open Door Policy provides that NRC employees may, on their own initiative, meet with any manager, including a Commissioner or the Chairman of NRC, to discuss any matter of concern to the employee. Open Door discussions between employees and managers may also relate to subjects other than normal differing views and differing professional opinions. In these cases, the managers contacted work to resolve an employee's concerns, to answer any questions, and to honor any requests for anonymity.

Housing and Urban Development's Office of Administration Employee Committee

Composed of employees representing all divisions of the Office of Administration, the Committee's purpose is to identify and recommend solutions to organizational problems and issues that affect work climate and productivity. Committee members attempt to examine operations-related issues of officewide concern. Final topics for discussion are decided upon by a majority vote of Committee members. The Committee then divides itself into subcommittees in order to develop and discuss specific parts of an issue that is up for examination.

The Defense Communication Agency's Soundoff Program

The Defense Communication Agency's Soundoff Program was created to allow employees direct input to the Director, Vice Director, and Chief of Staff. The Program is designed to allow employees to informally submit ideas or suggestions to improve or enhance Agency operations in areas that may not be specifically covered by other programs (e.g., Hotline, Suggestion Program). Personnel may "sound off" by any means that is convenient to them, and all submissions are kept strictly confidential.

Environmental Protection Agency's Management Memo

The Environmental Protection Agency's Management Memo is a method of exchanging ideas and information among members of the management staff. It is intended that the Memo be used to improve the two-way flow of ideas and information among members of management. Management personnel are directed to utilize the Memo for sharing with their colleagues their successes and problems, ideas and techniques, and any other information that can potentially contribute to greater efficiency and effectiveness within the organization.

The Health Resources and Services Administration Administrator's Mail Bag

The Administrator's Mail Bag is an informal mechanism by which employees of the Health Resources and Services Administration (HRSA) may communicate directly with the agency Administrator. The Mail Bag itself is a cardboard facsimile of a mailbox placed in an easily accessible location in the main lobby of the HRSA Headquarters building. One might characterize the Mail Bag as a direct line to the Administrator. Unlike a Hotline, however, appropriate complaints received via the Mail Bag are not restricted to reports of waste, fraud, abuse, mismanagement, etc. Since no restrictions are placed on the types of mail accepted by the Administrator, any and all complaints (or plaudits) are possible. Both anonymous and signed mail is received by and acceptable to the Administrator. The identities of all complainants are kept confidential.

The Administrator either deals personally with mail received or forwards the complaint to the appropriate location for further action. The important fact to keep in mind is that it is the Administrator himself who initially reads the mail received and who subsequently acts upon it (when further action is deemed necessary).

The Administrator's Mail Bag may be suitable for use by other small or medium sized agencies. The success of the program is highly dependent upon the

temperament and personality of the Administrator. Since the Administrator personally reads and acts upon all mail received, the amount of time that must be expended necessarily precludes the adoption of an identical program in agencies of very large size (HRSA has only 2000 employees at its Headquarters building). The Administrator must be willing and able to deal personally with the sorts of complaints and issues that we more ordinarily associate with immediate supervisory personnel or which are dealt with through more typical channels of communication such as agency Hotlines or Suggestion Programs. It is probably safe to say that this is not the sort of task which the heads of larger agencies would voluntarily take upon themselves to do.

The Department of the Treasury Bureau of Government Financial Operation's Commissioner Meetings

The Commissioner and Deputy Commissioner for the Bureau of Government Financial Operations conduct meetings with employees and managers on the average of at least once a month. Seven to ten employees are invited to attend each meeting and are given the opportunity to ask questions and present viewpoints they may have concerning the Bureau. Any subject of concern is open for discussion. These meetings give employees the chance to go directly to the top with their concerns.

The Department of the Treasury Bureau of Engraving and Printing's Director's Meetings

At least once a year, the Director of the Bureau of Engraving and Printing meets with Bureau employees to discuss topics of interest to them. Questions are submitted to the Director. After the meetings, a Bureau Bulletin is prepared which answers all questions and comments submitted. The Bulletin is given nationwide distribution.

The Navy Personnel Research and Development Center's Information Exchange

The Information Exchange was developed by the Navy Personnel Research and Development Center as a productivity sharing mechanism for use by other Government civilian personnel and equal employment opportunity offices. Participants in the program are encouraged to submit descriptions of innovative and successful operational systems, procedures, programs, and policies used by them to improve personnel management and administration within their agencies. The information received is subsequently collated, cataloged, and published (in abstract form) as the "Information Exchange." As a catalyst to communicate ideas among professionals in the personnel management field, the Exchange hopes to bring about a measurable improvement in the quality and responsiveness of their work. The Exchange was initiated in February 1984 as a 2-year experiment.

C. AGENCY SURVEYS AND QUESTIONNAIRES

The information responses received from the 25 major agencies surveyed for this study indicated that 18 of those agencies have conducted surveys or questionnaires to elicit employee views relative to various employment related issues. These questionnaires, whether directed toward all of the agency's employees or to a particular group of employees within the agency or one of its divisions, were all developed and distributed to measure employee responses with the general view toward improving agency organizational and personnel

management practices. The following is a list of some of the major surveys identified along with a brief description of their basic objectives.

In the summer of 1982, the Agency for International Development (AID) determined that it would be valuable to determine agency climate and morale by conducting a survey. A questionnaire was distributed to all AID direct hire U.S. employees in Washington and in all missions worldwide. This "climate survey" provided agency management with useful insights into employee perceptions, as well as data which not only supported (or refuted) commonly held beliefs, but which formed the basis for management initiatives at a number of levels throughout the agency.

In both 1980 and 1983, the Department of Labor administered surveys to all Department employees in an effort to determine staff perceptions about the management climate in the agency. The surveys were developed to evaluate the effect on employees of changes made in the agency's performance appraisal systems, supervisory and management training programs, personnel delegations, and in other related areas.

The National Aeronautics and Space Administration conducted a 1982 survey of senior executives and management to elicit their views about conditions affecting their morale and performance. The survey measured the effects of management policies, practices, and procedures on the agency's top management officials. It was hoped that the results of the survey would aid in contributing toward improving organizational effectiveness and productivity.

In order to measure important areas of management concern and provide practical information dealing with an analysis of management practices, the Department of Health and Human Services' Public Health Service implemented an Organizational Practices Survey in 1983. In addition to assessing the organizational climate within the agency, the survey provided feedback to both management and employees and acted as an aid to problem definition, action planning by supervisors, and change implementation. Properly executed, such a system was found to be a valuable tool which stimulated changes which led to enhanced organizational and employee performance.

The Department of Agriculture (USDA) has been active in its utilization of employee surveys to improve its management processes. As one example, the Department's Federal Crop Insurance Corporation administered a Strategic Planning and Evaluation Questionnaire to selected field office employees during the spring of 1982. The questionnaire was developed to assist the agency in identifying its strengths and weaknesses as perceived by agency employees. This identification process helped the strategic planning process in establishing pertinent goals and objectives for the agency.

On a Departmentwide basis, USDA's survey efforts have been especially significant. As part of a comprehensive reform program developed to address both its own needs and to answer the challenges of the President's Management Improvement Program ("Reform '88"), the Department designed "Reform 9" to deal with the productivity and morale of its workforce. "Reform 9" was based on the general belief that the success of other USDA management reforms would depend on the skills, health, attitude and motivation of both managers and employees. A Steering Committee composed of agency heads and management officials was created by the Secretary of Agriculture in order to better deal with the many

complex and conflicting issues faced by "Reform 9." The Steering Committee, in turn, appointed a survey team to talk to a representative sample of USDA employees about productivity and morale issues. The goal was to make employees "a-part-of" rather than "a-part-from" the management improvement program. This was the genesis of the USDA's "Quality of Work Life Survey." That survey, conducted during the summer of 1984, identified employee opinions relative to such issues as job stress, value of work, understanding of job assignments, and fairness of performance awards. Recommendations arising out of the survey were adopted by the Secretary of Agriculture and incorporated into his management plan. That plan has since been submitted to Congress as an integral part of the Department's FY 1986 budget proposal.

The Defense Contract Audit Agency (DCAA) conducted a Performance Appraisal and Merit Pay Survey in 1982. The survey acted as a mechanism to assess the effectiveness of the performance appraisal and merit pay systems and to determine if any revisions or technical refinements to those systems were necessary. In 1982, DCAA also administered another survey intended to provide a means of identifying areas within the organization requiring the greatest emphasis by management. Areas of concern included job-related issues such as leadership and management, training and utilization, motivation of and concern for people, and the communication process.

The Department of the Navy conducted a study of the implementation and effectiveness of its Basic Performance Appraisal Program (BPAP). That study included the use of questionnaires to gather information from employees and their supervisors regarding their reactions to and opinions about the BPAP system.

The Department of the Army conducted a survey directed toward both employees and supervisors relative to how civilian employees felt about their jobs and work situations. The Department of the Air Force administered a conceptually similar survey aimed at providing information which could be used to improve organizational development throughout its many divisions. The Air Force also conducted another survey specifically directed toward measuring stress among its employees and its impact on their behavior and health.

D. EMPLOYEE AWARDS FOR THE DISCLOSURE OF FRAUD, WASTE, OR MISMANAGEMENT

As part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), Congress established an employee cash awards program for the disclosure of fraud, waste, or mismanagement.[3] With the goal of encouraging and rewarding Federal employees for pursuing improvements in Government, the awards program was intended to counteract both the perceived and actual risks involved in whistleblowing by creating a positive incentive to disclose waste or wrong-doing.

Pursuant to its responsibilities under the law, the U.S. General Accounting Office (GAO) issued a report (GAO/GGD-84-74) in May of 1984 covering the status of program implementation at 17 agencies which employ 95 percent of the

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[3] Although the program's original three-year authorization lapsed on September 30, 1984, Federal agencies were encouraged by the Office of Personnel Management (Federal Personnel Manual Letter 451-5, dated November 21, 1984) to continue rewarding employees for disclosures of fraud, waste, and mismanagement under the authority of Title 5 U.S. Code, Chapter 45.

civilian work force (excluding Postal Service). GAO reported that the agencies were generally very slow in setting up procedures to govern the granting of awards, and that they issued few awards once procedures were established.[4]

Although the very limited experiences of the agencies have not provided much empirical data in this regard, factors that might have contributed to the rather poor utilization of the program to date were put forward at a Congressional hearing on a bill to extend its authorization.[5] Since many of the substantive disclosures in this area "tend not to yield tangible cost savings,"[6] the fact that awards can be given only for disclosures of fraud, waste, or mismanagement which result in actual cost savings to the employees' agencies probably contributed to the low employee response rate. Agencies also believe that employees might have felt vulnerable to retaliation by management for disclosing problems or "blowing the whistle." "Subtle retribution" cannot be easily protected against in such instances. Since the employee most frequently would remain in the same organizational area after disclosing the information and receiving the award, there was some concern regarding the potential for negative peer group pressure brought on by publicity surrounding the award. Anonymity for those employees who requested it would have been difficult to guarantee because of the number and variety of agency personnel that are necessarily involved in the administration of awards. Notwithstanding these expressed concerns, and in the words of the Chairwoman of the Civil Service Subcommittee, Representative Patricia Schroeder, "[in] this day of monstrous budget deficits and ceaseless disclosures of waste and abuse in government, we must do everything possible to encourage Federal employees to report waste and abuse wherever they find it."[7]

E. PRIVATE SECTOR INITIATIVES

There are some potentially important lessons to be learned from the experiences of private sector corporations which attribute their long-term success, in large part, to the emphasis that they give to employee involvement in their organizations.

> There was hardly a more pervasive theme in the excellent companies than respect for the individual. That basic belief and assumption were omnipresent. But . . . , it's not any one thing — one assumption, belief, statement, goal, value, system, or program — that makes the theme come to life. What makes it live . . . is a plethora of structural devices, systems, styles, and values, all

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[4]As of the Fall of 1984, only four agencies had made awards (totalling $11,800) to twelve employees.

[5]U.S. House of Representatives, Committee on Post Office and Civil Service, Subcommittee on Civil Service, Hearing on H.R. 5646, Inspector General Awards Program, August 7, 1984.

[6]Ibid., Statement by Sherman M. Funk, Inspector General, U.S. Department of Commerce, p. 3.

[7]Ibid., Statement of Rep. Patricia Schroeder.

> reinforcing one another so that the companies are truly unusual in their ability to achieve extraordinary results through ordinary people."[8]

Although motivating more than two million employees toward achieving excellence is not an easy task, it is certainly a goal worth striving toward. Part of the process involves recognizing the importance of individuals to their agencies, and impressing upon them their singular roles in their organizations and their unique value to them.

That productivity gains and efficiency and service-delivery improvements are directly related to the corporate attitude toward employee involvement in the organization can be clearly shown by briefly examining several successful private sector corporations. At Physio-Control Corporation (one of the world's leading manufacturers of defibrillators and other cardio-vascular electronic instrumentation) the belief in the integrity of the individual is the most important factor contributing to the success that the company has had to date.[9] At Physio-Control, individuals are viewed "as deserving of three R's: Recognition, Responsibility, and Reward."[10] It is important to Physio-Control's management that "individuals never feel as if they have gotten lost in the organization, or fallen between the cracks."[11] Physio-Control uses an "open door" policy, in which any employee is free to go to any member of top management in order to make a suggestion or describe a problem. Going over the head of an immediate supervisor is termed a corporate responsibility rather than an act of insubordination. Both good <u>and</u> bad ideas are listened to. Every employee visit is followed up on, and members of top management report back to the individual in every case. When a problem is uncovered that warrants management attention, it is acted upon in as short a time as is realistically possible.[12]

Although Physio-Control is a relatively small corporation (1100 employees), the kinds of positive results which it experiences have also been realized at much larger organizations. The vast size of some Government agencies should not, therefore, preclude them from, at a minimum, experimenting with programs and concepts relative to employee involvement systems. In this context, IBM, a corporation with more than 335,000 employees worldwide, has long been considered a leader in providing employees with appropriate recognition and reward for efforts performed on behalf of the company.

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[8]Thomas J. Peters and Robert H. Waterman, Jr., <u>In Search of Excellence</u> (New York: Harper & Row, 1982), p. 238.

[9]Statement of W. Hunter Simpson, President of Physio-Control Corporation, before the U.S. Senate Subcommittee on Civil Service, Post Office, and General Service, Hearing on Public and Private Sector Management Theories, Part I, September 19, 1984.

[10]<u>Ibid.</u>

[11]<u>Ibid.</u>

[12]<u>Ibid.</u>

IBM currently uses four primary employee-management communication systems. Like Physio-Control and other employee-oriented institutions, IBM has an "open door policy" to assure fair and individual treatment for every employee. It is the company's agreement to allow every employee to have the option of appealing the actions of those who are immediately over them in authority. When an employee has a problem which he or she believes the company can help solve, he is encouraged to discuss it with his or her superiors, with members of top management, and even, if necessary, with the company's chief executive officer. For those employees who prefer a more confidential means of asking a question, airing a problem, or voicing an opinion on any work-related subject, IBM offers the "Speak Up" program. This system permits employees to submit written comments, questions, or problems to management without revealing their identities to management. IBM also has a Suggestion Plan which is similar to the Federal Government's Suggestion and accompanying Incentive Awards Programs. A procedure by which employees may bring to the attention of management any ideas which may save the company time or money, the Suggestion Plan gives cash awards to employees for eligible suggestions that are adopted for implementation. In a variation of this plan, IBM awards "points" and "mementos" to employees who participate in the company's Cost Effectiveness Program. This program provides a procedure for reporting savings that result from cost reductions or improved productivity through changed practices. These reported savings may result from new ideas or changes to existing methods, specifications, practices, techniques, or policies.

APPENDIX A

QUALITY CIRCLES LOCATION DETAILS

Fourteen Federal agencies had operating Quality Circle Programs at the time of this review. The following information specifies the locations of the Circles within each of those agencies.

1. The Department of the Army has Circles in its Materiel Development and Readiness Command, with the majority of those in the Depot Systems Command.

2. In the Department of the Navy, the interest and activity in Quality Circles has centered largely within the shore-based support activities. Although this is not exclusively true, these Circles are principally comprised of civilian Navy employees in a variety of functional disciplines. Over 500 such Circles exist over a global environment in functions ranging from R&D Centers and personnel departments to industrial type activities in aircraft maintenance, naval shipyards, and ordnance activities. Management and planning functions and personnel, as well as trades personnel, are represented in Circle activities.

3. The Department of the Air Force has Circles at about 31 of its operating locations.

4. The Veterans Administration has Quality Circles at about 44 of its Medical Centers.

5. The Department of Health and Human Services has Quality Circles in the Social Security Administration (SSA) and at the National Institutes of Health (NIH). The actual number of Circles in operation at SSA is unavailable, but the agency's Circles are located in 3 regions containing 23 districts. NIH has 5 Circles in its Engineering Services Department.

6. The Department of the Treasury has 50 Circles in the Internal Revenue Service, 9 Circles in the Denver Mint, and 12 Circles in the Bureau of Government Financial Operations.

7. The Department of the Interior has Quality Circles operating in both the Eastern and Western Mapping Centers of its National Mapping Division.

8. The Defense Logistics Agency has Quality Circles in all of its 25 major field offices.

9. The National Aeronautics and Space Administration has Circles at all of its centers (including Headquarters). The Circles (called NASA Employee Teams) are presented in all functional areas; clerical, professional, technical, and scientific.

10. The Department of Labor has Quality Circles operating within two divisions at its Central Office (i.e., Office of Assistant Secretary of Labor and Managment Relations and Office of Assistant Secretary for Administration and Management) and in its Atlanta Regional Office.

11. The Department of Housing and Urban Development has Quality Circles operating in the Payroll Department, the Office of Administration and Management Services, and in the Office of Community Planning and Development.

12. The Department of Education has Circles operating out of its Headquarters.

13. The Small Business Administration's Quality Circles are located at the agency's Central Office and within four Regional Offices.

14. The Defense Investigative Service has Circles located at the Headquarters, the Personnel Investigations Center, the Defense Industrial Security Clearance Office, and throughout each of the nine regions.

APPENDIX B

EXAMPLES OF TANGIBLE BENEFITS FROM QUALITY CIRCLES

The Department of the Air Force noted that its Quality Circles Program helped them to reduce "down time" in certain Air Force operations and units. Quality Circles also provided suggestions for reducing backlogs and improving the quality of the employee work product. Specifically, the Department of the Air Force noted the following benefits:

- Reducing the time to repair items (in the Hydraulic Unit of an Air Force Directorate)

- Improving parts forecasting (e.g., "O" rings used to repair emergency power units, hydraulic servo valves, and actuators)

- Initiating an aggressive effort to identify new and competitive contractors (with documented savings in excess of $400,000)

- Reducing personnel processing time

- Reducing personnel handling requirements and increasing safety in the Shipping Branch, (with approximate total savings for the first year of $58,000)

- Combining shift operations (saving over $160,000)

- Improving worker efficiency both during training and when a shortage of qualified workers exists (by establishing an "Information Desk" in the Travel Pay Office to improve customer service and increase employee productivity and by replacing a number-waiting system with a sign-in sheet to increase efficiency and decrease customer waiting time)

- Reducing the workload (in Distributions Packaging and Preservation express areas by a redesign of workflow and the utilization of two extra heat-sealing machines)

- Precluding production delays (based on contractors having to wait until production time to request patterns used by contractors to make an item)

- Improving implementation of unit performance standards and elements (by calling supervisors' attention to employees' dissatisfaction in this area and by allowing for more open discussions between employees and section supervisors on the problems identified)

- Reducing the excessive use of paper (in processing Reports of Deficiency)

- Improving production quality thereby cutting the rejection rate during quality inspections

- Improving employees' quality of work (by rotating work assignments each month)

- Improving the response time on demands for items that usually involve extended estimated delivery dates (by shifting the area of responsibility to a given stock class)

- Reducing "staff hours" spent locating documents (by establishing a new flow system)

- Improving the quality of work (in the Photographic and Optic Section that repairs and performs maintenance on the KS-87B camera)

As another example, the Defense Investigative Service has been able to identify certain money and time savings resulting from its Quality Circles programming in the following areas:

- A system was developed to relax geographical boundary designations, consequently reducing the amount of time it took to complete a case

- Formats were devised for writing up negative responses in investigations using the word processor

- A reference library and contact books were created which saved time in completing investigations

- Reorganization of work areas has reduced the time it takes to process incoming documents

- Form revisions have resulted in increased efficiency

- A localized new employee briefing book was developed to assist employees, new to the area, to become familiar with the area

- A source for City Directories was located which resulted in considerable cost savings

The agency also noted the adoption of two agencywide improvements resulting from Quality Circle suggestions. The two improvements involve agency projects relating to the organization's use of (1) the Representative Action Memorandum (which is a method to disseminate information), and (2) a forms processing change which resulted in the elimination of certain duplications of effort that had been taking place.

The Department of the Army's DARCOM has been achieving its best results from Quality Circles initiated in installations which specialize in either maintenance or manufacturing operations. (These types of environments apparently offer more opportunities for productivity and efficiency gains than, for example, a purely clerical office operation.) Some examples of tangible benefits in this area are:

- Helicopter impeller hubs were repaired at the Corpus Christi Depot (which resulted in cost savings of $86,000, based on the initial suggestion)

- An assembly line was revised at the Anniston Army Depot (no exact dollar figure for cost savings was quoted, but smoother operation of the assembly line resulted in implied tangible savings)

- Transmission gear was salvaged at the Corpus Christi Depot ($1 million in cost savings)

- A new set of water valves was engineered at the Tobyhanna Army Depot ($176,000 saved)

- A gas compressor was re-engineered at the Pueblo Army Depot (increased efficiency has resulted in savings of $18,000 per year)

The Department of the Interior's National Mapping Division views the benefits of Quality Circles to be long term. In this context, the agency was able to identify the following problem resolutions achieved through its Quality Circles Program:

- Development of a more efficient way of ordering type for map products

- Improvement of work-site efficiency through organizational change

- Improvement of the efficiency of monoscoptically revising a map (by not changing contours around stock ponds to eliminate an unnecessary procedure)

The Social Security Administration noted that a major tangible benefit of its Quality Circles Program was a reduction in case processing errors relating to claimants of Social Security Benefits. Such error reduction was identified as one of the agency's objectives for having Quality Circles, since much of the agency's work involves receiving applications and processing checks for a number of different monetary benefits (e.g., Supplemental Security Income, Disability Insurance Benefits, Survivors Benefits, Pensions, etc.).

The Veterans Administration, which has most of its Quality Circles in its medical centers, has been able to achieve some notable operational improvements within those organizations. Some of the adopted suggestions included:

- Improving patient care by developing a better system of rotating paralyzed patients to prevent skin disorders

- Correcting a contaminated waste problem involving the disposal and handling of diseased blood samples

- Improving the efficiency in various nurse stations by making certain procedural changes in their organizational processes

- Decreasing Equal Employment Opportunity complaints by improving the relations between the employees and employer

- Decreasing the number of patient cancellations by making certain changes in the scheduling of patients

The Department of the Treasury's Bureau of Government Financial Operations has already derived several tangible benefits from its recently implemented Quality Circles Program.

- More modern telephone equipment was installed in order to provide the public with better quality recorded Daily Treasury Statements (with fewer busy signals and less staff time).

- Mail sort bins were designed and installed that speed distribution of incoming mail and decrease employee fatigue and safety hazards.

- Guidelines were adopted to expedite the purging of past year documents and shipments to the Federal Records Center.

The National Aeronautics and Space Administration's pilot Quality Circles Program has submitted the following examples of tangible benefits from the first year of that program's operation:

- Reducing the time required to initiate contractor work

- Improving tool inventory and control systems

- Improving facility maintenance

- Improving the exchange of technical information between scientists and engineers

APPENDIX C

SUGGESTION PROGRAM PUBLICITY METHODS[1]

	Posters	Suggestion Boxes	Brochures	Directives, Letters, or Memoranda	Articles in Local and Agency Publications	Tokens	Other[2]
AID				X			
USDA	X		X	X	X	X	X
AIR FORCE	X		X	X	X	X	X
ARMY	X		X	X	X	X	X
COMMERCE	X	X			X	X	
DOD	X	X			X	X	
DCAA	X		X	X	X		
DIS							
DLA	X		X		X	X	
EDUCATION	X	X		X			X
ENERGY	X			X	X		X
EPA	X	X		X	X	X	X
GSA	X			X	X		
HHS	X	X	X	X	X		X
HUD	X	X	X	X	X	X	X
INTERIOR	X	X	X	X	X	X	X
JUSTICE	X			X	X		X
LABOR	X		X	X	X	X	X
NASA	X			X	X	X	X
NAVY	X		X	X	X		X
SBA	X						X
STATE	X			X	X		X
DOT	X	X	X	X	X		
TREASURY	X	X			X		
VA	X				X		

[1]This table reflects those methods used by the surveyed agencies to publicize their programs.

[2]"Other" includes publicity through in-house commercials, chapters in the agency's handbook or parts of employee training programs, advertisements on pay statements and "tent cards" on cafeteria tables, and local award ceremonies.

APPENDIX D

An Idea for Improvement

U.S. Department of Labor

Complete Parts A and C. Use additional sheets of paper and include supporting documents as necessary. Give suggestion to your supervisor for review and referral to your agency suggestion coordinator, or send directly to coordinator if you wish to remain anonymous.

A. Name of Suggester (Last, first, middle initial) | Position Title

Agency/Organization | Building and Room Number | Office Phone

Subject of Suggestion

Acceptance by me of a cash award for this suggestion constitutes an agreement that the use by the Government of this idea, method, or device for which the award is made does not form the basis of a further claim of any nature against the Government by me, my heirs, or assigns.

Date | Signature of Suggester | ☐ Check if You Wish to Remain Anonymous

Description (Describe the Current Situation and your Suggestion for change or improvement. Include where and how it can be used, and identify estimated tangible/intangible benefits which would result from adoption.)

Present Method/Condition _____

My Suggestion for Improvement _____

Need More Space? Use reverse side.

B. Thank You for Your Suggestion. It will be given careful consideration. You will be kept advised as to action taken.

Suggestion Number assigned _____.

Signature of Executive Secretary or Coordinator | Date

C. Printed/Typed Name and Office or Home Address Where You Wish an Acknowledgement Sent (If home, include ZIP Code)

C. Description Continued

Potential Savings

Ineligible Suggestions:

The following types of suggestions, unless they have a significant impact on energy conservation, are not eligible for processing in the Suggestion Program and should be handled through administrative channels:

- Proposals which merely call attention to the need for routine maintenance or repair work,
- Improvements in working conditions, such as air conditioning, decorations, furniture,
- Proposals for services and benefits to employees such as vending machines, cafeteria services, restroom facilities, parking facilities, or holidays,
- Routine or safety practices such as normal protective devices, removal of obstructions, or installation of warning and traffic signs,
- Proposals for improvements which the employee would normally be expected to accomplish,
- Proposals which vaguely state a problem but do not propose a specific method or way to solve the problem,
- A personal complaint or grievance,
- Proposals from non-employees, and
- Suggestions concerning obvious typographical, clerical, or drafting errors.

To qualify for a cash award, you must be a Federal employee when you send in a suggestion. Cash awards for adopted suggestions may be granted to former employees or to estates of deceased employees. A cash award may be granted to you for an adopted suggestion which concerns matters within or outside your job responsibilities. However, if the suggestion is within your job responsibilities, the idea must be of such significance as to warrant special recognition.

Under the award entitlement period, a suggester retains the right to have a suggestion considered for an award for a period of 24 months after a decision has initially been rendered. If the suggester submits a written request to have a suggestion reevaluated this eligibility period is extended accordingly, if the written request is received before the end of the 24-month period.

Suggestion Evaluation APPENDIX E **U.S. Department of Labor**

Instructions

Complete the entire form.
Make all statements clear as people not familiar with the subject will review your response.
3. Print or type.
4. Attach added data if needed.
5. Call _____ for assistance.
6. Return within ____ work days to Suggestion Committee Executive Secretary, Building _____ . Room _____

Date Forwarded

Suggestion Number

Date Due

Was Idea Adopted?

Yes ☐ No ☐

Title of Suggestion

Adoption Information

☐ Idea was implemented on _____
Date

☐ Implementation of idea will occur on
_____ ☐ Totally
Date ☐ Partially

☐ Experiment or trial is underway and will be completed on
_____
Date

Rejection Information

☐ Idea is not applicable
☐ Idea is not within our jurisdiction
☐ Idea is unoriginal (attach documentation)
☐ Idea is uneconomical
☐ Idea is already in use but not due to this suggestion
☐ Other

Explain the benefits of this idea or reasons it cannot be adopted (attach added information if necessary). If this idea was not implemented as submitted, indicate any other action which occurred as a result of reviewing this suggestion. Compute savings or intangible benefits on reverse side.

n this idea be used by another department or agency? Yes ☐ No ☐

Where? _____

If this idea has been adopted what is its expected life? (Circle)

One Time Less than 1 Year 1 - 2 Years 2 - 5 Years 5 - 10 Years Indefinite

DL Form 1-234
(Rev. 8/83)

Tangible Benefit — A Tangible Benefit is any measurable savings of labor, supplies, equipment or energy which accrues as a result of implementing this idea

Labor Savings

Position Title(s) _____

Hourly Rate(s) _____

Hours Saved/Year _____

Total Estimated Annual Savings _____

Other Tangible Benefits

Item	Cost/Year
Saves Equipment Costs	
Saves Supply Costs	
Saves Energy Costs	
Other (Specify)	
Total	

Cost of Implementation: Include one-time only costs of labor, supplies, equipment, etc. Do not include costs which will recur.

Item	Cost
Labor	
Supplies	
Equipment	
Other (Specify)	
Total	

The minimum award for tangible benefits may be granted only when the benefits reach or exceed $250 or an Agency-determined minimum. The minimum award for intangible benefits should require a comparably high standard. In determining cash awards for contributions with intangible results, the value to the government must be comparable to those contributions receiving equivalent awards on the basis of tangible results.

Intangible Benefit — An Intangible Benefit is any improvement in service, safety, employee relations or any other improvement for which a financial savings cannot be measured. If the benefits which accrue from implementing this idea are intangible, use the following (Figures subject to change):

Value of Benefit	Extent of Application: Limited	Extended	Broad	General
	Affects functions, mission, or personnel of one office, facility, installation, or an organizational element of a headquarters. Affects a small area of science or technology.	Affects functions, mission, or personnel of several offices, facilities or installations. Affects an important area of science or technology.	Affects functions, mission, or personnel of an entire regional area or command. May be applicable to all of an independent agency or a large bureau. Affects a broad area of science or technology.	Affects functions, mission, personnel of several reg. areas or commands, or an entire department or large independent agency, or is in the public interest throughout the Nation or beyond.
Moderate Value. Change or modification of an operating principle or procedure which has moderate value sufficient to meet the minimum standard for a cash award; an improvement of rather limited value of a product, activity, program, or service to the public.	$ 25-100	$100-250	$250-500	$500-1000
Substantial Value. Substantial change or modification of an operating principle or procedure; an important improvement to the value of a product, activity, program, or service to the public.	$100-250	$250-500	$500-1000	$1,000-2,500
High Value. Complete revision of a basic principle or procedure; a highly significant improvement to the value of a product, major activity, or program, or service to the public.	$250-500	$500-1,000	$1,000-2,500	$2,500-5,000
Exceptional Value. Initiation of a new principle or procedure; a superior improvement to the quality of a critical product, activity, program, or service to the public.	$500-1,000	$1,000-2,500	$2,500-5,000	$5,000-10,000

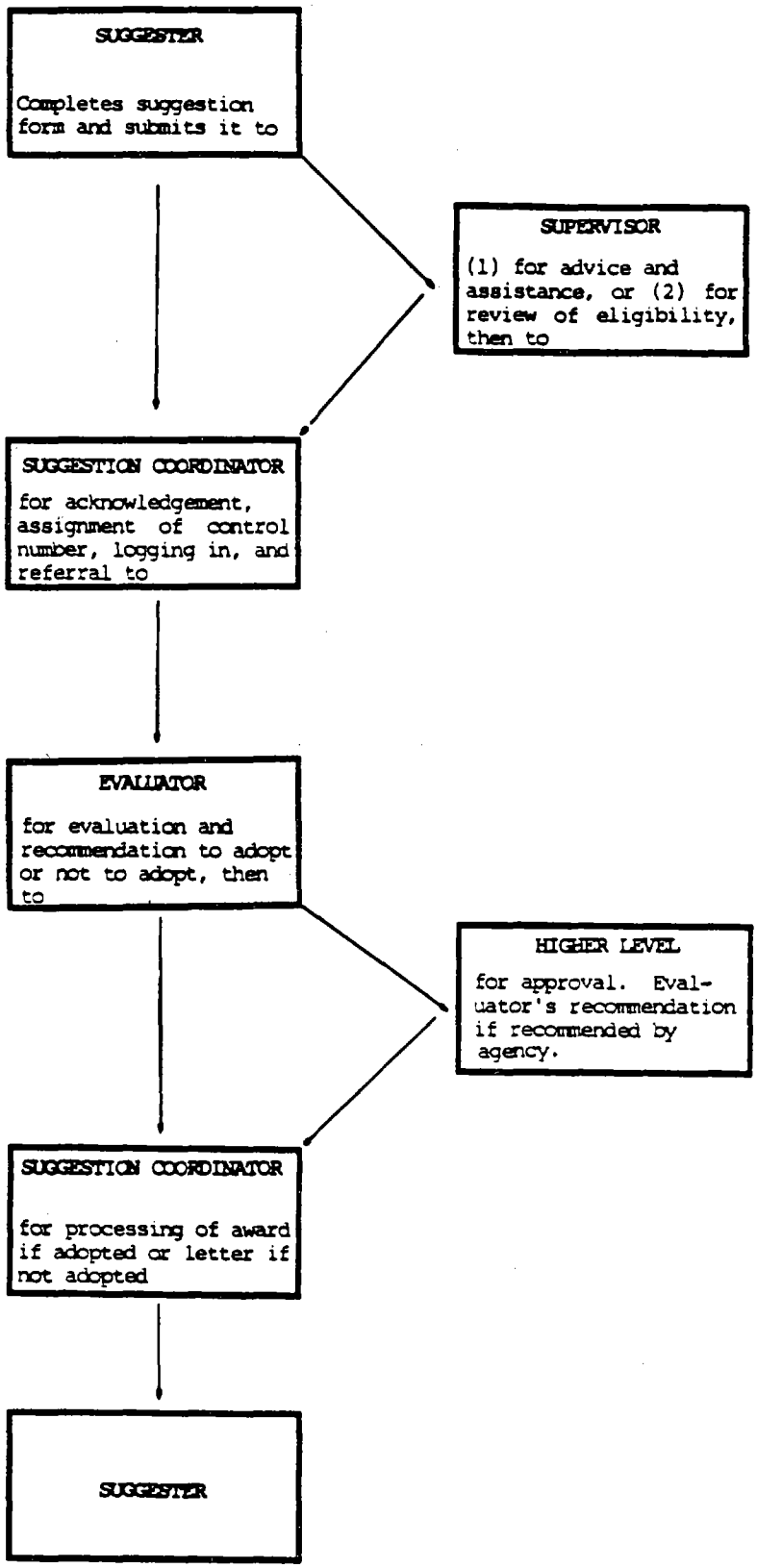
Additional Comments: Use this space to make any comments which you feel would be helpful to the Suggestion Committee or to further explain the benefits of this idea and how you arrive at your estimated savings. In the event the identity of the suggester is known to you, do you consider offering this idea to be a normal duty of his/her job?

Name of Evaluator | Title | Phone | Time Spent on this Evaluation

Signature of Evaluator | Date | Signature of Department Head | Date

APPENDIX F

FLOW CHART FOR SUGGESTION PROCESSING



APPENDIX G

EXAMPLES OF SUGGESTIONS ADOPTED BY THE AGENCIES SURVEYED[1]

A civilian employee and military member of the Department of the Army made a suggestion which resulted in the fabrication of a sub-caliber training device for use with a mortar. Tangible benefits from implementation of the suggestion amounted to $304,332.

An employee at the Department of Commerce suggested that a lighter weight paper be used by the agency. Implementation of the suggestion resulted in tangible benefits to the agency in the amount of $40,000. The suggestion was also referred to and adopted by the Department of Health and Human Services and the Department of Energy.

A Defense Logistics Agency employee suggested that certain medical packages include hypodermic needles and syringes, so everything needed is in one package.

The Department of Education reported that an employee suggested a way to eliminate excess paper work on financial forms. Another employee suggested that the General Services Administration (GSA) put the emergency phone number next to the phone on elevators, in order to avoid panic and make it easier to report problems.

Two Environmental Protection Agency employees suggested a modification of a valve used for bottled oxygen. By implementing the suggestion, EPA labs are able to use all of a tank of oxygen rather than only part of the tank. The suggestion applied to 41 of EPA's labs. Another EPA employee made a suggestion related to distribution of the agency's directives. The suggestion was adopted agencywide.

General Services Administration employees suggested changes in accounting procedures which resulted in savings of $800,000; modification of purchase contract default clauses to recover overhead expenses for savings of $98,000; and reduction of printing costs by typing material on large paper and reducing it to 8 1/2 x 11 before printing ($200,000 was saved with this suggestion). The agency also saved money by implementing suggestions to automate building lease payments, to use outside air to improve building cooling, and to automate the short-form building lease by using word processing. Recently, two GSA employees received an award for their suggestion that certain selected items be including in GSA catalogs.

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[1]The suggestions described here are in simplified terms and are not meant to be technically complete.

The Department of the Interior adopted two suggestions from one employee. One suggestion was to use an Army Reserve Building for classroom instruction for the Earth School conducted by the Division of Research. The suggestion enabled the agency to avoid costs for rental of space from a private source. The second suggestion was to use U.S. Army buses, in lieu of commercial buses, to transport the Earth School participants. The only cost to the agency was for gas and drivers (the agency saved $8,310). A group award was made to employees who developed a new method of measuring the density of pea-gravel around large diameter pipes. The method makes it possible to specify certain types of backfill to assure the desired safety of structure.

A Department of Labor employee suggested that a certain piece of equipment be installed in an agency warehouse to protect machinery and avoid breakdowns. The suggestion was adopted and resulted in substantial savings to the agency.

Because the National Aeronautics and Space Administration (NASA) was experiencing some problem with tools and debris falling on Space Shuttle payloads, eight debris nets were to be purchased. Two NASA employees suggested an alternate source of materials and provided drawings for fabrication at a much lower cost. Their suggestion was adopted and resulted in savings of almost $67,500. A NASA employee suggestion that letterhead be printed on continuous feed paper has also been adopted by the agency.

The Department of State received a suggestion for formatting the agency's open announcements for job bids. By using the suggested format, the agency was able to transmit the information in less time. Another employee suggested a way to paste passport pictures. The machine readable passport is also the result of an employee suggestion.

An employee of the Federal Highway Administration (FHWA), a component of the Department of Transportation, suggested modifications in the agency's performance appraisal forms. Another suggestion from an FHWA employee relates to changes in image photography (in order to know what is under the surface layer of soil).

A group suggestion from employees of the Department of the Treasury resulted in a special computer-scanning of currency that had a tangible benefit to the agency of $2.2 million. An employee suggested that imprest funds for undercover work be put in interest bearing accounts. The agency received $29,000 in interest by implementing the suggestion.

Significant savings have resulted from suggestions from Department of the Air Force employees. The agency adopted a suggestion to modify tactical support communication vans with teletype multiplex capability, and now only one van needs to be deployed instead of two. Benefits from this suggestion amounted to $2,114,717. Another $2,115,645 was saved by implementing an employee's suggestion to procure general radio digital analog test systems for the preparation of data, which eliminated the more expensive contracts for preparation of data.

Employees in the Department of Health and Human Services (HHS) have suggested changes in the suggestion form, changes in the computerized leave records, and changes in the way the agency sends out certain pieces of certified mail. One HHS employee suggested using computer cross-checks to

eliminate Social Security payments to deceased people by matching certain records. Another employee suggested computerizing a manual process which monitors Supplemental Security Income recipient cases. The suggestion set up a data based on a computer sytem to transfer funds automatically between Old Age Survivors and Disability Insurance trust funds and general revenues, and thereby reduced 38 separate manual actions to one form authorizing the funds transfer. The suggestion resulted in a $1,926,000 savings.

The Department of Housing and Urban Development (HUD) adopted a suggestion which reduced the number of people involved in getting the amounts of costs of living adjustments for the elderly from the Social Security Administration. Savings from implementation of the suggestion amounted to $2,028,296. Another employee suggested a computer program consisting of a data base of monthly rental charges for all of the photocopying equipment currently on the GSA schedules. The system takes into consideration the cost of supplies so that one can accurately determine the complete monthly cost for every piece of equipment. The suggestion resulted in a $389,000 savings. A suggestion adopted by Treasury and implemented by HUD was made by a HUD employee. The employee suggested that HUD change its regulations to include an IRS rule that required mortgages to provide Section 235 HUD-assisted homeowners with specific information on the amount of interest deductible for Federal Income Tax purposes, and that OMB and/or Treasury encourage HUD to change its regulations as soon as possible.

Suggestions from Department of Justice employees included one to make changes in the manufacture of mattresses at a Federal Prison Industries factory which resulted in savings of $125,000. An employee with the Immigration and Naturalization Service suggested that two forms (used in the processing of refugees) be combined into one form. Adoption of the suggestion saved 8,000 hours of typing and 100,000 forms for savings of $79,000. An FBI employee suggested blanket purchase agreements be made for supplies not readily available through Government sources. The savings from this suggestion was $29,000.

Two Department of the Navy employees identified a problem related to controllable pitch propeller attachments, and redesigned and backfitted modifications to the existing system on approximately 80 ships. The Navy estimated savings of $28.8 million from implementation of the suggestion. Two other Navy employees suggested a system which reduced fresh water consumption of a ship's laundry by over 50 percent. First year tangible savings amounted to $1,160,000.

Veterans Administration employees have suggested modificatin of anti-tilt devices from wheelchairs for installation on prone carts used for spinal injury patinets; and us of velcro-type mountings in lieu of bolting down defibrillator battery chargers (use of the velcro reduces the need for extra battery charger).

APPENDIX H

AGENCY CONTACT NUMBERS FOR FURTHER INFORMATION ON QUALITY CIRCLE PROGRAMS

1. Department of the Army:	703/274-9483
2. Department of the Navy:	703/694-4334
3. Department of the Air Force:	202/694-0770
4. Veterans Administration:	202/389-3469
5. Department of Health and Human Services	
Social Security Administration:	301/594-3770
National Institutes of Health:	301/496-2215
6. Department of the Treasury	
Internal Revenue Service:	202/566-9492
U.S. Mint:	202/376-0482
Bureau of Government Financial Operations:	202/535-6774
7. Department of the Interior:	703/860-6355
8. Defense Logistics Agency:	202/274-6151
9. National Aeronautics and Space Administration:	202/453-2877
10. Department of Labor:	202/523-6318
11. Department of Housing and Urban Development:	202/755-9236 202/755-6205
12. Department of Education:	202/732-1819
13. Small Business Administration:	202/653-6557
14. Defense Investigative Service:	202/475-1657

APPENDIX I

AGENCY CONTACT NUMBERS FOR FURTHER INFORMATION ON SUGGESTION PROGRAMS

1.	Department of Agriculture:	202/447-3266
2.	Department of Commerce:	202/377-4861
3.	Department of Defense:	202/697-5839
4.	Department of the Air Force:	512/652-2634
5.	Department of the Army:	202/695-5593
6.	Department of the Navy:	202/694-5928/29
7.	Department of Education:	202/732-8731
8.	Department of Energy:	202/252-5610
9.	Department of Health and Human Services:	202/245-1704
10.	Department of Housing and and Urban Development:	202/755-7341/5111
11.	Department of the Interior:	202/343-5284
12.	Department of Justice:	202/633-4247
13.	Department of Labor:	202/523-6341
14.	Department of State:	202/632-3412
15.	Agency for International Development:	202/632-2954
16.	Department of Transportation:	202/426-9633
17.	Department of the Treasury:	202/535-5867/566-6169

18. Environmental Protection Agency: 202/382-3321/27
19. General Services Administration: 202/566-0704
20. Veterans Administration: 202/389-3288
21. National Aeronautics and Space Administration: 202/453-2603
22. Defense Contract Audit Agency: 703/274-7325
23. Defense Logistics Agency: 703/274-6428
24. Defense Investigative Service: 202/693-1811
25. Small Business Administration: 202/653-6516

APPENDIX J

AGENCY CONTACT NUMBERS FOR FURTHER INFORMATION ON HOTLINES

	Toll-free	FTS/Commercial
1. Department of Agriculture:	424-9121	447-2967/472-1388
2. Department of the Air Force:	424-9098	227-1061
3. Agency for International Development:		235-3528
4. Department of the Army:	424-9098	
5. Department of Commerce:	424-5197	377-2495
6. Department of Defense: (includes Defense Contract Audit Agency, Defense Logistics Agency, and the Defense Logistics Agency)	424-9098	223-5080/693-5080
7. Department of Education:		775-2770
8. Department of Energy:		252-4073
9. Environmental Protection Agency:	424-4000	382-4977
10. General Services Administration:	424-5210	566-1780
11. Department of Health and Human Services:	368-5779	472-4222/597-0724
12. Department of Housing and Urban Development:		472-4200
13. Department of the Interior:	424-5081	343-2424
14. Department of Justice:		633-3365
15. Department of Labor:	424-5409	357-0227
16. National Aeronautics and Space Administration:	424-9183	755-3402
17. Department of the Navy:	522-3451	433-6743
18. Small Business Administration:	368-5855	653-7557
19. Department of State:		632-3320
20. Department of the Treasury:		535-6150
21. Department of Transportation:	424-9071	755-1855
22. Veterans Administration:	368-5899	389-5394

APPENDIX K

AGENCY CONTACT NUMBERS FOR FURTHER INFORMATION ON AGENCY SPECIFIC PROGRAMS AND SELECTED AGENCY SURVEYS

1. Department of Health and Human Services	
"Management Self Improvement System"	202/475-0040
2. Department of Agriculture	
Economic Management Staff "Employee Advisory Committee"	202/447-7057
USDA Idea Week	202/447-3327
Forest Service's Productivity Improvement Teams	202/447-2950
3. Defense Investigative Service	
"Team-Building Program"	202/693-0628
4. Department of State	
"Dissent Channel"	202/632-0358
"Open Forum"	202/632-8790
5. Small Business Administration	
"IG's Employee Advisory Council"	202/653-6370
6. Department of Housing and Urban Development	
Office of Administration "Employee Committee"	202/755-6218
7. Health Resources and Services Administration	
"Administrator's Mailbox"	301/443-2053
8. Department of the Navy	
Navy Material Command "Middle Management Council"	703/692-2144
9. Nuclear Regulatory Commission	
"Differing Professional Opinions System" and "Open Door" Policy	202/492-9868
10. Defense Communications Agency	
"Soundoff Program"	202/692-9017
11. Environmental Protection Agency	
"Management Memo"	202/382-3327
12. Bureau of Government Financial Operations	
"Meetings with the Commissioner"	202/566-8711
13. Bureau of Engraving and Printing	
"Director's Meeting with Employees"	202/447-1368
14. Navy Personnel Research and Development Center	
"Information Exchange"	619/225-7285

Surveys

1. Agency for International Development	202/632-9888
2. Department of Labor	202/523-7769
3. National Aeronautics and Space Administration	202/453-2635
4. Department of Health and Human Services	202/443-3326
5. Department of Agriculture	202/447-2766 and 447-8247
6. Defense Contract Audit Agency	202/274-5798
7. Department of the Navy	202/694-4334
8. Department of the Army	202/325-9032
9. Department of the Air Force	202/487-4586

APPENDIX L

OFFICE OF MERIT SYSTEMS REVIEW AND STUDIES

BIBLIOGRAPHY OF REPORTS

Under the mandate of the Civil Service Reform Act of 1978, the Merit Systems Protection Board (MSPB) shall:

> conduct . . . special studies relating to the civil service and to other merit systems in the executive branch, and report to the President and to the Congress as to whether the public interest in a civil service free of prohibited personnel practices is being adequately protected.
>
> (5 U.S.C. 1205(a)(3))

The Office of Merit Systems Review and Studies (MSRS) of the MSPB is responsible for determining whether the merit principles established by law (5 U.S.C. 2301) are being effectively implemented, and whether prohibited personnel practices (5 U.S.C. 2302) are being avoided in Federal agencies. MSRS studies the rules, regulations, and significant actions of the Office of Personnel Management (OPM) and evaluates the health of the Federal civil service system through a variety of techniques. Among these are surveys, agency specific case studies, onsite interviews, roundtable discussions, and traditional investigative techniques. Research topics are selected to produce studies that are bias-free, definitive and reliable indicators of civil service problems, and which identify ways in which these problems can be addressed. A bibliography of all published MSRS reports in chronological order is given below.

Sexual Harassment in the Federal Workplace: Is it a Problem?, March 1981.

In response to a Congressional request, the Board explored the nature and extent of sexual harassment in Federal Government. Survey data for this study were based on the responses of over 20,000 men and women in the Federal work force. This report covers the following topics: the view of Federal workers toward sexual harassment, the extent of sexual harassment in the Federal Government, the characteristics of the victims and the perpetrators, incidents of sexual harassment, its impact and costs, and possible remedies and their effectiveness.

Do Federal Employees Face Reprisal for Reporting Fraud, Waste, or Mismanagement? Preliminary Report, April 1981.

This is the preliminary report on "whistleblowing" and the Federal employee. Survey data for this study were gathered from 8,600 Federal employees in all grade levels from 15 agencies. This study reports on a number of issues including: the number of observations of illegal or wasteful activities that go unreported and the outcome when they are reported.

Study of MSPB Appeals Decisions for FY 1980, May 1981.

One of the principal functions of the Merit Systems Protection Board is to hear the appeals of Federal employees from one or another of various types of personnel actions taken or denied by Government agencies. This is the first annual report on MSPB appeals decisions. This report analyzes the Board's processing of the appeals during FY 1980 and places the results in historical context.

Status Report on Performance Appraisal and Merit Pay Among Mid-level Employees, June 1981.

This study focused on the experiences of midlevel employees in the first eight agencies that implemented Merit Pay in October 1980. The data were drawn from a survey of approximately 3,000 employees in grades GS/13-15. The study examines employee perceptions of their performance standards and the performance appraisal system, especially as it relates to improved performance, and their opinions on the fairness of the Merit Pay System.

Report on the Significant Actions of the Office of Personnel Management During 1980, June 1981.

The Civil Service Reform Act of 1978 mandated that the Merit Systems Protection Board monitor the significant actions of the Office of Personnel Management and report to the President and the Congress on the rectitude of those actions. This was the first such report on OPM and data were derived from a survey of more than 1,200 senior personnel officials and interviews with Directors of Personnel of all cabinet and military departments. Issues covered included a discussion of: what OPM did to promote the merit principles and prevent the commission of prohibited personnel practices, OPM's delegated and decentralized authority, and safeguards and programs set up for the Senior Executive Service.

A Report on the Senior Executive Service, September 1981.

This study was undertaken to determine whether the Senior Executive Service is providing the flexibility needed by management to recruit and retain the qualified executives needed to manage Federal agencies more effectively. Data for this report were derived from survey responses from approximately 1,000 senior executives and an indepth phone survey of 100 additional SES'ers. The report covers many topics including: the impact of the bonus restrictions, the ceiling on executive pay, and politicization of the SES.

Whistleblowing and the Federal Employee: Blowing the Whistle on Fraud, Waste and Mismanagement - Who Does It and What Happens, October 1981.

This is the final report on "whistleblowing" and the reprisals that are sometimes taken against those who report an incidence of fraud, waste, or abuse. Survey data were gathered from approximately 8,600 Federal employees in 15 agencies. The report covers a wide range of issues including: the number of employees who observed one or more instances of illegal activities, reasons given for not reporting these activities, and what happens to employees who do report illegal or wasteful activities.

Breaking Trust: Prohibited Personnel Practices in the Federal Service, Director's Monograph, February 1982.

This monograph reports on prohibited personnel practices as experienced by several key groups of Federal employees. The survey data were drawn from a random selection of 1,000 senior executives, 3,000 midlevel employees, 1,200 senior personnel officials, as well as 8,600 employees in all grade levels. Among other things, the report describes: the Governmentwide incidences of prohibited personnel practices and the incidences of such practices in individual agencies.

The Other Side of the Merit Coin: Removals for Incompetence in the Federal Service, Director's Monograph, February 1982.

This monograph explores the question of whether Federal employees who cannot or will not improve their inadequate performance are being separated from their positions. Data for this report were drawn from the following: OPM's Central Personnel Data File, and MSPB's questionnaire surveys of 1,000 senior executives, 1,200 senior personnel officials, and 3,000 midlevel employees. The report discussed employees' expectations of removals based on poor performance and noted that the expectation of removal varies among Governmentwide populations.

The Elusive Bottom Line: Productivity in the Federal Workforce, Director's Monograph, May 1982.

This monograph examines how well the merit system principle calling for an efficient and effective work force is being realized. Survey data were gathered from randomly selected Federal employees, including 1,000 senior executives and 3,000 midlevel employees. This study reports on employees' perceptions of their overall productivity, whether the amount of work could be increased, and whether the quality of their work could be improved.

Study of MSPB Appeals Decisions for FY 1981, December 1982.

This is the second annual report on MSPB appeals decisions. This report analyzes the Board's decisions on the appeals during FY 1981 and places the results in historical context.

Report on the Significant Actions of the Office of Personnel Management During 1981, December 1982.

This is the second annual report on significant actions of the Office of Personnel Management. Data for this report were derived from the comments solicited from organizations and individuals with a specific interest in the Federal personnel system, including onsite interviews with Directors of Personnel and other senior executives. Among other topics, this study discussed the implementation of merit pay, problems in recruiting and keeping executive talent, and the morale of the Federal work force.

Reduction-in-Force in the Federal Government, 1981: What Happened and Opportunities for Improvement, June 1983.

This study reviewed employee perceptions of the 1981 reduction-in-force (RIF) practices to determine if the RIF's were conducted in accordance with the merit principles and with the avoidance of prohibited personnel practices. The data for this study were based on on-site interviews with those knowledgeable about the RIF process and Governmentwide surveys of 2,600 Federal employees and 800 senior Federal personnel officials. Some of the topics covered in this report include: The extent to which the 1981 RIF complied with the RIF regulations promulgated by OPM and the agencies, the extent to which the 1981 RIF affected the efficiency and effectiveness of the work force, and ways in which the RIF system could be improved in the future.

Study of MSPB Appeals Decisions for FY 1982, December 1983.

This is the third annual report on MSPB appeals decisions. This report analyzes the Board's decisions on the appeals during FY 1982 and places the results in historical context.

The RIF System in the Federal Government: Is It Working and What Can be Done to Improve It, December 1983.

As a result of much discussion about reductions in force during the summer of 1983 and OPM's proposed revisions to the RIF regulations, the Merit Systems Protection Board sponsored a roundtable to provide a forum for policymakers and other interested parties to discuss RIF issues and their effect on the merit system. This monograph is a summary of the roundtable proceedings including the panel members' presentations and the question and answer session between the audience and panel members.

Report on the Significant Actions of the Office of Personnel Management During 1982, December 1983.

This is the third annual report on significant actions of the Office of Personnel Management. Information for this report was derived from several sources: Written comments in response to information requests sent to the 20 largest Federal departments and independent agencies, responses of 4,900 Federal employees to the Governmentwide Merit Principles Survey, statements of OPM and Federal employee union officials at a MSPB sponsored roundtable, and recent studies prepared by General Accounting Office, Office of Personnel Management, and other public and private research organizations.

Significant Actions of the Office of Personnel Management: A Labor-Management Dialogue, August 1984.

This monograph is a summary of a roundtable discussion sponsored by MSRS on November 3, 1983. OPM officials and officials from the National Treasury Employees Union and the National Federation of Federal Employees served as panelists and responded to questions asking them to identify the three most significant accomplishments by OPM in 1982 and 1983, the three priority actions OPM should undertake, and the three priority actions Congress should take to improve the merit system. The discussion by panelists and members of the Federal personnel community who were invited to participate expanded upon: Determining the role of OPM in maintaining an effective merit system, adapting private sector principles to the public sector, creating and conducting performance appraisals, attracting and retaining a quality work force, and providing incentives to perform.

Blowing the Whistle in the Federal Government: A Comparative Analysis of 1980 and 1983 Survey Findings, October 1984.

This is the second full report on the subject of "whistleblowing" issued by the Board. It discusses the results of a 1983 survey and compares those results with similar data obtained in an earlier (1980) Board survey. The report, therefore, also provides longitudinal data that tracks over time Federal employee attitudes and self-reported experiences relative to the issue of employee disclosure of information about illegal or wasteful activities. Specific comparisons include the percentage of Federal employees who claim recent knowledge of fraud, waste, or abuse; what knowledgeable employees do with such information and why; and what happens to employees who do report an illegal or wasteful activity.

The 1984 Report on the Senior Executive Service, December 1984.

This is the second Board report on the state of the Senior Executive Service. The data in this study were based on surveys of over 1,200 current and over 800 former senior executives. This study reports on attracting and retaining highly competent executives, the executive performance appraisal system, the incidence of arbitrary actions and prohibited personnel practices in the executive ranks and the achievement of the SES mandated goals.

Report on the Significant Actions of the Office of Personnel Management During 1983, December 1984.

This is the fourth annual report on the significant actions of the Office of Personnel Management (OPM). Information in this report was derived from several sources: written comments in response to information requests sent to the 20 largest Federal departments and agencies; responses from employees to the Merit Systems Protection Board's Governmentwide Merit Principles Survey, and OPM's Federal Employee Attitude Survey III; recent studies prepared by the General Accounting Office and the Grace Commission, as well as other public and private research organizations. Issues covered in this report include: pay and performance, the Senior Executive Service, staffing and recruitment and OPM's personnel management evaluations.

Study of MSPB Appeals Decisions for FY 1983, September 1985.

This is the fourth annual report on MSPB appeals decisions. This report analyzes the Board's decisions on the appeals during FY 1983 and places the results in historical context.

Study of MSPB Appeals Decisions for FY 1984, December 1985.

This is the fifth annual report on MSPB appeals decisions. This report analyzes the Board's decisions on the appeals during FY 1984, tracks the number of appeals and petitions for review decided during the period from FY 1980 through FY 1984, and places the results in historical context.

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PROHIBITED PERSONNEL PRACTICES

The Civil Service Reform Act (Pub. L. No. 95-454, 92 Stat. 111 (1978)) forbids personnel actions based on the following eleven practices:

1) Discrimination based on race, color, religion, sex, age, national origin, handicapping condition, marital status or political affiliation;

2) Soliciting or considering employment recommendations not based on the individual's work performance, ability, aptitude, general qualifications, suitability, character, or loyalty;

3) Coercing the political activity of any person;

4) Deceiving or willfully obstructing anyone from competing for employment;

5) Influencing anyone to withdraw from competition for any position, whether to help or hurt anyone else's employment prospects;

6) Giving unauthorized preferential treatment to any employee or applicant;

7) Nepotism;

8) Taking or failing to take a personnel action as a reprisal against a whistleblower;

9) Taking or failing to take a personnel action as a reprisal for the exercise of any appeal right;

10) Discriminating on the basis of personal conduct which does not adversely affect the performance of any employee or applicant or the performance of others, except in case of criminal conviction for the conduct; and

11) Taking or failing to take any other personnel action if that would violate any law, rule, or regulation implementing or directly concerning the merit system principles.

For original text see 5 U.S.C. 2302(b).

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