insights & analyses for Federal human capital management

ISSUES OF MERIT

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Job Security: Is It Still Relevant?

According to recent MSPB research, job security is still a key factor in attracting new employees to the Federal Government.

What do applicants seek in an employer? Answering this question is essential in determining how to attract high quality applicants. It is particularly important today given that the workplace is changing.

For instance, workforce literature suggests that the old employment deal in which employees traded loyalty for lifetime employment is no longer the norm. In its place is a new employee contract of shared responsibility—in which the employer provides opportunities for employees to make themselves more employable in exchange for employees' work.[1]

This would seem to imply that some of the historical strengths of Federal employment might not be as attractive to applicants as they once were. Some may even be viewed as old fashioned or out-of-touch. For example, job security has always been considered one of the key attractions of Federal employment. So, is job security still important to applicants, or has it gone by the wayside?

To explore how important job security is (or is not) as an applicant attractor, the Merit Systems Protection Board (MSPB) asked both entry-level and upper level Federal new hires how important it was in their decision to work for the Federal Government.[2] The participants in our surveys indicate that the old employment contract is still alive.

We asked entry-level new hires what factor was most important in their decision to work for the Government and gave them 14 options, including a write-in option, from which to choose. The most frequently chosen response was job security, at 28 percent. In fact, it was the number one answer regardless of how we segmented the data: for new hires 30 years old and over (33 percent), under 30 (23 percent) and even for participants coming directly to Government from school (21 percent).

The next most popular factors that survey participants cited as the key influences in their decision to join the Federal Government included: advancement opportunities at 12 percent, challenging and interesting work at 10 percent, and pay, also at 10 percent. Job security alone was cited almost as

[1]For instance, Jennifer Koch, "Employee Commitment: Embrace Today's New Deal," *Workforce Management*, August 1, 1996.

[2]For the purpose of this article, entry-level new hires are GS-5, 7 and 9 employees and upper level new hires are GS-12, 13, 14 and 15 employees, all appointed to full-time, non-seasonal, permanent positions in executive branch professional and administrative occupations.

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MERIT

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

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

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DIRECTOR'S PERSPECTIVE

Serving the Public Interest

The importance of adhering to the merit system principles.

Over the last decade, there has been a tremendous change in the way human capital management is practiced in the Federal Government. Most significantly, agencies have been delegated more responsibilities in the expectation that they will be able to target human capital practices to more closely meet their unique mission requirements.

More change is likely to be needed as we attempt to deal with the looming human capital crisis brought about by the high percentage of the current workforce who are or will soon be eligible to retire. In addition to the institutional knowledge and expertise that will have to be replaced, agencies will need to acquire employees with new skills to meet the changing mission requirements of the future. To be successful at this in a competitive environment, agencies may have to do things differently. The important question is, how *differently*?

As I talk to different audiences about their workforce challenges, I hear the same questions again and again.

- Why can't we just hire someone we think is good?
- Why can't we focus our recruitment efforts to make on the spot offers to applicants?
- Why do we need to use costly and time consuming assessment tools when making selection decisions?

Agencies argue that the requested flexibilities would allow them a number of benefits, including the ability to get a good return on their recruitment investment, to make an offer before they lose a high quality applicant to a competitor, or to find the people they need to ensure a diverse workforce. While I understand the sentiment behind these questions, the fact of the matter is that there are very good reasons that many of the restrictions are in place.

The basic reason that management does not have unrestricted authority in making personnel decisions is that the American public needs some assurance that the decisions being made about the composition of the Federal civil service are being made in their best interests. We are, at our most fundamental, a Government of checks and balances. These checks and balances work not only at the structural level, but also in terms of our personnel rules and regulations. While most Federal managers are committed to their jobs and want to do what is best, the hiring process needs to be transparent. Controls need to exist that demonstrate to the public that personnel decisions are in the public's best interests and not made for the wrong reasons.

The basic framework for making these decisions was established in the Civil Service Reform Act of 1978 which articulated eight merit system principles (a ninth principle was added in 1989 as part of the Whistleblower Protection Act). These merit principles represent the core values that underpin the civil service and set appropriate parameters for exercising HR authorities. Adherence to the merit principles helps ensure that the Federal workforce is managed transparently and in a way that serves the public interest.

For example the first merit principle says the Government should recruit qualified individuals from all segments of society, and select and advance employees

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The Merit System Principles

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on the basis of merit after fair and open competition. This principle demonstrates why it would be a bad management practice if agencies could simply hire anyone they believed was a good fit for a vacant position.

Consider the issue of whether jobs are advertised broadly enough to ensure that a sufficiently large cross-section of the potential applicant pool is informed that a Federal job opening exists. The issue of open competition is important for several reasons. At the most basic level, it is needed to assure the public that they have a fair chance to compete for Federal jobs. Further, open competition reassures the public that their Government is staffed by people like themselves and who are, therefore, able to understand and represent their interests. It also increases the probability of hiring the best possible person for the job since having more applicants allows hiring managers to compare potential hires and select the one who is best qualified for the vacancy. By making the best selection, the Government increases its ability to better serve the public now and in the future.

Despite assertions to the contrary, research has shown that the people we hire today will likely be with the Government for many years. This is another reason managers need to make good decisions about the use of selection tools when evaluating job applicants. Even if using these tools sometimes adds to the cost or to the time that it takes to make a hire, benefits are gained through the use of a more thorough and transparent process.

The merit system principles provide the framework for Federal management practices; the rules and regulations provide the process. There is certainly more than one way to ensure that human capital decisions are merit-based. New flexibilities may be needed. However, while we develop new ways of doing business, we need to do so in ways that reflect the core values contained in the merit principles. We certainly need to make the hiring process simpler and faster. We also need to make it better so that we increase the probability of making the best possible selections. As the Government attempts to improve the hiring process, we need to not lose sight of the merit principles. Otherwise we risk losing more than we gain.

John Crum
Acting Director, Policy and Evaluation

Job Security

(continued from page 1)

frequently as all three of the next most popular answers combined.

Upper level new hires responded similarly. We asked participants to select all possible reasons—from a list of 16—they applied for their Federal jobs. By far, the most common reason selected was job security, at 47 percent. Job security was especially critical among participants whose preceding job was with a Government contractor (73 percent) and those recently laid off (83 percent).

Other reasons that new hires applied for upper level Federal jobs included: the agency's mission at 39 percent, the desire to fully use their talents at 36 percent, the chance to serve the public and to get a better job, both at 35 percent, and the Government's benefits at 34 percent.

The lesson is this: the Federal Government should not be afraid to market job security as a benefit of Federal employment. Especially in today's economic environment, job security, as well as other traditional benefits, will likely continue to be a key attractor. ❖

Got Studies?

MSPB is publishing a three-study series that explores how the Federal Government attracts and hires new employees. Keep a look out for these studies on our Web site at www.mspb.gov:

Attracting the Next Generation: A Look at Federal Entry-Level New Hires assesses how agencies can better attract and select qualified applicants for entry-level opportunities to build a sufficient pipeline for journey-level positions.

In Search of Highly Skilled Workers: A Study on the Hiring of Upper Level Employees from Outside the Federal Government explores how agencies hire highly skilled or experienced workers from outside the Government and how agencies can improve these hiring practices.

Federal Appointment Authorities: Cutting through the Confusion examines the extent to which certain hiring authorities are being used, how they are used, and how well supervisors understand the responsibilities and consequences that come with their decision to use each authority. (Soon to be released)

Defining Employee Engagement

What is employee engagement, and why does it matter?

Much has been written about employee engagement and much advice has been given to managers to help them increase the level of engagement of their workforce. In an upcoming report, MSPB will explore how employee engagement relates to the Federal workforce. Prior to the release of that report, we wanted to answer two questions: what is employee engagement and why is it important?

Most definitions of employee engagement include the idea that employees who are engaged have some type of heightened connection to their work, their organization, or the people they work for or with. Although basic job satisfaction is an important component of employee engagement, engaged employees have gone beyond satisfaction to find personal meaning in their work, to take pride in what they do and where they do it, and to believe that their organization values them.

Competitive pay and benefits, along with a healthy work-life balance, all help to drive employee satisfaction. But engaged employees who "derive pride, inspiration, and enjoyment from their job and organization" are the employees who will expend the highest levels of discretionary effort.[1] Discretionary effort occurs when employees go the extra mile instead of doing the minimum required to keep their bosses happy, or worse, simply go through the motions on the job.

The greater an employee's engagement, the more likely that the employee will expend discretionary effort to improve his/her own—as well as the organization's—performance. Therein lies the real importance of employee engagement: the evidence that more highly engaged employees produce better outcomes for their organizations.

In 2001, the Gallup organization found that business units with high engagement scores had better business outcomes than those units with lower engagement scores.[2] The 2003 Towers Perrin Talent Report found that there is a clear relationship between increased engagement and improved retention of talent and better financial performance. Whether that is because better performing organizations "attract more engaged people as a consequence of their superior performance, or whether their superior performance comes from the discretionary effort of their engaged people is, in the end, almost moot. What's clear is that the two are intertwined and together work to create a 'virtuous circle' of enhanced performance."[3]

So, why is employee engagement particularly important to Federal managers now? There are a number of environmental factors managers have no control over—budgetary pressures, increasing numbers of retirement-aged employees, and an ever-increasing fight for talent among agencies and with the private and non-profit sectors. Therefore, managers need to identify factors they can better control that will help them attract top talent and engage that talent once it is in place. A more thorough understanding of these factors will help managers achieve the results vital to the continued success of agency missions. These are the aspects of employee engagement MSPB will explore in our forthcoming report. ❖

[1]Corporate Leadership Council, *Driving Employee Performance and Retention through Engagement: A Quantitative Analysis of the Effectiveness of Employee Engagement Strategies*, 2004, p. 36.

[2]James K. Harter, "Taking Feedback to the Bottom Line," *Gallup Management Journal*, March 15, 2001.

[3]Towers Perrin, "Working Today: Understanding What Drives Employee Engagement," *The 2003 Towers Perrin Talent Report*, 2003, p. 20.

. . . ANNOUNCING. . .
MSPB Departure

On March 1, 2007, Barbara J. Sapin's appointment as Board Member expired. She was confirmed as a Member of the Merit Systems Protection Board on November 21, 2004 and previously served as Vice Chairman during a recess appointment (December 2000 – December 2001). During her tenure, she rendered opinions in several precedential cases affecting the Federal workforce. With Ms. Sapin's departure, the Board will operate with two Board members until a third member is appointed. MSPB employees express their gratitude for Ms. Sapin's service and wish her well in her future endeavors.

The ABCs of "Schedule A"

How to use Schedule A to hire people with disabilities

Do you have the latest guidance on how to use *Schedule A* to hire people with disabilities? If not, the U.S. Equal Employment Opportunity Commission's (EEOC) Leadership for the Employment of Americans with Disabilities initiative recently published useful brochures for hiring managers, Human Resource Professionals, and Disability Program Managers. *The ABCs of Schedule A: How to Hire Using the Schedule A Appointing Authority* provides guidance in using *Schedule A* appointing authorities to hire the disabled.

What is *Schedule A?* *Schedule A*, as defined by 5 CFR 213.3102(u), is an excepted service appointing authority which allows agencies to meet two important goals: hire high-quality employees to carry out the mission and increase the participation rate of severely physically handicapped individuals. These noncompetitive appointments reduce the administrative burden often associated with the hiring process. Qualified candidates can be hired without posting the position to USAJOBs and without rating and ranking candidates. They can be hired into permanent, time-limited, and temporary positions.

How does *Schedule A* work? First, hiring managers contact the agency's Selective Placement Coordinator (SPC) or Disability Program Manager (DPM)—usually housed in the HR or EEO office. Then, the two of them discuss what competencies the ideal candidate should possess with the essential functions of the position in mind. Next, the SPC/DPM provides a list of potential candidates to the hiring manager who reviews them. Finally, the manager assesses and makes a selection if a good candidate is identified. The manager then coordinates with HR and the SPC/DPM to make the job offer and ensure necessary accommodations are in place prior to the new hire's arrival.

***Is Schedule A* being used?** According to the EEOC's report, *Improving the Participation Rate of People with Targeted Disabilities in the Federal Work Force* (2008), *Schedule A* is little used by agencies. In Fiscal Year (FY) 2006, the Federal Government hired 326 people with targeted disabilities (PWTD) using this *Schedule A* authority. While this represents a slight increase from FY 2002, it means that only 0.14 percent of all Federal new hires were hired using this authority. Schedule A is just one authority available to hire PWTD. Overall, EEOC noted that PWTD were hired at rates well below their participation rate in the Federal workforce (0.94 percent). The rate of hire for all PWTD declined from 0.60 percent in FY 2002 to 0.55 percent in FY 2006. The number of agencies using the authority also decreased from 26 in FY 2006 to 23 in FY 2007, according to OPM data. New hires primarily held positions in the miscellaneous clerk and assistant series (GS-0303).

One of the key barriers EEOC identified in hiring PWTD was a lack of information Federal managers have about what hiring authorities are available to them. Now there is a resource to help educate them about the *Schedule A* hiring authority. If you, the Hiring Manager; and you, the Human Resources Professional; and you too, the Disability Program Manager have not received your copy of the *The ABCs of Schedule A*, contact EEOC at 1-800-669-4000 or send an email to LEAD.Initiative@eeoc.gov. Also, we would like your thoughts on hiring people with targeted disabilities. Send us an email at studies@mspb.gov with "Schedule A" as the subject line. ❖

Workplace Learning

Helping employees identify learning opportunities to meet their development needs is a challenge for all supervisors, especially when training budgets are slim. Here, and in subsequent newsletters, we will offer a variety of development ideas that cost nothing other than your employees' time.

Not all ideas will work for everyone. Solutions depend on the type of work you do and the needs of your specific employees. But these ideas may get you thinking about what learning opportunities you can provide given your work environment.

Learning Exchange

Turn each staff meeting into a learning experience. Employees can take turns sharing a solution to a common problem, a time management or computer tip, a journal or trade magazine article, something they recently learned, or anything else that would benefit their colleagues. The exchanges do not need to be extensive to be effective.

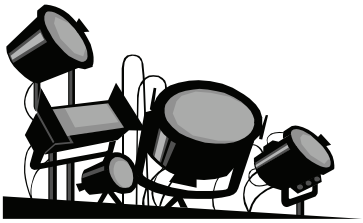
Lunchtime Learning

You can hold voluntary brown-bag lunch learning sessions once or twice a month. Employees can take turns serving as moderator and distribute copies of an interesting article to coworkers before the session. Everyone reads the article and comes to the session prepared to discuss it. The moderator facilitates the discussion with related questions and solicits suggestions for applying the information to the group's work.

Seminars and Webinars

In-person seminars and on-line webinars are often offered at no cost and with no obligation by consulting or training companies. They frequently feature well-known speakers on topics of current interest. You can often find out about these events by going to the Web sites of large companies that provide services in your field or by subscribing to appropriate trade magazines.

Bright Lights, High Stakes: Is Your Appraisal System Ready?



The performance appraisal has become a "high stakes" proposition. The days of undifferentiated and inconsequential performance appraisals are gone in many agencies (if they ever truly existed). Performance appraisals matter. They are a factor in decisions on hiring, recognition, and retention, and they can have immediate and significant monetary consequences for the increasing number of Federal employees working under pay-for-performance systems. Moreover, those performance appraisals cannot be one-size-fits-all. Agencies are expected to make clear performance distinctions among employees, and to make those distinctions a matter of record. Clearly then, performance appraisals and their outcomes will continue to be the subject of great interest—and close scrutiny.

Performance appraisals may be held to the same standards as employment tests. A recently-issued fact sheet from the EEOC includes the performance appraisal on a list of selection procedures that are covered by a wide array of EEO laws and guidelines, such as Title VII and the Uniform Guidelines on Employee Selection Procedures. The fact sheet focuses on performance appraisals as a hiring tool. However, agencies that use performance appraisals as a basis for pay decisions should anticipate the same degree of scrutiny currently given to employment tests and other selection procedures—and expect to be held to comparable standards of validity for job-relatedness and objectivity. After all, agencies are indeed using a "selection procedure" in that they are using performance appraisals to *select* employees for pay increases and awards.

The best defense is a good offense. Agencies can ill afford the passive approach of hoping that their performance appraisal system will operate "under the radar." Instead, agencies should take a proactive approach that includes:

- developing performance elements and standards that are clearly linked to job and mission requirements;
- assuring that performance standards are clearly communicated and consistently applied;
- monitoring outcomes (such as performance ratings and pay increases) for indications of possible disparate treatment or disparate impact; and
- taking corrective action when necessary.

The bottom line: a valid performance appraisal system is a business necessity, not a luxury. That means validation should be done up front to ensure the system is defensible and does not result in disparate treatment. ❖

Finding the Right Assessment Tool

You are a selecting official looking to fill a position. You want to find the right person, but you lack a crystal ball that can show you exactly how each candidate will perform. So you'll settle for an assessment method that has a record of being highly predictive of candidates' future performance.

How do you find that method?

One option: use OPM's Assessment Decision Tool (ADT). This tool can help you find out more about a particular assessment method or develop an overall assessment strategy. With over 10 assessment methods, the ADT offers a good look at the different options available to you for evaluating candidates. In particular, it informs the user about the pros and cons of each method, such as the monetary or resource cost to develop and administer the tool, the degree of the assessment's validity, and applicant reactions to being asked to undergo the assessment.

The ADT user can select job-specific competencies (e.g., knowledge of HR laws and regulations or knowledge of the principles of aerodynamics), as well as more general competencies (e.g., customer service, problem solving, decision making). The system will ask how much time you have to develop your assessment tool, what kind of resources you have, and how many applicants you expect to assess. Based on your input, it will tell you which assessment tools have a good potential to help you identify candidates with each desired competency, and which tools should be avoided.

The ADT cannot tell you the "one" tool that beats out all the rest, nor should it. The best selection process usually is one that uses multiple tools to assess candidates. The ADT is a free tool that can help you, in consultation with your HR advisor, pick the selection methods that will best help identify the top candidates. To see the ADT for yourself, visit http://apps.opm.gov/ADT. ❖

Removed from the Toolkit of Hiring Flexibilities: Outstanding Scholar and Bilingual/Bicultural Authorities

In two MSPB cases—Dean v. Department of Agriculture, 99 M.S.P.R. 533 (2005), reconsideration denied, 104 M..P.R. 1 (2006), and Olson v. Department of Veterans Affairs, 100 M.S.P.R. 322 (2005), reconsideration denied, 104 M..P.R. 1 (2006)—the Board held that the agencies had violated veterans' preference rules in their application of the Outstanding Scholar hiring authority. Dean and Olson had applied for positions through the competitive service and were due veterans' preference. However, other applicants were appointed to these positions via the Outstanding Scholar Program. Although the Luevano consent decree created the Outstanding Scholar Program as a temporary means to address adverse impact on Hispanics and African Americans resulting from the Professional and Administrative Careers Examination (PACE), it still requires the application of veterans' preference rules.

After 25 years, the Outstanding Scholar and Bilingual/Bicultural hiring authorities have been effectively retired. The OPM Director issued a memo on November 17, 2007 indicating that "OPM strongly advises against further use of the Outstanding Scholar and Bilingual/Bicultural hiring authorities." This followed the MSPB decisions cited above that found Outstanding Scholar may infringe upon veterans' rights. How did a once very popular hiring authority become viewed as ill-advised? Here is a quick synopsis of the history.

In response to a class action lawsuit, the *Luevano* consent decree mandated that examinations be developed to minimize the adverse impact that the existing PACE exam had on the selection of Hispanics and African Americans. As part of the consent decree, the Outstanding Scholar and Bilingual/Bicultural Programs were envisioned as temporary supplements to competitive examining while replacement exams were being developed for the almost 120 entry-level occupations covered by the consent decree.

Although the goal of these programs was to reduce underrepresentation of Hispanics and African Americans, use of the hiring authorities was not limited to these groups. In fact, as reported in the 2000 MSPB report *Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended*, we found that the majority of hires under Outstanding Scholar were white, doing little to increase Hispanic and African American representation in the Federal workforce.

Given that Outstanding Scholar was an exceptionally popular hiring authority in the 1990s, it is clear that it met needs other than those for which it was intended. For example, this noncompetitive hiring authority allowed agencies to hire more quickly by: 1) limiting applicants to college graduates; 2) hiring based on grade point average (GPA) rather than investing in more strenuous assessments; and 3) avoiding the veterans' preference process—or so they thought.

Unfortunately, these perceived program advantages could also be perceived as in conflict with the merit system principle of "fair and open competition" for a variety of reasons. Many of the covered occupations do not require a bachelor's degree, therefore limiting recruitment to college graduates eliminated potentially qualified applicants. Once applicants met the required GPA or class standing, additional efforts were often not made to further determine relative quality—not to mention that GPA is not very predictive of future job performance. As it turns out, the fatal flaw was a failure to give veterans the hiring preference that they are entitled to by law. It was for this reason that OPM advised agencies to discontinue their use of the Outstanding Scholar, and by implication the Bilingual/Bicultural, hiring authorities. ❖

Are You Taking an Adverse Action Against a Probationer?

Then you will first want to review OPM's new Federal Register notice to ensure you understand the rights of probationers and individuals serving under trial periods. As MSPB noted in its report *Navigating the Probationary Period After Van Wersch and McCormick*, there are currently errors in the CFR related to these rights. You can use OPM's Federal Register notice to see if you have a situation where the current CFR is inaccurate.

The notice containing the final regulations are on OPM's Web site at http://www.opm.gov/cfr/fedregis under the date February 7, 2007. Until a new CFR is issued containing these updates, we recommend you consult the Federal Register notice when taking adverse actions involving probationers or individuals serving trial periods.

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