

# ISSUES OF MERIT

February 2009

a publication of  
the U.S. Merit Systems  
Protection Board,  
Office of Policy  
and Evaluation

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## Employee Engagement: The Missing Link to Federal Results?

*MSPB research finds that employee engagement is more than a buzzword—it matters to your bottom line.*

In our recent report, *The Power of Federal Employee Engagement*, we defined employee engagement as a heightened connection between employees and their work, their organization, or the people they work for or with.

Why should agencies spend their time and energy attempting to improve the engagement levels of their employees? Because it could affect their bottom line. Using the engagement scale we developed from the 2005 Merit Principles Survey, the Merit Systems Protection Board (MSPB) found a significant relationship between an agency's level of employee engagement and certain desirable agency outcomes.

First, we found that agencies with the most engaged employees produced better programmatic results than agencies with the least engaged employees. To measure these results, we used the Office of Management and Budget's Program Assessment Rating Tool (PART). This tool assesses the results of Federal programs to determine if they are meeting long-term and annual performance goals, how well the programs compare to other similar programs, and how effective the programs are based on independent evaluations. The most engaged agencies achieved an average rating of 65 (out of

100) on the results/accountability portion of the PART, while the least engaged agencies only achieved an average of 37.

Second, we found that engaged agencies reported that employees used less sick leave. Employees in the most engaged agencies used an average of 9 days of sick leave in 2005, while employees in the least engaged agencies used an average of 12 days.

Third, employee engagement appears to be linked to equal employment opportunity (EEO) complaints. Of the workforce in the most engaged agencies, 0.47 percent filed EEO discrimination complaints in 2005, while 1.04 percent of the workforce in the least engaged agencies filed such complaints.

Finally, there were fewer cases of work-related injury or illness in agencies with more engaged employees. The case rate of employees missing work time in these situations was 0.73 (per 100 employees) while employees in the least engaged agencies missed work time at triple that rate (2.15 cases per 100 employees).

We cannot claim that employee engagement definitely causes these

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U.S. Merit Systems Protection Board  
Office of Policy and Evaluation  
1615 M Street, NW  
Washington, DC 20419

## DIRECTOR'S PERSPECTIVE

# Pay for Performance: Where Do We Go From Here?

*Can the General Schedule help supervisors pay for performance?*

The concept of pay for performance has taken some hits recently. In September 2008, the Government Accountability Office questioned whether the Department of Defense's (DoD) performance management system had the necessary safeguards to ensure the system is fair, effective, and credible. This system serves as the basis of DoD's pay for performance system. On October 2, 2008, the Department of Homeland Security (DHS) announced it was rescinding application of its new human resources system—including the pay for performance component. In an October letter to the President of the American Federation of Government Employees, then-Presidential candidate Barack Obama called into question whether the DoD pay for performance system should be implemented due to existing concerns about the system.

Given these developments, it is a good time to reflect on why pay for performance has faced so many challenges and where the Government might go from here. Over the last 10 years or so, there have been a number of attempts to change the way Federal employees are compensated, most notably at DHS and DoD. One of the recurring themes has been to provide a greater link between the quality of work an employee does and his or her salary.

Proponents have claimed pay for performance has many advantages. They say it can be a fairer way to pay because the highest performers receive the highest compensation, providing agencies with greater ability to attract and retain "the best and the brightest." Also, they believe pay for performance

can incentivize poor and marginal performers to either improve or move on.

While the pay for performance concept has a number of features that are intuitively attractive, there have been implementation issues that have limited widespread acceptance of the concept. For pay for performance systems to operate as intended, employees must trust their supervisors' ability and willingness to provide fair assessments of their performance. This trust can be built through training, collaboration in the development of performance expectations, transparency in the pay determination process, and ultimately what is perceived as a successful implementation of the system.

But do these challenges mean that the Government must abandon the concept of pay for performance? Maybe not. Believe it or not, the General Schedule was originally intended to have many pay for performance features. The merit system principles call for employees to receive equal pay for work of equal value, as well as appropriate incentives and recognition for excellence in performance. In short, this means employees should be paid based upon how well they perform the work required of them.

But how can this be done within the constraints of the General Schedule? There are actually several tools agencies can use. First, agencies must ensure that supervisors have an awards budget that allows them to provide meaningful recognition of superior performance. In turn, supervisors must use their award budgets judiciously and not simply spread awards across the office to all staff, as is

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# Paying for Performance

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often done.

Another tool supervisors can use to recognize performance is the quality step increase (QSI). In many organizations, this type of award is seldom used. While supervisors certainly should not pass out QSIs indiscriminately, their strategic use can be a valuable way of recognizing and reinforcing superior performance.

While not directly related to performance, agencies can also use pay to manage the retention of their top employees. They can pay employees a retention incentive under certain conditions when the employees are likely to leave for another Federal or private sector job. This authority is also rarely used.

On the other side of the scale, pay for performance should mean withholding rewards for poor performance. Specifically, supervisors should be more willing to withhold within-grade step increases from employees who

are not performing at an adequate level. Unfortunately, the data suggest that few supervisors are willing to do so.

I do not mean to suggest that the civil service should cease efforts to modernize the compensation system. Rather, if agencies believe that pay for performance is the better way of compensating employees, then they can begin by making better use of the pay for performance elements of the General Schedule. In fact, by using the options that are currently available to them in an appropriate and transparent manner, supervisors may be able to demonstrate to employees that they can be trusted to make fair decisions that affect their subordinates' pay, thus laying the groundwork for more comprehensive compensation reform. ❖

*John Crum*

Director, Policy and Evaluation

## Alternative Discipline: What You Need to Know

The MSPB defines alternative discipline as an effort undertaken by employers to address employee misconduct using a method other than traditional discipline. Most readers are likely familiar with the traditional concepts of a reprimand or suspension to deal with an employee's misconduct. With alternative discipline, management takes a different course of action to try to change the behavior, such as having the employee perform community service or attend anger management classes.

Alternative discipline is an important management tool. It allows the agency to tailor its approach to a specific situation and could cut down on future litigation.

Alternative discipline is typically an agreement between an employee and the employer. As such, it is limited only by the imagination of the parties. Keep in mind, however, that the Federal Circuit has held that alternative discipline agreements are considered contracts, and the terms of the agreement will be evaluated by the MSPB or the courts under the principles of contract law. Thus, it is important that the agreements are well drafted.

Agencies should keep in mind four specific points about drafting agreements. First, if the language in the contract written by the agency is ambiguous, and the employee reasonably challenges it at a later date, then the agreement will be interpreted in favor of the employee.

So be clear and make sure the terms are not subject to multiple interpretations. Second, the agreement implies that both the agency and employee will act in good faith. The agency's failure to do so can be considered a breach of the contract, making the terms unenforceable. Third, the agency cannot force or coerce the employee into an alternative discipline agreement. The employee must knowingly and voluntarily enter into the agreement and understand any rights being waived. Finally, agencies cannot include terms or conditions that may be impossible to accomplish. The employee should not be set up to fail, and the agency should not promise anything it cannot actually do.

Ultimately, supervisors need to understand these points to ensure the agreements they sign are valid, binding contracts. Unfortunately, the MSPB found in a recent survey that few agencies educate supervisors on the use of alternative discipline, how to abide by the terms of the agreement, and what their legal obligations are under the agreement. Guidance from agencies on creating enforceable alternative discipline agreements might be helpful to managers and human resources staff. For more on alternative discipline, see MSPB's report, *Alternative Discipline: Creative Solutions for Agencies to Effectively Address Misconduct*, available at [www.mspb.gov](http://www.mspb.gov). ❖



# End-to-End Hiring: A Holistic Approach to Managing Your Hiring Process

Much has been said about the Federal hiring process: it is too cumbersome, too lengthy, and too complex. Our studies have shown that many new hires feel the greatest obstacles to their job search were the length of time it took to get hired and the complexity of the application process. One-third of entry-level applicants indicated that it took over 5 months to get hired. This is too long for a quality candidate, as well as an agency in need of talent, to wait.

In past reports on hiring, the MSPB has made several recommendations to agencies and the Office of Personnel Management (OPM), including: (1) Agencies need to evaluate their hiring process for obstacles; (2) Agencies should develop a hiring strategy; and (3) OPM should work with agencies to develop a framework for hiring reform. Realizing the importance of the problems with the hiring process, OPM released the “End-to-End (E2E) Hiring Roadmap” in September. This roadmap is designed to assist agencies in streamlining their hiring activities.

OPM is taking an all-encompassing view of recruitment. The new E2E roadmap integrates all aspects of the hiring process, from strategic planning through on-boarding. It provides detailed, step-by-step guidelines for workforce planning, recruitment, hiring, security and suitability, and orientation.

Prior to the E2E Hiring Roadmap, agencies were using OPM’s 45-day hiring model, which stated that

agencies should take 45 *business* days from the close of the announcement until a job offer was made. This was still a significant amount of time for an applicant to wait. The new roadmap states that these steps should take only 34 *calendar* days—reducing the time almost by half. The total time for the new hiring process, from identifying the need to fill a position to Entry on Duty, should take 80 calendar days.

In addition to addressing recruitment and selection, the new roadmap includes activities that should occur year round, including strategic planning and on-boarding. Human resource professionals and hiring managers should work together to determine their human capital needs throughout the year. This will help alleviate some of the time-consuming processes that currently occur at the time the job is announced.

The process does not end once an employee has entered duty. MSPB has shown that an employee’s engagement with the agency is key to keeping quality talent. This starts even before the employee walks in the door. OPM realizes this and includes an orientation section in the new roadmap. Agencies need to be able to hire quality employees efficiently to achieve their missions. OPM hopes this new roadmap will be key in accomplishing this goal.

To view the roadmap, go to [www.opm.gov/publications/EndToEnd-HiringInitiative.pdf](http://www.opm.gov/publications/EndToEnd-HiringInitiative.pdf). ❖

## Engagement

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positive results, but we know that there is a relationship between engagement and these outcomes. By establishing this relationship, we hope to focus attention on the management practices that can improve employee engagement in agencies.

In any organization, a clear focus on good daily management practices may become lost among ever-shifting priorities and increasing pressures for improved results. However, our report makes a strong business case for maintaining a clear focus on these practices. Methods that agencies can use to improve their employees’ engagement include:

- Ensuring a good person-to-job fit by improving the marketing of job vacancies, better assessing job

candidates, and rotating employees to different jobs where practical.

- Using effective performance management techniques throughout the annual rating cycle.
- Recruiting and selecting supervisors to supervise instead of simply promoting the best technical specialists to supervisory positions.
- Using a competency-based approach to enhance an employee’s career by affording them the opportunity to develop existing, and acquire new, competencies that will be valuable to the organization.

MSPB’s report, *The Power of Federal Employee Engagement*, is available at [www.mspb.gov](http://www.mspb.gov). ❖

# Listen to the Exam Coach: How to Do Well on an Accomplishment Record Assessment

An increasing number of hiring officials are assessing prior work experience in a new way. Instead of traditional “KSA” narratives, which ask applicants to list all of the evidence that they have a certain skill, agencies are beginning to use accomplishment records (ARs). These assessments require a more specific discussion of the candidates’ skills than is required by KSAs. They ask applicants to select one accomplishment from their work history and write about it in depth. Research has shown that this approach yields information which better predicts applicants’ future performance on the job.<sup>1</sup>

One danger in using a new assessment—even a better one—is that applicants will score lower than they should because they are unfamiliar with it. We offer the following advice to help applicants get the scores they deserve.

**Pick one accomplishment.** Pay close attention to the instructions to pick one accomplishment and describe it in depth. Typical AR scoring guidelines are not flexible enough to yield a competitive score for lists of unrelated tasks. Some scoring guides require that this type of list to be left unscored. Others require scoring of only part of the information you provide. Under either of these scoring systems, not following directions to focus on a single accomplishment will lower your score.

**Select the accomplishment carefully.** Do not necessarily select your most recent or most interesting accomplishment—or even the one from the job where people *liked* you the most. Pay attention to the kind of job you are applying for and the parameters described in the AR instructions. In our office, we ask applicants to describe research projects and reports they have written as accomplishments. If they describe another kind of achievement, we have no choice but to score them lower, even if we find their accomplishment personally impressive.

**Focus on the scoring dimensions.** AR instructions will tell you what to include in your description. Be sure to provide information about each requested aspect rather than relying on the overall impressive nature of an accomplishment. Most ARs are scored like structured interviews, with very specific scoring dimensions and guidelines. If you omit requested information, you may end up with a “0” on that dimension, and a low score overall. It’s better to describe a weaker aspect of the accomplishment for partial credit than leave it out for no credit.

**Choose good verifiers.** Many ARs ask you to supply the names and contact information of “verifiers” who can vouch for your role in an accomplishment. It is important to provide this information and understand that this role is similar but slightly different than that of an employment reference provider. Like reference providers, the best verifiers must actually have observed your performance of the accomplishment. It is less important that they have generally positive things to say about you—they are usually asked only to verify, not evaluate, your accomplishment. And, of course, if you fail to provide verifier information at all, you risk receiving that zero score.

AR assessments are designed to give applicants credit for their significant work accomplishments. Applicants who are informed about this format and represent their achievements accurately will likely be more competitive for jobs they wish to obtain. ❖

<sup>1</sup>For more information on accomplishment records, see “Assessing the Assessments: An Overview of Accomplishment Records,” *Issues of Merit*, 13(3), July, 2008.

## Workplace Learning



Times are getting tough, and that likely means agencies will have to cut back their spending, leaving limited resources for learning. We offer these low-to-no cost training suggestions to help you better manage the funds you have, while still providing employees development opportunities. We hope these ideas will get you thinking about what learning opportunities you can provide given your work environment.

### Lessons Learned

Develop a questionnaire for employees to complete at the midpoint and completion of a project to record the lessons they learned, including what went well and what could be improved. Make the questionnaires available in an electronic database or paper file and encourage employees to consult the repository before beginning a project.

### Electronic Newsletters

Check professional association Web sites to see if they offer free electronic newsletters to interested persons. They typically provide current news and short informative articles that help keep employees abreast of current topics.

### Vendor Presentations

Invite consultants to a staff meeting to make informational presentations on topics of interest to your group. They will usually make these presentations free of charge as an opportunity to showcase their work, even if the product or service is not purchased. Employees benefit from exposure to leading edge practices in their field.

# Federal Supervisors: Technically Competent, but Managerially Challenged?

25 years of survey trends indicate that employees are still critical of supervisors' management skills.

Federal supervisors serve a critical role because they are responsible for facilitating the accomplishment of the Federal Government's missions through the efforts of their employees. As shown in Figure 1, results from 25 years of MSPB's Merit Principles Survey suggest that the majority of Federal employees are satisfied with their supervisors and respect their technical qualifications. However, they also perceive substantial room for improvement in supervisors' managerial skills. While employee perceptions are just one indicator of supervisory quality, these perceptions suggest that agencies should continue evaluating whether they are holding supervisors accountable for exercising effective management skills.

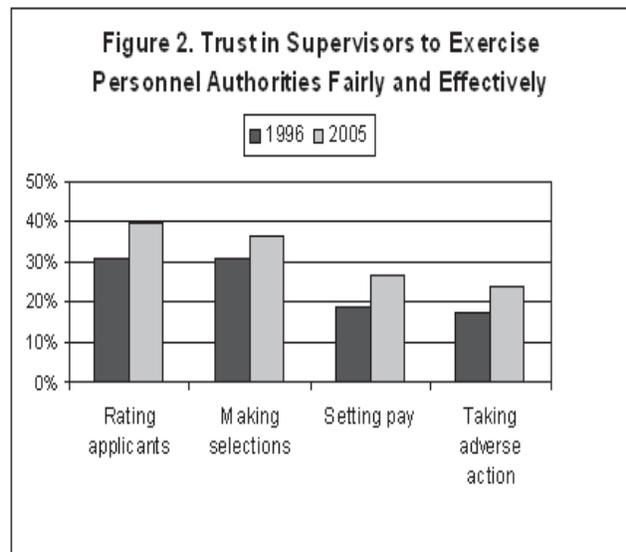
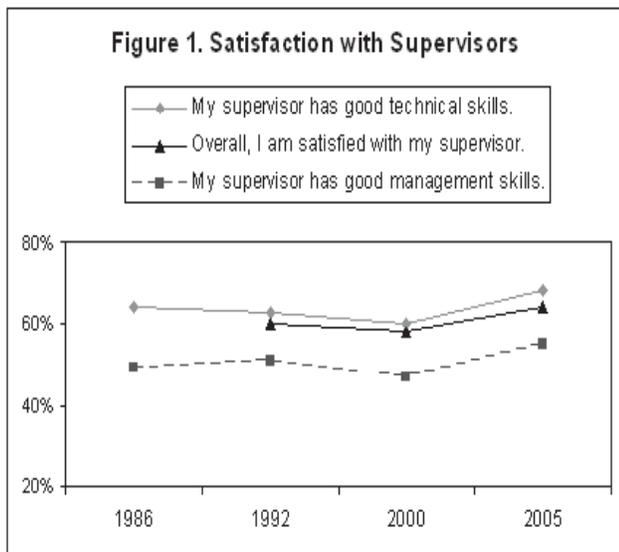
One area that employees identified as presenting substantial managerial challenges is performance management. Supervisors are commonly viewed as not dealing effectively with poor performers—only 30 percent of 2005 and 22 percent of 2000 survey respondents gave their supervisors favorable marks on this item. When poor performers aren't held accountable, it is more difficult for the team to achieve its goals and can have a negative impact on other employees who have to shoulder the extra burden.

Similarly, in 2007, only 49 percent of employees reported that rewards and recognition are based on performance. Although this represented a substantial increase over the first time the question was asked in

1983 (17 percent favorable), the fact that only half of employees saw a link between performance and outcomes could mean that awards provided by supervisors have limited motivational value.

Building trust between employees and their supervisors is another area that appears to need work. This becomes readily apparent in questions regarding employees' trust of their supervisors in fairly and effectively exercising various personnel authorities (e.g., rating applicants, making selections, setting pay, and taking adverse actions), as seen in Figure 2. Ratings in each of these areas improved slightly compared to 1996, although fewer than 40 percent of employees expressed faith in their supervisors in any of these areas.

As these results show, there has been some progress in employees' perceptions of supervisors' managerial ability, yet this improvement has been modest. Given that supervisors accomplish their mission through their employees, it is essential that agencies select, develop, reward, and retain their supervisors based on the supervisor's ability to effectively manage. Unless employees perceive that they are being managed well, it is highly unlikely that they will perform at their best. Additional longitudinal trends are summarized in the recent MSPB report, *The Federal Government: A Model Employer or a Work In Progress?* ❖



# Celebrating Diversity Within Federal Agencies: Opportunities to Foster Cultural Appreciation

*Are you looking for an innovative way to celebrate diversity in your organization? Here are some suggestions.*

As the Federal workforce has become increasingly diverse over time, the concept of diversity itself has evolved. The “melting pot” terminology and its implications of assimilation have given way to a “salad bowl” perspective as we have begun to appreciate the value of individual differences. Perhaps the latest shift has been to recognize what makes each of us unique, while promoting inclusion and unity by identifying shared interests as well.

Although there are months set aside to observe the history and contributions of a variety of groups—based on ethnicity, gender, and disability—you may also consider new ways to acknowledge the diversity within your workforce while promoting fun and fellowship. It is important to note that these ideas do not require money or large amounts of employees’ time. Yet, agencies may reap the benefits of encouraging their employees to break out of organizational stovepipes and work collaboratively on a project that may help foster their understanding and appreciation of their coworkers. Here are some ideas that have been used in some agencies.

## **Invite speakers to share their perspectives.**

Speakers from within or outside your agency can provide presentations based on their expertise or personal experiences, or you can pose questions to a panel convened to represent a variety of perspectives. Having your agency leaders introduce these speakers conveys the respect that your organization has for the topic.

**Host a cultural “potluck” lunch.** Sharing food remains one of the most popular ways for people to learn about each others’ culture and customs. Recipes can be exchanged by posting them on the agency’s intranet site.

**Be entertained by musicians or dancers representing different cultures.** We’re not recommending a Federal “American Idol” or “Dancing with the Stars,” but you never know what talent might be hiding in your coworkers, their families, friends, or

neighbors. Voluntarily taking a lunch break to listen to music from other countries or learning to salsa or cha-cha could be just what employees need to boost their concentration and energy.

**Provide a forum for employees to display items representing their history.** A conference room or lobby can be used to host a temporary display of cultural artifacts (e.g., traditional costumes, artwork) or personal mementos (e.g., photos of ancestors or documents such as

immigration papers). Slide shows played while light refreshments are served can also provide a fitting environment where items can be displayed with captions to explain their significance.

**Get to know your colleagues better.** Social networking sites, such as Facebook, have become very popular. Perhaps your agency could create a Web page on the agency intranet site to allow

employees to get to know their coworkers a little better. In addition to posting a photo, employees may answer questions that are designed to allow them to share more of their personalities, such as by describing their hobbies or why they like their jobs.

**Sponsor a book swap.** Here’s a great excuse to clear out those books you’ve already read and are ready to pass on to a new owner. Recently, there have been lots of interesting titles on the best-seller lists that relate to diversity-related themes. Recycling them with your coworkers can start some interesting discussions.

**Create a library of diversity-related books.** As an alternative to the book swap, you could set aside a book shelf to create a lending library for books.

**Facilitate a lunchtime book discussion.** If you want to get a group together to talk about a book that raises issues regarding diversity, look no further than the Internet for ideas. You can search on terms such as “diversity book discussion” or “diversity book club” and you’ll find lengthy lists of suggested reading. ❖

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*The “melting pot” terminology and its implications of assimilation have given way to a “salad bowl” perspective as we have begun to appreciate the value of individual differences.*

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Washington, DC 20419

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# ISSUES OF MERIT

February 2009

Volume 14 Issue 1

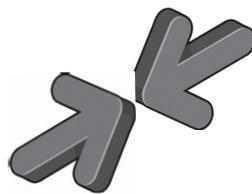
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**Accomplishment Records.** *We've previously discussed what accomplishment records are. Now we help you and your employees prepare for them. (Page 5)*

**Managing Managers.** *Employee perceptions of supervisors' management skills continue to be a concern, as shown through 25 years of MSPB surveys. (Page 6)*

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