Office of Policy and Evaluation

Perspectives

Reforming Federal Hiring

A Report to the President and
the Congress of the United States
by the U.S. Merit Systems Protection Board

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Reforming Federal Hiring:

Beyond Faster and Cheaper

A REPORT TO THE PRESIDENT AND
THE CONGRESS OF THE UNITED STATES
BY THE U.S. MERIT SYSTEMS PROTECTION BOARD

U.S. Merit Systems Protection Board

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Table of Contents

Executive Summary i

Introduction 1
- Purpose 1
- Merit-Based Hiring 2
- Competitive Examining Proces 3
- Evolution of the Federal Hiring System 4

Recruiting a Quality Workforce 7
- Hiring Process is Long 7
- Hiring Process is Not Applicant-Friendly 10
- Government Recruitment and Marketing are Often Ineffective 12

Assessing a Quality Workforce 17
- Qualification Standards Have Limited Use 17
- Assessment of Relative Qualifications is Often Inadequate 19

Ensuring Merit in Federal Hiring 31
- Excepted Service Appointments Often Reduce Competition 31
- Merit Promotion Procedures Often Waste Resources 34
- *Luevano,* Rule of Three Can Inhibit Hiring and Merit 35

Managing the Hiring Process 41
- Hiring is Often Seen as Solely an HR Function 41
- Supervisors Lack Human Resources Skills and Knowledge 41
- HR Expertise is Eroding 42
- Automation is Not Always Used Effectively 43
- Governmentwide Reforms Lack Focus 44

Conclusions and Recommendations 47
- Conclusions 47
- Recommendations 48

Related MSPB Products 53

Executive Summary

Today, organizations face intense competition for skilled workers. To compete in this environment, Federal agencies need a hiring system that: (1) is responsive to managers' needs and the needs of their applicants, (2) produces high-quality applicants, (3) supports timely decisions, and (4) results in competitive job offers. Over the years, the U.S. Merit Systems Protection Board has published numerous studies that explore discrete aspects of the Federal hiring system. This perspectives report brings together the core findings and recommendations from those individual studies to inform potential reform efforts in this area. MSPB concludes that reform is necessary to improve Federal hiring efforts. Specifically, the Government needs to achieve a better balance between the often-competing goals of efficiency and quality.

Background

In November 2003, Congress granted the Department of Defense (DoD) the authority to establish a new civilian human resources management (HRM) system. While the pay for performance aspect of this new system has received the vast majority of attention, the legislation also allows DoD to virtually redefine its hiring process to better meet its mission needs. DoD's progress could even set the precedent for Governmentwide reform.

The U.S. Merit Systems Protection Board (MSPB) has conducted numerous studies over the years that address various pieces of the Federal hiring system. Given that reform of the Federal hiring process is nearing the forefront of civil service discussion, this perspectives report brings together some of the key issues presented in these past reports. Specifically, the purpose of this report is to inform reform efforts by: (1) summarizing key findings of recent MSPB research on hiring issues, (2) articulating the Board's perspective regarding the strengths and weaknesses of the Federal hiring system, and (3) identifying and promoting hiring practices that support merit-based selection.

Findings

The Federal Government operates a merit-based hiring system. The key purpose of the system is to identify, attract, and hire the candidates who can best meet the needs of the organization and support the public's interests. Not only is this good public policy, but making good selections can also lead to higher productivity, increased employee morale, improved teamwork, and reduced turnover—all of which contribute to organizational performance.

The Pendleton Act of 1883 formed the basis of the Federal competitive, merit-based hiring system and was meant to combat the evils of the "spoils system." Over the past 120 years, the Government has incrementally added rules, regulations, and shortcuts to the system to make it faster, cheaper, and in some cases, more effective. While these are worthy goals, what has resulted is a long, complex process that too often makes it difficult to hire the best person for the job. Ultimately, the current hiring system frequently does not work in the best interests of applicants, mission accomplishment, or the public.

The time may be right to achieve significant reform—to not only attempt to meet the objectives of "faster" and "cheaper," but also to balance those objectives with a strategy toward "better" processes and outcomes.

Better Recruitment. The length and complexity of the hiring process already detract from the Government's ability to attract quality candidates. Therefore, agencies need to be able to market their jobs to applicants. Unfortunately, this is not one of Government's strong points. The Government too often uses poorly written vacancy announcements and passive recruitment strategies, and it focuses recruitment efforts primarily on short-term workforce needs

Better Assessment. The quality of employee selection depends on the criteria and methods used to distinguish the high-potential applicants from the rest. Currently, the Federal Government tends to rely on assessment tools that are not good predictors of performance. For instance, Government has gravitated toward the use of training and experience assessments that are not rigorously applied. These tools may help save time or money, but they are less likely to result in quality selections than tools that are better predictors but more costly to develop.

Better Management of the Process. Managing the hiring process well is as important as the process itself. Unfortunately, increasing mission demands and dwindling resources make it difficult for selecting officials and HR staffs to carry out this responsibility. Agency leaders tend to view hiring as an HR function, rather than a business function. Automation could be used more effectively to manage the hiring process. Finally, fragmented reform efforts are creating a system of "have" and "have-not" agencies—some receiving increased funding or flexibilities for human capital initiatives while others do not.

Better Merit-Based Decisions. To address inefficiencies and inequities in the Federal hiring system, the Government has created a number of sanctioned alternatives to the competitive examining process. For instance, the Federal Career Intern Program and other excepted service hiring authorities do not require traditional competition in which applicants are rated and ranked. However, some of these alternatives can impede fair and open competition and advancement based solely on relative ability. In addition, they can result in unsound hiring decisions and can actually create disincentives to invest resources in good recruitment and assessment practices.

Recommendations

It is time to look at hiring reforms in a systematic, rather than incremental, way. If the Government is to reform the hiring system, it needs to get back to the basics. That means preserving the original values behind merit-based hiring and divesting the system of rules and processes that are superfluous to those values. Reform should therefore seek to accomplish three goals:

1. Provide agencies the flexibilities they need to effectively manage;
2. Ensure employees and applicants receive the protections promised by the merit system principles; and
3. Provide the public a high-quality Federal workforce working toward their interests.

Many of the recommendations in this report do not require regulatory change, but they will require that agencies look at hiring with a greater focus on quality.

Federal departments and agencies should—

Manage hiring as a critical business process, not an administrative function. This means integrating discussions of hiring needs, methods, and outcomes into the business planning process.

Evaluate their own internal hiring processes, procedures, and policies to identify barriers to quality, timely, and cost-effective hires. Agencies will probably be surprised to see that many of the barriers they face are self-imposed.

Employ rigorous assessment strategies that emphasize selection quality, not just cost and speed. In particular, use assessment instruments that have a relatively good ability to predict future performance. Using assessment tools in succession can make the assessment process even more effective in managing the candidate pool and narrowing the field of qualified candidates.

Improve efforts to manage the applicant pool while making the process manageable for applicants. This means better recruitment strategies, improved vacancy announcements, more communication with applicants, and a timely, understandable application and assessment process.

Properly prepare HR staff and selecting officials for their hiring responsibilities. Ensure they have the training and expertise to carry out their hiring responsibilities in a timely, high-quality manner, and hold them accountable for those responsibilities.

Plan carefully when implementing automated tools designed to support the hiring process. Do not assume that technology alone will fix already-broken processes. For instance, automating an assessment tool that is a low predictor of job success will not improve the tool's predictive ability.

Evaluate success. Continually evaluate the hiring process to ensure it is meeting organizational long-term and short-term needs.

The Office of Personnel Management should—

Work with agency Chief Human Capital Officers, Congress, and the Administration to develop a Governmentwide framework for Federal hiring reform. This framework should provide agencies with the flexibilities necessary to address agency needs while also preserving selection quality and employee and applicant protections.

As part of Governmentwide reform, streamline and consolidate appointing authorities to simplify hiring procedures. A smaller number of flexible authorities will make the process more transparent and understandable. Coupled with valid assessment processes, they can speed the process while still ensuring merit.

Better assist agencies to develop and implement valid and practical assessment tools. Agencies should have better access to the best selection tools, regardless of internal expertise or financial capability to develop them.

Work with the Attorney General to petition the district court to sunset the *Luevano* consent decree and its related special hiring programs. The decree and its "temporary" hiring authorities have had many negative effects on Federal recruitment and assessment. It is time to establish a sunset date for the decree and focus on developing valid and practicable assessment tools for entry-level positions covered by the decree that better predict performance and reduce adverse impact on minorities.

Expand efforts to develop competency-based qualification standards. A competency-based qualification system will help agencies make better determinations on whether applicants are a good fit for the job by emphasizing performance, potential, and quality of experience rather than just length of experience.

Introduction

Purpose

Is the Federal hiring system broken? Many applicants, hiring managers, and Federal human resources (HR) professionals would shout out a resounding "yes" in answer to this question. They would say that the hiring process is confusing, takes too long, and is a barrier to attracting and hiring high-quality candidates.

Most of us have heard at least some of the distressing stories. Promising candidates interested in public service turn away from careers with the Federal Government because they cannot decipher the application process, cannot wait 6 to 9 months for a hiring decision, or cannot find a job offer that is competitive with other employers.

Today, organizations everywhere face intense competition for skilled workers. Federal managers are competing with the private sector, other public organizations, and even other Federal agencies for a share of the labor market. In many cases, this comes after years of downsizing and workplace changes that have affected the skills their organizations need. To help managers compete, they need a hiring system that: (1) is responsive to their needs and the needs of their applicants, (2) produces high-quality applicants, (3) supports timely decisions, and (4) results in competitive job offers.

In November 2003, Congress granted the Department of Defense (DoD) the authority to establish a new civilian HR system. While the pay for performance aspect of this new system has received the vast majority of attention, the legislation also allows DoD to, in effect, redefine its hiring process to better meet its mission needs. DoD's progress could even set the precedent for Governmentwide reform.[1]

In recent years, the U.S. Merit Systems Protection Board (MSPB) has conducted several in-depth studies that address discrete aspects of the Federal hiring system, including recruitment, automation, assessment practices, and merit promotion.[2]

[1] The Department of Homeland Security (DHS) has also been authorized to reform much of its personnel system, including its pay and rewards. DHS, however, was not authorized to reform its staffing authorities and therefore does not have the same types of flexibilities available to DoD in this area.

[2] Note that these reports are products of the Office of Policy and Evaluation's (OPE) studies function. While OPE takes into account the adjudicatory decisions of the Board, the studies are not based on those proceedings. They are based on independent research conducted separate and apart from the adjudicatory process.

Given that reform of the Federal hiring process is nearing the forefront of civil service discussion, this perspectives report brings together some of the "big picture" issues that cut across all of these topic areas. Specifically, the purpose of this report is to inform reform efforts by: (1) summarizing key findings of recent MSPB research on hiring issues, (2) articulating the Board's perspective regarding the strengths and weaknesses of the Federal hiring system, and (3) identifying and promoting hiring practices that support merit-based selection.

Merit-Based Hiring

Hiring highly qualified people is one of the most important factors in developing a successful organization. Accordingly, the overall purpose of a hiring system is to identify, attract, and hire the candidates who can best meet the needs of the organization. Because the Federal Government must be answerable to the American public, it is particularly important that its hiring decisions be based on merit and support the public's interests.

For that reason, the Federal Government's merit-based hiring system is rooted in laws, regulations, and processes that govern who can be considered for a job and how applicants are assessed, referred, and selected. The purpose of these laws and regulations is to ensure that appointments are based on qualifications and not favoritism, that hiring practices conform to the values set forth in the merit system principles, and that these practices do not result in prohibited personnel practices. Specifically, a merit-based hiring process seeks to ensure that qualified individuals are recruited from all segments of society through fair and open competition, selection is based on relative ability, and applicants and employees receive fair and equitable treatment.[3]

A merit-based system can result in a number of benefits. In particular, studies have shown that making selections based on candidates' ability to do the work can lead to higher organizational performance and increased financial benefits.[4] In addition, merit-based hiring can increase the Government's credibility. The public will be more likely to believe its tax dollars are being used wisely if the most qualified employees fill Federal jobs.

On the other hand, making selections that are influenced by non-merit factors can result in hiring candidates who do not possess the skills necessary to perform the job. Poor selections can result from taking shortcuts in: defining the needs of the job; recruiting from the best sources; or assessing candidates. These poor selections can then ultimately increase costs and decrease productivity.

[3] Merit Principles No. 1 and 2 (5 U.S.C. §2301).

[4] For instance, see David E. Terpstra and Elizabeth J. Rozell, "The Relationship of Staffing Practices to Organizational Level Measures of Performance," *Personnel Psychology*, Spring 1993, p. 46 and Watson Wyatt Worldwide, *The Human Capital Index: Linking Human Capital and Shareholder Value*, 1999.

The actual cost of hiring the wrong person for a job—including wasted salary, benefits, severance pay, training costs, and hiring time—can be up to three times the employee's salary.[5] Poor selections can also result in lost productivity due to the time it takes to carry out an adverse action. A recent study found that U.S. managers spend about 34 days per year tending to performance issues, and senior executives spend an average of one hour per day managing poor performers.[6] In addition, poor selection can lead to increased turnover and absenteeism.[7] To reduce the associated business costs, it is important to employ hiring procedures that are based on merit and result in high-quality hires.

Competitive Examining Process

Federal managers can hire new employees using a variety of methods. However, the competitive examining process was designed to be the primary vehicle. **Table 1** summarizes the basic steps required by this process.

Table 1. Major Steps in the Competitive Service Hiring Process[8]

Step	Action(s)
1	Define the job and identify job requirements.
2	Select assessment tools.
3	Develop a rating procedure—a method for distinguishing among qualified applicants.
4	Recruit, publicize the job, and receive applications.
5	Determine if applicants are eligible to hold the position—meet applicable age, citizenship, tenure, and other requirements.
6	Assess minimum qualifications—whether applicants meet minimum requirements to perform satisfactorily on the job.
7	Assess relative qualifications by making distinctions among qualified applicants.
8	Issue a list of applicants (or a "certificate of eligibles") to the selecting official.
9	Continue to assess the qualifications of the top applicants.
10	Select applicant(s).
11	Evaluate new hire(s) during probationary period and finalize appointment or terminate.

While this list outlines the basic steps in the hiring process, a number of variations exist. In addition, an increasing number of hiring flexibilities and appointing authorities simplify or eliminate some of the steps.

[5] Corporate Leadership Council, Literature Review, "Employee Selection Tests," Catalog No 070-198-213, Washington, DC, Mar. 1998, p. 2.

[6] Laurence Karsh, "The Hidden Costs of Poor People Management," *Inc.com*, Dec. 2004, downloaded on June 14, 2005 from http://pf.inc.com/articles/2004/12/karsh.html.

[7] The Partnership for Public Service, *Asking the Wrong Questions: A Look at How the Federal Government Assesses and Select Its Workforce*, Washington, DC, Oct. 2004, p. 3.

[8] As adapted from the Office of Personnel Management's *Delegated Examining Operations Handbook: A Guide for Federal Agency Examining Offices*, Washington, DC, 2003.

Evolution of the Federal Hiring System

When first established, the Federal merit-based hiring system was a simple process that covered a small portion of the civil service. It has grown in both complexity and scope over the past 120 years. Understanding how the system has evolved over time is important to identifying where it needs to go in the future. **Table 2**, as well as the discussion below, provides a brief chronology of the evolution of the Federal merit-based hiring system.

The Spoils System. From 1829-1883, Federal hiring was predominantly based on partisan loyalty, with little regard to competence and qualifications. This "spoils system" led to problems with corruption in Government, incompetence in the workforce, and excessive civil service turnover after each election. The era culminated in the assassination of President Garfield by a disappointed office-seeker.

Protecting Against the Spoils System. The Federal civil service system as we know it was created with the passage of the Pendleton Act of 1883. The Act was a response to growing concern over the spoils system. It required that civil service positions be filled through competitive examinations open to all citizens and that selections be made from the best-qualified applicants without regard to political considerations. This merit-based process originally covered only about 10 percent of Government employees—most of whom were low-graded clerical staff with little need for specialized technical qualifications—but grew over time to include a majority of civil service employees.[9]

Standardization. The first half of the 20th century brought with it a focus on efficiency and standardization. Personnel processes, including classification and selection, were highly influenced by scientific management theories. These theories suggested that scientific analysis could identify the one best and most efficient way of carrying out management practices. Given that Government work was still largely straightforward, routine, and low-graded, one size did seem to fit all. Therefore, it made sense to develop standardized systems to facilitate equity among civil service employees.

Flexibility. As the civil service makes its way through the information age, routine work is declining, knowledge-based work is increasing, and technology is redefining the work we do and how we do it. Jobs are less easily standardized, and the skills needed by the workforce are more technical, specialized, and require the ability to continually learn and innovate. These changes have caused a trend toward more flexibility in the hiring process, resulting in decentralization, delegation, deregulation, and the proliferation of HR flexibilities and appointing authorities.

[9] U.S. Office of Personnel Management, "The First Fifty-five Years," *Biography of an Ideal*, Washington, DC, downloaded on Dec. 10, 2005 from www.opm.gov.

> We are fast approaching the point where "standard Governmentwide" human capital policies and processes are neither standard nor Governmentwide.
>
> *– GAO, Human Capital: Building on the Current Momentum to Transform the Federal Government, July 20, 2004*

Many public administration researchers note that the civil service system has evolved primarily through "tinkering" with the existing system and that the Government is using "short-term remedies for long-term problems."[10] This is especially true of the hiring system. In a desire to eliminate perceived barriers, reduce the time to hire, and lower costs, agencies are opting out of the typical hiring process. This "opting out" appears to indicate fundamental problems with the system, yet no systematic reform has been implemented. Instead, agencies are increasingly turning to a collection of new appointing authorities and flexibilities that are replacing the standard, Governmentwide hiring system.

Some of these flexibilities provide many benefits, such as shortening the hiring process. However, they are short-term remedies that often result in emphasizing speed and cost over quality and merit. The Government needs to develop longer-term, strategic reform that balances responsiveness and results with principles of merit. This report attempts to identify where reform efforts should focus.

[10] Patricia Wallace Ingraham, Sally Coleman Selden, and Donald P. Moynihan, "People and Performance: Challenge for the Future Public Service—the Report from the Wye River Conference," *Public Administration Review*, Vol. 60, No 1, Jan./Feb. 2000, p. 55.

Table 2. Significant Events in Federal Hiring: 1883–Present		
Date	**Event**	**Description**
1829-1883	**Spoils System**	Federal hiring was based largely on partisan loyalty rather than competence.
1883	**Pendleton Act**	After a disappointed office-seeker assassinated President Garfield, the Pendleton Act established a competitive civil service that removed 10 percent of Federal jobs from the "spoils system."
1888	**"Rule of three"**	A civil service rule directing personnel officials to provide selecting officials only the top three names from a list of qualified eligibles to ensure merit-based employee selection. It was made law in the Veterans' Preference Act of 1944.
1923	**Classification Act**	Sought to establish equity in recruitment, promotion, and pay practices by using scientific methods to evaluate and categorize jobs and assign salary scales.
1944	**Veterans' Preference Act**	Incorporated previous laws and regulations dating back to the Civil War to provide certain veterans with preference in the Federal appointment process.
Mid-1950s	**Merit system incrementalism**	Through decades of presidential directives, the competitive service came to cover almost 85 percent of Federal workforce.[11]
1978	**Civil Service Reform Act**	Established the merit system principles and prohibited personnel practices to improve the quality of public service. These principles and practices create the framework for Federal merit-based hiring.
1978	**Uniform Guidelines issued**	The Uniform Guidelines on Employee Selection Procedures establish a uniform basis for "determining the proper use of tests and other selection procedures."
1981	***Luevano* consent decree approved**	A Federal court approved an agreement to settle a claim that the Federal Professional and Administrative Careers Examination resulted in adverse impact. The Administrative Careers With America examination and the Outstanding Scholar and Bilingual/Bicultural hiring authorities were created in an attempt to remedy the adverse impact.
1995	**Standard application requirement abolished**	On January 1, 1995, Federal agencies were instructed to no longer require the use of the SF-171 for applications.
Mid-1990s	**Rise of legislated alternative personnel systems that provide hiring flexibilities**	The mid-1990s saw the rise of agency-specific legislation to reform personnel systems to better meet mission requirements and provide "relief" from Title 5 constraints. This trend continues today. For example: -1995—Federal Aviation Administration -1998—Internal Revenue Service -1998—Department of Agriculture permanent demonstration project -2003—Department of Defense
1996	**Competitive examining decentralized**	Pursuant to Public Law 104-52, OPM delegated most competitive examining to agencies and began charging for examination services.
Late 1990s	**Automated hiring systems**	The late 1990s brought technology to hiring practices as agencies began testing and implementing on-line hiring systems capable of recruiting and assessing candidate applications.
2000	**Rise of flexibilities that aid recruitment & hiring**	For example: -2000—Federal Career Intern Program -2002—Direct hire and category rating -2004—Federal Workforce Flexibility Act

[11] Neil MacNeil and Harold W. Metz, *The Hoover Report 1953-1955: What It Means to You as a Citizen and Taxpayer*, New York: The MacMillan Company, 1956, p. 31.

Recruiting a Quality Workforce

Recruitment is the process of attracting qualified individuals to apply for positions with an organization. Recruitment is not just about filling current vacancies; it is about making a continuous, long-term investment in attracting a flow of highly skilled applicants. These applicants provide the basis for a high-quality workforce capable of accomplishing the organization's mission now and in the future.[12] Here, we discuss some of the most significant barriers to Federal recruitment.

Hiring Process is Long

One of the most common complaints about the Federal hiring process is that it takes too long. Using data from the U.S. Office of Personnel Management (OPM), the U.S. Government Accountability Office (GAO) reported that it takes an average of 102 days to complete all of the steps in the competitive hiring process (from making the request to fill the position to making the appointment).[13] In fact, it is not uncommon to hear from candidates who wait 6 months or more from the time they submit their application to the time they receive an offer. Needless to say, the longer the process takes, the more applicant attrition is likely to occur as potential candidates accept positions with other employers that use faster hiring processes.

> The time between applying and the time I was called for interviews was unacceptable. I had given up and thought I was not getting a job offer.
>
> *– Survey respondent, MSPB, Competing for Federal Jobs, February 2000*

To obtain an approximation of applicant perceptions about the hiring process, MSPB surveyed new Federal employees. While a majority of them reported that hiring decisions were made within a reasonable period of time, almost a third did not agree. In particular, many survey respondents reported that the time between the application submission and the interview was too long.[14]

[12] U.S. Merit Systems Protection Board, *Managing Federal Recruitment: Issues, Insights, and Illustrations,* Washington, DC, Sep. 2004, p. 2.

[13] U.S. Government Accountability Office (formerly the General Accounting Office), *Human Capital: Opportunities to Improve Executive Agencies' Hiring Processes*, GAO-03-450, Washington, DC, May 2003, p. 11.

[14] U.S. Merit Systems Protection Board, *Competing for Federal Jobs: Job Search Experiences of New Hires*, Washington, DC, Feb. 2000, pp. 11-13.

Supervisors have also reported that the process takes too long. In a 1999 MSPB survey, 73 percent of supervisors reported that filling vacancies in their organization takes too long. While a large majority thinks it should take no more than 8 weeks to fill merit promotion jobs with internal or external candidates, this timeframe is rarely met.[15]

There are a number of factors that lengthen the hiring process. For instance, selecting officials can add to the time it takes to hire. In a 2004 OPM survey, almost 50 percent of agency respondents said that a key barrier to timely hiring is the amount of time spent by selecting officials in reviewing applicant credentials and conducting interviews.[16]

The human resources office can also contribute significantly to the lengthy hiring process. **Table 3** reflects the results of a 1999 MSPB survey in which supervisors approximated how long it takes to fill a merit promotion position. They estimated that it takes over 1 month to announce the vacancy and about 8 weeks to develop rating plans, rate and rank applicants, and prepare the lists of best qualified candidates.

Table 3. Supervisors' Estimates of the Time it Takes to Complete Merit Promotion Tasks[17]

Task	Average # of calendar days
Getting approval to fill a vacancy	29
Deciding on the appropriate area of consideration	14
Getting the HR office to announce the vacancy	36
Developing a rating plan	17
Rating and ranking applicants	21
Preparing the best qualified lists	19
Interviewing candidates	15
Making the final selection	12
Obtaining higher level approval of the proposed selectee	16
Notifying the selectee and getting him or her on board	25
Total	**204**

[15] U.S. Merit Systems Protection Board, "Length of Time to Fill Jobs: Expectations are High and Unmet," *Issues of Merit*, Sep. 2000. Currently, MSPB only has data on supervisors' satisfaction with the length of the merit promotion process. We are in the process of collecting this data on other hiring authorities as well.

[16] United States House of Representatives, *Statement of the Honorable Dan G. Blair, Deputy Director, Office of Personnel Management, Before the Subcommittee on Civil Service and Agency Organization, Committee on Government Reform*, Chicago, IL, June 7, 2004.

[17] U.S. Merit Systems Protection Board, *The Federal Merit Promotion Program: Process vs. Outcome*, Washington, DC, Dec. 2001, p. 18.

Furthermore, the agency process can be a barrier to timely hiring. The Partnership for Public Service is working with Federal agencies to conduct "Extreme Hiring Makeovers" and improve the hiring process. In the course of its efforts, one agency conducted process mapping exercises and found that there were 114 steps in the hiring process; 45 hand-offs between managers, administrative staff, and HR; and at least 2 steps in the process that required the approval of 10 or more officials.[18]

> After accepting the position I was not able to start work for 8 months because the background check took an inordinate amount of time.
>
> *– Survey respondent, MSPB, Competing for Federal Jobs, February 2000*

Finally, preappointment requirements can also significantly contribute to the length of the hiring process.[19] For instance, many positions require that applicants undergo extensive background investigations to ensure that they are suitable for security clearances or for positions of public trust. As of late 2005, there was a backlog of approximately 400,000 background investigations in Government,[20] and the wait to complete these investigations can be in excess of one to two years.

A somewhat lengthy hiring process is not always a bad thing. Using quality recruitment strategies and assessments to identify the best candidate for a job may take more time than using less effective means. However, the longer the process takes, the more applicant attrition is likely to increase as candidates accept positions with other employers. So, agencies must determine the proper balance between quality hiring methods and complex processes that deter applicants.

Numerous efforts are underway to speed the hiring process. Many agencies are turning to automation to decrease processing time. OPM policy experts and program officials developed a 45-day hiring model and are measuring agency progress toward meeting this timeframe using the President's Management Scorecard. OPM and the Partnership for Public Service are working with individual agencies to revitalize their hiring processes. Hiring flexibilities—such as category rating, direct hire, and streamlined intern and student programs—have been developed to help agencies speed their hiring process. OPM and Congress are attempting to address the background investigation backlog through automation, capacity building, and legislation. But much remains to be done if the Federal Government is to create a hiring process that can compete with other employers who can make more timely job offers.

[18] Partnership for Public Service, *Extreme Hiring Makeover: A Makeover that Matters*, presentation by Katie Malague, 2005.

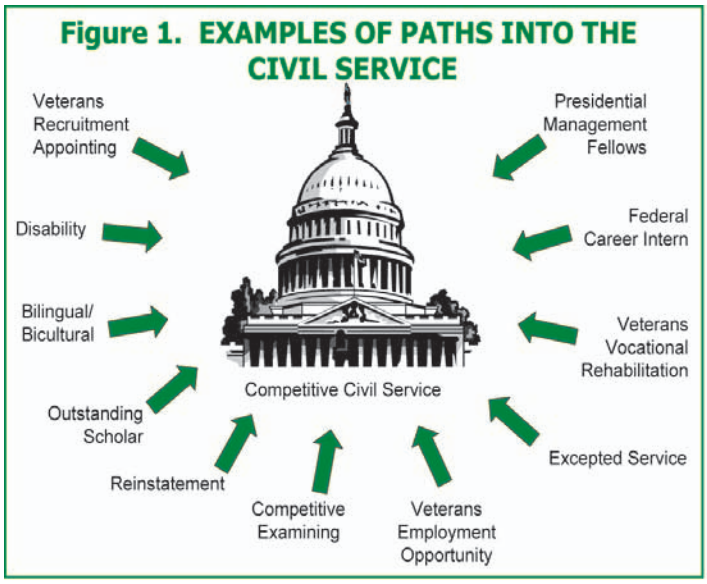
[19] MSPB, *Competing for Federal Jobs*, p. 12.

[20] United States Senate, "Access Delayed: Fixing the Security Clearance Process, Part II," Statement of The Honorable Linda M. Springer, Director, Office of Personnel Management, Senate Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia, Nov. 9, 2005.

Hiring Process is Not Applicant-Friendly

Another common complaint about the hiring process is that it is not applicant-friendly. The process is difficult for applicants to understand and places too much burden on applicants. According to a 2001 National Association of Colleges and Employers college student survey, 37 percent of respondents interested in Federal careers did not understand the application process, and 49 percent thought the process was too lengthy and complicated.[21]

A look at the numerous routes an applicant can take to enter the Federal Government shows why the process is considered so complex. The competitive examining process, as outlined in Table 1, has been the primary vehicle into Federal employment. The process was designed to hold agencies accountable for adhering to the merit system principles of fair and open competition; recruitment from all segments of society; selection based on relative ability, knowledge, and skills; and fair treatment of all applicants and employees.



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service, one cannot reasonably expect an applicant to know about or understand them all.

Decentralization has added to the complexity of the hiring process. Twenty-five years ago, the process was burdensome to the applicant but simple. OPM centrally administered hiring. Applicants went to OPM offices, filed a standard application, took a centrally administered test, and waited to hear for what positions in which agencies they were qualified.[22] With the decentralization of hiring, agencies now

[21] Marilyn Mackes, "Keys to Finding Quality Entry-Level Employees," National Association of Colleges and Employers, Presentation for the National Academy for Public Administration, Washington, DC, Apr. 2001.

[22] Graeme Browning, "Embracing Online Recruiting," *Federal Computer Week*, Apr. 8, 2002.

administer hiring programs themselves. There is no standard application, no single assessment tool, and applicants generally must send different applications and other required forms to each agency they apply to. This increases the amount of time they must devote to job searching.

Automation, in some ways, has further increased applicant burden. Many agencies have developed individual automated application systems that do not communicate with systems in other agencies. Therefore, an applicant who is searching for a "Government job" may have to build a separate resume and profile for each individual agency to which he or she applies.

> Three-quarters of non-Federal workers say making the application process quicker and simpler would be an effective way of attracting talented workers to Government.
>
> – *Hart-Teeter Research,* The Unanswered Call to Public Service, *October 2001*

To help address this concern, OPM has implemented Recruitment One-Stop (ROS) through its USAJOBS recruitment Web site. Following private sector job board models such as Monster and CareerBuilder, ROS is intended to provide applicants with a single location where they can create a Federal resume, search Federal job listings, submit the resume to a posted job with one click, or post their resume so that employers can find them if their skills match the employer's needs. OPM is coordinating with agencies to expand their job applications and status tracking and to complete the migration of agency job search engines and resume builders.[23] Until this integration is complete, applicants may still have to submit different online resumes to different agencies, depending on the automated system the agency uses. Additionally, applicants should note that while ROS is an important resource, not all Federal jobs are posted on OPM's Web site since many positions are not required to be posted (more will be discussed on this later).

Agency application requirements also add to applicant burden and complexity. For many Federal vacancies, applicants are required to submit narrative explanations (commonly known as Knowledge, Skills, and Abilities or KSAs) of their specific qualifications for the job or fill out long questionnaires. These submissions are used by HR specialists or selecting officials to rate applicant qualifications. They can be time intensive and burdensome to complete. In addition, they can be alien and discouraging to applicants because private sector organizations do not generally require these types of submissions.

We cannot know precisely how many applicants drop out of the Federal job search due to a lack of understanding of the process or applicant burden. However, agencies cite complex hiring processes as a key obstacle to successful recruitment and selection. When applicants lose interest in or are deterred from even applying for jobs, agencies can lose much of the return on investment for their recruitment efforts.

[23] U.S. Office of Management and Budget, "Recruitment One-Stop," *E-Gov: Presidential Initiatives*, downloaded on June 17, 2005 from http://www.whitehouse.gov/omb/egov/c-4-2-recruit.html.

Government Recruitment and Marketing are Often Ineffective

The Federal Government is often at a disadvantage in competing for high-quality applicants. Several recent surveys demonstrate that interest in Federal Government employment is low. Jobs in the Government are commonly viewed as less challenging, rewarding, and developmental than private and non-profit sector jobs.[24] Even the events of September 11, 2001 have not had a profound impact on young adults' desire to work for the Federal Government.[25] This comes at a time when competition for qualified applicants is increasing across all sectors due to the expected wave of baby-boomer retirements and the slow growth rate of the U.S. labor force.[26]

To address these challenges, the Federal Government and its individual agencies need to ensure that recruitment and marketing efforts are sufficient to attract top talent in this competitive environment. Unfortunately, MSPB has found that Federal recruitment and marketing suffer from a number of weak points, starting with the vacancy announcement.

Advertising Vacancies

The Federal vacancy announcement serves three key functions: to market, inform, and support merit and public policies. First, the announcement should describe the job in such a way as to make applicants want to apply. Second, it should provide applicants with enough information to make informed decisions as to whether they are interested in, eligible for, and qualified for the position. It should then set out the rules applicants must follow to apply. Finally, posting the vacancy announcement is required for competitive service positions to ensure that competition is "fair and open" and to provide information about public policies that might allow applicants to apply under alternate processes.[27] The vacancy announcement is one of the most visible recruitment tools and contains information that is essential to applicants. Therefore, it is also one of the most important recruitment tools.

Unfortunately, MSPB has found that the quality of Federal vacancy announcements is weak. As part of a research project, we reviewed a set of randomly selected vacancy announcements posted to USAJOBS. We rated the quality of the announcements based on organization, readability, use as a recruiting tool, and the utility and appropriateness of information and instructions provided. Ultimately, we rated 53 percent of them as "poor" and only 2 percent as "good."[28]

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[24] MSPB, *Managing Federal Recruitment*, p. 18.

[25] See The Partnership for Public Service, *The Class of 9-11: Bringing a New Generation of Practical Patriots into Public Service*, Washington, DC, May 2005.

[26] MSPB, *Managing Federal Recruitment*, p. 3.

[27] 5 U.S.C. §3330 and 5 C.F.R. §330.707 (b).

[28] U.S. Merit Systems Protection Board, *Help Wanted: A Review of Federal Vacancy Announcements*, Washington, DC, Apr. 2003, p. 9.

All too often, vacancy announcements are not well written. They can use jargon, contain grammatical errors, and come across as negative or even insulting. They are frequently hard to understand—with murky job titles and duties, qualification requirements that are lengthy and unspecific, and vague or even contradictory applicant instructions. They can contain unnecessary information, are exceedingly long, and make little effort to "sell" the Government, agency, or job.[29]

All of this can discourage, rather than encourage, job seekers from applying for Federal jobs. MSPB recommended that agencies improve announcements by reducing their length, reducing the use of negative and confusing language, using clear descriptions to explain and sell jobs, and clearly describing how to apply for positions.[30]

OPM is making an effort to help agencies improve vacancy announcements. As part of its USAJOBS redesign, OPM revamped the job announcement template to make it more streamlined and user-friendly. The new template includes better organizational capability and a new tabbed display format that allows applicants access to necessary information in a quick and organized manner.

The template is a tool to help organize announcements, but agencies must still put forth the effort to improve the actual content and make it appealing to applicants.[31] MSPB conducted a follow-up review of a set of randomly selected vacancy announcements from USAJOBS in 2005. We found that many vacancy announcements are still poorly written and do not do a good job of recruiting high-quality applicants.[32]

QUOTES FROM AGENCY VACANCY ANNOUNCEMENTS

DON'Ts:

Negative Statements

- DO NOT contact our office asking if your application has been received. We will not provide verification of application receipt.

Unclear Statements

- MAJOR DUTIES: The primary purpose of this position is to manage and administer a specific technical area consisting of several subprograms and projects within a major program structure.

Restrictive Qualifications

- Knowledge of [a specific agency's] body of pay rules, regulations, laws, and procedures.

DOs:

Market the Job

- JOB SUMMARY: If you are interested in a challenging accounting career with excellent benefits, training, and strong growth potential…apply for the Internal Revenue Agent position.

Clear Statements

- QUALIFICATIONS REQUIRED: You must have one year of specialized experience at a level close to the work of this job. Such experience requires a strong litigation background, particularly in litigating cases before administrative bodies and judicial forums.

[29] MSPB, *Help Wanted*, pp. 10-16

[30] MSPB, *Help Wanted*, pp. 28-29.

[31] MSPB, *Managing Federal Recruitment*, p. 34.

[32] MSPB, "Help Wanted for Vacancy Announcements," *Issues of Merit*, Dec. 2005.

Recruitment Strategies

Agencies recently reported to us that their most used recruitment strategy is posting announcements to their Web site and USAJOBS.[33] However, posting effective vacancy announcements is just one step in implementing a good recruitment strategy. While a job posting may be fast and inexpensive, it is a passive strategy that requires an applicant to search out the agency. A more effective recruitment strategy is for an agency to identify the type of applicants it needs, actively search for them, and make them want to apply for the job. Some key elements of an effective recruitment program include:

- Distinguishing recruitment as a critical management function rather than solely as an HR function;
- Establishing the needed infrastructure and resources for a good recruitment program and delineating the recruitment roles and responsibilities throughout the agency;
- Identifying short- and long-term recruitment needs;
- Identifying and implementing a balanced set of recruitment strategies that target the needed applicant pool and effectively market the organization; and
- Evaluating results.

MSPB has found that agencies are more often than not struggling in their recruitment efforts. For instance:

- Recruitment is often viewed solely as an HR function rather than a critical management function;
- Recruitment planning tends to be based on short-term needs rather than long-term goals that are aligned with the agency mission;
- Agencies often do not play on their strengths in marketing the agency and its jobs to potential applicants;
- The various flexibilities and marketing tools available to agencies (e.g., recruitment bonuses and student loan repayment) are not used to their fullest potential;
- Tracking recruitment expenditures is difficult; and
- Many organizations rely on rudimentary methods to measure the success of their recruitment efforts.[34]

[33] MSPB, *Managing Federal Recruitment*, p. 10.

[34] MSPB, *Managing Federal Recruitment*.

On the other hand, agencies need to take care that they do not over-recruit. In other words, recruitment efforts should entice qualified applicants to apply but not encourage unqualified applicants. Sometimes, this can be difficult or out of the agency's control. Vacancies that receive a lot of attention or are highly sought after can result in a large number of applications. For instance, in 2002, 1.8 million people applied for 55,000 screener positions at the Transportation Security Administration. Only about 340,000 met the minimum qualifications for the position and only 100,000 were rated as fully qualified.[35] The creation of a federalized security screener workforce was highly publicized by the press. This press coverage most likely influenced the unprecedented numbers of applications. But the lesson is that simply increasing the number of applicants is not necessarily a good thing. It can result in agencies spending unnecessary time screening applications from ineligible or unqualified applicants. It can also result in antagonizing applicants who spend time preparing applications only to be disappointed with the end result. Agencies need to focus on targeting those applicants that are eligible and highly qualified for the position.

A number of Federal agencies have demonstrated that it is possible for the Federal Government to effectively compete for talent. These organizations make recruitment an organizational priority, allocate the necessary resources to it, and employ proactive and creative approaches in their recruitment strategies. While they attempt to achieve efficiencies in their recruitment efforts, they emphasize quality recruitment strategies that target the needed applicant pool. **Table 4** presents a sampling of these approaches.[36]

Table 4. Innovative Recruitment Practices

Practice	Example
Leadership Participation	The Director of the Defense Finance and Accounting Service was actively involved in recruitment events at his alma mater. This made a positive impression on candidates and conveyed his commitment to recruitment efforts.
Planning and Evaluation	The Internal Revenue Service has developed a written recruitment plan that was based on workforce analysis, competency assessment, and market research. The agency also tracks the expenditures on and the results of recruitment strategies to direct resources to the most effective activities.
Building Relationships	The Government Accountability Office assigns senior executives and a recruiting team to targeted colleges and universities to manage recruitment efforts and relationships.
Branding and Marketing	The Social Security Administration built an agency-wide marketing campaign around a single "tag line" and targets marketing materials to specific needs and audiences.

[35] Brian Friel, "Security Sweep," *Government Executive Magazine*, Mar. 15, 2003.

[36] For additional examples of innovative agency recruitment approaches, see MSPB, *Managing Federal Recruitment*.

Assessing a Quality Workforce

The key objective of a merit-based hiring system is the systematic identification of the best person(s) for the job. Fulfilling this objective depends on the criteria and methods used to distinguish among applicants. The criteria should first be job-related and reasonably able to predict job success. Cost and efficiency should be considered in deciding which assessment strategies to use, but should not be the driving forces behind that decision. Quality assessments should be viewed as an investment in the workforce—not a cost. MSPB's research has found that generally the Federal Government does not use the most predictive assessment tools when evaluating applicant qualifications. Instead, it tends to use assessments that are easier and less expensive to develop and implement.

Qualification Standards Have Limited Use

Once an agency has successfully enticed applicants to apply for positions and accepted their applications, it must determine whether the candidates meet the minimum requirements to perform satisfactorily on the job. These minimum requirements are contained within OPM's qualifications standards. The standards stipulate the quantity of experience or level of education the applicant must have. They may also call for specific educational or degree requirements. Applicants who do not meet these standards are not further considered.

Having common criteria against which to measure minimum qualifications is advantageous because it can ensure consistency in initial determinations.[37] However, the way the current standards are written is problematic in several ways:

- They rely too heavily on length of previous experience rather than on the competency and talent developed through the previous experience, which are better indicators of success. This focus on length of experience also does not take into consideration the applicant's future potential.
- They do not acknowledge the obsolescence of training and experience over time. Given the changing nature of work, experience or education attained many years ago may not be relevant in today's work environment.[38]

[37] U.S. Merit Systems Protection Board, *Assessing Federal Job-Seekers in a Delegated Examining Environment*, Washington, DC, Dec. 2001, p. 15.

[38] MSPB, *Help Wanted*, p. 22.

- They do not always adequately represent what is needed in the job. The standards are often criticized for being out-of-date for fast-changing occupations or too broadly defined to be meaningful.[39]
- Their predictive validity is uncertain. They have never been tested to determine their ability to predict job performance.[40]

Qualification standards are intended to differentiate between those applicants who are likely to successfully perform the job and to screen out those who are not. We recognize that they are not designed to rank candidates, identify the best qualified, or substitute for rigorous skills assessments. However, there may be a better way to screen candidates than to rely on quantitative factors such as years of experience and levels of education. In addition, qualification standards could be used as more than just a screen-out tool.

OPM has been experimenting with qualification standards that are written in terms of competencies.[41] This competency approach is based on scientific analysis that identifies the general and technical competencies required to successfully perform the job. Using this approach, agencies will be better prepared to measure the quality of applicants' preparation for the job or their level of competence rather than just amount of experience or education.[42]

Furthermore, this approach, when fully actualized, provides an optimal competency profile at all career levels of the job, from entry- through senior-level. Current qualification standards provide only the minimal qualifications. The competency profile facilitates an integrative approach to human resources management by serving as the basis for assessment, classification, career development, performance management, and other management functions.[43]

MSPB believes that these competency profiles can provide more detailed and valid descriptions of occupational requirements. However, they are costly to develop and require that users are familiar with the concepts behind competencies and how to use them in an integrated HRM approach. We encourage OPM to continue work in this area and explore ways to address these barriers.

[39] MSPB, *Assessing Federal Job-Seekers in a Delegated Examining Environment*, p. 15.

[40] U.S. Merit Systems Protection Board, *Identifying Talent through Technology: Automated Hiring Systems in Federal Agencies*, Washington, DC, Aug. 2004, p. 45; Partnership for Public Service, *Asking the Wrong Questions*, p. 10.

[41] OPM Delegated Examining Operations Handbook defines competency as "a measurable pattern of knowledge, skills, abilities, behaviors and other characteristics that an individual needs in order to perform work roles or occupational functions successfully" (2003, p. 2-B-1).

[42] Donna Rodriguez, Rita Patel, Andrea Bright, Donna Gregory, and Marilyn K. Gowing, "Developing Competency Models to Promote Integrated Human Resources Practices," *Human Resources Management*, Fall 2002, Vol. 41, No. 3, p. 319.

[43] Rodriguez, Patel, Bright, Gregory, and Gowing, "Developing Competency Models to Promote Integrated Human Resources Practices," p. 320.

Assessment of Relative Qualifications is Often Inadequate

Once an agency determines which applicants meet the minimum qualification requirements, it then needs to assess relative qualifications—or make distinctions among the remaining applicants to determine who is best qualified for the position. Making these distinctions requires that agencies' assessment tools sufficiently distinguish between average applicants and the potential "superstars." Unfortunately, the Federal Government tends to use assessment procedures that are not particularly good in making these distinctions.

Assessment Methods

Much research has been conducted to compare the results of assessment methods with actual job performance. **Table 5** shows that some assessment methods are better than others in predicting job performance, though none are perfect predictors.

Table 5. Validity Scores of Selected Assessment Methods[44]

Assessment Procedure	Validity Score	Interpreting Validity Scores
Work Sample Tests	0.54	Here, "validity" refers to the ability of an assessment tool to predict how well an applicant will perform on the job.[45] The closer the score is to +1, the stronger the relationship between the assessment tool results and job performance. Based on that, work sample tests, structured interviews, and general mental ability tests have greater predictive value than training and experience point method. Squaring the validity score estimates the variability in an employee's performance that can be predicted by an assessment tool.[46] For instance, work sample tests predict 29 percent of the variability in how well applicants will do on the job whereas the training and experience point method predicts only 1 percent. It could be said, then, that the work sample test is up to 29 times better at identifying the best candidates than the point method.
Structured Interviews	0.51	
General Mental Ability Tests	0.51	
Job Knowledge Tests	0.48	
Training and Experience (behavioral consistency model)	0.45	
Job Try-Out Procedure	0.44	
Unstructured Interviews	0.38	
Biographical Data Measures	0.35	
Reference Checks	0.26	
Years of Job Experience	0.18	
Grade Point Average	0.17	
Training and Experience (point method)	0.11	
Years of Education	0.10	
Graphology (handwriting analysis)	0.02	

[44] Frank L. Schmidt and John E. Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology: Practical and Theoretical Implications of 85 Years of Research Findings," *Psychological Bulletin*, the American Psychological Association, Inc., Vol. 124, No. 2, Sep. 1998, p. 265.

[45] Elizabethann O'Sullivan and Gary R. Rassel, *Research Methods for Public Administrators*, third edition, New York: Longman, 1999, p. 121.

[46] O'Sullivan and Rassel, *Research Methods for Public Administrators*, p. 433; MSPB, *Identifying Talent through Technology*, p. 61.

Identifying the actual return on investment of using an assessment tool with high validity scores is somewhat difficult because of the many variables involved. However, Schmidt and Hunter's research suggests that as employers use more valid selection procedures, improved employee performance can result in significant savings or profit over time.[47]

MSPB has reviewed the accumulating research on some of the more prevalent assessment methods available to Federal agencies. Below, we describe our general findings on these methods.

Training and Experience

The Government has gravitated toward the use of training and experience (T&E) assessments. MSPB's 2000 Merit Principles Survey asked supervisors what information they use in selection decisions. Almost all—96 percent—reported using prior work experience to a great or moderate extent, and 82 percent reported using level of education to a great or moderate extent.[48]

A 1999 MSPB study found that about 60 percent of delegated examining unit (DEU) hires are assessed through "unassembled examinations."[49] This term refers to a process in which the DEU reviews applications, rates education and experience against evaluation criteria for the position, and arrives at a numerical score for each applicant.[50] This assessment methodology, most similar to the "point method" listed in Table 5, relies on giving points to applicants based on exposure to training and experience rather than actual achievement and performance. Used in this way, training and experience assessments are one of the poorer predictors of future job performance.

This focus on T&E has likely occurred due to a number of factors, including the current Government emphasis on expediency; a regulated environment that discourages innovation; qualification standards that are written in terms of experience; and a lack of time, support, and expertise in developing advanced assessment instruments.[51]

It is understandable why agencies rely on T&E assessments. They are convenient and widely available tools that are fairly easy to develop, administer, and automate. They are also less costly to develop than the assessments with higher predictive values, such as written tests and work sample tests. These factors make evaluation of T&E particularly attractive to agencies filling individual positions. The return on investment for assessment development is simply not as high for individual

[47] Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology," p. 273.

[48] U.S. Merit Systems Protection Board, *The Merit Principles Survey 2000*, Question 77A.

[49] U.S. Merit Systems Protection Board, *The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service,* Washington, DC, Aug. 1999, p. 5. A delegated examining unit is the organization that evaluates applicants for employment in the competitive service. This authority is delegated to the agency by OPM.

[50] MSPB, *The Role of Delegated Examining Units*, p. 5.

[51] MSPB, *Identifying Talent through Technology*, p. 26.

positions as it is for high-volume hiring. However, as Schmidt and Hunter point out, using assessments with low validity will likely reduce organizational productivity and could result in the loss of financial assets over time.[52]

When developed properly, T&E assessments can be fairly solid predictors of future performance. For instance, the behavioral consistency method of evaluating training and experience is the more predictive version of T&E. The method uses scientifically rigorous procedures to identify which accomplishment dimensions separate top performers from low performers. Applicants are then asked to describe past experiences that show they can perform at a high level in these areas, and their answers are systematically scored.[53]

However, Federal agencies historically have not applied the kind of rigor necessary to develop predictive T&E assessments. Most use scoring processes that gauge exposure to training and experience. Instead, the Government should be developing assessments that better measure the quality of the skills actually developed through that training and experience. This can be accomplished to a certain extent through T&E assessments, but only if agencies improve the way they do job analyses and crediting plans. In particular, the Government needs to use more rigorous procedures to determine performance elements that separate high performers from low performers and to develop valid scoring techniques for measuring applicants against those dimensions.

General Mental Ability Tests

As noted, general mental ability tests are one of the better tools available in predicting future job performance. These tests are used to measure such cognitive factors as spatial, verbal, and math skills. Schmidt and Hunter found that these tests have several advantages. They can be used for entry-, mid-, or senior-level jobs. They have the greatest theoretical foundation of any assessment tool. They have the highest validity at the lowest administration cost. Finally, they are the best available predictor of both job performance and learning ability.[54]

However, they do have their drawbacks, as well. General mental ability tests can have adverse impact on certain racial and ethnic groups.[55] In fact, OPM discontinued the use of the Professional and Administrative Careers Examination

[52] Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology," p. 273.

[53] Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology," p. 268.

[54] Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology," p. 264.

[55] Kevin R. Murphy, Brian E. Cronin, and Anita P. Tam, "Controversy and Consensus Regarding the Use of Cognitive Ability Testing in Organizations," *Journal of Applied Psychology,* 2003, Vol. 88, No. 4, p. 660. Adverse impact is defined by the Federal Uniform Guidelines as existing when "a substantially different rate of selection in hiring, promotion, or other employment decisions works to the disadvantage of members of a racial, gender or ethnic group. If such a rate is less than 80 percent of the selection rate of the racial, gender, or ethnic group with the highest rate of selection, this is generally regarded as evidence of adverse impact," http://www.uniformguidelines.com/uniformguidelines.html.

(PACE), a general mental ability test, in response to a 1979 lawsuit claiming the test had adverse impact on African-Americans and Hispanics. At that time, PACE was the Government's primary assessment tool for almost 120 occupations at the GS-5 and GS-7 levels. Some researchers argue that combining cognitive testing with other non-cognitive measures can alleviate the adverse impact resulting from cognitive ability tests. But no real consensus exists on this point.[56]

In addition to the issue of adverse impact, these types of tests are costly to develop because they take much expertise and require rigorous validation methods. From an economical perspective, then, they are most beneficial in filling high-volume vacancies where a larger return on investment can be realized. According to a January 2000 MSPB report, another drawback is that many managers associate written ability tests with unsatisfactory experiences they had when hiring was centralized, including lack of timeliness and quality. Finally, selecting officials currently have access to noncompetitive hiring processes that give them more control over hiring and do not require any form of assessment beyond basic qualification determinations.[57]

MSPB has argued that criticisms of these tests carry less weight if agencies would consider alternate ways to use written tests. The tests do not have to be the first hurdle in hiring. Using them later in the process would likely lower the possibility of adverse impact. In addition, instead of using the strict numerical scores, the results of the test could be combined with the results of other assessment instruments, again lowering the possibility of adverse impact. Finally, advances in technology make administration and scoring far simpler now than even 10 years ago, which could make them much more timely.[58] Overall, general mental ability tests are a valuable assessment tool that can increase the quality of selections.

Structured Interviewing

Selection interviews are widely used and influential assessment tools. Ninety-five percent of supervisory respondents to the Merit Principles Survey 2000 reported using them in selection decisions.[59] However, not all interviews are alike. Specifically, a manager can conduct an informal, unstructured interview, or the interview can be structured in a way that produces useful, measurable data about the applicant. Table 5 demonstrates that structured interviews can be excellent assessment tools and relatively good predictors of performance—equal in validity to general mental ability tests. Unstructured interviews, on the other hand, are less capable of predicting performance and can lead to bias. **Table 6** compares the characteristics of structured and unstructured interviews.

[56] Murphy, Cronin, and Tam, "Controversy and Consensus Regarding the Use of Cognitive Ability Testing in Organizations," pp. 669-670.

[57] U.S. Merit Systems Protection Board, *Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended*, Washington, DC, Jan. 2000, p. 22.

[58] MSPB, *Restoring Merit to Federal Hiring*, p. 23.

[59] MSPB, *The Merit Principles Survey 2000*, Question 77A.

Table 6. Characteristics of Unstructured and Structured Interviews[60]	
Unstructured	**Structured**
The factors evaluated by the interview are implicit and vary across candidates.	The factors evaluated are explicit, based on job analysis, and are the same for each candidate.
Questions are not necessarily job-related.	Questions are job-related.
Questions vary from interview to interview for the same job.	The same questions are asked of all candidates for the same job.
There is no system or guide for evaluating interview results.	There is a pre-developed system for evaluating interview results.
Interviewers may be untrained.	Interviewers have received the same training.

Structured interviews provide consistency in the content of the interview, how the interview is conducted, what information is solicited, and how the information is rated and used. The benefits of structured interviews are numerous. They support merit when they are based on a solid job analysis and are relevant to the position being filled. Implemented correctly, they treat candidates fairly and objectively with little or no adverse impact. They give the interviews more focus, make them more consistent, and guard against errors in judgment. Conversely, unstructured interviews have been found to rely on first impressions (e.g., the strength of the handshake or how the applicant is dressed) and read too much into the interviewee's behavior (i.e., assuming what the interviewer sees in an interview is the behavior they will see on the job).[61]

Research tells us that agencies are not using interviews to their fullest potential. Instead, selecting officials rely on personal observation and judgment, sacrifice rigorous interview techniques for speed and intuition, and devote insufficient resources to developing and using good interview tools.[62] The structured interview does require more resources than the unstructured interview. More time and money is needed for job analysis, training, development, and evaluation of the results. However, its use can result in better hires and increase the defensibility of the assessment process.

Reference Checks

Selecting officials tend to rely on information reported by the applicant when evaluating an applicant's skills and abilities. They collect this self-reported information from resumes, occupational questionnaires, and interviews. It is important for agencies and managers to verify that the information provided to them by the applicant is accurate. In this context, reference checks are a valuable asset in the overall assessment process, even though their validity score is relatively low.

[60] U.S. Merit Systems Protection Board, *The Federal Selection Interview: Unrealized Potential,* Washington, DC, Feb. 2003, p. 6.

[61] MSPB, *The Federal Selection Interview,* pp. 19-22.

[62] MSPB, *The Federal Selection Interview,* pp. 28-29.

> Many employment specialists find that about half of the resumes they see are "borderline" dishonest, and an additional 15 percent contain outright lies.
>
> – *"Moving On"* The Wall Street Journal *August 28, 2002*

MSPB's 2005 study on reference checking, *Reference Checking in Federal Hiring: Making the Call*, defines a reference check as a discussion between a prospective employer and someone who has worked with the job applicant. A reference check should address pertinent, job-related questions about the applicant's past performance, competencies, and job-related behaviors. It should be used primarily to verify information provided by the applicant, and the information gathered is used as part of the hiring decision.

Research indicates that reference checks are widely used in the Federal Government. According to the Merit Principles Survey 2000, 77 percent of agency supervisors who hired a new employee conducted a reference check.[63] However, managers have expressed a number of concerns about using this method of assessment. One drawback to reference checks is that managers feel former employers and other references do not always provide useful or appropriate information. This is a significant problem when dealing with prior employers who fear potential lawsuits as a result of providing negative information about the applicant. To avoid this legal pitfall, many employers have established policies that allow the release of only minimal information regarding former employees, making reference checks less useful.[64]

To assuage reference-giver concerns, some organizations require applicants to sign a waiver authorizing prior employers to discuss the applicant's job performance and releasing them from liability resulting from reference check discussions. As a matter of fact, the Federal Government's Declaration of Federal Employment contains such a waiver, but is often not signed until after the applicant is hired.[65] Another strategy to overcome reference-giver concerns is to involve the applicant in contacting the former employer.[66] The applicant can notify the former employer that the reference check will be requested, encourage the employer's candid participation, discuss the scope of the reference check, and attempt to allay any fears regarding legal backlash.

Another concern about the reference check is that applicants provide the source of the information and will not likely provide a reference who will speak badly of them. Managers can address this issue by not relying solely on the references provided to them. Selecting officials can begin with the references provided by the applicant and ask those references for additional names. This type of strategy helps avoid over-reliance on the applicant; though, as mentioned above, it may be difficult to locate additional references who will agree to provide information.[67]

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[63] MSPB, *The Merit Principles Survey 2000*, Question 77A.

[64] U.S. Merit Systems Protection Board, *Reference Checking in Federal Hiring: Making the Call*, Washington, DC, Sep. 2005, p. 39.

[65] MSPB, *Reference Checking in Federal Hiring*, p. 17.

[66] MSPB, *Reference Checking in Federal Hiring*, p. 32.

[67] MSPB, *Reference Checking in Federal Hiring*, p. 33.

The reference check is a fairly simple and cost effective strategy that is particularly important in verifying job-related information the applicant has provided. Reference checks are especially useful if they employ a structured process similar to the structured interview. Structured reference checks can help add focus to the discussions, increase the fairness and objectivity of the checks by making them more consistent, and help guard against errors in judgment. Used properly, reference checks can assist in increasing the quality of the hire at a minimal cost to the organization.

Probationary Period

Managers tend to think that once they have made the selection and job offer, the assessment process is over. What they forget is that the probationary period is one of the most effective assessment tools available because it provides the opportunity to observe the employee on the job. Unfortunately, Federal managers do not typically use the probationary period as an additional assessment.

The probationary period is the time agencies have to determine the fitness and qualifications of an individual before that individual's appointment to the Federal service becomes final.[68] The purpose of the probationary period is to observe employees and make sure they have the skills necessary to do the job for which they were hired. If they don't—and the deficiency cannot be reasonably handled through training and development—then they should be terminated. As seen in Table 5, this type of "job try-out procedure" has a relatively high ability to predict future job performance. However, the assessment is limited by the unwillingness of some supervisors to terminate low performers, resulting in a lower validity score than one would expect.[69]

Unfortunately, we have found that Federal supervisors do not, in fact, make good use of the probationary period. Less than 2 percent of competitive service employees are removed in their first year of service.[70] To explore this finding further, MSPB surveyed supervisors and asked if they would select their probationer again if given the chance. Of those who reported they would not again select their probationer, over half said they nevertheless expected to retain the probationer at the end of the probationary period.[71] If the probationary period is to be an effective assessment tool, supervisors need to be willing to separate probationers who are not successfully performing in the job. Managers and probationers alike recognize that the Government does not effectively use the probationary period.

[68] 5 U.S.C. §3321 and 5 CFR §315.803.

[69] Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology," p. 268.

[70] U.S. Merit Systems Protection Board, *The Probationary Period: A Critical Assessment Opportunity,* Washington, DC, Aug. 2005, p. ii.

[71] MSPB, *The Probationary Period*, p. 7.

"Due to staff shortages, borderline performance and abuse of leave issues are overlooked to keep the 'body'."

– Federal Supervisor

"Nobody cares about the 1-year probationary period. The reason is that they have never seen it used and it definitely should [be]."

– Federal Probationer

MSPB, The Probationary Period: A Critical Assessment Opportunity *August 2005*

Some managers reported in the survey that it is better to have a "warm body" than "no body." Others indicated that they do not receive support from upper management and/or the HR staff in separating problem probationers.[72]

This has an impact on the probationers themselves. They see that the probationary period is not being used and therefore do not take it seriously. This lack of organizational commitment to the probationary period undermines its effectiveness as a valuable assessment tool.

Cost Prohibitions of Assessment

Developing valid assessment tools can be expensive. For instance, creating and validating written examinations requires a certain amount of time and expertise to do properly. Another example is the time and effort required for designing, training in, conducting, and evaluating structured interviews as opposed to unstructured interviews. Unfortunately, due to increasing mission obligations and decreasing budgets, many agencies are not able to take on these additional resource demands.

At one time, the responsibility for the Federal examining process rested with OPM. In recent years, OPM has decentralized a wide array of its operating functions. As a result, agencies have been delegated the task of developing and administering assessment tools. However, supporting resources did not accompany this shift in responsibility, and many agencies are not able to take on these additional resource demands. Moreover, delegated examining units have been under great pressure to cut costs, making them less able to invest in the more valid but costly assessment tools.[73]

OPM does still provide assistance to agencies in assessment development. But due to its own budget cutbacks, its services are available only on a reimbursable basis. Many agencies, particularly smaller agencies or those that do less hiring, do not have the necessary resources to invest either in OPM's services or in the development of their own assessment tools. This limitation creates a system that divides agencies into the "haves" and "have-nots," causing an imbalance in the quality of assessment tools being used throughout Government.

However, we must also recognize that agencies have a role in deciding how their discretionary funding will be spent. Whether or not an agency invests in quality assessment instruments is therefore a business decision. While research indicates that using good assessment practices may increase the bottom line, the agency's leadership decides how important assessment tools are compared to other priorities and allocates the resources as appropriate.

[72] MSPB, *The Probationary Period*, p. 12.

[73] MSPB, *The Federal Selection Interview*, p. 29.

> Agencies vary widely in their ability to develop good… assessment instruments. Agencies with little in-house expertise in this field, and little or no discretionary money to pay OPM or anyone else for the needed expertise, are at a distinct disadvantage.
>
> – *MSPB, Assessing Federal Job Seekers in a Delegated Examining Environment, December 2001*

Therefore, the responsibility to garner resources and improve Federal assessment methods does not lie with one agency—it lies with all agencies. MSPB has long recommended that Congress provide OPM the funding necessary to assist agencies in developing assessment tools that create the best return on investment for the Government. For instance, OPM could focus on Governmentwide occupations, high-volume occupations, and/or severe shortage occupations.

When making decisions on how to allocate resources, agencies need to weigh the fact that it may cost more later to hire bad employees now. Therefore, agency leaders should look at the business case for investing in assessment, identify assessment as a priority, and devote the resources to it. One of the better investments would be using a multiple hurdle approach to assess applicants.

Multiple Hurdle Approach

MSPB has long advocated a multiple hurdle approach to assessment. This type of approach can help avoid poor selection by using a set of relatively valid assessment procedures successively to manage the candidate pool and narrow the field of qualified candidates.[74] Schmidt and Hunter found that using good assessment procedures in succession can improve the ability of the assessments to predict job performance, adding to the quality and cost benefit of the process.[75] **Table 7** provides a brief overview of the multiple hurdle approach.

Table 7. Multiple Hurdles in Action

	Purpose	Implementation Strategies
Assessment 1	Evaluate minimal qualifications	- Fast, accessible, and low-cost instruments to sort applicants - High degree of automation, low level of precision
Assessment 2	Evaluate relative qualifications	- Consider job, candidate quality, labor market, and urgency - Higher level of precision used to differentiate candidate quality
Assessment 3	Select best qualified	- Manager involvement - High level of precision
Final Assessment	Ensure selection meets needs of the job	- Direct evaluation through the probationary period - Separate if not a good fit

[74] For more information on the multiple hurdle approach, see U.S. Merit Systems Protection Board, "Fewer Hoops, Higher Hurdles," *Issues of Merit*, Sep. 2002; "How Many is Multiple," *Issues of Merit*, July 2003; and *Identifying Talent through Technology*, pp. 75-77.

[75] Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology," p. 265.

All assessments used in this hurdle approach should be developed and administered carefully. They should produce usable, job-related information, and each assessment tool should be used to complement, not replicate, one another. In other words, they should each assess slightly different applicant attributes that are important to the job. Furthermore, assessments should be implemented in a thorough, but timely manner. High-quality candidates may not wait around for a hiring decision that takes too long. Therefore, while successive hurdles can improve the quality of the hiring process, *excessive* hurdles can result in applicant attrition and yield minimum value.

Ideally, assessment procedures should be selected and sequenced based on cost and benefit. Methods that are less costly to administer should be used in the beginning stage of the assessment process when the candidate pool is largest. Methods that are more costly to administer should be used toward the end of the process when fewer applicants need to be assessed. This will help manage the return on investment for each instrument while recognizing that quality should not be sacrificed for speed or cost.

The multiple hurdle approach may take more time, effort, and money than just reviewing training and experience or conducting an unstructured interview. But the expense could easily pay for itself through the savings entailed in making a quality hire. If conducted properly, the multiple hurdle approach can increase selecting officials' ability to predict the job success of an applicant. This should increase the quality of the hire and decrease the costs associated with a poor performer (e.g., training, adverse actions, re-recruiting for the position).

Sorting Applicants

The method agencies use for sorting applicants can also influence the effectiveness of assessments. Until recently, selecting officials were required to follow the "rule of three" requirement when hiring a new employee into the competitive service. Under this rule, applicants' relative qualifications are assessed and ranked based on a numeric score. Those deemed to be most qualified are referred to the selecting official in descending score order on a "certificate of eligibles." Additional points are added for those eligible for veterans' preference. The selecting officials can then only hire a candidate from among the top three names referred.

The original purpose of this "rule of three" requirement was to ensure that selecting officials had choices when choosing among the most qualified applicants. However, this rule rests on the assumption that assessment tools can accurately distinguish the top three candidates. Research indicates that even some of the better assessment procedures still do not make fine enough distinctions between candidates to warrant limiting consideration to the top three. Instead, the rule of three often works to inappropriately limit managers' choice of quality candidates.

The Homeland Security Act of 2002 granted Federal agencies the ability to use category rating instead of the rule of three. Category rating allows agencies to assess candidates and group them into two or more quality categories. Selecting officials can then select a candidate from the top category. The advantage is that selecting officials are no longer limited to a choice of three applicants for external vacancies and therefore have a larger group of qualified candidates from which to select. Category rating also nicely complements the multiple hurdle approach and makes training and experience assessments less problematic. As indicated in Table 7, the initial assessment in a multiple hurdle approach does not need to be highly predictive because more precise instruments follow it successively. Because category rating eliminates the need to narrow the applicant pool down to just three candidates, it also eliminates the need to make fine distinctions among candidates in that initial hurdle. Those distinctions can be made using more precise assessment procedures in the successive hurdles. Therefore, category rating is better suited than the rule of three to training and experience assessments.[76]

MSPB has long held that category rating is a superior method for sorting candidates. It can improve the quality and diversity of the workforce by allowing selecting officials greater choice among qualified candidates. In addition, it can improve merit by recognizing the limitations of current assessment tools and treating everyone in a quality category as more or less equal rather than trying to identify the best three applicants with assessment tools that cannot make that type of fine distinction.[77]

Unfortunately, it appears that category rating is not yet being widely used. In 2003, GAO surveyed agency Chief Human Capital Officers[78] and found that almost 60 percent were using category rating to "little or no extent." The most cited reasons for not using the method were: (1) a lack of agency policies for using the method, (2) a lack of OPM guidance in how to use it, (3) a need to reprogram automated systems to support the process, (4) rigid OPM rules and regulations, and (5) concerns about potential inconsistencies in use.[79] Most of these are procedural issues. Agencies should not let procedural issues stand in the way of employing a tool that could help improve workforce quality and diversity by allowing selection from a larger group of qualified candidates.

> Agencies lobbied for the flexibility to expand the hiring pool, but as of last summer, 87 percent of large agencies had filled fewer than six positions using category rating...
>
> – *Shawn Zeller*
> *"The Perfect Candidate"*
> Government Executive, *July 1, 2005*

[76] U.S. Merit Systems Protection Board, *The Rule of Three in Federal Hiring: Boon or Bane?*, Washington, DC, Dec. 1995, p. 19.

[77] U.S. Merit Systems Protection Board, *Making the Public Service Work: Recommendations for Change*, Washington, DC, Sep. 2003, p. 3.

[78] The Homeland Security Act established the position of Chief Human Capital Officer for each major agency and department. This individual has the statutory responsibility to advise and assist agency heads and other officials in strategically managing the workforce.

[79] GAO, *Opportunities to Improve Executive Agencies' Hiring Processes*, pp. 33-34.

Ensuring Merit in Federal Hiring

While the Federal hiring system is expected to adhere to the merit system principles, it is also subject to compliance with other public policies and court-enforced settlements. In addition, there are a number of sanctioned alternatives to the competitive examining process that emphasize speed and ease. As a result, agency hiring procedures are often driven by factors other than simply who is most qualified for the job. These factors can create disincentives to invest resources in good recruitment and assessment practices. Below, we explore these issues.

Excepted Service Appointments Often Reduce Competition

We know that the length and complexity of the Federal hiring process causes frustration for both applicants and selecting officials. To help speed and simplify the process, the Federal Government has instituted several hiring flexibilities, including new excepted service hiring authorities. Excepted service appointments are exempted from the competitive examining process when competitive examining is deemed impracticable for the position or agency (e.g., policy-advocating, intelligence, or undercover work).

Although competitive examining is still the primary single hiring authority in Government, its use is declining.[80] The Central Personnel Data File shows that in 2001, competitive examining was used for 41 percent of hires into professional, administrative, and technical positions (full-time, non-temporary). In 2004, it was only used for 22 percent of these hires. Overall, competitive examining was used for less than one-third (29 percent) of the total hires between 2001 and 2004.

Part of the explanation for the decline in competitive examining is the increase in new excepted service and other appointing authorities over the same time period. For instance, the Federal Career Intern Program (FCIP), an excepted service authority, was established in July 2000 to streamline the process of bringing new talent into Government. Additionally, the Aviation and Transportation Security Act of 2001 placed the newly federalized security screener workforce into the

[80] Other authorities it was compared against include Veterans Employment Opportunity, Federal Career Intern, Veterans Recruiting Appointing Authority, Outstanding Scholar, Direct Hire, Bilingual/Bicultural, Student Career Experience, Presidential Management Fellows, and an "other" category that includes such appointments as excepted service, reinstatements, and conversions.

excepted service. The Chief Human Capital Officers Act of 2002 (Title XIII of the Homeland Security Act of 2002) also provided agencies with direct hire authority for jobs in which there is a severe shortage of candidates or a critical hiring need.

Some excepted service authorities provide a gateway into the competitive service through noncompetitive conversion.[81] Examples of such authorities include the FCIP, Veterans Recruitment Authority, Presidential Management Fellows Program, and the Student Career Experience Program.

While excepted service appointments do not require agencies to follow competitive examining procedures, as described earlier in Table 1, the process is still in a real sense competitive. Applicants submit an application, and their qualifications are evaluated against what is needed to perform the job. However, recruitment and assessment rules are not as proscriptive as those in the competitive service. Unfortunately, this fact can also serve to reduce fair and open competition and advancement based solely on relative ability, as discussed below.

Public Notice and Recruitment

Excepted service positions do not require "public notice" as defined in the competitive service. This means that agencies are not required to notify OPM of vacancies for which applicants outside the agency may apply and are not required to post those jobs on USAJOBS. Nevertheless, these positions are still subject to the merit system principles. Agencies must therefore ensure that qualified individuals are recruited from all segments of society and selected on the basis of relative ability after fair and open competition. In the competitive service, public notice is how Government operationalizes "fair and open." Because the excepted service is not subject to public notice, no operational definition of "fair and open" exists. Therefore, agencies are free to interpret what "fair and open" means for excepted appointments.

While this type of flexibility allows agencies to tailor recruitment approaches to meet their mission requirements, it can also lead to unnecessarily narrowing recruitment practices. Our research suggests that information about excepted service positions is frequently difficult to find. These positions are often not posted on USAJOBS or the agency's Web site because they are not required to be posted. For instance, MSPB surveyed Federal Career Interns, and a quarter of them reported that it was difficult to find out about internships in their agency.[82] Furthermore, agencies that hired career interns cited college recruitment as a leading

[81] A noncompetitive conversion is an appointment to a position in the competitive service that is not made by selection from an open competitive examination. By converting an excepted service employee, the employee receives "competitive status." Therefore, the employee is eligible for future noncompetitive assignments (such as promotion, transfer, or reinstatement) without ever having to compete with members of the general public in an open competitive examination.

[82] U.S. Merit Systems Protection Board, *Building a High-Quality Workforce: The Federal Career Intern Program*, Washington, DC, Sep. 2005, p. 23.

recruitment method.[83] While college recruitment can be an effective recruitment strategy, it can exclude from consideration qualified individuals not currently pursuing a college degree.

When using excepted service appointments, agencies should be cautious in designing their recruitment strategies. At times, narrowing recruitment strategies is appropriate to ensure that unqualified applicants do not overwhelm the organization or to ensure that those with the necessary skills are targeted. However, the strategies should be well thought out to ensure they do not *unnecessarily* narrow the applicant pool, thereby limiting fair and open competition.

Assessment

Some excepted service programs actually require more rigorous assessment than many competitive positions. The Presidential Management Fellows Program, for example, includes a nomination process, review of the application and accomplishment record, and a set of oral, group, and written situational tests conducted at a structured assessment center.[84] However, assessment practices for excepted service positions are often similar to those used in the competitive service. For instance, when hiring Federal Career Interns, managers and HR staff tend to rely on interviews, evaluation of training and experience, recommendations, and/or grade point average (GPA).[85]

Considering that no public notice requirement exists for excepted service positions, recruitment strategies can lead to smaller, narrower applicant pools. When there are fewer applicants from which to choose, using good assessment practices to identify the applicants who have the skills necessary to perform the job is particularly important. Using assessment strategies that have lower validity scores, such as those mentioned by managers hiring Federal Career Interns, hampers the Government's ability to hire a high-quality workforce. Therefore, even though excepted service authorities allow for streamlined assessment procedures, these practices may not be in the best interest of the Government when they do not use instruments that are adequate predictors of job performance.

Balancing Act

Excepted service hiring can effectively address some of the flaws present in the competitive process. It can streamline recruitment, allow for faster hiring decisions, and provide the ability to tailor hiring procedures to meet mission requirements. On the other hand, it can also narrow the applicant pool and potentially lead to

[83] MSPB, *Building a High-Quality Workforce*, p. 22.

[84] See U.S. Merit Systems Protection Board, *Growing Leaders: The Presidential Management Intern Program*, Washington, DC, Aug. 2001.

[85] MSPB, *Building a High-Quality Workforce*, p. 26.

perceptions of unfair, arbitrary, or inequitable treatment. Therefore, agencies need to be cautious when using these appointing authorities to ensure that the goals of quality and fairness are balanced with the need for expediency.

In the short term, agencies should give careful thought to the recruitment and assessment strategies they use for excepted service appointments to ensure that they support the ideals expressed in the merit system principles. In the long term, Government needs to decide how to proceed with hiring reform. Left unabated, excepted service hiring could likely exceed competitive service examining as the predominant hiring method. Government could simply allow momentum to drive that change. Then again, a more effective strategy would be to begin thoughtful discussions on how Government can balance the benefits of competitive and excepted hiring and still preserve merit.

Merit Promotion Procedures Often Waste Resources

While MSPB cautions agencies to consider the effect their recruitment and assessment strategies have on competition, we recognize that competition does not always result in better selection decisions. MSPB's study, *The Federal Merit Promotion Program: Process vs. Outcome*, reports that the process is resource-intensive, time-consuming, and often adds little value to the end result.

The study found that selecting officials often feel they know who would be the best person for an internal job promotion before they announce the vacancy. And they select that person 80 percent of the time.[86] This knowledge is gained from observing and assessing their employees over a long period of time—a highly predictive form of assessment. In addition, the study found evidence to suggest that even when they had someone in mind for the position, supervisors still gave fair consideration to outside applicants and based their selections on the relative ability of the applicants. In our view, having someone in mind for a position is not inappropriate as long as the candidates are given fair consideration and evaluated on their relative ability.[87]

The cost of applying this competitive process—when selecting officials already have a good idea of whom they will promote—was about $102 million in 2000, just in supervisory expenditures. This does not include the costs of administrative tasks performed by the HR staff.[88] Therefore, the overall result is that supervisors spend unnecessary time and money promoting the person they had originally planned to promote, and unselected applicants became frustrated at spending the time applying for a job for which they had little chance of being selected.

[86] MSPB, *The Federal Merit Promotion Program*, p. 27.

[87] MSPB, *The Federal Merit Promotion Program*, pp. 26-27.

[88] MSPB, *The Federal Merit Promotion Program*, p. 30.

Based on the findings of this study, MSPB recommended that supervisors be permitted greater authority to promote employees without competition. This could be done through expanding the use of accretion of duties promotions or broadband pay systems that allow noncompetitive advancement. We posited that expanding noncompetitive advancement meets the merit principle of fair and open competition in the same way that competition is achieved through limiting the area of consideration to employees within the organization. The difference is that competition for future promotions would be ongoing. Supervisors would continually evaluate their employees to determine if they are a good fit for upcoming promotion opportunities.[89]

This approach offers several advantages. First, it recognizes the need for continuous assessment through observation of job performance—a strong assessment tool. Second, it provides managers flexibility in tailoring selection decisions to meet mission needs. Third, it would save resources through minimizing unnecessary competition. Finally, it would likely add credibility to the current process by reducing "sham competitions," or those in which supervisors have a fairly good idea of whom they will select based on their observance of the organization's employees. These benefits would be in the public's best interest and further supervisors' abilities to accomplish their mission without the unnecessary wait time caused by the current process.

However, numerous concerns would need to be addressed before implementing such a system. For instance, agencies would need to ensure that supervisors are held accountable for making fair, objective decisions based on structured criteria and that they have the skills necessary to carry out this type of observation-based assessment. While this approach raises valid concerns, it is worthy of consideration as decision-makers look at potential hiring and promotion reform.

Luevano, Rule of Three Can Inhibit Hiring and Merit

In addition to ensuring that hiring adheres to the merit system principles, agencies must also comply with a number of other policies and requirements when designing and implementing hiring procedures. Through the years, managers and HR staff have complained about many of these policies and requirements—expressing frustration that they employ non-meritorious factors or add to the complexity of the hiring process. Here, we look at some of these policies and requirements and the challenges they present to the hiring process.

[89] MSPB, *The Federal Merit Promotion Program*, p. 38.

Luevano Consent Decree

In 1979, a lawsuit was brought against OPM claiming that the Federal Government's key entry-level employment test, PACE, resulted in adverse impact on African-American and Hispanic applicants. The court approved the *Luevano* consent decree to settle the case. This settlement agreement called for OPM to develop valid alternative examinations that do not result in adverse impact for about 120 occupations at the GS-5 and GS-7 levels. In the meantime, the court created "temporary" hiring authorities for these positions. The newly created Outstanding Scholar and Bilingual/Bicultural hiring authorities were to be used when underrepresentation existed in the covered occupations and competitive examining did not result in a diverse applicant pool. The settlement agreement and additional hiring authorities still exist today and have introduced several problems related to the Federal Government's ability to implement quality assessments in a timely manner.

ACWA

The Administrative Careers With America (ACWA) written examination was introduced as a replacement for PACE in 1990 and was designed to be used with the career-entry positions covered by the consent decree. This examination contains both a cognitive ability multiple-choice section and a biodata self-rating section that helps reduce adverse impact.[90] MSPB has supported the use of this written examination because it is better at predicting future job performance than many of the assessment tools currently used, especially the temporary hiring authorities established under *Luevano*.

However, this examination has rarely been used since the mid-1990s. It was introduced when centralized examining was still common in Federal hiring. In the recent environment of decentralization, delegation, and reduced hiring, the examination was rejected by most agencies as slow, administratively cumbersome, and likely to cause adverse impact. Therefore, agencies have turned toward other alternatives that are easier to administer.[91]

As an alternative to the written ACWA exam, OPM provides agencies the opportunity to use the ACWA rating schedule (also known as Form C). The rating schedule contains a 156-item multiple-choice, self-rating form but does not contain the cognitive ability portion of the written test. The form is easier to administer than a written test, particularly for single job vacancies. However, MSPB has argued that this tool is far less able to predict future performance than the ACWA written test.[92]

[90] The biodata section uses an individual's biographical history to predict job performance. Job-relevant measures—such as achievements in school, work, or other settings and work attitudes, goals, and interests—are statistically correlated to successful job performance through validity studies and applicants are then scored against performance benchmarks. This is generally a much more rigorous assessment process than the training and experience-based assessments typically used by the Government.

[91] MSPB, *Restoring Merit to Federal Hiring,* p. 22.

[92] MSPB, *Restoring Merit to Federal Hiring*, p. 22.

An even more important problem with the use of Form C is that the rating schedule relies on assessing life and work experience as well as training. However, it is applied to an applicant pool of entry-level applicants, many of whom have not yet had the opportunity to gain significant experience or job-related training. Therefore, the distinctions the tool makes are not very precise and cannot distinguish those with future potential. This probably helps explain why many agencies reported to us their managers' dissatisfaction with the quality of candidates referred by OPM from this rating schedule.[93]

A number of other issues cause problems with the use of the ACWA rating schedule. Agency HR staff reported to GAO that "the ACWA rating schedule was cumbersome, delayed hiring, and often did not provide quality candidates."[94] In another report, GAO found that applicants are skeptical about the job-relevance of many of the questions, thereby undermining the credibility of the assessment tool.[95] Furthermore, the Partnership for Public Service pointed out that relying on self-reported information makes it easy for applicants to misrepresent their qualifications.[96]

Agencies are required to use either the ACWA written examination or the rating schedule for the occupations covered by the *Luevano* consent decree—whether the positions to be filled are in the competitive or the excepted service. To avoid the problems presented by these two instruments, agencies have devised strategies to avoid using them. Unfortunately, we have found that these strategies can inhibit merit and increase costs.

Agencies have been known to limit public notice for *Luevano*-covered excepted service positions (such as FCIP), avoid external hires altogether, or even hire at higher-grade levels which are not covered by the consent decree. These steps help them limit the number of individuals to whom they must administer the rating schedule, making the process faster.[97] But these steps also limit who can be considered for the position. For instance, hiring at higher-grade levels can rule out high-potential applicants who cannot qualify due to lack of prior experience or an advanced degree. Also, hiring at higher levels simply to avoid the assessment tool unnecessarily increases employee life cycle costs.

Agencies do have the authority to develop alternative assessment tools for *Luevano*-covered occupations, provided that they validate the tools to ensure that they are job-related and do not result in adverse impact. In fact, a few agencies have developed and validated instruments that meet *Luevano* requirements and

[93] MSPB, *Restoring Merit to Federal Hiring,* p. 22.

[94] U.S. Government Accountability Office, *Human Capital: Additional Collaboration Between OPM and Agencies is Key to Improved Federal Hiring*, GAO-04-797, Washington, DC, June 2004, p. 27.

[95] GAO, *Opportunities to Improve Executive Agencies' Hiring Processes*, pp. 19-20.

[96] Partnership for Public Service, *Asking the Wrong Questions*, p. 5.

[97] MSPB, *Managing Federal Recruitment*, p. 20.

are believed to be more job-related to the targeted occupations than ACWA. Unfortunately, as previously discussed, this type of development process is prohibitively expensive for many agencies, causing an imbalance in the quality of assessment tools being used throughout Government.

Outstanding Scholar and Bilingual/Bicultural Hiring Authorities

MSPB has argued that the Outstanding Scholar and Bilingual/Bicultural hiring authorities conflict with the merit system principles. First, Outstanding Scholar hiring limits fair and open competition. College graduates with a 3.5 GPA or who are in the top 10 percent of their class can be hired under this authority without competition and without assessment of their relative ability to do the job in comparison to other applicants. In addition, the authority requires that applicants possess a bachelor's degree for many occupations that do not have a degree requirement under OPM's qualifications standards. These factors deny consideration to a larger applicant pool that may otherwise meet the qualification requirements and have competencies that better match the job.

Second, these authorities use questionable selection criteria. The Bilingual/Bicultural Program bases determinations on linguistic ability or knowledge of Hispanic culture, and only requires that the candidate be minimally qualified for the position. The Outstanding Scholar Program relies on GPA and class standing, without regard to the curriculum or recency of the education. Table 5 demonstrated that GPA is not a good predictor of performance. Additionally, even this limited degree of validity actually declines with the passing of time and lack of job-relatedness. Therefore, agencies relying on these hiring authorities are also relying on assessment methods that are not good predictors of on-the-job performance, which could result in lower-quality hires. Furthermore, Outstanding Scholar has been misused by agencies. The intent of the authority was to augment competitive examining for *Luevano*-covered occupations that did not produce representative applicant pools. Instead, it has often been viewed as a first-choice hiring authority to bring new employees on board quickly, regardless of minority status. A 2000 MSPB study found that between 1993 and 1997, agencies relied more on Outstanding Scholar than competitive examining for *Luevano*-covered positions.[98] The Department of Justice and OPM both became so concerned that the Outstanding Scholar authority was becoming the primary hiring vehicle for GS-5/7 administrative and professional positions that they strongly cautioned agencies to evaluate how they were using the authority.[99]

> Outstanding Scholar "was established as a supplement to competitive examining in situations where underrepresentation of Blacks and Hispanics continued. It was not intended to replace competitive examining, nor to become the primary method of hiring into the specified occupations at these grades."
>
> – *Memo from OPM to agency HR directors July 1998*

[98] MSPB, *Restoring Merit to Federal Hiring*, p. 7.

[99] U.S. Office of Personnel Management, "Memorandum for Directors of Personnel from Carol J. Okin, Outstanding Scholar Program Authorities," July 13, 1998.

In a follow-up analysis of OPM-provided data from 2000 and 2001, we did note a drop in the aggregate proportion of Outstanding Scholar hires and an increase in the proportion of competitive hires. However, we also noted that the largest users of the program continued to rely heavily on Outstanding Scholar instead of competitive hiring for at least some key occupations.

Finally, these two hiring authorities have not necessarily aided the Government in diversifying its workforce. Looking at data from 1993-1997, the 2000 study found that competitive examining proved to be a better vehicle than the Outstanding Scholar and Bilingual/Bicultural programs for hiring Hispanics into covered occupations and at least as good or better for hiring African-Americans.[100] The follow-up analysis of 2000 and 2001 data found that competitive examining was more effective than Outstanding Scholar in hiring both Hispanics and African-Americans.

Hiring officials' partiality to the Outstanding Scholar and Bilingual/Bicultural Programs is understandable. The authorities provide fast and simple ways to hire, and they directly link recruitment initiatives to hiring. But their benefits must be weighed against their costs. If these hiring authorities do not result in higher minority representation than competitive examining and do not support fair and open competition based on relative ability, the Government should question the value they add to the Federal hiring process. In addition, given the ease and speed of these authorities, their continued existence actually discourages the Government from pursuing one of the primary goals of the consent decree—developing replacement examinations for PACE that do not result in adverse impact and are valid predictors of job performance.[101]

Veterans' Preference and the Rule of Three

Veterans' preference is a hiring benefit afforded to applicants who meet certain criteria related to military service.[102] The purpose is to recognize the economic sacrifices and contributions veterans have made to society through their military service. Under law, individuals who meet the criteria for preference are given precedence over qualified applicants who do not have preference. When used in conjunction with competitive examining, preference is granted by adding 5 to 10 points to an applicant's passing score on the examination used. Furthermore, those preference eligibles with a disability of at least 10 percent are placed at the top of the certificate of eligibles.[103] In the past, if a manager wanted to select a non-preference eligible over a preference eligible, the action required OPM approval. Currently, most agencies have been delegated this "pass over" authority.

[100] MSPB, *Restoring Merit to Federal Hiring*, pp. viii, 9-12.

[101] MSPB, *Restoring Merit to Federal Hiring*, p. ix.

[102] Qualifying criteria are listed in 5 U.S.C. 2108.

[103] See 5 U.S.C. §3313 and OPM's Delegated Examining Operations Handbook for a more detailed discussion of preference eligibility.

Many managers have complained that the interaction between veterans' preference and the rule of three is a barrier to quality selection. They claim that by automatically increasing veterans' scores and placing some at the top of the certificate, they often cannot hire the most qualified candidates. They also complain that they cannot reach those candidates they spent time and money recruiting, impacting their ability to reach targeted candidates for underrepresented occupations. Instead, they believe they often have to hire unqualified or less-qualified veterans, or allow their jobs to go unfilled.

A 1995 MSPB study explored these criticisms. We found that veterans' preference does not generally preclude quality hiring. For instance, veterans blocked name-requested candidates only 4 percent of the time.[104] Furthermore, we found little support for the perception that certificates topped with veterans had lower selection rates than certificates headed by non-veterans, leaving vacancies unfilled. Finally, pass over requests for unqualified veterans were generally sustained, indicating that veterans' preference does not ensure jobs to those who are not qualified.[105]

However, what we did find was that the rule of three, itself, does not represent the best way to foster merit-based hiring. The rule of three is based on the assumption that assessment tools can make fine enough distinctions to identify the three most qualified candidates. Because they rarely can, this requirement simply limits managers' choices in hiring qualified applicants, regardless of veterans' preference. As previously discussed, category rating allows managers to select from a larger pool of higher quality applicants and better align recruitment with selection.

Furthermore, we found in the 1995 study that veteran hiring under category rating was generally fairer to veterans than other traditional hiring approaches.[106] In category rating, candidates are assessed and placed into one of at least two quality categories. Those with preference eligibility are then placed ahead of non-preference eligibles within the quality category. Compensably disabled preference eligibles (those veterans with at least 10 percent service connected disability) are placed at the top of the highest quality category, meaning that they "float to the top" as they do in the rule of three. The study showed that because category rating does a better job of ensuring veterans are qualified for the job, this method can lead to higher appointment rates for veterans listed at the top of the category. Overall, we believe category rating is a far superior tool for sorting veteran and non-veteran applicants and can result in better, merit-based selections.

[104] OPM's 1999 Delegated Examining Operations Handbook defined a name request as "a means by which Federal agencies can request that a particular individual(s) be considered for inclusion on a certificate of eligibles if within reach for certification." A name request does not guarantee that the candidate will make it to the list of eligibles but is a tool managers may use to help a preferred candidate avoid being eliminated from consideration in a tied-score situation under rule of three procedures.

[105] MSPB, *The Rule of Three in Federal Hiring*, p. 35.

[106] MSPB, *The Rule of Three in Federal Hiring*, p. viii.

Managing the Hiring Process

Managing the hiring process well is as important as the process itself. Even a systematic, efficient, and quality process cannot run properly without the right resources guiding it. Here, we look at some of the difficulties the Federal Government faces in managing the hiring process.

Hiring is Often Seen as Solely an HR Function

In conducting our research for the study on managing recruitment, agency representatives indicated that leadership is one of most important aspects of good recruitment and hiring. Agency leaders can ensure that hiring is an organizational priority, that the needed resources are allocated to it, and that hiring receives wide support throughout the agency. Unfortunately, we also found that recruitment and hiring are often viewed as solely an HR function. The HR office is primarily responsible for planning, implementing, and evaluating hiring programs. While some selecting officials are involved in a number of hiring activities—such as attending recruitment events and reviewing applicant qualifications—others are not involved at all. Participation varies dramatically by agency.

> We need to see a culture change of a different kind across the Government, which has for too long left the work of recruiting, developing, and retaining talented employees solely to the HR office.
>
> *– Max Stier*
> *President, Partnership for Public Service*
> *"Personnel Reforms Included in Intelligence Legislation," Govexec.com, 12/09/04*

Employee selection affects the composition and competency of the entire workforce. Therefore, hiring should be recognized as a critical business function and not just an HR responsibility. Leaders and managers therefore should take an active role in the hiring process and be held equally accountable as the HR staff for the outcomes of the process.

Supervisors Lack Human Resources Skills and Knowledge

With downsizing, decentralization, increasing supervisor-to-employee ratios, and growing mission requirements, the demands on supervisors are reaching a breaking point. As the National Academy of Public Administration pointed out in a 2003 study, supervisors have more decisions to make, less time to spend making them, and fewer resources to support them. Furthermore, agencies often select their

best technicians for supervisory jobs (rewarding them for their performance with a promotion otherwise not available) rather than those who possess the best potential for being good supervisors. Finally, agencies do not do a good job training new supervisors to handle their supervisory responsibilities.[107]

In response to these pressures, supervisors often revert to short-term goals of filling jobs quickly rather than spending the additional time needed to find the right person for the job. This can occur through restricting the applicant pool or using assessments that bring fast, but not necessarily high-quality, results.[108] Supervisors have reported that they lack the necessary knowledge about hiring rules and procedures and are therefore reluctant to become involved in these activities. Even basic questions about what they are permitted to ask in interviews and if they can ask for writing samples are problematic for many.[109]

Supervisors have indicated that they are generally more satisfied with the results of the hiring process when they are involved than when they are not.[110] Therefore, the Federal Government needs to do a better job training supervisors in their managerial responsibilities so that they can actively contribute to the process. Particularly, agencies need to educate supervisors about the hiring process, their responsibilities in it, how to select and apply quality assessment instruments, and the benefits of better assessments.

HR Expertise is Eroding

Supervisors are not the only ones who have felt the pressures of downsizing and decentralization. Between 1991 and 1998, the number of Federal HR professionals was reduced by 20 percent.[111] The size has remained relatively stable since then.[112] However, DEU officials reported that the expertise of their staffing specialists has decreased as a result of this downsizing while the volume and variety of jobs with which they deal has increased.[113] In addition, automation has brought with it larger applicant pools, putting increased strain on the HR staff.[114]

[107] National Academy of Public Administration, *First-Line Supervisors in the Federal Service: Their Selection, Development, and Management*, Washington, DC, Feb. 2003, p. 12.

[108] U.S. Merit Systems Protection Board, *Federal Supervisors and Strategic Human Resources Management*, Washington, DC, June 1998, p. 2.

[109] MSPB, *The Role of Delegated Examining Units*, p. 15.

[110] U.S. Merit Systems Protection Board, "Managers Speak Out on the Hiring Process," *Issues of Merit*, Dec. 2000.

[111] U.S. Office of Personnel Management, *Federal Human Resources Employment Trends: An Occupation in Transition: A Comprehensive Study of the Federal Human Resources Community*, MSE-9-5, Washington, DC, Sep. 1999, p. 3.

[112] U.S. Merit Systems Protection Board, "Focus on the Facts: Is the HR Workforce Shrinking?" *Issues of Merit*, June 2005.

[113] MSPB, *The Role of Delegated Examining Units*, p. 8.

[114] U.S. Merit Systems Protection Board, "HR Directors View Job Web Site as Mixed Blessing," *Issues of Merit*, Apr. 2000.

Because of this decline in capacity, HR offices are spending valuable staff time on tactical rather than strategic work. They find it necessary to focus resources on reacting to crises, leaving fewer resources to devote to more proactive activities, such as developing well-planned recruitment and assessment methods. As a result, managers reported that they are often frustrated by the quality of the candidates forwarded by the personnel office.[115] Applicants, as well, complain about the services they receive from the examining office, including lack of feedback from HR offices, being treated rudely, and receiving confusing or inaccurate information.[116]

For hiring programs to be effective, those who administer them need a high level of expertise and competence. Therefore, agency HR capacity must become an agency-level priority, and adequate human, financial, and technological resources must be devoted to the HR function.

Automation is Not Always Used Effectively

Many agencies have turned to automation to try to make their hiring processes and procedures more efficient and effective. Automating the hiring process can result in a number of benefits, including increased speed, economies of scale, consistency, increased communication, improved records management, and better evaluation of processes and outcomes. It can also increase applicant access to information and simplify the application process.[117] However, MSPB found that automation is not being used as effectively as it could be, for several reasons.

First, few agencies have taken full advantage of the potential of technology. Although automated hiring systems can administer or support high-quality assessments, such as objective tests and structured interviews, most agencies have instead simply automated existing training and experience-based assessments. In other words, they have paved the cow path, but did not necessarily improve it. Second, those existing assessments are often dated, deficient, or over-extended. The result is that, in many agencies, technology has not improved the ability of the hiring process to predict future performance.

USING TECHNOLOGY TO IMPROVE HIRING

In April 2002, the Federal Chief Information Officer Council and OPM together conducted a Governmentwide virtual information technology job fair. They widely marketed the fair through Web sites, Internet banners, and other targeted advertisements. Applicants logged onto OPM's Web site and completed an application, a screening questionnaire, a technology aptitude test, and an interactive IT skills inventory. OPM used automated selection tools to rate and rank applicants and forwarded qualified candidates to the participating agencies. This first-time effort proved to be an innovation in Federal recruitment and selection and serves as an example of how Government might consider using automation in the hiring process.

[115] MSPB, "Managers Speak Out on the Hiring Process."

[116] MSPB, *Competing for Federal Jobs*, p. 14.

[117] MSPB, *Identifying Talent through Technology*, pp. 45-46.

Technology, by itself, cannot fix broken hiring processes or improve the precision of applicant assessment. Automated hiring systems require knowledgeable users, good content and selection criteria, and quality assessment instruments to support improved outcomes. Without re-engineering the assessment process used by the technology, automation will have negligible results on applicant quality. Achieving improved results requires that agencies introduce automated hiring systems as an organizational change initiative—in which leaders, managers, and HR all play a role—rather than as just an information technology or HR office tool.[118]

Governmentwide Reforms Lack Focus

Fragmentation

As indicated, the Federal Government has experienced a trend toward more flexibility in the hiring process. Unfortunately, this trend has not resulted from a systematic Governmentwide evaluation of problems and potential solutions. Rather, agencies have identified their specific problems and attempted to mitigate these challenges through use of individual legislation, regulatory approvals, and budget requests. These individual approaches have caused fragmentation throughout Government.

The collection of new appointing authorities and flexibilities is replacing the standard, Governmentwide hiring system. The benefit of this approach is that agencies are able to tailor their recruitment and hiring strategies to better meet their mission requirements and are not held back by unnecessary regulations or processes. However, the approach also has disadvantages. Government loses the ability to achieve economies of scale in terms of hiring tools and systematic approaches. Competition increases among agencies and provides advantages to those with more resources and leadership support. Fragmentation creates confusion among applicants who do not understand why some agencies employ traditional application and hiring methods and others do not. Furthermore, these flexibilities generally emphasize efficiency over quality. All of these factors can affect merit and the ability of individual agencies to hire high-quality applicants.

In 2004, GAO and the National Commission on the Public Service held a forum to discuss how to best address Federal human capital management reform. Participants included representatives from the Federal Government, academia, professional organizations, unions, and other interested groups. Forum participants recognized that a "one size fits all" approach to human capital management no longer works. But they also came to a consensus that there should be a Governmentwide framework to guide reform. The framework should be based on "a set of beliefs that entail fundamental principles and boundaries that include

[118] MSPB, *Identifying Talent through Technology*, p. 49.

> Human capital reform should avoid further fragmentation within the civil service, ensure reasonable consistency within the overall civilian workforce, and help maintain a reasonably level playing field among Federal agencies when competing for talent.
>
> – *GAO and NCPS,*
> Human Capital: Principles, Criteria, and Processes for Governmentwide Federal Human Capital Reform, *December 2004*

criteria and processes that establish the checks and limitations when agencies seek and implement their authorities."[119]

These views, while directed at overall human capital management reform, should be considered when looking at potential reform for the Federal hiring process. The Federal Government, under the leadership of OPM, needs to start looking at long-term, strategic hiring reform that balances the benefits of fragmentation with the costs and maintains merit.

The Role of OPM

OPM is responsible both for aligning personnel practices with the strategic direction of the President and for ensuring that those practices adhere to the merit system principles.[120] In recent years, OPM has played a valuable leadership role in helping agencies retool hiring efforts and has made many changes that provide agencies more flexibility in the way they implement their procedures. For instance, it has decentralized examining; propagated regulations concerning new hiring flexibilities such as direct hire, the Federal Career Intern Program, and category rating; instituted a 45-day hiring model against which agencies will be measured; organized and implemented Governmentwide recruitment efforts; and redesigned USAJOBS to expand its automated capabilities and user-friendliness.

However, many of these improvements still do not get to the heart of the problems surrounding merit-based hiring. Many of them focus on efficiency and timeliness rather than quality. In addition, the improvements shift some of OPM's former responsibilities onto individual agencies without consideration as to whether agencies have the resources necessary to carry out those functions.

Current reform efforts provide agencies with the ability to tailor their hiring practices to meet individual mission needs. However, MSPB still sees a continued need for OPM to perform some core functions to improve the quality of merit-based practices in Federal hiring. These core functions include policy leadership, promoting best practices, and providing tools for effective hiring methods.[121] Specifically, OPM should take a stronger leadership role in:

[119] U.S. Government Accountability Office and the National Commission on the Public Service Implementation Initiative, "Highlights of a Forum," *Human Capital: Principles, Criteria, and Processes for Governmentwide Federal Human Capital Reform*, GAO-05-69SP, Washington, DC, Dec. 2004.

[120] U.S. Merit Systems Protection Board, The U.S. *Office of Personnel Management in Retrospect: Achievement and Challenges After Two Decades*, Washington, DC, Dec. 2001, p. 3.

[121] MSPB, *Making the Public Service Work*, p. 17.

- Dealing with the fragmentation of the hiring system and loss of economies of scale;
- Improving qualification standards to make them competency-based and therefore more useful in assessing applicant qualifications and managing the workforce;
- Developing valid tools to assess candidates for Governmentwide occupations and assisting agencies to improve their assessment tools for individual occupations at little or no cost;
- Addressing hiring authorities and practices that may erode merit; and
- Expanding oversight programs to ensure that agency hiring methods adhere to the merit system principles.

Conclusions and Recommendations

Conclusions

One of the most important objectives of a merit-based hiring process is the systematic identification and selection of the best person for the job. Good selections can lead to higher productivity, increased employee morale, improved teamwork, and reduced turnover—all of which are key ingredients in increasing organizational performance and the organization's ability to meet the needs of the public.

In recent years, the Federal Government has focused much of its attention on making the hiring process faster and more cost effective. These are worthy goals. A timely process that is understood by both applicants and managers will likely increase the applicant pool, reduce applicant attrition, and give supervisors the ability to bring people on board more quickly to accomplish the organization's mission.

But faster and cheaper are not everything. Hiring a poor performer faster and at a lower cost will not benefit the organization. The Federal Government needs to balance the need for efficiency with the need for quality. And right now, it is not doing this well.

As discussed throughout this report, the current hiring system is not meeting Government's needs in terms of:

Attracting quality applicants and keeping them interested in the job. It takes too long to hire. The process is too complex. Furthermore, the Government does not do an adequate job of marketing itself to a labor force that currently believes the private and non-profit sectors can provide more rewarding, challenging, and developmental experiences. To compete, the Government needs to sharpen its recruiting skills and improve communications with potential applicants. This means providing an application process that does not drive applicants away because it takes too long or is too hard to understand and using proactive and job-appropriate recruitment strategies that attract the "best and the brightest." Finally, the Government needs to improve its marketing message to demonstrate that Federal employment is highly desirable, respectable, and competitive.

Assessing candidates using the best methods. The quality of employee selection depends on the criteria and methods used to distinguish the high-potential applicants from the rest. Currently, the Federal Government tends to use assessment tools that are not good predictors of future performance. Specifically, the Federal Government relies too heavily on training- and experience-based assessments. In some cases, these tools may help speed the process and reduce costs. But unless appropriate rigor is applied to the development of these instruments, they are less likely to result in quality selections. Selecting officials and HR staffs need better access to precise selection tools to help them identify the best candidates for the job.

Ensuring that merit is the primary factor in selection decisions. As discussed, merit-based hiring can result in a number of benefits. Conversely, selections that are influenced by non-merit factors can result in hiring candidates who cannot perform the job—potentially undermining organizational success. While the competitive examining process is not the only way to ensure merit, the Federal Government should be cautious not to introduce programs that unnecessarily reduce competition or encourage the use of inferior assessment tools.

Providing the necessary guidance, resources, and tools to effectively manage the process. It may sound overly simplistic, but the purpose of the hiring process is to hire the best possible employees. This requires that agency leadership treat hiring as a critical business process, make it a priority, and allocate the necessary resources to support the system. It also requires a high level of subject matter expertise, selecting officials who are well-versed in hiring procedures, and tools that help to improve quality, cost, and time. The Federal Government is often lacking in these areas. In addition, the Government needs to examine the impact that fragmentation in the hiring process has had on its ability to compete not only with the private and non-profit sectors, but also with itself.

Recommendations

If Government is to reform the hiring system, it needs to focus on what is important. This means systematically reengineering the process to ensure that the best candidates are hired in a timely and cost-effective manner. Note the order of those priorities: quality, timeliness, and then cost. Furthermore, note the word "systematically." It is time to stop incrementally "tinkering" with the system. The Government should reform it in a substantive way that: (1) provides agencies the flexibilities they need to effectively manage, (2) ensures employees and applicants receive the protections promised by the merit system principles, and (3) gives the public a high-quality Government workforce working toward its interests.

To begin this process, MSPB offers the following recommendations to guide reform and improve the Federal hiring process. These recommendations focus on "big-ticket items" and should not be viewed as encompassing all aspects of what needs to be done to reform Government hiring. For more detailed recommendations on specific issues, consult the published studies listed in the next section.

Federal departments and agencies should—

Manage hiring as a critical business process, not an administrative function. This means integrating discussions of hiring needs, methods, and outcomes into the business planning process. Agency leaders must acknowledge just how much impact the hiring process has on mission accomplishment and make hiring an agency priority, acquire and allocate the needed resources, and hold selecting officials accountable for decisions pertaining to selecting a quality workforce.

Evaluate internal hiring processes, procedures, and policies to identify barriers to quality, timely, and cost-effective hires. While the Federal hiring system presents many barriers to efficient and effective hiring, agencies' own internal practices often create additional, unnecessary barriers. Evaluating the agency's hiring process and determining whether all of the steps are necessary may help identify and eliminate internal obstacles.

Employ rigorous assessment strategies that emphasize selection quality, not just cost and speed. In particular:

- Start with a thorough job analysis to identify the competencies and skills needed for the target position;
- Become well-versed in distinguishing valid assessments from those that are not effective predictors of performance;
- Use assessment instruments that have a greater ability to predict future performance and make finer distinctions among candidates;
- Educate selecting officials on the benefits of valid assessment instruments, train them in the use of these instruments, and hold them accountable for using them properly;
- Use category rating to sort applicants into quality groups, increasing selecting officials' choice of quality candidates;
- Employ a multiple hurdle approach in which assessment procedures are used successively to manage the candidate pool; and
- Make full use of the probationary period as an assessment tool by continuously evaluating probationer performance and terminating probationers who fail to demonstrate the appropriate level of performance and conduct. Educate managers and employees to ensure they understand that the probationary period is an assessment period and the last stop before the appointment becomes final.

Improve efforts to manage the applicant pool while making the process manageable for applicants. For example:

- Communicate with applicants and keep them engaged in the process;
- Improve vacancy announcements and other recruitment materials by ensuring they are professional, clear, and compelling;
- Develop proactive recruitment strategies that target those who possess the needed competencies;
- Provide a timely, understandable application and assessment process, while keeping in mind that quality should not be sacrificed for efficiency; and
- Make selection decisions in a timely manner.

Properly prepare HR staff and selecting officials for their responsibilities. Ensure they have the training and expertise to carry out their hiring responsibilities in a timely, high-quality manner, and hold them accountable for those responsibilities.

Plan carefully when implementing automated tools designed to support the hiring process. Careful planning is necessary to ensure that new hiring tools or processes work effectively. In many cases, they will require organizational change initiatives, reengineering of old processes and procedures, leadership support, and/or infrastructure investment.

Evaluate success. Continually evaluate the hiring process to ensure it is meeting organizational long-term and short-term needs.

The Office of Personnel Management should—

Work with agency Chief Human Capital Officers, Congress, and the Administration to develop a Governmentwide framework for Federal hiring reform. This framework should provide agencies with the flexibilities necessary to address agency needs while also preserving selection quality and employee and applicant protections. The merit system principles should be used as the basis for reform and oversight.

As part of Governmentwide reform, streamline and consolidate appointing authorities to simplify hiring procedures. A smaller number of flexible authorities will make the process more transparent and understandable for HR staff, selecting officials, and applicants. Coupled with valid assessment processes, streamlined procedures can speed the process while still ensuring fair and open competition and selection based on relative ability.

Better assist agencies to develop and implement valid and practical assessment tools. Agencies should have better access to the best selection tools, regardless of internal expertise or financial capability to develop them. OPM should make the business case to receive appropriated funding for centralized development and validation of good candidate assessment tools that agencies could acquire at little or no cost, particularly for Governmentwide and "at-risk" occupations.

Work with the Attorney General to petition the district court to sunset the *Luevano* consent decree and its related special hiring programs. The decree and its "temporary" hiring authorities have had many negative effects on Federal recruitment and assessment. In particular, they have had a negative impact on the hiring of minority candidates and those with less experience but who may possess great potential. It is time to establish a sunset date for the decree and focus on developing valid and practicable assessment tools for entry-level positions covered by the decree that better predict performance and reduce adverse impact on minorities.

Expand efforts to develop competency-based qualification standards. Building on the pilot-tested standards, OPM should advance efforts to develop and publish competency-based job profiles and eliminate the current qualification standards. A competency-based qualification system will help agencies make better determinations on whether applicants are a good fit for the job by emphasizing performance and potential rather than length of experience.

The civil service is currently undergoing a great amount of change. As a result, the hiring process has been brought to the forefront of reform discussions. In particular, the Department of Defense is offered an opportunity to reform its hiring process, possibly using some of the recommendations presented within this report. The recent focus on hiring reform has been to make it faster and cheaper. These recommendations propose not only to make the hiring process faster and cheaper where appropriate, but also to balance those needs with quality and merit.

Related MSPB Products

The Office of Policy and Evaluation of the U.S. Merit Systems Protection Board is responsible for conducting studies of Federal merit systems to ensure they are free from prohibited personnel practices and for reviewing the significant actions of the Office of Personnel Management.

Reports:

- *Reference Checking in Federal Hiring: Making the Call*, September 2005
- *Building a High-Quality Workforce: The Federal Career Intern Program*, September 2005
- *The Probationary Period: A Critical Assessment Opportunity*, August 2005
- *Managing Federal Recruitment: Issues, Insights, and Illustrations*, September 2004
- *Identifying Talent through Technology: Automated Hiring Systems in Federal Agencies*, August 2004
- *The Federal Workforce for the 21st Century: Results of the Merit Principles Survey 2000*, November 2003
- *Help Wanted: A Review of Federal Vacancy Announcements*, April 2003
- *The Federal Selection Interview: Unrealized Potential*, February 2003
- *Making the Public Service Work: Recommendations for Change*, September 2002
- *Assessing Federal Job Seekers in a Delegated Examining Environment*, February 2002
- *The Federal Merit Promotion Program: Process vs. Outcome*, February 2002
- *The U.S. Office of Personnel Management in Retrospect: Achievements and Challenges After Two Decades*, January 2001
- *Growing Leaders: The Presidential Management Intern Program*, August 2001
- *Competing for Federal Jobs: Job Experiences of New Hires*, February 2000
- *Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended*, January 2000

- *The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service*, August 1999
- *Federal Supervisors and Poor Performers*, July1999
- *Federal Supervisors and Strategic Human Resources Management*, June 1998
- *The Rule of Three in Federal Hiring: Boon or Bane?*, December 1995

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