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*PERSPECTIVES*

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# Building Blocks for Effective Performance Management

U.S. MERIT SYSTEMS PROTECTION BOARD

# Summary

In 2016, the U.S. Merit Systems Protection Board (MSPB) conducted a Merit Principles Survey (MPS) that asked supervisors a wide range of questions about their experiences managing civilian employees with a particular focus on performance management issues. (*Click here for a discussion of the MPS methodology.*) We then combined answers to questions about resources for work units (four questions), performance management training (3 questions), and measuring subordinate performance (2 questions) to form a single score to measure the presence of these building blocks for performance management. This scale was labeled the Agency Performance Management Environment (AMPE) for easy reference.

The data show that whether a supervisor is attempting to improve a poor performer, remove a poor performer, or assist a weak performer who has not outright failed in a critical element, a strong APME is helpful. There is a repeated pattern of correlation between respondent answers to the APME questions and respondent perceptions of:

- Having fewer poor performers;
- Having fewer weak performers;
- Being able to identify why a person's performance was poor;
- Being able to identify how to improve the poor performance;
- Being able to bring about the necessary improvement in performance;
- Being held accountable for addressing poor performance; and
- Receiving the necessary support from higher-level managers.

It is not a novel idea that agencies would benefit from giving work units adequate resources, training supervisors, and having accurate performance measurements for employees' performance. However, the APME data show the important relationship between these building blocks and the ability of supervisors to prevent or cure poor or weak performance.

# Introduction

In 2016, MSPB conducted an MPS that asked supervisors a wide range of questions about their experiences with a particular focus on performance management issues. (*Click here for a discussion of the MPS methodology.*) Responses to nine of the MPS questions, when combined, offered a view of the extent to which the workplace was in a strong position to foster good performance from subordinates. These questions covered issues related to: (1) resources; (2) training; and (3) measurements. The individual survey items are as follows:

**Resources***:*

*My work unit(s) has/have the resources they need to effectively accomplish their mission(s).*

*My subordinates have all the tools that they need to accomplish their tasks effectively.*

*My subordinates have reasonable workloads.*

*My agency has realistic expectations about what my subordinates can accomplish.*

**Training***:*

*I receive adequate training about how to discuss performance expectations with subordinates.*

*I receive adequate training about how to discuss performance deficiencies with subordinates.*

*I receive adequate training about my options for addressing poor performance in a subordinate.*

**Measurements***:*

*The performance standards for my subordinates accurately reflect the critical elements necessary for success in their jobs.*

*The performance standards for my subordinates have measurements that I can use accurately to determine success in the critical elements.*

For convenience, this collection of questions has been labeled the Agency Performance Management Environment (APME). *The APME should not be considered an all-encompassing scale of every aspect of an agency's performance management culture.* Rather, collapsing these nine items into one reportable score enables us to discuss the interaction between these specific agency practices and other performance issues without repeatedly subjecting the reader to a discussion of how each of the nine items interact with a specific performance management issue.

To allow for comparison, the APME scores have been divided into three groups of approximately similar size: (1) strong APME; (2) moderate APME; and (3) weak APME. To be included in the APME results, the respondent must have expressed an opinion on all nine of the APME items. (*Click here for more on the APME methodology*).

In the interest of readability and brevity, this publication contains data presented in a narrative without charts and has only two tables of data. However, if you move your mouse over the data being discussed, a chart will appear. A website containing all charts from this publication is available at *www.mspb.gov/APME-Charts*. The small, raised letters in the text (e.,g. [A]) correspond with the matching chart from the chart website.

## The Poor and Weak Performers

The merit system principles are guidance – set forth in statute – to ensure that the civil service is managed in a "competent, honest, and productive" manner.[1] The sixth merit principle states that a primary goal of supervisors and managers with poor performers should be to improve the performance of those employees whose performance can be improved, and only to remove those who cannot or will not improve to an adequate level.[2]

### Improving Poor Performers

For those MPS respondents who reported that they had a poor performer (failure in a critical element) in the preceding 3 years, more than half of the respondents who reported a strong APME agreed it was easy to identify why the poor performer was not doing well (51 percent). In contrast, 42 percent of those who reported a moderate APME and 36 percent of the respondents who reported a weak APME agreed that it was easy to identify why a poor performer was not doing well.[A] Similarly, respondents who reported a strong APME were more likely than those who reported a moderate or weak APME to agree that it was easy to identify how a poor performer could improve his or her performance (69 percent vs. 59 percent and 49 percent, respectively).[B]

While a majority of respondents with a poor performer in the preceding 3 years agreed they could identify the cause of the problem and the source of the solution, they were less inclined to agree that it was easy to actually bring about the necessary improvement in performance for the poor performers. However, the stronger the APME, the greater the percentage of respondents who agreed this could be done. While 26 percent of those who reported a strong APME agreed it was easy to improve the performance of a poor performer, only 16 percent of those who reported a moderate APME, and 11 percent of those who reported a weak APME, agreed it was easy.[C]

The APME data show that when it comes to improving poor performance, the employee plays a leading role, but so can the supervisor. We asked respondents two similar – but slightly different – questions about their employees' willingness to work to improve poor performance. We asked respondents to what extent the poor performance occurred because "The employee was not interested in doing the necessary work to succeed." We also asked respondents the extent

[1] Civil Service Reform Act of 1978 (P.L.-95-454), Statement of Purpose.

[2] 5 U.S.C. § 2301(b)(6) ("Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.")

to which they agreed with the statement, "In my experience, poor performers make a serious effort to use the performance improvement period (PIP) to improve their performance."[3] Both questions are about the employee, but the first is about the employee alone, while the second is about an event in which the supervisor seeks to help the employee.

For the question about the employee alone, there was only a small difference in the percentage of supervisors who reported a strong APME and those who reported a moderate or weak APME who stated that a lack of interest by the employee played a role in the poor performance to some or a great extent (73 percent, 75 percent, and 77 percent, respectively). In contrast, when we asked about the employee making a serious effort to use the PIP as an opportunity to improve, strong APME respondents were far more likely to agree that employees make an effort compared to the results from moderate or weak APME respondents (42 percent, 34 percent, and 26 percent, respectively).[D]

In other words, these supervisors began with employees they thought had a somewhat similar disinterest in doing the work to perform well (a 4 percentage point difference between the strong and weak APME respondents). Yet, those who reported a stronger APME found the employees more willing to take the PIP seriously as an opportunity to improve (a 16 percentage point difference between the strong and weak APME respondents).[4] One reason for this may be the building blocks that comprise the APME. A higher APME score means a greater probability that the supervisor says that he or she can give the employee the necessary resources to succeed, has established accurate measurements for success, and has been trained in discussing performance deficiencies with employees. It makes sense that these building blocks would correlate with an employee being more likely to see the opportunity to improve as a roadmap to success and take advantage of that opportunity.

As stated earlier, the APME items relate to: (1) resources; (2) training; and (3) measurements. However, when an organization creates this environment for a supervisor, it may also be creating a similar, performance-focused environment for that supervisor's managers and senior executives. We asked survey respondents whether they agreed that, in their experience, higher-level supervisors are supportive of efforts by lower-level supervisors to give a poor performer

[3] Survey respondents were advised, "For the purpose of this survey, the 'performance improvement period' (PIP) is a period of time - set by management after the employee has been warned that his/her performance is inadequate - in which the individual is given assistance to improve to an acceptable level. For the period to qualify as a PIP, the employee must be warned that failure to improve may result in a demotion or removal." The abbreviation PIP was not used when asking about a "performance improvement plan" because – while the plan often occurs during a performance improvement period – they are two different things.

[4] This relationship held across all three dimensions of the APME independently as well, although not as strongly as the relationship for the APME as a whole. If the APME is separated into its three subgroups of questions, the training group of questions had a 12 percentage point difference in the agreement levels between the strong and weak training-APME results, while resources and measurements subgroups each had a 10 percentage point difference in results. That the results are more dramatic for the group of nine APME questions as a single item than for the independent APME sub-groups speaks to the importance of having all of the building blocks, as the effects can be greater when the building blocks are given the opportunity to work together.

a meaningful performance improvement period. While 77 percent of respondents reporting a strong APME and 67 percent of those who reported a moderate APME agreed with this statement, only 54 percent of those with a low APME agreed.[E]

The data demonstrate that even when the supervisor's perceptions result in a strong APME, the supervisor can still find it challenging to improve a poor performer's performance. However, the respondents who reported a strong APME reported being in a much better position to: (1) identify the causes for the poor performance; (2) identify how to bring about an improvement in performance; and (3) actually bring about the desired change in performance.

## Removing Poor Performers

While supervisors are expected to take steps to improve performance, they are also expected to remove those employees who cannot or will not improve their performance to meet agency standards.[5] By statute, "unacceptable performance means performance of an employee which fails to meet established performance standards in one or more critical elements of such employee's position."[6] One of our 2016 MPS survey questions asked respondents, "If a subordinate employee was deficient in a critical performance element after completion of a performance improvement plan, are you confident that you would be able to remove that employee?" Among those respondents who reported a weak APME, only 21 percent said they were confident they would be able to remove such an employee. In contrast, 33 percent of respondents who reported a moderate APME reported confidence that they could remove such a person, and 47 percent of those who reported a strong APME reported the same.[F]

While it would certainly be better if more supervisors felt confident they could remove employees with deficient performance, those whose answers placed them in the strong APME category were more than twice as likely to say they could take the action compared to the weak APME respondents. This would seem to indicate that when supervisors are given the necessary resources and training, and the supervisors accurately measure employee performance in the elements that are truly critical, supervisors are more likely to feel able to act to separate poor performers.

Supervisors who reported a strong APME were also less likely to have employees who failed in a critical element in the first place. We asked respondents, "Have you ever directly supervised any employees who met the definition of poor performer (a person who failed to meet established performance standards in one or more critical elements of the employee's position)?" While 41 percent of those who reported a strong APME and 38 percent of those who reported a moderate APME said they never had such an employee, only 32 percent of those who reported a weak APME gave that same answer.[G]

[5] 5 U.S.C. § 2301(b)(6) ("Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.")

[6] 5 U.S.C. § 4301(3).

It is possible that some of these supervisors with poor performers may have employed them in other organizations in the more distant past and not in the organization where the APME was being measured. So, we asked those who had reported ever having a poor performer how long it had been since they last supervised a poor performer (a person failing one or more critical elements). Those who reported a strong APME were less likely than those who reported a moderate or weak APME to report that it was within the last 3 years (54 percent, 58 percent, and 63 percent, respectively). In other words, responses indicated that the lower the APME, the greater the potential for a recent poor performer.[H]

The data show that not only are those who reported a strong APME more likely to believe they can remove a poor performer, but they are also less likely to have a poor performer. We investigated the possibility that it was the absence of experience with poor performers that was causing these supervisors to think that they could remove a poor performer. The results indicate that experience supervising a poor performer does slightly lower belief that a poor performer can be removed, but the APME appears to have a much stronger relationship to that outcome.

Of those respondents who reported they had supervised a poor performer within the preceding 3 years, 42 percent of respondents who reported a strong APME reported the belief that they could remove a poor performer, while 31 percent of those who reported a moderate APME and only 20 percent who reported a weak APME reported that they believed they could remove a poor performer.[I] Comparing respondents who had a poor performer at a similar point in time, the pattern remains that those who reported a strong APME are far more inclined to report they can remove poor performers.

This data is one reason why examining removal rates is not a good method for assessing whether an agency is properly managing employee performance. If the agency is successful in preventing poor performance and addressing it when it does occur, removals would become unnecessary. In that way, a small number of performance-based removals could actually be a positive sign. Of course, it could also be indicative of an agency that fails to remove those in need of removal. Because successful performance management can reduce the need to remove an employee, removal data is not a good measure for agency performance management metrics.

Additionally, poor performers can leave an organization in any one of several different ways – a performance-based removal action is not even the most common of these. As shown in Table 1, on the next page, of those poor performers who departed the organization, only 15 percent were removed for performance-based reasons. Accordingly, records of agency performance-based actions cannot truly indicate whether the agency has kept its poor performers.

**Table 1: Circumstances under which poor performers leave the organization.**

| You have indicated that your most recent poor performer is no longer in the organization. Please indicate which of the below best describes the circumstances under which the employee departed. | |
|---|---|
| The employee chose to leave the organization (e.g., resigned, retired, got another job elsewhere). | 57% |
| The employee was removed for performance-related reasons. | 15% |
| The employee was removed for conduct-related reasons. | 13% |
| The employee was moved by management to a different position in the same agency (e.g., promotion, demotion, reassignment). | 7% |
| Other | 9% |

(Total does not equal 100% due to rounding.)

For these reasons, the number of employees removed for poor performance should not be used as a measure of an agency's commitment to properly managing the performance of its employees. It is understandable why stakeholders may want an easily calculated proxy for determining if agencies are properly managing the performance of their employees. Unfortunately, removal data cannot accurately serve this function.

## Employing Weak Performers

When discussing the continued employment of poor performers, there can be a tendency to focus on what is being done – and what should be done – about individuals whose performance is so poor that they should be removed. However, this should not prevent the important conversation about performers who are less than fully successful without outright failing in a critical element. A large number of sub-par performers can do more damage to the efficiency of the service than a single employee who is failing outright.

Our 2016 MPS asked respondents, "Approximately what percentage of the employees that you currently supervise directly (with no intermediate supervisors) are less than fully successful without outright failing at any critical elements of the job?" Seventy-eight percent of respondents who reported a strong APME said they had no employees in this window. In comparison, 71 percent of respondents who reported a moderate APME and 64 percent of those who reported a weak APME reported they had no employees in this window between success and outright failure.[J] As with poor performers, respondents were less likely to report having a weak performer if the respondent also reported having a strong APME.[7]

For an employee to make the most of his or her strengths, and improve areas in which the employee is weaker, it can be helpful if the employee understands his or her own strengths and weaknesses. We therefore asked supervisors if they agreed that their employees had a good

[7] It is relatively rare for an agency to officially designate an employee as less than fully successful without outright failing any critical elements. In those agencies whose appraisal systems permit them to assign a summary rating between fully successful and outright failure in a critical element, less than 1 percent of employees are given this designation. Similarly, a within grade salary increase (WIGI) can be denied if the employee is less than fully successful, even if the employee has not outright failed. Yet, less than 1 percent of WIGIs are denied.

understanding of their individual strengths and weaknesses. While 92 percent of those who reported a strong APME and 86 percent of those who reported a moderate APME agreed with this statement, only 75 percent of those who reported a weak APME agreed.[K]

## Management Accountability

Accountability is not just a concept to be applied to employees on the front lines. While supervisors should be held accountable for the work of their subordinates, managers and leaders should also be accountable for creating environments in which work units can succeed. Data from the 2016 MPS show that when respondents' replies to the nine APME questions are strongly positive, the respondents are more likely to also report perceptions that supervisors are held accountable for performance management activities.

### Accountability for Addressing Problematic Performers

We asked respondents if they agreed with the following statement: "If a supervisor in my organization failed to address poor performance by a subordinate, there would be negative consequences for that supervisor." While 47 percent of those who reported a strong APME agreed with this statement, only 33 percent of those who reported a moderate APME and 25 percent of those who reported a weak APME agreed. In other words, those who reported a strong APME were nearly twice as likely as those who reported a weak APME to report that supervisors in their organization are held accountable for addressing poor performance.[L]

Supervisors who report a strong APME were also twice as likely to believe that they would be able to hire a new employee to replace a person removed for poor performance compared to respondents who reported a weak APME.[M] This is important, because if a supervisor cannot replace a poor performer, then it affects the calculations the supervisor may perform when deciding what to do. The rules say that the supervisor should ask himself or herself: "Is this person failing a critical element?" However, if a replacement would not be permitted, the supervisor may opt to ask himself or herself: "Is this person's performance so bad that it would be better to have no one in the position at all?" Circumstances that alter the questions a supervisor asks himself or herself can alter the final decisions reached on what to do about a situation.

Respondents who reported a strong APME were more likely to agree that their own supervisor had a good understanding of the performance of the respondent's individual subordinates compared to moderate and weak APME respondents (86 percent, 70 percent, and 52 percent respectively).[N] They were also more likely to indicate that their own supervisors cared about how the respondent's subordinates performed. We asked whether the respondent agreed with the statement, "As long as my office succeeds overall, my supervisor does not care about the performance of individual employees." While only 19 percent of those who reported a strong APME agreed with this statement, 30 percent of those who reported a moderate APME

and 39 percent of those who reported a weak APME agreed. Put another way, those who reported a weak APME result were twice as likely to feel that their own supervisor did not care about how individual employees performed.[O]

We also asked a similar question of managers (those who supervise the supervisors) to get the "top-down" view. Managers who reported a strong APME were more likely than managers who reported a moderate or weak APME to agree that they were held accountable for ensuring that their subordinate supervisors address individual poor performers (94 percent, 88 percent, and 80 percent, respectively).[P]

## Accountability for Rewarding Good Performers

Performance management is not just about how supervisors address poor performance – it is also about the management of good performers. Here, too, the APME reflects a relationship to how well that task is done. We asked respondents if they agreed with the statement, "I am held accountable for ensuring that successful employees receive recognition for their good work." Respondents who reported a strong APME were more likely than those who reported a moderate or weak APME to agree with this statement (87 percent, 76 percent, and 59 percent, respectively).[Q]

We also asked respondents about their ability to reward their most *outstanding* employees. While 84 percent of those who reported a strong APME agreed they could reward such employees appropriately, only 69 percent of those who reported a moderate APME and 51 percent of those who reported a weak APME agreed they would could reward them appropriately.[R] Given that having resources is a part of the APME, it is not surprising if those supervisors felt they were in a better position to provide appropriate rewards (although it is possible to reward an employee with recognition that has no dollar value attached to it). However, this general pattern – a higher APME correlating with more positive views on the ability to reward – also emerged when looking only at the training and measuring pieces of the APME.[8]

This data does not necessarily establish a causal relationship – we cannot say that the strong APME is responsible for creating an accountability culture. However, when a supervisor's survey answers indicated that the APME building blocks were present, the supervisor tended to also report that there was greater accountability for addressing problem performers and rewarding good performers. Good performance management is not brought about by a single thing done once. There are many building blocks, and the more the organization has strengthened these building blocks, the stronger the performance culture the organization can construct.

[8] For the compressed training APME questions, the strong training-APME respondents agreed with this statement by approximately 20 percentage points more than the weak training-APME respondents (79 percent vs 57 percent). For the compressed measurement APME questions, the strong measurement-APME respondents agreed with this statement by approximately 25 percentage points more than the weak measurement-APME respondents (80 percent vs 53 percent).

# Conclusion

The APME reflects the extent to which supervisors feel the work unit has appropriate resources, the supervisors have adequate training in performance management, and the employees have accurate performance measurements. There is a repeated pattern of correlation between respondent answers to the APME questions and respondent perceptions of:

- Having fewer poor performers;
- Having fewer weak performers;
- Being able to identify why a person's performance was poor;
- Being able to identify how to improve the poor performance;
- Being able to bring about the necessary improvement in performance;
- Being held accountable for addressing poor performance; and
- Receiving the necessary support from higher-level managers.

The data show that whether a supervisor is attempting to improve a poor performer, remove a poor performer, or assist a weak performer who has not outright failed in a critical element, a strong APME is helpful.