insights & analyses for Federal human capital management

ISSUES OF MERIT

January 2018

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

WHAT'S INSIDE

Barriers to Effectively Using the Supervisory Probationary Period

Federal supervisors and managers have a difficult job. They work in an environment of competing priorities, limited resources, and high expectations and visibility. These same supervisors directly affect the retention, engagement, and productivity of good employees. Therefore, agencies need to ensure that the supervisors and managers they select have the skills necessary to work effectively.

New supervisors and managers are required to serve a probationary period to provide agencies an opportunity to evaluate their performance before finalizing the appointments. If a candidate does not perform satisfactorily, the agency can remove the individual from that supervisory position. When used correctly, probation is an effective predictor of future job success and can help ensure that the Federal Government has high-quality leaders.

However, agencies rarely use the supervisory probationary period to take action against unsuccessful probationers. Data from the Office of Personnel Management's (OPM) Central Personnel Data File indicates that agencies took action against just over *one-half of 1 percent* of new supervisors for failing to successfully complete the probationary period. In other words, only about 6 out of every 1,000 new supervisors fail the probationary period. Given the weaknesses MSPB has previously identified in agency leadership hiring and development practices, it seems unlikely that so few Federal supervisors would fail.

The probationary period has recently garnered attention from policy makers. For instance, a bill proposal advancing through Congress, the Ensuring a Qualified Civil Service Act of 2017 (EQUALS Act), would change several aspects of the probationary period for new competitive service employees and newly appointed supervisors and managers. One of the proposals is to change the length of the periods to 2 years to allow more time to assess new hires. Unfortunately, this change alone will likely not help achieve desired results for supervisors and managers because the lengths of their probationary periods—unlike the initial appointment probationary period—were never set in law or regulation. Instead, the regulations gave agency heads the authority to determine the lengths of probation appropriate to the supervisory and managerial positions (5 CFR § 315.905).

Despite having this flexibility, few agencies have used it. In 2016, MSPB sent a questionnaire to members of the Chief Human Capital Officers Council. Eighteen of the 22 respondents told us that their probationary periods were 1 year, and only 2 indicated that probation length is a barrier to effectively using the probationary period.

insights & analyses for Federal human capital management

ISSUES OF MERIT

U.S. Merit Systems Protection Board

ACTING CHAIRMAN
Mark A. Robbins

Office of Policy and Evaluation

DIRECTOR
James Read

DEPUTY DIRECTOR
James J. Tsugawa

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

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

Reprint Permission
We invite you to reprint any of our articles. If you do, please include the following attribution: *Reprinted from Issues of Merit, a publication of the Office of Policy and Evaluation, U.S. Merit Systems Protection Board.*

For More Information
Contact us at:
www.mspb.gov/studies
STUDIES@mspb.gov
202-254-4802
1-800-209-8960
V/TDD: 202-653-8896
(TTY users may use the Federal Relay Service, 800-877-8339)

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

(continued from previous page)

We then asked agencies what barriers prevent the effective use of the supervisory and managerial probationary periods. The two barriers cited most by agencies were supervisors' unwillingness to take actions against probationers and lack of available positions in which to place ineffective probationers.

Discomfort taking actions. Several agencies agreed that supervisors' discomfort with taking actions against ineffective supervisory and managerial probationers is a barrier. This is a longstanding problem in Government, and Federal employees have commonly cited the management of poor performers as a workforce issue in various surveys.

There are numerous reasons a Federal manager may not want to separate a new supervisor or manager. For instance, the probationer could have technical skills the organization seeks to preserve, separation could cause morale problems in the organization, or the agency might not have an available position in which to place the unsuccessful probationer (see below). MSPB's 2009 report *Managing for Engagement—Communication, Connection, and Courage* also identified insufficient training as a key contributor to lack of action and recommended several ways that agencies can help improve supervisors' ability to deal with poor performers.

Placement. Another common barrier cited by agencies was the placement of a failed probationer. Under current law, a failed supervisory or managerial probationer is removed from the position but is not necessarily terminated from the organization. An unsuccessful probationer who previously held a position in the competitive service and completed the initial appointment probationary period would be returned to a position in the agency of no lower grade and pay than the position previously held.

There are many reasons that placement could be viewed as a barrier. First, the organization may not have a vacant position available, particularly in times of downsizing and hiring freezes. Second, the continued presence of the unsuccessful probationer could create uncomfortable situations within the work unit, potentially lowering morale. In addition, the probationer could feel resentment or embarrassment toward the reassignment, possibly undermining performance in the new position.

Altering the system to require terminating unsuccessful probationers would pose additional barriers. The organization would lose the technical expertise the probationer holds and that likely resulted in the probationer being promoted in the first place. It could also create a disincentive for current employees to risk accepting a supervisory position. In addition, if a manager is not comfortable taking such an action when the person will still be assured a paycheck, it is unlikely that they will be comfortable firing the candidate outright—especially a candidate who did well enough in the previous job to warrant selection for promotion to a supervisory position.

Other identified barriers include the limited ability of probationers' supervisors to evaluate performance, lack of training for those supervisors, lack of time for them to spend working with probationers, and lack of knowledge about tools available to help carry out their responsibilities in working with probationers.

To more effectively use the supervisory and managerial probationary periods, agencies should focus attention on the barriers that make it difficult to take action against underperforming supervisors. In the future, we will address some steps agencies can take, including aspects of the EQUALS Act that could help agencies improve their probationary practices. ❖

DIRECTOR'S PERSPECTIVE

Let's Not Forget a Vital Benefit of Having a Central Personnel Authority

OPM's leadership and expertise can help agencies achieve much needed economies of scale.

As OPM moves closer to getting new leadership after more than 2 years without a Senate-confirmed Director, the time is right to reexamine the important roles that OPM can play in our civil service system. OPM was created by the Civil Service Reform Act of 1978 (CSRA) to be the Government's chief personnel authority. It was designed to serve as the central policy voice for the civil service, as well as to offer economies of scale and expertise for the administration of personnel management functions.

With respect to OPM's central policy voice, over the last 39 years, some administrations have shown interest in departing from a centralized model. For example, in the 1990s, as part of the Reinventing Government initiative, OPM abolished its comprehensive personnel rulebook, the *Federal Personnel Manual*, and delegated significant authority over personnel matters to individual departments and agencies. In the early part of the last decade, Congress enacted laws giving the Department of Defense (DoD) and the Department of Homeland Security (DHS) authority to design their own personnel systems. Although those systems were later abandoned, DoD and DHS for a time operated outside of large portions of Governmentwide personnel rules administered by OPM. More recently, Congress enacted laws that created a separate discipline and appeals system for senior executives at the Department of Veterans Affairs (DVA) and later, DVA's non-executive workforce.

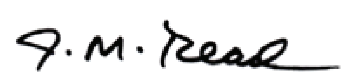
What these examples show is that, at times, policy makers have chosen to deviate from the CSRA's vision of a uniform, centrally-administered personnel policy for the entire executive branch. It should be noted, however, that even these variations were required to be consistent with the *merit system principles* found at 5 U.S.C. § 2301(b).

The question of the extent to which personnel flexibilities or variations should be granted to departments and agencies has been high on policy makers' radar. However, the value of the second role of a central personnel authority—offering economies of scale and expertise for the administration of personnel management functions—should not be overlooked. The usefulness of this second role may seem so obvious that it does not get a second thought. Does anyone believe, for example, that each agency should establish and administer a retirement system for its employees, or that each agency should go into the marketplace and broker a health insurance program for its employees? Yet, in at least one important area—hiring—agencies are largely left to fend for themselves.

MSPB has long advocated for rigorous, multiple-hurdle assessment schemes for identifying the best candidates for Federal employment. Unfortunately, as our 2002 report *Assessing Federal Job Seekers in a Delegated Examining Environment* notes, agencies "vary widely" in their ability to develop advanced, valid personnel assessments. Those with little in-house expertise and insufficient funds to pay another entity for the service "are at a distinct disadvantage." Too often, evaluating job applicants consists of little more than reviewing résumés and online questionnaires and conducting interviews and reference checks.

The good news is that OPM has used its expertise and resources to develop sophisticated, customized multiple-hurdle assessments for use throughout the executive branch. OPM's program, known as USA Hire, is offered to agencies as a reimbursable service. It is a prime example of the benefits of centralization; even better would be providing USA Hire with a congressional appropriation so that resource-strapped agencies could also use it.

However the role of OPM as policy maker evolves under this Administration, OPM's new leadership should strive to maintain, if not expand, those personnel programs that OPM can administer more effectively and at a lower cost than individual agencies. Such a course would be in keeping with the recent emphasis on shared services and on avoiding attempting to solve the same problem over and over again, agency by agency. ❖



Director, Policy and Evaluation

Aligning Employee Engagement with Results

Employee engagement is important, but agencies should keep the focus on organizational results.

Annual rankings of agencies based on the Federal Employee Viewpoint Survey (FEVS), such as OPM's employee engagement index and the Partnership for Public Service's Best Places to Work, have garnered much attention over the past several years. This attention, unfortunately, seems limited to the level of employee engagement within agencies instead of on the benefits that increased engagement should be bringing to agencies.

Employee engagement is a tool that can help improve organizational outcomes. Many studies have shown a connection between higher levels of employee engagement in private sector organizations and better financial performance measured by profitability and sales, as well as employee retention and customer satisfaction. It is a bit more difficult to pinpoint the effects of employee engagement in the Federal workplace given that uniform, discrete measures of organizational performance are not as prevalent as in the private sector. In a 2008 study, MSPB did find a relationship between higher levels of employee engagement and improved Federal agency outcomes. Specifically, in agencies where employees were more engaged, better program results were produced, employees used less sick leave, fewer employees filed equal employment opportunity complaints, and there were fewer cases of workplace injury or illness.

The name of the 2008 report, *The Power of Federal Employee Engagement*, was intended to cue the reader to what was the most important aspect of the report—not employee engagement per se, but its power to help agencies improve outcomes. Federal agencies invest much time and effort in the FEVS—from employees using work time to respond to the survey to crafting management strategies to remedy workplace deficiencies identified by the survey results. The challenge to Federal managers is to determine whether organizational outcomes improve along with the level of their employees' engagement. This is the only way to ensure a positive return on investment from an organization's attempts to improve employee engagement.

There could be several reasons agency leaders find that employee engagement scores move independently of the outcomes they track. For instance, the index being used to measure employee engagement may not be actually measuring engagement, the outcome measures being used may be inadequate, or some other factor could be at work. When there is a disconnect between organizational results and employee engagement, it is important to determine why this disconnect is occurring. Therefore, rigorous program evaluation is critical.

At the time of our 2008 report, agency programmatic results were scored in a uniform way through the Office of Management and Budget's Program Assessment Rating Tool (PART). This tool certainly was not perfect, but it allowed us to assess the relationships between levels of agency employee engagement and agency programmatic results. Today, absent a uniform, Governmentwide scoring method, agency managers need to use their own specific performance metrics to determine the effect that activities focused on employee engagement are having on agency results.

It is important for agency managers to focus on their own situation as it is plausible that any management attention directed at improving the workplace, agency leadership, or employee morale may have some positive effect on agency operations. It remains unclear, however, what effect small improvements in Federal employee engagement as measured by the FEVS may have on agency outcomes. Because OPM has stated that the FEVS employee engagement index does not directly measure employee engagement—rather it measures the conditions that lead to engagement—it is uncertain that even large increases in that index will automatically result in positive agency outcomes.

Measures of employee engagement should not be used as proxies for verified organizational outcomes. Touting one's workplace as a best place to work may sound good on vacancy announcements—potentially enticing more highly qualified people to apply—but standing on its own, it says little about how adept an organization is at producing actual results. ❖

Agency Corner: GSA Puts the Dash in Its Workforce Dashboards

Leaders need to base important human capital decisions on the best data available. Does this mean they should have all of the organization's data at their fingertips so they don't overlook anything? Not exactly. Good decision makers focus on only the most critical information. Decision making falters when key considerations are lost in a clutter of details. We all use this principle when driving our cars. Drivers make sense of complex processes under the hood by monitoring a small number of lights and gauges on the dashboard. Human capital analysts can support decision making with data dashboards that display only important information that highlights changes, trends, and areas of concern.

The General Services Administration (GSA) has taken this approach. It recently completed a multi-year, incremental process to develop workforce dashboards for key metrics in recruitment and hiring, employee development, employee performance, leader performance, and succession planning. GSA representatives offer some lessons learned for other organizations building their own workforce dashboards.

Involve stakeholders. Workforce dashboards should emphasize the human capital metrics that matter most. Decision makers often have different ideas about this than analysts. Involving decision makers early and continuously ensures that dashboards will highlight the right information. The GSA team began by inviting senior executives to freely criticize existing workforce reports, identifying key data that was missing when decisions were necessary. These discussions quickly moved to devising and revising rough dashboard designs drawn on paper. The inclusion of executives early in the process built commitment that lasted throughout the project.

Timeliness matters. Dashboards need to be up-to-date, easy to read quickly, and widely available to support discussions that lead to decisions. The GSA team did not wait for software implementation of their dashboards to start the data flowing. Early in development, before online interactive displays were available, they emailed static Excel displays containing the latest data to decision makers. This kept everyone updated on changes in key indicators, encouraged discussion, and raised familiarity with the evolving look of the dashboard. Later, when software dashboards became available, decision makers eagerly built on this familiarity and began using them interactively.

Build interaction and manage complexity. As users become familiar with dashboards, they want to drill down into the data. Their preferences may range from viewing semi-automated time trends to constructing more complex what-if scenarios. The same access to more data and features that would have been overwhelming in the beginning now becomes helpful and expected. GSA helped decision makers manage this increased complexity by providing a "reset" button that would move each dashboard back to its original display. Common starting points made data-based discussions easier to follow. It also allowed anyone temporarily lost in data exploration to find their way back "home" without asking for help.

Support strategic workforce planning. The dashboard has been especially helpful in driving conversations with executives as agency priorities change. One example is the work on agency reform activities under OMB M-17-22. GSA used the dashboard to identify workforce needs to help define the strategic workforce plan, including looking at workforce trends and projections, turnover and new hire retention, and retirement risk and succession.

Data driven insights. Senior executives and human resources leadership have used the dashboard to gain a better understanding of some of the changes to the workforce. For example, as hiring at GSA decreased in prior years, a greater proportion of positions being filled were at higher grades. Over time, this pattern contributed to an increase in the median salary for GSA, and contributed to a decrease in the millennial workforce representation. GSA recognized this is not sustainable practice. Today, one priority GSA leadership has committed to is the focus on entry-level hiring across the agency.

"Start small, think big" is GSA's summary advice. The project added value from the beginning while keeping the path clear to greater value as it progressed. Readers interested in learning more about GSA's dashboard project can contact Paul Tsagaroulis at *paul.tsagaroulis@gsa.gov*. ❖

The Goldilocks Effect on Perceptions of Performance Rating Fairness

Does a rating that is too low, too high, or just right affect employees' overall view of the workplace?

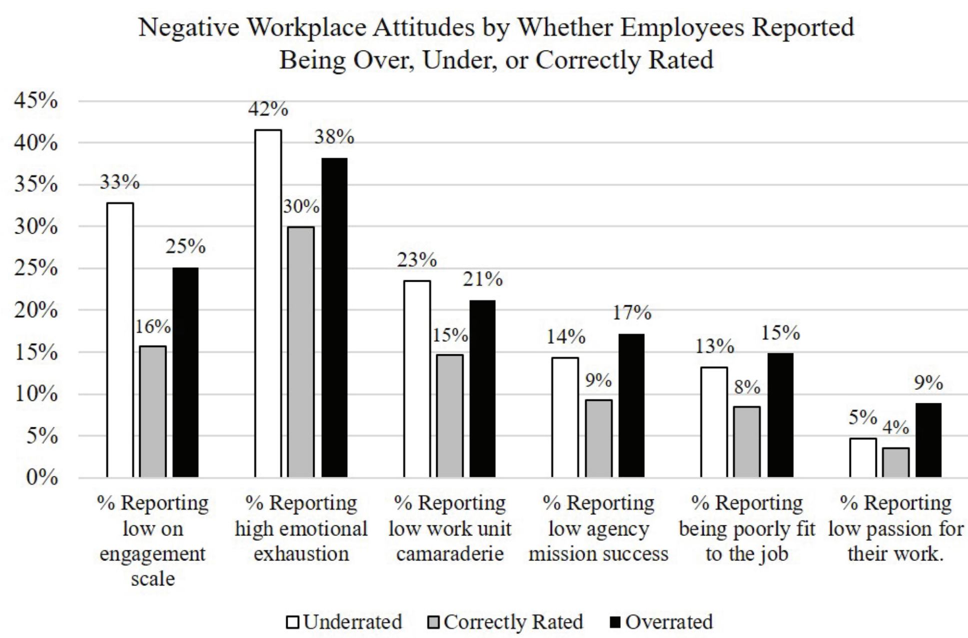
Like it or not, the performance appraisal is part of every Federal employee's work life. The decisions resulting from such appraisals are directly tied to performance awards, merit pay, and quality step increases, as well as to performance-based adverse actions and service credit during a reduction in force. Studies have shown that employee satisfaction with the appraisal process and ratings influences a variety of employee viewpoints, including commitment to the organization, job satisfaction, intent to leave, and job performance. The results of MSPB's 2016 Merit Principles Survey (MPS) indicates that this may not be good news for the Federal Government.

Over 20 percent of MPS respondents reported that their performance appraisal is not a fair reflection of their performance. These results are consistent with those of our 2011 Federal Merit Systems Survey in which 21 percent of employees believed that supervisors demonstrated favoritism in performance appraisals. Perceptions of fairness are essential to the success of the performance appraisal system. With more than one in every five Federal employees believing that the appraisal process is not a fair reflection of their performance, one might question how effective the process is.

Although there are many facets to appraisal fairness, one is the question of whether employees received the rating they felt they deserved. In other words, did they think their rating was too low, too high, or just right? To help analyze the effect of this perceived fairness, we asked MPS respondents to tell us the last performance appraisal rating they received, as well as the rating they thought they should have received. From this data, we identified groups of employees who believed they were underrated, correctly rated, and overrated. We then compared the three groups' attitudes regarding different measures of workplace health.

It is not unreasonable to assume that an employee who is unhappy about the fairness of the rating is unhappy about other things in the organization. Therefore, we were not surprised to find that employees who felt they were underrated also reported being less engaged, more emotionally exhausted, and generally less satisfied with select work outcomes than the correctly rated group.

What was surprising was that the attitudes of the employees who felt they received a higher rating than they deserved were closer to those of the underrated group than they were to the employees who felt they were correctly rated, as shown in the graph.



(continued from previous page)

Intuitively, one might assume that an employee with a higher rating than they expected to get would be happy about the rating, which might then positively affect their view of other workplace practices. However, we found that overrated employees, like underrated employees, reported feeling more negatively about the workplace than those who felt they were correctly rated. Overrated and underrated employees were more likely to report negative workplace attitudes about engagement, emotional exhaustion, perceptions of workplace harmony, work unit productivity, and job fit. In fact, the data show that when employees believe that the performance rating is an unfair reflection of their true performance, whether it is too high or too low, they are often twice as likely to harbor negative workplace sentiments as those who perceive their rating to be a fair reflection of their performance.

So, what does this data mean from a workforce management perspective? It may mean that supervisors can't buy happiness with good performance appraisals. Leaders should not expect that high performance ratings will make the workforce happier and more satisfied with other aspects of their work environment. There are no shortcuts to the hard work of improving employee morale and organizational culture. Agency managers and supervisors need to stick to the basics when it comes to improving the work environment.

A good place to start may be the performance management process. It won't solve all organizational problems, but improving the process could help build trust between employees and supervisors. To do this, supervisors should establish a transparent, rigorous performance management process that includes precisely specifying performance criteria, training raters to be accurate, involving employees in performance goal setting, and holding meaningful performance discussions throughout the year. Perceptions of fairness in the performance appraisal process have been demonstrated to be very important, and getting it "just right" will take determined effort. ❖

Lack of Quorum at MSPB

MSPB has lacked a Board quorum since January 8, 2017, meaning that there are not enough members to take certain official actions.

Most know that the Board is unable to act on any petition for review filed until a quorum is restored by the nomination and confirmation of at least one new member. What might not be common knowledge is that the Board also cannot issue study reports on the civil service pursuant to 5 U.S.C. § 1204(a)(3).

However, the Office of Policy and Evaluation (OPE) continues to conduct research and study Federal merit systems. Even though we cannot issue study reports, OPE can release shorter informational publications. To keep up to date on all of our latest publications, please go to www.mspb.gov/studies. Since the lack of quorum, we have published several short publications, including:

- Our *Issues of Merit* newsletter, which can be found at www.mspb.gov/studies/newsletters.htm
- Research Briefs found on our "Noteworthy" page, including the most recent paper, *Building Blocks for Effective Performance Management.* The Noteworthy page can be found at www.mspb.gov/studies/noteworthy.htm
- Our merit system principles guide, *The Merit System Principles: Keys to Managing the Federal Workforce*

Joining our ListServ is another great way to receive all of our products. To join, go to www.mspb.gov/studies and click on "Subscribe to the MSPB Studies ListServe."

U.S. Merit Systems Protection Board
1615 M Street, NW
Washington, DC 20419

ISSUES OF MERIT

January 2018 Volume 23 Issue 1

IN THIS ISSUE * IN THIS ISSUE * IN THIS ISSUE