

# **The Federal Merit Promotion Program**

---

Process vs. Outcome



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

Office of the Chairman  
1615 M Street, NW

Washington, DC 20419-0002

Phone: (202) 653-6772 Ext. 1325; Fax: (202) 653-8925; E-Mail: [chairman@mspb.gov](mailto:chairman@mspb.gov)

## Chairman

December 2001

The President  
President of the Senate  
Speaker of the House of Representatives

Dear Sirs:

In accordance with the requirements of 5 U.S.C. 1204(a)(3), it is my honor to submit this Merit Systems Protection Board report "The Federal Merit Promotion Program: Process vs. Outcome."

This report reviews the operation of the Federal merit promotion program under which an average of over 90,000 Federal employees are promoted annually to fill vacancies in Government organizations. The procedures established under this program are intended to ensure that managers make the best decisions when staffing their organizations. These procedures are also expected to conform with merit system principles which require that employee advancement be based solely on relative merit and that competition be fair and open.

We found that the program is generally operating in conformance with the merit principles and that managers believe that the system, for the most part, helps them to make good personnel decisions. Unfortunately many employees do not believe their supervisors always promote the best-qualified applicants when filling jobs in their organizations. Additionally, there are indications that the promotion procedures in many agencies take too long, cost too much to operate, and in some circumstances add little or no value with regard to achieving a good outcome. Indeed, many managers believe that at times their agency's merit promotion procedures actually hamper their ability to select the best people to fill their vacancies.

The report concludes with several recommendations to improve the Federal merit promotion process. These recommendations are intended to both reduce the amount of resources devoted to that process and to increase its effectiveness and its credibility with Federal employees.

Sincerely,

Beth S. Slavet

# U.S. Merit Systems Protection Board

---

Beth S. Slavet, Chairman

Barbara J. Sapin, Vice Chairman

Susanne T. Marshall, Member

Office of Policy and Evaluation

*Director*

John M. Palguta

*Project Manager*

John Crum, Ph.D.

# Table of Contents

Executive Summary . . . . .	ix
Introduction. . . . .	1
Background . . . . .	1
How the Merit Promotion Process Typically Works . . . . .	1
Concerns About the Merit Promotion System . . . . .	3
Why Does the Government Need a Merit Promotion Process? . . . . .	4
Purpose of This Study . . . . .	4
Methodology . . . . .	5
Findings. . . . .	7
Are the Appropriate Decisions Being Made?. . . . .	7
Potential Problems With the Merit Promotion Process . . . . .	7
What Factors Should Play a Role in Promotions? . . . . .	10
What Factors Do Play a Role in Promotions?. . . . .	11
What Is Important to Supervisors?. . . . .	12
Time Taken to Fill Vacancies. . . . .	17
Fair and Open Competition. . . . .	19
Who Applies for Promotions and Who Gets Selected? . . . . .	22
Who Applies . . . . .	22
Who Gets Selected. . . . .	23
The Basis for Selections . . . . .	25
Cost of the Merit Promotion Process . . . . .	29
Conclusions . . . . .	31
Possible Improvements. . . . .	32
1. Improve the Quality of the Information Used in the Candidate Evaluation Process. . . . .	32
2. Make Greater Use of Career Ladders . . . . .	33
3. Make Greater Use of Promotions by an Accretion of Duties . . . . .	34
4. Move to a Broadband Classification System . . . . .	35
5. Allow Supervisors Greater Authority to Promote Employees Without Competition . . . . .	37
Recommendations . . . . .	43
Appendix 1: Typical Steps in Filling Job Vacancies in the Federal Government . . . . .	47
Appendix 2: Exceptions to Normal Competitive Promotions. . . . .	51
Appendix 3: Accessions to the Federal Government by Occupational Category . . . . .	53
Appendix 4: 1999 Merit Promotion Survey—Co-worker . . . . .	55
Appendix 5: 1999 Merit Promotion Survey—Panel Member . . . . .	56
Appendix 6: 1999 Merit Promotion Survey—Supervisor . . . . .	57

# Executive Summary

*There are few more important aspects of employees' jobs than their opportunities for career advancement. The statutory merit system principles underlying the Federal Government's human resources management systems require that employee advancement "...be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity." The merit promotion process prescribes the manner in which that advancement will occur in the Federal Government in order to ensure adherence to that principle. That process and the regulations governing it have changed dramatically over the years. The U.S. Merit Systems Protection Board undertook a study of the current Federal merit promotion system to determine whether it is achieving the overall goals established for it, making good use of the resources expended, and, therefore, working in the best interests of the American public, the Government, and Federal employees.*

*This study finds that while most of the decisions made in conjunction with the merit promotion process are made in conformance with the merit system principles, there are nevertheless problems with its current operation. Although there is considerable variation among Federal departments and agencies in the details of their merit promotion programs, we find that the Federal merit promotion process overall is resource intensive, and time consuming. Also, for a significant percentage of the actions taken the process itself adds little or no value. Moreover, Federal supervisors, employees, and unions all have major reservations about how well the process is working but for different reasons. This report contains the details of the Board's findings and our recommendations for improvement.*

During FY 1997–FY 1999 over 277,000 Federal employees were promoted using competitive merit promotion procedures established under the Code of Federal Regulations (5 CFR, Part 335). These procedures are intended to increase the likelihood that managers will make the best possible decisions when selecting people to fill important jobs in their

organizations. They are also designed to ensure that the decision to promote someone is “transparent”—i.e., readily discernible—so that all the concerned parties have a reasonable assurance of being treated fairly. Unfortunately, many employees do not believe that their supervisors promote the best qualified available person when filling jobs in their

organizations. Many supervisors, on the other hand, believe that the current promotion process takes too long, costs too much, and may sometimes actually hinder their ability to select the best candidates for their jobs.

The Merit Systems Protection Board (MSPB or the Board) has a statutory responsibility to provide the President and Congress with periodic reports on the health of the Federal civil service. The purpose of these reports is to enhance the efficiency and effectiveness of the Federal Government by providing for a well-qualified and motivated workforce that operates within the framework of the merit system principles. This study examined the Federal merit promotion process within that context.

## Findings

### **Employees, supervisors, and union representatives all have reservations about how well the merit promotion process is working in the Federal Government with regard to the end result.**

Only 45 percent of the employees responding to one of the MSPB surveys on the merit promotion process reported that their supervisors promote the best qualified available person when there are jobs to be filled in their organizations. Likewise, a significant portion of the supervisors responding to our survey did not think that their organization's merit promotion process allowed them to select the best qualified applicant for the job to be filled.

### **According to our employee respondents, one of the main indications that the merit promotion process does not work as well as it should is that many of them believe they have been inappropriately passed over for a promotion they deserved.**

Almost half felt this had happened to them sometime during their career, while 28 percent said it had happened to them during the past 2 years. The most frequently cited reason that employees thought they did not receive a promotion involved a situation where the employee thought the selecting official already had someone else in mind for

the job and, therefore, other applicants were not given full and fair consideration.

### **Supervisors believe their promotion decisions are made on merit-based considerations but employees believe that is often not the case.**

According to supervisors, the most important factor used to compare applicants is their technical qualifications, followed by their estimation of the applicant's potential, and when possible, the direct observation of a candidate's work. In contrast, many employees as well as many of the union representatives we surveyed were not particularly confident that hiring decisions are based on those factors that most would agree are indicative of applicants' potential to perform the job for which they are applying. Instead they thought that non-merit factors such as loyalty to the supervisor and connections to other important people in the Government were the most important factors in determining who is promoted.

### **Most supervisors said that their vacancies should generally be open to applicants from all sources but many employees and union representatives do not agree.**

Although almost two-thirds of the supervisors said that vacancies in their work unit should be open to employees from other Government agencies even if there were people in their organization who were qualified for the job, considerably fewer employees (46 percent) and even fewer union representatives (40 percent) agreed with this position. An even lower percentage of employees and union representative said that jobs in their organizations should be open to applicants from outside the Government.

### **Employees and supervisors agree that the merit promotion process takes far too long to complete.**

Both employees and supervisors expressed the opinion that it should be possible to fill vacancies in their organizations within about 30 days. These expectations, however, were seldom met as employees and supervisors both estimated that it actually

took about 80 days to fill jobs in their organizations.

**About half of the employees said that they had applied for at least one vacancy during the past 2 years.**

According to the employees responding to our survey, 48 percent had applied for at least one vacancy during the past 2 years. Those who submitted applications applied for an average of 3.6 different jobs during that period.

**While it comes as no surprise that the rate of promotion goes down as a person's grade level increases, many employees may be surprised to learn how relatively rare promotions are at the upper grade levels.**

The average overall promotion rate, which includes both competitive promotions and career ladder promotions, in the Government during the 3-year period FY 1998-FY 2000 was 11.4 percent. This means that, on average, each year one out of every 8.8 employees received a promotion. However, upon reaching the GS-12 level, the rate of promotion fell to about 1 in 13 each year. By the GS-13 level only about 1 in 20 employees get promoted, and at GS-14 the number is about 1 in 25.

**The source supervisors used most frequently to fill their vacancies was those employees who already worked in their organization.**

Forty-six percent of the selections made by supervisors were people who already worked for their organizations. The next largest source of hiring was applicants who worked outside the Government (29 percent). The remaining 25 percent of selections were of applicants from other Federal organizations.

**More often than not, before a merit promotion opportunity is announced, supervisors believe they know which employee in their organization would be the best person for the job and most of the time they select that person.**

Supervisors told us that during the past 2 years, 54 percent of the time they had already identified one of their own employees whom they thought they

would promote into the vacancy. They also told us that 80 percent of the time they actually selected that person to fill their vacancy. Moreover, the vast majority of supervisors said that they were very satisfied with the people they chose to fill their vacancies.

**The cost of running the merit promotion process is substantial.**

Based upon the estimates provided by survey respondents the total yearly cost of the merit promotion process is in excess of \$238 million. The estimate of the costs for those merit promotion actions where a supervisor selected someone whom he or she had initially identified as the likely selectee is in excess of \$156 million.

## Conclusions

Although the vast majority of the supervisors responding to our survey were satisfied with the people they selected to fill their vacancies using the merit promotion process, they were not positive about all aspects of the merit promotion process. The supervisors participating in our study had two basic concerns: (1) on at least some occasions, the merit promotion process was of little value in helping them identify the best qualified candidate for promotion, and (2) the process took too long and was often too resource intensive (particularly troublesome in any instance when the process itself was seen to add little value).

In general, most employees also agreed with the supervisors in our sample that the entire process takes far too long to complete. Although members of both these groups were probably unrealistic in believing that vacancies can be routinely filled in as little as 4 to 6 weeks, they have reason to be concerned about the time it can take to accomplish some of the administrative activities that support the merit promotion process. At the same time, the reductions in human resources staffs that have occurred in many organizations may make it difficult to greatly improve operations unless there are some significant changes made in the merit promotion process itself.

Both employees and union representatives are also concerned about the bases on which supervisors make promotion decisions. In particular, many employees believe they and other people in their organizations had been unfairly passed over for promotions because the selecting official had already made a decision before the vacancy was announced. Further, many employees and union representatives believe those decisions are not always based on merit but instead take into consideration nonmerit factors such as loyalty to the supervisor and connections to other important people in the Government. Not surprisingly, supervisors disagree with this assessment.

While admitting that they sometimes knew whom they were very likely to select before a vacancy announcement was issued, supervisors typically maintained that was because the person they had in mind was known to them and had already demonstrated that he or she could do the job well and deserved to be promoted. In essence, these supervisors told us that when selecting from among a group of employees that they had directly supervised or about whom they had direct knowledge, they were frequently confident that they knew which employee had the best abilities, knowledges, and skills relative to the position to be filled. Despite confidence in their ability to identify in advance which of the potential applicants in their organization was the best person for the job, these supervisors still had to go through the formal merit promotion process. For the other employees in the organization, however, this constituted a “sham competition” for the promotion since they had little to no chance of being selected. These promotion actions frustrate employees, who also believe their time and the agency’s time have been wasted.

The belief that a candidate for promotion has been “preselected” for promotion prior to the issuance of a vacancy announcement is particularly frustrating to nonselected candidates who disagree with the judgment of the selecting official regarding the identification of the best qualified candidate. It should be noted, however, that some employees

believe that factors not related to relative skill, knowledge, or ability, such as time spent in the organization or in the Government (i.e., seniority) should be taken into account in promotion decisions.

For this and other reasons, it is likely that selecting officials and nonselected employees will frequently disagree on whether the “best” candidate was selected for the position. In other words, while the perception of fairness is an important goal for the Government’s merit promotion system, it may not be completely attainable. Based on our review, however, we believe there are some actions that can be taken to at least narrow the perception gap by improving the actual operation of the Government’s merit promotion process.

## **Recommendations**

**Where possible, Federal departments and agencies should attempt to develop valid new approaches to assessing applicants for jobs, including those involving merit promotions.**

As the process typically works in most organizations, supervisors have few tools available to them to help them identify the best candidates for their vacant positions. At the very least, supervisors should be provided with training or assistance in how to conduct structured interviews and use the information gained from them.

**Federal agencies should widely share information among their employees about the number of anticipated promotion opportunities and the criteria that will be applied in selecting from among applicants for those opportunities.**

The goal should be to help employees develop more realistic expectations about their opportunities for advancement and any actions they can take to improve their chances. One of the most important problems facing the merit promotion process is its lack of credibility with many members of the Federal workforce. One reason employees often do not find the merit promotion process credible is because they do not really understand the basis on which selecting officials make their decisions. It is



also important that employees develop realistic expectations about their likelihood of their being promoted. Many employees believe they should have a good chance at a competitive promotion after only a year or two in grade at a full-performance level. The reality is that it is the norm rather than the exception for employees to spend 10 to 15 or even 20 years in the same grade level once they have attained journeyman status in their occupational field.

**Servicing human resources offices should improve their processing of merit promotion action tasks whenever possible.**

According to the employees, supervisors, and union representatives responding to our surveys there are many aspects of the merit promotion process that simply take too long. And our discussions with personnel staffs confirm that they often feel overwhelmed by all the tasks they are asked to perform. To some extent this situation has been exacerbated by the dramatic reductions in the size of the human resources staffs across the Government.

To begin to improve operations in this area, agency human resources officials should re-examine the basic process being used to handle merit promotions in order to determine if some fundamental changes can make a difference. For example, a move to greater reliance on standardized crediting plans may help, especially if these plans can be automated. For agencies with large numbers of jobs in the same occupational series who are not already using automated rating tools these may offer some assistance.

**Federal agencies and OPM should actively explore the expansion of merit-based but non-competitive alternatives to some actions currently taken under competitive merit promotion procedures.**

Many of the concerns that we have identified regarding the excessive time, inordinate cost, and lack of credibility of the current merit promotion process are exacerbated by the substantial number of actions taken under the merit promotion process

which are not truly “open” to competition. Many of these latter actions are taken in accord with the statutory merit system principle of advancement based solely on relative abilities, knowledges, and skills—but the required “fair and open competition” actually occurred based on demonstrated job performance and not through the competitive merit promotion process. It stands to reason that some actions in this category can be made noncompetitively without harm to the intent of the merit system principles. For example:

- Career ladder promotions are widely accepted in the Federal Government as an extension of the competitive merit promotion process since individuals enter at a lower level in the “ladder” through open competition and then advance non-competitively based on their demonstrated work performance. Federal agencies should examine their current use of career ladder promotions to ensure they are being used in all cases where it is reasonable to do so. Career ladders can be used for journey-level and even senior-level positions.
- The promotion of an incumbent of a position that is being reclassified to a higher grade level because of an accretion of higher level duties is another generally accepted method of advancing an employee noncompetitively when the action conforms to the standards set forth in regulations. This is another alternative currently available that according to both the employees and supervisors responding to our surveys is seldom used and whose use might be expanded. Although greater use of promotions by an accretion of duties does have the potential of increasing employee perceptions of favoritism, it may still be preferable to a “sham” competitive promotion action taken solely to promote an employee whose relative job performance merits advancement.
- Although currently available only in a small number of Federal organizations with special authorization, the use of a “broadband” pay system is another possible approach which allows

for noncompetitive advancement within a broader pay range on the basis of demonstrated job performance. Should future legislation allow greater use of a broadband pay authority, this would be another method of advancing employees based on a supervisory determination of their actual job performance.

- Consideration should be given to allowing supervisors greater authority to promote employees in their organizations without using formal competitive merit promotion procedures—along the lines initially suggested by OPM in its proposed changes to the merit promotion regulations announced in the Federal Register on February 20, 1996, and as discussed in this report. Our research on this issue has shown that allowing selecting officials greater authority to promote employees within their organization without formal competition with other employees in the organization should have little, if any, effect on the chances that employees other than those initially identified by their supervisor will be promoted. We believe that promotions made on this basis could still conform with the merit principle calling for fair and

open competition. The only change would be in the definition of what constitutes competition. The difference would be that the competition for future vacancies in the organization would be ongoing. Supervisors within the organization would be continually evaluating the people who work for them to see if they would be good fits for the vacancies that occur.

The circumstances where such a change could make sense involve promotions where the area of consideration is restricted to employees in the same organization and the higher level duties and responsibilities do not require materially different knowledge, skills, or abilities. Under those circumstances, the competition would be ongoing as the selecting official observes the job performance of the individuals in the organization. However, promotion from a non-supervisory position to a supervisory position would still require the exercise of competitive promotion procedures since most employees would not have the opportunity to demonstrate supervisory skills and abilities.

# Introduction

## Background

Over the years the U.S. Merit Systems Protection Board (MSPB) has looked at many aspects of how the Federal Government selects among applicants from outside the Government when it has vacant positions to fill. We have not, however, closely reviewed the parallel process that occurs when a decision is made to promote a current employee. In many ways the process for deciding whom to select for internal promotions is the same as for external hires. And in both cases the process is required to conform to the merit principle that states:

Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and **selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity** (emphasis added).<sup>1</sup>

Historically, the Government has filled a relatively small proportion of its non-entry-level positions with people hired from outside the Government. During the period FY 1997 through FY 1999 for example, the Government filled only about 16 percent of its vacancies in white-collar, GS-11 level and higher jobs with people selected from the out-

side. Although the Government employed an average of about 710,000 full time permanent employees at these levels during this 3-year period, it hired an average of only about 10,000 people from outside the Government in each of those years. In comparison, approximately 54,000 people who were already working for the Government were promoted using competitive merit promotion procedures into vacancies at the level of GS-11 and above in each of these years. An additional 24,000 were promoted at these levels through the use of career ladders.<sup>2</sup>

The main purpose of this study is to look more closely at the process the Government uses to select those employees who are promoted each year under competitive merit promotion procedures. In doing so we will focus on whether selections are based on relative merit and whether there is fair and open competition for the vacancies that are filled. We will also consider whether the processes the Government uses to make these selections make good use of available resources and work in the best interests of the public, the Government, and Federal employees.

## How the Merit Promotion Process Typically Works

The first real Federal merit promotion program was established in 1959 in response to concerns that up

---

<sup>1</sup> 5 U.S.C. 2301.

<sup>2</sup> This information was obtained from the records of the Central Personnel Data File (CPDF) maintained by the U.S. Office of Personnel Management (OPM). The CPDF contains employment information on most Federal employees.

until that time no means existed to ensure that the selection process for promotions gave systematic and competitive consideration to those employees who were interested in the positions to be filled. Prior to that time agencies could promote any employee who met minimum qualifications as long as the promotion process conformed to a set of basic operating principles. Although the procedures introduced in 1959 sought to provide greater uniformity to the merit promotion process, agencies still retained the flexibility to design programs to meet their unique needs.

In 1969 the merit promotion process was revised in an attempt to ensure the equitable consideration of qualified employees and the selection of the most able. A major purpose of these changes was to bolster employees' confidence in the merit promotion process. The changes that were made then included detailed requirements concerning:

- Establishing areas of consideration
- Evaluation methods used to determine the best qualified candidates
- The use of supervisory appraisals
- Limits on the number of best-qualified applicants that could be referred to the selecting official
- Training for new supervisors

Finally, in 1979 the detailed requirements issued 10 years earlier were eased somewhat to provide room for collective bargaining. In addition, agencies were given somewhat broader authority to develop, negotiate, and manage their own merit promotion programs.

The rules that Government agencies must use in deciding whom to promote or hire for a vacant position are provided in Section 335.103 of part 335 of title 5, Code of Federal Regulations. These regulations require that each agency adopt and administer a program designed to ensure a systematic means of selecting for promotions according to merit. As part of the program, agencies must develop merit promotion plans that cover all posi-

tions to which promotions are made. Each agency is also responsible for ensuring that its merit promotion plans operate compatibly with each other. The plans must be in writing with copies available to all job candidates.

Table 1 defines several terms that are typically found in agency merit promotion plans.

In addition to specifying the positions that are covered, agency merit promotion plans must establish areas of consideration that are sufficiently broad to ensure the availability of high-quality candidates, taking into account the nature and level of the positions to be filled. Additionally, under the Veterans Employment Act of 1998, preference eligibles or veterans who have been separated under honorable conditions from the armed forces after 3 or more years of continuous active service may compete for vacancies under merit promotion procedures when an agency accepts applications from individuals outside of its own workforce.

Agency merit promotion plans also specify the methods that will be used to evaluate applicants for promotion as well as to select employees for training that leads to promotion. Moreover, these plans outline management's right to use selection procedures to select or not select from among any particular group of best qualified candidates. This right includes the right to select from other appropriate sources, such as reemployment priority lists, reinstatements, transfers, handicapped applicants or applicants from outside the Government who are certified as eligible by agency delegated examining units or OPM. By regulation, in deciding which source or sources to use, agencies are responsible for determining which source is the most likely to provide candidates who will best help the agency meet its mission objectives and affirmative action goals. It should also be noted that areas of consideration are sometimes affected by negotiated agreements between agencies and employee unions. These agreements may place limits on the area of consideration that can be used to fill vacancies under certain conditions.

**Table 1. Important Merit Promotion Definitions**

**Promotion:** The change of an employee to a position at a higher grade level within the same job classification system and pay schedule or to a position with a higher rate of basic pay in the same or different job classification system and pay schedule.

**Reassignment:** The change of an employee from one position to another without promotion or demotion.

**Area of consideration:** The area in which the agency makes a search for eligible candidates in a specific promotion action. The minimum area of consideration is the area designated by the promotion plan in which the agency should reasonably expect to locate enough high-quality candidates, as determined by the agency, to fill vacancies in the positions covered by the plan. (When the minimum area of consideration produces enough high-quality candidates and the agency does not find it necessary to make a broader search, the minimum area of consideration and the area of consideration are the same.)

**Qualified candidates:** Those applicants who meet the established minimum qualifications requirements for the position prescribed by the Office of Personnel Management.

**Best qualified candidates:** Those qualified applicants who rank at or near the top when compared with other qualified candidates for the position. Normally a reasonable number of the best qualified applicants are referred for consideration by the selecting official.

**Selective factors:** These are skills, knowledges, abilities, or competencies that are essential for satisfactory performance on the job and represent an addition to the minimum qualifications for the position.

Agencies can fill vacancies in a variety of ways. Most often, vacancies are filled in one of three ways. If a current Federal employee is chosen to fill a vacancy and the selection involves an increase in the selectee's grade level, then the process is governed by the competitive merit promotion regulations. If the person selected is already at the grade level of the job being filled or was once at that grade level, that person can be noncompetitively selected for the job. If the selectee is not a Federal employee, competitive procedures that are in most ways analogous to those used in the merit promotion process govern the selection process. In actual practice, a number of basic steps typically occur whenever an agency has a vacancy to fill. Appendix 1 provides a description of these steps.

In addition to the normal competitive merit promotions discussed above, at least two other types of promotions can occur for Federal employees. The first of these is termed a career ladder promotion. This type of promotion occurs when competitive hiring procedures are used to select someone to fill what is often a lower level trainee position with the purpose of developing the selectee to fill a higher level full-performance position. The second type of

promotion which can occur without competition is when a job is reclassified to a higher grade level because new higher-level duties have been added to the position over time. When this occurs a person is promoted based on an accretion of duties. A more complete description of these two types of exceptions to normal competitive promotions is contained in Appendix 2.

### **Concerns About the Merit Promotion System**

While we have not previously looked closely at the merit promotion process, our surveys of Federal workers and discussions with representatives of the personnel community have consistently revealed significant concerns about how well the merit promotion process is working. This is especially true for employees, most of whom view few aspects of their jobs as being more important than their opportunity for advancement. This is not surprising since promotions provide a permanent increase in compensation and convey a higher status within the organization. Yet time and again, in conversations with employees interviewed as part of focus groups as well as in responses provided to our

workforce surveys many employees have indicated that they do not believe they have been treated fairly when it comes to promotions. For example, in response to a question on our latest Merit Principles Survey conducted in 2000, 22 percent of the respondents said they believed that during the past 2 years they had been denied a job or promotion because an official had given an unfair advantage to another applicant. Additionally, 43 percent said that they had not been treated fairly in terms of promotions. In fact, when employees were asked whether they had been treated fairly on a variety of aspects of their jobs, the area in which they were least likely to believe they had been treated fairly was the consideration given to them for promotion. In effect, for reasons we discuss later in this report, the merit promotion process used by many agencies simply lacks credibility with many employees.

Supervisors also have concerns about the merit promotion process. Chief among these concerns is the time that it takes to fill a vacancy in their organizations. Many supervisors also think the process consumes too much of their time and uses too many of their organization's resources. And, as we show later, employees share this view.

### **Why Does the Government Need a Merit Promotion Process?**

Beyond the regulatory requirements, the most basic and important reason for having a merit promotion system is to increase the likelihood that managers will make the best possible selections when filling jobs in their organization. The idea is that managers will be in a better position to make the best selection decisions when they can review the relevant qualifications of a wide range of applicants who have been screened to ensure that all are well-qualified for the job. Perhaps equally importantly, the Government's merit promotion process is designed to ensure that the decision to promote someone is made in accordance with prescribed procedures so that all the concerned parties have a reasonable assurance of being treated fairly. Moreover, the requirement to consider all applicants on

the basis of their relative merit should remove or at least reduce the inclination or opportunity for some managers to make selections that are influenced by their personal biases.

Another important purpose for relying on a merit system is that its use can give greater credibility to the Government in the eyes of the American public. When the public has reason to believe that personnel decisions are based on merit rather than politics or personal preferences, they are more likely to believe that Federal jobs will be filled by the best possible employees. Similarly, when job incumbents are selected on the basis of merit it is less likely that they will owe allegiance to a particular political party as occurred when the Government operated under a patronage system. Finally, basing decisions on merit can improve morale for employees since there is a greater chance that their abilities will be recognized and they will be given the opportunity to fulfill their potential.

### **Purpose of This Study**

Given the importance of a promotion system based on merit, we wanted to know how well the system is working and whether the objectives discussed above are actually being achieved. Beyond these questions there is the issue of whether what is being achieved through use of the current process is worth what it costs to make the process work. One aspect of these costs is the time and resources it takes to make selections. This includes the time and resources required to complete a range of actions needed to support each step of the merit promotion process. These actions include:

- Determining the area of consideration
- Preparing vacancy announcements
- Developing crediting plans for rating applicants
- Rating and ranking applicants
- Determining the best qualified applicants
- Interviewing applicants
- Finalizing selections

The costs of any promotion process can also include psychological costs. For example, if employees believe they have not been given a fair chance to compete for jobs or have not been fairly evaluated, their motivation to do their best work may suffer. Alternatively, they may decide to look for work elsewhere, which can lead to reduced organizational productivity until a replacement can be found. The main purpose of this study, then, is to see if the merit promotion process is fulfilling its objectives and then, whether it is doing this in a cost-effective manner.

In this report on our study, we provide answers to a number of questions including the following:

- Are promotion decisions being made solely on the basis of relative merit?
- Do other factors influence promotion decisions?
- How are areas of consideration determined and do they ensure that there is fair and open competition for Federal jobs?
- Are Government managers getting an adequate level of quality in the applicants whom they consider for vacancies in their organizations?
- What are the expectations of members of the workforce including supervisors, nonsupervisors, and union representatives concerning the merit promotion system, and are these expectations being met?
- How much time and resources are devoted to the different parts of the merit promotion process?

As might be expected there are no simple answers to these questions. The ultimate answers lie in finding solutions that establish the best balance between the various forces that have competing interests in the merit promotion process. These

competing interests—which in some ways can be complementary as well—include the Government's need to be responsive and credible to the American public, managers' desire to accomplish the tasks assigned to them, and employees' aspirations for advancement.

Finally this report also attempts to provide a clearer picture of what employees at various levels should expect in terms of their likelihood of being promoted. By providing actual promotion rates by occupational category and grade level, we hope to assist agencies in helping their employees develop reasonable expectations about their Government careers. It is important for employees to have realistic expectations so they can avoid the frustration that can reduce morale and work performance when unrealistic expectations are not met.

## Methodology

The main sources for the information contained in this report were three MSPB surveys that focused on the Federal Government's merit promotion process. The first survey was distributed to approximately 3,400 randomly selected nonsupervisory full-time permanent Federal employees in the spring of 1999. Completed surveys were returned by 1,636 individuals, for a return rate of about 48 percent. The second survey was sent at the same time to 2,400 randomly selected Federal supervisors. This survey's response rate was also 48 percent, as we received 1,144 completed surveys from members of this group. The sample for both groups was constructed to ensure that representative results would be obtained for the entire full-time permanent Federal workforce but not for individual agencies.<sup>3</sup>

We distributed a third survey to 460 people who had volunteered to participate in our various

---

<sup>3</sup> The response rates we obtained for these two surveys were somewhat lower than we have traditionally received when surveying members of the Federal workforce. As a result it was particularly important that we check for any demographic deviations in the characteristics of our respondents that might indicate the presence of some sort of nonresponse bias. That is, were certain groups under- or over-represented among our respondents in a way that made the results less likely to be representative of the Federal Government as a whole? When we checked the demographic characteristics of our respondents we did not find any pattern that would indicate that certain groups of employees were more likely to return our survey than were other groups. The demographics of our samples were consistent with the demographics of the Federal population as a whole.

research efforts as members of a standing panel of union representatives. Completed surveys were returned from 189 union representatives, for a 41 percent response. In this case, since the people included on our panel were not selected randomly, we cannot assume that their responses are representative of the universe of union representatives. Copies of the three surveys distributed to employees, supervisors, and union representatives are included in appendices 4–6.

Information used in this report was also obtained from our Merit Principles Survey 2000 that was distributed to a randomly selected sample of the entire full-time permanent Federal workforce.<sup>4</sup> Other information used in this report was obtained

from OPM’s Central Personnel Data File. As mentioned earlier, this file contains employment information on the vast majority of the Federal workforce. For purposes of this study, we looked at CPDF information concerning both career ladder and normal competitive merit promotions for all Federal employees for FY 1997 through FY 1999. We also obtained CPDF information about losses and accessions to the Federal workforce during this 3-year period. Two other sources of information used in this study were our review of the merit promotion plans provided by a number of different Federal organizations and discussions we held with both agency and OPM officials knowledgeable about the Federal merit promotion process.

---

<sup>4</sup> A description of the sample and a discussion of the findings of that survey will be presented in an upcoming report from the U.S. Merit Systems Protection Board.



# Findings

## Are the Appropriate Decisions Being Made?

The most basic question to be answered is whether the merit promotion process, as it is being implemented in organizations across the Government, increases the likelihood that managers will base their decisions on whom to promote on the relative abilities of applicants after fair and open competition. According to the perceptions of respondents to our Merit Principles 2000 Survey, the answer is at best a mixed one. Only 45 percent of the respondents believed that their supervisor promotes the best qualified people when there are jobs to be filled in their organization. However, there were marked differences in responses to this item between supervisors and nonsupervisory employees. As shown in figure 1, supervisors were considerably more positive about their own supervisor's decisions than were nonsupervisory employees. A slightly higher percentage (51 percent) of the respondents to the Merit Principles 2000 Survey said they believe that their supervisor selects the best qualified available person when hiring from outside the Government.

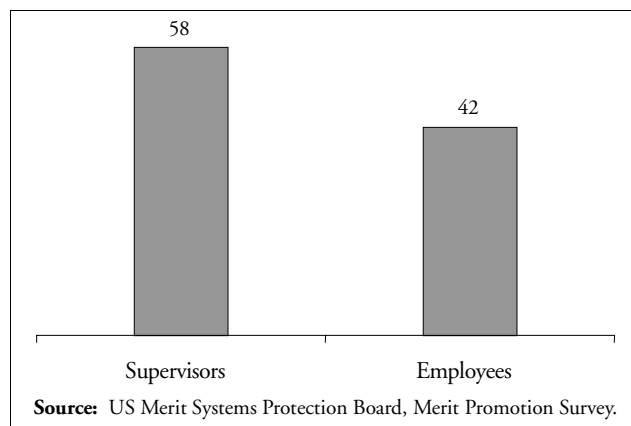
Responses to our Merit Promotion Surveys also revealed substantial skepticism about how well the merit promotion process is working. Here again, supervisors were generally not as negative as employees, although they were still concerned about the results of the merit promotion process in their organization. When asked whether their organization's merit promotion process allowed them to select the best qualified applicant for the job to be

filled, 39 percent of the supervisors said it did, but 24 percent said it did not. The remaining 37 percent expressed no opinion, perhaps because they had no opportunities to fill vacancies in their organization. Supervisors were only slightly more positive when we asked them whether they were able to strike the right balance between filling vacancies quickly and taking the time to find the best possible candidates. Some 42 percent of the responding supervisors felt they had done a good job in this regard during the past 2 years, while 20 percent indicated they had not done so.

## Potential Problems With the Merit Promotion Process

If such a large segment of the Federal workforce is at least somewhat concerned about how well the

**Figure 1. Percent of employees and supervisors agreeing to the statement, "My immediate supervisor selects the best qualified available people for the jobs to be filled."**



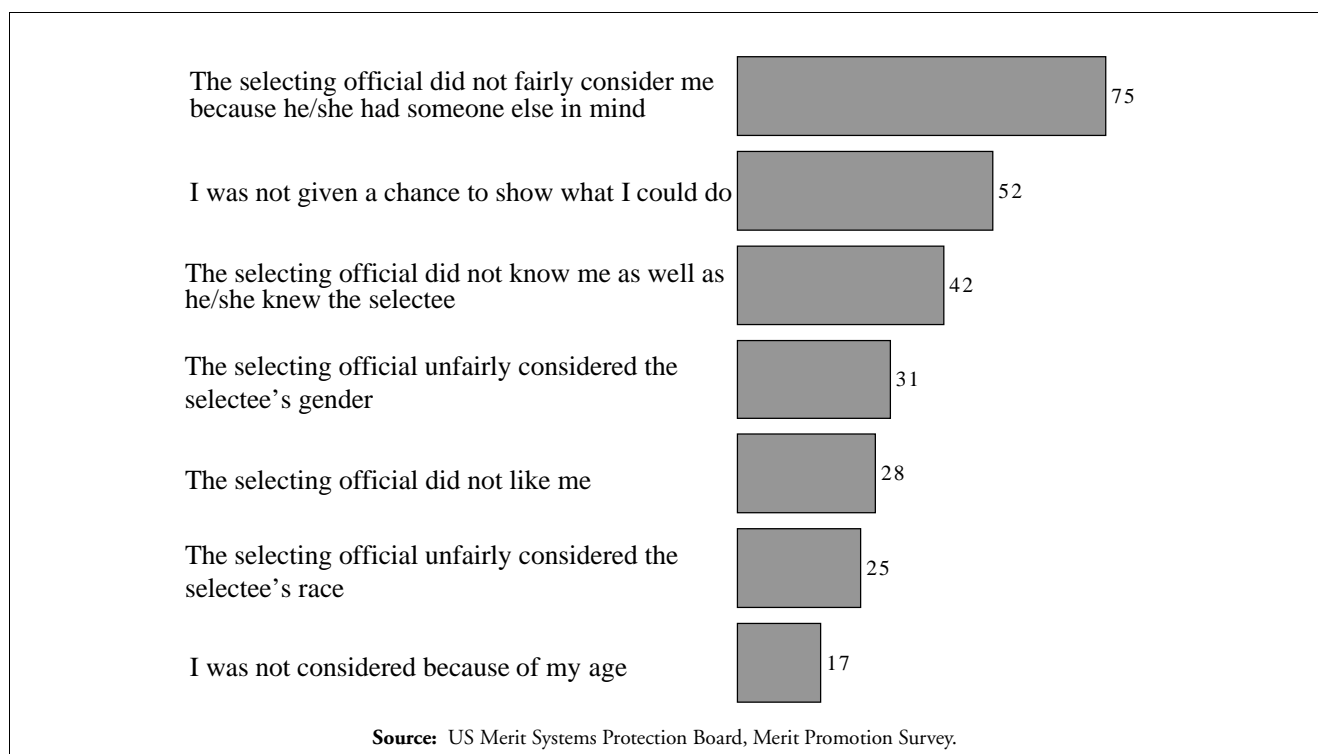
merit promotion process is working in their organization, what do they believe are the possible reasons it does not work as well as it should? For nonsupervisory employees, one of the main reasons is that many of them believe they have been inappropriately passed over for a promotion they deserved. Almost half (48 percent) felt that this had happened to them sometime during their career, while 28 percent said it had happened to them during the past 2 years. We also asked our respondents who felt that they had been denied at least one promotion they deserved why they thought they had not been promoted. Figure 2 shows their responses.

As the information in this figure shows, the reason that nonsupervisory employees cited most often was that they thought the selecting official already had someone else in mind for the job. This reason actually does point to a situation that can and does occur frequently in the Federal working environment. And that situation reflects what is probably the greatest perceived problem with the Federal

merit promotion process. Specifically, most of the time the merit promotion process will not allow supervisors to promote a person who works for them who is not in a career ladder position without announcing the job so that other employees have a chance to apply for it. Such an announcement is required even when supervisors, based on direct observation of their subordinates, believe the person they have in mind is a good match for the vacancy to be filled and is the best qualified person in their organization. When this sort of situation occurs, even though the job is announced as open to other candidates, the reality is that most of the time these other applicants have little chance of being selected.

The fact that supervisors often have someone in mind for their vacancies has sometimes been called “preselection” and has been condemned as inappropriate. And clearly, when the selection is based on reasons that have nothing to do with the candidate’s relative qualifications and when other

**Figure 2. Percent of employees giving the following as reasons why they were not promoted**



employees who may be interested in the job have not been given fair consideration, this is the case. But is it wrong for a supervisor to reach the conclusion that a person who works for him or her is the best person to fill a vacancy if the decision is based on observation of the person's on-the-job performance, including a comparison with the performance of other employees in the organization? After all, supervisors are responsible for succession planning in their organization. This planning includes the responsibility to anticipate vacancies in their organization to the extent possible and to be aware of the talent in their organization so that they can develop this talent and ensure they have the capability needed to meet organizational objectives.

It is also important not to minimize the negative consequences that can arise when a supervisor decides to select a subordinate to fill a vacancy based on meritorious factors but is required by the merit promotion process to announce the vacancy as open to other employees. In fact, one major complaint of employees with regard to the merit promotion process is usually not that the person selected instead of them was not qualified, but rather that the competition itself was a sham. Employees know that this frequently occurs, and clearly resent it when they believe they have wasted their time and had their hopes raised for no good reason. This is especially true when they often do not even receive the courtesy of a reply to their applications.

Our respondents also expressed concern with several other aspects of the merit promotion process. As shown in figure 2, even if they did not think that the selecting official had someone already in mind for the job, many employees thought they were not selected for the job because they were not given a real chance to show what they could do (52 percent). Still others thought the selecting official

did not know them as well as the person who was ultimately selected (42 percent). In both of these cases the problem may lie in the fact that it is often difficult for supervisors to know which of the people applying for the job is really the best qualified. As we discuss shortly, the tools that supervisors have available to them for evaluating applicants often do not provide a great deal of assistance in differentiating among job applicants. In this situation it may simply be human nature for supervisors to go with the known quantity rather than take a chance on someone they don't know well.

Three other reasons offered by a significant number of employees as explanations for their being passed over for promotions are of particular concern because they potentially involve prohibited personnel practices. These instances involved situations where employees believed they were not selected for a promotion because of their gender, race, or age. Almost a third (31 percent) of those who said they were denied promotions asserted that that had occurred because the selecting official unfairly considered the gender of the selectee. While this is certainly inappropriate if it actually occurred, our review of this issue in the past has found that the promotion rates of men and women throughout the Government have in recent years been quite similar overall. Although women have sometimes been promoted at a somewhat lower rate than men early in their careers, they also have tended to have slightly higher rates of promotion later in their careers.<sup>5</sup> It is also worth noting that within our survey respondent population, men who felt they had been denied a promotion were much more likely to report that they had been passed over because of gender (39 percent reported this) than were women (23 percent).

One-quarter of our respondents who said they had been denied a promotion they deserved believed this occurred because the race of the selectee was

---

<sup>5</sup> A discussion of these findings can be found in U.S. Merit Systems Protection Board, "A Question of Equity: Women and the Glass Ceiling," Washington, DC, October 1992.

inappropriately considered when the decision was made. A comparison by race of the respondents revealed that 32 percent of the African-Americans held this view, compared with 23 percent of the nonminority respondents. There were not enough respondents from other minority groups to permit valid comparisons for Native Americans, Asian-Americans, or Hispanics. It should be noted, however, that when we last reviewed the issue of promotion rates for members of different racial or ethnic groups we found that in most cases the rates were at that time fairly equitable, although historically African-Americans had been somewhat disadvantaged.<sup>6</sup>

Age discrimination was the reason least often chosen by respondents who believed they had been inappropriately denied a promotion. Still, overall 17 percent of our respondents cited this explanation. As might be expected, employees who were 55 or older were much more likely to believe they had been discriminated against because of their age than did younger employees. About 40 percent of the respondents age 55 or over thought they had been passed over because of their age, while only about one-quarter of those under 50 thought this had been the case. Interestingly, for those employees who were over 40 but under 50, and who could therefore legally claim that they were victims of age discrimination, we found that only 12 percent said that they were not considered for a promotion because of their age.

What is clear from all these responses is that a large share of the nonsupervisory workforce do not believe they were fairly considered for promotions at various times during their careers with the Government. This perception was also apparently shared by a large percentage of the members of our panel of union representatives. When asked whether supervisors in their organization made a sincere effort to select the best qualified applicant

possible when filling a vacancy through the merit promotion process, almost two-thirds (65 percent) said that supervisors did not make this effort. From their point of view, supervisors had motives or objectives other than simply promoting the best qualified employees when making selections for their vacant jobs.

## **What Factors Should Play a Role in Promotions?**

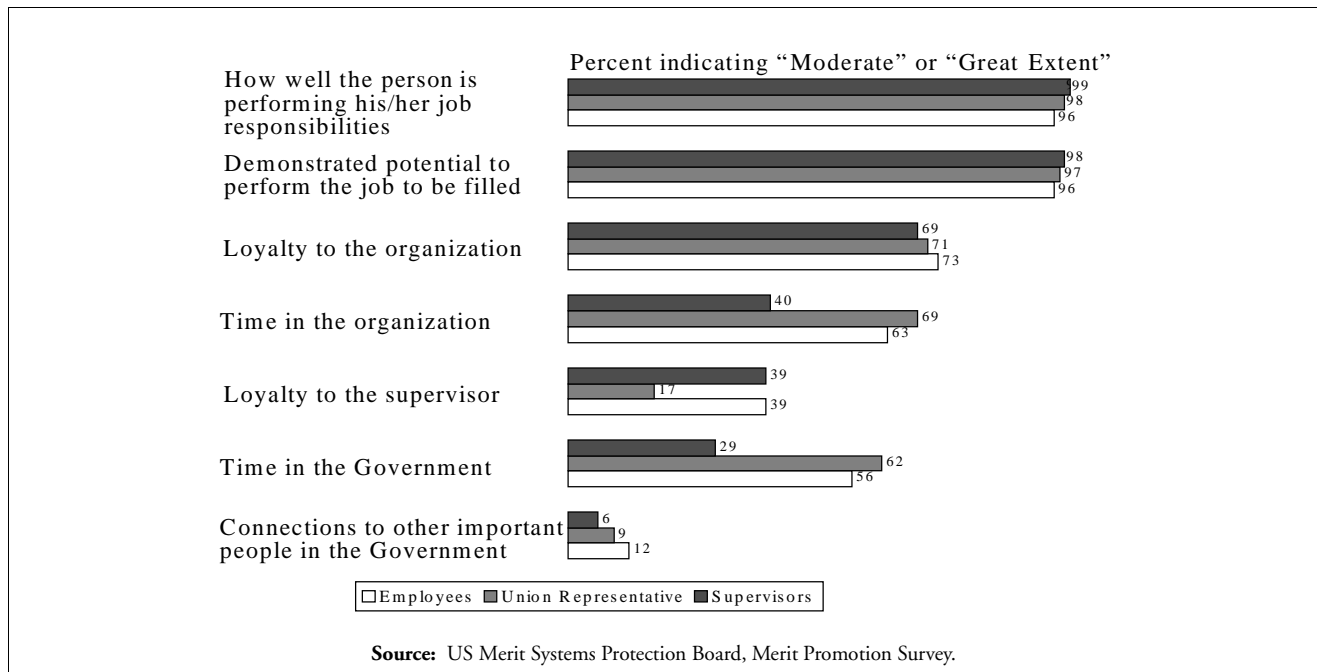
Since it is clear that many nonsupervisory employees do not believe they were always fairly considered when promotion decisions were made, an important question arises as to what factors employees as well as supervisors and union representatives believe supervisors should consider when making decisions about whom to select to fill a vacancy. When we asked the people in our three survey groups this question, they responded as shown in figure 3.

As this figure shows, members of all three groups were virtually unanimous in agreeing that an applicant's demonstrated potential to perform the job being filled and the quality of the person's performance in his or her current job should be important factors in deciding who ends up being promoted. Most respondents from each group also indicated that loyalty to the organization should be considered in determining who gets the job. Moreover, very few respondents from any group said that connections to other important people in the Government should play a role in who is selected for a job. A key divergence occurred, however, with regard to the issue of tenure. While most employees and union representatives thought that time in the organization and time in the Government should be rewarded by greater consideration for the applicant, considerably fewer supervisors agreed. Apparently it was more important to supervisors that they get the best possible person to fill their jobs than that they reward employees for their service to

---

<sup>6</sup> U.S. Merit Systems Protection Board, "Fair and Equitable Treatment: A Progress Report on Minority Employment in the Federal Government," Washington, DC, August 1996.

**Figure 3. The extent to which employees, union representatives, and supervisors believe certain factors should play a role in whether a person is selected for a vacant position or promoted in their organization**



the organization or the Government. In fact, when we asked supervisors whether employees in their organization should be promoted before someone outside the organization is given consideration, 47 percent disagreed and only 30 percent agreed.

### What Factors Do Play a Role in Promotions?

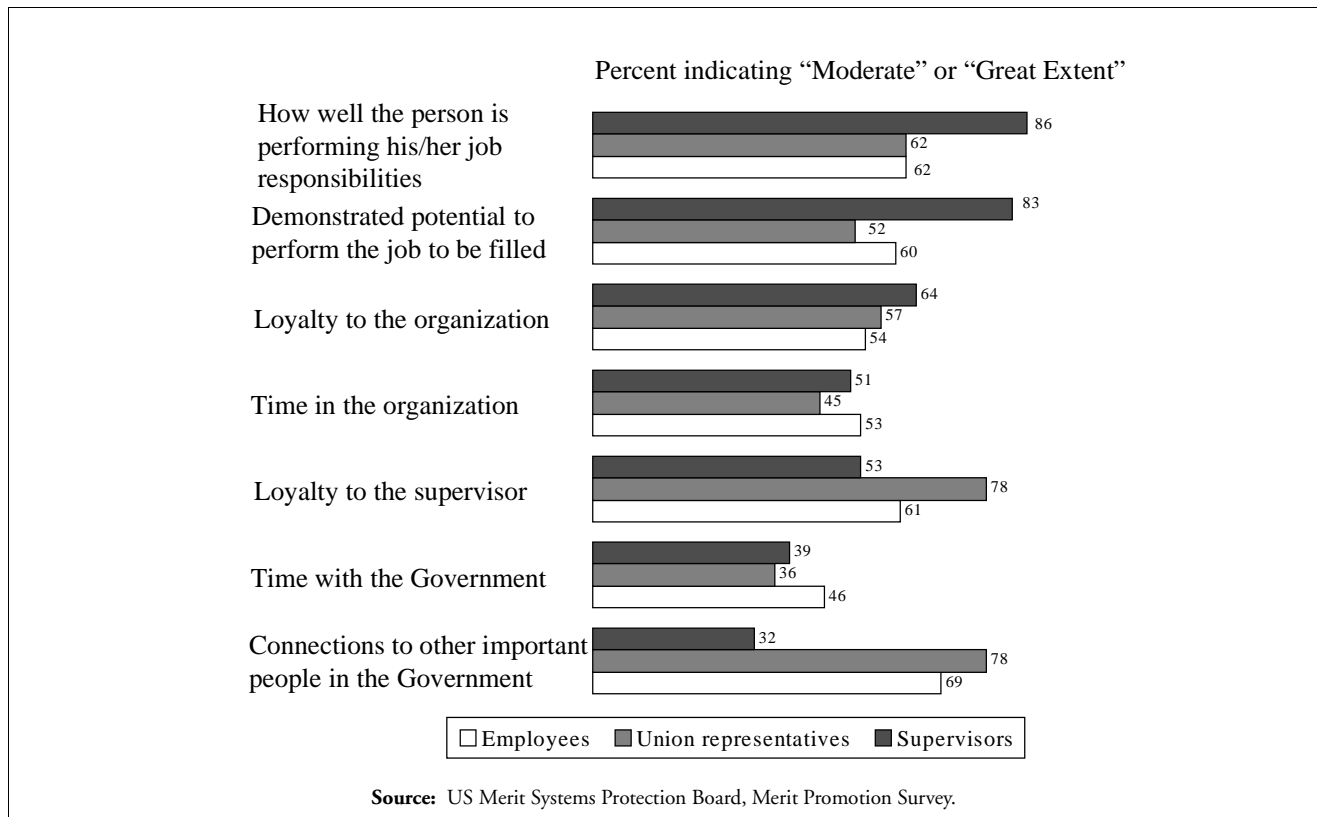
While it is important to understand what employees, union representatives, and supervisors believe should be considered in determining who will be promoted, it is at least as important to know what they think are actually the factors that influence who is finally selected for a job. Figure 4 shows the responses of members of all three groups when asked whether each of the factors shown in figure 3 actually does play a role in determining who is selected to fill a vacant job.

While almost all of the employees and union representatives (as well as the supervisors) said that how well a person is performing his or her job should play a role in determining who is selected, only about two-thirds of the respondents from either of these two groups (compared to 86 percent of the

supervisors) believed this actually occurred. This may not, however, be inappropriate since high performance in a person’s current job does not necessarily mean that the person will do as well in a more demanding higher level position. Notably, respondents to each of our three surveys agreed that demonstrated potential to perform the next higher job should be an important factor in deciding who will be promoted. Nevertheless, considerably fewer employees and union representatives than supervisors said that demonstrated potential to perform the next higher level job actually played a role in who was selected.

As figures 3 and 4 show, respondents from all three groups generally agreed that loyalty to the organization should and does play a role in the process of deciding who will be promoted. It is particularly interesting that while all three groups generally agreed about the extent to which time in the organization and time in the Government plays a role in selection decisionmaking, supervisors were considerably less likely than people from the other two groups to say that either factors should be considered. Apparently, even though most supervisors

**Figure 4. The extent to which employees, union representatives, and supervisors believe that certain factors do play a role in whether a person is selected for a vacant position or promoted in their organization**



said that time in the organization and time in the Government should not be important factors, many of them admitted that these factors did figure in their decisions. One possible explanation is that in some instances union negotiated portions of the agency merit promotion plans may have required the supervisors to limit the area of consideration to applicants from their own organization. To the extent to which this occurred, applicants with time in the organization would have an advantage over outside applicants. It is also possible that supervisors are sometimes more comfortable selecting people whose work they know by virtue of the fact that they already work in the organization instead of taking a chance on someone whose work they have not had a chance to observe.

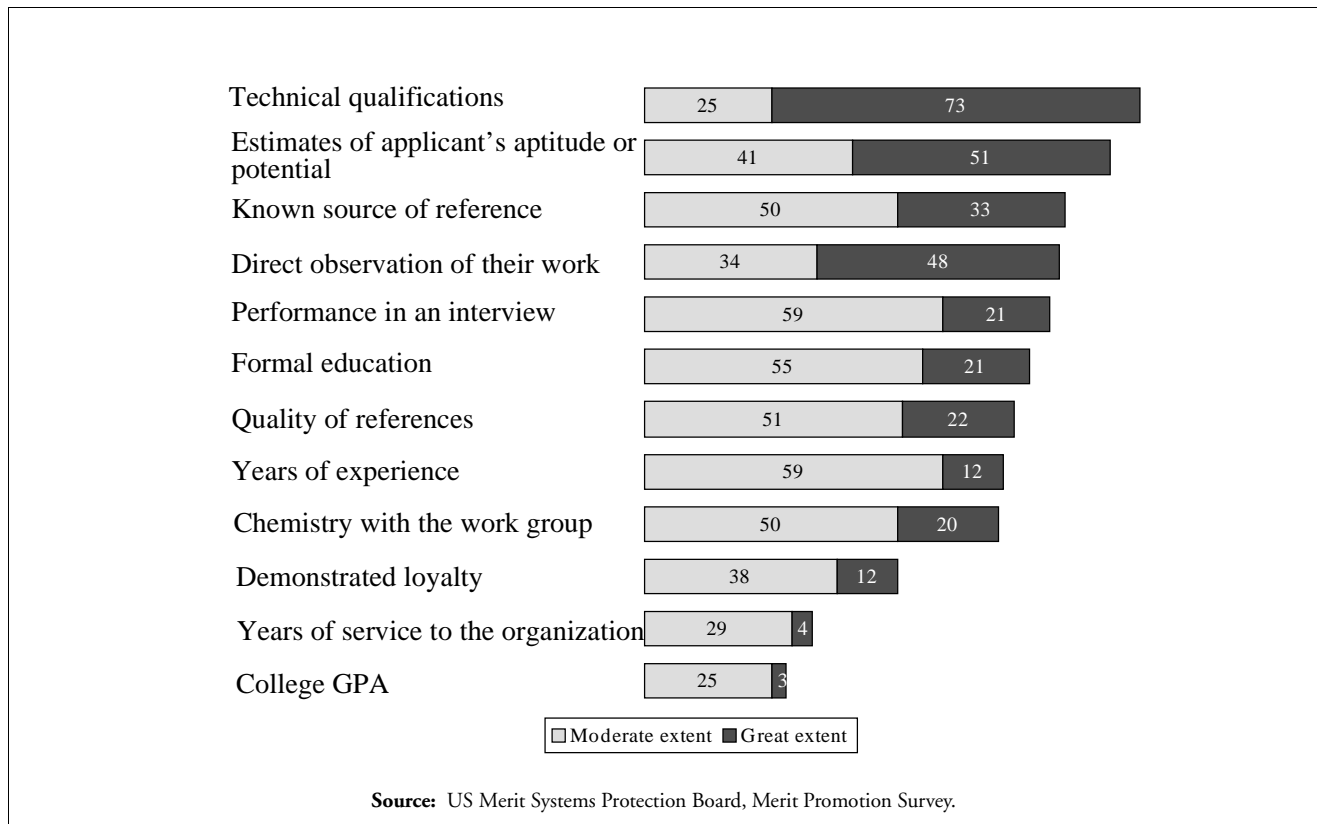
Perhaps not surprisingly, supervisors disagreed most with employees and union representatives on the role played by connections to other important people in the Government. Even though members of all three groups acknowledged overwhelmingly that this should not be an important consideration,

our employee and union representative respondents cited it as the single factor most likely to play a role in the final selection decision. While supervisors were much less likely to agree, a much higher percentage of them said they actually considered applicants' connections than said it should be a consideration.

### What Is Important to Supervisors?

As figures 3 and 4 reveal, supervisors said the two most important considerations in deciding whom to select for a vacant position were how well the person was performing in the current job and their assessment of the person's potential to perform the job being filled. While it might be easy for supervisors to observe how a person who works for them is doing, it is considerably more difficult for them to evaluate the potential of an applicant they do not know. To gain some insight into how supervisors compare applicants they are considering for a job, we asked them to rate the importance of a variety of tradi-

**Figure 5. Percent of supervisors who believe specified factors is an important consideration in selecting candidates for a vacant position**



tional evaluation factors normally used by selecting officials. Their responses are shown in figure 5.

Supervisors said the most important factor they used to compare applicants was their technical qualifications. Closely following was their estimation of the applicant's potential and, when possible, their direct observation of a candidate's work. Slightly less critical, but still important, were the candidates' performance in an interview, their formal education, the quality of their references (particularly if any of the references came from someone the supervisor knew), their years of experience, and the supervisors' estimation of the "chemistry" that would exist between the applicant and other members of the workgroup. It is encouraging that supervisors said they base their decisions on the same factors that research has shown to gen-

erally be the most useful for distinguishing among candidates for vacant positions. For example, research into the validity of a variety of assessment tools has found that technical qualifications, and estimates of an applicant's potential, when accurately assessed, are generally the best predictors of how well a person will perform in a new job.<sup>7</sup> Moreover, for jobs that involve similar skills, knowledges, and abilities, research has shown that one good way to gauge a person's ability to perform the next job is the direct observation of how well the employee is doing on the present job. This of course does not mean that supervisors are necessarily doing a good job of evaluating these factors, but it does indicate that supervisors at least know what factors they should be considering.

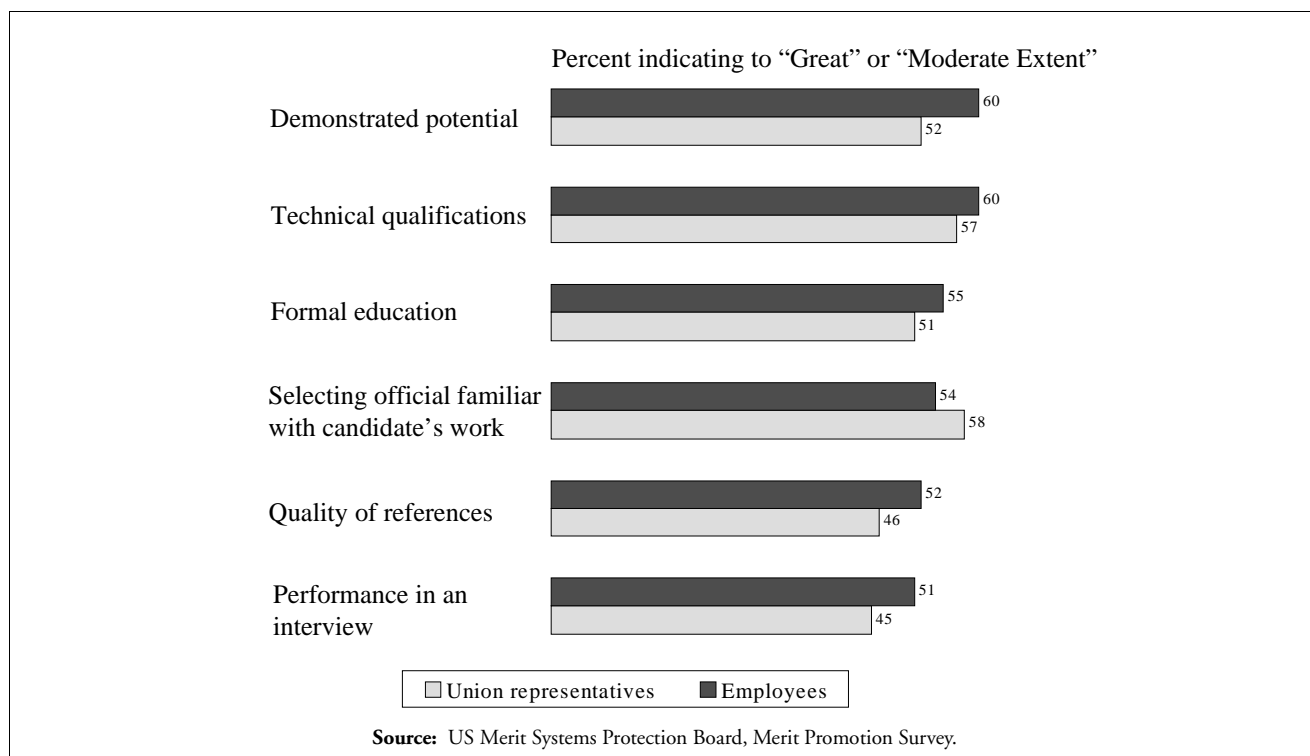
<sup>7</sup> For a good discussion on the validity of a variety of selection tools see F.L. Schmidt, and J.E. Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology: Practical and Theoretical Implications of 85 years of Research Findings," in *Psychological Bulletin*, The American Psychological Association, Inc., vol. 124, No.2, September 1998.

It is also encouraging that considerably fewer supervisors said they considered factors such as the applicant's years of service or their grade point average in college when comparing applicants. Research has shown that these factors are of little use in predicting job performance.<sup>8</sup>

As shown in figure 6, neither employees nor union representatives shared the supervisors' view of what traditional evaluation factors were actually important when it came to determining who would be selected to fill a vacancy. Whereas 98 percent of the supervisors told us that technical qualifications play a great or moderate role in whom they selected for a vacant position, only 60 percent of the employees and 57 percent of the union representatives responding to our surveys held this view. Similarly, even though 92 percent of the supervisors said their estimate of an applicant's potential to perform the

job being filled was an important factor in their selections, only 60 percent of the employees and 52 percent of the union representatives believed that demonstrated potential played a role in selections in their organization. With regard to the remaining factors, only about half of the employees and union representatives who responded to our surveys thought that formal education, the quality of references, performance in a job interview, and the selecting official's familiarity with the candidate's work actually were an important consideration in selection decisionmaking. This was despite the fact that, on the average, about three-quarters of the respondents from each of these two groups said, in response to separate survey questions, that each of these traditional evaluation factors should play a prominent role in determining who is selected to fill a vacant position.

**Figure 6. Extent to which employees and union representatives believe that specified factors play a role in whether a person is selected for a vacant position or promoted in their organization**



<sup>8</sup> R.D. Bretz, "College Grade Point Average as a Predictor of Adult Success," in *Public Personnel Management*, vol. 18, pp.#11-22.



Based on their responses to our survey questions, it is clear that employees and union representatives are not particularly confident that hiring decisions are based on those factors that most would agree are indicative of the applicant's potential to perform the job for which he or she is applying. Instead they think that factors such as loyalty to the supervisor and connections to other important people in the Government are as important or more important in the actual decisionmaking. As noted above, supervisors do not entirely agree with this assessment. According to them, while connections to important people as well as loyalty to the supervisor can affect their decisions, most supervisors said that they ultimately based their decisions on two factors: (1) their assessments of the applicant's potential for performing the next higher level job, and (2) how well the person is doing his or her present job.

Why the disagreement? Part of the difference is certainly related to the tendency of human nature to attribute failure to causes outside of oneself. When an employee does not get a promotion it is psychologically easier to conclude that it was because the selecting official did not consider the appropriate factors than to conclude that the selectee had greater potential or was currently doing a better job. It is also clear that supervisors on the one hand and employees and union representatives on the other may disagree as to who is the best candidate for a given job because they assign differing importance to a number of the factors that can play a role in promotions. Generally speaking employee and union representative respondents believed that factors such as loyalty to both the supervisor and the organization, as well as service time in the organization or the Government should be prominent factors in determining who should be selected for a given job. In contrast, supervisors do not believe these factors are nearly as important in determining the relative ability of applicants to perform the job to be filled.

Some of the difference of opinions between supervisors compared with employees and union representatives is almost certainly also due to the real difficulty supervisors face in reliably assessing applicants' potential because of limitations associated with the tools available to help them and because most have had little or no training in how to make selections. In fact, in many ways the process of making selections in the Federal Government is as much an art as it is a science. In our experience, supervisors are seldom told of the limitations associated with the different techniques they may use for evaluating applicants. For example, ratings of a person's training and experience, the most common type of assessment technique used in the Government, often do a relatively poor job of predicting whether that person will be a good selection.<sup>9</sup> This can be particularly true when efforts are not made to ensure that valid behavioral benchmarks have been developed to rate the extent to which applicants have demonstrated through their training and experience that they possess the skills, knowledges, and abilities required by the job to be filled.

Similarly, although supervisors frequently rely on information obtained through interviews with job applicants to make their selections, many supervisors may not be conducting these interviews in ways that maximize the quality of the information they obtain from these interviews. As discussed later in this report, research has shown that the quality of the information obtained about applicants often depends on how the interview is conducted. Interviews that are structured—which at a minimum means the same questions are asked of all job applicants and also that the questions asked are based on a detailed job analysis—are much more useful in predicting who will be the best person to fill a vacancy than interviews that are not structured in this way.

However, even if supervisors did use the best possible selection tools they would still make some mis-

---

<sup>9</sup> Schmidt and Hunter, *op. cit.*, p. 270.

takes and not always select the person who was truly the best qualified because of limitations inherent in any of the available selection tools. This is not because supervisors do not want to select the best qualified person, but rather because the various available assessment tools often do not clearly distinguish among the candidates for a job in terms of the candidates' relative abilities. What is interesting is that most supervisors appear to be unaware of these limitations. When we asked them how confident they were about their ability to conduct valid interviews of the best qualified applicants for their vacant jobs, 68 percent said "very confident." And 66 percent were also very confident of their ability to select the best candidate from the pool of best qualified applicants. Additionally, 29 percent said they were somewhat confident of the ability to conduct valid interviews and 32 percent were somewhat confident that they could select the best candidate from the best qualified pool.

Perhaps one of the reasons supervisors have such a high level of confidence in their decisions is that they often end up filling their vacancies by promoting people who already work in their organization. Since they have had the opportunity to observe the work of these individuals they may be in a particularly good position to judge their capabilities. In fact, our research has shown that past performance is one of the best predictors of future performance in a similar job.<sup>10</sup> What this means is that supervisors who can observe an employee's work have probably their best opportunity to accurately assess that employee's potential for filling other similar jobs in the organization. Given this fact, it is not surprising that 68 percent of our supervisors agreed that there was a lot less risk of making a mistake if they select someone with whose work they are already familiar and only 15 percent disagreed. It is also quite likely that supervisors place greater

weight on recommendations that come from people they know for similar reasons. If they can't observe a person's work themselves, the next best thing may be to get input from someone they trust who has had the opportunity to observe the candidate first hand.

What this all means is that while supervisors usually believe they are selecting the best people to fill their vacancies, they often end up selecting either someone they are already familiar with or a person who is recommended to them by someone they know and trust. And, in fact, given the limitations inherent in the available tools for determining the relative potential of job applicants, we believe supervisors are, for the most part, doing a reasonably good job of making their selections. Even so, the fact that supervisors often select someone who already works for them can be interpreted by employees as showing that supervisors are selecting either predetermined favorites or people who are favorites of someone else in the organization or in the Government. This, in turn, provides ample opportunities for the employees who were not selected to conclude that the system does not operate fairly. Similarly, what union representatives interpret as a lack of sincere effort on the part of supervisors to select the best person may, in reality, reflect the fact that supervisors do not have at their disposal an unambiguous method of determining who indeed is the best candidate. This is not to say that the concerns expressed by employees and union representatives do not sometimes have merit. Unfortunately there will always be some supervisors who make selections based on nonmeritorious factors such as favoritism. However, responses to our survey suggest that far more supervisors show concern with getting the best possible person to fill their vacancies than an interest in pursuing a personal agenda.

---

<sup>10</sup> In 1994 the Board conducted a study that compared various hiring mechanisms and their effect on the quality of the Federal workforce. In that study we found that the hiring method that based selection on the observation of actual job performance resulted in slightly better overall group performance than did selections made from most other methods. (U.S. Merit Systems Protection Board, "Entering Professional Positions in the Federal Government," Washington, DC, March 1994, p.#34.)

The upshot of not having an unambiguous method of determining who indeed is the best candidate for a vacancy is that even though the perception of fairness is an important goal for the Government’s merit promotion system, it is probably not completely achievable. Just as it is human nature for nonselected employees to believe they were inappropriately passed over, it is also human nature for supervisors to believe they have made the correct decision, even though they may have based their decisions on selection criteria that have limited utility in helping them accurately identify the best candidate for a given job. Unfortunately, we may not be able to completely eliminate or even reduce employee concerns about the fairness of the merit promotion process unless we can develop ways to help supervisors unambiguously identify who among a group of best qualified applicants is, in fact, the best candidate for a job.

### Time Taken to Fill Vacancies

Unlike many employees, supervisors generally believe that the merit promotion system is fair. And not surprisingly, the primary concern of supervisors is getting good people to fill their vacancies.

Beyond that concern, another major one for many supervisors is how long the whole process takes. In addition, a large majority of the supervisors in our sample of respondents (73 percent) said it takes far too long to fill vacancies in their organization.

Only 13 percent disagreed. Similarly, 63 percent of our employee respondents said it took far too long to fill vacancies in their organization.

There are several reasons for supervisors’ concern here. On the one hand, many of the agency officials we talked to when we began this study said supervisors were often concerned that if they did not fill a vacancy quickly enough they might lose the authority to make the selection (because of funding cuts, changes in priorities, hiring freezes, or other exigencies). And indeed about half (46 percent) of the supervisors responding to our survey said that this was an important concern. Approximately the same percentage (44 percent) indicated that

another reason supervisors may want to fill their vacancies quickly is because they were afraid they could lose high-quality candidates to other organizations if they took too long. But the main reason supervisors wanted to fill their vacancies quickly is because they believed they otherwise would not be able to meet their mission requirements (66 percent agreed with this statement).

In spite of these concerns, we note that slightly more than half of our supervisory respondents indicated that they did not mind if it took a long time to fill a vacancy if they ended up getting a high-quality employee. Moreover, only 17 percent of responding supervisors said that during the past 2 years they had selected someone whom they were not completely confident could do the job rather than take the time to look for another candidate. Clearly most supervisors valued timeliness as quite important, but getting a good person to fill their vacancy was even more paramount.

Nevertheless, despite most supervisors’ willingness to wait for good candidates, the clear consensus was that the process takes too long. But what do supervisors define as taking too long? Table 2 shows how long our supervisors thought it took to fill vacancies in their organization with internal candidates and with selections made from lists of applicants who did not already work for their organization.

**Table 2. Supervisors’ Time Estimates for Filling Non-Entry-Level Vacancies (Calendar Days)**

Type of Candidate	Should Take	Does Take
Internal	31	71
External	41	87

As table 2 shows, supervisors responding to our survey, on average, thought that it should take 6 weeks or less to fill a non-entry-level vacancy with a candidate from outside their organization. As might be expected, they thought it should take even less time—only about 1 month—to fill a vacancy with a candidate from within their organization. What was surprising is how short these time frames are. More than half (58 percent) of supervi-

sors felt that vacancies filled by internal candidates should be finalized within 1 month. And, though it's not shown in the table, over 95 percent said these types of actions should be completed within 2 months. Given these short time frames, it is not surprising that supervisors are often disappointed; only 8 percent said selecting internal candidates took a month or less and only 46 percent said that it took two months or less.

Supervisors were not alone in believing that vacancies should be filled much more quickly than they apparently are. Employees responding to our survey said that while it should take only about 34 days to fill a vacancy in their work unit, it actually takes about 81 days.

When considering whether supervisors' expectations are a bit unrealistic, we can gain another perspective on the issue by looking at their estimates of the average amount of time it takes to complete each of the various steps required to fill a vacancy using the merit promotion process. Table 3 shows supervisors' responses for each of these steps. It should be noted that some of these steps can be done concurrently, so that one cannot simply add up the totals to determine how long it takes to process a merit promotion action.

As table 3 shows, tasks that are the responsibility of the servicing human resources office account for a significant amount of time in the merit promotion process. For example, supervisors estimated that it took, on average, over 5 weeks to get their servicing human resources office to announce their vacancies. Similarly, three other tasks taking large amounts time—developing rating plans, rating and ranking applicants, and preparing lists of the best qualified applicants—are all activities carried out in large part by the human resources offices in many organizations. These are three tasks that cannot be

**Table 3. Supervisors' Estimates of the Time It Takes to Complete Merit Promotion Tasks**

Tasks	Average # of Calendar Days
Getting approval to fill a vacancy	29
Deciding on the appropriate area of consideration	14
Getting the human resources 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
Completing required background investigations	33

carried out simultaneously although the rating plan can be developed while waiting for applications. If the supervisors' estimates are accurate these three tasks alone take, on average, a combined total of about 8 weeks. This seems to corroborate comments provided by supervisors that what frustrates them the most about the merit promotion process is getting timely service from their human resources office.

Part of the problem may be the result of the significant reductions that occurred in the size of personnel staffs in many agencies. Since 1993, there has been a 22 percent reduction—10,826 employees—in the number of people working in Federal personnel offices.<sup>11</sup> Some attempts have been made to accommodate this reduction by consolidating functions and automating personnel processes. For example, some progress has been made in developing automated systems for rating and ranking outside applicants for Federal positions as well as for posting vacancy announcements.<sup>12</sup> However, since considerably less has been done to automate other aspects of the merit promotion process in many organizations, some organizations may be experi-

<sup>11</sup> U.S. Office of Personnel Management, Central Personnel Data File.

<sup>12</sup> For example the U.S. Geological Survey has developed an automated system for rating and ranking people who apply for vacancies from outside the Government. The application materials supplied by these applicants are screened by automated tools which identify those candidates who have the experience required to meet the qualifications for the jobs being filled.

encing bottlenecks in processing some aspects of merit promotion actions. Nonetheless, table 3 also shows that merit promotion tasks that are not controlled by the human resources office can also take a long time. For example, supervisors reported that it took an average of almost 1 month to get approval to fill a vacancy, 4 weeks to conduct interviews and make the final selection, and almost 2 weeks to get higher level approval of their final selection. Fortunately, some of the steps shown in table 3 can occur concurrently; otherwise what seems like an inordinately long process to employees and supervisors would truly be interminable, with the average time to fill a vacancy exceeding 6 months.

Nevertheless, based on the information in table 3, it should be possible for human resources offices to improve on the time it takes to announce vacancies and to process the other actions needed to support the merit promotion process. Where possible supervisors should also attempt to reduce the time it typically takes for them to complete those parts of the merit promotion process for which they are responsible. For example, supervisors could attempt to reduce the time it takes to interview applicants for their vacancies and make the final selections.

However, supervisors may also need to adjust their expectations. Given the time it now takes to complete most of the actions shown in table 3, it is probably unrealistic for supervisors to assume that filling a vacancy in their organization can be done within 1 month. Completing the required actions within 2 months will probably also be difficult in many organizations. This is not, however, to suggest that supervisors do not have legitimate reasons for wanting to have vacancies in their organizations filled more quickly or that human resources offices can not improve their operations.

### **Fair and Open Competition**

One of the cornerstones of the Federal Government's merit systems is that every job will be filled through a process that ensures fair and open com-

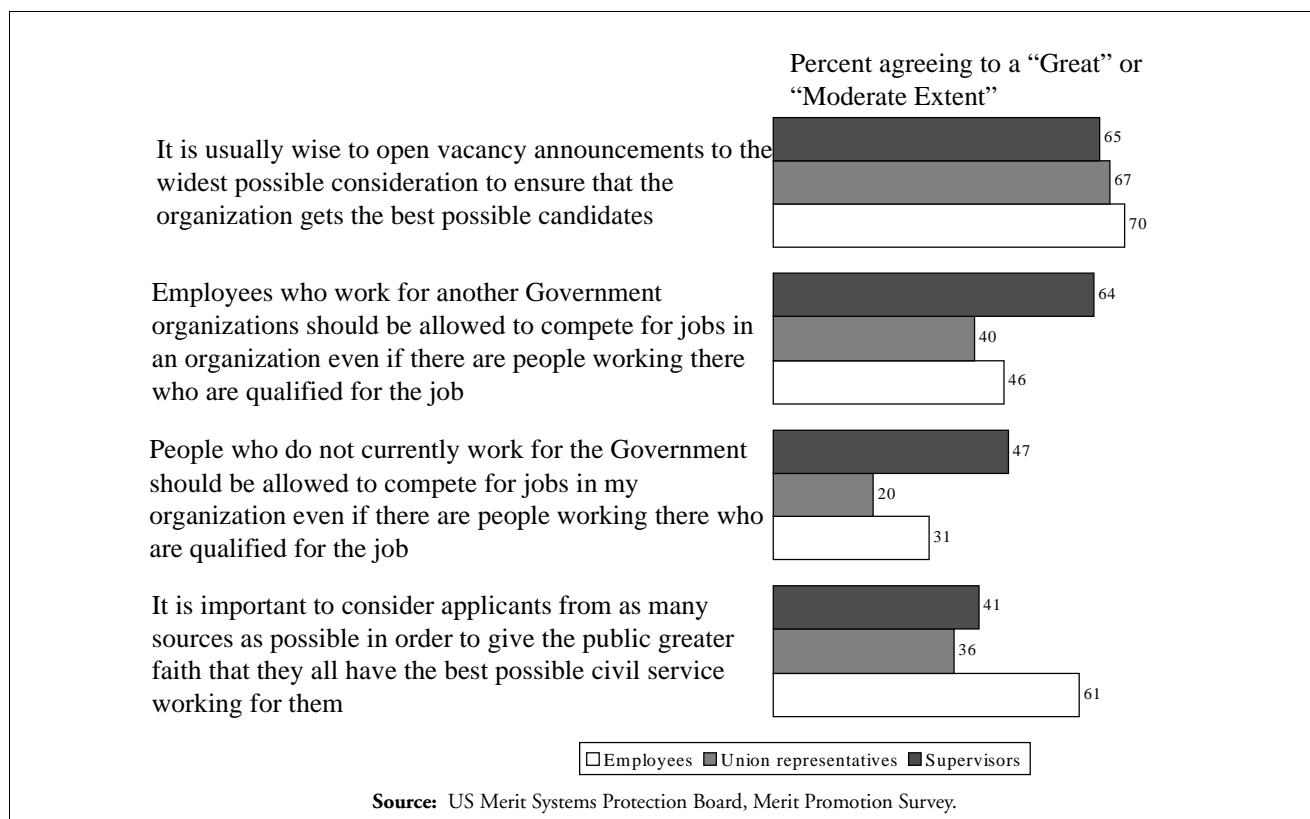
petition among persons interested in the job. As we discussed earlier, the procedures used by most agencies are intended to ensure that applicants are fairly evaluated on the basis of their relative qualifications. But what is really meant by open competition? A separate, but related issue is the question of who will be allowed to apply for any vacant job. By expanding or limiting the area of competition, a supervisor can increase or decrease the number of applications that are received in response to a vacancy announcement. Normally agency merit promotion plans set some guidelines as to when consideration is limited to employees within an organization and when consideration is to be opened to a wider range of applicants. Often, for example, agency merit promotion plans may require that jobs beyond a certain grade level be open for a minimum amount of time to applicants from other organizations within the agency. Negotiated agreements with union bargaining units may also place limits on the areas of consideration that may be initially considered when filling certain types of jobs at particular grade levels. Within the constraints set by the agency merit promotion plan and any union agreements, supervisors normally work with their servicing human resources office to decide how widely to advertise their vacancies. The most important factor is whether a given area of consideration will result in an adequate number of highly qualified job applicants. For example, a vacancy may be opened to applicants who are not currently employed by the Government if the supervisor believes that not enough highly qualified people who currently work for the Government will apply for the job.

The question of who should be allowed to apply for a given job is sometimes difficult to answer. Several, sometimes competing, interests may be best served by different answers to this question. On the one hand, the supervisor and the organization may want to limit the area of consideration in order to have the job filled quickly so they can accomplish the tasks assigned to them, tasks they cannot perform while the job is vacant. In fact, opening a job

too broadly can dramatically increase the number of applicants for the job and consequently the time and resources required to evaluate applicants. To the supervisors and the over-burdened human resources staff this may seem like a waste of resources, especially if they believe that large enough numbers of well-qualified applicants can be found in a more restricted area of consideration. On the other hand, expanding the area of consideration should mean that more well-qualified people will apply for the job. This, in turn, may increase the likelihood that the supervisor will find and ultimately select a more capable person to fill the vacancy. Additionally, job vacancies that are opened to more potential applicants at least convey the sense to both Federal employees and the American public that Federal jobs are open to anyone who is well-qualified to fill them.

What is the right balance in terms of these competing interests? According to our respondents the answer varies according to the job to be filled. We asked respondents from each of our survey populations a series of questions concerning how widely they believed their agency should advertise their organization's vacancies. Figure 7 shows their responses. When asked whether it was appropriate to open vacancy announcements as widely as possible to ensure that the organization got the best possible candidates about two-thirds from each group agreed. However, members of the three groups disagreed with each other about other reasons why it might be important to advertise jobs as widely as possible. For example, although it is not shown in figure 7, 55 percent of the employees thought it was important that the area of consideration be as wide as possible so the public would have greater faith in the integrity of the decisions that were

**Figure 7. Employee, supervisory, and union representative opinions on establishing the area of consideration for filling a job vacancy**



made, but only 40 percent of the supervisors agreed. Similarly, 61 percent of the employees said that as wide an area of consideration as possible was important so that the public would have greater faith that they had the best possible civil service working for them. In comparison, only 41 percent of the supervisors and 36 percent of the union representatives held this view.

While the above results indicate that a significant portion of each of our survey populations believes that a wide area of consideration is desirable, the responses to subsequent questions made it clear that the groups differ on what they mean by “a wide area of consideration.” Although almost two-thirds of the responding supervisors said that a vacancy in their work unit should be open to employees from other Government agencies even if there were people in their organization who were qualified for the job, considerably fewer employees (46 percent) and even fewer union representatives (40 percent) agreed with this position. As might be expected, a lower percentage of supervisors said that jobs in their organization should be open to applicants from outside of the Government, and a much lower share of employees and union representatives held this view. Specifically, almost half the supervisors (47 percent) agreed with this statement compared with only 31 percent of the employees and 20 percent of the union representatives responding to our surveys. With regard to employees and union representatives, their apparent preference that competition should be limited to people within their organization or at least within the Government is perhaps made most clear in their responses to another item on our surveys. In this case, 62 percent of the union representatives and 52 percent of the employees agreed that people in their organization should be promoted before someone outside the organization is considered. Supervisors had a somewhat different perspective, with only 30 percent agreeing with this statement and 47 percent disagreeing. As noted earlier, a higher percentage of employees and union representatives than supervisors believed that loyalty to

the organization should be a factor in deciding whom to promote.

Perhaps the difference between the perspectives of supervisors compared with employees and union representatives lies in whether supervisors believe that there are well-qualified (or even qualified) people to fill their vacancies already working for the organization. When we asked supervisors whether it was usually unnecessary to look beyond the people who work in their organizations when they were filling vacancies above the entry level, only 29 percent agreed. Not surprisingly, a much higher percentage of union representatives (53 percent) agreed with this statement. And while only 39 percent of the employees agreed with it, a considerably lower percentage of employees (39 percent) than supervisors (61 percent) disagreed. That supervisors are often not satisfied with the quality of internal candidates can also be seen in their responses to a different survey item. Only 29 percent of the responding supervisors said they ask for a limited area of consideration because they believe a sufficient number of potential high-quality candidates are already employed in their organization.

These findings are particularly significant in light of the fact that in some instances the area of consideration for a vacancy is determined at least in part by collective bargaining agreements (CBA) between management and employee unions. In fact, our supervisory respondents told us that 21 percent of the time the area of consideration for their vacancies is determined by a CBA. Accordingly, in some cases these collective bargaining agreements may result in poorer selections than would have occurred if the jobs had been open to wider areas of consideration.

In addition to the 21 percent of the time that the area of consideration is determined by CBAs, about a quarter of the time our supervisors said that the area of consideration is determined by the particulars of the organization’s merit promotion plan. Usually, however, the question of how widely to advertise a vacancy falls to the supervisor with the

vacancy. Almost half of the supervisors in our respondent sample (47 percent) said they make this determination by themselves or in consultation with the human resources office. And when the supervisor is allowed to make the decision about the area of consideration, the job often ends up being open to applicants from a variety of sources rather than being limited to employees currently working for the organization. In fact, 65 percent of our supervisory respondents agreed with the statement that “it is usually wise to open vacancy announcements to the widest possible area of consideration to ensure that the organization gets the best possible candidates.” Additionally, 59 percent of the supervisors said they liked having a lot of candidates to consider when they had vacancies to fill.

One of the reasons supervisors like having candidates from a variety of sources to look at may be that they are not confident that any single source will provide them with enough high-quality applicants. According to our responding supervisors, when they looked at only applicants who already worked for their organization and who were considered to be highly qualified for the vacant position, 32 percent of the time they found no one on the list they wanted to select. And when presented with lists containing only applicants from other agencies, supervisors said that there was no one they wanted on the list 35 percent of the time. Similarly, supervisors reported finding 33 percent of the time no one they liked on lists containing only candidates from outside the Government.

Since supervisors consistently found that about one-third of the time the lists of candidates provided to them contained no one they wanted to hire, regardless of the source of the applicants, many apparently do not believe they are getting enough high-quality candidates to select from when they have a vacancy to fill. Their response to another survey item supports this inference. When asked what percentage of the candidates that had been referred to them over the past 2 years as among the “best qualified” were really outstanding

candidates for the vacancy they were filling, 60 percent of the supervisors said that fewer than half of the applicants referred to them really belonged in this category.

All of the preceding discussion suggests that when deciding on the area of consideration for vacancies in their organization most supervisors first determine whether they have someone currently working for them who has proved to be a likely good candidate for promotion into the vacancy. If the answer is yes, and they are not forced to expand the area of consideration by the organization’s merit promotion plan, they usually limit the area of consideration to their own organization. However, when they do not have someone in mind who they are confident would be a good selection, most supervisors are inclined to advertise the job broadly rather than limit the area of consideration to their organization. Of course as we discussed earlier, in some cases union agreements may limit their ability to do so, at least initially. Finally, as we discuss later, when supervisors start the process with no subordinate in mind who would make a good selection, they often end up choosing a person from outside their organization or outside the Government.

## **Who Applies for Promotions and Who Gets Selected?**

### **Who Applies**

Some 48 percent of our employee respondents said they had applied for at least one vacancy during the past 2 years. These people were apparently highly motivated to find a new job since they had, on average, applied for 3.6 different jobs during that period. Table 4 shows whether these applicants sought jobs within their own organization or in other organizations and the outcome of their efforts.

The first thing table 4 shows is that people are much more likely to apply for vacancies in their own organization than in other organizations. Almost half the employees had applied for vacancies in their organization during the past 2 years,



**Table 4. Percentage of employees who applied for at least one vacancy in their organization or in other organizations during the past 2 years and the merit promotion process results**

Item	Within Organization	Outside Organization
Percent of employee respondents applying for at least one vacancy	45	19
Average number of vacancies the applicants applied for	2.6	3.0
Percent of times they met the minimum qualifications of the job(s)	80	77
Percent of times they made the best-qualified list	33	25
Percent of times they were offered the job	20	13

while only about one in five had applied for jobs in other organizations. However, most in this latter group had also applied for jobs in their own organization.

Although employees reported applying on the average, for slightly more jobs outside their organization, they tended to be a little more successful when they applied for jobs within their organization. Internal candidates were judged as meeting the position’s minimum qualifications 80 percent of the time, compared with 77 percent of the time when they were being considered for a job in another organization. They also made the “best-qualified” list 33 percent of the time for a vacancy within their organization, compared with 25 percent of the time when the job was outside their organization. Most importantly, employees applying for a job in their own organization said they were offered the job 20 percent of the time, compared with 13 percent of the time when the vacancy was outside their organization.

The internal candidates’ advantage probably has several explanations. For one thing, employees probably know more about the particulars of a vacancy in their own organization and, therefore, are better able to selectively apply for a job that offers the best chance of being selected. They can also tailor their applications to closely match the requirements of the position to be filled since they

know the work of the organization better. Additionally, the fact that the selecting official is more likely to know the applicant, or know of someone who does, probably contributes even more to the advantage for internal candidates.

Another reason that selecting officials prefer internal applicants may be that these applicants already possess knowledge about the institutional hierarchy and the culture of their organization. The survey comments provided by several supervisors indicated that they like to select people who can “hit the ground running” and know the ins and outs of agency politics. Whether this rationale makes good sense is somewhat debatable. Arguably someone with greater potential to perform the job well will be a better selection in the long term even if this person has to learn the culture of the new organization.

Not surprisingly, both employees and union representatives said it is appropriate for internal candidates to have an advantage over applicants from outside the organization. Almost three-quarters (71 percent) of the employees responding to our survey and 67 percent of the union representatives thought that internal candidates should have this advantage.

Given this sentiment, it is noteworthy that the actual advantage held by internal candidates is not greater. This may be because, as mentioned earlier, supervisors often decide early in the process whether they have a viable internal candidate. If they think they do not they are very open to picking someone from outside their organization.

### Who Gets Selected

Based on the information drawn from our survey of employees that is presented in table 4, we can estimate the percentage of the Federal workforce that is selected to fill Government vacancies each year. As shown in table 4, 45 percent of our employee respondents applied for an average of 2.6 vacant positions in their own organization during the past 2 years. Since they reported being offered

the job 20 percent of the time, we can calculate that an estimated 23.4 percent of the entire Federal workforce was selected to fill vacancies within their organization during this period (.45 x 2.6 x .2). Similar calculations for employees who applied for jobs outside their organization indicates that 7.2 percent of our survey respondents said they were selected for jobs in other organizations during the past 2 years (.19 x 3.0 x .13). Adding these totals together reveals that just over 30 percent of the workforce said that they were selected to fill vacant positions in the Government during the past 2 years. This translates to a yearly selection rate of about 15 percent, which means that, according to the statistics provided by our survey respondents, an average of about 1 in 7 of the Government's nonsupervisory workforce moved to a new position each year during the 2 years covered by our survey.

Of course some of these selections did not involve promotions, since people can also move laterally into vacant positions. When a person moves laterally to a vacant position the merit promotion process may not be used since there is no increase in the person's grade level and competition for the vacancy is not required. This also assumes that the vacancy is not into a career ladder position having

promotion potential to a higher grade level. If it were, then merit promotion procedures would be required. Additionally, even though a lateral transfer may not be processed using merit promotion procedures, the merit promotion process may have been used to consider other applicants who were not selected for the job.

For comparison purposes, we also obtained information about the number of promotions that have occurred over the last 3 years from OPM's Central Personnel Data File. Table 5 shows the average yearly promotion rate by grade level and occupational category from fiscal year 1997 through fiscal year 1999. Two points should be noted, however. First, the promotions shown in this table include career ladder promotions so that the actual rate for competitive promotions is somewhat lower. In fact, on average, the rate of competitive promotions is about half the rate shown in the table for positions below the GS-12 grade level in professional and administrative occupations and about two-thirds the rate shown below the GS-7 level in the other occupational categories. Second, the average rates of promotion shown in this table include both supervisors and nonsupervisory employees.

**Table 5. Yearly Promotion Rates in the Federal Government by Grade Level and Occupational Category, FY 1997-FY 1999**

GS-Grade Level	Professional (316,209)	Administrative (463,296)	Clerical (148,110)	Technical (295,871)	Other (40,433)	Overall (1,263,919)
01	—	—	32.2	71.9	—	32.4
02	—	—	22.9	38.9	3.1	24.3
03	—	—	21.9	41.7	26.9	25.1
04	—	—	14.6	29.3	18.7	17.9
05	100.0	98.5	5.4	27.0	34.3	18.5
06	—	—	7.6	17.3	24.6	15.3
07	76.1	68.7	8.0	5.0	24.6	16.7
08	—	—	7.8	8.1	6.1	7.8
09	24.3	25.5	4.8	2.9	13.8	17.9
10	—	—	5.4	16.7	28.7	16.6
11	13.4	12.4	0.6	4.7	11.1	11.9
12	7.7	8.2	1.2	2.8	8.7	7.7
13	4.5	5.6	—	1.5	5.5	5.0
14	4.2	3.9	—	0.3	1.2	4.0
15	0.5	1.2	—	—	1.4	0.7
Totals	9.2	12.6	9.0	11.6	20.7	11.4

Source: U.S. Office of Personnel Management, CPDF

As table 5 shows, the average overall promotion rate across the Government during the 3-year period was 11.4 percent. This means that, on average, one of every 8.8 employees received a promotion each year during the 3-year period including career ladder promotions. Conversely, it means that 7.8 out of every 8.8 employees, or 88.6 percent of the Federal workforce were **not** promoted in any of these 3 years. This rate includes both supervisory and nonsupervisory personnel. Because supervisors are generally found at higher grade levels than nonsupervisors, the overall promotion rate for supervisors is lower since promotion rates go down as grade level increases. In fact, using CPDF data we calculated that the overall promotion rate for supervisors was 6.5 percent, compared with 12.2 percent for nonsupervisors. While this is still slightly lower than the selection rate (15 percent) calculated using nonsupervisory responses to the Merit Promotion Survey, it must be remembered that the rate calculated from the survey includes lateral transfers but not career ladder promotions.

As just noted, the information in table 5 illustrates how the rate of promotions slows dramatically as the grade level increases. For example, at the GS-11 level about 1 in 8 employees working in professional or administrative jobs was promoted to a GS-12 position each year. However, when GS-12 level is reached, the rate of promotion fell to about 1 in 13 each year for employees in these same occupational categories. By the GS-13 level only about 1 in 20 employees in these categories got promoted, and at GS-14 the proportion was about 1 in 25. Cumulatively these promotion rates mean that many of the people working in professional and administrative jobs will never advance, in the course of their entire career, beyond the GS-12 level, and very few will make it to the GS-14 level or beyond. Time and again in comments provided in response to our survey we heard from employees about how they have spent 10 or 15 years at the same grade level and have become frustrated at their inability to advance. Unfortunately, spending 10 to 15 years at a given grade level appears to be

the norm once a person reaches the middle or journeyman grades of most Federal occupations. In this regard, employees need to adjust their expectations to take into account the harsh realities of these numbers. Some of their dissatisfaction with the merit promotion system that we discussed earlier in this report most likely comes from the fact that their careers have stalled earlier than they had hoped based on expectations that were not in line with the real probabilities of advancement. In a highly competitive environment, employees must demonstrate exceptional performance and potential, oftentimes over the course of many years, if they are to have any chance of reaching the senior levels of Government service.

### The Basis for Selections

Another perspective concerning who gets selected to fill vacancies in the Government was provided by the supervisors who responded to our Merit Promotion Survey. Some 69 percent of them reported having made at least one selection for a vacancy in their organization during the past 2 years, and most of these same supervisors had the opportunity to make multiple selections. On average, these supervisors had made 4.5 selections during the survey time period.

**Figure 8. Sources from which supervisors made selections**

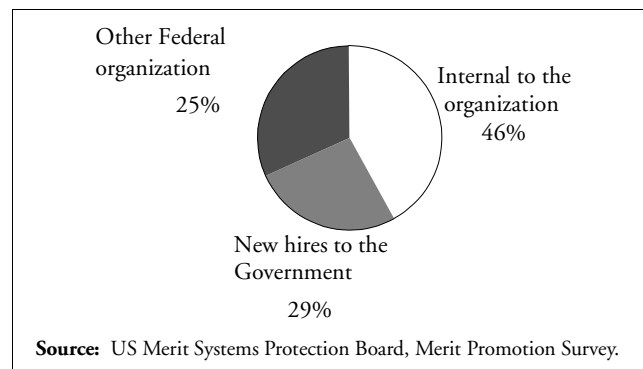


Figure 8 shows the source of the selections our supervisors made during the 2-year survey period. Not surprisingly, 46 percent of the selections were of people who already worked for the supervisors' organization. What was somewhat surprising was

that the next largest source of hiring was applicants who worked outside the Government. Twenty-nine percent of the selections our supervisors reported making were new hires to the Government. The remaining 25 percent were from applicants in other Federal organizations. Because of our surprise at finding that supervisors reported making 29 percent of their selections from outside the Government, we again looked at information from OPM's Central Personnel Data File to see if the supervisory estimates could be corroborated. We found that there were, on average, 92,500 competitive promotion actions processed each year during the 3 years FY 1997-FY 1999<sup>13</sup>. CPDF information showed an average of about 41,095 new hires to the Government in each of the 3 years. Adding these two numbers together we find that about 133,595 vacancies were filled each year by either competitive promotions or hires from outside the Government. Based on this total number of actions, the percentage of vacancies filled by outside hires was 31 percent. This number is quite in line with the 29 percent estimate derived from the supervisory responses to our Merit Promotion Survey. It is important to note, however, that the rate of hiring from outside the Government varies directly in relationship to the grade of the vacancy being filled. Table 6 shows how this rate changes by grade level. This table also shows the average accession rate by grade level which is the percentage of employees working at that grade level who were hired from outside the Government each year. The information shown in table 6 is for all types of Federal white-collar positions. Appendix 3 shows this same information for each of the five major Federal occupational categories.

As shown in table 6, yearly external hires made up a higher percentage of the workforce at the lower grade levels—particularly at the GS-9 levels and below—than at the higher grade levels. In fact, while as noted earlier, new hires to the Government accounted for about 29 percent of the selections

**Table 6. Average Yearly Hires from Outside the Government (Accessions) by Grade Level, FY 1997-FY 1999**

GS Grade Level	Average Yearly Hires From Outside Government (Accessions)	Average Yearly Accession Rate (Percent of workforce)
01	43	50.3
02	143	26.6
03	974	12.4
04	4,674	9.7
05	9,658	8.6
06	2,934	3.4
07	7,334	5.9
08	371	0.9
09	4,805	3.9
10	79	0.9
11	3,896	2.2
12	3,141	1.4
13	1,825	1.1
14	608	0.7
15	610	1.2
Totals	41,095	3.3

Source: U.S. Office of Personnel Management CPDF

made to fill vacancies overall, they made up only about 16 percent of selections for vacancies at the GS-11 and above levels.

Considering the information shown in both figure 8 and table 6, we see that when supervisors make selections for non-entry-level jobs they much more often select someone who already works for the Government than someone from outside the Government. More importantly, they more often select someone from within their organization than someone from a different Federal organization. It is perhaps these preferences that at least partially explain the perception of 76 percent of the employees responding to our survey when they said they had not been selected for at least one promotion because the selecting official had had someone else in mind. In fact, supervisors told us in response to one of our survey items that for the vacancies announced in their organizations during the past 2 years, 54 percent of the time they indeed had already identified one of their own employees whom they thought they would probably promote into the vacancy.

<sup>13</sup> According OPM's Central Personnel Data File there were also approximately 57,000 career ladder promotions during each of these years.

In our view the fact that supervisors often have someone in mind for their vacancies does not necessarily constitute preselection. For purposes of this report, preselection occurs when a supervisor decides to select someone to fill a vacancy without basing that decision on the relative ability of the applicants and/or without providing fair consideration to other applicants to ensure that they all receive equal opportunity. Having someone in mind for a position is not preselection if the supervisor gives fair consideration to other candidates and bases the final decision on meritorious factors. Clearly many supervisors do consider other applicants even though they initially had someone else in mind for their job. In fact, according to our survey 20 percent of the time supervisors ended up selecting someone other than the person they initially had in mind.

What about the 80 percent of the time when the initially identified person was selected? Even in most of these instances there is no reason to believe that other applicants were not given fair consideration. For example, it may simply be that the person initially identified by the supervisor was the best qualified applicant and that the supervisor reached a final decision only after comparing the relative abilities of all qualified applicants. Also, when the area of consideration is limited to the supervisor's own organization it is possible that the supervisor will have reached a tentative assessment of the qualifications of potential applicants based upon his or her assessment of their observed on-the-job performance. And this is not necessarily inappropriate. It is only wrong when the initial assessment is not based on a reasonable evaluation of the probable selectee's potential to fill the available vacancy compared with the potential of at least the other employees who already work in the organization who may be interested in the job to be filled.

---

<sup>14</sup> Schmidt and Hunter, *op. cit.*, Table 1, p. 265.

<sup>15</sup> *Ibid.*

Most often the information supervisors use to assist them in making selections is based on one or more of the following:

- Application materials documenting training and experience
- Performance in an unstructured interview
- Recommendations
- Direct observation of employee performance

However, not all of these information sources are of equal value in predicting future performance. Of these four sources, one of the best predictors of future job performance is the direct observation of what an employee is doing in his or her current job, assuming the current job requires skills, knowledge, and abilities similar to those required in the job to be filled. Conversely, the poorest predictor is often the information gleaned through the review of the type of training and experience information contained in typical Government application materials.<sup>14</sup>

Similarly, performance in a structured interview which features; a uniform set of questions based on a detailed job analysis, trained interviewers, detailed rating scales, and rigorous, objective assessment of candidate responses can be quite useful in differentiating among job applicants.<sup>15</sup> However, anecdotal evidence suggests that relatively few supervisors are trained in conducting structured interviews and, unfortunately, unstructured interviews are generally not nearly as useful in helping selecting officials identify the best candidate for their vacancies.

It is perhaps for each of these reasons that 71 percent of the supervisors responding to our survey agreed that there is a lot less risk of making a mistake if they select someone with whose work they are already familiar. Only 15 percent disagreed with this statement. The point is that when supervisors have an opportunity to observe a person's work

they often do have a valid basis on which to make a judgement of that person's ability to perform a similar higher level job.

As was just discussed, 54 percent of the time when our supervisory respondents had a vacancy to fill, they had someone from their organization in mind for the job. Moreover, they also said that they actually selected that person 80 percent of the time. Combining these probabilities accounts for about 43 percent of the selections made by the supervisors (.54 x .8). Supervisors also told us that when they had a vacancy to fill, 46 percent of the time they selected someone from within their own organization. This leaves only 3 percent of the time when someone is selected from within an organization who was not identified in advance, suggesting that supervisors rarely depart from their initial assessment of the capabilities of the people who work for them. This also explains why if supervisors initially think there are no good internal candidates for their vacancy, they will most often select someone from another organization or someone from outside the Government. This finding is significant since both employees and union represen-

tatives responding to our surveys indicated that they prefer that jobs be open to the employees within their organization, but not other Government employees or people outside the Government.

Based upon responses to our survey we believe that the process that supervisors follow when they are considering how to fill something other than an entry-level vacancy actually works somewhat as follows. Supervisors first look at the employees they know who currently work in their organization to see if any of them appear to be highly qualified for their vacancy. If they find someone, and if their agency's merit promotion plan permits it, they will generally limit the area of consideration to their own organization. And when they do this supervisors appear to rarely select anyone other than the person they initially had in mind for the job. On the other hand, if the selecting officials are not satisfied that any of the potential internal candidates would be a good fit for their vacancy, or if the agency merit promotion plan requires it, the area of consideration may be expanded to include people in other Federal organizations and perhaps people

from outside the Government. In these instances, supervisors will frequently select one of the candidates from outside the organization or outside the Government.

In each situation described above it is important to emphasize that what is happening is not necessarily a violation of the merit principles. If supervisors have the capability to be objective in their observations and not be influenced by nonmeritorious favoritism, assessments of their employees grounded in the actual observation of their work can be appropriate. Moreover, supervisors did change their minds about whom they thought they would select 20 percent of the time.

### **Sham Competitions**

An example of the type of "sham competition" that can occur when a supervisor already has someone in mind for a vacancy was described to us by one of the people we interviewed in connection with this study. She told of the time she was working for a cabinet-level department as an assistant director of a major organization. The deputy director position became vacant, and she decided to tell the director, her boss, that she was interested in the position of deputy director. When she told him he told her not to waste her time applying for the job because he had already made his selection and had even informed his bosses as to whom he would select. This occurred before the job had even been announced Governmentwide as required by the agency's merit promotion plan. The employee was not happy that she had no chance of getting the job, but she would not have gotten it in any case and the admission by the director did save her the time and effort of completing a useless application. It also saved her from the feelings of rejection and resentment that may have resulted had she applied but not gotten the job.

**Table 7. Time Spent on Merit Promotion Tasks During the Past 2 Years by Supervisors and Nonsupervisory Employees**

Tasks	Percent of Workforce Performing	Average No. of Times Performing	Average Time Spent (hours)	Total Time Spent (hours)
Nonsupervisory Employees:				
Completing job applications	48	3.6	6.9	24.8
Conducting a job analyses	16	2.4	9.3	22.3
Developing crediting plans	11	2.4	5.9	14.2
Rating job applicants	16	2.0	6.7	13.4
Interviewing applicants	14	2.9	5.9	17.1
Supervisors:				
Conducting job analyses	44	2.8	7.1	19.9
Developing crediting plans	39	2.7	5.9	15.9
Rating job applicants	53	2.8	7.9	22.1
Interviewing applicants	76	3.6	8.7	31.3

Source: MSPB Merit Promotion Surveys

They just did not change their minds about the capabilities of the people whose work they had had a chance to observe. What we found is that most supervisors make decisions on the basis of the best information available to them and, as we have said, some of the best information can be obtained by seeing what people do in their current job.

However, it must be recognized that as a result of the decisionmaking processes just described, about 43 percent of the time the competition that occurs in the formal merit promotion process may involve a significant waste of resources and may decrease the credibility of the merit promotion process. This estimate comes from our earlier calculation that supervisors select someone they had in mind about 43 percent of the time. Both consequences can result when people apply for jobs for which they have little or no chance of being selected. In fact, 78 percent of the employees responding to our survey acknowledged that announcing a vacancy when the supervisor already knows the person whom he or she is likely to select is a waste of time and resources. Moreover, 73 percent said that allowing other candidates to apply for a vacant position when the supervisor already has a well-qualified person in mind inappropriately raises the expectations of the other applicants. Somewhat fewer union representatives agreed with either of these statements, however. Only 43 percent thought that announcing a vacancy when the supervisor had

someone in mind is a waste of resources, while 56 percent said that it inappropriately raises employee expectations.

### Cost of the Merit Promotion Process

In order to get some idea of how much time and resources are being spent on the merit promotion process, we asked both employees and supervisors to tell us whether they had participated in tasks that are part of that process during the past 2 years. If they had engaged in these tasks, we also asked how often they had done so and, on average, how much time they had spent on each task. Table 7 shows the results of this inquiry. Outside the scope of our surveys were the amount of time spent by people working in the human resources office on these tasks and the amount of time managers spent getting approval to fill vacancies in their organizations. We also did not capture the amount of time supervisors spent applying for jobs.

We also obtained CPDF data from OPM showing the average number and grade of both supervisory and nonsupervisory personnel working in the Government during the 2-year period FY 1999-FY 2000. These data showed an average of about 176,670 supervisors and 1,082,000 nonsupervisors working in white-collar positions during that period. We can estimate the total number of hours spent on each merit promotion task throughout the Government by first calculating the number of

Federal employees performing each task. To calculate that number we multiply the percent of the workforce performing a task by the number of people in the workforce. This result is then multiplied by the total number of hours that were typically spent on each task during the 2-year period as shown in the right hand column of table 7. By doing this we found that over the past 2 years non-supervisory employees spent the following estimated amounts of time on merit promotion tasks:

Hours	Task
3,860,576	Conducting or assisting in the conducting of job analysis
1,690,084	Developing or assisting in the development of crediting for rating applicants
2,319,808	Serving on panels to rate and/or rate applicants
2,590,308	Interviewing applicants for vacant positions
10,460,774	All merit promotion-related tasks

Since there are 2,087 working hours in a year, we calculate that employees spent 5,012 staff-years on these tasks over the past 2 years for a yearly average of 2,506 staff-years. Based on an average grade of 9.46 for nonsupervisory white-collar Federal employees, the average expenditure associated with the 5592 staff-years spent on merit promotion-related tasks would be about \$103 million. Although the completion of job applications is usually not supposed to occur during official working hours, it should be noted that an additional 6,440,064 hours were spent annually by employees completing application materials.

Similar calculations based on the number of hours spent by supervisors on merit promotion-related tasks revealed the following estimates for supervisors:

Hours	Task
1,546,922	Conducting or assisting in the conducting of job analysis
1,095,530	Developing or assisting in the development of crediting for rating applicants
2,069,335	Serving on panels to rate and/or rate applicants
4,303,626	Interviewing applicants for vacant positions
8,914,413	All merit promotion-related tasks

The total shown above translates into 4,271 staff-years spent by supervisors over a 2-year period, or an average yearly estimate of 2,135 staff-years. Since the average grade for white-collar supervisors is 12.6, the average yearly expenditure by supervisors on the merit promotion process totals about \$135 million. Adding together the estimates for supervisors and nonsupervisors brings the average yearly price tag for the merit promotion process to about \$238 million for the entire Federal Government.

Using this figure we can also estimate the amount of money that is spent on the 43 percent of the promotion actions wherein the supervisor selects a person whom he or she had initially identified as the person likely to be selected to fill the vacancy. In these situations the cost to the Government exceeds \$102 million. And as noted earlier, this estimate, like the \$238 million estimate, does not include the administrative support costs provided by the human resources office, the time that either nonsupervisory employees or supervisors took preparing their own applications, or the time supervisors spent getting approval to fill their vacancies. With our cost estimates in mind we would say that our survey respondents certainly had a point when they agreed with our survey statement that announcing a vacancy when the supervisor already knows the person who will be selected is a waste of time and resources.



# Conclusions

The supervisors participating in our study had two main concerns about the merit promotion process. The first was the quality of the applicants whom they see on referral lists and the second was the timeliness of the process. All too often the people identified on the lists as best qualified were not, in the eyes of our respondents, really highly qualified to fill their vacancies. Moreover, about a third of the time the lists did not provide any candidate whom supervisors wished to select. We also found that the tools available to assist supervisors in evaluating applicants often did not provide a great deal of assistance in differentiating among job applicants. Nevertheless, the vast majority of the supervisors were ultimately satisfied with the people they selected and, more often than not, believed that the merit promotion process had allowed them to select the best qualified applicant for the position to be filled.

Although we found that the merit promotion process, in general, did assist supervisors in selecting high-quality applicants for their vacancies, our research also indicates that many of the concerns voiced by both employees and supervisors have at least a degree of validity. Both employees and supervisors believed that the process takes far too much time. Although members of both these groups were probably a bit unrealistic when they suggested that vacancies can be filled in as little as 4 to 6 weeks, they have reason to be concerned about the time it can take to accomplish some of the administrative activities that support the merit pro-

motion process. The time that it apparently takes to announce vacancies and to rate and rank applicants in some organizations particularly seems inordinate. At the same time, the reductions in human resources staffs that have occurred in many organizations may make it difficult to greatly improve operations unless there is a decrease in the volume of work that is asked of people working in these organizations. Unfortunately, the slow processing of merit promotion tasks has consequences, including the loss of potential candidates, difficulty in meeting organizational objectives, and lowered employee morale. Some human resource offices faced with these issues are attempting to improve the speed of operations by automating different aspects of the merit promotion process.

For their part, both employees and union representatives were concerned about the bases on which promotion actions are decided. In particular, many employees thought they and other people in their organizations had been passed over for promotions because the selecting official already had someone in mind for the job. While the process appears to lack credibility for many employees and union representatives, this may partly reflect a misunderstanding about how the process really works. Survey responses of both employees and union representatives indicated that many believe that hiring decisions are not always based on those factors that most would agree are indicative of an applicant's potential to perform the job. Instead they think that factors such as loyalty to the supervisor and

connections to other important people in the Government are at least as, if not more, important.

Supervisors do not agree with this assessment. Indeed, they often do end up selecting someone whom they are already familiar with or a person who is recommended to them by someone they know. However, we do not believe that this is necessarily a violation of the merit principles. Based on their responses to our survey, we believe supervisors are more interested in getting highly capable people to fill their vacancies than they are in promoting their favorite subordinates.

Unfortunately, the fact that supervisors often have someone in mind for a job before a vacancy is officially announced gives the employees who were not selected the opportunity to rationalize their nonselection by reaching the conclusion that the system does not operate fairly. Additionally, the large number of “sham competitions” that result when supervisors already have a person in mind for a vacancy whom they plan to select but are nevertheless required to open to other applicants, both frustrates employees and wastes significant resources.

In the final analysis, while the perception of fairness—as well as fairness itself—are critical goals for the Government’s merit promotion system, at least the perception of fairness may not be completely attainable. We simply may not be able to completely eliminate or even reduce employee concerns about the fairness of the merit promotion process unless we can develop better ways to help supervisors identify who among a group of best qualified applicants is in fact the best candidate for a job. And given the limitations inherent in the use of any available candidate assessment instruments, this may not be possible to do.

## **Possible Improvements**

Given the wide range of conflicting opinions regarding how best to identify and select individuals for promotion, any major changes to the current Federal merit promotion process will undoubtedly be controversial. Further, decisions concerning

changes that may be made will have to involve a careful balancing of the advantages and disadvantages associated with each possible change. Our study of the current process, however, does lead us to conclude that improvements can be made. There are at least five broad options that can be constructively considered either individually or in combination with each other.

### **1. Improve the Quality of the Information Used in the Candidate Evaluation Process**

Given the concerns discussed above, we believe that there are several things that can be done to improve the operation of the Government’s merit promotion system. On the one hand agencies need to try to improve the quality of the information supervisors have available to assist them in making selections to fill vacancies in their organizations. Currently the information used by selecting officials to help them decide among candidates for their vacancies is often not very good. When supervisors have the opportunity to observe their subordinates performing similar type work they often do have a pretty good basis on which to decide who would be the best candidates to fill their vacancies. But when they do not think they have a good internal candidate and they must decide among applicants whose work they have not had an opportunity to observe, supervisors must base their decisions on information obtained during the candidate evaluation process. Unfortunately much of this information may be of limited use in predicting who will be the best person to fill their vacancy. And when, as a result, supervisors inevitably make some poor selections the credibility of the merit promotion process may be compromised. If better information about the capabilities of candidates can be provided to supervisors, we can expect both the number of high quality selections to increase and perceptions of entire merit promotion process to improve.

One method of obtaining information about job applicants that is used by almost every selecting official is the interview process. Research has shown

that the quality of information gained during an interview varies greatly depending on how the interview is conducted. When structured interviews are used the information obtained is often quite helpful in deciding who is the best candidate for a job. However, if the interview is not structured the information gained during the course of the interview may be much less useful.<sup>16</sup> Generally speaking structured interviews contain the following elements:

- A uniform set of carefully designed questions based on a detailed job analysis
- Interviewers trained in conducting structured interviews
- The use of detailed rating scales
- A rigorous assessment of candidate responses

The Board is currently conducting a study on the use of structured interviews in the selection process. The preliminary findings from this study suggest that relatively few supervisors have been trained in the use of structured interviews and that quality of selections made to fill vacancies in the Government could be improved if greater use were made of this approach to interviewing. Accordingly, agencies should place greater emphasis on training their supervisors to use structured interviewing techniques.

## **2. Make Greater Use of Career Ladders**

A second way to address the concerns about the merit promotion process identified in this study is to reduce the number of merit promotion actions that occur in an organization. There are several ways this may be accomplished. We believe that each of the possibilities discussed below can be done in a manner that conforms with the statutory merit system principle that advancement be based solely on relative abilities, knowledges, and skills. The difference is that the required “fair and open competition” will have occurred based on demonstrated job performance and not through the com-

petitive promotion process as it currently exists. For this reason, we believe the actions described below can be taken noncompetitively without harm to the intent of the merit system principles.

As we discussed in this report, one way that employees can be promoted is through the use of career ladders. In fact, approximately 38 percent of the promotions that occurred between FY 1997 and FY 1999 were career ladder promotions. Clearly such career ladder promotions are widely accepted in the Federal Government as extensions of the competitive merit promotion process since individuals enter at a lower grade level in the “ladder” through open competition and then advance noncompetitively based on their observed work performance. But, should the percentage of career ladder promotions have been higher? According to the respondents to our three surveys, organizations could make greater use of career ladders. Fully three-quarters of the responding union representatives and 68 percent of the employees said their organizations could establish more career ladder positions. Similarly, 48 percent of the supervisors thought that their organization did not make sufficient use of career ladders. Furthermore, only 21 percent of the same supervisors said they had been encouraged by their servicing human resources office to establish career ladder positions when they had entry-level vacancies to fill.

To the extent that organizations have underused career ladders, there may be an opportunity to reduce the number of resource-consuming merit promotion actions and the organizational turmoil that can ensue. Accordingly, managers should make every effort to structure the jobs in their organization to make use of career ladders. Of course this may not always be possible, particularly if a position must immediately be filled with someone who can do the work at the full-performance level. However, if a supervisor knows that the full-performance level of a given job in his or her organization will ultimately be at a higher level than the vacancy that is currently being filled, the supervisor should announce the job as having promotion potential to

---

<sup>16</sup> Schmidt and Hunter, *op. cit.*, p. 265.

the higher targeted grade level. Of course, since the selectee will be slotted to fill a higher graded position, the selecting official should take extra care to select the best possible applicant for the job. In fact, the difficulty in doing this may be one reason career ladder positions are not used more than they are. If poor selections are made, the selectees may nevertheless believe they are entitled to be promoted and as a result the organization may end up with people who are graded higher than the work they are actually performing. To prevent this from occurring, organizations should not promote people in career ladder positions just because of the time they have spent at a given grade level or because they are otherwise deserving for non-job-related reasons. Career ladder promotions should also be based on demonstrated performance on the job.

Career ladders promotions should also not be used to move employees from nonsupervisory positions to supervisory jobs. The responsibilities of supervisors are normally qualitatively different from those required by nonsupervisory positions. Therefore, employees should not be promoted solely or even primarily on the basis of their performance in nonsupervisory jobs. Rather applicants for supervisory positions need to be evaluated using criteria specifically related to the duties they will be performing in the supervisory position.

### **3. Make Greater Use of Promotions by an Accretion of Duties**

Another accepted method of advancing an employee noncompetitively is by having his or her job reclassified to a higher grade level because of an accretion of duties when the action conforms to the standards set forth in agencies' regulations. And, just as increasing the number of career ladder positions could reduce the number of merit promotion actions, increasing the number of promotions based upon an accretion of duties could improve the operations of an overburdened merit promotion process. However, we have found that while there are many career ladder promotions in any

given year, there are relatively few promotions based on an accretion of duties. In fact, our discussions with agency personnel revealed that many agencies frown upon accretion-of-duties promotions. Two reasons were mentioned for this. First, organizations are concerned that if they did not limit the use of these types of promotions there would be an even greater tendency than otherwise exists for the average grade in their organizations to increase. There is a fear in many organizations that they must control the number of people who are promoted and the main way to do this is to promote people only when there is a vacancy at a higher level to fill. The second reason there are few promotions by an accretion of duties is that most agencies want to avoid the appearance of favoritism, something that can occur when an employee's responsibilities grow and then the employee is promoted to reflect his or her new responsibilities.

Just as with career ladder promotions, significant portions of all three of our survey populations indicated that their organizations were reluctant to promote employees based on an accretion of duties. Of the employees expressing an opinion, 59 percent said their organizations made it difficult to promote employees based on an accretion of duties, while only 16 percent disagreed. Similarly, 61 percent of supervisors responding to our survey agreed with this statement and 22 percent disagreed. The respondents from our panel of union representatives were somewhat more ambivalent in their responses to this item as 45 percent agreed with the statement and 37 percent disagreed.

While agencies must be aware of the appearance of favoritism, we think they should not be reluctant to use their authority to promote on the basis of an accretion of duties when the conditions specified in the regulations have been met. Any increase in the use of promotions via accretion of duties could reduce the number of merit promotion actions. And as we suggested above, such a reduction would be likely to have positive consequences for the operation of the merit promotion system. However, for the process to be credible to members of

the workforce, any promotions made via an accretion of duties should be based on a clear and sound rationale that is effectively communicated to other employees who may be interested in obtaining a promotion.

#### **4. Move to a Broadband Classification System**

For many years most of the Government's white-collar jobs have been organized into a 15-grade General Schedule (GS) classification system.

Employees are classified into one of these grades based on the nature of the work they perform. The purpose of this system is twofold. On one hand the system provides a structure around which to organize an agency's workforce and control the amount of money spent on salaries. Its other purpose is to ensure that employees are paid in an equitable manner. People assigned to the same grade are supposed to be performing work of similar complexity with similar impact even if they are working in very different fields. For this reason, they are also supposed to be receiving similar salaries. Employees in the same grade may be paid at slightly different rates, with the differences largely reflecting differences in their time in grade. The maximum pay within a given grade is about 30 percent higher than the minimum pay set for that grade level. Upward movement between grade levels occurs only when an employee is promoted. These promotions can generally occur only as a result of (1) the merit promotion process, (2) a career ladder promotions, or (3) a promotion based on an accretion of duties. Whenever a promotion is accomplished through the merit promotion process, there is a competition during which all applicants are compared on the basis of their relative ability to perform the job in question. As noted above, this competitive process involves a significant expenditure of resources and can be quite time consuming.

The basic idea behind broadbanding is to decrease the number of white-collar grades or pay ranges. The intent is usually to allow a much wider range of possible compensation for the people classified within any given range. Whereas the maximum rate in each grade of the Government GS system is only about 30 percent more than the minimum rate, in a broadband system the differences between the top and the bottom of a given band can be as great as 100 percent or even more.

The Government began experimenting with broadband classification systems as a result of demonstration projects permitted under the Civil Service Reform Act of 1978.<sup>17</sup> In 1980 two Navy labs were authorized to implement broadband classification systems in an attempt to improve recruitment and retention. These experiments were found to be at least somewhat successful in achieving these objectives, although they were not always found to be budget neutral. On average, personnel costs did increase at a slightly higher rate than the rate of increase seen for employees not in the broadband program.<sup>18</sup>

However, the concept of broadbanding may also offer the Government an opportunity to address many of the concerns that we have identified in this report as afflicting the merit promotion process. It might be possible, for example, to reduce the number of pay levels for professional and administrative jobs to perhaps three bands. One band could include employees in trainee or developmental positions. Another might encompass employees at what is sometimes termed the full-performance or journeyman levels, and a third could include employees in senior-level positions. Under such a system, competitive merit promotion actions would be required only when a person was first entering a band or when the person was moving from a lower band to a higher one. In fact, sev-

---

<sup>17</sup> For a discussion of demonstration projects under the Civil Service Reform Act of 1978 in general and of experiments involving broadbanding see: U.S. Merit Systems Protection Board, "Federal Personnel Research Programs and Demonstration Projects: Catalysts for Change," Washington, DC, December 1992.

<sup>18</sup> A more complete review of the use of broadbanded classification systems can be found in The National Academy of Public Administration, "Modernizing Federal Classification: Operational Broad-Banding Systems Alternative," Washington, DC, August 1995

eral Government organizations have already implemented broadbanded classification systems including two Navy demonstration laboratories, the National Institutes of Standards and Technology, and the General Accounting Office.

We estimate that moving to such a three-tiered system for professional and administrative jobs could reduce the number of competitive merit promotion actions by up to 60 percent. This would result in a considerable savings of resources expended by the many supervisors and employees who are involved in merit promotion related tasks and would certainly reduce the burden placed on human resources staffs responsible for the administrative tasks associated with the merit promotion process. Depending on the extent of the broadbanding, the average time needed by the human resources office to perform these tasks could be dramatically shortened. Additionally, employees' concerns about the fairness of the merit promotion process might be reduced since they would have to compete for promotions less often and would consequently less often feel that they had been unfairly passed over for advancement because of the merit promotion process. This is not to say that employees still may not be concerned about their personal advancement, but as we discuss below, it is likely that more of this concern will focus on advancement within a band rather than advancement between bands. Only the latter movement would be the primary responsibility of the merit promotion process.

Unfortunately, a number of potential problems are associated with the use of broadband systems. On the one hand, these systems have not generally been found to be cost neutral. That means that when the amount of money spent on salaries for employee working under the General Schedule is compared with the amount for the salaries of employees in broadband systems the latter tends to be higher. To some degree, however, the higher sal-

ary costs found in broadband approaches may be offset by the savings attained by reducing the number of merit promotion actions.

A review of the Navy demonstration projects with broadbanding at China Lake and the Naval Command, Control and Ocean Surveillance Center in San Diego found that the total increase in compensation over a 10-year period was about 2.35 percent of salary costs compared to control laboratories which operated under the Government's General Classification system.<sup>19</sup> Most of the cost increase involved conversion costs to a new classification system and, on average, there were no additional differences in salary costs over the next 10 years of the two demonstration projects. Including the initial conversion costs, the average yearly increase for two Navy demonstration projects over the 10-year period was approximately 0.2 percent of salary. The results for the demonstration project conducted by the National Institutes of Standards and Technology revealed somewhat greater increases in salary costs. Over the first three years of this demonstration project there was an average increase in salary costs of 3.91 percent.<sup>20</sup> This translates to an average annual increase of about 1.2 percent.

In FY 2000 the Government paid about \$66 billion in salary costs to approximately 1.26 million permanent white collar workers. Based on these costs and the rates of salary increase seen in the demonstration projects discussed above, we can estimate that the annual cost of moving the entire permanent Federal white collar workforce to a broadbanded classification system might be somewhere between \$132 million (based on a projected annual increase of 0.2 percent) and \$790 million (based on a projected annual increase average increase of 1.2 percent). Moving to this type of system would, however, reduce the number of promotion actions that would have to be processed. And, as we have shown these costs are not insignificant.

---

<sup>19</sup> U.S. Office of Personnel Management, *Broad-Banding in the Federal Government*, Washington, DC, December 1992, p. 56.

<sup>20</sup> *Ibid.*, p. 62

If, as we estimated earlier, the number of merit promotion actions could be reduced by 60 percent, this would represent an annual savings of more than \$143 million which could significantly reduce the cost associated with moving to a broadbanded classification system.

A second, but equally important concern about broadband systems for both many employees and unions is how to advance employees across the range of salaries encompassed within a given band. Generally speaking, management has traditionally thought that the appropriate way is to reward higher salaries to employees based on superior performance. However, many employees and unions have suggested that allowing supervisors greater authority to determine an employee's compensation level provides a greater opportunity for poor supervisors to discriminate against those subordinates whom they do not favor. Accordingly, many unions and employees have suggested that in order to be fair, understandable, and free of discrimination and favoritism advancement should be based primarily on seniority. Resolving this conflict will be especially difficult in broadband systems because of the great deal of money potentially at stake given that the difference between the highest and lowest salaries in a band is likely to be much greater than in the Government's current classification system. And, if as mentioned above, the mechanism for advancement within a band is tied to management's assessment of an employee's performance, there will certainly be a segment of the workforce who will not be satisfied with the pace of their advancement.

### **5. Allow Supervisors Greater Authority to Promote Employees Without Competition**

In February 1996, OPM issued proposed changes to 5 CFR Part 335 in the Federal Register that were intended to give agencies greater flexibility to design internal merit selection procedures consistent with the merit principles and other applicable

laws. As stated in the proposal, the hope was "to encourage agencies to be more creative developing legal practices appropriate to their unique needs, resulting in more timely promotions and greater confidence of managers and employees that deserving employees are promoted."<sup>21</sup> Clearly OPM was reacting to many of the same issues we identified in the course of this study. One of the ways OPM proposed dealing with some of these concerns was by expanding the concept of career ladder promotions to permit noncompetitive movement to any position within an occupational group with a career ladder that does not exceed the journey level for that occupation. Under OPM's proposal, agencies could move employees non-competitively within an occupational group to similar positions with a higher full-performance level that does not exceed the journey level for most positions in that occupational group. The proposed changes defined the journey level as the nonsupervisory full-performance grade level at which most positions in that occupational grouping could be classified, as determined by the agency based on classification standards. Agencies would be responsible for determining the nature of occupational groupings or similar closely related positions based on position classification or qualification standards. Competition would be required for promotion to positions above the journey level. Part of the rationale behind this proposal was that in many organizations some employees in similar positions have to compete for the same level of advancement that others receive noncompetitively.

Although OPM's proposed regulations were never finalized, we believe that OPM's proposal could provide agencies with a real opportunity to significantly reduce the overall number of competitive promotion actions and, in particular, the number of "sham competitions." Our reading of this proposal suggests that managers would be allowed to promote someone who worked for them if there was a vacancy to be filled at a higher journey grade

---

<sup>21</sup> Federal Register, February 20, 1996, p. 6325.

level within the same occupational grouping currently held by the person to be promoted. We also agree that a noncompetitive promotion would not be appropriate if the employee would be moving to a qualitatively different job since direct observation of how well that employee performed his or her present job may not be a good predictor of how well the person might perform a different job. For this same reason, this approach would not be appropriate for promoting a person from a nonsupervisory position to one involving supervisory responsibilities. As a check against abuse of this authority, we would add to OPM's proposal by suggesting that in order to promote a subordinate without formal competition in this manner, a supervisor must also have the approval of his or her higher level supervisor.

Unfortunately, given their responses to our survey, we predict that neither employees nor union representatives would be particularly pleased if this approach to merit promotion were adopted. More than three-quarters of the employees (78 percent) and union representatives (89 percent) responding to our merit promotion surveys indicated that they believe supervisors should be required to consider other applicants even if they already have a good idea of whom they plan to select. Similarly, only 24 percent of the employees and 10 percent of the union representatives agreed that a vacancy should **not** be required to be opened for other applicants if the selecting official already has someone in mind for the job. This was despite the fact that 41 percent of the employees did say that if they were eligible for a promotion and had demonstrated the ability to perform work at the next level they should not have to compete with other candidates to be promoted.

Apparently, both employees and union representatives hold these views because they want to ensure that everyone within an organization who wants to be promoted is given consideration. It should be noted, however, that many employees and union representatives also want internal candidates to get preference over candidates from other Federal orga-

nizations or from outside the Government. And, in some ways, restricting the area of consideration to only the employees in an organization is not very different from a supervisor determining at the outset the person who he or she believes is the best candidate for a promotion. In both cases supervisors are making their decisions after observing and assessing the capabilities of the people who work for them. More importantly, requiring that supervisors formally review the application materials of all the best-qualified applicants in their organization seldom results in their changing their minds about whom they will select. According to the supervisors in our sample, when they have already identified someone whom they think they may select, they actually pick that person about 80 percent of the time. But when they do not pick the person they had initially identified, they rarely pick someone else from their organization. When they select someone else it is usually someone from another Federal organization or someone from outside the Government. Thus, allowing selecting officials greater authority to promote employees within their work units without formal competition with other employees in the organization should have little, if any, effect on the chances that organization employees other than those initially identified by their supervisor will be promoted.

In essence this proposed process meets the merit principle of fair and open competition in the same way that competition is achieved even when the area of consideration is limited to employees within a given organization. The difference would be that the competition for future promotions in the organization would be ongoing. Supervisors would be continually evaluating the people who work in their work unit to see if they would be good fits for the opportunities that occur.

In this regard, it is notable that relatively few employees responding to our survey (only 14 percent) said that their supervisor never gives them a chance to show what they are capable of doing. In any case, it is important that all employees have a chance to at least raise their concerns about the



promotions that are made in their organization. This could be accomplished using a technique similar to one that is currently working in the Canadian Government.<sup>22</sup> Canadian civil service supervisors often have greater authority to promote their subordinates without formal competitive procedures. To give employees who are not selected the opportunity to be considered, employees can appeal the promotions made in their organizations and if the appeal is upheld the promotion is voided. While it may not be appropriate to allow Federal employees the right to appeal promotion actions, it might be appropriate to provide a vehicle through which employees can express their desire for future consideration and make a case for themselves to the selecting officials. For example, supervisors could be required to post a notice of their intention to promote a person in the work unit without competition. If employees believe they should be considered for the job they could be given the opportunity to go to the selecting official before the promotion is finalized and make their case. As is the case in the Canadian Government, we believe that if supervisors in the U.S. civil service are given greater authority to promote employees without formal competition, it also makes sense for other employees to be given a chance to voice their concerns in some manner to the selecting official.

We note that when we asked supervisors whether they would like to have the authority to simply and easily promote current employees based on their job performance without competition, 74 percent said that they would. Just as significantly, only 12 percent told us they would not want this type of authority. When we asked supervisors how often they would use such an authority if it were available to them their response was that they would use it to fill about a third of their vacancies. This is actually less often than the 43 percent of the time they reported filling their vacancies by selecting some-

one they had identified in advance as a good candidate for their job. It should also be remembered that, based on the responses of our supervisors regarding the source of those they select to fill their vacancies, supervisors tend to expand the area of consideration and look broadly for the best possible person when they do not think they have a good internal candidate for their jobs.

Why are we suggesting that the merit promotion process be modified so that formal competition is less often required? The basic answer to this question is to address the concerns that we have discussed earlier in this report. Reducing the number of competitive merit promotion actions could provide a number of immediate benefits. Those jobs filled without formal competition could certainly be filled much more quickly. Additionally, removing the need to rely on human resources offices to provide administrative support for those selections made without formal competition would reduce the burden placed on human resources offices. This reduction, in turn, should ease the competition for scarce human resources services and permit faster service for the remaining promotion actions involving formal competition. In fact, this may be one of the best opportunities for reducing the time it takes to fill vacancies in the Federal Government.

Given the costs we have identified as associated with the merit promotion process, allowing more employees to be promoted without formal competition would also unquestionably save resources. The other long-term benefit that may result from allowing more promotions without formal competition is psychological in nature. At the present time, the Government's merit promotion process lacks credibility with many employees and union officials. Based on the responses from our surveys, a large percentage of the workforce believes, with some justification, that jobs they applied for over the years have gone to people whom the selecting

---

<sup>22</sup> Over the years the Board has reviewed the operation of other merit systems such as that used by the Canadian Government. A discussion of the similarities and differences between the Canadian systems and the U.S. Civil Service can be found in the U.S. Merit Systems Protection Board, "To Meet the Needs of the Nations: Staffing the U.S. Civil Service and the Public Service of Canada," Washington, DC, January 1992.

official already had in mind. In fact, 61 percent of employees responding to our survey indicated that they had been frustrated at times because available promotion opportunities had gone to other people whom the selecting official already knew. Employees know that applying for any job may be a waste of time and effort on their part. They just don't know which jobs they have a chance for and which jobs they don't. Although allowing for more promotions without formal competition would sanction the right of supervisors to promote some of their subordinates whom they believe are deserving, it would also generally only occur in those instances when other candidates really had little or no chance of being selected. If some promotions without formal competition were allowed, over time employees would come to realize that if a job is being advertised the selecting official is truly open to considering all applicants.

Unfortunately there would also be challenges to be overcome if supervisors are to be allowed to promote some employees without formal competition. When we asked supervisors if they saw any disadvantage to having this sort of authority, they raised a number of issues. Included was a concern that there could be an increase in the appearance of favoritism or abuse of power on the part of supervisors. This could also lead to an increase in the number of grievances filed by employees who believed they were not given fair consideration for a promotion in their organization. Each of these things could certainly occur and this is why selections in such a system should not be finalized without higher level supervisory approval. This is also why employees need some mechanism like the Canadian notice period to let supervisors know if they believe they are being passed over.

Another concern expressed by supervisors is also difficult to completely address. Inevitably, giving supervisors the authority to promote some employees without formal competition would result in some good candidates being missed because they would never come to the selecting official's attention. But as we have discussed, these would gener-

ally not be internal candidates. Supervisors rarely select someone else from within their organization when they already have an organization employee in mind. They have already reached their conclusions about the people who work in their organizations and these views are seldom changed by the information communicated in the merit promotion process. Thus supervisors would probably not miss very many good internal candidates if they were allowed to promote some employees from within without formal competition. In cases where an organization determines that for some of its jobs it is important that supervisors do not miss highly qualified external candidates, local merit promotion plans may need to be modified to take this into account and specify that the minimum area of consideration be expanded to include applicants from outside the organization. It should be remembered, however, that supervisors told us that they normally did expand the area of consideration as widely as possible if they had not identified any internal candidates for their position that they would want to select. It is important that supervisors continue to do this since the quality of selections will, on average, improve if supervisors cast as wide a net as possible and are open to selecting applicants from outside their organizations. The proposal discussed here does not change this fact, it simply recognizes the reality that if supervisors initially have in mind a person from their work group whom they believe is a good selection for their vacancy they will generally choose to promote that person.

Supervisors also told us that granting them the authority to promote some employees without formal competition could lead to an increase in the pressure that employees put on supervisors to be promoted. While this may occur, this pressure could be offset by allowing supervisors to promote someone without formal competition only when they had a vacancy they needed to fill or when the promotion was based on an accretion of duties. Supervisors could tell the employees who were pressuring them that they can promote someone

only when they have a vacancy and that when one occurs they will, at the very least, be considering all of the organization's employees who are qualified for the position.

In the final analysis, the idea that supervisors be given the authority to fill some of their vacancies by promoting employees in their organizations without formal competition is based on the conclusion that the best possible balance between competing interests has not been struck by the current system. Although there may be an increased potential for impressions of favoritism, and it is certainly possible that some employees may be passed over who would otherwise have been selected had they applied, there are also substantial problems with the merit promotion system as it presently oper-

ates. The current system takes too long, wastes too many resources, and is not now seen as credible by many members of the Federal workforce. Allowing supervisors to fill a portion of their vacancies by promoting employees without formal competition, while not a perfect solution, would in the great majority of cases ultimately result in the same people being promoted and at the same time reduce some of the negative consequences of the formal competition requirements. If these changes were enacted, applicants would also know they had a greater chance than they do now of being considered for an announced vacancy. What we would have in essence is a more honest and open system and one that is more respectful of employees than the current process.

# Recommendations

**Where possible, Federal departments and agencies should attempt to develop valid new approaches to assessing applicants for jobs, including those involving merit promotions.**

As the process typically works in most organizations supervisors have few tools available to them to help them identify the best candidates for their vacant positions. At the very least, supervisors should be provided with training or assistance in how to conduct structured interviews and use the information gained from them.

**Federal agencies should widely share information among their employees about the number of anticipated promotional opportunities and the criteria that will be applied in selecting from among applicants for those opportunities.**

The goal should be to help employees develop more realistic expectations about their opportunities for advancement and any actions they can take to improve their chances. One of the most important problems facing the merit promotion process is its lack of credibility with many members of the Federal workforce. One reason employees often do not find the merit promotion process credible is because they do not really understand the basis on which selecting officials make their decisions. It is also important that employees develop realistic expectations about their likelihood of being promoted. Many employees believe they should have a good chance at a competitive promotion after only a year or two in grade at a full-performance level. The reality is that it is the norm rather than the

exception for employees to spend 10 to 15 or even 20 years in the same grade level once they have attained journeyman status in their occupational field.

**Servicing human resources offices should improve their processing of merit promotion action tasks whenever possible.**

According to the employees, supervisors, and union representatives responding to our surveys there are many aspects of the merit promotion process that simply take too long. And our discussions with personnel staffs confirm that they often feel overwhelmed by all the tasks they are asked to perform. To some extent this situation has been exacerbated by the dramatic reductions in the size of the human resources staffs across the Government.

To begin to improve operations in this area, agency human resources officials should re-examine the basic process being used to handle merit promotions in order to determine if some fundamental changes can make a difference. For example, a move to greater reliance on standardized, competency-based crediting plans may help, especially if these plans can be automated. For agencies with large numbers of jobs in the same occupational series who are not already using automated rating tools these may offer some assistance.

**Federal agencies and OPM should actively explore the expansion of merit-based but non-competitive alternatives to some actions cur-**

## **rently taken under competitive merit promotion procedures.**

Many of the concerns that we have identified regarding the excessive time, inordinate cost, and lack of credibility of the current merit promotion process are exacerbated by the substantial number of actions taken under the merit promotion process which are not truly “open” to competition. Many of these latter actions are taken in accord with the statutory merit system principle of advancement based solely on relative abilities, knowledges, and skills—but the required “fair and open competition” actually occurred based on demonstrated job performance and not through the competitive merit promotion process. It stands to reason that some actions in this category can be made noncompetitively without harm to the intent of the merit system principles. For example:

- Career ladder promotions are widely accepted in the Federal Government as an extension of the competitive merit promotion process since individuals enter at a lower level in the “ladder” through open competition and then advance non-competitively based on their demonstrated work performance. Federal agencies should examine their current use of career ladder promotions to ensure they are being used in all cases where it is reasonable to do so. Career ladders can be used for journey-level and even senior-level positions.
- The promotion of an incumbent of a position that is being reclassified to a higher grade level because of an accretion of higher level duties is another generally accepted method of advancing an employee noncompetitively when the action conforms to the standards set forth in regulations. This is another alternative currently available whose use might be expanded. Although greater use of promotions by an accretion of duties does have the potential of increasing employee perceptions of favoritism, it may still be preferable to a “sham” competitive promotion action taken solely to promote an employee

whose relative job performance merits advancement.

- Although currently available only for a small number of Federal organizations with special authorization, the use of a “broadband” pay system is another possible approach which allows for noncompetitive advancement within a broader pay range on the basis of demonstrated job performance. Should future legislation allow greater use of a broadband pay authority, this would be another method of advancing employees based on a supervisory determination of their actual job performance.
- Consideration should be given to allowing supervisors greater authority to promote employees in their organizations without using formal competitive merit promotion procedures along the lines initially suggested by OPM in its proposed changes to the merit promotion regulations announced in the Federal Register on February 20, 1996. Our research on this issue has shown that allowing selecting officials greater authority to promote employees within their organization without formal competition with other employees in the organization should have little, if any, effect on the chances that employees other than those initially identified by their supervisor will be promoted. We believe that promotions made on this basis could still conform with the merit principle calling for fair and open competition. The only thing that would change would be the definition of what constitutes competition. The difference would be that the competition for future vacancies in the organization would be ongoing. Supervisors within the organization would be continually evaluating the people who work for them to see if they would be good fits for the vacancies that occur.

The circumstances where such a change could make sense involve promotions where the area of consideration is restricted to employees in the same organization and the higher level duties and responsibilities do not require materially dif-

ferent knowledge, skills, or abilities. Under those circumstances, the competition would be ongoing as the selecting official observes the job performance of the individuals in the organization. However, promotion from a non-supervisory

position to a supervisory position would still require the exercise of competitive promotion procedures since most employees would not have the opportunity to demonstrate supervisory skills and abilities.

## Appendix 1

# Typical Steps in Filling Job Vacancies in the Federal Government

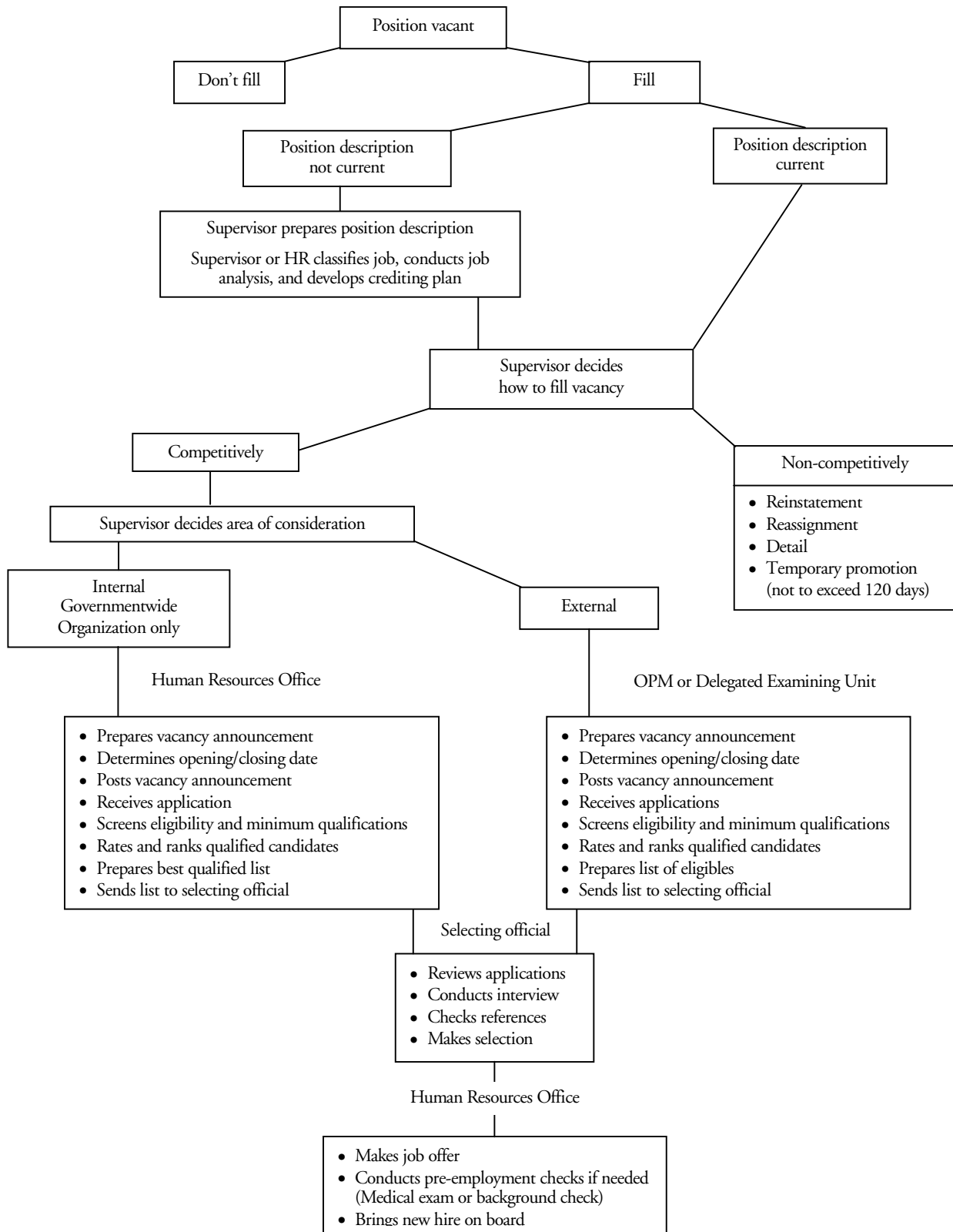
The flow chart shown in the figure on the next page illustrates the steps that typically occur whenever an agency has a vacancy to fill. As shown this flow chart, the first step normally involves getting management's approval to fill a vacant position. Once this decision is made, the human resources office is called upon to see if a position description exists that details the duties to be performed by the job's incumbent. If no such description exists the human resources office, or in some cases the supervisor of the job to be filled, prepares a job description. The human resources office then classifies the job, including making a determination of the appropriate grade level.

In most Federal agencies there are several different ways in which a vacancy can be filled. If the job is temporary in nature, the organization may choose to noncompetitively detail someone temporarily into the position. If the detail involves an increase in grade level, the person filling the position often receives a temporary promotion if the assignment is not expected to exceed 120 days. A person can also be noncompetitively reassigned permanently to a position if the reassignment does not involve an increase in the person's grade level. If the job is to be filled competitively, the human resources office conducts a job analysis, if one does not already exist, to identify the knowledges, skills, and abilities (KSA's) that are needed for successful performance

of the job. At that time the human resources office also typically develops a crediting plan for rating and ranking the people who apply for the job. This plan includes the identification of benchmarks used in assessing the extent to which applicants possess the KSA's needed to perform the job to be filled. The benchmarks developed for use in the rating plan are normally developed with the assistance of employees who are knowledgeable about the position to be filled.

The next step in the process is for management to decide on the appropriate area of consideration. This includes a decision on whether to consider employees of other Government organizations and people who do not currently work for the Federal Government. The area of consideration may also in part be determined as the result of a negotiated contract between organizational management and one or more employee unions. The minimum area of consideration should be the area in which the agency can reasonably expect to locate enough high-quality candidates to fill the vacancy being advertised. Once the area of consideration has been determined, the human resources office prepares and issues a vacancy announcement. This announcement describes the position to be filled, specifies who may apply, describes the criteria on which applicants will be rated, and provides the date by which application materials must be received.

## Typical steps in filling job vacancies in the Federal Government





Depending on the source of the applicant, application materials are processed by one of several entities. If the applicant already works for the Government the servicing human resources office normally collects the application materials. If the applicant does not work for the Government the application materials go to OPM unless OPM has given the agency the authority to directly hire applicants for its positions. If the agency has been delegated this responsibility, the application materials are reviewed by either a delegated examining unit (DEU) set up by the agency or the employing organization's servicing human resources office.

Regardless of who has responsibility for reviewing the application materials the process that is followed is basically the same. The reviewing unit or office first determines whether an applicant meets the minimum qualifications as established by OPM for the position to be filled. Applicants who meet those qualifications are then rated in terms of the extent to which they are highly qualified for the job. When the servicing human resources office performs this task, applicants are usually rated in terms of their training and experience by a panel of subject-matter-experts. The evaluation of applicants performed by OPM or agency DEUs may also be based on the training and experience ratings, although they may arrive at their ratings using other evaluation tools such as written tests or assessment centers. Applicants for the job are then ranked according to their scores, with the applicants with the highest scores being placed in what is termed the "best qualified" group. This group of applicants are then normally referred to the selecting official in alphabetical order. When considering candidates who already work for the Government selecting officials may chose any of the people

referred to them. In contrast, a selecting official who wishes to pick someone from a referral list of qualified applicants from outside the Government must apply what is often termed the "rule of three." Under this rule a selectee from such a referral list must be one of the three highest ranked applicants for the job after including any points assigned to candidates receiving veterans preference. Problems with the requirement to use a "rule of three" in selecting from outside sources were discussed in a previous report issued by the Board.<sup>23</sup>

It is important to note that individuals must successfully complete a probationary period when first selected for a supervisory or managerial position. Federal employees promoted into their first supervisory or managerial job<sup>24</sup> below the SES level who do not successfully complete the probationary period must be returned to a position of no lower grade and pay than the one from which they were promoted, and generally may not appeal that action.<sup>25</sup> Otherwise, nonprobationary Federal employees who are promoted to a new position cannot be removed from that position without cause, and they may appeal their removal or demotion to the Board.<sup>26</sup>

Most of the time selecting officials interview those applicants from the best qualified group whom they believe, based on their review of their application materials, have the greatest potential to perform the job to be filled. Selecting officials may also check the references of those applicants they are seriously considering for their vacancy. After reviewing candidates' applications, performance in interviews, and references, the selecting official decides whether to pick any one applicant to fill the vacancy. If the decision is not to select any of the

---

<sup>23</sup> For a discussion of the history of the "rule of three" and problems with its use see: U.S. Merit Systems Protection Board, "The Rule of Three in Federal Hiring: Boon or Bane?" Washington, DC, December 1995.

<sup>24</sup> Separate probationary periods are required, (unless exempted by agency regulation) and must be successfully completed, for the first supervisory and first managerial job a Federal employee holds. The employing agency determines the length of the probationary period.

<sup>25</sup> Employees may appeal the action to MSPB if they allege the action was based on partisan political affiliation or marital status (5 CFR 315.908).

<sup>26</sup> While removals during the probationary period do occur, OPM statistics show that less than 6 percent of new hires were removed during their probationary period in FY 2000.

applicants, the organization may decide to expand the area of consideration by opening the vacancy to applicants from other sources. Or the decision could be to reannounce the vacancy at a later time. If the selecting official does decide to pick one of the people referred for the job, many organizations require that a higher level manager also approve the selection.

Once a selection has been made, that applicant is notified of the selection by the servicing human resources office and, if the selectee accepts the offer of the job, the date for reporting to the new job is determined. For Government jobs requiring secu-

rity clearances an investigation may have to be made of the selectee to determine if the selectee is a suitable fit for the job to be filled. In such cases, the job offer is tentative pending the receipt of a clearance, and the date on which the person is to report to the job is determined later. During the waiting period the person usually remains in his or her old job pending receipt of the security clearance. On occasion, the person may report to the new place of employment but not assume those aspects of the new job that require a clearance until the investigation is completed.

## Appendix 2

# Exceptions to Normal Competitive Promotions

### Career Ladder Promotions

This type of promotion occurs when competitive hiring procedures are used to select someone to fill what is often a lower level trainee position with the purpose of developing the selectee to fill a higher level full-performance position. Usually, the trainee position is an entry-level one. The full-performance level for such a position may be several grades higher than the level at which the person is hired, but whatever the target or full performance level is, it must be identified at the time of the initial vacancy announcement. In effect, the competition for promotion to the target grade level occurs when the vacancy is filled at the lower level. For this reason, people hired into these career ladder positions can be promoted to their established target levels without further competition if they perform satisfactorily in their lower graded positions. In fact, employees in career ladder promotion positions are normally promoted to the targeted grade levels, given that their performance has been satisfactory, once time-in-grade requirements have been met.

The option of establishing career ladder positions also gives organizations an additional choice of how to fill full-performance-level vacancies. They can hire someone at the full-performance level or they can hire someone who will be developed over time to take on the full responsibilities of the targeted positions. Accordingly, it is important that managers and human resources management specialists

ensure that reasonable and accurate career ladders are established before a decision is made to fill a position in this manner.

### Promotions Based on an Accretion of Duties

An employee can also be promoted when his or her position is reclassified at a higher grade because additional duties and responsibilities have been added to the position over time. When the nature of a position gradually evolves over an extended period of time because of an “accretion of duties,” the individual in the position may be promoted in place without competition. Although agencies can view the evolved position as a new position, advertise it as such, and fill it competitively through merit promotion, it is often not necessary nor always desirable to do so. Generally speaking an employee’s position should be upgraded noncompetitively if he or she has assumed additional higher level responsibilities and the following conditions are met:

- The employee continues to perform the same basic functions.
- The major duties of the former position are absorbed into the new position.
- The new position has no further promotion potential.
- No other positions within the organization are adversely affected by the action.

- The new position is not a reclassification from nonsupervisory to team leader or supervisory status.
- The new position is not a reclassification from a one-grade interval to a two-grade interval position.

While it is appropriate to noncompetitively promote an employee when these conditions are met, successive noncompetitive promotions of the same employee in the same job based on the accretion of duties may be in violation of the merit principles. It is perhaps for this reason that relatively few employees report that they have ever been promoted via an accretion of duties.

## Appendix 3

# Accessions to the Federal Government by Occupational Category

**Table 8. Average Yearly Hires from Outside the Government (Accessions) by Grade Level, FY 1997-FY 1999 for Professional Positions**

GS Grade Level	Average Yearly Hires From Outside Government (Accessions)	Average Yearly Accession Rate (Percent of workforce)
01	0	0
02	0	0
03	0	0
04	0	0
05	416	43.1
06	0	0
07	2,119	42.0
08	0	0
09	1,783	7.6
10	0	0
11	1,695	3.3
12	1,464	1.7
13	955	1.2
14	388	1.0
15	504	1.6
Totals	9,324	2.9

**Source:** U.S. Office of Personnel Management CPDF

**Table 9. Average Yearly Hires from Outside the Government (Accessions) by Grade Level, FY 1997-FY 1999 for Administrative Positions**

GS Grade Level	Average Yearly Hires From Outside Government (Accessions)	Average Yearly Accession Rate (Percent of workforce)
01	0	0
02	0	0
03	0	0
04	0	0
05	1,198	37.6
06	0	0
07	2,817	20.2
08	0	0
09	2,468	4.3
10	0	0
11	1,932	1.8
12	1,536	1.2
13	729	0.8
14	216	0.5
15	106	0.6
Totals	11,002	2.4

**Source:** U.S. Office of Personnel Management CPDF

**Table 10. Average Yearly Hires from Outside the Government (Accessions) by Grade Level, FY 1997- FY 1999 for Technical Positions**

GS Grade Level	Average Yearly Hires From Outside Government (Accessions)	Average Yearly Accession Rate (Percent of workforce)
01	9	41.9
02	32	25.3
03	253	21.5
04	1,158	11.2
05	2,743	6.6
06	1,198	2.1
07	1,573	1.9
08	285	1.0
09	489	1.4
10	72	0.9
11	255	1.5
12	137	1.5
13	140	4.5
14	4	0.8
15	0	0
Totals	8,348	2.8

Source: U.S. Office of Personnel Management CPDF

**Table 12. Average Yearly Hires from Outside the Government (Accessions) by Grade Level, FY 1997- FY 1999 for Other Positions**

GS Grade Level	Average Yearly Hires From Outside Government (Accessions)	Average Yearly Accession Rate (Percent of workforce)
01	14	51.9
02	68	108.1
03	324	91.0
04	1,130	60.2
05	2,472	35.3
06	1,115	14.8
07	601	6.8
08	24	0.4
09	48	1.0
10	4	1.0
11	14	0.5
12	4	0.4
13	1	0.2
14	0	0
15	0	0
Totals	5,819	14.4

Source: U.S. Office of Personnel Management CPDF

**Table 11. Average Yearly Hires from Outside the Government (Accessions) by Grade Level, FY 1997- FY 1999 for Clerical Position**

GS Grade Level	Average Yearly Hires From Outside Government (Accessions)	Average Yearly Accession Rate (Percent of workforce)
01	20	54.3
02	43	12.3
03	397	6.3
04	2,386	6.6
05	2,829	4.7
06	621	2.7
07	224	1.7
08	62	1.1
09	17	0.7
10	3	0.5
11	0	0
12	0	0
13	0	0
14	0	0
15	0	0
Totals	6,602	4.5

Source: U.S. Office of Personnel Management CPDF

## Appendix 4

# 1999 Merit Promotion Survey—Co-worker

---

### Notice

The appendixes shown below, namely the surveys used in preparing this report, are not available in the online version of the report at this time. If you wish to receive copies of the surveys, please contact us via:

E-mail: [STUDIES@mspb.gov](mailto:STUDIES@mspb.gov)

Call 202-653-6772 Ext. 1350 or 1-800-209-8920 or V/TDD 202-653-8896

FAX: 202-653-7211

or write:

U.S. Merit Systems Protection Board  
Office of Policy and Evaluation  
1615 M St., NW  
Washington, DC 20036

Please specify a mailing address or a FAX number (25 pages).

---

**Appendix 4**(pp. 55-62) **1999 Merit Promotion Survey**Co-worker

**Appendix 5**(pp. 63-66) **1999 Merit Promotion Survey**Panel Member

**Appendix 6**(pp. 67-78) **1999 Merit Promotion Survey**Supervisor

## Appendix 5

# 1999 Merit Promotion Survey—Panel Member

---

### Notice

The appendixes shown below, namely the surveys used in preparing this report, are not available in the online version of the report at this time. If you wish to receive copies of the surveys, please contact us via:

E-mail: [STUDIES@mspb.gov](mailto:STUDIES@mspb.gov)

Call 202-653-6772 Ext. 1350 or 1-800-209-8920 or V/TDD 202-653-8896

FAX: 202-653-7211

or write:

U.S. Merit Systems Protection Board  
Office of Policy and Evaluation  
1615 M St., NW  
Washington, DC 20036

Please specify a mailing address or a FAX number (25 pages).

---

**Appendix 4** (pp. 55-62) **1999 Merit Promotion Survey** Co-worker

**Appendix 5** (pp. 63-66) **1999 Merit Promotion Survey** Panel Member

**Appendix 6** (pp. 67-78) **1999 Merit Promotion Survey** Supervisor



## Appendix 6

# 1999 Merit Promotion Survey—Supervisor

---

### Notice

The appendixes shown below, namely the surveys used in preparing this report, are not available in the online version of the report at this time. If you wish to receive copies of the surveys, please contact us via:

E-mail: [STUDIES@mspb.gov](mailto:STUDIES@mspb.gov)

Call 202-653-6772 Ext. 1350 or 1-800-209-8920 or V/TDD 202-653-8896

FAX: 202-653-7211

or write:

U.S. Merit Systems Protection Board  
Office of Policy and Evaluation  
1615 M St., NW  
Washington, DC 20036

Please specify a mailing address or a FAX number (25 pages).

---

**Appendix 4**(pp. 55-62) **1999 Merit Promotion Survey**Co-worker

**Appendix 5**(pp. 63-66) **1999 Merit Promotion Survey**Panel Member

**Appendix 6**(pp. 67-78) **1999 Merit Promotion Survey**Supervisor

## Other Selected MSPB Publications from the Office of Policy and Evaluation\*

- The U.S. Office of Personnel Management in Retrospect: Achievements and Challenges After Two Decades
- Growing Leaders: The Presidential Management Intern Program
- Assessing Federal Job Seekers in a Delegated Examining Environment
- Competing for Federal Jobs: Job Search Experiences of New Hires
- Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended
- The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service
- Federal Supervisors and Poor Performers
- Civil Service Evaluation: the Evolving Role of the U.S. Office of Personnel Management
- Federal Supervisors and Strategic Human Resources Management
- The Changing Federal Workplace: Employee Perspectives
- Adherence to the Merit Principles in the Workplace: Federal Employees' Views
- Achieving a Representative Workforce: Addressing the Barriers to Hispanic Participation
- Fair and Equitable Treatment: A Progress Report on Minority Employment in the Federal Government
- The Rule of Three in Federal Hiring: Boon or Bane?
- Sexual Harassment in the Federal Workplace: Trends, Progress, Continuing Challenges
- Leadership for Change: Human Resource Development in the Federal Government
- Whistleblowing in the Federal Government: An Update
- A Question of Equity: Women and the Glass Ceiling in the Federal Government

### Selected Current Projects

The use of interviews

Governmentwide Merit Principles Survey 2000

Competence in overseeing federal contracts

Federal government recruiting

Automated tools for candidate assessment

### For a copy of any Office of Policy and Evaluation publication, contact:

U.S. Merit Systems Protection Board

Office of Policy and Evaluation

1615 M Street, NW

Washington, DC 20419

E-mail: [studies@mspb.gov](mailto:studies@mspb.gov)

Phone: (202) 653-6772 extension 1350 or 1-800-209-8920

V/TDD: (202) 653-8896 (TTY users, please use the Federal Relay Service at 800-877-8339 to contact this office.)

Fax: (202) 653-7211

---

\* Most of these reports and the Office of Policy and Evaluation newsletter, *Issues of Merit*, can be downloaded from the STUDIES page of the MSPB web site: [mspb.gov](http://mspb.gov)