

ISSUES OF MERIT

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Office of Policy
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The Key to Successful Use of Automated Hiring Systems? Top Executive Involvement

In the end, even with automation, an agency's staffing will be no better than top management insists that it be.

Whether an agency's automated hiring system is question-based or résumé-focused, or whether it is developed in-house or purchased from an outside vendor, ultimately it is the agency's top executives who make the most important decision about the automated hiring system: what exactly the agency wants to get from it.

The critical role that top executives play is one of the major findings from our pending report on Federal agencies' use of automated hiring systems. Senior management makes a difference by:

- setting expectations for outcomes (e.g., does the agency want hiring to be better, or just faster and cheaper?);
- providing resources, including money, to buy or develop the system and train users; and
- defining roles of key participants.

Given the already-full plates of high-level managers, what should they focus their attention on to ensure investments in automated hiring systems are fully

realized? Two groups in particular need to hear from agency leadership: line managers and human resources.

Line managers provide information about job needs and applicant qualifications before a vacancy is announced, and then select from among the referred candidates. They are likely to find that automation places demands on their time that are difficult to balance with their program ("real") work. This may undermine their commitment to help develop better candidate assessment measures (e.g., questions and answers or appropriate résumé scoring plans).

What executive involvement is needed? Agency executives should clearly articulate to line managers their expectations for the system and then hold them accountable. If executives want the automated system to achieve better — not just faster and cheaper — hiring, they need to make this very clear to line managers, whose commitment may otherwise be low.

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

Issues of Merit

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

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Contact us through the web,
e-mail, or phone:

www.mspb.gov
(select STUDIES page)
STUDIES@mspb.gov
202-653-6772 x1350
1-800-209-8960

V/TDD: 202-653-8896
(TTY users may use the Federal
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U.S. Merit Systems Protection Board
Office of Policy and Evaluation
1615 M Street, NW
Washington, DC 20419

DIRECTOR'S PERSPECTIVE

Are the Issues Facing the U.S. Civil Service Unique?

*Surprising similarities
highlight the challenges and
opportunities we face in public
sector civil service reform.*

Two international human resources (HR) conferences were held this May addressing primarily the issues of staffing and HR reforms: "Unlocking the Human Potential for Public Sector Performance," a United Nations Expert Group Meeting; and the "International Symposium on Public Personnel Management," organized by the International Public Management Association for Human Resources, both held in Florence, Italy. Over 20 countries were represented at these conferences including the Philippines, Thailand, Germany, Saudi Arabia, Canada, China, Bahrain, Nigeria, Samoa, Sri Lanka, Tanzania, Trinidad & Tobago, the British Virgin Islands, and others.

The similarity of the major issues faced by these countries was amazing. Most of the countries participating in these conferences are currently dealing with critical issues such as general civil service reform and balancing the desire for greater flexibility for managers with the need to retain a merit-based civil service and protection from a spoils system. The desire to address pay for performance and poor performance, as well as the challenges of dealing with unions, were also major concerns. Other matters addressed included the impact of globalization and immigration-related issues.



While each of these issues is important, one of the main themes of discussion was the issue of recruitment and staffing. Specifically, most of the countries at the conferences were concerned about the image of the public service and pay comparability. Similarly, most also faced issues such as undertaking competitive sourcing initiatives, the brain drain, workforce planning, and the impact of automation on staffing and recruiting.

HR's role as a leader of civil service reform and organizational change was the other major theme of discussion. Most countries recognized a need for HR to move to the forefront of organizational change along with a need for a greater degree of professionalism within their HR staffs. The realization that HR needs to move from being primarily rule-based with a focus on immediate problems to becoming an enabling and more strategic-thinking entity was broadly recognized. The difficulty in doing this was attributed to several factors, most notably limited capability of HR

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Around the World, Civil Service Reform Examined

(continued from page 2)

staffs. Other factors identified as impeding progress included operating in a bureaucracy where often there is insufficient commitment because too many bureaucrats see public service as a job rather than a responsibility. Another aspect of public service that makes this transition difficult is politics. The tenure of political leadership often results in a short-term view that the bureaucracy itself is an impediment rather than the source of change. Generally, HR worldwide has difficulty making the convincing business case that HR practices are the leverage point for any broader organizational change.

The similarity of issues does not mean we should all pursue the same solutions. One size does not fit all when it comes to dealing with similar problems. Issues of culture, context and size

are all important. Here in the United States, we find many of these same factors are in play when we consider how to reform our own civil service. For example, are we one employer or many? Different agencies have different cultures, contexts, and sizes. They vary nearly as much as do many countries.

Developing countries look at their more developed counterparts and sometimes try to copy what is being done with the idea that all change is evolutionary. Some attempt to transplant ideas from developed countries and phase in the changes in the same sequence. Others recognize that timing, events and especially champions of change can enable or accelerate this evolution and conclude that evaluating the change and then modifying it or adapting it often results in greater improvement than the mere transplanting of ideas.

This last thought concerning evaluating potential reforms and then working to modify or adapt them for the better is behind our studies function at MSPB. We examine and report on significant actions of OPM, conduct governmentwide surveys concerning merit principles and the state of the civil service, and highlight emerging trends and best practices to help illuminate the way to effective change via the powerful lever of human capital management.

What can we conclude from all of this? Although one size certainly will not fit all, our function at MSPB, which

Reforms can't simply be transplanted from one country -- or one organization -- to another. Program evaluation that considers both the broader context of HR changes and the individual organization's culture is critical to effective reform.

includes reporting on progress and highlighting solutions that are successfully employed by agencies, can assist other agencies, and indeed other governments, in identifying appropriate

solutions to the problems we all face and in making the right choices to achieve long-lasting change.

Different countries can seldom adopt an approach to human resources management taken by a neighboring country in its entirety, without some sort of program evaluation effort that considers the broader context within which HR changes must occur. Similarly, it is unrealistic to expect a Federal agency or an entity within an agency to be able to simply transplant the approach taken by another organization. Attempting to naively do so is more likely to result in changes that are only partly successful and which are not likely to be totally right for them.

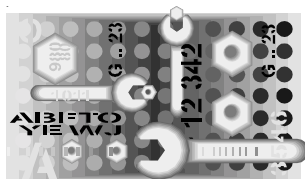
Steve Nelson
Director, Policy and Evaluation

Seeking ... Letters to the Editor!

Would you like to respond to an *Issues of Merit* article, or sound off on a Federal human capital topic?

We welcome letters of 250 words or less, and reserve the right to select letters for printing, as well as to edit for clarity and brevity. No anonymous submissions will be considered.

E-mail your letter to studies@mspb.gov with "newsletter" in the subject line, and please include a daytime phone number, your current position, and employing organization.



Direct Hire: Finding People Fast

So, you've done everything you can to recruit, but you just can't get the candidates you need. Or an unanticipated event has created a critical hiring need. The direct hire authority may be the answer you are looking for. The Homeland Security Act of 2002 authorizes agencies to use direct hire to appoint qualified candidates quickly, with relief from much of the competitive hiring process.

How Direct Hire Works. First, OPM must determine on its own or at the request of an agency that there is a severe shortage of quality candidates or a critical hiring need created by an emergency or a congressional mandate. Upon this determination, OPM approves direct hire for particular occupational series, grades, and/or geographic locations, and designates the duration of the authority. Agencies can then directly hire candidates without regard to competitive processes contained in 5 U.S.C. 3309-3318.

Specifically, the authority is **not** subject to rating or ranking requirements, rule of three, or veterans' preference. However, it **is** subject to basic qualification requirements, public notice, and career transition program provisions (CTAP/ICTAP).

Current Direct Hire Authorities. OPM has approved the use of direct hire for:

- specific medical occupations;
- information technology management occupations related to cyber security at GS-9 and above;
- Iraq reconstruction efforts requiring fluency in Arabic or other Middle Eastern languages; and
- specific Securities and Exchange Commission positions at GS-9 and above.

How to Get Approval. Agencies must submit a written request to OPM to obtain approval to use direct hire for occupations, grades, and/or locations not already identified. The request must contain:

- evidence of a severe shortage and substantiation that qualified candidates cannot be found despite recruitment efforts, extended announcement periods, and use of hiring flexibilities; or
- evidence of a mission-critical need and a justification for not using other hiring authorities.

Direct Hire May Come at a Cost. Direct hire does not require assessment beyond minimum qualifications. But what is required is not necessarily sufficient. Fast hiring, if achieved through superficial assessment, will likely result in some bad selections. So agencies should, when possible, assess candidates thoroughly and avoid reliance on less effective assessment tools such as résumés and unstructured interviews. Further, managers should carefully evaluate new hires during the probationary period, and be prepared to "cut their losses" if performance is not satisfactory. ♦

Automated Hiring Systems Need Executive Involvement

(continued from page 1)

Low commitment from line managers can lead to half-hearted accomplishment of vital "front-end" work, or even lack of use of the automated system. Such actions will undermine the agency's efforts.

Human Resources (HR) managers and staff must make the system work. Automation affects their jobs significantly. It relieves them of many procedural tasks and opens the way for them to function more as consultants. As consultants, they must exercise greater judgment and shift the focus of their work from process to outcome. For some HR folks, these are uncharted waters—scary stuff. They must learn new competencies

and develop new relationships with managers, while also learning how to use a new system.

What executive involvement is needed? Top management must be both supportive and demanding. "Supportive" means providing adequate training, tolerating mistakes during the requisite learning curve, and dealing fairly with those unable to make the transition. "Demanding" means establishing clear expectations and holding this group accountable for meeting them.

In the end, even with automation, an agency's staffing will be no better than top management insists that it be. ♦

Using the Probationary Period to Weed Out Selection Errors

Question: When does the selection process end for an employee who is new to the Federal civilian service?

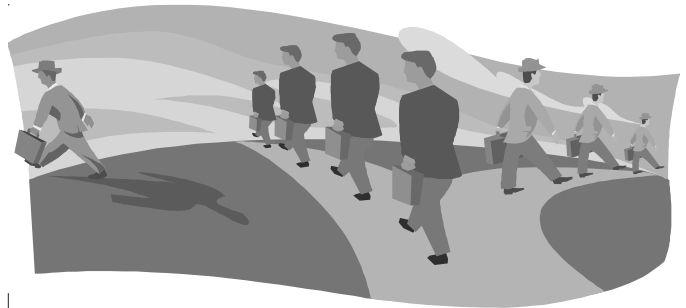
- A. Immediately following human resources's review of applicant packages
- B. When the selecting official signs the selection certificate
- C. Upon the new hire's entry on duty
- D. After successful completion of the probationary period

Answer: D. After successful completion of the probationary period

Faster may not always equal better. New authorities permit agencies to hire quickly and efficiently. For example, direct hire has improved Federal agencies' ability to compete with private sector employers by allowing them to make job offers on-the-spot at job fairs and on college campuses (see article on page 4). Yet sometimes there is a downside to such speedy efforts to bring new employees on board without thorough assessment. Impressive credentials and a firm handshake may not always translate into high performance on the job.

Using the probationary period as the last selection screen. Fortunately, the probationary period provides employers with a mechanism to thoroughly evaluate a new employee and determine if that employee should be retained. This is particularly useful since the best way to assess future job performance is to actually observe the person in the role. Also, the probationary period is the least difficult time to terminate a poor performer. Termination is certain to be much more difficult and time consuming once the probationary period is completed.

What to do with a probationary employee who's not up to par. Although the first step in dealing with a below-average performer should be to coach the employee, the supervisor may decide that the person simply cannot perform the duties at the necessary level. In this case, the supervisor should take the proper steps to document the employee's poor



performance or conduct and notify him or her of the termination date. It is critical that this process be completed *before* the end of the probationary period, which is typically one year (but may be longer by agency policy, or shorter, if the new employee already has relevant Federal government service).

Making tough decisions is part of a supervisor's job. Historically, supervisors have been reluctant to separate employees even during the probationary period. They may have allowed kindness, false hope, and fear of complaints or grievances override their better judgment. Some managers may have viewed occasional selection errors as a necessary cost of hiring, since the vast majority of new hires perform at acceptable levels.

However, given increased pressures towards operating efficiently, agencies can no longer afford to tolerate the burden of marginal performers. Supervisors need to take seriously their responsibility to remove under-performers during the probationary period, when they can do so most readily. ♦

Fast Facts on Probationary Periods

If the probationary period serves as a "final exam" for new Federal employees, how do they fare? We looked at over 145,000 new hires in FY 2001 and FY 2002 to find out.

Our findings? Most make the grade. Fewer than 5,000 — just over 3 percent — were terminated for unsatisfactory performance or conduct. But quite a few received an "incomplete" — over 16 percent quit or moved on during the probationary period.

Source: OPM, Central Personnel Data File

Who Cares About Reference Checks? *You Should.*

Information used to make hiring decisions in the Federal Government is often not very good. Why? We usually rely on applicant descriptions of their training and experience to decide who should be referred for further consideration by a selecting official. The move toward automated hiring systems doesn't change this, given that most of the Federal automated assessment systems work by having an applicant self-certify his or her level of competence or experience. Those who rate themselves the highest are normally the ones referred for further consideration.

What prevents applicants from exaggerating or lying about their experience? For example, a former high-ranking employee of the Department of Homeland Security claimed she had advanced academic degrees that were later found to be purchased from a "storefront university." Unfortunately, in most employment situations, little is done to prevent this type of deception. Because the selection process depends on applicant assertions of their capabilities, we need better ways of verifying information they supply.

Reference checks are an obvious solution. However, reference checks are neither cost-free nor problem-free. The process takes time, and supervisors may be reluctant

to provide candid information. Some may not want to hurt their subordinate's chances of getting a new job, particularly if they are not stellar employees. Others may not want to provide forthright assessments of their subordinate's capabilities out of a fear of reprisal, legal or otherwise, by the subordinate if he or she is not selected for the job. Still others may be bound by agreements that allowed a problem employee to leave a former job with the understanding that should the supervisor be called for a reference, negative comments would not be provided.

In order to ensure the most effective hiring decisions in the government, we must ensure that candid and valid reference checks can be made to support the hiring process. To that end, our office has begun a study looking at how best to solicit and provide performance information in connection with reference checking. In the interim, Federal managers should both seek more information when making hiring decisions by undertaking reference checks, and be willing to provide accurate job-related information about current and former employees when asked to do so. Without candid and accurate information concerning applicants for vacant positions, managers will inevitably make fewer good selections and workforce quality will suffer. ♦

Flexibilities in Incentive Awards and Recognition

The third in our series on Federal human resources flexibilities, this chart outlines ways agencies can tell employees "thank you."

Flexibility	Description
Accomplishment-based Cash Awards	Agencies may grant cash awards to an individual employee or as a member of a group in recognition of accomplishments that make government operations more efficient. Cash awards can be up to \$10,000 per individual without OPM approval or up to \$25,000 with OPM approval.
Rating-based Cash Awards	Employees may receive lump-sum cash awards based on a "fully successful" or better rating. Cash awards may be up to as much as 20 percent of salary, subject to the maximums listed above.
Quality Step Increase	Agencies may grant an additional step increase to employees who receive an "outstanding" (or the top level) performance rating.
Time-Off Awards	Agencies may grant time off from duty without charge to leave to recognize employee accomplishments.
Honorary Awards	To honor employee accomplishments, agencies may give honorary awards, often granted through a formal process, with nominations, selection committees, and an official ceremony. Items presented should have symbolic value (such as plaques or medals), as opposed to monetary value.
Informal Recognition	Agencies may recognize employee accomplishments by awarding appropriate items of nominal value.

Why Our Civil Service System Matters

A program specialist is fired for belonging to a different religion than his supervisor, an administrative officer is demoted because she contributed to a losing presidential candidate, a contracting specialist is reassigned for refusing to award a contract improperly to the friend of an agency executive. Thankfully, these sort of incidents are exceptionally rare in the American civil service. The reason is because our civil service system is based on merit and the ability of government employees to serve, not their current boss or the political party in power, but the people of the United States.

We should not take our system for granted, for we learned from experience why it is important. Before the end of the 19th Century the adage of “to the victor go the spoils” ruled how Federal jobs, large and small, were doled out by the current group in power. The result was that political supporters of a newly elected President would descend on Washington hoping to be named minister to a foreign power, revenue collector at a large port, or postmaster of a small town. And, having obtained a job, an individual was beholden to the President and could be fired for any reason.

This system changed in 1881, when Charles Guiteau, who had supported the election of James Garfield as President and was repeatedly turned down in his efforts to obtain the government job he felt he deserved, shot and killed Garfield. Two years later, the Civil Service Act, also called the Pendleton Act, became law and the American civil service system was born. It’s been over

120 years since the Pendleton Act was established. Now, as then, the hallmark of the American civil service system is that hiring and firing decisions should be based on merit.

The Civil Service Reform Act of 1978 reinforced the ideals of the Pendleton Act when it provided that Federal

**A merit-based civil service is
“necessary for a free government.”**

-- Senator George Hoar, 1883

employees could only be removed “for such cause as will promote the efficiency of the service.” The Supreme Court and the courts of appeal have ruled that this means that non-probationary Federal employees can be deprived of their employment only after being provided due process before an impartial and disinterested adjudicator. The Merit Systems Protection Board is that impartial and disinterested adjudicator for most Federal employees. The Board’s purpose, however, is more than just to protect the individual Federal employee by providing for due process before removal. By requiring government agencies to prove that an employee engaged in the misconduct or poor performance alleged by management, the Board ensures that government employees are disciplined for appropriate reasons and not because of their religion, who they supported for president, or for other factors irrelevant to their work performance or conduct.

The next time you hear complaints about our civil service system, recall Charles Guiteau and James Garfield, and keep in mind that a merit-based civil service, no matter how imperfect, is far superior to a system where government jobs are awarded based on non-merit factors such as religion, politics, or loyalty. A merit-based system cannot survive without a process in place to protect it. As Senator George Hoar said in 1883, a merit-based civil service is “necessary for a free government.” ♦

FOCUS ON THE FACTS

The Gift of Time: Statistics on Time-Off Awards

... In FY 1998, over 235,000 time-off awards were granted. In FY 2003, over 325,000 time-off awards were granted.

... The most common award amount was 8 hours (representing 36% of awards given).

... Awards of 40 hours represent 10% of awards given, while awards of more than 40 hours account for less than 1% of all time-off awards.

Source: OPM, Central Personnel Data File



U. S. Merit Systems Protection Board
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In the end, even with automation, an agency's staffing will be no better than top management insists it be. (Page 1)

Are the Issues Facing the U.S. Civil Service Unique?

Two recent international conferences shed light on common challenges to public sector reform. (Page 2)

Tools of the Trade: Using Direct Hire to Find People Fast.

If you need people fast, the direct hire authority may be just what your agency needs. (Page 4)



The Probationary Period: Your Secret Weapon Against Selection Errors.

It takes courage to use it, but the probationary period is an excellent tool for managers to help weed out selection errors. We describe how to use it and why. (Page 5)



Who Cares About Reference Checks?

You should -- especially in this day and age of "self certification." We advocate that Federal managers have two responsibilities with regards to reference checks: first, to perform them before making a hire; and second, to be accurate when responding to them. (Page 6)

Incentive and Award Flexibilities.

We describe the many ways agencies have available to tell employees "thank you." (Page 6)

Spoils vs. Merit: Why Our Civil Service System Really Matters.

Why the names "Charles Guiteau" and "James Garfield" should mean something to those interested in our merit-based civil service system. (Page 7)

Focus on the Facts: The Gift of Time.

Giving the gift of time is easy with time-off awards. Find out how many Federal employees received them in past fiscal years. (Page 7)

