CIVIL SERVICE
JOURNAL

**SES
on
your
mind**

Senior Executive Service: To join or not to join

A balloonist was flying around the world and got lost. To find out where he was, he dropped close to the ground looking for someone who could tell him. He found a person dressed in a pin-striped suit and looking much like a government manager. "Can you tell me," the balloonist asked, "where I am?"

The bureaucrat quickly responded: "You, sir, are in a balloon."

That was the perfect bureaucratic answer...accurate, short, and revealing no information other than what was absolutely necessary to answer the question. But that's not the sort of answer you need to make your decision about joining the Senior Executive Service.

Obviously you need specifics about what the SES can do for you and what you can do for the SES.

To begin with, one of the SES goals is to improve government efficiency. If you join, you will have both increased authority and accountability. Your rewards will be based not only on your individual performance, but on that of your organization. As an SES member, you will have new opportunity to broaden your career, and take over top-level responsibilities.

For those who succeed, the rewards range from bonuses to sabbaticals.

Civil service reform, which makes possible the SES, also introduces other new opportunities for Federal managers at all levels to improve the quality of public service. To effectively implement these beneficial changes, however, you need to get an early start in understanding just what reform means and how best it can be tailored to the special needs of your agency.

The linkage of performance and reward that characterizes the SES also carries into the ranks of the middle manager, allowing outstanding managers to move ahead faster than in the past. This leads to another concern: If we are to base managers' pay and rewards on their performance, we must devise accurate ways to measure that performance. And that will not be easy because we are dealing with services rather than products—with quality as well as quantity of output. We have all heard stories about performance evaluation systems that haven't worked. We know the private sector also has problems with evaluations. We know, too, that there are success stories in both sectors.

Success of performance evaluation as a pay and reward determinant, together with success of the other innovations of civil service reform, rests with you—the Federal manager.

Under the new system, you are offered real opportunities to further your own careers by exercising your new responsibilities. In so doing, you can improve the quality of agency management and find personal satisfaction in your new role.

The most important aspects of civil service reform, both to you personally and to accomplish agency missions, are treated in depth in this issue of the Journal.

Senior Executive Service: An interview with Sally Greenberg answers managers' questions about SES—the kind of questions we think you are asking as you face the SES-or-not decision.

Performance Appraisal: Several articles outline how the new appraisal system will work, including case histories from representative agencies where it *has* worked.

Other Thought Provokers: A provocative piece by Alfred Kahn on improving public service, a GAO report on firing unproductive employees, and continuation of an article from the last issue on quality of work life.

Summing up, OPM is providing the guidance, the models, the directions for improving government.

President Carter, in signing the new Civil Service Reform Act of 1978, said those who have dedicated their professional careers to public service have the greatest stake in making the new system work.

For the first time in a long time, Federal managers have an opportunity to seize new initiatives and responsibilities for excellence in public service.

It's up to you.

Alan K. Campbell

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Short Takes

<u>New Executive Pay Rates</u>: The President has established the following six rates as the Senior Executive Service pay schedule:

ES-1	$44,756		ES-4	$50,100
ES-2	46,470		ES-5	51,450
ES-3	48,250		ES-6	52,800

OPM Begins Delegation: Using the options given it by the Civil Service Reform Act, OPM has begun delegating many of its powers, thus giving Federal agencies a greater say in their personnel actions. OPM Director Alan K. Campbell said, "These are first, but vital steps to carrying out the mandate of the Civil Service Reform Act to let managers make the decisions they need to do their jobs better."

--OPM has already given agencies the OK to take 26 kinds of actions formerly reserved for the Civil Service Commission. Such actions include extending an employee's detail to another job for more than 120 days; granting pay for travel and transportation to a first duty post; and extending some temporary appointments. OPM is also consulting with agencies and unions on some 40 more of the authorities with the intention of giving additional blanket delegations where possible, or delegating by agreement with individual agencies.

--OPM has issued a new merit promotion policy giving agencies broad flexibility to develop and negotiate their own promotion programs while ensuring management's right to promote from within an agency or select from outside applicants. The new policy eliminates the extensive and detailed regulations that so restricted agencies in the past. Instead, there will now be five broad principles requiring that: (1) promotions be based on merit; (2) evaluation methods be valid and job related; (3) the search for candidates be wide enough to ensure high-quality competitors; (4) management retain its right to select from any appropriate source; and (5) agencies keep records and provide necessary information to employees and the public.

--OPM has given agencies ground rules for getting authority to examine applicants for Federal jobs. Where an agency is the sole or predominant employer for an occupation, OPM is encouraging it to ask for the examining authority for that occupation. OPM will delegate authority fully or partially. Under full delegation, an agency would do all the examining, certifying, developing rating schedules, evaluating applicants, adjudicating rating appeals, acting on objections to eligibles or passover of veterans with less than 30 percent disability, and answering inquiries. Under partial delegation, OPM would continue to examine, but agencies would maintain competitor inventories and issue certificates of eligibles. Delegations can include blue-collar and white-collar occupations up to GS-15.

Job Information Centers Cut: OPM has eliminated toll-free (WATS) telephone service to Federal Job Information Centers, and will close 45 of the 113 Centers by September 30. According to OPM Director Campbell, "The nationwide job information network was established when Government hiring was high and the labor market was tight. Last year, however, we handled nearly 12 million job inquiries, and agencies hired only 153,000 new employees. In effect, we have been building false expectations. Streamlining the system will enable us to continue to be responsive to the public, meet current hiring requirements, and better manage our resources." Applicants will still have complete access to job information and can phone for information and write or visit a Job Information Center in their State. There will be at least one Center in every State, and in Guam and Puerto Rico. In addition, Federal jobs will be posted in local offices of State Job Service, or State Employment Security Offices. And special recruiting will be targeted toward those who have critical skills and backgrounds needed by the Federal Government. Streamlining the information system will reduce costs by an estimated $2.1 million a year.

More Part-Time Jobs: Results of a special survey of the largest Federal agencies late last year show that more than 6,000 part-time jobs opened up during the first 10 months of a program initiated by President Carter and administered by what is now OPM. The part-time employment program began in September 1977, when the President directed Federal agencies to expand job opportunities for the handicapped, older persons, students, and people with child care responsibilities. The emphasis was on establishing more regularly scheduled, permanent jobs for people who need to work less than full time. These part-time jobs were created under Government-wide personnel controls, still in effect, that strictly limit the number of workers each agency can employ. Under these controls, part-time workers count against an agency's overall hiring limitations the same as full-time employees. But a law signed last October will create still more part-time jobs by changing the method of counting part-time workers toward the personnel ceiling. Under the new method, part-time workers will be charged against the personnel ceiling only for the fractional part of the 40-hour week they actually work. This change, however, will not take effect until October 1, 1980.

Agencies Can Hire Readers or Interpreters for Blind, Deaf Employees: OPM has issued guidelines on hiring or assigning readers and interpreters for blind or deaf employees. Readers and interpreters may be appointed noncompetitively, with grade levels varying according to the situation. Current competitive service employees who assume these duties will retain their status even if reclassified as readers or interpreters. Agencies may still use outside volunteers and may still assign reading and interpreting duties to employees as needed.

--Howard Stevens

If you are eligible for enrollment in the new Senior Executive Service (or if you aim to be one day), you may find these next pages among the most important reading of your career. In late January, the Journal assembled a representative group of SES-eligible managers to quiz one of the chief developers of the SES concept, hoping that their questions would be yours, the answers the ones you need to make this all-important career decision.

From the agencies came the following: Gary Cobb, Director, Office of Water Research and Technology, Department of the Interior; John T. Rhett, Deputy Assistant Administrator for Water Program Operations, Environmental Protection Agency; William E. Williams, Deputy Commissioner, Internal Revenue Service; Janet Norwood, Acting Commissioner of Labor Statistics; Eckehard J. Muessig, Deputy Assistant Secretary, Mine Safety and Health Administration; Alan Berman, Technical Director of Research, Naval Research Laboratory; and Carl Grant, Director, Personnel Programs Division, National Aeronautics and Space Administration.

From OPM, Sally Greenberg, Associate Director, Executive Personnel and Management Development.

We invite your investment of time in the dialog that follows.

All You Ever Wanted To Know About SES

Greenberg:

I am sure a number of you have been thinking about what we are trying to do with the Senior Executive Service, how SES is going to affect us as managers. But before I get into that, let me tell you where we are today.

As you know, we got legislation passed on October 13, 1978, which gave us a 9-month gestation period. That means July 13, 1979, is D-Day for SES to go into effect. In that interim period, we in the Office of Personnel Management obviously have a lot to do, but people in the agencies have even more to do.

What we have in hand, as of the early part of January, is requests from almost all the agencies for three things: for numbers of supergrade authorities, for career reserved positions, and for numbers of noncareer appointments.

We have just taken a bottom line figure on it, and our assessment is that the agencies by and large were

not excessive—some were, of course, but most stayed within the ballpark.

We are going to have to work with the agencies over the next month and a half to get the allocations established.

In terms of noncareer employment, we have a statutory number of 10 percent. We overshot that slightly so agencies are going to have to settle for less than they initially requested.

In terms of career reserved positions, there is not a ceiling, but a floor. Here again, the initial agency requests generally were not grossly out of line.

By early March, we will be back to the agencies with authorization in those three areas. Between March 15 and April 14, the agencies are scheduled to go out to individual executives with firm information on how the SES applies to each of them. They will say, for example: Your position is an SES position; you are to be offered career status; the position itself is general; and you will be offered an ES-4 sal-

ary rate. The executives will be told what their status will be if they choose not to convert to SES.

From the date of notification, there will be a 90-day lag while people are making up their minds. The SES must be fully installed by July 13 this year.

In the meantime, we in OPM are working, as the agencies are, on internal systems of performance evaluation and compensation, very critical elements of the Senior Executive Service. Some agencies are making excellent progress, and some agencies are probably floundering around a bit.

Grant:

Sally, I was wondering how often a fully competent executive can expect a bonus, and on what basis will that kind of decision be made?

Greenberg

Greenberg:

The statute says that 50 percent of the SES *positions* may be given bonuses. But SES positions take in vacancies, noncareer appointees (who are not eligible for bonuses), and in some agencies, temporary appointees who, again, are not eligible for bonuses.

Government-wide, it works out that about two-thirds of the career people would be eligible for bonuses, assuming their accomplishments are satisfactory. The bonuses are entirely dependent on performance.

Rhett:

You said that unless you are career you cannot get a bonus?

Greenberg:

That is correct.

Rhett:

Doesn't this lead to a number of problems?

Greenberg;

Yes, there may be inequities. A career executive may be an exact counterpart of a noncareer executive and be eligible for substantially greater compensation. This is because a person who is in the career service can keep career status, and SES pay, including bonuses, in any Federal position even at the Cabinet level.

Cobb:

What about those who choose to enter the service as noncareer executives? Aren't they limiting their potential pay?

Greenberg:

If they are in a General Schedule or Executive Level V position, they are raising potential pay over the status quo, since the SES ceiling is Executive Level IV, not Executive Level V as it is for the General Schedule. But their pay will be lower than that of a comparable career executive. It's unfair that two people might be working side by side, doing similar work of very similar quality, and one would be eligible for a substantial bonus while the other would not.

What we are going to suggest to the agencies is that a noncareer executive should go through the same performance evaluation process, have a bonus recommendation written on the performance evaluation, and if warranted, that it be paid through incentive award procedures rather than through SES bonus procedures.

We think this system will be used judiciously and carefully so that awards are given for documented good performance.

Rhett:

I am somewhat baffled about how management is going to determine this bonus. In Government, you don't have bottom line products at the end, so you probably don't want to measure your people on the bottom line.

Norwood:

Why does Government have to be different from industry?

Rhett:

Because we are not profit-making.

Norwood:

Wait a minute—isn't Government really profit-making, in the way in which it uses its money? It's public funds. And Government ought to be setting up accountability for the use of public funds, as well as for the quality of performance in other things. I don't see that that is so terribly different from the way in which private industry operates.

Berman:

It is, in the sense that your intrinsic objectives are different. I run a basic research laboratory. The only way you can tell whether you are doing badly or not will be to evaluate the results of my current investments 20 years from now. I spend a quarter of a billion dollars a year on research, and the real measure of performance is in the productivity of that investment measured over the long term and in the improvements that result in our national technology base. It is a very, very difficult thing to measure.

Norwood:

Since I am in the measurement business, I quite agree. Working with the Bureau of Labor Statistics, I certainly feel very strongly that the quality of what is done is tremendously important. All I am saying is that, sure, you have to make judgments of quality, but I think you can also make a judgment of the tradeoffs involved, and after all, isn't that what we do every year in the budget process? Why is it so different?

Rhett:

That takes us back to people, and out of the whole chunk of the law, this is going to be the most difficult part for management to try to wrestle with. We have done a lousy job in performance appraisal in the past. The problem is going to be changing the nature of the beasts who have been doing appraisals.

Muessig:

It has been a common cop-out for all of us, as Federal managers, to say we are not profit-oriented, we don't make money, so you can't really evaluate us in those terms. But there are standards that can be set. It is going to be a whole new way of life for a lot of us, and it seems to me this is a golden opportunity.

We have certain things we have to do under law that we can make managers accountable for, and now we can reward them if they do a better job than what the standards call for. But it's not going to be easy.

Berman:

Everyone who has ever worked for me has been accountable, as long as I had anything to do with it. Everybody who works for me has very clearly defined goals. They understand my objectives and expectations, and I demand that their subordinates also understand them.

I can assign perfectly rational goals to my subordinates. We can agree jointly on what to do. However, I may come back a year later and find they didn't accomplish their goals. The problem is they cannot control their own resources. In my case, I am at the mercy of somebody who gives me a personnel ceiling. I am at the mercy of somebody else who gives me facilities and program support.

If you want to hold Federal management truly accountable for performance, then you have to do the whole nine yards. In other words, I believe it will be necessary to give me control of the ability to do a job. It will be necessary to introduce radical notions to allow me to work without a personnel ceiling, to control whether I can promote someone from GS-12 to GS-13, and to enable me to select a subordinate who I believe can do the job regardless of civil service lists.

Grant:

You always go in with fiscal or calendar year constraints. You and I will receive a budget and a staff complement. Those are known generally. So you plan against that, and the goals that you established, the mile-stones, are all compatible with what the resources are. Even in R&D activities, you can establish fairly concrete milestones and goals, and based upon a person's accomplishment of those goals, determine what the person should be awarded.

Berman:

I agree with everything you say, but when the resources change, when the reasons are beyond the control of the local manager, you have great difficulty in holding that manager accountable for the original goals.

That is what I am concerned about. Certainly we can set up goals. Certainly we have reviews. We have them now. People get chewed out when they don't produce something. The new law is very different. It implies real accountability without control of management resources.

Greenberg:

A panel of people with good mature judgment will review the goals and accomplishments so it cannot be said mindlessly that you did not make that goal, therefore no bonus. That is another reason why the law requires that the *individual's* input be considered, as well as the supervisor's rating. You can say indeed that that was an agreed-upon goal, but my budget was cut, or I was not allowed to staff that function. It would not be just something grinding out automatically.

Obviously, in any kind of performance evaluation system, mistakes are going to be made, and people are going to be given bonuses who don't deserve bonuses, and people are not going to get them who deserve them. We all know that people get promotions who perhaps should not have gotten them, and other people are denied promotions who should have had

them. But by and large, it works better than not doing it at all.

Rhett:

We have not done a very good job in this area of personnel evaluation. I think it is why we got the law. But the bonus system is going to tax management's capability in each agency more than any other item in the law.

Muessig:

I have never seen a good performance evaluation system in the Government. I honestly have not. But this is an opportunity, if we can make it work, to get some additional flexibilities.

Greenberg:

Our basic thrust is to give managers the opportunity to manage. There will be ceilings and other controls for a while. But I hope we can demonstrate our management capabilities and that this will lead to a diminution of the stringent controls that cramp our style.

Norwood:

Sally, in that regard, how will OPM assure across all agencies that the evaluation system is equitable within an agency?

Greenberg:

Each agency has to do a responsible job of performance evaluation. This is going to be watched very closely.

The GAO has a special brief in the law to watch this, OPM has a special brief in the law to watch this, the congressional committees themselves are watching very closely.

In cases of abuse, we have the Merit Systems Protection Board. If it

is alleged that an agency is using evaluation for political reasons, for example, the Board would come in to look at it, not so much from the standpoint of effectiveness and efficiency, but for fairness and legality.

Norwood:

Supposing you had a lot of people who were performing extremely well, but there was just not enough money to give them all bonuses?

Greenberg:

There are several ways that compensation can be given in the Senior Executive Service. You could, for example, raise base pay instead of granting a bonus. If executives are really extraordinary, you can recommend them for one of the distinguished or meritorious ranks, which would also give them a large payment. You can mix and match these compensation parts.

Muessig:

Can incentive awards also be used?

Greenberg:

Yes, but we want to use them judiciously. We do not want incentive awards to be used so that everybody gets incentive payments automatically, but if you have documentation and know that you can justify giving awards, I have no problem.

Let me anticipate a question now, and turn the discussion to how conversion will affect basic pay. Our guidance to agencies on conversion is that everyone will be converted to at least as high a rate as they would earn if they did not convert and maybe higher.

Muessig:

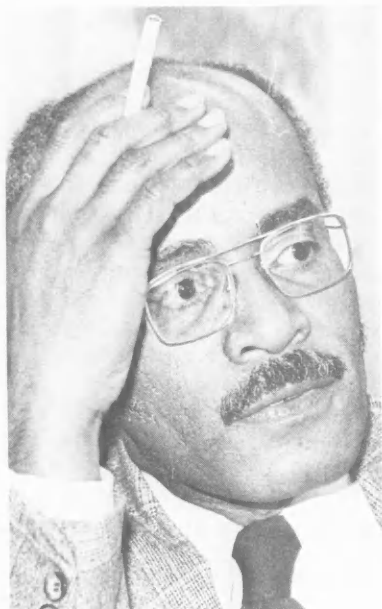Otherwise it would pay you not to go into SES.

Cobb:

What OPM oversight will there be of the pay levels established?

Greenberg:

We are going to regulate on two fronts.

The regulation will be that anyone who converts will have lifetime salary

Rhett

Grant

protection at the conversion salary.

A second regulation is that an executive can go *up* any number of rates in any one year but *down* only one rate. (I use the word "rate" and not "step" because you do not have to go step by step.) Those who convert, of course, could not be moved downward below their conversion salary.

Williams:

Sally, could you comment on the annual leave situation—can accrual begin with the SES in July?

Greenberg:

It begins in July. Of course, anything you accumulate up until July you can keep. So essentially it began with the start of the new leave year, and as of July 13 the requirement that you would have to lose it at the end of the year is wiped away.

Muessig:

What is OPM offering in the line of advice and assistance on what we can do with our managers on performance standards?

Greenberg:

We are trying to do two things here.

We are trying to give advice and counsel to the extent that we can to agencies that are asking for it. But we are finding that a better source of information, perhaps, is a kind of clearinghouse. Some of the agencies think they have a very good leg up on all this, they have had some experience and want to share it. So we are providing several kinds of clearinghouse activities.

Most agencies have been offered an industry consultant—and it's a very public-spirited thing that these industries have done to offer their experience to us—to help an agency design its own system.

Beyond that, we are having sessions to bring agencies together to interchange their ideas. We are not going to make agencies adopt a particular line, however. We do want diversity, and we want experimentation.

The legislation is probably more specific in this area than in any other. It does outline some specific ideas for agencies to use. We are going to surround this with guidance and work with agencies to the absolute extent we can.

We are going to have to borrow from each other, look at each other's experience, look at agencies that have had successful experience, and we are going to have to make some mistakes and then fix them.

Rhett:

I still think this is the whole key to the mystery—if you can't evaluate your people properly, then there's a

problem. The military has found that an evaluation system gets inflated within a few years and falls to pieces. My concern is that without some strong OPM guidance and oversight we are going to have a tendency to break down. Somewhere or another I think there has to be some hand at the tiller.

Greenberg:

Well, there certainly will be a great deal of oversight both from OPM and GAO, from the committees. But I would say that we are trying not to put people into a lock-step. We don't think that a central system, centrally run, would work nearly as well because our view of the world is that there is great diversity out there.

Berman:

What does the law mandate with regard to any evaluation system that is accepted?

Greenberg:

The law mandates that goals—critical elements of the job—be set for each manager. So that gets us off the typical form that says dependable, loyal, and so on, what I call the Boy Scout oath characteristics. We're talking about specific organizational and personal goals that have to be es-

tablished, and the law requires that they be established cooperatively between the manager and the subordinate manager. The person being rated is required to have a voice in establishing the goals.

Then it requires that evaluation be accomplished in a specific time frame to be established by the Office of Personnel Management, and we are going to establish a normal 1-year period, but that's not to say an evaluation can't be made sooner under special circumstances. For example, if someone is patently falling down on the job in a way that is jeopardizing the agency's mission, you don't have to sit there and watch for a full year if you have what you think is a defensible case. You can move on that. Equally, if you want to reward somebody for outstanding performance, you don't have to wait until the year has ground to an end.

The law requires that the evaluation be by a panel; if a career person is being evaluated, the panel has to have majority career membership. The law does not specify how many on the panel, but we think in terms of three, simply for convenience.

Berman:

Our normal tendency would be to put a number on everything used in evaluating performance. If someone has a composite score of 84 they get a bonus; if they score 83 they don't. That strikes me as a nightmare.

Greenberg:

I would find that unfortunate in dealing with the level of people we are dealing with.

Berman:

Would you take action to discourage it?

Williams:

I certainly would.

Greenberg:

My feeling is that people of mature judgment will be making these evaluations and that human judgment is better than trying to apply precise weights and come out with a score.

Muessig:

How about the accessibility of managers to lawsuit over these decisions?

Greenberg:

Your subordinates are allowed to have a copy of the evaluation and rebut, but they don't rebut it to you—they rebut it to the panel. Then they are permitted to carry their case to the head of the agency. Beyond that, they have no legal appeal unless they are alleging that the rating was caused by a discriminatory action because of race, sex, religion, ethnic origin, handicap, and so on. If they allege that the rating was politically motivated, they might take their case to the Special Counsel of the Merit Systems Protection Board. They also might do that if they say it is in retaliation for blowing the whistle.

But that is the only statutory recourse beyond the agency.

One can always take something to court, I suppose, but I think you're in a better position to defend an evaluation under the new system than under the old. You have agreed-upon goals, you have a measure of them, you have an impartial judgment that their performance did not meet the goals.

Williams:

Could you explain the designation of positions as general and career reserved? I find a lot of people are having trouble understanding this.

Greenberg:

I think the problem is that we all are used to the present system—now we have career positions and noncareer positions.

So some think that the new career reserved positions must be the same thing as the old career positions, which would mean that the general positions must be the same as noncareer positions with a different title. That is exactly counter to what we intended. We wanted to make it possible for career people to rise into these top positions that up to now have been labeled noncareer and were seen as out-of-bounds for career people.

The fact is that many career people in the past have taken these positions, and have lost their career status by doing so. Our research showed that in changes of administration these former career employees left the government, just as if they had not had 20 or 30 years of government service.

Then we checked to see who these people were, and we found out they constituted two groups.

One group was those who had risen to supergrade rank at an early age, 40 or below. Perhaps you might call them the fastest comers in the agency.

The second group was executives who were 55 years of age, with 30 years of service, eligible for retirement—our most experienced top managers.

So periodically we were purging these two very critical groups from the ranks. We wanted to stop that, and our first try at doing so was to take the labels off positions entirely. Executives would be career if they came into Government competitively and noncareer if they did not, without regard to the position they served in.

We thought we had the problem fixed this way until someone pointed out that if we did that with no other controls, there would be an increase in noncareer appointments. So we plugged in the 10 percent ceiling on noncareer appointments to stop that, and we were feeling very smug about it until somebody said, suppose an unscrupulous President wanted to take over the country—he could put his entire 10 percent noncareer into a sensitive program like the Internal Revenue Service.

We had to agree that was a flaw. So we set up general positions as the *norm* position, the typical position, and then said that in situations of sensitivity akin to the Internal Revenue

Service—where confidence in government would be undermined if functions were administered in a partisan manner—we would set aside positions and say those are reserved for career.

But in most agencies the bulk of the positions should be general, and the bulk of the general positions will always be filled by career people simply because there is only 10 percent noncareer permitted Government-wide.

Cobb:

Does the law provide for any grandfathering provision for noncareer executive appointees who accepted their appointments prior to the law and resigned from their previous career supergrade positions?

Greenberg:

If they were in the career service before, yes, it does provide for that.

Cobb:

When do they apply for it?

Greenberg:

At the time of conversion to SES.

Cobb:

What if they choose not to at that time?

Greenberg:

I think it would be unwise. The statute imposes no time limit, but the intent is clearly that it be done at conversion and OPM will probably regulate to this effect.

Rhett:

Four or five years ago it was found

Berman

that regional administrators in my agency should not be career, that anyone who wanted the job had to give up career status. But under this system, then, that is gone?

Greenberg:

That is gone, because we are no longer calling any of those positions noncareer. The label on those positions becomes general.

Cobb:

I would like to go back to the grandfather question with a different set of conditions. In this case someone presently holds a noncareer executive assignment at the supergrade level, but had status at the GS-15 level—are there any grandfathering aspects to that?

Greenberg:

Yes, that is the same thing.

Cobb:

Same terms and conditions?

Greenberg:

Yes.

Cobb:

I am surprised, because I was under the impression that career executives who had accepted noncareer positions would be out as far as falling back or having retreat rights to the career service.

Greenberg:

The Reform Act specifically makes it possible for the Government to retain its career executives without re-

gard to the position in which they serve.

Norwood:

Sally, to return to the point you made earlier about "career reserved" and "general," will OPM exercise any review over the way in which the agencies have categorized positions?

Greenberg:

We are required by law to review general designations, but not career reserved designations. If an agency with a sensitive mission comes in and says we want 98 percent of our positions general, OPM would be required by law to say, "You had better re-examine your allocations because they do not appear to meet requirements of the law."

Obviously, there is an area of judgment—from positions that are clear-cut, obviously career reserved, and on through a continuum to positions where people could have an honest difference of opinion.

In some cases we will probably go back to an agency and say we think you have labeled this position incorrectly; they will say no, and maybe they will persuade us.

Muessig:

With regard to the whole realm of OPM's stewardship and leadership role, it seems that you can't go out and look at all of us, that it's physically impossible—you don't have enough people.

But one of the alternatives is to make political leadership more accountable for the personnel system than they have been in the past. Political appointees are the ones who are really going to make this system

go in the final analysis, I would think.

What will OPM's role be in that regard?

Greenberg:

In terms of holding political appointees accountable, I think that the tone of the whole act is that they *will* be held accountable—not only political appointees, but career appointees, too.

For the first time, the act does provide for actual personal penalties for people who violate personnel laws. Our posture is that not only do we expect you to obey the personnel laws as you may or may not have done before, but you are required to obey them, just as you obey other laws.

In the past, line managers have had very little chance to exercise discretion—they have had to pay a person just what the computer tells them they have to pay, they have to hire the person that someone says they can hire. So all too often they have said we'll just forget about personnel management.

The whole thrust of the act is to reverse that—to say yes, we *want* you to exercise judgment.

We are holding you accountable for good management, and we think you can do it.

Muessig:

Do you foresee greater mobility between agencies under this system?

Greenberg:

In terms of mobility, the Senior Executive Service does not really hypothesize that we are generalist managers, that Janet can go manage an air traffic control tower, that I can be chief surgeon for the VA. We

don't hypothesize that, but we do believe that managers in the Federal Government are more versatile than past practice has led us to believe.

The Senior Executive Service is not a musical chairs exercise. It is specifically prohibited that a person be put into a position for which he or she does not meet the qualifications. Nor can anyone be transferred across agency lines involuntarily.

But the fact is that we have received thousands of requests over the years to help people who want to go to another agency, want to accept new challenges, and really we have not been able to give them any effective assistance.

What we hope to establish under the SES is an active brokering role, in which someone can come to us and say I would like to move from my agency to another agency, maybe to a wholly different type of program. Then we will work together to find out what his or her interests are, and we will work to develop a position in line with those interests.

We hope to be able to make this viable by offering the receiving agency two things: a supergrade space to go along with the individual and a guarantee that we will re-broker that person if it doesn't work out.

Berman:

Will you keep a pool of unallocated spaces?

Greenberg:

There always will be a small pool of unallocated spaces. We don't expect a tremendous volume, we don't need masses of them.

I would say that maybe 200 or 300 people will seek to go across agency lines in any one year, and we will have that much slack in the system.

Cobb:

Can you think of any conditions under which a person may be wise not to join the Senior Executive Service?

Greenberg:

I really can't think of a situation where a person would benefit greatly by not joining.

At one time we were saying incompetents might not join in order to escape evaluation, and then we realized that was nonsense—any occupant of an SES position, whether or not that person joins SES personally or remains in status quo, will have performance evaluated in the same manner. And again, while there is some marginal protection against removal—if you don't convert, the removal can be appealed—it will be rather easy to remove such an executive by adverse action because there is a very well-documented case that the person is not performing effectively.

I would guess that those people who think they are gaining some kind of protection for a marginal performance record by not joining the SES will find they're worse off because they don't have fall-back rights if they are removed by adverse action, nor do they have pay protection, which they have if they join the SES.

Reassignment is identical whether an executive joins SES or not, and the specter of mass geographic reassignments is unrealistic since the vast majority of SES positions are in the Washington, D.C., area.

Beyond that, I would be glad to have anyone suggest a reason. There may be some question of relative benefits for a few individuals in special systems, but for most of us, the disadvantages of conversion are minimal. In effect, this is the only game in town.

Rhett:

It's really a question of whether you want to play in the game or sit on the bench.

Williams:

Can an executive who does not elect to come into the SES retire on that basis?

Greenberg:

No.

Grant:

If someone declines conversion after 90 days, will there be an opportunity in the future to elect to join?

Greenberg:

Yes, but then it has to be done through a competitive process. He or she would have to go through the Qualifications Review Board to get qualifications certified, then serve a 1-year probationary period, and there would be no permanent salary guarantee, which those who convert will have. So it's less favorable to join later.

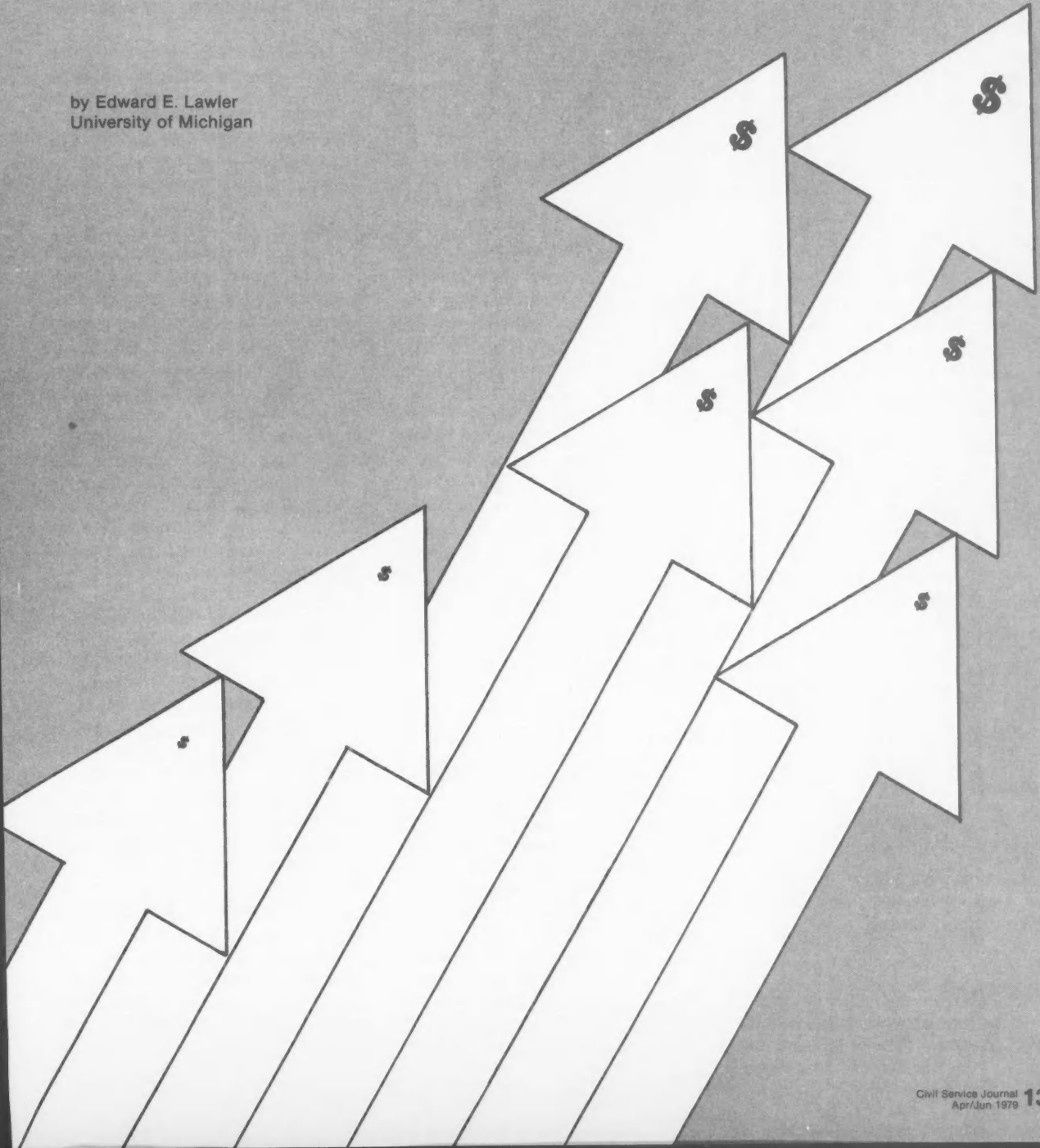Do you think we've covered enough ground? If so, perhaps we can adjourn.

Grant:

Good session!

CSJ

more art than science

Performance Appraisal and Merit Pay

by Edward E. Lawler
University of Michigan

I WOULD LIKE to answer several questions that might be on your minds as you enter this new period of public administration brought about by civil service reform. But first let me make a few observations about the general areas of performance appraisal and pay.

Despite considerable research, I don't think we can say we have perfected the area of performance appraisal and pay administration enough to call it a science. It is more art than science.

Further, we are finding out that the process side of the equation may be more important than the mechanics. By this I mean how people deal with each other, how they relate to each other, the kinds of interpersonal relationships may be more important than such things as the type of form used.

I think, too, that we have a lot more to learn, even though we already know a considerable amount about the process. In fact, many have pointed out that we have more to learn than we know, so we don't bring a well-developed set of practices and procedures to this situation.

I still think we are in a situation where what goes on in performance appraisal is more subjective than objective, and I think this will continue. I think it is inherent in the process. No matter how much you develop forms and procedures, it is always going to be a matter of judgment. So the real issue as you look at a performance appraisal system is how defensible the judgment is, how thoughtful, and how much it is based on a reasonable set of data-gathering efforts and judgments.

Why Do It?

Now let me begin to address the key questions. Perhaps the first one

that occurs to me, and I am sure it occurred to you when you heard about the reform, is, "Why do it, is it worth it?" Let me talk about the "why" for a moment.

Unless you appraise performance, unless you do it well, it is impossible to relate pay to performance.

A good performance appraisal process allows you to develop a much better job definition than commonly exists in management jobs. In the private sector, one of the major fallouts of good performance appraisal is an agreement between the superior and the subordinate on what the subordinate's job actually is. Time after time, studies have shown that when this appraisal process does not take place, the subordinate and the superior describe the subordinate's job, its important goals and objectives, in very different terms.

When done well, performance appraisal can be an important aid to people, especially to the poor performer. Without a good performance appraisal system, without feedback, the poor performer is in an almost impossible situation. Such employees are likely to get information indicating problems, but not the kind of specific details they need to improve performance.

Why Tie Pay to Performance?

I think there are three reasons to tie pay to performance.

One is that as a society we are committed to a sense of equity that says rewards and performance should be related. If you give a group of six-year-olds marbles to hand out to the players in a game, they will give more marbles to the good performers, the high scorers in the game, than to the poor performers. This is not true in all societies, but in our society and in most Western societies, we build

into people a sense of equity that involves performance, and rewards in proportion to that performance. So if we are going to satisfy that sense of equity, we need to tie pay to performance.

Second, the research on motivation is quite clear; it shows that to be a motivator, pay must be clearly tied to performance. People have to see a clear relationship between pay and performance. If that does not exist, then pay is not a motivator. There are always of course, other possible motivators, but if we are going to use pay we have to tie it to performance.

Finally, if we tie pay to performance, we are ahead of the game in attracting and retaining the best people. A considerable amount of research shows that outstanding performers—people who are highly motivated—prefer to work in and remain in situations where pay and performance are related. Otherwise, they are turned off, and you cannot expect to attract and retain them.

Can it Work?

Now let me turn to what I think is the tough issue. Can it work, can you in fact tie pay to performance, particularly when you start talking about top-level management jobs?

I think the answer is yes, but I should also add that it is getting to be more difficult. There are several reasons for this. Increasingly, we feel that people have a right to challenge administrative decisions about them that affect their lives. In addition, we are producing a population that is more rights-conscious than ever before. Add to that the fact that the complexity of managerial jobs is increasing, and the bottom line is that it is getting more and more difficult to define a job and what kind of performance we expect, and to measure

it in a way that is defensible under to-
day's standards of defensible action.

So I believe changes in society and
in the nature of jobs are making it
more difficult to link pay to perform-
ance.

Why So Difficult?

Appraising performance and tying
pay to it is an extremely emotional
issue. It is an uncomfortable activity
for both the superior and the subordi-
nate. It is uncomfortable because it
involves issues that are very impor-
tant to people—not only the pay
treatment, but people's self-esteem,
how they perform, their competence.
It is not particularly uncomfortable,
of course, to talk to the outstanding
performer. However, it is uncomfort-
able for both the superior and for the
subordinate to talk when average and,
in particular, below-average perform-
ance is involved.

Often, I think, we try to deny these
emotional issues, or we tend to pro-
ject the discomfort onto the subordi-
nate, as if the superior is not uncom-
fortable. Research, however, shows
that both are uncomfortable, each for
different reasons.

There are often conflicting pur-
poses and agendas in a performance
appraisal system. Certainly, there is a
different agenda between the superior
and the subordinate. They look for
different things from the process. And
subordinates may have agendas that
are in conflict with each other. On the
one hand, they may want valid feed-
back about their performance, but on
the other hand they may also want a
favorable rating.

In many cases, if they give valid
data so they can reasonably discuss
their performance, they are giving up
the opportunity to get a pay increase
because they may be exposing poor
performance. This leads to the overall

observation that the agenda of de-
velopment of people and the agenda
of pay administration often come in
conflict, and contribute to the diffi-
culty of the performance appraisal
process.

An extremely high level of com-
mitment is needed if performance ap-
praisal is going to be done well in or-
ganizations. It is not something that is
done easily because of the emotional
issues, the other issues that I have
mentioned before, and without a high
level of commitment it is rarely done
well. By high level of commitment, I
mean the superior must spend hours
and hours of time.

It is subjective, and any subjective
process, particularly when it is an
emotional one, is difficult to carry
out. Tied into this is the fact that in-
terpersonal skills are clearly needed,
and are one of the important keys to
making it go well.

Unfortunately, not all managers
have the necessary interpersonal
skills. Some by instinct, by training,
or by upbringing have them. But
many supervisors simply are not suf-
ficiently skillful to carry out an effec-
tive performance appraisal.

If the performance appraisal proc-
ess is to succeed, the mechanics must
be well developed. We need to have a
valid procedure, a form, etc. These
are not simple to develop.

What Are the Results of Failure?

If it is so difficult, what are the
costs when it isn't done well, what
happens if we try and we fail to carry
it out effectively? Well, one thing that
happens quite commonly, at least in
the private sector, is we develop a
phenomenon called the vanishing
performance appraisal.

The vanishing performance ap-
praisal is where you ask the subordi-
nate the last time he or she was ap-

praised, and you get an answer
something like, "Oh, 7 or 8 years
ago." The supervisor will say,
"Every year, I sit down with all my
subordinates and we talk in some de-
tail." And then if you ask the super-
visor, "When was the last time you
did an appraisal with Joe? he or she
will say, "Just a month ago." So you
go back to Joe: "Say, your supervisor
mentioned that you had a performance
appraisal a few months ago, how did
that go?" The subordinate says,
"Was that a performance appraisal?
You mean when I was walking by and
my boss said, 'Hey, come into my
office for a second,' and we sat there,
and the boss said, 'I want you to
know we are really pleased to have
you here and we would like you to
stay around.' Was that my perform-
ance appraisal?"

The vanishing appraisals can only
be understood if you put them in a
context of the discomfort that people
experience, the skills that are needed,
and the lack of training that most have
for carrying out a good performance
appraisal process.

So one phenomenonn, if the proc-
ess doesn't work well, is the vanish-
ing appraisal. There are others,
though. If you tie pay to performance,
without making it clear what that
performance should be, you can get
superstitious behavior—rigid, bureau-
cratic behavior. The result of doing it
wrong can in fact be more dysfunc-
tional than *not* tying pay to perform-
ance.

One of the things that happens
when you introduce a pay for per-
formance system is that people begin
to look at the system and say, "Okay,
I have been told the rules have
changed, now what I need to do is
figure out how I can get the game to
pay off for me, what behavior is
needed." And they begin to look
around and to develop hypotheses

about, for example, if I do this I will get a larger than normal increase, or a bonus, or whatever it is. That is what you hope for. But if the system is not clear in demonstrating what is rewarded, doesn't have adequate performance appraisal, you find that people develop a wide range of very different perceptions of what pays off. Some think the key is letting the boss know exactly what is going on in the department. Others decide the way to do it is to have the boss over for dinner.

If you interview subordinates in an organization that "has a merit pay system" but has poor performance appraisal, you will find a wide range of opinion about whether the system works or not, and what it means to get a merit increase. Often the perceptions are very cynical, they are counterproductive, and indeed they are really not motivating anything except what we would properly call superstitious behavior.

A third concern I have when systems don't work is for the poor performer. This is the most difficult part of performance appraisal—dealing with, giving meaningful feedback to the poor performer. And the concern I have is that when supervisors are uncomfortable in dealing with poor performers, they can become very dogmatic and very punitive because of their own discomfort. They don't mean to come across that way, but for them it is so difficult that they are not facilitative, not two-way, not open to feedback, not planning a better program for the person, but simply being rather dogmatic and critical, which does not help anyone.

How Do You Make It Work?

Now that we have seen what can happen when it doesn't work well, let's ask what is needed to make it

effective. It is not an easy process to make it work, it takes years to develop and to run effectively.

I think there are some important preconditions that need to be in place if performance appraisal and merit pay are going to work. We always say, when we go into industrial organizations, you need support from the top. In this situation, depending upon where you define the top, it does seem like you have support.

However, a serious concern here is whether that support will continue as administrations and political forces change. I think it's critical that you have support from the top throughout both the political sector and the career service sector. Without that support, it is very, very difficult to make it go. Performance appraisal and merit pay have to be administered from the top down. No one can be exempt from it. The people at the top need to model the process that should go on lower down. Without that modeling, the system does not work.

Time after time, chief corporation officers have called me in to talk about how terribly performance appraisal is done in their organization at lower levels. My favorite question to them is: "How do you deal with your subordinates?" The answer very quickly comes across: "At the top, we have this little club that doesn't really need to have performance appraisal, goalsetting, definition of jobs, etc. We all know each other and everything goes fine." That may be true, although frequently it isn't. In any case, the absence of appraisal at that level does not model what you want to go on down below. It is not surprising that those vice presidents or second-level people don't do a very good job of measuring performance and rewarding their subordinates when they are not experiencing the same process from the top down. In

addition, they typically are not appraised on how well they appraise others.

Another precondition is in the area of job design. This may be the trickiest one to bring into place so that performance appraisal can work effectively. Without adequately defined and designed jobs, it is impossible to do performance appraisal effectively. This means simply that if there is no job there, if there are no results that the person is responsible for, no turf or work area that is assigned to the individual, talking about performance appraisal is a waste of time.

Often when I go into organizations, I find this is where the problem starts. Organizations talk about their inability to carry out performance appraisal, but when you begin to ask: "What is the person's job, what is he/she responsible for?" there is no answer. The job has never been defined.

This is one area where I think there is an interesting congruence with the area of job enrichment. One of the messages that job enrichment gives us is that in order for people to be motivated by the job itself, they must have an area that is their responsibility, feedback about their performance in that area, and the autonomy to carry it out in a way that they feel good about.

Those same preconditions are needed if you are going to do performance appraisal effectively. Unless jobs are designed in that way, performance appraisal is impossible because it becomes so subjective that it's more of a personal like-dislike than an outcomes-based process.

What Are the Mechanics?

Now let's look at the mechanics required to make the process go well. First, the appraisal must be based on

"Without adequately defined
and designed jobs, it is
impossible to do perfor-
mance appraisal effectively."

behavior. Traits are simply an in-adequate basis for appraising per-formance. They are guaranteed to produce defensiveness, rigidity on the part of subordinates, and inadequate feedback. I say this despite the fact that if you look at the private sector, something like 50 percent of the or-ganizations in this country still ap-praise performance on the basis of traits. We know that this is ineffec-tive, counterproductive, and should be eliminated. It can be hoped that the new pressures, such as EEO, on pri-vate sector organizations to improve their appraisal process will lead to the demise of all trait-rating systems. We know that they do not work. So what-ever is done, it must be behavior-related and stated as well as possible in measurable, observable, behavioral dimensions.

If you are talking about reliability, for example, or dependability of a person that has to be converted into behavior. What does it mean? Does it mean being there every day? Does it mean following through on instruc-tions within a certain time period? That has to be defined if the process is going to be effective.

Have You Accessed All Relevant Behaviors?

In addition, it is critical that the behavior-related measures developed have certain characteristics. For example, it is crucial that they include all the behaviors that you wish the subordinate to demonstrate.

All too often, appraisal systems latch on to one dimension. The classic example would be in a salesperson's job. Volume of sales is the only thing measured. I am sure some of you have gone into department stores with those kinds of systems, and you know the behavior that results. Single-minded concern with that behavior

and that dimension makes salespeople ignore other things, like being pleas-ant to the customers, stocking the shelves, helping out other sales people when they are overloaded, etc.

The same kind of example holds when you begin to look at managerial jobs. If areas like EEO appraisal of subordinates, and development of subordinates, are not part of the ap-praisal system, the supervisor ignores them. Therefore, it is critical that in-clusive measures of performance be developed. It is also helpful if these can be objective. They need not be objective if there is a high level of trust in the relationship between the superior and the subordinate. When trust is present, more subjective measures are manageable. But when trust is low, objectivity is critical.

In addition, it is very desirable for the measures to be influenced by the behavior of the person being ap-praised. All too often we develop measures that are largely determined by decisions or actions taken above the person or by environmental events over which the one appraised has no control.

I have argued that the measures need to have certain character-istics—they need to be inclusive, behavior-related, and influenced by the subordinate's behavior—and fi-nally I would argue that they need to be documented. There needs to be a written record. The written record imposes a certain rigor on the process that is not likely to be present other-wise, and, in addition, because of the concern we have about rights-consciousness, I think we need that written record to fall back on in case of challenge.

Have You Put It in Writing?

There also needs to be some way of checking to see whether appraisal has actually taken place, hence the argu-

ment for the written record. Unfortu-nately, if there is no check and bal-ance to determine whether an ap-praisal has taken place, it often is not done. At least it is not done in a way that is visible to the subordinate. The form may get turned in, the pay deci-sion may get made, but the subordi-nate never hears about it. That may be hard to believe, but I am continually impressed with the frequency with which management will totally avoid carrying out a person-to-person ap-praisal when there is no check in the system to determine that it is done.

The ingenuity that supervisors use to defeat control systems in this area never ceases to amaze me. It is not uncommon, for example, to find supervisors who ask subordinates to sign the blank form before it has been filled out or who cover up the top half of the page so that the subordinate can't see the rating and ask the subor-dinate to sign the bottom half.

Why such devious behavior? Well, I think it goes back to the point I made earlier that it is an uncomforta-ble process, it is one that people don't enjoy. A few do. A few supervisors see it as an important and useful tool that can be integrated into their man-agement style, and they give it a lot of attention and effort. But I am afraid they are a minority, and with-out strong support from the system, most people don't do it very well.

In the mechanical area, I think timing is absolutely crucial to making appraisal go well. First, there has to be a preliminary session in which there is agreement on the behaviors to be measured and what is adequate performance in those behavior areas. I think it is also desirable at the same time to reach some decisions about what will happen in a pay area if performance levels are achieved.

Usually this best takes place at the beginning of the year. Let me sum-

marize what I think needs to go on at that session. There needs to be agreement on what the job is, on what the performance is going to be, areas to be measured, how they are to be measured, and what constitutes outstanding, good, and adequate performance in those areas. That should be related to a promised or alluded-to-pay action. This and only this can make clear the relationship between behavior and pay.

Two-Way Sessions Needed

At the end of the year, superior and subordinate need to discuss the subordinate's performance and how that relates to the pay action. It is critical here that the subordinate be given a chance to present his/her performance case to the supervisor. All too often, this step ends up with the supervisor telling the subordinate how the subordinate performed during the year, and there is no chance for the subordinate to speak up. That may be all right in lower level jobs where the performance of the subordinate is immediately and always visible to the boss. It is not all right in those situations where the boss does not see a lot of the subordinate's performance because at higher management levels they are off doing their own independent tasks. In those situations, it is critical that the subordinate have a chance to give his/her view of performance to the boss before the pay decision is made.

Finally, I think there needs to be a separate development session with the subordinate. My preference is that this take place sometime after the evaluation for the year, and that it be forward-looking, discussing the subordinate's development and training needs, and areas of weakness.

In sum, I am arguing for three sessions—a preliminary discussion session, a post-performance discussion session, and a development session. As you may note at this point, the time involved is beginning to build up. Each of these meetings may take an hour or more, particularly the first time around, with the superior and the subordinate not being very

comfortable with the process. This is why I said earlier that a significant commitment is required.

In the administrative process I think there needs to be some sort of appeal for the individual if he or she does not agree with the appraisal. That can be an appeal to an outside board or it can be an appeal one or two levels higher in management. I leave it to your discretion as to what is most appropriate in the Federal service. I have seen both. I think either one can work. The critical point is that there needs to be some sort of appeal process.

Open Process

On the process side, as you may have guessed from earlier comments, I am arguing that it has to be an open process. It has to be open between the superior and the subordinate, and it has to be generally open within the organization. Tied into this is the importance of its being a two-way participative process. When I was describing the timing, I was emphasizing the importance of pre-performance agreement on goals, and rewards, and joint assessment of performance at the end of the period. Research on performance appraisal shows clearly that this is a critical issue in determining its effectiveness. If subordinates feel that they can influence the type of goals, the type of measures being taken, and the judgment of the supervisor, then they tend to feel that the process is fair, that the appraisal is reasonable, even if they don't get a particularly favorable appraisal.

If, however, they feel it is a one-way process, if the supervisor tells, lectures, defines, and evaluates, most subordinates do not feel good about the process, do not feel fairly appraised, and are particularly likely to make use of their appeal rights, their rights to challenge the system.

Can the Federal Government Do It?

Now to the final and, I think, the bottom line question: "Can it be done here, can it be done with top man-

agement people in the Federal Government?" I think the answer is yes, but—and it is a big but—it is going to take a considerable amount of time and effort. You are going to need to be very patient. I think we are talking about years to make it effective, not months.

It is critical that you realize it is an extremely difficult process, that there will be problems, and indeed it may take a year or two before the net balance is on the positive side. Initially, I am sure you are going to feel that the problems outweigh the advantages. I would hope that the situation would turn around within a 2-year period, in other words, the second time around. But it will be difficult, it will take time, it will require tremendous commitment on your part. And I think you will have to remember constantly that the situation may need to change along with the appraisal, and that you need to look at your information and control systems, the way jobs are designed, as well as at the appraisal system if you are going to make it work.

Finally, I think there is a critical need for training. Most supervisors cannot carry out a performance appraisal without training. There are some, but they are in the minority. Most people need to be trained and coached and helped until they get the skills.

So if I were to leave you with a concluding thought, it is to train, train, train, and remember to be flexible in areas like job design and the pre-conditions that are needed to make it work. CSJ

The Author is a Professor of Psychology, Institute for Social Research at the University of Michigan.

Performance Appraisal— Cornerstone of Civil Service Reform

by Mary M. Sugar, Priscilla L. Levinson,
and Charles H. Anderson
Office of Personnel Management

WHAT IS LESS than four pages long and will directly affect most Federal employees? The Civil Service Reform Act provisions on performance appraisal for nonexecutives.

One major part of the Act is a complete revision of the performance appraisal provisions contained in chapter 43 of title 5, U.S. Code. Subchapter I covers most employees not in the Senior Executive Service. Subchapter II covers members of the SES. While this article is directed toward non-SES employees, many issues apply to both groups.

Why is performance a cornerstone of civil service reform? One major purpose of civil service reform was to provide the basis for better use of human resources—and this is what performance appraisal is all about. New subchapter I provides the statutory framework for achieving this purpose by:

—Permitting appraisal systems to be tailored to an agency's individual needs.

—Requiring job-related performance appraisals.

—Linking performance to personnel decisions.

Basic Statutory Requirements

There are only a few basic requirements, common to most modern performance appraisal systems.

—Agencies must establish systems for periodically appraising employees' performance.

—Objective, job-related performance standards and critical elements of the job are to be communicated to employees at the beginning of the appraisal period.
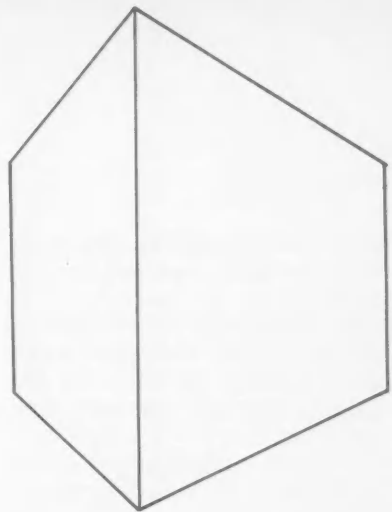
—Employees are to be encouraged to participate in establishing these standards.

—Results of performance appraisals must be used as a basis of personnel decisions such as granting pay increases, promotion, demotion, and training. In other words, performance appraisal is the link between an employee's performance of his or her job and actions taken to recognize, improve, and better utilize that performance.

—Agency managers have an active responsibility to help employees improve unacceptable performance, and take appropriate action when performance fails to improve.

What Do the Changes Mean to Me as a Manager?

Major implications of these changes pertain to the requirements for establishing performance standards and critical elements based on the job, communicating these standards and critical elements to employees, and appraising employees based on the pre-established standards. In so many words, managers and supervisors must ask themselves, "Exactly what is this employee being paid to do, how well (much, fast) do I expect the work to be accomplished, and is the employee performing in an acceptable manner?" Managers and supervisors will be participating in this process from two points of view—as subordinates and supervisors.

Although the degree to which individual managers and supervisors are responsible for setting standards and identifying critical elements depends on delegations of authority within each agency, all managers and supervisors are responsible for communicating these to subordinate employees and appraising their performance.

Quality of communication is the key to the whole appraisal process—mutual understanding between supervisor and subordinate about what the employee is expected to do, and how well. There needs to be regular feedback about how an employee is doing so that good work can be reinforced, and problems spotted and corrected. If there has been good two-way communication throughout the appraisal period, the appraisal itself should bring no surprises.

Two-way communication is frequently viewed as being important only between line managers and their subordinates. This is not so. Good

**"Performance appraisal
systems, once established,
cannot run on momentum."**

communication needs to start at the top in the agency and flow to lower organizational levels—from executives, to managers, to supervisors, as it is this level that can plan for proper use of resources and match line employees' objectives with the organization's needs.

In addition, many managers will be participating in some way in developing new agency performance appraisal systems. Many people view performance appraisal as a personnel office requirement. Not so. It is an integral part of total management. Managing people is done most effectively when it is dovetailed with management of fiscal and material resources. In other words, performance appraisal is a management tool. Developing performance appraisal systems that meet managers' needs is, therefore, a joint responsibility of managers and personnelists. Professor Lawler's advice to the Program Development Conference participants—that managers be involved in performance appraisal system development—reflects the need for this participation. (*Ed.'s Note:* See Lawler's article on p. 13).

What Kinds of Systems?

What kinds of systems will meet the criteria established in statute? Although law requires that agencies base systems on the jobs to be performed, it deliberately leaves it up to agencies to choose *how* this is done because factors such as the type of work, organizational structure, and organizational climate all affect the type of system that will work best in an agency or component of an agency. Agencies should select the methods of appraising performance that best suit *their* needs.

Most agencies are planning to establish two or more systems to meet the needs of different categories of employees. For example, many intend to establish a type of management by objectives system (MBO) for executives and managers covered by merit pay because the linkage in MBO systems between organizational and individual performance makes it particularly well-suited for appraising managers' performance.

Appraisals based on general traits such as courtesy, adaptability, and dependability, or appraisals based on broad rating categories such as undefined concepts of quality, quantity, or timeliness, will not provide the information managers or employees need. They contain no performance standard and may not even be related to the job. For example, timeliness means nothing to a supervisor or subordinate unless it is put into the context of the specific job. Worse yet, each may have a different understanding of timeliness unless it is defined and communicated.

OPM strongly encourages agencies to keep their systems simple, and concentrate on the basic elements—clear performance standards and meaningful, continuous communication between supervisors and subordinates about performance.

Participation in Training

The best appraisal system cannot succeed if those using it are not given adequate training. The 1977 Conference Board Report "Appraising Managerial Performance: Current Practices and Future Directions" (by Robert I. Lazer and Walter S. Wikstrom) found:

"When companies are asked what they believe needs to be done to increase the effectiveness of appraisal systems, the most common response is 'more training.' Thirty-nine percent of the executives answering this question feel that additional training or exposure to performance appraisal philosophy and administration is critical, along with increasing the skill levels of superiors responsible for giving feedback to employees."

Participation in Evaluating Effectiveness

Performance appraisal systems, once established, cannot run on momentum. They need to be evaluated to determine whether they are meeting the organization's needs. Your views are crucial to determine what changes need to be made to fine-tune a system.

Is It All Really Worth It?

Defining jobs and establishing objectives (observable indices of performance) sounds like a lot of work. It is. The higher up the job is in the organization, the more difficult the process. However, there is no acceptable alternative. Managers must make judgments about subordinates' performance. And the only justifiable basis for these decisions is found in job-related performance standards.

More than this, however, is the fact that good appraisal benefits everyone. It tells employees how well they are doing and what they can do to enhance their careers. It relays to first-line supervisors the information they need to plan and assign work, develop subordinates, and make or recommend personnel decisions. It gives top-level management information about how employees are being used to carry out the agency's mission.

Sugar and Levinson are personnel management specialists, the former with the Office of Policy Analysis, the latter with the Office of Work Force Effectiveness and Development; Anderson is a personnel research psychologist with the Office of Staffing Services.

built around employee participation, it works

Performance Evaluation at the FHLBB

by Barbara A. Stevens
Federal Home Loan Bank
Board

IN 1975, the Joint Financial Management Improvement Program submitted their Annual Report on productivity. At that time, the Federal Home Loan Bank Board was asked to submit a paper describing its Management by Objective/Key Operating Indicators (MBO/KOI) program as one method that might improve productivity. This article updates that report and reflects the current state of the Bank Board's performance evaluation program.

The Federal Home Loan Bank Board, with 1,500 employees, supervises the $515 billion savings and home financing industry—the country's major private source of funds to finance construction and purchase of housing. Two-thirds of the staff are involved in examining federally insured savings and loan associations. The remaining third handle legal work, economic analyses, applications for charters, and services to the 12 Federal Home Loan Banks.

Over the past few years the Bank Board has worked with a management system aimed at improving internal operations and increasing the effectiveness of its staff and their regulatory services. One of the key elements is an MBO-based performance planning and appraisal system known as MBO/KOI.

Board Planning Program: Goals and Objectives

During the early 70's, Bank Board managers participated in planning and management seminars sponsored by the American Management Association. This was followed by the installation of a formal planning and goal setting program in each office. Twice each year, all offices set goals and objectives, which are monitored closely by the Bank Board in its meetings with office directors.

Key Operating Indicators

In 1972, the Board determined that its formal planning system should differentiate routine or ongoing operations from its goals and objectives, which, by their nature, were directed at change. A monthly progress report was instituted to convey the status of key operations in each office. Key operations and their indicators provide a shorthand means for describing how the regular, on-going work of the organization is progressing.

This monthly reporting process gave balance and perspective to the Bank Board's improved planning and control system. It has provided the Board with ready information on any of its key activities, thereby increasing management's confidence that status reports on its operations are accurate and realistic.

Performance Planning And Appraisal Program

The individual MBO/KOI program (Management by Objectives/Key Operating Indicators) is the most recent addition to the Bank Board's management, and is more than a planning and control mechanism. It is people-centered and job specific, designed to bring about a greater understanding of specific job responsibilities, open communications, commitment to specific results, and coordination of efforts. An individual work plan is designed by both the supervisor and the employee, describing the employee's key operations or objectives, expected results, assistance required to get the job done, and the indicator that will signal to what degree the expected results were achieved.

The work plan helps employees monitor and appraise their own efforts, hold productive and objective progress reviews with their supervisors, perform more effectively, identify improvements needed, and expand their career and professional growth.

Evaluation of MBO/KOI

Periodic evaluations of MBO/KOI have assessed the program's effectiveness, and on several occasions, adjustments have been made to ensure its continued effectiveness as a communication device for supervisors and employees.

The most recent evaluation was a GAO survey in 1976, with the final report to Congress in early 1978. Following an extensive survey by employees of 10 agencies, GAO recommended that ''Federal agencies should improve the performance rating systems by making more use of

NASA's Work Planning and Progress Review

by Gwynne R. Berry
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   Aeronautics and Space
   Administration

THE NATIONAL Aeronautics and Space Administration (NASA) has used Work Planning and Progress Reviews (WPPR) since 1973. With 6 years' experience, NASA's results may be useful to managers who must now design their own performance appraisal systems, required by the Civil Service Reform Act. One thing is clear: Meaningful performance appraisals will take lots of patience, planning, training, and commitment—but it's worth the effort.

NASA has 23,000 permanent civil service employees, about half in professional engineering and scientific positions. The balance is divided among professional administrative (accounting, personnel, legal, procurement, etc.), clerical, and technical support positions. There are from 400 to 4,000 employees at each of the nine field centers and about 1,200 in headquarters. Contractors provide maintenance and other services (e.g., computer operations), and also work on agency projects. There is a mix of research, design, and development

The Author is a Staff Specialist for Employee Relations and worked with the assistance of Kennedy Space Center Personnel Division's Richard E. Uhrmann, Chief, Personnel Management Assistance Branch, and Saul H. Barton, Senior Personnel Management Specialist; and the Langley Research Center's William L. Williams, Personnel Officer.

work done within the agency by its personnel, and outside the agency by contractors, universities, and other organizations.

During the build-up of the agency in the 1960's, the glamor of the new space frontier and the manned space flights drew many people to NASA. As a result, NASA was able to attract highly qualified and motivated employees.

Cutbacks

In 1969, man walked on the moon and returned safely to earth. NASA's foremost objective had been met within the time set by President Kennedy. But by then, NASA had already begun to feel the impact of reductions in force as the agency contracted from a peak of over 35,000 (in 1967) employees. As its size shrank, program emphasis shifted, with major reorganizations. Skill-mix problems developed. Civil service procedures did not allow much consideration to employee performance in making reduction-in-force decisions. Valuable people were lost. The replacement pipeline narrowed. Emphasis on providing jobs for women and minorities increased at a time when there were few opportunities to hire or promote. Personnel management evaluations by the Civil Service Commission and NASA itself identified problems in employer-employee relationships. Supervisors, selected

because of their technical strengths, were unable to deal with human relations problems using slide rules. Appeals, complaints, and grievances increased. The focus of attention by many employees shifted from work objectives to personal insecurities and frustrations. Management's concern about personnel problems increased exponentially over a short time.

Genesis of WPPR

A Personnel Review Committee was established to help NASA's top management deal with these problems. The Committee (top officials in field centers and headquarters) was to monitor, study, and make recommendations about NASA personnel policies and practices. For this purpose, they reported directly to the NASA Deputy Administrator. In 1972, the Committee concentrated its efforts on performance review as a part of performance evaluation. Performance review was defined as the discussion between managers and their employees—covering work objectives and standards, future work requirements, and developmental and training activities.

The Committee got the views of key management personnel in NASA headquarters and field centers, and reviewed practices of other Federal agencies. Several large firms were consulted—including General Electric, Raytheon, and IBM—as well as Chester Newland of the Federal Executive Institute and Emanuel Kay of the Gellerman-Kay Corporation.

In its report, the Committee said:

"From our appraisal of performance review, we are convinced that it is a valuable process in dealing with the human resources of NASA. It is well worth the time and effort needed and will help to assure greater satisfaction among employees and in-

creased production levels . . . . Furthermore, it is a most important form of communication among the people of NASA.''

The Committee's study turned up several problems, which, it concluded, kept performance review from being a useful management tool. First, it found that performance review was generally confused with performance evaluation required by the Civil Service Commission (Performance Rating Act of 1950), and thus was sometimes conducted in a perfunctory and meaningless manner. Moreover, managers and supervisors seemed unfamiliar with how best to handle the process, and were embarrassed because it seemed to put them in the role of judge.

The Committee cited three conditions as fundamental to the success of the review process: (1) Both supervisor and employee must be familiar with the objectives and give adequate thought to each review; (2) employees must know what is expected; and (3) supervisors must be genuinely concerned with employees' interests and aspirations.

"The end result," the Committee advised, "should be greater incentive on the part of the employee to perform because he is informed and has a stake in doing the work he helped design. The supervisor gains from having a broader knowledge of what his employee is doing.''

Establishment of the WPPR Policy

The recommendations were accepted, and the policy was summarized in six points:

1. Give employees a clear understanding of their assignments and responsibilities.

2. Have employees participate actively in developing and reviewing their individual work objectives and plans.

3. Have supervisors assist their employees in developing individual work objectives and plans.

4. Hold employees accountable for the responsibilities and work assigned.

5. Pinpoint developmental needs of individual employees.

6. Have employees improve performance within their capability, and develop skills relating to the current assignment and possible future jobs.

The policy encouraged supervisors to meet as necessary with each employee to review work progress, acknowledge achievements, discuss and solve problems, identify developmental needs, and discuss work plans and objectives. At least one such meeting should be held each year, it stated, and work planning and progress review sessions should be separate from discussions of official performance ratings.

The Committee pointed out that WPPR was, in a sense, the continuation of a process that most supervisors already used to some degree. From it could come definite advantages—smoother workflow, improved working relationships with and between employees, more confidence that work was being done properly, and a better factual basis for judgments on work-related matters.

Langley Research Center's Experience

Langley Research Center, in Hampton, Va., is the oldest and one of the largest NASA Centers.

When the WPPR policy was issued, Langley management immediately ran with the ball. Its Materials Division had been holding work planning and progress review discussions since 1971. Moreover, the Center had developed goals and objectives that captured major tasks and goals of an

immediate and 3-to-5-year projection, and this provided an effective roadmap.

In 1973, a copy of the WPPR policy was issued to every Langley supervisor, along with a letter outlining a series of briefings. The Materials Division conducted a survey of professional employees and supervisors to get their practical experiences, problems, and successes. Then William L. (Bill) Williams, Personnel Officer, briefed all supervisors, aided by the Training Officer, Pat Clark, and a supervisor from the Materials Division who discussed that division's experience with the process, with time for questions. Two weeks later, each division was revisited to obtain its timetable to implement WPPR.

Williams and Clark provided follow-up assistance to supervisors, and a management consultant presented a seminar on industry experiences related to WPPR. At Langley, records of WPPR discussions are left to the discretion of each division head, and prepared and kept by the supervisor and the employee. It is clear to everyone that these are work records, and they are *not* sent to the Personnel Office.

The Langley Center Director also conducts WPPR sessions with each of his subordinates, and these have been instrumental in getting WPPR acceptance and confidence throughout Langley.

In 1975 NASA administered a questionnaire to employees to evaluate the effectiveness of personnel policies and practices. The views of a sample of employees at the Langley Research Center were compared with those of employees at a NASA installation that generally was not using WPPR. It was found that at Langley a higher percentage of employees responded favorably to ques-

tions about understanding their duties and responsibilities (12 percent higher), being kept informed about how they were doing on the job (16 percent higher), and having periodic discussions with their supervisors about career development (20 percent higher). Langley's success has encouraged other NASA centers to implement the WPPR process.

Kennedy Space Center's Experience

Kennedy Space Center, with about 3,000 employees, is not as large as the Langley Center. Its work is operationally oriented, but with much engineering design work too.

To prepare for WPPR, the Kennedy Center Director approved a pilot study to get employees involved first hand in deciding its usefulness. In 1974, a pilot project was introduced in three engineering divisions (two operations-oriented and one design-oriented). Richard Uhrmann, Chief of Personnel Management Assistance, and a training consultant, worked closely in support of the pilot project division chiefs; however, the division chiefs, backed by their top management, were given the lead in planning and implementing their own projects.

Supervisors were trained, with sessions that varied in length and intensity depending upon line management's desire. In one organization, extensive training was given to develop an understanding of the WPPR concepts and process and to explain how to conduct the WPPR discussions. Two divisions received an overview of concepts and limited information on how to conduct a discussion. In one organization, an orientation also was given to nonsupervisory employees.

Then discussions proceeded in a "top-down" flow; i.e., the division chief held WPPR sessions with each

branch chief, then branch chiefs with section chiefs, and finally section chiefs with each employee. The top-down flow gave each supervisor the experience of being on the employee-end of a discussion before having discussions with the next lower level employees. The top-down approach also prepared each supervisor with information about overall work objectives that could be related to specific employees' assignments.

Most participants in the pilot study indicated through confidential interviews or written responses that they believed the process could supplement established supervisor-employee communications, but that top management interest and participation in the process were needed to make it effective.

In August 1975, as a result of experience gained in the pilot study, the Center issued management instructions on WPPR—all supervisors were expected to hold WPPR discussions at least once each year to supplement and reinforce established processes for supervisor-employee communication. The objectives in the NASA policy were spelled out, and the instruction called for WPPR discussions to: (1) be scheduled in advance; (2) be uninterrupted; (3) focus on the work to be done; (4) provide the employee the opportunity to participate with the supervisor in work planning, review, and resolution of work-related problems; and (5) be used to plan for developing the employee in order to achieve work objectives. Documentation of these discussions has not been required, but supervisors were strongly encouraged to make brief notes of objectives, plans, and agreements to facilitate progress review.

In 1975 and 1976, the WPPR process was implemented—top-down—throughout the Center, starting with

the Director's discussions with heads of major suborganizations. Personnel Management Specialist Saul Barton, and a consultant, trained all supervisors, initially on helping them understand WPPR concepts and how to conduct the discussions, how to handle conflicts, and how to answer tough questions.

After completing the 1976 discussions, a questionnaire was administered by the Personnel Office to a random sample of 25 percent of all supervisors and nonsupervisors at the Center. The majority of those responding thought WPPR worthwhile. Nonsupervisors' attitudes were generally more favorable than supervisors'. One manager aptly diagnosed this difference saying: "The positive view . . . by employees, I feel, confirms that the WPPR process provides them a channel of communications that is not available without the review. Supervisors, on the other hand, can always cause such discussions to occur and do not feel the need for a formalized process."

The results convinced the Center Director to continue the annual "top-down" approach to WPPR. Sessions were held in 1977 and 1978 with continuing favorable feedback, but acceptability of WPPR at the Center has varied from group to group and supervisor to supervisor.

WPPR as a Basis
For Performance Appraisal

Under the Civil Service Reform Act of 1978, agencies must develop performance appraisal systems that require supervisors to communicate to each employee the performance standards and critical elements of the job. Furthermore, supervisors must encourage employee participation in establishing job standards, and must evaluate employees on the basis of

performance, measured against job standards, during the appraisal period. These appraisal results are to be used for personnel actions affecting employees.

If WPPR meetings are held periodically during the year, changes in work requirements and priorities can be identified systematically, misunderstandings can be clarified, workload assessed, and work problems identified and resolved. These meetings can be used to encourage employee participation in arriving at a mutual understanding between the supervisor and the employee of the work standards—what is to be done, when, and how. When an appraisal is due, the supervisor can review the summary work plans developed during the year and make reasoned judgments about the employee's performance. The requirement to use the appraisal as a basis for making personnel decisions is likely to focus more attention on the documentation of WPPR discussions to justify appraisal judgments.

General Observations

There is nothing mysterious about WPPR. It is a rational approach to work planning and is responsive to employee needs. Employees generally want to influence the decisions that affect their work. WPPR provides this opportunity, and leads to employee commitment to work objectives.

WPPR communications permit real time recognition and assessment of performance without waiting until the annual appraisal. The organization benefits from the experience and knowledge of the employee in planning work, resolving problems, and assessing accomplishments.

WPPR does not replace normal day-to-day assignment of work nor discussions between supervisors and employees whenever appropriate. It would be totally unrealistic to expect work assignments, planning, and reviews to be done only in a WPPR context. But it does help to ensure that opportunities are provided for open communication between super-

visor and employee. It is not a perfect system, but one thing is clear: many people believe it helps. 〔CSJ〕

For more information about NASA's experience with the Work Planning and Progress Review process or copies of publications on the subject call:

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Mr. Richard E. Uhrmann, Kennedy Space Center, Cape Canaveral, Fla. FTS: 823-2507
(also, Mr. Saul H. Barton at Kennedy, FTS: 823-2510)

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the collaborative approach. That is, they should:

—establish systems built around employee participation,

—develop preset work requirements, and

—review work achievements in the performance evaluation process.''

These recommendations virtually mirror what the MBO/KOI system has provided since its beginning. The National Aeronautics and Space Administration shared similar pleasure, as their MBO-based program, entitled Work Planning and Progress Review, also provided for some of these recommendations. Other agencies participating in the survey did not have

MBO-based programs to evaluate employee performance.

A performance evaluation system such as MBO/KOI works satisfactorily in the Federal Home Loan Bank Board because it meets organizational and individual needs and receives the attention of top agency managers.

The program is now fairly well engrained in the various facets of personnel such as training and career development, and aiding employees with potentially unsatisfactory performance. These applications are possible thanks to the first line managers' commitment to making an employee-centered performance appraisal program work.

As the new top management team joined Chairman Robert McKinney, the scope of the MBO/KOI system was modified to incorporate their expectations of a performance evaluation system. The system itself has responded well to the changes a new administration brings. A flexible system, predicated on reasonable objectives, is the core of the MBO/KOI program, and the modifications that have been made tighten up its loose ends. Chairman McKinney has endorsed the MBO/KOI performance appraisal system and has personally emphasized his commitment to fair and objective evaluations of all Bank Board employees. 〔CSJ〕

help for the Federal manager,
from research to practice

Introducing Organizational Change

by Stanley L. Cohen and
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Office of Personnel
    Management

C HANGE is a way of life in gov-
ernment agencies. They cen-
tralize and decentralize, split and
combine, or expand and contract in
continuing cycles. Change is a
foregone conclusion for many agen-
cies at the arrival of a new adminis-
tration. Yet development of systema-
tic approaches for effectively intro-
ducing change has lagged behind the
practice of change.

The primary objective of OPM's
organizational psychology group is to
provide Federal managers with
research-based answers to such ques-
tions as, "How do I go about intro-

ducing change to my staff?" and
"How much change can I realistically
expect to accomplish in my Govern-
ment work-setting?"

Before discussing what we already
know and are attempting to learn
about introducing effective change,
let us establish a common frame of
reference for the change. The total
process, as outlined in table 1, can be
split into three components
—identify, implement, and evaluate.

In the identification phase, you as a
manager must determine what aspects
of your organization you want

changed and what you hope to accomplish.

In the implementation phase, you must carry out the strategy to make the change.

In evaluation, you must determine whether you achieved the intended effects, and what unintended side-effects may also have occurred.

Let's now see how organizational research can help you with each of these aspects of change.

1. Identifying Change Requirements

Generally you have a sense of what needs to be changed or what you hope to accomplish by a change. However, there may be other related problems or issues that have not come to your attention. For example, new office equipment can improve information flow and clarify job responsibilities and relationships. Or you may not be aware of all the implications of a proposed change on the total organization. For example, expanding the responsibilities and duties of one group may threaten those of another.
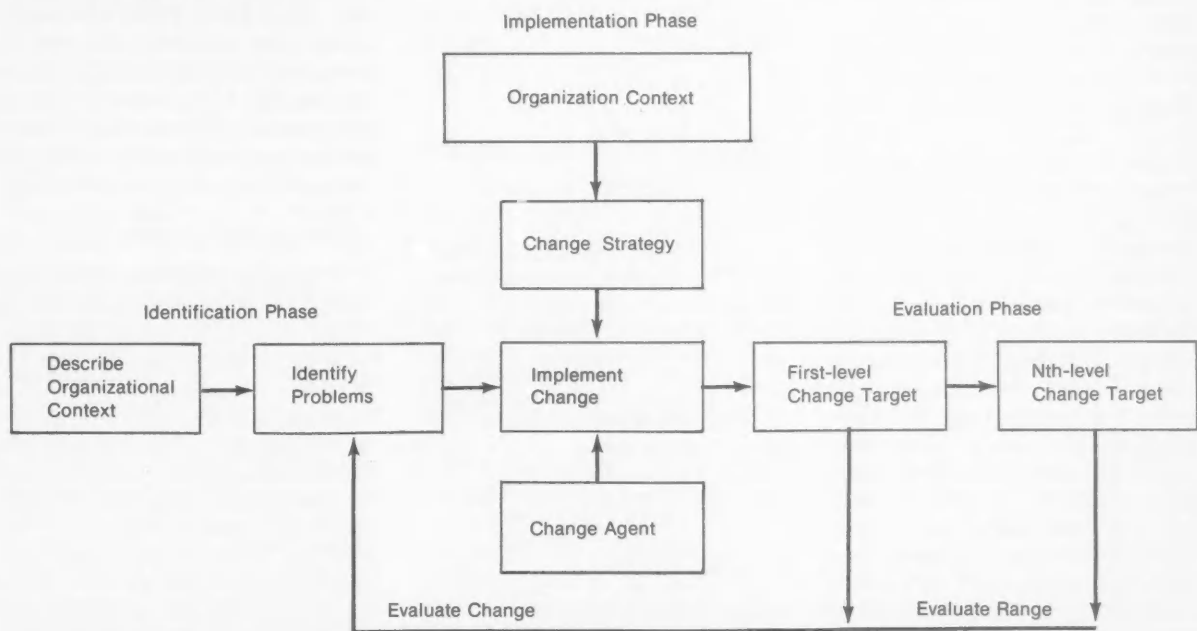
By having ready access to data that tap employees' work perceptions, attitudes, and concerns, you can get a better picture of the organization before changing it. Moreover, the need for change can be reinforced throughout the organization by pinpointing specific problems, which relate to job satisfaction, motivation, and performance, through feedback sessions with employees. Their resistance or lack of commitment to a contemplated change can determine whether it has the intended impact, as many a Federal manager has learned. It's important to get employees' support by clearly delineating how they and their organization will benefit from the change.

Diagnosing the Problems

We are developing diagnostic techniques to help you delineate problems and prepare your organization for change. Our *Survey of Organizational Climate* (SOC) addresses a wide range of organizational factors such as group relations, supervision, job characteristics, and employee motivations and work expectations. Analyses of data collected from the Defense Logistics Agency, Social Security Administration, and Civil Service Commission (now OPM) yielded the dimensions in table 2 and

Table 1
Studying the Planned
Organizational Change Process

Implementation Phase

Organization Context

Change Strategy

Identification Phase

Evaluation Phase

Describe Organizational Context → Identify Problems → Implement Change → First-level Change Target → Nth-level Change Target

Change Agent

Evaluate Change

Evaluate Range

provide an initial data base for establishing norms against which you can compare your organization.

While an extensive survey like the SOC can provide a picture of an organization across a wide range of dimensions, you may wish to focus on a specific area in more depth. For this purpose, we are constructing short surveys, each dealing with a single issue. For example, we are currently completing work on a survey to determine the nature and extent of exchanges between functional units to indicate whether there is adequate integration of functions. In the future, we plan to develop instruments that will focus on such areas as coworker relationships, motivation, and performance feedback.

Surveys are usually only one part of identifying a total problem. Interviews are another valuable source of data and can be used as a complement to surveys. By using interview guides, in-depth information can be obtained on problem areas. Interviews can sacrifice interviewee anonymity, however, and are time-consuming.

We are currently experimenting with combinations of interview and survey, where interviews are first used to uncover potential problems. Then the underlying organizational issue is incorporated into the survey to determine whether a significant problem exists. Finally, the survey data are fed back to employees to gain additional clarification of causes and effects of identified problems, as well as to explore change requirements. For example, initial interviews may uncover a lack of feedback for good performance from supervisors. Items introduced into the survey indicate that, while subordinates in general find this to be a problem, their supervisors feel that they do an adequate job providing such feedback.

Discussion of the data leads supervisors and subordinates to the conclusion that clear, mutually understood performance criteria are needed, then plans are made to establish them. We are currently refining these

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Table 2
Current Dimensions in the Survey of Organizational Climate

I. Organizational Characteristics
    A. Clarity
    B. Authority
    C. Trust
    D. Change orientation
II. Intergroup Relations
III. Group Functioning
    A. Cohesiveness
    B. Effectiveness
    C. Decision-making
IV. Supervision
    A. Work facilitation
    B. Task orientation
    C. Delegation
    D. Competence
    E. Performance feedback
V. Job Characteristics
    A. Role clarity
    B. Work overload
    C. Influence
    D. Autonomy
    E. Meaningfulness/importance
    F. Challenge
    G. Task interdependence
VI. Expectations
    A. Good performance outcomes
    B. Poor performance outcomes
VII. Individual Characteristics
    A. Intrinsic motivation
    B. Skill adequacy
    C. Importance-social factors
    D. Importance-intrinsic factors
    E. Importance-extrinsic factors
VIII. Individual Attitudes
    A. Life satisfaction
    B. General job satisfaction
    C. Satisfaction with group
    D. Satisfaction with pay
IX. Individual Behaviors
    A. Effort
    B. Intent to turnover

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methodologies as part of an extensive study at the National Institutes of Health to determine the underlying causes, forms, outcomes, and ways of dealing with conflict.

2. Implementing Change Actions

Two aspects of any change program contribute to its success or failure. First, there is the content or substance of the change itself, such as a change in organizational structure or way of doing business; second, how the change is made. If you don't pay enough attention to the second element, a substantive change with high potential for improving the organization may fail for the wrong reasons. While there are many specialists implementing change programs, practice has far outstripped theory and research. Therefore, particularly in the Federal sector, the manager does not have adequate substantiated guidance on how best to accomplish change.

Let us now consider what we know and don't know about introducing change into Federal organizations and how our research helps to narrow the gap in four basic areas—employee participation, organizational change techniques, organizational power and influence, and employee motivation.

Employee Participation

A central theme running through behavioral science literature is the value of having all employees participate in the change process. One objective is to overcome resistance through greater employee understanding and ownership of the change. Another is to assure that employees perceive personal as well as organizational benefits from the change, thereby increasing their commitment to make the change work. However, our studies, as well as others, indicate that employee par-

ticipation does not always accomplish what is intended.

In one study, we found that management believed it was achieving participation through weekly staff meetings. In another agency, a manager invited all his subordinates to participate in a major reorganization plan. In both cases, employees failed to respond as management had hoped. Why? In the first agency, employees perceived the weekly meetings as merely information sessions, where management described what it intended to do based on decisions already made. In the second, employees weren't certain exactly what their manager expected from them or how to make their suggestions.

The participative process is tricky. First, participation assumes a common knowledge. This was not the case in the first agency, so management resolved the ambiguity by clearly labeling certain meetings as information exchanges and others as decisionmaking sessions, and by defining who should attend each.

In the second case, we see that assuming the role of participant is not always that easy. Subordinates frequently lack experience in how to participate. Therefore, you must provide some structure or guide to help the employees along. To facilitate participation, the manager in the second agency asked for volunteers who wished to contribute, specified where their ideas would fit into the decisionmaking process, and sanctioned their group meetings. This group then developed their own strategy for gaining input from other employees.

Many recent studies have focused on identifying appropriate forms and levels of participation for particular situations. For example, organizational psychologist Victor Vroom has developed a model to help managers determine how much subordinates

"Many political appointees have learned the hard way that failing to gain the support of key career managers can quickly diffuse change programs."

should participate in decisionmaking for best results.

We are now exploring alternative levels of employee participation. One study to be completed soon—on the effects of flexible working hours in several regional and area offices of what was then the Civil Service Commission—includes an examination of different levels of employee involvement. Of interest is whether greater involvement in developing the procedures produces greater use of flexible work schedules or greater employee satisfaction. Similarly, another study at the Social Security Administration is examining the effects of different levels of employee participation on the introduction of group incentives systems into four different groups performing the same functions. Studies such as these should help us to provide you with a clearer picture of appropriate levels of staff participation in introducing change.

Organizational Change Techniques

A number of strategies have been developed over the years by behavioral scientists to facilitate organizational change and produce more effective organizations as well as more satisfied employees. These techniques have become known as organizational development (OD). [Editor's Note: See also the article on p. 42.]

While the practice of a particular technique may vary widely, there are certain general techniques.

First, there is team-building, generally structured group tasks or exercises to help participants function together more effectively. Usually, a facilitator with a behavioral science background assists the group to develop its skills.

Second, various forms of management development can make managers more effective in dealing with employees and their needs. Sensitivity training or T-groups and the Managerial Grid are examples.

Third, there is survey feedback, which focuses on the use of clearly defined data to introduce change through presentations to survey respondents. Generally, survey feedback is followed by some form of participative problem solving by the respondents, to resolve problems that turn up in the data.

Fourth, job enrichment introduces changes in the work to enable an employee to use more fully his or her skills and abilities—challenge, responsibility, and control.

Finally, there is process consultation, which consists of behavioral scientists working closely with managers and employees within the context of their day-to-day work settings to address problems identified as part of communications patterns, decisionmaking, interpersonal relations, or the work itself.

Use of these techniques has far outstripped research on their relative usefulness and the alternative forms they take. One recent review of research literature indicates that performance, job satisfaction, absenteeism, and turnover improved 51 percent of the time when used as indicators of change resulting from OD techniques.

Research needs to focus on delineating what differentiates effective from ineffective use of OD techniques. For example, one factor that needs attention is the role and impact of the OD change agent: How much of the effect of the OD technique is a function of this individual's skills and

> **"...employees must see personal benefit in change to be motivated to make it work."**

abilities, and how much due to the technique itself?

Another factor calls for attention: What is the realistic expectation for potential impact of a given technique? For instance, is it realistic to expect employees to change their behavior or perform more effectively after a week of team-building exercises conducted outside the work setting? Can we expect to see more change if we increase the intensity of the intervention by using several techniques or by exposing the organization to change techniques over an extended period of time? Or, what's the risk of overexposure to too much change?

For example, we are involved in a major change program in the Defense Logistics Agency. It focuses on the utility of various techniques such as alternative forms of team-building, and provides the opportunity for sensitive evaluation of intervention techniques by comparing installations that act as control sites with others that use various interventions.

Power and Influence

A third area we are studying considers power and influence as they affect change—identifying influential people who can reduce the impact of an intended change by not strongly supporting it or by withholding essential resources. Many political appointees have learned the hard way that failing to gain the support of key career managers can quickly diffuse change programs. For example, what happens when a memo meant to reach all employees makes it to less than half?

Employee Motivation

As indicated earlier, employees must see personal benefit in change to be motivated to make it work.

Therefore, it's important to examine not only what motivates employees but also how these motivators can be effectively introduced. Civil service reform has attempted to do this for high-level managers as part of the Senior Executive Service.

Our research is beginning to explore alternative ways of tying rewards to performance. At the Social Security Administration we are exploring the feasibility of a group incentive pay system in one division. In each group, specialists work as a team to process disability claims—truly a group product.

Even though managers can't fully control pay, they can use many other motivators. For example, we have found that a simple acknowledgment from a supervisor for good performance is highly valued by employees. However, such positive performance feedback is not used frequently or effectively by many managers.

3. Evaluating Change Results

Critical to any change is evaluation of its impact. Complex interactions in an organization make this particularly difficult. Evaluators frequently rely on convenient quantitative measures regardless of their relevance.

How OPM Can Help

We have tried to give you a sample of the kinds of organizational change issues our research program deals with. The total scope is extensive and requires a long-term research commitment. And there are few long-term studies of the impact of organizational change programs to serve as guidance. However, information is available to be drawn upon now so that managers need not "reinvent the wheel" each time they decide to introduce organizational change. The

Office of Personnel Management's newly formed Consulting Services will provide ready access to this type of state-of-the-art knowledge as it accumulates from research. The objective is to provide managers with:

1. Proven and available surveys and diagnostic procedures for identifying problems in their agency work settings.

2. A variety of change strategies of known utility for introducing specific types of change.

3. Established methodologies for effectively assessing the consequences of organizational changes. More on this in the next issue. [CSJ]

Reflections on Reform

Macy:

Scotty, let's start out and talk a bit about how you achieve civil service reform because for many years this has been on the agenda of Presidents, of Professional public administrators, of those who have had a concern about the performance of government.

Back as early as 1938 there was an effort to achieve a single personnel administration. This became a major defeat for President Rossevelt in his efforts for reorganization. In the sixties President Kennedy and President Johnson concluded with me that the best answer was to proceed for pieces of reform—to do something about salaries, about retirement, about incentive compensation, and so on, rather than total reorganization.

But now the miracle has occurred. You've been the engineer, the creator for that miracle. What are your ruminations as to why a particular window was open for reform at this time? What was the chemistry of change in 1978 that didn't exist at any time over the previous 4 decades?

Campbell:

I'm not sure that we know why the forces came together in such a way at this particular time. I have some guesses.

First, it was certainly related to the mood in the country in which concern about the efficiency of government created an atmosphere that was receptive to changes that would increase efficiency and effectiveness.

Second, also related to the mood in the country, was concern about the possible abuses of the system during the latter part of the Nixon administration. A good number of people
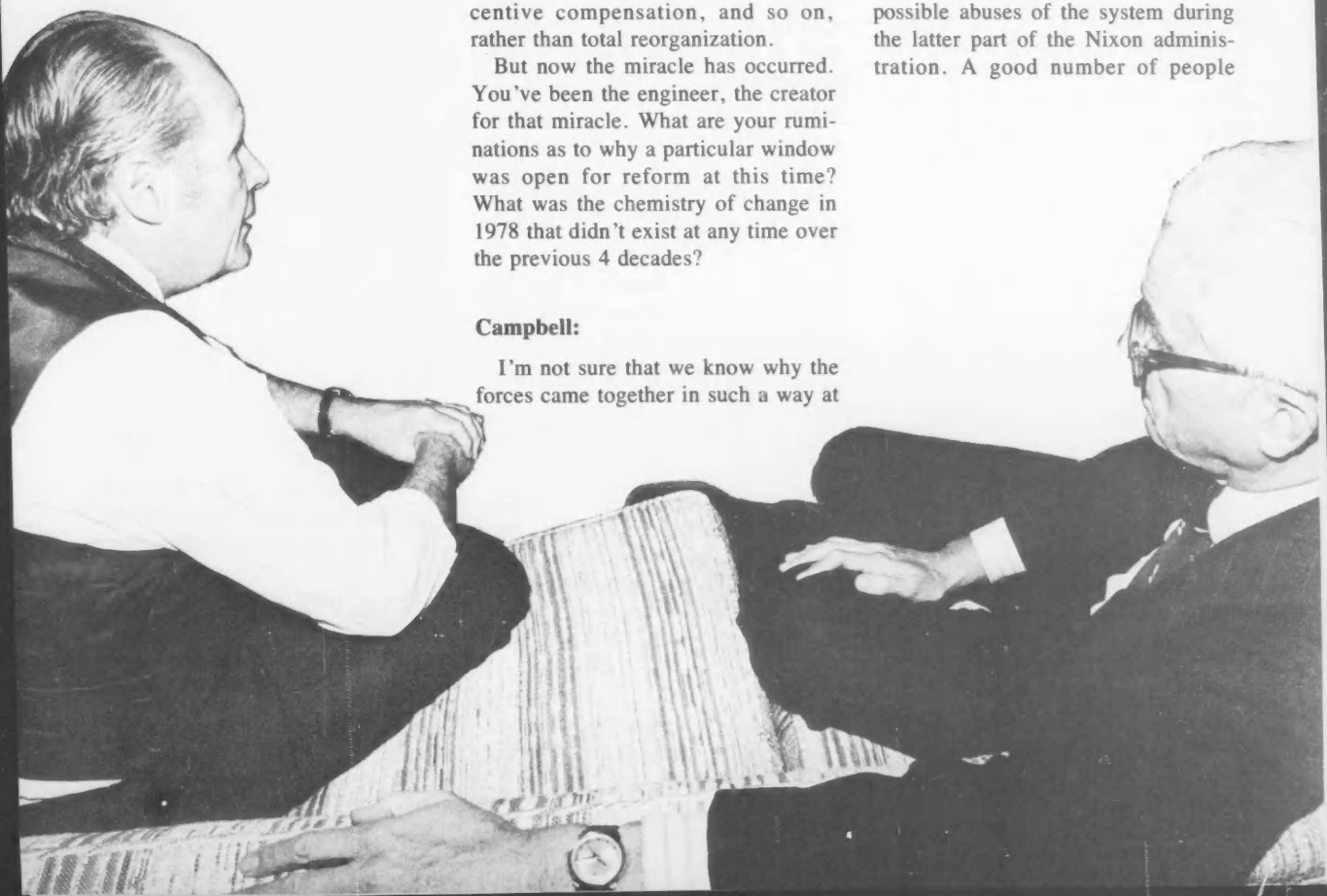
suggested that the system ought to be tightened up, rather than made more flexible. Achieving that flexibility was one of our chief aims, but it would have been possible for the reform to have moved in quite a different direction than it did. Nonetheless, the fact that there had been that kind of public attention to what was believed to have been efforts to undermine the merit system certainly provided a kind of receptivity.

Macy:

That tends to support my thesis that you don't get change unless you attract the public's attention.

Campbell:

Yes, certainly that was part of it. We decided very early that to pass the reform bill, it was necessary to mobilize broad general support: editorial writers across the country, the professional public administration community, and leading business organizations. Yet these were not groups that would give a lot of time and effort because it wasn't in their direct line of interest—with the possible exception of the professional public administration community.

So mobilizing and orchestrating that support had to come from us, and we started out very early to do that. I met with editorial boards of literally dozens of major newspapers across the country. Out of that came overwhelming editorial support from newspapers like the *New York Times*, *Chicago Tribune*, *Chicago Sun Times*, *Washington Post*, and *Los Angeles Times*. More than 200 editorials were written in favor of civil service reform. There's no question that helped us, and it helped us because we had some difficulty arousing substantial interest on the Hill in the

legislation. These are not dramatic, sexy issues.

Macy:

One of the real problems is how do you get public interest.

Campbell:

We recognized that need and did our best to take what we knew was the potential support and translate it into real support. Gradually, there was an awareness on the Hill of that kind of general public interest. We also knew that if we could get the legislation substantially intact through the House and Senate committees, we would get favorable floor action. We were quite certain we had the votes we needed as far as the floor was concerned, but we knew we were also going to have major problems with the committees.

Macy:

Committee membership and their relationship with the interest groups that would oppose certain features of it?

Campbell:

That's right. And in many ways the struggle centered around efforts to delay the legislation, rather than to defeat it.

Macy:

Nobody really wanted to be labeled as an opponent of reform.

Campbell:

There was care in avoiding that, particularly by the members of the

committees. The unions were divided, as you know.

Macy:

Were you active in achieving that division? Was that an important part of your preparation for support?

Campbell:

I felt it was necessary for us to at least have a part of organized employees supporting us, and we, therefore, worked very hard to get the support of the Executive Council of the AFL-CIO and the American Federation of Government Employees, which is the largest union and the AFL-CIO affiliate. We had their qualified support throughout the process. They continually tried to get amendments that would make the act more favorable, from their point of view, to organized employees.

In contrast, the independent unions, with whom I met early on, simply made the decision that the legislation did not go nearly as far as they thought it ought to go in promoting labor relations. They were not willing to accept the small step that, from their point of view, this legislation represented.

And it was a difference in calculation on the part of the AFL-CIO, which I think understood, quite properly, that even the changes the administration was willing to make in the labor relations system, if sent up as separate legislation, wouldn't pass. Their only hope of getting some movement was to do it in association with the civil service reform effort.

Macy:

There really has never been any legislative interest expressed in specific terms by the Congress on labor

relations. There's no great political demand for legislation of that kind.

Campbell:

I think that is correct. There are some people on the Hill who are great champions of it who might argue with us, but I think they're wrong.

Returning to the political tactics, more of our efforts were to prevent delay than to get votes for passage. We spent a lot of time and effort on that. Several times, it was a very close call. For example, the Democratic members of the House Post Office and Civil Service Committee caucused, and it is my understanding, based on hearsay, that they voted by a margin of only one to even consider the legislation. And we then had to build bipartisan support within the Committee, which resulted in some unhappiness on the part of the Democratic members of the Committee since a Democratic administration was attempting to build such support.

I think most people in this town genuinely believed that there was no way Congress would take the action in that session that it did. I was equally convinced that if we did not get action in that session, we were going to wait another decade, and that fed the sense of urgency. People continually were saying, "Well, why don't you slow down a little? We can take it up again next year." I said, "There isn't any next year."

Macy:

Delay is the ultimate denial.

Campbell:

That's perfect. This is of interest to those of us who see ourselves as academic political scientists, because it is the machinery of a "good government" issue.

Campbell:
"...in many ways the struggle centered around efforts to delay the legislation, rather than to defeat it."
Macy:
"Delay is the ultimate denial."

There is substantial literature that argues that the politics surrounding those kinds of issues is quite different than the politics surrounding substantive issues—health reform, or welfare reform, or whatever. I think that was illustrated in this process by the fact that though we had very broad support, it lacked depth. On the other hand, the opposition was narrow but intense and worked very hard on it—the same kind of pattern you get in referendums to adopt city manager plans, for example.

That was the politics with which we were dealing, and I'm not sure that one can generalize very much from that to other kinds of issues.

Macy:

Let's talk about the President. How important was the President's leadership in achieving this?

Campbell:

There is absolutely no question that without his continuous, intense, and informed involvement, we would not have gotten legislation. If one had to point to one key—whether it relates to the mood of the times, or to the kind of leadership that Mo Udall gave, which was terribly important—you have to say that the key was the President. And as you well know, it is rare for a President to devote a lot of time and energy to what is essentially, as I described it before, a "machinery of government issue" in which the payoffs are bound to be long-term rather than short-term.

Macy:

But President Carter had prepared himself for this in his campaign position with respect to government reform. Unlike many predecessor candidates, he saw machinery of government as an important objective for the Presidency.

Campbell:

That is absolutely correct, and as the various alternatives for reorganization and improving confidence in government were presented to him, reforming the civil service system clearly captured his imagination. In his speech at the National Press Club where he announced the reform program, he called it the centerpiece of his total reorganization, and he genuinely sees it that way. That translated itself into involvement. I believe, if you looked carefully at the President's calendar through that period he probably gave more time to civil service reform than to any other single matter, with the possible exception of the Middle East.

Macy:

Did he actually call Members of Congress? Was he influential, for example, in securing Morris Udall's active leadership in the House?

Campbell:

Yes. Specifically, in relation to Mo Udall, the President talked with him on the phone many times and met with him several times during the course of the legislative process. The President made it clear to those of us who were carrying the ball on the legislation that we were to take leadership from Mo. And Mo was clearly the President's man as far as the legislation was concerned.

Macy:

He was very skillful in this process.

Campbell:

Absolutely.

Macy:

You established a very close—daily, almost hourly—relationship with him in shepherding the legislation through the obstacle course?

Campbell:

I did, and it was one of the most satisfying and educational experiences that I've ever had. Recently at a social function that both Mo and his wife and my wife and I attended, Mo said, "Well, now since we're all together here, I simply want to announce to the ladies that Scotty and I are getting married."

Macy:

Any problems you had along the way were really on refinements, not on the basic issue of reform itself, right?

Campbell:

It turned out that they were on refinements, although some of the criticism on the Senate side in the beginning did relate to what I would call major substantive issues. For example, there was a great deal of concern on the part of several Senators about the relationship of the Director of the Office of Personnel Management to the President, and they wanted to build a wall there.

Macy:

A key issue!

Campbell:

Yes, it was absolutely a key issue and...

Macy:

And if you'd lost that it seems to me you'd have lost reform.

Campbell:

That is right. There was also an effort to turn the Office of Personnel Management into an organization that would have a commission over it —a three-person commission—and again, that was absolutely inconsistent with what we were trying to accomplish. So there were some substantive issues raised, and we gave away a bit on them. The Director of the Office of Personnel Management has a 4-year term. I would have preferred that there not be any term, that he or she serve at the pleasure of the President. My guess is that it will be at the pleasure anyway, despite the language of the legislation. But we did retain the single headed agency, and we did retain the direct reporting relationship to the President.

Macy:

And actually you had lost the Executive Office placement prior to sending the bill up.

Campbell:

Yes, we had.

Macy:

That was always one of my major causes—that it be a part of the Executive Office, but I gather the President felt that posed certain problems he didn't want to face.

Campbell:

Yes, that is correct. It was a Presidential decision. Political logic correctly prevailed over substantive logic. I think, however, that this issue may be reconsidered in the future.

Macy:

Scotty, in advising other public administrators and practitioners who are also faced with civil service reform at the State and local level, or in countries around the world, what would be the three or four prime points you would offer from your experience?

Campbell:

One thing we haven't commented on, which was terribly important and which I would strongly recommend to anyone beginning to move in this direction, was the task force we set up to develop the legislation, headed by Dwight Ink. To get a person acceptable to the career service to head such a task force, it seems to me, is terribly important. Dwight, as you know, was an ideal person.

The task force was overwhelmingly made up of career people, it was not an outside group doing a year's study and then coming in with a report. It really was an inside group that knew the system, had tried to operate the system, then did the study, and made the recommendations. In this instance, it was not based on any new original research. We took the body of knowledge that existed and added that to the practical experience of the task force. This produced a set of documents about Federal personnel management that I believe will be the Bible about public personnel administration for the next decade.

Macy:

You felt that initial step was a very important beginning?

Campbell:

Yes, I think without it we never would have succeeded. When we were criticized, as we frequently were on the Hill, that we had produced this new legislation suddenly, and that

more time was needed to study it, we were always able to respond with the reports and with the people who prepared the reports. Furthermore, congressional staffs had been invited to participate in our study, and a good number of them did.

So the task force gave us credibility, and also made it difficult for those who were arguing for delay to make the case that they hadn't had time to get into and understand the legislation. Beyond that, the substance itself was important. The legislation that we recommended, at least as far as I am concerned, was somewhat different than I would have recommended the day I became Chairman of the Civil Service Commission.

Macy:

Your own views were modified by the process?

Campbell:

Yes, no question about it. We knew the basic direction, but, for example, in terms of the whistleblower protections, these really came out of that study process.

We also were able through that process to use people from the outside world—in the business and the academic community—which gave us an opportunity to get their support early. Therefore, when the President announced the legislation, we were able to have a large number of groups announce their support. This, I thought, was important. So that's another thing I would strongly recommend.

Another, as I already indicated, is to find a way to mobilize broad-based support of groups that do not have a direct personal interest in this. It's important to them—obviously anything affecting the government is terribly important to them—and that's

Campbell:
"I hope that the whipping-boy role of the central personnel agency will decline as we can say to agencies that they have the power and authority."

how you sell it to them; but it is not like their being concerned about the tariff law, where their company is impacted, and so one cannot expect their support to be self-starting.

Macy:

No natural constituency.

Campbell:

That is exactly right. We also kept people from within the bureaucracy continuously involved. The assistant secretaries for administration, for example, led by Jule Sugarman and Howard Messner, met almost weekly, and were kept informed. I guess the general point I am making here is that if it is an administration-wide issue, you need administration-wide support.

The President devoted parts of several Cabinet meetings to the issue and there was active Cabinet discussion. I made a presentation to the Cabinet on the content of the legislation. We asked Cabinet members to contact congressional people whom they knew well, and they reported back on

their contacts and what was learned. There was a great deal of surprise and interest by members of the Armed Forces and the Foreign Affairs Committees when they got calls from Secretaries Brown and Vance saying they very much wanted civil service reform passed because it was terribly important to them in running their departments.

And that was done, by the way, with the leadership of the President, who said to the Cabinet, quite correctly, that this matter was not the responsibility of a particular department or agency; that it was related to all of us; that all of us had to work for it.

Macy:

It was one issue with which all of them could identify, in contrast to substantive policy issues that tended to fall in one, two, or three agencies.

Campbell:

That's right. It cut clear across the government. And another point is the reenforcement of what I've already said—we needed the right combination of executive branch and congressional leadership and a close working relationship. That did not happen automatically. Effort had to be made, and there had to be meetings between the principals—between the President and committee leadership. And it had to be sustained.

Macy:

I must say that over the years—as I observed the consequences of reorganization, the changing of governmental structure—my ardor has cooled off substantially. And if I'm completely honest with myself and with my colleagues, I have little evidence to show that most organizational changes resulted in much improvement.

The two that I participated in during the Johnson years, HUD and Transportation, didn't seem to be great successes. They tended to provide a yet higher layer for coordination, and created a lot of new high-level jobs, but really in terms of performance measurement, in terms of improved policy formulation, in terms of better management, it's very difficult to find any score.

What do you, in terms of this reorganization, set for yourself as the standards of achievement?

Campbell:

Before answering, let me just comment on your points about reorganization. I don't differ with them, but sometimes we're a little too hard on ourselves. You mentioned the Transportation Department and HUD. We're now in the process, as far as Transportation is concerned, of attempting to shift funds from Highways to Mass Transit, which I think makes a lot of sense from the public policy point of view. If you hadn't created the Transportation Department, I'm not sure that could have happened because having it together in the same department with a single head means that at least you don't have interagency fights to get it done.

So I think structural changes can, in fact, make a contribution, although I would argue that the current problem in the Federal Government is much less a structural than a management problem.

Macy:

And a people problem.

Campbell:

Right, John, and I feel very strongly about the people problem

side of this because government is service-oriented. And with services, if you are to improve productivity and quality of working life, it has to relate to the employees. It isn't like producing electricity where your problem is capital investment. We've got a different kind of problem and it means a different approach to dealing with it.

As for my hopes about the reorganization, I guess I could summarize them in two generalizations:

One, the Office of Personnel Management is a genuine new direction to relate personnel management to general management improvement and productivity improvement. Now the very fact that the Civil Service Commission has had a quasi-independent status relative to the President has resulted, I think, in a certain unwillingness on the part of Presidents to use personnel management; or when a President got interested in management issues, he turned not to the Civil Service Commission but to OMB, which had quite a different kind of thrust in my judgment.

The other generalization relates to employee protections. It is my hope that the Merit Systems Protection Board and the Special Counsel, having the kind of independence they do, will capture and be able to hold the support of Federal employees on the basis that they believe these new institutions are fairer and more just, and further, that Federal employees will see the central personnel agency as not simply a protector of the management side of the Federal Government.

So the reorganization, if it can accomplish those two things, will have served the purposes of the original task force, of the congressional com-

mittees, and all others involved in getting the legislation passed.

Macy:

One of your objectives in the reorganization was to decentralize personnel operating activities into the departments, and yet, at least at this initial stage, the entire staff of the Civil Service Commission has been transferred to the Office of Personnel Management. Does that signify that that intended degree of delegation of authority will not be manifest in a change from the central organization into the departments and agencies?

Campbell:

No, not at all, and the directions and instructions to the staff of the Office of Personnel Management are very clear in this respect, that departments and agencies are to be permitted to move on their own within broad guidelines. That will not be regulation. It is taking some effort on the part of the leadership of agencies to get that word out, but I believe it is getting out, and I believe they are responding.

I must say that despite the argument that the departments and the agencies want deregulation and decentralization, I am getting calls from personnel directors saying, "Where are the regulations?" I say, "You don't need any regulations." The new habits are going to take a while to form, but the intent is clear.

Macy:

Well, I think you are wise to emphasize this because my experience was that although government managers were crying for greater discretion, they were unwilling to use the discretion they had.

Campbell:

I hope that the whipping-boy role of the central personnel agency will decline as we can say to agencies that they have the power and authority. The real authority is with them.

We do have a second step problem there. A good number of departments and agencies have very heavily centralized personnel decisionmaking at headquarters. If the new law is to make a contribution, they must decentralize to their sub-units, too. And I have become convinced over the last couple of months that this will be difficult to accomplish.

Macy:

Frequently you'll find in that centralization that they have prepared regulations far more onerous for their own subordinates than those issued by the Civil Service Commission.

Campbell:

And when they enforced that regulation on a manager who got frustrated by their answers, they responded, "Well, we must do it because the Civil Service Commission said so."

Macy:

We need to stimulate, through reform, management decisionmaking and discretion even to the extent of risktaking. And the incentives in your new merit pay plan may very well be a basis for rewarding those who take some chances, who are innovative, who are willing to experiment.

Campbell:

That is certainly the intent of the legislation, and as we go through the process of educating the Federal community about it, that point is being made over and over again. You are aware, as I am, that unanticipated consequences may be as important as anticipated ones and so it'll be interesting to watch. I think that there will be, down the road maybe a few months from now, maybe a year and a half from now, a very serious test because of the very flexibility of the system, which the new managers may take advantage of because of the incentive system for doing so. Somplace there's going to be an abuse and it's going to hit the papers and the first reaction will be "we've got to centralize."

Macy:

That has to be resisted like the plague.

Campbell:

That's right. And whether or not our political institutions can do that will be an interesting test.

Macy:

One other point, with respect to the late, lamented Commission—it was always a problem for the Commission to gain a sufficient appreciation of the program execution responsibilities of departments and agencies. The Commission became isolated, tended to have communication almost exclusively with the personnel offices. Do you have plans for overcoming that isolation in the new organization?

Campbell:

Yes, we do indeed, and they are designed to deal specifically with that problem, which I think is a very important one if one looks at the history and evolution of the Commission. We have established within OPM an "agency outreach" group, with an associate director in charge of agency relations. That staff will be divided into groups, like those in OMB, to work with specific departments and agencies.

They will have the responsibility of telling OPM what's going on in the departments and agencies, and what the problems are. They will put together task forces to be responsive to management needs in the departments and agencies. I have been warned that one of the problems is that these people are likely to become champions of the departments and agencies to which they are assigned, and I say "fine."

Macy:

I would not worry about it.

Campbell:

In addition, in all our conferences and meetings we are holding—literally dozens across the country—we insist that line managers come, as well as personnel people, because this new personnel system will have to be run by line managers. They're the ones who make the decisions. The personnel shop can play a very major role in helping and making sure that quality decisions are made. But personnel decisions are not made by personnel shops. Personnel decisions are made by line and program managers.

Macy:

That doctrine has been preached for a long time, but it has not been practiced. It seems to me that your reform creates an environment where that preachment can be applied. Let's end on that hopeful note. ⓒⓈⓙ

Managers: The Public Speaks, and the White House Responds

Memorandum For All Regulatory Agency Heads
From: Alfred E. Kahn
Subject: *Responsiveness to the Public*

One of the most frustrating, intractable, pervasive defects of the regulatory process is delay. It is the aspect of regulation that is most universally condemned by its victims, and the one about whose evil all of us are most likely to agree. The reduction of regulatory delay is almost certainly a goal that all of us can heartily embrace (however skeptically).

Perhaps even worse than the delay itself is the apparent attitude of *indifference,* or fatalistic acceptance of, that delay that so many of the regulatees feel they encounter. It should be easy for us to understand the rage—all the more intense because it is impotent—of the lawyer or client who gets put off day after day in receiving some apparently simple permission to function, or whose urgent inquiries encounter stolid, unsympathetic shoulder shrugs or impersonal responses.

To some extent, delay is an inescapable complement of regulation itself, a mere symptom rather than the disease itself. It is particularly satisfying, therefore, to find situations in which one can eliminate the symptom by abandoning the regulation. Obviously, we should be assiduous to examine all of our regulatory activities, asking daily, "Why do we do this?", in hope of uncovering happy situations of this kind.

In most situations, however, simple deregulation is neither feasible nor socially desirable. In these circumstances, I know of no remedy for delay and indifference but sensitivity, diligence, and total resolution on the part of the agency head, transmitted with urgency to the next level, in turn to the next level, and so on. There must be an absolute determination to treat applicants like human beings, to feel an urgent responsibility to handle their problems, or see to it they are handled as quickly as possible, and *to keep promises.*

It seems to me that this attitude, and a constant effort to instill and to enforce it, is an essential part of the process of regulatory reform itself.

My own experience with reducing regulatory delay suggests that results come surprisingly fast if you personally take a little time in the course of business each day, as the occasion presents itself (and it almost always does), to ask why a case or a rulemaking has been delayed so long and to ask for an immediate identification of the reasons for that delay. To the extent it is caused by the work processes of the agency, see to it that practical and sensible changes to eliminate unreasonable delays are put in place. I don't mean to make it sound unduly simple, but the fact is in many situations it really is. Try it. I'm sure you and most of your people will find enormous satisfactions in improving the speed of service to the public, that quality and due process need not suffer, and that it doesn't take months of complicated systems studies to identify and eliminate the unneeded steps in regulatory procedures.

A central plank in the President's anti-inflation program is regulatory reform, broadly defined. One way I can think of acquitting it is to send you this sermon, urging you take it to heart, to emphasize its message to your direct subordinates, with urgent instructions that they do the same to theirs, and so on. So do please think very seriously about it, and do what you can.

I am convinced that changing the attitude of the bureaucracy in this way is not hopeless; that it is possible to develop a different kind of morale and attitude by example; and, perhaps equally important, to convey to the entire community a sense that we really *do* care and really *are* trying.

I enclose a copy of a 9-page single-spaced anonymous letter to the President that inspired this communication. I think it significant that the author felt he had to remain anonymous. Is there anyone among you who is convinced that the agency referred to could not possibly be his or hers, if not in the specific details then in spirit?

President Jimmy Carter
The White House
Washington, D.C.

Dear President Carter:

I am a partner in a major Washington law firm, representing clients who must deal with an independent Federal regulatory agency. It is an article of faith among lawyers who practice in Washington that one never blows the whistle on the regulators one deals with because, once the whistle is blown, the whistle blower's ability to function effectively will abruptly end. I am not entirely a believer in this theory, but having spent 8 years of my life developing a career, I'm reluctant to risk destroying it even for the greater good of the nation. Therefore, my name, and the agency before which I practice will not be revealed in this letter.

The problem with government regulation is not so much needless regulation or too much regulation, it is incompetent regulators, inefficient administration of the regulations. To illustrate this point, I will cite a few examples of the problems my clients confront in getting routine matters processed through the Agency which regulates them:*

1. In April I filed a routine application for a client requesting authority to modify its method of operations to reduce costs. The application should not have taken more than 30 days to process under the Agency's normal slow procedures. In mid-June the client asked that I check on the application's status. I called the branch of the Agency responsible, and was told that they had no record of the application. After calls to several other branches of the Agency, I was told that the application had been found and would be granted forthwith. Several weeks later, the client reported that the application still had not been granted. I called the Agency. Again, the branch responsible for the application had no record of it, so I made calls to find out where it was. Eventually, I was told all was in order and the application would be granted. In July, the client had not yet received notice of grant. I called the Agency. This time I was told the application had been granted and formal notification would be mailed shortly. In August another call from the client, another

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* Incredible as it may sound, when I called the assistant to the Chairman of the Agency and described these problems to him, he attributed them to the inherent defects of "bureaucracy" and showed no interest whatsoever in exploring how those defects might be corrected.

check with the Agency which again assured me that the grant had been made and the necessary authorization would be mailed. In September, still another call from the client. This time I went personally to the Agency to see the person who had previously promised the grant would be mailed. He informed me that all was in order, but that while the operating changes requested could be immediately authorized, the client's license would not be reissued with the changes because of other pending matters. I explained that we were aware of the problems pending with respect to the basic license, and that it would be quite acceptable if they merely authorized the operating changes requested. Finally the grant was made. The cost of the client for my time alone to simply follow-up on obtaining what should have been a routine authorization was in excess of $100. The cost to the client from not being able to realize the operating efficiencies from the changed operations in a reasonable time was substantially greater.

2. In April I filed an application on behalf of a client for authorization to change its operations and greatly improve its competitive position. Though a routine application, the Agency's staff advised me that it would not be until July that the application could be reached for processing, backlog, understaffing, etc. (Only one person, Mr. X, works on the type of application involved. He is a fine fellow—pleasant and always helpful, but is very difficult to find during working hours, and does not seem to work very hard to reduce the backlog.) In July, I checked on the status of the application and was told by Mr. X that were it not for the fact that the Agency had failed to include a reference in the Public Notice it had issued concerning the filing of the application to the fact, disclosed on the face of the application, that the application was a major environmental action, it would have been possible for the Agency to grant the application as soon as my client filed one additional, routine form. However, because of the Agency's oversight I was told, a new Notice would have to be issued and the application could not be granted for an additional 30 days. I suggested to Mr. X that since it was the Agency's fault that the original Public Notice didn't disclose all that it should have, there should be some way to grant the application without waiting the 30 days. Mr. X allowed that as the 30 day waiting period had been waived in a similar case, it could be waived in

my client's case as well. I proceeded to file the one additional form the Agency had requested. I then contacted Mr. X to find out when the application would be granted. He told me that he had cleared the application, but because of the waiver of the 30 day requirement, the grant had to be signed by his division chief who was out ill that day. This was a Wednesday.

On Thursday I called Mr. X again to see whether the application had been granted. Mr. X told me the division chief was still ill and would probably not be in until the following week. I took a chance with a call on Friday, but the division chief was still out. The next Monday I called Mr. X early and learned he would not be in that day. I then called the division chief. He was in. I explained to him the entire situation. He didn't quite understand why his signature was needed, but assured me he would look for the papers pertaining to the application and would take care of whatever was necessary to grant it. This was at 9 a.m. At 4 p.m. the chief of the division called to tell me he couldn't find the papers, but he hoped Mr. X would be in the next day to straighten the matter out.

I called at 8 a.m. the next day to reach Mr. X and learned that he had again decided to take leave. (Apparently no one knew from one day to the next who plans to take leave and when.) I then went back to the division chief and suggested that he contact Mr. X to find out what he had done with the grant papers. The chief promised to pursue the matter. A half hour later I got a call from a low level staff member who started to explain to me that the application could not be granted until the 30 day waiting period after the Public Notice had passed. I went through the explanation about the Agency's error and the understanding that the waiting period would be waived, and I suggested that someone call Mr. X to find out what had become of the papers. Later in the day I talked to the division chief who told me that, though he had reached Mr. X and had been told that Mr. X had routed the papers to the division chief's office, neither the chief nor his deputy could find them. The next day the division chief informed me that the papers had been found under a pile on his deputy's desk, and the grant would be made forthwith. Several more days in fact went by before the grant actually occurred.

The cost to my client for my time in keeping after the agency was several hundred dollars. The cost to my client through delay in improving its competitive position and through the inefficiency of not being able to make firm plans, etc., was substantially more.

The grant that was fought for so hard was only the first step in the process. It merely authorized construction. A further application had to be processed upon completion of construction to obtain operating authority. The processing time for operating authority applications is normally 10 days. Therefore, on the 10th day following the filing of my client's application, a Friday, I called the branch that processes such applications. I called in the morning and was informed that Mr. Y, the one person who processed the type of application in question was "away from his desk." I left word. Having received no return call by early afternoon, I called again. Mr. Y was again "away from his desk." I left word again. When I called again at 3:30 and was told that Mr. Y was "away from his desk," I explained that it was important that I find out that day the status of my client's application for operating authority. The woman on the phone told me she was typing the authorization. With this information, I went off to spend a restful weekend.

Upon arriving in my office on Monday morning, I found on my desk a copy of a telegram which the Agency had sent to my client on Friday which said "operating authority not, repeat not granted," and that before it could be granted, my client had to submit certain additional information required by a condition included in its construction permit from the Agency. I immediately attempted to reach Mr. Y to find out what information was required. Since the Agency had not gotten around to actually issuing the construction permit containing the condition in the two months that had elapsed since the permit was granted, neither I nor my client had any awareness that the permit contained a special condition. I was unable to reach Mr. Y since he had decided to take leave that day. (This was understandable since it was a delightful indian-summer Monday.) I then asked for the supervisor and learned that he too was on leave. (It really was a nice day.) So I explained the problem and asked if *someone* could help me. The person on the other end of the phone told me that there was no one there who could help, and I'd better call back the next day. At this, I called the division chief. He promised action. At 3:30 I received a call from the staff person assigned to act, the affable, helpful, but not

very hardworking Mr. X. Mr. X told me he'd just been given the matter and since he had a bus to catch, he'd take care of it in the morning. Mr. X kept his promise. However, because the Agency had failed to issue the original permit containing the condition in a reasonable time, because Mr. Y was always away from his desk and couldn't be reached, and because the secretary who typed the telegram denying operating authority did not have enough sense to tell me when I called to ask about it that it was a denial she was typing so that I could have straightened everything out then and there, my client lost four valuable days. The cost to the client for my time in straightening out the problems with what should have been a simple and routine application exceeded $100. The cost to the client for the four lost days cannot easily be measured, but presumably it was not inconsequential.

> **The writer gives several other examples, but for the sake of brevity, we have edited his letter.** *Editor*

Mr. President, I have taken the time to set out the foregoing examples based upon personal experience and observation because I am very concerned that (1) the inefficiency of government regulation is having a severe, adverse impact on the productivity of the nation's economy; and, (2) your Administration and the Congress seem to be intent upon trying to relieve this problem by doing away with extremely valuable systems of regulation (e.g., environmental protection, safety and health standards, the public trustee concept of broadcast regulation, etc.), rather than by coming to grips with the real problem—unmotivated, incompetent government employees. I am aware that your civil service reform is designed to deal with the problems of inefficiency and incompetency. But I fear that civil service reform will not be nearly enough. The problems are deeply ingrained and I am certain that they are spread throughout all branches of the government. (I saw the problem first hand, when, some 10 years ago, I worked as an attorney in a different agency from the one which I now practice before. One of the things that drove me out of government was the incompetence, the impossibility of getting competent secretarial support, and the general inability to function efficiently.)

The only way for incompetence and inefficiency to be rooted out of government is for your Administration to discover, and to face up to, just how pervasive these two enemies of economic progress are. Once the problem is taken seriously, it can be dealt with by bringing to bear fundamental techniques of efficient administration and good management. I do not claim to be an expert at what those techniques are (I could go on for hundreds of pages with ideas), but I have enough familiarity with what the application of managerial expertise can do to have confidence that they would achieve miraculous results if applied to the Federal bureaucracy.

I have gone on at far too great a length on this subject. I wish you all the best in your efforts to control inflation and keep the ship of state afloat.

Very Truly Yours,
Cassandr(us)
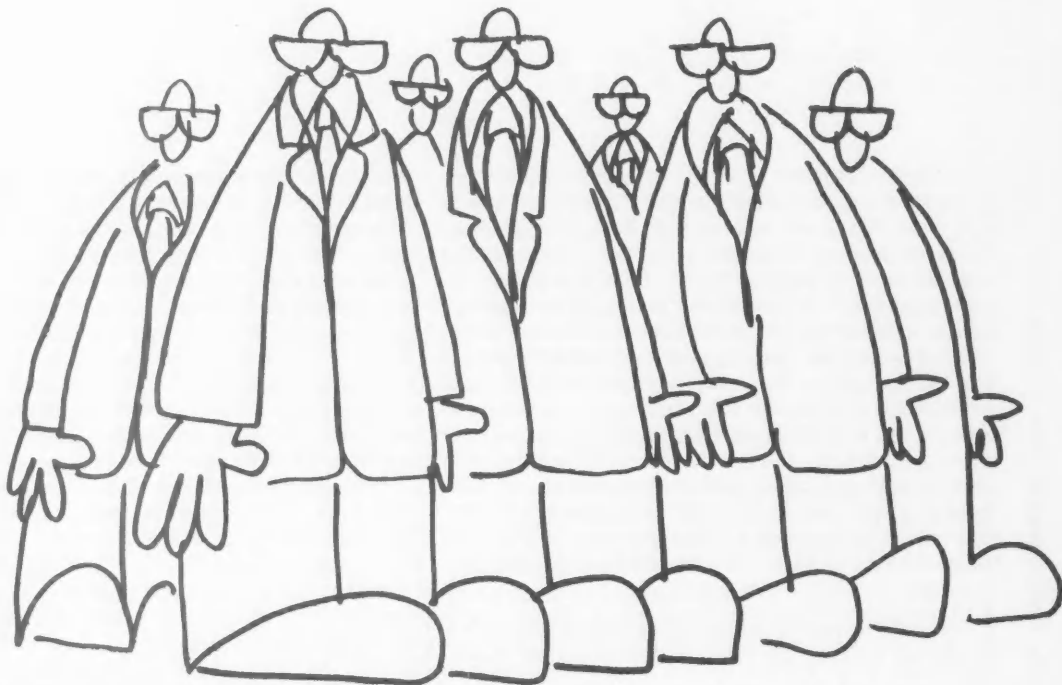
Can We Get There From Here?

by Alan W. Brownsword
U.S. Office of Education

HUMANIZING a bureaucracy: Is it possible to get there from here, and if so, how can we go about it?

I approach that question—an awesome one—through my role in the Office of Education, which is to provide Organization Development services to people and units within the agency that show an interest in taking advantage of these services.

What is Organization Development—or OD, as it is frequently called? I like to describe it as a technology, a system, a body of knowledge, a science to help people in organizations look at how they work together, to help them see in a different way than they normally do what is keeping them from working as effectively and productively as they might. It uses outside change agents who have skills in interpersonal and problem solving processes. These change agents, working with their clients, help them to clarify where the agency is, where the staff wants to go, and how to get there.

Those who work in an organization, we believe, know it best and will always know it much better than any outsider. They are best prepared to identify and solve the problems within their organization. All we can do is to contribute a degree of knowledge and sophistication about interpersonal issues and problem solving processes. In so doing we help people improve their own organization. That, in a nutshell, is how I often define Organization Development.

What relationship does this have to humanizing work? Think of a continuum: At one extreme are those who want to make their organization a happier place to work and could care less about productivity; I have never met anybody like that, though. At the

other extreme are those who could care less about people, who only care about producing more widgets or whatever, and I *have* met some people like that. Because of them, we need to ask the question: "Can we make the bureaucracy more human, and *can* the bureaucracy be made more human?"

At least theoretically, an Organization Development program can help someone at either end of the continuum; an OD consultant *can* assist those who simply want to produce more widgets by helping them figure out *how*. And an OD specialist *can* go to the other extreme and help the person whose only concern is a happy organization, disregarding any impact on productivity. My own sense, however, is that the two issues are very much interconnected. Improving productivity must eventually involve the quality of work life.

Humanizing Work

We are, after all, human beings— how can we be expected to be productive in a dehumanized and dehumanizing work environment? For me, then, OD and humanizing work are necessarily and intimately related. I believe that a strong, institutionalized OD program can powerfully affect the extent to which our agencies can become more of the kind of human and humanizing environments we would like them to be.

How does Organization Development in a Federal bureaucracy get started? How is it nourished? What will it take to enable it to survive and grow?

There are no magic answers, no elixirs. I don't even know that it can be done. I can share with you what I know, what has happened in my bureaucracy.

Working in this vineyard for 3 years, I'd have to say that luck and persistence have played very important roles in what has happened.

I was introduced to Organization Development in 1971 at the Federal Executive Institute. From the beginning I was fascinated by its potential. I began reading, I tried to get training wherever I could, and eventually was awarded an IPA assignment that enabled me to devote a full year to acquiring knowledge and skills.

I came back to OE in April 1975 and said to the then-Executive Deputy Commissioner, "Duane, I am on an Intergovernmental Personnel Assignment, I am about to return to the Office, this is why I went, this is what I've tried to do, this is what I think Organization Development is and what it can contribute to this agency." He looked across the desk at me and said, "You have made the kind of use of an IPA that was intended by that legislation. Join my staff, take that office across the way, here's your secretary, let me know what kind of a budget you need, write your position description, and go to work." Now I call that luck.

And those of you who have lasted in the bureaucracy know about persistence. To succeed, you must master the bureaucratic system, and to do that, you must have an inordinate amount of patience, an unbelievable persistence. My image is that of a bulldog who never gives up.

Strategies

For me, it's worth the effort to become a part of the system, to survive and grow. But one can never give up. To luck and persistence, I add some strategies—some I picked up along the way, some I carried with me as I entered my new role in the Office of Education.

An important one is *not* to follow the conventional OD wisdom of a top down approach in which OD is a key change strategy of top leadership. Such support is generally thought necessary for a successful Organization Development program and I would certainly tend to agree. But the fact remains that in a Federal bureaucracy, top leadership is politically appointed, and seldom has long tenure. These realities create serious problems. A conventional approach suggests the importance of some kind of grand design, some comprehensive strategy that will make a significant organization-wide impact. Having developed such a program, the OD specialist in a Federal bureaucracy has a difficult selling job. There's a great deal riding on one throw of the dice.

There are, moreover, two other realities that make the gamble even more hazardous. One, organizational research and experience recognizes that because organizational problems don't grow overnight, it is unrealistic to think they will disappear in a day. Second is the demand for instant impact usually placed upon the agencies by short-tenured leadership. Such leaders rarely afford themselves the luxury of long-term change goals. *Their* realities dictate otherwise. They must make their mark on their agency as *fast* as they can, as *powerfully* as they can.

The dilemma that confronts OD strategies is clear. Real change is a long-term proposition and requires involvement and support from the top. But other equally powerful realities create seemingly insurmountable obstacles to this conventional approach. So while I make every effort to make OD known and available to our agency head, and I do have an overall plan, I choose *not* to make his or her involvement and support a

necessary condition. Instead, my second strategy is to go where the action is, where the opportunities are. The bureaucracy, after all, has an ongoing institutional life regardless of who is in charge at the moment. Thus it becomes important to identify those people and units in the agency that constitute a more stable clientele, interested in using OD assistance and able and willing to commit themselves to a long-term effort. It's a long, slow, base-building process, but is, I believe, a surer one given the realities of the bureaucratic life. It means chipping away at the edges, making an improvement here, a difference there. But because it does help, does make a difference, the program stays alive and perhaps the opportunity *will* come to address the more pervasive agency-wide issues.

A third strategy, particularly important in the early stages of an OD effort, has to do with what I call visibility and neutrality. It is important for the OD activity to be placed high enough in the system so that it has visibility, through which I at least gain relatively easy entry to all parts of the system. And in my agency neutrality is also important, for we are beset by what I have called a two-culture problem. There exists in the Office of Education (and I suspect in other agencies as well) a program culture and an administrative culture. The gulf between them is a major source of organizational ineffectiveness. It has been important to avoid being seen as a captive of either of these cultures. Both neutrality and visibility have played important roles in gaining entry and acceptance, and this was the great benefit the Executive Deputy Commissioner provided me when he put me on his staff.

A fourth strategy involves expectations. Don't get hung up on them. Expect the unexpected. It is impor-

tant, I believe, to be guided by some principles, some plan, some long- and short-range outcomes and goals. It is also important to recognize that OD involves offering those with whom we work a process, and then it is up to them whether and how they will take advantage of that process. We often end up in a place quite different from where we started. Promising activities sometimes die unexpectedly and hopeless challenges sometimes turn into important and long-term efforts.

I think I need to label introspection a fifth strategy. It is particularly important for an OD consultant to be alert to how his or her own values, emotions, thought processes, or behavior may be getting in the way. Our job is to help others see themselves more clearly and to work out their own solutions, not to impose our pet schemes on their realities. Am I *too* involved? Am I trying to peddle my solutions to another's problems? These are critical questions for an OD specialist.

There is a different kind of introspection I find important, too. That involves constantly reexamining the game plan. Is it working? Have I learned things that suggest the need for revision? Have we moved from one phase to another without my noticing that new conditions call for new approaches?

Sixth—and now I come almost full circle back to where I started—an OD program not guided by a plan to tackle the whole organization will have, in the end, only minimal impact. All the units I work with exist in the larger context of the whole agency, and unless the pervasive agency-wide problems are also dealt with, there are limits to how much can be done to improve the performance of units within the system. It is

important, then, always to have that long-term, agency-wide plan.

Does OD Work?

These, then, are some of the important considerations I see as I look back over my role in terms of getting Organization Development started, giving it an opportunity to survive and grow, and make a contribution. But does it make a difference? Can I cite examples of anything that has happened to make the Office of Education a happier place to work—a more effective agency?

It discourages me not to be able to point to a radically altered environment or at least to a number of specific, significant changes on both ends of the continuum—productivity and a humanized environment. Given the nature of Federal bureaucracy and of Organization Development, however, that is probably asking too much. To paraphrase an historian's judgment on Woodrow Wilson, it's when viewed against OD's potential that its record looks bleak.

Still, there are some tangibles. One major activity of my role that has touched upon the human aspect of work involves what we call a leadership transition service. Based upon my own experiences in the Office of Education and on Seymour B. Sarason's brilliant work, *The Creation of Settings and the Future Society,* it is clear that Federal agencies suffer when new leaders and their staffs do not, as is often the case, enter smoothly and effectively into their new relationships with each other. Organization Development assistance can make a real difference in such cases. Outside OD specialists and I interview all staff or all those reporting to the new leaders, and we ask two questions:

1. "If you were to become the

leader of this organization tomorrow, knowing what you know now, what do you see as the pressing organizational issues that need to be addressed?''

2. ''Most of you have probably been through leadership changes before—what mistakes have you seen other new leaders make that you would like this one to avoid?''

The results of the interview are pulled together into a written report that is distributed to all those we interview. In no case where this service has been offered has it been refused; in all cases the result has been requests for some further assistance. And in every report a major human plea comes through loudly and clearly: ''Please, new leader, see us as human beings, treat us as such, relate to us as human beings. Tell us who you are, let us tell you who we are, and let us learn to understand and work together.'' And to varying degrees, I believe this plea has been heard and that the Office is a better place for it.

I see an impact in other ways, too. We are often asked to do team-building workshops or unit retreats. These sessions provide a staff with the rare opportunity to plan and think together in a different and more relaxed atmosphere. At one such retreat

"Each of us has a choice—we can protect ourselves against a dehumanizing environment by building a wall around ourselves or we can retain and share our humanness with others."

several staff members who had worked in the same unit for 30 years were getting together as a unit for the first time outside the work setting to deal together with organizational issues and to address their human relationships. There is power and richness in these workshops. The good feelings generated in these settings last and do have an impact on the work. It is tragic that opportunities like these are not available to all parts of the agency more often.

And finally, I want to point out that we've been approaching this issue as an organizational one. We've suggested, in short, that successfully addressing this problem requires turning around an entire environment, and looking at it from that perspective. It's an awesome task, so awesome, in fact, that many shrink from trying—and right here, I believe, is one of the reasons why bureaucracies often become and remain less than happy places to work. Like the weather, everybody complains about it but nobody does anything about it.

Be Human, Be Effective

Can we do something about it short of tackling the whole environment? I believe we can—each of us can risk being human in our own work setting. We can see others, not as stereotyped players of roles, but as human beings.

Each of us has a choice—we can protect ourselves against a dehumanizing environment by building a wall around ourselves or we can retain and share our humanness with others. The latter choice remains one of my major ''strategies,'' and it may be an important key to the whole problem. For the task of making a bureaucracy more human is awesome if people will not come out from behind their walls and protective armoring until the environment is ''safe.'' How much easier it will be if we are willing to start with ourselves and how we relate to others! The risks are much higher, the rewards are much greater.

The Author is Special Assistant to the acting Executive Deputy Commissioner, Office of Education.

How To Deal With the Nonproductive Federal Employee

by Rosslyn Kleeman
U.S. General Accounting Office

I N THE COMPTROLLER General's October 1978 report to Congress on how to deal with nonproductive employees, GAO found that managers and supervisors perceive firing as a difficult, costly, cumbersome task filled with legalisms and intricate procedures. GAO found that there is a basis for this perception, and recommended, therefore, that the removal process be improved. Chapter 4 of the report is excerpted because it helps answer that burning question, ''What are the major shortcomings in the Federal personnel system that have contributed to the problem of firing employees?''

CHAPTER 4
Alternatives to Firing

Firing an employee is a harsh measure, which most managers agree should only occur after the agency decides that:

—The employee does not respond to counseling.

—Skill deficiencies, if any, are not correctable.

—No suitable reassignments are available.

Because of both the actual and perceived difficulties in firing unproductive employees, informal systems ''to take care of the problems'' are often used. These include:

—Placing the employee in a position with little or no work.

—Tolerating the person.

—''Passing the buck'' to another supervisor.

—Reassigning the person to an unsuspecting organization.

—Reassigning the employee, often with promotion, to another geographic location.

—Reorganizing the office, eliminating the unsatisfactory employee's job.

—Encouraging the employee to resign or retire early, using either solicitude or harassment.

—Assigning the employee duties of

a lower graded position without reducing the employee's grade.

—Sending the person on a special assignment, such as on an Intergovernmental Personnel Act mobility job or to long-term training away from the office.

Corrective Actions

Counseling. Personnel manuals recommend counseling problem employees. Surveys have found that on-the-job difficulties are usually attributable to emotional disturbances (personal problems requiring help from persons outside the work unit) rather than technical incompetence.

We asked our respondents if their agencies had counselors for employees whose performance was marginal or unsatisfactory. Forty-one percent said no or they did not know. Of those who knew their agencies had counseling service, 45 percent said it was seldom used, and in response to whether it made any difference, close to 40 percent said seldom and an equal number didn't know.

Because counseling may reveal that problems stem from "bad chemistry" between an employee and a manager rather than from the work itself, some agency officials say their offered counseling services are not as widely used as may be desirable.

Skill deficiencies. Rarely are skill deficiencies given as reasons for continuing problems of unproductive employees. Both industry and Government report that training is a first step in attempting to improve performance. Opportunities for alleviating skill deficiencies are not only available but also are usually successful.

Managers' comments were less positive on the ability of some employees promoted to supervisory positions without previous supervisory experience. Specialists who are un-

successful and unhappy in managerial positions have seldom found management training helpful nor have they been able to return to a preferred solo performer role without difficulty. Under civil service reform, a probationary period is required for new supervisors.

Suitable transfers. In discussions with managers, reassignment was mentioned as both a positive and a negative step in dealing with unsatisfactory employees. Personnel directors report that moves for developmental purposes usually benefit both the employee and the agency. When the employee is capable but the "chemistry" is wrong in that particular office or between the person and the supervisor, a suitable transfer, agreed upon by both parties, is a positive step. However, because both voluntary and involuntary reassignments in the Federal Government are not widespread, they are often viewed negatively. Managers in several agencies said that if reassignments were used more often, the belief that changes are made solely because an employee is incompetent might gradually disappear.

One successful move involved a professional employee who "burned out" after many years, yet had outstanding experience and the ability to articulate it; he was moved to an instructor's position where he serves the same agency well.

Informal Systems

Many people suggested that, while the ratings and appeals systems were often at fault, an equally serious problem in firing unsatisfactory employees was that managers themselves were unwilling to face honestly the employee whose work was unsatisfactory. Because of all of these difficulties, an informal system of

"taking care of" problem Federal employees has developed. The same alternatives to firing were brought up in almost all interviews with CSC [now OPM] and agency officials, instructors, and the almost 400 supervisors and managers who completed our questionnaires. These people recognized that by avoiding firing, neither the agency's nor the employee's problems were solved.

Reassignment and relocation. While personnel officials agree that reassignments are valuable in certain situations—to more effectively use staff capabilities, for on-the-job training, or for easing personality clashes—they have been used frequently by Federal managers as a disciplinary action. According to the Federal Personnel Manual, reassigning an employee to a position of like grade and rank in a different location is not considered an adverse action, at least on the face of it, and an employee who fails to report to work at the new location may be fired! Courts however, have ruled that geographic transfer cannot be used to circumvent the procedures required for adverse actions.

Employees at all levels said they thought reassignments and relocations were used most often to "pawn off" incompetents. Fifty-three percent of our respondents said that in dealing with people who are continuing to perform unsatisfactorily despite repeated efforts to improve their performance, it was likely their agencies would transfer those employees to a different geographic location. A move from a headquarters job to a regional assignment, even with a promotion, was reported to be, or to give the appearance of being, a move to "get rid of" the person. Moves within a large office were also considered suspect. One manager said an analogy might be passing kids to a higher grade and

letting the next teacher take care of the problem.

Reorganization. If unable to reassign an unacceptable or marginal employee, officials told us they are likely to reorganize their offices to eliminate certain positions. Although this is often an expensive and not a satisfactory means of solving a problem, several examples were reported. Thirty-nine percent of our respondents said it was likely that their units would be reorganized to compensate for the weaknesses of unsatisfactory employees. The court ruled in *Keener* v. *United States:*

"Reorganization (including the creation and abolition of jobs) as a means of improving the public's business is peculiarly within the authority and discretion of agency heads and supervisory officials * * * Such rearrangements, as everyone who has lived in Washington knows, are a common remedy for the endemic ailments of Federal agencies."

Some agencies used reductions in force; some created new titles for previous duties; still others made elaborate changes on an organization chart. Results of these efforts led to early and somewhat involuntary retirements, placing the employees at desks with no work or giving the employees the duties of a lower graded position without a reduction in grade. Only occasionally were the results reported as beneficial to both the employee and the Government.

Other informal alternatives in firing. Almost everyone in our survey and interviews gave us examples of Federal employees who were urged to resign or retire, were shunted aside or improperly placed, or were sent on special assignments or long-term training. Most agencies were reported

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"One Cabinet Secretary said he simply could not get rid of a high salaried incompetent worker and had ordered that no task of any kind be assigned to him in the hope of shaming him into retirement."

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to have "dumping grounds" or "turkey farms."

A GAO study (FPCD-76-32, February 23, 1976) of the Intergovernmental Personnel Mobility Program found that many employees were sent or chose to go on assignments to get out of their jobs. These people were often successful on their mobility tours, but were seldom given suitable positions on return. Employees in one agency recently told us of an informal club—a group of people, back from mobility assignments or from being "farmed out" to task forces or other agencies, who walked their agency halls with nothing to do.

At a recent conference of assistant secretaries, a participant, talking about his experiences, said: "* * * and as everybody who has been in government a while knows, in offices set up by 'detail,' you end up with employees that supervisors would like to get rid of * * *."

Some managers said they tried to urge unproductive employees to resign or retire early. One Cabinet Secretary said he simply could not get rid of a high salaried incompetent worker and had ordered that no task of any kind be assigned to him in the hope of shaming him into retirement. Courts have ruled that a resignation must be voluntary to be binding, that employees cannot be tricked or deceived about their rights. The same principles apply to retirement.

One manager recounted his experience to a class, saying:

"If you think I am going to do anything about Mr. X's poor work, you're mistaken. He's only two years

from retirement and I can't have on my conscience that I kept him from getting benefits. Besides, no one else wants to talk to him, so we'll let him alone until he leaves."

Other class participants agreed this was not uncommon.

A former Government official discussing training and career development said: "We can't let the good guys go, but it's a great way to rid yourself of the duds for a while." Another said, "If the civil service sends me a jacket for top-level career consideration and I see several extensive training tours, I tend to look for someone else. He's being shuffled." Thirty percent of our respondents said it was likely their agencies would place unsatisfactory employees in extended training.

Survey and Interview Summary

Of the almost 400 questionnaire respondents, 44 percent said they had to deal with unsatisfactory performance at some point during their careers with the Government. Many recounted their efforts—rarely successful—to properly resolve the situation.

Despite the sensitivity of the questions and the fact that honest answers often showed they or their offices were not squarely facing disciplinary or removal issues, 43 percent found the subject of great enough concern to give us their names and telephone numbers so that we could get more information on their problem cases; and 35 percent agreed they would discuss the subject with congressional staff. Twenty-three percent also said they would testify should congressional hearings be held on the subject.

CSJ

The Little Red Hen: A Productivity Fable

Once upon a time there was a little red hen who scratched about the barnyard until she uncovered some grains of wheat. She turned to the other workers on the farm and said: "If we plant this wheat, we'll have bread to eat. Who will help me plant it?"

"We never did that before," said the horse, who was the supervisor.

"I'm too busy," said the duck.

"I'd need complete training," said the pig.

"It's not in my job description," said the goose.

"Well, I'll do it myself," said the little red hen. And she did. The wheat grew tall and ripened into grain. "Who will help me reap the wheat?" asked the little red hen.

"Let's check the regulations first," said the horse.

"I'd lose my seniority," said the duck.

"I'm on my lunch break," said the goose.

"Out of my classification," said the pig.

"Then I will," said the little red hen, and she did.

At last it came time to bake the bread.

"Who will help me bake the bread?" asked the little red hen.

"That would be overtime for me," said the horse.

"I've got to run some errands," said the duck.

"I've never learned how," said the pig.

"If I'm to be the only helper, that's unfair," said the goose.

"Then I will," said the little red hen.

She baked five loaves and was ready to turn them in to the farmer when the other workers stepped up. They wanted to be sure the farmer knew it was a group project.

"It needs to be cleared by someone else," said the horse.

"I'm calling the shop steward," said the duck.

"I demand equal rights," yelled the goose.

"We'd better file a copy," said the pig.

But the little red hen turned in the loaves by herself. When it came time for the farmer to reward the effort, he gave one loaf to each worker.

"But I earned all the bread myself!" said the little red hen.

"I know," said the farmer, "but it takes too much paperwork to justify giving you all the bread. It's much easier to distribute it equally, and that way the others won't complain."

So the little red hen shared the bread, but her co-workers and the farmer wondered why she never baked any more.
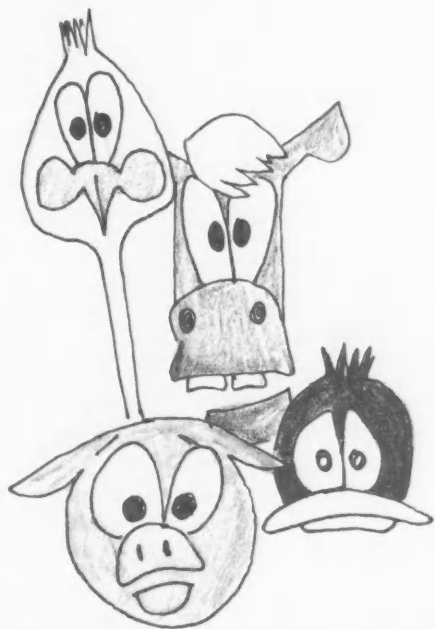
Quality of Work Life

What's in a Name?

by Ted Mills

What the movers and shapers of the industrial age had failed to perceive were its social consequences.

One consequence was the mass-education explosion following World War II. As the wealthy industrial societies they helped forge grew in affluence, those societies could afford to provide almost universal education. The illiterate "dumb" working human being, upon whose assumed ignorance and loutishness the old ways had been based, was being increasingly replaced by his ever-more-educated children and grandchildren, with ever stronger and more educated demands to express their own values for their lives both outside *and inside* work organizations. A new breed of demanding working men and women had arrived to form what one observant writer has characterized as the "me" generation.

But perhaps the least anticipated consequence of clinging to the now-obsolete old ways had by the late 1970's become the most serious and alarming of all to the very future of the American free enterprise system: the divorce of the goals and ends of the organization from those of the people it hired to produce its goods or services. Call it we-they-ism.

In organizations still structured to perceive most employees as badge-numbered, anonymous "labor-capital" commodities in a rigidly economic mechanism, the new breed of employees—including supervisors and middle managers as well as workers—was beginning, increasingly, to return the compliment. A new and growing sense of removal by employees from the purposes and goals of the organization began to be evident.

Beginning in the turbulent 1960's, and accelerating through the 1970's, employees in American workplaces—and particularly the under-35's—had begun more and more to turn off, tune out, from the organization's goals. It wasn't *their* organization, it was management's, or the stockholders', or "the man's" organization, which still viewed and treated them at work as second-class citizens, in the old ways; while outside in the society their new expectations for first-class citizenship were being ever more realized.

The turnoff of the 1970's wasn't just attitude. It was being tabulated across the country in rising error and reject rates, in absenteeism and turnover rates, in increasing shoddiness and deteriorating quality of American products and services. And above all, it was being tabulated in the alarming fall of U.S. productivity gains to all-time lows, despite growing management—and some union—attempts to stem it.

Don't-Give-a-Damn-ism

In a late-1977 meeting of over 40 senior officers of General Motors, Xerox, Nabisco, and Weyerhaeuser to examine the parameters of quality of work life, one company president explained why his company was becoming deeply involved in QWL activities. He identified the reason as what he called "don't-give-a-damn-ism" among his 28,000 employees. "More and more," he said, "they just work their 8 hours and go home. They just want to get paid, that's all. Their allegiance to us, to our products, to our competitive position, to their work and its quality, and even to their union is getting worse day by

day, and I include our middle managers and supervisors.''

Certainly, in the United States in the late 1970's, something was measurably and increasingly turning employees off from allegiance to the

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work organizations that hired them.

Some attribute this serious and worsening phenomenon of turnoff to American affluence, and the backup of welfare if the axe falls. Some ascribe it to the divisive we-they nature of American industrial relations,

Nabisco, Inc./Bakery and Confectionery Workers Union and International Brotherhood of Electrical Workers

This project represents many Center firsts.

In late 1974, the Center established a policy that private sector organizations and unions involved in QWL efforts should pay all project costs themselves, in a ratio to be determined between them. (The Center believes that organizational and/or union reliance on handouts from governments and philanthropies hinders QWL's emergence as the profit-enhancing operational reality it must be.) Nabisco and BCWIU were the first management and union to accept this pay-your-own-way philosophy.

The Nabisco project was also the first industrial project in which the Center proposed and established formal, discrete multi-tier committees, allowing the QWL process of joint decisionmaking to be active at several levels in a major corporation and international union.

The impact of the multi-tier structure on project longevity became evident early, a few weeks after establishment of the senior-level Joint Quality of Work Life Advisory Committee (JQWLAC), consisting of Nabisco corporate officers and three senior officers of the union. Assuming industrial relations at the Atlanta bakery to be above average, and the management and union leaders in Atlanta unusually qualified to handle innovative change notions, JQWLAC selected Atlanta as its QWL pilot site. To the consternation of management,

union, and especially the Center, the Atlanta union local refused to participate.

Had there been no JQWLAC, QWL at Nabisco would have died in Atlanta. But there *was* a JQWLAC. After careful examination of the Atlanta failure, JQWLAC selected the Houston bakery as the pilot site. This time, entry homework was done; the Houston local voted 81 percent in favor of participation. A 16-person joint Houston committee was elected, and has generated high energy since.

In the startup months, several management officials within the corporation, at both the plant and corporate levels, displayed an unexpected defensiveness. The various multi-tier joint committees began to discover that the cause was in both the implicit and explicit corporate reward systems for management personnel. With frustrating slowness, top management at Nabisco headquarters began to address these causes, and moved the progress of the program off dead center.

In 1977, the joint site-level committee progressed rapidly into a myriad of meaty issues, including:

—Revised and more effectively coordinated quality control procedures.

—A series of off-site meetings with all management and union officials (facilitated by the joint committee members themselves and not by consultants), not only to identify and address issues of common concern but also to improve the dialog and overall communication and interaction patterns as well.

—Direct employee involvement in deciding on and introducing major technological innovations, resulting in dramatically reduced startup time and costs.

—Via the vehicle of interlinking department and issue subcommittees, the consideration of a number of work-related issues: preventive maintenance scheduling, redesigned maintenance recordkeeping to improve down time, redesigned material handling equipment, improved and broadened employee/management recreational activities, reduction of spare parts inventory by more effective systems and more accurate parts needs systems and techniques.

—Development and implementation of revised and broadened employee/steward/supervisory and management development and training programs including both operational and human interaction issues.

—Weaning the project from the external consultants after a year of involvement, and generating alternative mechanisms for institutionalizing the process with minimal, if any, external assistance.

—Designing and beginning to implement an experimental, vertically organized work team concept to replace the previous horizontal system.

JQWLAC and senior labor and management officials are currently investigating diffusion of the QWL concepts, developed and refined at Houston, into other facilities and other corporations with which BCWIU has labor agreements.

> **"...quality of work life is not a closed rigid system but a process based on human interaction at work."**

which most managements encourage equally with their unions. But much more likely as the primal cause—and much more flexible—is the failure of organizations, mired in the old, obsolete ways, to include the new breed of employees as true members of the organization; to involve them *and* their interests in those of the organization; and to provide real—not cosmetic—opportunities to participate in the operation of the organization. It is worth noting that in equally affluent Japan, in whose culture industrial organizations view employees paternalistically as members of the family and as the natural recipients of management's good nature, the trend toward employee turnoff or dissidence is least evident, and the rates of Japanese productivity gains are the highest in the world.

Stability versus Process

The old ways, additionally, were being battered by emerging new post-industrial concepts of industrial organizations themselves. The 19th century notions of economic organizations as stable, rigid, and unchanging were disappearing. Status quo was no longer as necessarily desirable. New late-20th century notions of adaptation, growth, evolution—symbolized by the explosion of the conglomerate and the multi-national organization—were rapidly becoming the new name of the game. Even the autocratic notions of power in the hands of a few had largely dissipated into committee structures and ever wider power dissemination in decentralized, new management structures. The 200-year-old model of industrial organizations, or the old way, was in passage to something else.

Louis Mobley, former Director of Executive Development for IBM, re-

cently identified that significant passage:

"Today, *change* is a more accurate description of the effective management of organizations than stability. Human purposes must continually be determined and changed; social order in organizations must be conceived in terms of *process*, rather than rigid, stable structure."

To suggest that the old ways aren't working any more in the U.S. is an overstatement. But to suggest they're not working as well as they used to, even 20 years ago, is not. And to suggest that in these days of our troubled economic history, an ever more urgent need is rising for a new way to win back the organizational involvement of the new breed of working men and women—with their more educated demands and needs for human dignity—is perhaps an understatement.

The quality of work life process *is* that new way, when properly initiated and maintained. Because it is a process, it is intrinsic to the nature of the post-industrial organization, itself increasingly more process structured. Because its process provides increased organizational involvement by working people at every level, it remedially addresses the turnoff phenomenon at its source: exclusion. It not only can be, but is, key to and consonant with our national evolution toward the people-based, information-handling post-industrial era we have in so many ways already entered.

Initiating the QWL Process

In practice, quality of work life is not a closed rigid system but a process based on human interaction at work. It's a way of working, suggesting that working people be provided the opportunity to seek—

together—to identify barriers to the effectiveness of their work organization, or their part of it, and through problem solving, tumble those barriers down, one by one.

Clearly, managers or union leaders who still perceive their industrial or service organization in terms of the old, rigid authoritarian structures of yesteryear neither are nor should be candidates to adopt the open, contemporary quality of work life approach. It will only work—or work well—in organizations already aware that probable survival in the post-industrial era requires adaptation to the changing work force, changing world markets, changing economic realities in which the old notions don't work any more, and to the changing aspirations of a society becoming something it never was before. Such organizations and unions know who they are.

To such organizations (only), how does one establish a quality of work life approach in the organization? How, and where, does one begin? What does it mean?

Obviously, you begin where you are. No two organizations, or unions, like no two people, are ever alike. Each has its own special constellation of products, purposes, work processes, people, and way of doing things. What it means to begin to one organization may entail very different factors than to another. Yet from the accumulated history of organizations already deeply involved, it's possible to isolate some general guidelines as to what initiating QWL will mean, if it is to develop effectively. We will discuss these guidelines in the next issue.

to be continued

The Author is Director of the American Center for the Quality of Work Life.

Performance Guide for Evaluating Employees

Degrees → Factors ↓	Far exceeds job requirements	Exceeds job requirements	Meets job requirements	Needs some improvement	Does not meet minimum requirements
Quality	Leaps tall buildings in a single bound.	Must take running start to leap over tall buildings.	Can leap over short buildings only.	Crashes into buildings when attempting to jump over them.	Cannot recognize building at a glance.
Timeliness	Is faster than a speeding bullet.	Is as fast as a speeding bullet.	Not quite as fast as a speeding bullet.	Would you believe a slow bullet?	Wounds self with bullet when attempting to shoot.
Initiative	Is stronger than a locomotive.	Is stronger than a bull elephant.	Is stronger than a bull.	Shoots the bull.	Believes cock and bull stories.
Adaptability	Walks on water consistently.	Walks on water in emergencies.	Washes with water.	Drinks water.	Sleeps on a water bed.
Communication	Talks with God.	Talks with the angels.	Talks to himself.	Argues with himself.	Loses those arguments.