
Reinventing Human Resource Management

Enable Managers to Empower, Develop, Train, Reward and Discipline Employees

HRM03: Authorize Agencies to Develop Programs for Improvement of Individual and Organizational Performance

Background

Following the lead of the private sector, the Civil Service Reform Act of 1978 established governmentwide performance management systems for federal employees that linked employee pay to individual performance.

The system was designed to serve as a vehicle to improve agency and individual performance through improved communications of performance expectations between employees and supervisors. A yearly work plan, consisting of critical elements and performance standards, was envisioned to support agency planning and accomplishment of work. Ongoing feedback from the supervisor, including a formal, end-of-the-year appraisal, would provide feedback to the employee. Management decisions on promotions, awards, training, and retention were to be linked directly to the performance management process.(1)

Currently, there are separate performance management systems for supervisors and general managers (GM) included in the Performance Management and Recognition System (PMRS), and employees included in the General Schedule (GS). PMRS expires on October 31, 1993; thus, new legislation is required. Congress established a PMRS Review Committee as part of the PMRS Amendments of 1991 to advise the Office of Personnel Management (OPM) on improvements to PMRS. Congress reaffirmed its commitment to the linkage of pay and performance in the Federal Employees Pay Comparability Act (FEPCA) of November 5, 1990, and directed OPM to establish a Pay for Performance Labor Management Committee to advise OPM on the design and establishment of pay for performance systems for GS employees. In May 1993, OPM circulated a working draft proposal for changes in performance management systems titled "Principles and Features of Performance Management Reform." The OPM recommendations are similar to the National Performance Review recommended actions.

Need for Change

Performance management systems for GS and GM employees, in the view of virtually all observers (e.g., the General Accounting Office, Merit Systems Protection Board, National Academy of Public Administration, National Research Council, and academic researchers such as Perry and Ingraham), have not resulted in the desired improvements in individual and organizational performance. The failure of performance management systems to improve performance results from several factors:

--- Performance management systems were designed to meet multiple, sometimes conflicting purposes (performance, pay, retention, development), and as a result meet none of them.

--- Systems are governmentwide, inflexible, and not responsive to the varying needs and cultures of diverse federal agencies.

--- Systems are not owned by managers who must make them work but are, instead, seen as belonging to OPM.

--- There is an overemphasis on dealing with the poor performer, and insufficient emphasis on improving the performance of the majority of employees who meet expectations now but can do even better in the future.

- Systems are perceived as top-down control mechanisms rather than tools for empowering employees and supervisors to improve performance.
- Systems emphasize individual performance and do not support emerging efforts to manage group and organizational performance.
- Employees report that too frequently there is inadequate communication of performance expectations and feedback on performance.
- There are perceived inaccuracies in performance ratings, perceived rating quotas, and negative perceptions of the fully satisfactory rating.
- The performance appraisal is often threatening to employee and supervisor alike, inhibiting the opportunities for meaningful communication.
- Performance ratings are generally thought to be inflated, e.g., the average rating for a GM employee in 1991 was 4.1 on the required five-point scale; for GS employees, the average rating was 3.95.
- Performance ratings are unevenly distributed by grade, gender, occupation, geographic location, ethnic group, and agency.

The ideal performance management program will have one objective: improvement of individual and organizational performance. Agencies will be required to develop performance management programs that meet their unique needs and are consistent with the culture of their organization. Performance management programs will seek to improve the performance of all employees, both the majority of employees who meet performance expectations now and the few who do not. Employees and their representatives will be involved in design and implementation of performance management programs and with development of performance expectations.

Feedback on performance--during and at the end of the period--should be developmental in nature, focusing on how to improve future performance. To reinforce the emphasis on improvement of future performance, performance ratings and awards should be disassociated and independent of each other; i.e., after a determination is made that performance meets expectations, a further determination would be made to decide which of the employees who meet expectations will receive special recognition. Decisions about recognition could include factors unique to work group and organization mission and culture.

Action

Authorize agencies to design their own performance management programs. (3)

By fall 1994, the director of OPM should submit draft legislation to Congress to authorize agencies to design and implement performance management programs based on the following principles:

- Performance management is a developmental tool with one objective: improvement of individual and organizational performance.
- Employees and/or their representatives must be fully involved in design and implementation of performance management programs and in development of performance standards; in the case of employees represented by a union, collective bargaining will be required.
- Employees must be involved in development of performance expectations and receive feedback for improvement of future performance.
- At least two levels of performance must be identified: meets and does not meet expectations.

Complete decentralization of performance management within a framework of broad, governmentwide principles is expected to result in development of agency-based performance management programs that meet

each agency's unique needs. Agencies should be able to develop performance management programs that seek improved performance of all employees. Development of agency-based programs will result in programs that are owned by agency managers.

Involving employees and their representatives in development and implementation of performance management programs should result in programs that are owned by employees. Identifying a single objective for performance management makes it easier to achieve that objective, and to evaluate the success of performance management programs. Disassociating performance ratings and awards reinforces the emphasis on the objective of performance improvement. Agency heads, who are responsible for organizational performance, should be held accountable for development and use of performance management programs. Results-oriented accountability factors include improvements in organizational performance, ownership of the system by employees and supervisors, and the vigilance of employee unions and associations of management-level employees.

Endnote

1. International Personnel Management Association, Federal Section, "Critical Personnel Management Issues: Performance Management," December 1989, pp. 1-2.



[Return To Report Index](#)

[Who We Are](#) ||| [Latest Additions](#) ||| [Initiatives](#) ||| [Customer Service](#) ||| [News Room](#) ||| [Accomplishments](#) ||| [Awards](#)
||| ["How To" Tools](#) ||| [Library](#) ||| [Web Links](#)



[Reinvention Comments](#)
[Technical Comments](#)