# Performance Management Is More than an Appraisal

The Value of Feedback

OPM regulations state that an "appraisal period generally shall be 12 months so that employees are provided a rating of record on an annual basis." (5 C.F.R. § 430.206-02.) Longer cycles are permitted if the nature of assignments make it more appropriate. Current regulations do not require a supervisor to wait for the annual appraisal to tell employees what they are doing well or doing poorly; instead, an appraisal program is expected to include "ongoing appraisal."

However, merely judging the quality of performance, even on an ongoing basis, is not the same thing as managing that performance. Good performance management requires ongoing feedback in which an employee is not only kept informed about how he or she is doing, but is also given guidance and assistance to do even better in the future. The precise information that the feedback contains should vary based on the performance of the individual and the needs of the position.

In our 2007 Merit Principles Survey (MPS), we asked respondents a series of questions about the feedback they receive, including the frequency of "formal or informal feedback" from the supervisor. The more often such feedback occurred, the more likely the respondent was to also rate highly the supervisor's performance as a supervisor. We also asked how helpful the feedback was and, as shown in the chart below, those who received feedback more frequently were more likely to report that the feedback was very helpful.

INSIDE:

**MPS 2007. Perceived Helpfulness of Performance Feedback, by Reported Frequency of Feedback**
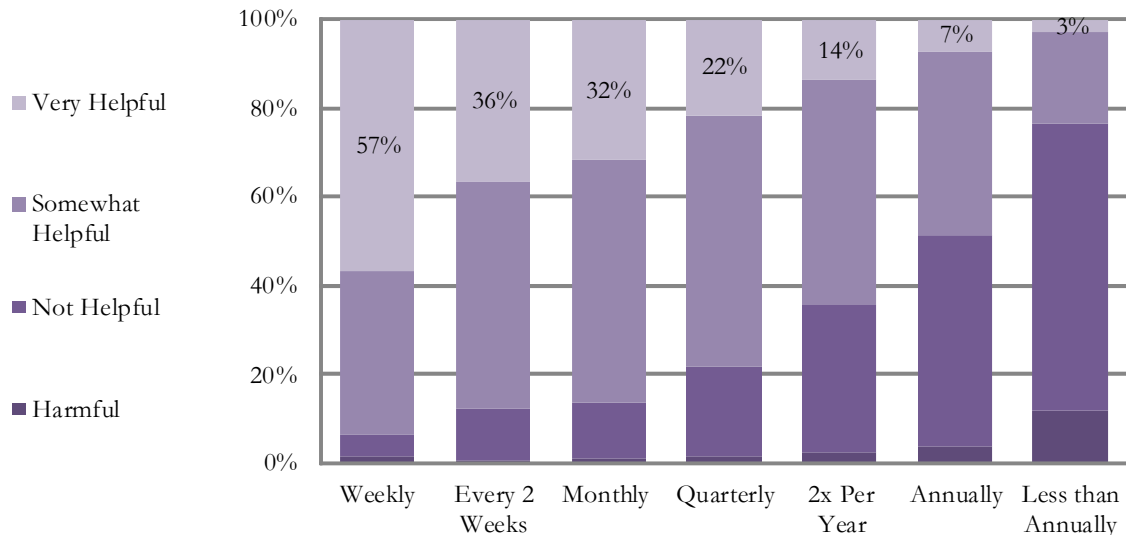
The Value of Feedback (Continued)

We also asked: (1) how frequently the respondent reported meeting with his or her supervisor to discuss the progress of the employee's work; and (2) the extent of the respondent's agreement that the supervisor had a good understanding of the employee's performance and accomplishments. As shown in the chart below, the more frequent the discussions, the more likely the respondent was to agree that the supervisor understood the employee's performance and accomplishments. This may be a result of the conversations leading the supervisor to better understand what is happening with the employee or the conversations leading the employee to recognize that the supervisor is aware of how the employee is performing. Either of these – or a combination of the two – has value for the organization.

MPS2007. Agreement that Supervisor Understood Employee's Performance, by Reported Frequency of Performance Discussions
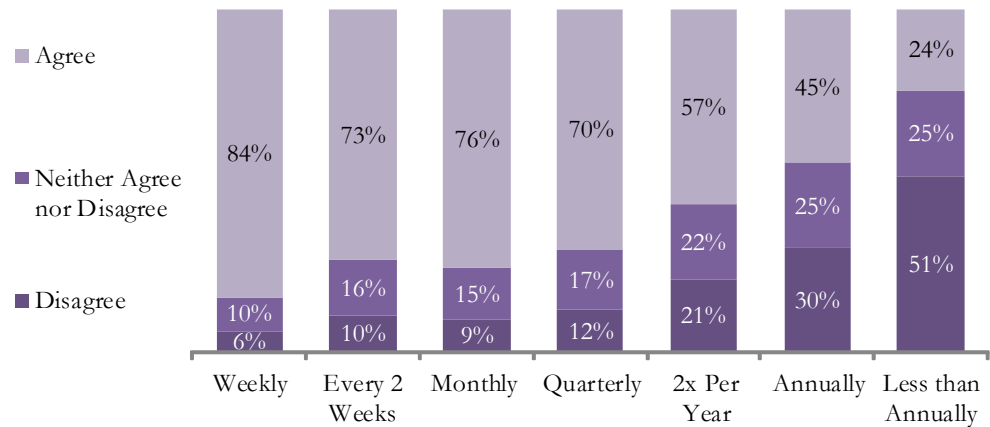
In our 2010 MPS, we asked whether respondents agreed with the statement, "The harder I try, the more I am able to achieve my work goals and objectives." Those respondents who reported that their supervisor provided timely feedback and constructive feedback were more likely to agree that hard work resulted in the achievement of goals and objectives than those with less timely or less constructive feedback.

QUALITY AND TIMELY FEEDBACK CAN OFFER A GOOD RETURN ON INVESTMENT.

Thoughtful feedback can take time for both the giver and recipient. However, agencies invest their budgets in employee salaries with the goal of accomplishing a particular mission or missions. Survey respondents in 2007 who reported receiving feedback the most often were twice as likely to strongly agree that their agency was successful in accomplishing its mission compared to those who received feedback the least often (32.8% vs. 14.6%). In other words, quality and timely feedback can offer a good return on investment.

Feedback Matters, Even at the Top

A major purpose of the performance review process is to identify the employee's strengths and weaknesses in important aspects of a job so that an individual can perform better. This is particularly true in pay-for-performance systems where the hope is that by tying pay to performance ratings, the individual will become more motivated to use their strengths and improve their weaknesses. So, we looked at data from a 2011 OPM survey of the Senior Executive Service (SES) to examine executives' perceptions of the effect that performance reviews were having on their ability to improve their performance.

As shown in the chart below, only 7 percent of career SES employees strongly agreed that their last performance review helped them to identify areas for improvement. The total of those who agreed to any extent was less than half. The performance review process was perceived as only slightly better at helping the respondents to identify their strengths, with 11 percent of career SES employees strongly agreeing. Once again, the total of those who agreed was less than half.

SES Survey 2011. Agreement among Career SES Employees that Performance Reviews Helped to Identify Strengths and Weaknesses

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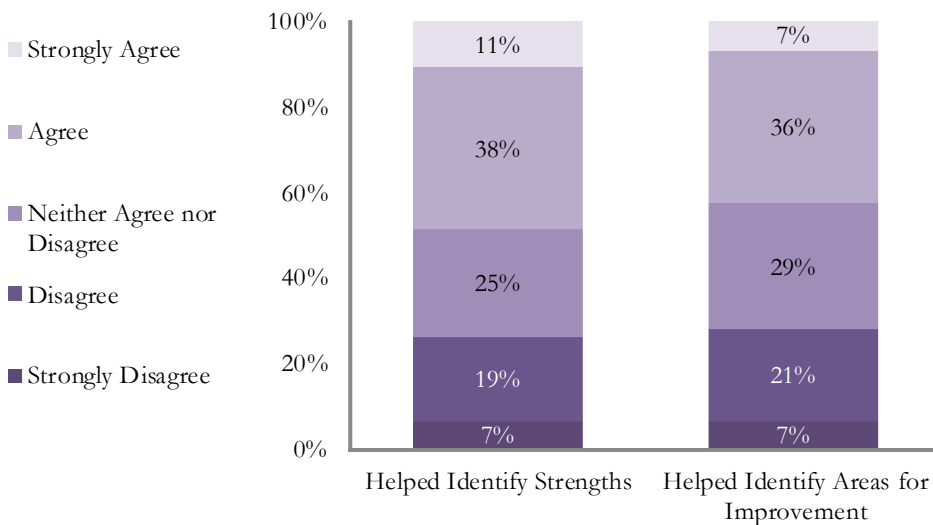

Non-career SES employees had even lower rates of agreement and strong agreement with these two statements. However, this does not mean that agencies should give up on discussing executive performance with their executives. The survey also asked whether the respondents agreed that discussions with their supervisors about their performance was worthwhile.

Feedback Matters, Even at the Top (Continued)

As shown in the chart below, more than 20 percent of both career and non-career SES strongly agreed that performance discussions were worthwhile, and the total that agreed to some extent exceeded 60 percent for both groups.
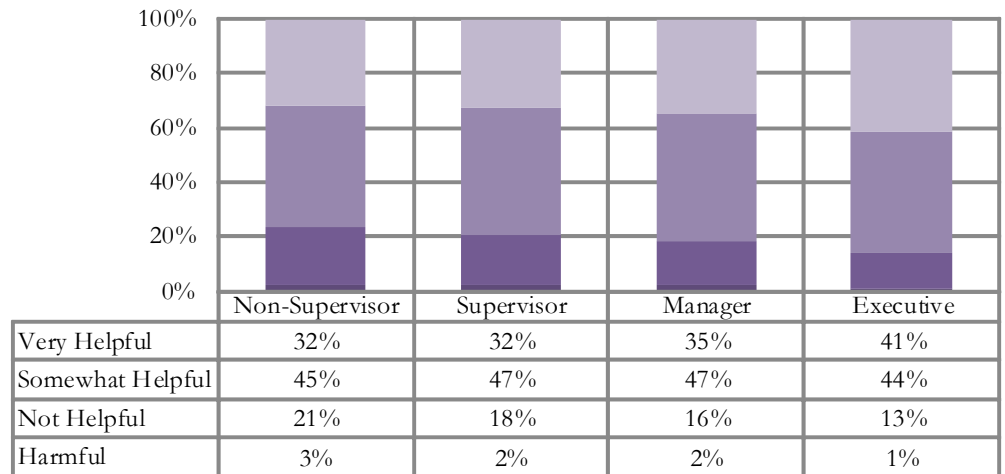
SES Survey 2011. Agreement that Performance Discussions were Worthwhile, by Type of Appointment
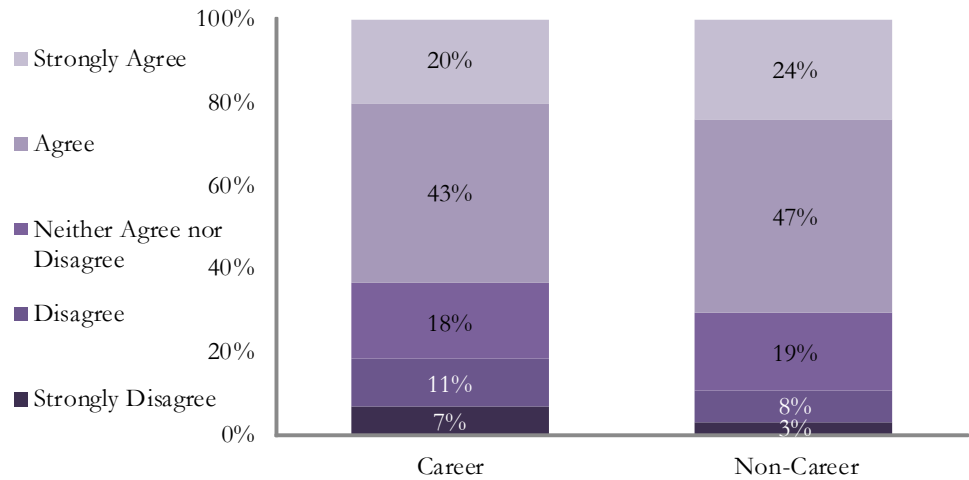
GOOD PERFORMANCE MANAGEMENT MEANS GIVING EMPLOYEES AT ALL LEVELS TIMELY FEEDBACK.

In MSPB's 2007 MPS, we asked respondents at several levels of supervisory responsibility how helpful their supervisor's feedback was in helping them to enhance or improve their performance. As shown in the chart below, employees at all levels found feedback helpful, but executives found it most helpful of all.

MPS 2007. Perceived Value of Performance Feedback, by Supervisory Level

	Non-Supervisor	Supervisor	Manager	Executive
Very Helpful	32%	32%	35%	41%
Somewhat Helpful	45%	47%	47%	44%
Not Helpful	21%	18%	16%	13%
Harmful	3%	2%	2%	1%

Regardless of an employee's place in the organization, the data show that an annual performance appraisal is not the same thing as good performance management. Good performance management means giving employees at all levels timely feedback to enhance their individual performance.

Feedback Should Focus on the Future, not the Past

If traffic makes you 20 minutes late for a meeting, someone might point out after the meeting, "If you'd checked the traffic report, you would have known to take an alternate route." This information, while perhaps accurate, does not change that you missed the first 20 minutes. So, would hearing it make you more likely to feel grateful or annoyed? Not surprisingly, most people do not enjoy being told what they did wrong after it is too late to fix it. Similarly, feedback that reminds an employee what the employee wishes he or she had done differently tends not to be as well-received as guidance that concentrates more on how the employee can do better in the future.

In order to get employees' attention on how to do better in the future, it is helpful for supervisors to use future-focused feedback. The past should be seen as an opportunity to offer lessons learned, but the emphasis should be on how to take advantage of that information to grow.

One way to think of this is as "feed-forward" rather than feedback. The supervisor is feeding forward-looking growth. When feed-forward applies to projects the employee is currently facing, or will soon face, the feed-forward can be particularly helpful. In a feed-forward conversation, positive reinforcement can be a valuable step because people tend to prefer praise over criticism. In feed-forward, rather than telling an employee, "You're slipping," a supervisor might get better results by saying, for example, "You did a great job on 'project x' a few months ago when you created the product log to track movement. How do you think we can use that approach for your current project?"

THE EMPHASIS SHOULD BE ON HOW TO TAKE ADVANTAGE OF LESSONS LEARNED IN ORDER TO GROW.

A forward-focused approach can be challenging for supervisors who are focusing on using performance conversations to comply with performance appraisal systems that are designed around the ability to remove poor performers for past performance. Such systems tend to place the emphasis on documenting past errors in order to justify a future adverse action. While this can be one important part of dealing with the relatively few employees who fail to fully meet the critical elements of their performance standards, it is a poor way to manage the performance of the overwhelming majority of employees who meet their performance requirements but may be able to do even better.

Fortunately, not every feedback discussion needs to be a formal meeting designed to comply with the performance appraisal system. If necessary, supervisors may benefit from thinking of the feed-forward conversations with their acceptable performers as an entirely different part of performance management.

Remember, as discussed previously, the more timely and relevant the feedback (or feed-forward), the greater the potential that employees will find it helpful.

Rating Levels – Giving Context to the Numbers

Regulations issued by the Office of Personnel Management (OPM) permit agencies to create performance appraisal systems with anywhere from two to five levels for designating the employee's degree of success.   While the Department of Defense (DOD) has recently utilized several different systems with varying numbers of levels, last summer it announced that it is moving the "vast majority" of its civilian employees to a three-level system and expects that it will be able to make "meaningful distinctions in levels of performance" in this new system.[1]

A system can only have one category that means outright failure and must have at least one category that means success. To see whether the number of levels beyond this truly matters in the making of distinctions, we used data from the Central Personnel Data File (CPDF) to look at how DOD was using both: (1) a two-level system (pass/fail); and (2) a five-level system. (While the precise wording can vary, a five-level system typically has the following types of categories: (5) Outstanding; (4) Above Average; (3) Fully Successful; (2) Needs Improvement; and (1) Unsuccessful.)

In 2013, DOD had 218,560 employees who received a rating of record in a two-level system and 270,263 employees who received a rating of record in a five-level system.[2]   In both Navy and Air Force, the percent of employees rated at level 1 in a two-level system was 0.1 percent. (Army and the "DOD Other" group – which is the other DOD components combined – each had less than 1,000 employees in a two-level system.)

Army, Navy, Air Force, and DOD Other all used a five-level system for 10,000 employees or more in 2013, and each placed approximately 0.1 percent in the fail category there as well. In other words, the likelihood that the employing component would designate the employee as unsuccessful was roughly the same regardless of whether the component used the system with the most levels (five) or the least (two).
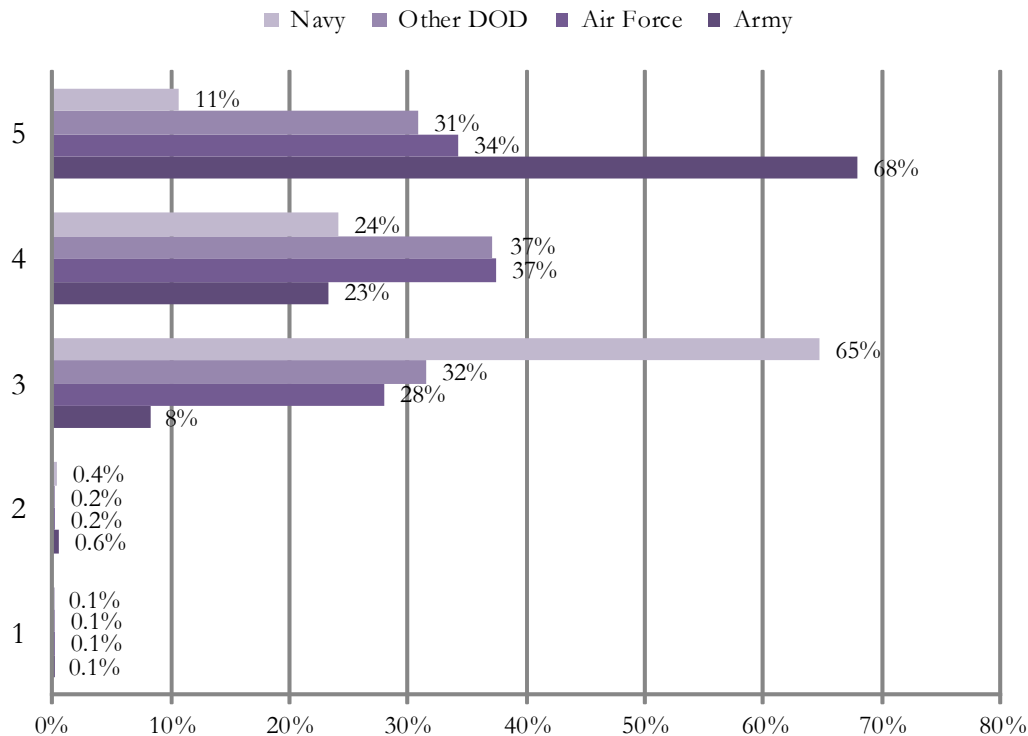
While failure rates were approximately the same regardless of the number of levels, as shown in the chart on the next page, the extent to which the other rating levels (2 through 5) were used under a five-level system varied greatly by component. Within a five-level system, Army was three times as likely as Air Force or "DOD Other" to rate an employee as a "2" – meaning the person was less than fully successful without outright failing.

How levels 3 and 5 were used particularly stood out. In Army, two-thirds of the employees were rated at level "5." Thus, a level "4" Army employee was, in fact, below average. In contrast, a level "4" employee in Navy was well above average, with only 11 percent of Navy employees rated any higher.

THE LIKELIHOOD THAT THE EMPLOYING COMPONENT WOULD DESIGNATE THE EMPLOYEE AS UNSUCCESSFUL WAS THE SAME REGARDLESS OF WHETHER THE COMPONENT USED THE SYSTEM WITH THE MOST LEVELS (FIVE) OR THE LEAST (TWO).

Rating Levels – Giving Context to the Numbers (Continued)

CPDF. Rating Distribution of DOD Employees Covered by a Five-Level Rating System, by DOD Component, 2013

Legend: Navy ■ Other DOD ■ Air Force ■ Army

Level	Navy	Other DOD	Air Force	Army
5	11%	31%	34%	68%
4	24%	37%	37%	23%
3	65%	32%	28%	8%
2	0.4%	0.2%	0.2%	0.6%
1	0.1%	0.1%	0.1%	0.1%

This same pattern of agencies using the different "success" levels to different degrees emerged when we looked at 14 large, non-Defense agencies that used a five-level system for at least 5,000 employees. The overall average for each level was: level "5" (34%); level "4" (37%); level "3" (28%); level "2" (0.3%) and level "1" (0.1%). But, most agencies were far from these averages. For example, the percentage of employees who were rated at level "3" ranged from a high of 78 percent in one agency to a low of 11 percent in another, with only 2 of 14 agencies within 5 percentage points of the overall non-DOD average of 28 percent.

In other words, it appears that agencies use the same rating levels in very different ways. An assigned rating number that is well below average in one agency may be well above average in another. Thus, what matters most is not how many levels a system has, but rather how the system – whatever it might be – is used. In the end, a number cannot manage performance. For that, supervisors must give timely, relevant, forward-looking, and detailed feedback that is tailored to the employee and the position.

WHAT MATTERS MOST IS HOW THE SYSTEM — WHATEVER IT MIGHT BE — IS USED.

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[1] http://www.defense.gov/News-Article-View/Article/602975/dod-to-implement-3-tier-civilian-performance-appraisal-system.

[2] Data for full-time, permanent employees only.

Materials for Reference

MSPB has been issuing reports related to the health of the civil service since 1981 and published a newsletter, *Issues of Merit,* since 1996. These publications are available at www.mspb.gov/studies. Below is a list of some materials that readers may find relevant to performance management issues. This list is not exhaustive and we encourage people and organizations seeking information on a merit-based civil service to search the MSPB studies website for items of interest.

Reports:

Managing Public Employees in the Public Interest: Employee Perspectives on Merit Principles in Federal Workplaces (2013).

Federal Employee Engagement: The Motivating Potential of Job Characteristics and Rewards (2013).

A Call to Action: Improving First-Level Supervision of Federal Employees (2010).

Addressing Poor Performers and the Law (2009).

Managing for Engagement—Communication, Connection, and Courage (2009).

The Federal Government: A Model Employer or a Work in Progress? (2008).

The Power of Federal Employee Engagement (2008)

Designing an Effective Pay for Performance System (2006).

Issues of Merit Articles:

Leaders: "Recognizing" Employees" Requires More than Just Knowing Who Works for You (Fall 2015) p. 4.

Effective Performance Discussions: Don't Forget to Look Forward (Spring 2015) p. 1.

Informal Recognition: A Little "Thanks!" Can Mean a Lot (Jun. 2013) p. 1

Good Performance Management Practices: The Core of Effective Telework (Jan. 2012) p. 4.

Incorporating Choice into Performance Rewards Systems (Sep. 2011) p. 1.

Telework's Negative Effect on Performance: Barrier or Myth? (Aug. 2010) p. 4.

Moving Beyond Performance Standards (Jul. 2009) p. 2.

Performance Appraisal Systems: Quality vs. Quantity (Sep. 2006) p. 1.