

1. EXECUTIVE SUMMARY

1.1 BACKGROUND

The United States Coast Guard (USCG), Office of Civilian Personnel (G-WPC), secured the services of T.E. Systems, Inc. (TES) to conduct a program evaluation of the Excellence, Achievement, and Recognition System (EARS), a performance management system for appropriated-fund civilian employees. EARS was deployed on April 1, 1999, and this evaluation covers the initial year of its existence. The primary purposes of the evaluation were to document the consequences of EARS, identify system strengths and weaknesses, provide recommendations, and establish benchmark measurements for future monitoring of the system. The targeted audiences were USCG non-supervisory civilian employees that are rated under the EARS system and civilian and military supervisory personnel that oversee and use EARS to evaluate the performance of civilian employees.

Data were collected through a series of focus groups and a survey of employees. The focus groups were used to develop the employee survey data collection instruments and obtain qualitative assessments and perceptions of EARS in its initial stages. Ten (10) focus group sessions were conducted at five (5) USCG sites from October 18 through October 26, 1999. At each site, one session was conducted with non-supervisory employees and another was conducted with supervisory personnel. The employee survey was conducted from April 27, 2000, to June 2, 2000, and made available to a random sample of USCG employees in paper and web-based formats.

Overall, the survey response rate was 63%. Conclusions based on individual target populations of USCG employees that rate or are rated under EARS can be stated with a 95% confidence level and a maximum error tolerance of +/- 3%. For all employees as a whole, conclusions can be stated with a 95% confidence level and a maximum error tolerance of +/- 2%.

1.2 PROJECT OBJECTIVES

There were 13 defined objectives for this evaluation study. Each project objective and the evaluation findings for that objective are provided below. While attempts were made to address all of the original project objectives, in the early stages of the project it became apparent that they all could not be addressed to the degree desired. This was largely due to the fact that, in the series of focus groups, both employees and supervisors indicated that since EARS was in its infancy stage they would prefer to reserve judgements on some of the topic areas.

PROJECT OBJECTIVE	EVALUATION FINDINGS
1. <i>Whether EARS promoted or enhanced communication between supervisors and employees.</i>	<ul style="list-style-type: none">• 73% stated that the amount of discussion between employees and supervisors regarding performance has stayed about the same; 17% said they now have more discussions and 10% said fewer.• 22% of employees felt that the quality of communication under EARS has improved and 38% said that it definitely has not improved; 30% of supervisors felt it improved.• 23% of comments about what employees liked about EARS referenced increased communication.• 17% of employees reported that they never discussed performance with their supervisor during the EARS rating cycle.

PROJECT OBJECTIVE	EVALUATION FINDINGS
<p>2. <i>Whether EARS (Performance Appraisal Program and Core Competencies) helped to promote a more well-defined linkage between individual performance and organizational goals.</i></p>	<ul style="list-style-type: none"> • 82% of employees indicated that the Core Competencies included in their performance plan were applicable to their job position; only 7% felt they were not applicable. • 74% of employees felt organizational goals matched their individual work objectives; 9% felt they did not match. • 69% of performance plans addressed some type of organizational goals. • Applicability of Core Competencies is a key determinant of an employee's overall satisfaction with the EARS performance appraisal system.
<p>3. <i>Whether the degree of accountability demonstrated by supervisors and managers for effective performance management increased and/or improved.</i></p>	<ul style="list-style-type: none"> • 68% of employees felt that supervisors followed the administrative procedures specified in the EARS Commandant Instruction, and 14% indicated that procedures were not followed. 85% of supervisors stated they followed the procedures. • 8% of the comments about least-liked aspects of EARS mentioned that there was still too much supervisor subjectivity.
<p>4. <i>Whether the usage of monetary and non-monetary awards, as incentives to reward and recognize high levels of performance, was increased.</i></p>	<ul style="list-style-type: none"> • 50% of employees reported receiving an award under EARS¹; 77% of employees had received an award under the previous Performance Management System. • 29% of employees had received an award during the previous rating cycle, but not during the initial year of EARS. • Limited Awards was cited by 5% of employees as one of the least-liked aspects of EARS.
<p>5. <i>Whether employee development programs are effective.</i></p>	<ul style="list-style-type: none"> • 41% of employees were satisfied with the amount of job-related training they received; 34% were dissatisfied. • 50% of employees receiving training were satisfied with the quality of training; 25% were dissatisfied. • 17% of supervisors stated that none of their employees had raised job-related training needs during their progress reviews. • Employee Development was not cited as a common like or dislike about EARS.
<p>6. <i>Whether performance appraisals and performance awards should be de-linked.</i></p>	<ul style="list-style-type: none"> • 23% of employees felt that awards should not be linked to the final rating; 57% thought they should be linked. • Those saying awards should not be linked cited that awards should be given throughout the rating cycle for specific acts/accomplishments and that monetary awards biased final ratings. • Those saying awards should be linked stated that awards were a form of documentation of level of performance.

¹ This number reflects only the percentage of sampled employees (2,326) that knew their award status at the time of the survey. Since the survey was conducted so close to the end of the EARS rating cycle, only 80% of sampled employees had actually received their final rating. The remainder did not know whether or not they would receive an award based on their final rating. Information, based on 5,036 employees, provided by G-WPC subsequent to the publishing of the draft report, indicated that as of September 9, 2000, 78% of employees had actually received a performance award. The average award payment was \$513.

PROJECT OBJECTIVE	EVALUATION FINDINGS
<p>7. <i>Whether the responsible persons are doing “things right” (i.e., are the rules/processes/procedures governing EARS being followed properly).</i></p>	<ul style="list-style-type: none"> • 68% of employees felt that supervisors followed the administrative procedures specified in the EARS Commandant Instruction, and 14% indicated that procedures were not followed. 85% of supervisors stated they followed the procedures. • 78% of all employees had developed a performance plan with their supervisor. • 59% of all employees had developed a performance plan by May 1, 1999. • An average of 1.6 progress reviews were conducted between employees and supervisors. • 15% of employees did not receive a progress review. • Approximately 75% of employees receiving progress reviews had received them by the recommended dates (August 31, 1999 and December 31, 1999). • Only 59% of employees had received their final rating by the time the next EARS rating cycle commenced (May 1, 2000). • Roughly 70% of employees felt the input they provided for progress reviews and the final rating were considered by supervisors, but about 13% felt their input was definitely not used. Over 90% of supervisors said they considered the input.
<p>8. <i>Whether the responsible persons are doing “right things” (i.e., is the program working as intended; are there systematic changes to be made that would make EARS more effective).</i></p>	<ul style="list-style-type: none"> • Only 24% of employees agreed that they had a better understanding of job results expected of them under EARS than under the previous Performance Management System. 37% had no opinion, and 39% stated that they did not have a better understanding of expected job results. • Only 11% of employees felt that work quality had improved. Nearly half (47%) said they saw no improvements, and the remaining 42% chose to remain neutral. • 28% of employees and 29% of supervisors expressed an interest in more training on EARS. While a third had no opinion on the matter, 39% of employees stated that more training was not necessary. • Many employees felt supervisor subjectivity detracts from the fairness of EARS. • A common dislike about EARS is the number of rating levels (too few).
<p>9. <i>Whether a multi-feedback system should be piloted as a developmental tool for communicating employee/supervisor/manager strengths and weaknesses.</i></p>	<ul style="list-style-type: none"> • 44% of employees wanted to be able to give feedback to their supervisor regarding his/her performance, but 19% felt it was not a good idea. 64% of supervisors would welcome feedback about their performance from the employees they supervise, but 9% were opposed to the idea. • Desire to provide feedback was a general request, and not directly correlated to any specific aspect of EARS. • Simplicity and low burden were reasons employees liked EARS.

PROJECT OBJECTIVE	EVALUATION FINDINGS
<p>10. <i>Whether supervisors used work plans to clarify Core Competencies and/or to specify tasks/projects to be performed.</i></p>	<ul style="list-style-type: none"> • Since work plans were optional, focus group participants indicated that this particular objective was not easily measurable in the first year of EARS. • 82% of employees indicated that the Core Competencies included in their performance plan were applicable to their job position. 7% felt they were not applicable. • 74% of employees felt organizational goals matched their individual work objectives. 9% felt they did not match. • Core Competencies were mentioned as both a like and dislike about EARS.
<p>11. <i>Whether employees chose to provide input into their evaluation.</i></p>	<ul style="list-style-type: none"> • 63% of employees provided input into the development of their performance plan. • 58% of employees provided input into their progress reviews. • 74% of employees provided input into their final rating. • Roughly 70% of employees felt the input they provided for progress reviews and the final rating were considered by supervisors, but about 13% felt their input was definitely not used. Over 90% of supervisors said they considered the input.
<p>12. <i>The number of Core Competencies employees/supervisors had and the rationale for selecting other than the mandatory Core Competencies.</i></p>	<ul style="list-style-type: none"> • Between 5 and 6 core competencies were identified in each performance plan. • 79% of employees felt the number of core competencies they had was just right; 14% said they had too many. • 82% of employees indicated that the Core Competencies included in their performance plan were applicable to their job position, and 7% said they were not applicable. • 9% of employees citing a dislike about EARS reported that the core competencies were too generic.
<p>13. <i>Whether employees/supervisors/managers were satisfied with their ratings.</i></p>	<ul style="list-style-type: none"> • 67% of employees were satisfied with their final rating; 21% were dissatisfied. • Most dissatisfaction with the final rating was a result of employees receiving lower ratings than expected; however, some employees that received a rating higher than expected were still dissatisfied because they did not like the rating levels used.

1.3 SUCCESS AREAS

In its initial year, EARS appears to be successful in many areas. Listed below are the aspects of EARS that can be regarded as positive findings.

1. **Performance Plans:** Seventy-eight percent (78%) of employees reported developing a performance plan, and those that had such a plan were significantly more satisfied with the overall evaluation process.
2. **Number of Core Competencies:** On average, employees had between five and six Core Competencies identified in their performance plans. Seventy-nine percent (79%) of employees felt the number of Core Competencies was just right.
3. **Number of Progress Reviews:** Like the number of Core Competencies, 79% of employees were satisfied with the number of progress reviews they received. Satisfaction with EARS was significantly higher when at least two progress reviews were conducted.

4. **Simplicity of System:** When providing the top reasons for liking EARS, 20% cited the lower burden and 16% stated simplicity.
5. **Adherence to Procedures:** A majority of both employees (68%) and supervisors (85%) felt that the administrative procedures specified in the EARS Commandant Instruction were followed.
6. **No Demographic Biases:** For the most part, EARS appears to be uniformly applied among race, gender, and job position characteristics.
7. **Employee Neutrality:** For the majority of the areas measured, a good portion of the employees tended to remain “neutral” about their feelings towards EARS. Employees are willing to give the system a chance before requesting drastic changes or a new system entirely.

1.4 WARNING AREAS

Although EARS has been in existence for only one year, there are some system aspects that raise warning flags. The potential impact of these warnings is dependent on whether, and to what degree, they continue in subsequent rating cycles.

1. **Awards:** The percent of employees receiving awards dropped significantly from 77% under the previous Performance Management System to only 50% under EARS.²
2. **“Exceeds” Ratings:** Two-thirds of employees received an “Exceeds” rating during the first EARS rating cycle.² A high percentage of “Exceeds” ratings and a lower percent of employees receiving awards (see item 1 above) could lead to a total disbelief in the system.
3. **Rating Scale:** When mentioning the things they disliked most about EARS, 19% of the respondents stated that they felt there were too few rating levels. During focus group discussions, many participants expressed concern over not knowing what it would take to elevate them from a “Meets” rating to an “Exceeds” rating.
4. **Use of Employee Input:** As a whole, roughly 70% of employees felt that their input was used by supervisors. Ideally the percentage would be higher since the use of employee input is a key determinant in employees’ satisfaction with EARS. Over 90% of supervisors stated they used their employees’ input. The 90% usage is a more desirable level.
5. **Recommended Milestone Dates:** Although it did not appear to impact employees’ overall perceptions during the initial year of EARS, many of the performance milestones suggested in the EARS Commandant Instruction were only moderately followed.
6. **Motivation/Morale:** There were no indications that EARS improved morale or motivation. On the contrary, some employees felt that EARS has contributed to a decline in morale.

² Information, based on 5,036 employees, provided by G-WPC subsequent to the publishing of the draft report, indicated that, as of September 9, 2000, 78% of employees had actually received an award and 56% of the employees had received an “Exceeds” rating for the first EARS rating cycle. When the survey was concluded on June 2, 2000, only 80% of the 2,326 sampled employees had been informed of their final rating and/or award status. With regard to the final ratings, this indicates that those employees who did not receive their final rating by the end of the EARS rating cycle were more likely to receive a “Meets” rating than an “Exceeds” rating.

1.5 RECOMMENDATIONS

The focus groups and employee survey findings identified both success and warning areas that can be used to increase the effectiveness and efficiency of EARS in subsequent years. Listed below are procedures/processes that can be immediately implemented to ensure employee buy-in and the future success of EARS.

- Communicate Responsibilities Under EARS: Continue to inform employees of the importance of developing performance plans *with* their supervisors, and their role in providing performance input and actively participating in the scheduled reviews. Communicate the roles of supervisors, including meeting/achieving recommended milestone dates, to both supervisors and employees to enhance accountability.
- Adhere to Dates and Procedures: The dates and procedures specified in the EARS Commandant Instruction appear to be sufficient and effective when followed by supervisors and expected by employees. However, the processes need to be applied consistently. A structure exists and both employees and supervisors should be made aware of the requirements. Until the prescribed procedures and processes are uniformly followed, any other changes to the EARS rating cycle may lack significant results.
- Define Rating Levels: Employees need to be made aware of what it takes to achieve an "Exceeds" rating and what the difference is between that rating and a "Meets" rating. A more concrete definition of the rating levels, and a thorough communication of the rating levels to both employees and supervisors, will more than likely offset the desire to change the rating scale altogether as recommended by many employees.
- Solicit and Use Employee Input: Employees that provided input into their performance plan, progress reviews and final rating were significantly more satisfied with the new performance management system. Furthermore, employees that believed their input was objectively used expressed even higher levels of satisfaction. Employees should be informed of the types of input that is desired by supervisors and be educated on the benefits of providing such input. Supervisors should actively seek employee input. As opposed to simply having the employee write all or a portion of their plans and rating justifications, supervisors should ask employees for their input prior to the formal reviews. If necessary, recommended dates for employee input should be communicated as a responsibility of employees. Supervisors should get in the habit of telling employees how their input was used during the scheduled progress reviews and final rating period. A formal feedback mechanism should be implemented if employees continue to believe their input is not being used by supervisors.
- Supervisor Feedback Mechanism: Almost 50% of employees and two-thirds of supervisors felt that the idea of supervisor feedback could be beneficial. However, employees and supervisors both like the current simplicity and low burden requirements of EARS and additional measures should not detract from that positive aspect of EARS. As such, a feedback mechanism as intense and demanding as a 360-degree feedback program is not recommended. Instead, the feedback mechanism should be limited to a brief review of supervisors' performance by employees. Ideally the feedback would be done in a confidential and anonymous manner to encourage honesty and objectivity. Employees would like to have the feedback be incorporated into the actual final ratings received by supervisors, i.e. results be provided to their supervisor's supervisor, however it would be better suited if the feedback was used for developmental purposes only. A form for a brief evaluation of the supervisor may be attached to the employee's final evaluation form. The supervisor evaluation may then

be returned directly to the individual responsible for rating the supervisor's performance or handed to a unbiased third party to report the findings.

- Reward Performance Throughout Rating Cycle: Employee morale and motivation are increased when performance is awarded throughout the rating cycle. Employees need to see the link between their performance plan, working harder, and rewards. To further increase motivation, educate employees on the benefits of a workplan. Communicate these benefits via data or testimonials regarding rewards received for working harder.