

MEMORANDUM FOR AGENCY HEADS

Subject: Improving Employee Engagement and Performance

This memorandum provides guidance to support agencies' efforts to improve employee engagement and performance in accordance with priorities established in the President's Management Agenda Cross Agency Priority (CAP) goal on People & Culture. OPM has worked with agencies to significantly improve the utility of the Federal Employee Viewpoint Survey (EVS) by conducting the survey annually, increasing the level of detail in feedback made available to agencies, and providing interactive visualizations of the data through the newly released UnlockTalent.gov Dashboard. In accordance with the CAP Goal, agencies are already developing plans to improve employee engagement. To further institutionalize a focus on employee engagement, the initiative will be integrated with existing human capital performance review requirements under 5 CFR part 250, the Government Performance and Results Modernization Act of 2010 (GPRM), as well as OPM's HRStat initiative. This memorandum does not include new reporting requirements, but does put forth a series of management practices that are important to improving employee satisfaction, engagement, and performance.

We are providing guidance and tools to assist agency leadership, SES, managers/supervisors, union leaders, and the human capital community in designing collaborative approaches to improving Federal workforce engagement in order to achieve greater outcomes for the public and ensure Federal employees work in productive environments. As employee engagement is not a one-time event, we propose agencies follow an iterative model of *planning* (reviewing data, using the new tools to set targets and identify improvement actions); *implementing* selected actions; and *reviewing progress*. As part of a collaborative and continuous improvement effort, labor representatives and local Labor Management Forums can also provide valuable insights throughout the process and assist in gaining employee commitment and buy-in.

Objectives

A key objective of the People and Culture CAP Goal of the PMA is to improve employee engagement Government-wide, as measured by the EVS Engagement Index, to 67 percent by 2016. This is an ambitious goal as the 2014 results declined one percentage point to 63 percent. The focus on the 15-question employee Engagement Index is based on strong evidence that engagement is correlated with mission performance. For example, one Gallup study found that engaged private sector organizations have 3.9 times the earnings per share growth rate compared to organizations with lower engagement in their same industry (<http://www.gallup.com/tag/Employee%2bEngagement.aspx>). This goal for Federal agencies can only be met if we use the feedback from employees to inform actions by each leader, manager and supervisor, and empower supervisors at unit levels to improve employee engagement locally. Fortunately, UnlockTalent.gov with its more than 20,000 organizations

represented makes this data easier to use than ever and enables all levels of the organization to discuss opportunities for improvement based on employee feedback.

Strategies

While strategies to improve engagement within each agency will vary, there are several key actions that agencies should undertake, as described below.

1. Planning

Many of the key actions that comprise an effective planning process are specified in the People & Culture CAP goal; those required actions are noted with an asterisk (*) below:

- ***Leaders set clear goals**** – As part of regular organizational and individual performance planning, agency heads, component heads, SES, managers, and supervisors set goals each year to improve their organization’s employee engagement levels and other workforce issues. Improving engagement should be included in human capital and local labor management forum goals, and integrated into the performance objectives of each agency’s strategic plan.
- ***SES and managers held accountable for improvement through performance appraisal integration**** – Improving employee engagement and creating inclusive work environments is part of annual performance plans and appraisals for SES and managers. SES individual performance agreements should outline specific expectations for activities and measurable results concerning improved engagement and performance and should cascade to mid-level managers and supervisors. Agencies are given wide flexibility in how to define these requirements, which may include the use of specific EVS question(s) or indices.
- ***Agencies partner with their labor unions at the national and local level on engagement topics*** – The front-line employees are in the best position to report what will improve their morale and increase engagement. Large-scale efforts require broad buy-in sustained for several years before they become the cultural norm and embedded in how the agency accomplishes its mission. Labor representatives can provide integral insight and assist with gaining employee commitment.
- ***Agencies develop strategies and approaches at the component and office level*** – Improving employee engagement and performance is an inherently local function that often requires changes in practices at the manager and supervisor level. Components and offices should develop strategies to address specific concerns raised by their reviews of their EVS and HRStat data.

- **Agencies disseminate data results to the lowest level possible*** – OPM has already issued more than 20,000 FEVS reports at the agency component and office levels. Agency CHCOs and other senior officials should facilitate and ensure distribution of these reports to all executives, and to supervisors/managers at the component and office level, where the data are actionable, within three months of the survey completion date. Local labor management forums are encouraged to use this information as they identify areas for improvement as well. At a minimum, local labor management forums should have access to the Agency Management Reports (AMRs). OPM disseminated the AMRs to agencies on September 22, 2014.
- **Leadership ensures agency-wide collaboration and accountability for improvement** – While each component is responsible for determining what items to address, the Agency leadership, in partnership with union leadership, need to regularly monitor progress, ensure all components are actively incorporating engagement activities and spot trends across the components that may require a more global effort.

2. Implementing Improvement Actions

- **Implementing Key Actions** - Agencies should look at improvement actions that address bureau and office-level concerns in addition to actions that cut across the agency. This will maximize the potential to create a positive impact that is measurable. The Community of Practice section in UnlockTalent.gov contains research and guidance on successful practices; OPM will update this section based on input from agencies, unions and other contributors.
- **Identifying successful practices** - The expansion of EVS breakouts provides most organizations with an ability to identify organizations and even work units that are employing successful practices that lead to a more engaged workforce, many of which can be spread to other similar organizations. Often these items have no cost and are already being performed by managers within the agency, but have not risen to the agency's attention. The CHCO and Labor Management Working Groups are already creating materials and sharing best practices. Agencies are encouraged to raise the issue in local Labor Management Forums.
- **Identifying areas in need of attention** – The EVS data can also identify organizations where leadership, manager, or supervisor issues need to be addressed. While EVS results are never the final answer, they offer an important place to begin the conversation with managers and employees to better understand root-cause issues that may impact morale and organizational performance.
- **Sustaining successful approaches** – Employee engagement is not a one-time project, but an ongoing program where the efforts become embedded within the culture. Agencies should develop human capital policies that support their engagement

strategies and establish strong outcome metrics for engagement and other organizational health indicators. Examples include performance standards that hold leaders accountable for engagement and development for supervisors and leaders that build competencies required for an engaged workforce.

3. Reviewing Progress and Feedback

- **Analyzing EVS and other data** – Agencies will review EVS results and other human resource data through a variety of management reviews (e.g., Deputy Secretary quarterly reviews, HRStat, SES/manager performance reviews) in an effort to understand where employee engagement and performance are lagging and why that might be the case.
- **Communicating and sharing best practice** – Senior officials should make every effort to communicate what is working within their agencies and across government. OPM will convene community of practice meetings to share effective strategies and lessons learned. This may include rotating agency managers with strong track record of success to other organizations that could benefit from their experiences and lessons learned.

Annual Cycle for Administration and Use of EVS results

In order to establish a predictable cycle for using EVS to improve performance, below is a suggested timeline that agencies can rely on in future years:

- February: Agencies send OPM final list of organizational breakouts.
- April-June: OPM administers EVS while agencies encourage employees to take it.
- August - September: OPM disseminates results to agencies.
- September - October: Agencies disseminate EVS reports to managers and supervisors; facilitate data-driven reviews of engagement and performance.
- Before the beginning of performance appraisal cycle: Agencies identify appropriate EVS metrics to be incorporated into SES and manager performance plans (noting that engagement targets should cascade from executives to mid-level managers and supervisors).
- November: Agencies and unions incorporate EVS results into labor management forums.
- February: Annual Performance Plans and Reports include goals related to employee engagement and other EVS related improvements.
- On-going: Agencies use the HRStat quarterly review to identify and baseline metrics and targets for driving, measuring and tracking engagement.

- On-going: Agencies use continuous feedback mechanisms such as focus groups, pulse surveys, etc. to learn what improvement actions are making a difference in employee morale and engagement.
- Quarterly: Agencies conduct HRStat reviews to monitor progress on improvement actions.
- Every six months: Component heads review progress at least every six months on engagement efforts.
- Annually: OMB, OPM, and agency leadership review progress with agencies.

Resources

Agencies already have access to resources to meet the expectations described above. We know that many agencies have developed their own capabilities to analyze human resources data, develop action plans, and disseminate best practice. In addition to expertise within agencies, there are a number of cross-agency resources, including:

- ***EVS online tool*** – Agencies are able to access reports and review data by accessing the EVS online tool at <https://www.dataexplorer.com/fevs>. This tool allows agencies to view item-by-item results, response rates, and other data at various component levels, and to produce customized datasets that may be useful for analysis and action planning. Each agency has several points of contact with access to this tool and the ability to grant further access. At present, the tool contains the 20,000 component and office level 2014 EVS reports described above, agency management reports, agency trend reports, and the EVS government-wide report.
- ***UnlockTalent.gov*** -On July 3, 2014, OPM released the UnlockTalent.gov Dashboard in support of the PMA People and Culture pillar. This comprehensive data visualization tool provides far-reaching views of agencies' EVS data to support agencies' identification of subcomponents needing immediate action to improve engagement, as well as resources agencies can apply to their action planning. With more than 20,000 organizations and trend data for three years, agencies can compare how they are doing by comparison to other agencies and Governmentwide. In addition, UnlockTalent.gov integrates data from OPM's Enterprise Human Resources Integration (EHRI) database, which contains a variety of workforce demographic information, so that agencies can identify root causes and correlations with engagement in order to drive strategic approaches to talent management. UnlockTalent.gov consists of five easy-to-use sections: Agency Overview, Employee Engagement, Global Satisfaction, Community of Practice, and HR Core Metrics. Each agency has several points of contact with access to this tool and the ability to grant access to others within the agency. Questions and feedback for the dashboard can be sent to unlocktalent@opm.gov.

- **HRStat** - Through their HRStat processes, agencies will define success in terms of specific human capital metrics that demonstrate linkages between engagement, organizational health and agency performance. Once agencies have designed a measurement strategy, launched actions to improve engagement, and integrated engagement fully into their human capital strategies and operating plans, they will use their HRStat quarterly reviews to closely monitor performance and drive continuous improvement. OPM is collaborating with the HRStat Community of Practice to develop additional guidance on conducting performance reviews; define appropriate performance measures for engagement and other organizational health indicators; and link human capital performance to agency results.
- **CHCO/LMC Working Group** – The CHCO Council and the National Council on Federal Labor-Management Relations have undertaken a joint initiative to identify and catalogue effective employee engagement practice. The CHCO/LMC Working Group has reviewed relevant literature, talked with experts, and visited numerous organizations. The group is developing a “quick start guide” to help agencies, individual managers and employees better understand the concept of employee engagement; what it is, why it is important, how to measure it, and basics of using the EVS and the UnlockTalent.gov dashboard.
- **Other Agency Success Stories** – Several agencies have developed guides on actions that can be taken to improve morale and engagement. We have completed an initial survey of some of the materials used and have posted them to the following MAX link so they may assist your efforts. [forthcoming; will be live before memo releases]

Key Upcoming Actions:

- November: OPM convenes components and offices targeted by leadership for improvement to share efforts to improve engagement.
- November 6, 2014: PPO/OPM will host a forum at the White House. At this event, we will delve deeper into CAP goal requirements; discuss available resources and what more is required; and share what we know about best practice in the public and private sectors. You will receive further information on this event in coming weeks.

Requirements Specified in CAP Goal

- By December 30, 2014 – Each Deputy Secretary will conduct a review with senior leadership of the agency’s EVS results and communicate expectations to component heads.

- For FY 2014-2015 SES Performance Plans – Deputy Secretaries will ensure agency SES plans include some measurable component into SES performance plans related to improvements based on EVS. Full implementation is expected in FY 2015 – FY 2016.
- By December 31, 2014 – Each component head will conduct a review with senior leadership of their EVS data including finalizing policies and practices for disseminating the data each year throughout the organization including to each manager with breakout results.

HRStat Requirements

- January 2015: CHCOs will use the HRStat quarterly review mechanism to identify and baseline employee engagement metrics and targets to be tracked on a quarterly basis.
- February 2015: PIOS will ensure baselines and organizational targets (as appropriate) for improvements in employee engagement are included within GPRA Annual Performance Plans.

On-going: CHCOs use HRStat to conduct quarterly reviews to measure progress and identify actions for improvement