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Government Operations, Committee on
Oversight and Government Reform,
House of Representatives

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FEDERAL WORKFORCE

Preliminary Observations on Strengthening Employee Engagement During Challenging Times

Statement of Robert Goldenkoff, Director
Strategic Issues

GAO Highlights

Highlights of [GAO-15-529T](#), a testimony before the Subcommittee on Government Operations, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

A growing body of research on both private- and public-sector organizations has found that increased levels of engagement—generally defined as the sense of purpose and commitment employees feel towards their employer and its mission—can lead to better organizational performance.

This testimony is based on GAO's ongoing work examining the federal government's efforts to improve employee engagement, including (1) trends in employee engagement from 2006 through 2014; (2) practices that could strengthen engagement levels based on the EEI results and the experiences of selected agencies and GAO; and (3) certain limitations of the EEI that will be important for agency managers and leaders to consider as they use this metric to assess and improve engagement within their own organizations.

To identify engagement trends, GAO analyzed responses to FEVS questions from 2006 through 2014 from which the EEI is derived. To identify drivers of the EEI in 2014, GAO conducted a regression analysis. To identify practices that could strengthen engagement, GAO interviewed officials at OPM and three case study agencies (selected for sustained or increased EEI levels) that were responsible for engagement efforts.

What GAO Recommends

Because this statement is based on ongoing work, GAO is not making any recommendations at this time.

View [GAO-15-529T](#). For more information, contact Robert Goldenkoff at (202) 512-6806 or goldenkoffr@gao.gov.

April 2015

FEDERAL WORKFORCE

Preliminary Observations on Strengthening Employee Engagement During Challenging Times

What GAO Found

GAO's ongoing work indicates that the recent government-wide decline in engagement, as measured by the Office of Personnel Management's (OPM) Employee Engagement Index (EEI) masks the fact that the majority of federal agencies either sustained or increased employee engagement levels during the same period. Government-wide, engagement has declined 4 percentage points from an estimated 67 percent in 2011 to an estimated 63 percent in 2014. This decline is attributable to several large agencies—like the Department of Defense and Department of Homeland Security—bringing down the government-wide average. Specifically, 13 out of 47 agencies saw a statistically significant decline in their EEI from 2013 to 2014. While this is 28 percent of agencies, they represent nearly 69 percent of federal workforce. However, the majority of federal agencies either sustained or increased engagement levels during this period. Specifically, from 2013 to 2014, 31 agencies sustained and 3 agencies increased their engagement level.

GAO's preliminary analysis of selected Federal Employee Viewpoint Survey (FEVS) questions indicates that six practices were key drivers of the EEI:

- constructive performance conversations,
- career development and training opportunities,
- work-life balance,
- inclusive work environment,
- employee involvement, and
- communication from management.

Importantly, these practices were generally the consistent drivers of higher EEI levels government-wide, by agency, and by selected employee characteristics (such as federal agency tenure) and therefore could be key starting points for agency efforts to improve engagement. Some agencies that have improved employee engagement, or that already have high levels of engagement, apply these practices.

OPM provides a range of tools and resources to help agencies use EEI data to strengthen employee engagement. They include, for example, an online tool to share OPM-generated survey reports to facilitate agency data analysis. GAO's ongoing work indicates that these resources could provide agencies with needed support. However, OPM does not report whether changes to an agency's EEI are statistically significant—that is, whether an up or down change is not due to random chance. As a result, agency officials may be misinterpreting changes to the EEI and acting on data that may not be meaningful. GAO's preliminary analysis of the FEVS shows that 34 percent of the absolute changes in agency EEI scores from 2013 to 2014 were statistically significant. In smaller agencies and at component or lower levels within larger agencies, large absolute differences are not always significant. GAO's ongoing work has noted that agency officials need to understand and take this (and other limitations) into account so that they properly interpret the information and target corrective actions accordingly.

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss federal employee engagement. A growing body of research on both private- and public-sector organizations has found that increased levels of engagement—generally defined as the sense of purpose and commitment employees feel towards their employer and its mission—can lead to better organizational performance.¹ Put another way, if a talented workforce is the engine of productivity and mission accomplishment, then a workplace that fosters high levels of employee engagement helps fuel that engine.

Government-wide levels of employee engagement have recently declined 4 percentage points, from an estimated 67 percent in 2011, to an estimated 63 percent in 2014, as measured by the Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS), and a score derived by OPM from the FEVS— the Employee Engagement Index (EEI).²

The Administration has elevated the importance of strengthening employee engagement across government. For example, strengthening employee engagement is now one of three subgoals of the People and Culture Cross Agency Priority (CAP) goal.³ Moreover, agency leaders are to be held accountable for making employee engagement a priority, as well as an integral part of their agency's performance management

¹Office of Personnel Management (OPM), *2014 Federal Employee Viewpoint Survey Results: Employees Influencing Change: Government-wide Management Report*, (Washington D.C.: 2014).

²While OPM's EEI measures conditions conducive to engagement, OPM and others refer to the EEI as an agency's engagement level. For purposes of this testimony, we refer to EEI scores as engagement levels.

³The other two People and Culture CAP goal subgoals are (1) Build a World-Class Federal Management Team starting with the SES, and (2) Enable Agencies to Recruit and Hire the Best Talent. Required by the GPRA Modernization Act of 2010, Cross Agency Priority (CAP) goals are designed to address management challenges that are government-wide or crosscutting in nature. 31 U.S.C 1115(a)(6),(h)(2). CAP Goals are a tool intended to accelerate progress on a limited number of priority areas where implementation requires active collaboration between multiple agencies. In the President's fiscal year 2015 budget, the Administration announced 15 CAP Goals with a 4-year time horizon.

system. The Administration also set a goal for these efforts: by the issuance of the 2016 FEVS results, the federal government is expected to increase employee engagement—as measured by the EEI—from 63 percent to 67 percent. In addition, as part of their annual performance plans and appraisals, each member of the Senior Executive Service (SES) will be responsible for improving employee engagement within their organization, and for creating inclusive work environments.

My remarks today will focus on (1) trends in employee engagement from 2006 through 2014; (2) various practices that could strengthen engagement levels based on the EEI results and the experiences of selected agencies and GAO; and (3) certain limitations of the EEI that will be important for agency managers and leaders to consider as they use this metric to assess and improve engagement within their own organizations.

My observations on employee engagement represent the preliminary findings from our ongoing work conducted on this issue. We expect to complete our study in early-summer and to issue a final report at that time.

Our preliminary work indicates that improving employee engagement, especially during challenging times, is a difficult but doable challenge. In fact, since 2006, the majority of agencies maintained their engagement levels and a few even improved their scores. Agencies can take steps to strengthen employee engagement in the face of difficult circumstances such as constrained budgets. The key is (1) to understand drivers of engagement, such as constructive performance conversations and opportunities for career development and training, and (2) to weave those practices into the everyday fabric of managing staff and leading agencies.

For our ongoing work, among other steps, we analyzed responses to questions from the FEVS for the years 2006 through 2014, from which the EEI is derived. We started with 2006 to include recent trends in two administrations. We calculated the EEI on a scale of zero to 100 at the individual level, based on the proportion of positive responses to the 15

E EI questions for each individual.⁴ For 2006 and 2008, we recreated the index using the E EI questions that were included in the survey during that time period.⁵ We analyzed this information government-wide, by agency, and for selected demographic groups.⁶ For each analysis, we determined statistically significant changes in the E EI from 2006 to 2014. When aggregated to the agency level, our index was almost perfectly correlated with the OPM E EI in 2014. In addition to analyzing index changes over time, we used linear multiple regression analysis to assess the relationship between potential drivers of engagement and the index in 2014, controlling for other factors.

To assess the reliability of the FEVS data, we examined descriptive statistics, data distribution, and explored missing data. We also reviewed FEVS technical documentation as well as the statistical code OPM uses to generate the index and variance estimates. Based on this analysis, we found the data sufficiently reliable for our purposes.

To identify potential drivers of, and strategies for, improving employee engagement, we conducted a literature review of recent studies of public- and private-sector engagement, and interviewed officials from OPM and members of the Chief Human Capital Officers (CHCO) Council and Labor Management Relations joint working group on employee engagement. To identify examples of agency efforts to improve employee engagement, we also interviewed officials from other federal agencies with sustained or increased engagement levels—the Department of Education, Federal Trade Commission and National Credit Union Administration. We obtained agency officials' views on the information contained in this statement and have incorporated their comments as appropriate.

Our ongoing work is being conducted in accordance with generally accepted government auditing standards. Those standards require that

⁴OPM calculates the E EI by averaging the E EI component scores for a given group, subgroup or agency, which are an average of the percent positive responses to each of the questions in the respective components of the E EI—Leaders Lead, Supervisors, and Intrinsic Work Experience

⁵The 2006 and 2008 surveys did not include four questions that became part of the survey beginning in 2010.

⁶For the purpose of this testimony, demographic group is used to describe any common characteristic among employees, such as pay grade and supervisory status.

we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Engaged employees are more than simply satisfied with their jobs. Instead, engaged employees

- take pride in their work,
- are passionate about, and energized by what they do,
- are committed to the organization, the mission, and their job, and
- are more likely to put forth extra effort to get the job done.

The Merit Systems Protection Board (MSPB) found that higher levels of employee engagement in federal agencies led to improved agency performance, less absenteeism, and fewer equal employment opportunity complaints.⁷ Similarly, a number of studies of private- and public-sector organizations have found that increased levels of engagement result in improved individual and organizational performance. In addition, studies of the private sector have established that firms with higher levels of employee engagement exhibit increased individual employee performance, increased productivity, and have higher customer service ratings, while also having fewer safety incidents, and less absenteeism and turnover.

OPM has conducted the FEVS—a survey that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies—every year since 2010. The EEI was started in 2010 when FEVS became an annual survey and is composed of 15 FEVS questions covering the following areas:

⁷A Report to the President and Congress of the United States by the U.S. Merit Systems Protection Board, *The Power of Federal Employee Engagement*, (Washington, D.C.: September, 2008). Results were based on responses to MSPB's Merit Principles Survey, which asks employees about their perceptions of their jobs, work environments, supervisors and agencies and is administered approximately every 3-4 years.

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- *Leaders lead*, which surveys employees' perceptions of the integrity of leadership, as well as employees' perception of leadership behaviors such as communication and workforce motivation.⁸
 - *Supervisors*, which surveys employees' perceptions of the interpersonal relationship between worker and supervisor, including trust, respect, and support.⁹
 - *Intrinsic work experience*, which surveys employees' feelings of motivation and competency relating to their role in the workplace.

According to OPM, the EEI does not directly measure employee engagement, but it does cover most of the conditions likely to lead to employee engagement.

Sometimes the EEI is discussed in the same context as another workforce metric known as the *Best Places to Work* rankings. Although the *Best Places to Work* scores are also derived from the FEVS, it differs from the EEI in that the Partnership for Public Service (Partnership) created the rankings as a way of rating employee satisfaction and commitment across federal agencies. The rankings are calculated using a weighted formula of three different questions from OPM's FEVS: (1) I recommend my organization as a good place to work, (2) considering everything, how satisfied are you with your job, and (3) considering everything, how satisfied are you with your organization.

⁸The Leaders Lead component includes questions about (1) senior leaders—department or agency heads and their immediate leadership team, responsible for directing policies and priorities and typically members of the Senior Executive Service or equivalent (career or political), and (2) managers—those in management positions who typically supervise one or more supervisors.

⁹The Supervisors component includes questions about first-line supervisors who are typically responsible for employees' performance appraisals but do not supervise other supervisors.

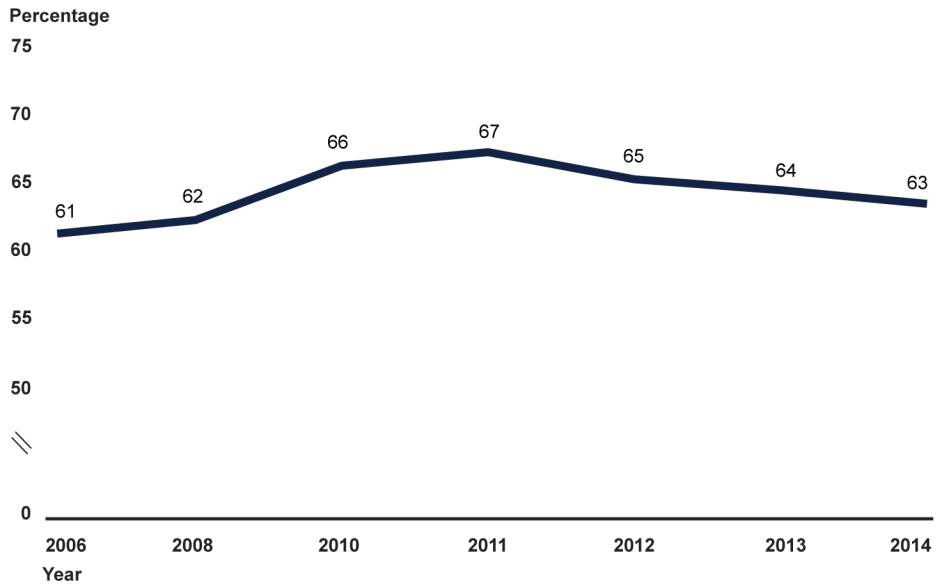
Most Agencies Defied Government-wide Downward Trend and Maintained or Improved Engagement Levels

Our ongoing work indicates that the recent government-wide average decline in the EEI masks the fact that the majority of federal agencies either sustained or increased employee engagement levels during the same period. From 2006 through 2014, government-wide employee engagement levels initially increased—reaching a high of 67 percent in 2011—and then declined to 63 percent in 2014, as shown in figure 1.¹⁰ However, the decline in engagement is the result of several large agencies bringing down the government-wide average. Specifically, our preliminary work indicates that 13 out of 47 agencies saw a statistically significant decline in their EEI from 2013 to 2014; while this is only 28 percent of agencies, nearly 69 percent of federal employees are at one of those agencies, including the Department of Defense, Department of Homeland Security, and Department of Veterans Affairs.¹¹ Meanwhile, the majority of agencies sustained or improved engagement, as shown in figure 2. Between 2013 and 2014, of 47 agencies included in our analysis of the EEI, three increased their scores; 31 held steady; and 13 declined.

¹⁰For purposes of this analysis, government-wide means estimates for the 47 agencies with 500 or more employees.

¹¹The others were the Department of Energy, General Services Administration, Small Business Administration, Department of the Treasury, Federal Communications Commission, Broadcasting Board of Governors, Merit Systems Protection Board, Commodity Futures Trading Commission, and Consumer Product Safety Commission. We determined that a difference was statistically significant from one year to the next if the two 95 percent confidence intervals around an agency's EEI estimates did not overlap.

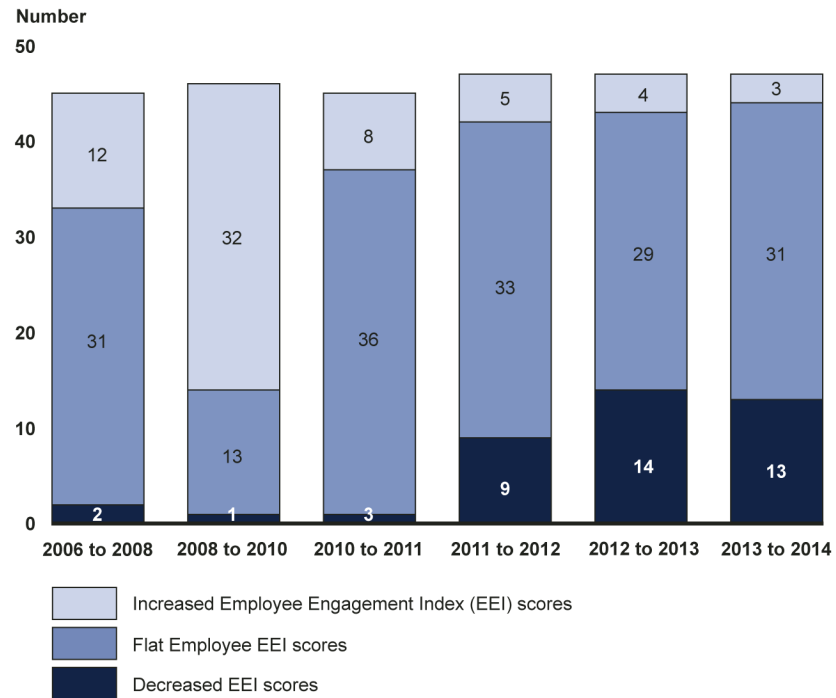
Figure 1: Trends in the Employee Engagement Index (EEI) Government-Wide, 2006 to 2014



Source: GAO analysis of Office of Personnel Management Federal Employment Viewpoint Survey data, 2006-2014. | GAO-15-529T

Notes: OPM's FEVS was administered biennially prior to 2010 and annually thereafter. OPM began calculating the EEI in 2010. To determine the EEI for 2006 and 2008, we included the same questions that OPM uses for the index, excluding those questions not included in the survey during those years. The EEI estimates shown in this figure have sampling variability of no more than plus or minus 1 percentage point at the 95 percent level of confidence unless otherwise noted. Data represents agencies with more than 500 employees and with a minimum number of 100 respondents in each of the years.

Figure 2: Number of Agencies with Statistically Significant Increasing, Decreasing, and Flat Employee Engagement Index Levels, 2006 to 2014



Source: GAO analysis of Office of Personnel Management Federal Employment Viewpoint Survey data, 2006-2014. | GAO-15-529T

Note: Data represents agencies with more than 500 employees and with a minimum number of 100 respondents in each of the years. The counts in each bar sum to the number of agencies (from among the group that we analyzed) who participated in the FEVS in the given year, ranging from 45 to 47 agencies. Statistical significance was determined by comparing whether the 95 percent confidence intervals around the agency estimate overlapped or not. A t-test was not conducted to determine if overlapping confidence intervals were statistically different.

Our ongoing work also shows that the government-wide downward trend in employee engagement levels coincided with external events—such as sequestration, furloughs, and a three-year freeze on statutory annual pay adjustments from 2011 to 2013—that some contend negatively impacted federal employee morale.¹² In March 2014, we reported that officials from

¹²Sequestration is an automatic across-the-board cancellation of budgetary resources. Sequestration was first established in the Balanced Budget and Emergency Deficit Control Act of 1985 to enforce discretionary spending limits and control the deficit. 2 U.S.C. § 900–907d. Accordingly, on March 1, 2013, the President ordered a sequestration to achieve \$85.3 billion in reductions across federal government accounts.

agencies that did and did not furlough employees raised concerns about how sequestration affected the morale of current employees.¹³

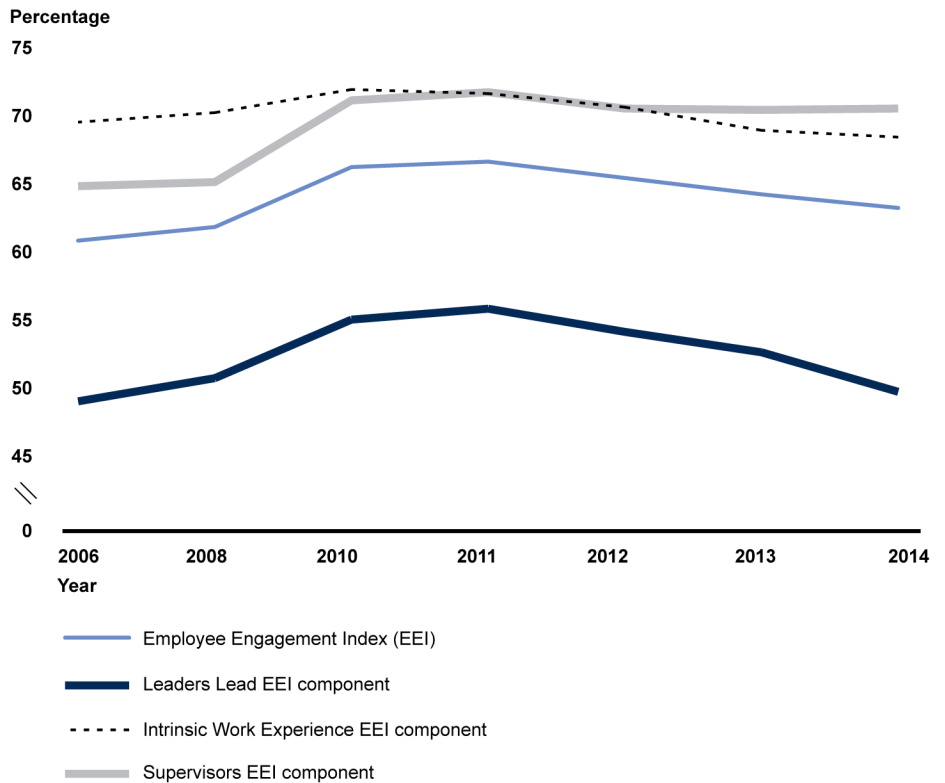
Importantly, while even one agency with a downward trending engagement score is not to be taken lightly, and while there is room for improvement with all federal agencies, the large number of agencies that sustained or increased their levels of employee engagement during challenging times suggests that agencies can influence employee engagement levels in the face of difficult external circumstances. As examples, the Department of Education's engagement levels increased from an estimated 56 percent in 2006 to an estimated 66 percent in 2014, while the Federal Trade Commission maintained a consistent estimate of 75 percent engagement index score—well above the government-wide average—throughout the period of general decline.

Leadership Component of the EEI Consistently Scores the Lowest

Based on our preliminary analysis, of the three components that comprise the EEI—employees' perceptions of agency leaders, supervisors, and their intrinsic work experience—employees' perceptions of leaders consistently received the lowest score, and at times was about 20 percentage points lower than other components. Moreover, from a high-point in 2011, leadership scores saw the greatest decrease and accounted for much of the government-wide average decline in the EEI, as figure 3 shows.

¹³See GAO, *2013 Sequestration: Agencies Reduced Some Services and Investments, While Taking Certain Actions to Mitigate Effects*, [GAO-14-244](#) (Washington, D.C.: Mar. 6, 2014).

Figure 3: Estimated Employee Engagement Index (EEI) and EEI Component Scores for Leaders Lead, Supervisors, and Intrinsic Work Experience, 2006 to 2014



Source: GAO analysis of Office of Personnel Management Federal Employment Viewpoint Survey data, 2006-2014. | GAO-15-529T

Note: OPM's FEVS was administered biennially prior to 2010 and annually thereafter. OPM began calculating the EEI in 2010. To determine the EEI for 2006 and 2008, we included the same questions that OPM uses for the index, excluding those questions not included in the survey during those years. Index estimates shown in this figure have sampling variability of no more than plus or minus 1 percentage point at the 95 percent level of confidence unless otherwise noted. Data represents agencies with more than 500 employees and with a minimum number of 100 respondents in each of the years

The questions comprising the EEI leadership component focus on integrity of leadership and on leadership behaviors such as communication and workforce motivation. Three of the five questions are specific to senior leaders—department or agency heads and their immediate leadership team, responsible for directing policies and priorities and typically members of the Senior Executive Service or equivalent (career or political). Two are specific to managers—those in management positions who typically supervise one or more supervisors. We have previously reported that leaders are the key to organizational change—they must set the direction, pace, and tone, and provide a clear,

consistent rationale that brings everyone together behind a single mission.¹⁴

Federal Employee Viewpoint Survey Questions that Comprise the Employee Engagement Index

Leaders Lead Questions

- In my organization, senior leaders generate high levels of motivation and commitment in the workforce.
- My organization's senior leaders maintain high standards of honesty and integrity.
- Managers communicate the goals and priorities of the organization.
- Overall, how good a job do you feel is being done by the manager directly above your immediate supervisor?
- I have a high level of respect for my organization's senior leaders.

Supervisors Questions

- Supervisors in my work unit support employee development.
- My supervisor listens to what I have to say.
- My supervisor treats me with respect.
- I have trust and confidence in my supervisor.
- Overall, how good a job do you feel is being done by your immediate supervisor?

Intrinsic Work Experience Questions

- I feel encouraged to come up with new and better ways of doing things.
- My work gives me a feeling of personal accomplishment.
- I know what is expected of me on the job.
- My talents are used well in the workplace.
- I know how my work relates to the agency's goals and priorities.

Source: Office of Personnel Management, 2014 *Federal Employee Viewpoint Survey Results: Employees Influencing Change: Technical Report* (Washington D.C.: 2014).

¹⁴GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 23, 2003).

The strength of the EEI supervisors component suggests that the employee-supervisor relationship is an important aspect of employee engagement. These questions focus on the interpersonal relationship between worker and supervisor and concern supervisors' support for employee development, employees' respect, trust, and confidence in their supervisor, and employee perceptions of an immediate supervisor's performance.¹⁵

Intrinsic work experience was the strongest EEI component prior to 2011, but fell during the period of government-wide decline in engagement levels. These questions reflect employees' feelings of motivation and competency related to their role in the workplace, such as their sense of accomplishment and their perception of utilization of their skills.

Pay Category and Supervisory Status Had the Widest Range of Engagement Levels

Our ongoing work has found that government-wide, the demographic groups with the widest gap between most engaged and least engaged were pay category and supervisory status. For example, respondents in progressively lower General Schedule (GS) pay categories had progressively lower levels of engagement government-wide. In contrast, employees in the SES pay category reported consistently higher engagement levels—at least 10 percent more than any lower pay category. According to our preliminary analysis, while there was less difference between the engagement levels of other pay categories, employees in the GS 13-15 categories were consistently higher than all other lower GS pay categories. Employees in the Federal Wage System consistently reported the lowest levels of engagement.¹⁶

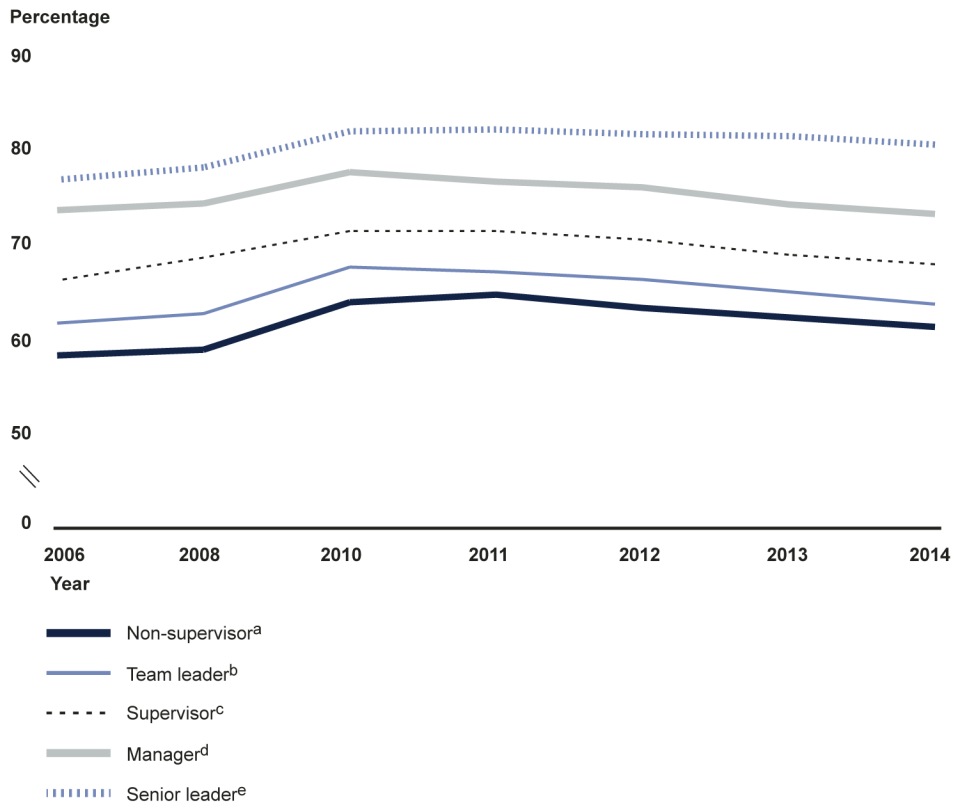
Similarly, respondents with fewer supervisory responsibilities had progressively lower levels of engagement government-wide. Generally, employees with higher supervisory status have more autonomy in how they do their work. Employees in higher pay categories are likely to have more supervisory responsibilities, so it is not surprising that the trends for

¹⁵FEVS defines supervisor as first-line supervisors typically responsible for employees' performance appraisals and leave approval. This individual does not supervise other supervisors.

¹⁶The Federal Wage System (FWS) is a uniform pay-setting system that covers Federal appropriated fund and nonappropriated fund blue-collar employees who are paid by the hour. The system's goal is to make sure that Federal trade, craft, and laboring employees within a local wage area who perform the same duties receive the same rate of pay.

each are similar. Variations in engagement by supervisory status are shown in figure 4.

Figure 4: Estimated Employee Engagement Index Government-Wide by Supervisory Status, 2006 to 2014



Source: GAO analysis of Office of Personnel Management Federal Employment Viewpoint Survey data, 2006-2014. | GAO-15-529T

Notes: OPM's FEVS was administered biennially prior to 2010, when it began calculating the EEI, and annually thereafter. To determine the EEI for 2006 and 2008, we included same questions that OPM uses for the index, with the exception of the questions not included in those years. Employee Engagement Index estimates for the categories of the employee supervisory status variable have sampling variability of no more than plus or minus 1.5 percentage point at the 95 percent level of confidence except for those in the senior leader category, which have a sampling variability of no more than plus or minus 5.1 percentage points at the 95 percent level of confidence. Data represents agencies with more than 500 employees and with a minimum number of 100 respondents in each of the years.

^aNon-supervisor means anyone who does not have supervisory responsibilities.

^bTeam leader means someone who provides employees with day-to-day-guidance, but does not have supervisory responsibilities or conduct performance appraisals.

^cSupervisor means first-line supervisors typically responsible for employees' performance appraisals but that do not supervise other supervisors.

^dManager means those in management positions who typically supervise one or more supervisors.

^eSenior leader means the political or career agency or department head or a member of the immediate leadership team responsible for directing the policies and priorities of the department or agency. The individual is typically is a member of the Senior Executive Service (SES) or equivalent. Prior to 2014, this category was called Executive and was defined as a member of the SES or equivalent.

With respect to other demographic cohorts, our preliminary analysis shows that engagement levels tended to be similar, regardless of the respondents' gender, ethnicity (Hispanic or non-Hispanic), or work location (agency headquarters or field).

Key Practices Found to Strengthen Employee Engagement

Performance Conversations Are the Strongest Driver of Employee Engagement Levels

For our ongoing work we used regression analysis to test which selected FEVS questions best predicted levels of employee engagement as measured by our index, after controlling for other factors such as demographic characteristics and agency.¹⁷ Of the various topics covered by the FEVS that we analyzed, we identified six that had the strongest association with higher EEI levels compared to others, including (1) having constructive performance conversations, (2) career development and training, (3) work-life balance, (4) inclusive work environment, (5) employee involvement, and (6) communication from management (see table 1).¹⁸ In many ways, these and similar practices are not simply steps

¹⁷Our regression analysis included all respondents to the FEVS, including those from agencies with fewer than 500 employees or 100 respondents.

¹⁸We included 18 FEVS questions in our models that we determined to be representative of the potential drivers identified in our literature review. We selected the questions that we determined to be most actionable and representative of the potential driver and other public policy considerations. If we had included different questions in the model, our results may have been different. We used linear regression models to assess the relationship between EEI and specific FEVS questions, controlling for other factors. We treated drivers of engagement as linear predictors of engagement. Because these questions are ordinal rather than true interval data, we conducted sensitivity tests to ensure that our results were similar when we treated the drivers as categorical variables.

to better engage employees; they are also consistent with the key attributes of high performing organizations.¹⁹

Table 1: Strongest Drivers of Employee Engagement Index, 2014

Constructive Performance Conversations: My supervisor provides me with constructive suggestions to improve my job performance.

Career Development and Training: I am given a real opportunity to improve my skills in my organization.

Work-Life Balance: My supervisor supports my need to balance work and other life issues.

Inclusive Work Environment: Supervisors work well with employees of different backgrounds.

Employee Involvement: How satisfied are you with your involvement in decisions that affect your work?

Communication from Management: How satisfied are you with the information you receive from management on what's going on in your organization?

Source: GAO Analysis of Office of Personnel Management Federal Employee Viewpoint Survey data, 2014. | GAO-15-529T

Notes: Results are based on a linear multiple regression analysis of all FEVS respondents that controlled for 18 potential driver questions, individual level demographic characteristics, and 37 distinct agencies. To set a practical threshold for significance when defining drivers for this discussion, we defined as drivers those FEVS questions for which each increase in positivity was associated with an average 3 percentage point or greater increase in the EEI. Other questions included in our model were statistically significant drivers of engagement, but implied a relatively smaller impact on engagement scores.

Our preliminary results show that having constructive performance conversations was the strongest driver of employee engagement. For the question “My supervisor provides me with constructive suggestions to improve my job performance,” we found that, controlling for other factors, someone who answered “strongly agree” on that FEVS question would have on average a 20 percentage point higher engagement score, compared to someone who answered “strongly disagree” on the 5-point response scale.²⁰ As we found in our March 2003 report on performance management, candid and constructive feedback helps individuals

¹⁹GAO, [GAO-03-669](#). See also, GAO, *Comptroller General's Forum: High-Performing Organizations: Metrics, Means, and Mechanisms for Achieving High Performance in the 21st Century Public Management Environment*, [GAO-04-343SP](#) (Washington, D.C.: Feb. 13, 2004).

²⁰The five- point scale generally consisted of strongly disagree to strongly agree or very dissatisfied to very satisfied.

maximize their contribution and potential for understanding and realizing the goals and objectives of the organization.²¹

Our preliminary results also show that after constructive performance conversations, career development and training was the strongest driver. For the question, “I am given a real opportunity to improve my skills in my organization,” we found that someone who answered strongly agree to that question would have on average a 16 percentage point higher engagement score, controlling for other factors, compared to someone who answered strongly disagree. As we found in our earlier work on this topic, the essential aim of training and development programs is to assist the agency in achieving its mission and goals by improving individual and, ultimately, organizational performance.²²

For the remaining four drivers, our preliminary results indicate that someone who answered strongly agree to those questions would have on average a 12 percentage point higher engagement score, controlling for other factors, compared to someone who answered strongly disagree.

Importantly, our ongoing work suggests that these six practices were generally the consistent drivers of higher EEI levels when we analyzed them government-wide, by agency, and by selected demographic groups (such as agency tenure and supervisory status).²³ Because these six practices are the strongest predictors of engagement, this suggests they could be key starting points for all agencies embarking on efforts to improve engagement.

²¹GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003).

²²GAO, *Human Capital, A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-04-546G (Washington, D.C.: Mar. 2004).

²³We limited our analysis of drivers to the 24 major agencies known as the Chief Financial Officers (CFO) Act agencies because the smaller agencies did not have a sufficient number of responses to produce reliable results. The CFO Act agencies are the executive branch agencies listed at section 901(b) of title 31, United States Code. The agencies covered by the CFO Act of 1990, as amended, are generally the largest federal agencies and account for over 98 percent of the federal workforce. We analyzed the drivers by demographic groups that represented a range in variation of engagement levels within the demographic group, did not overlap populations, and those where agencies could identify actionable steps for a subset of the demographic population, in our opinion. The demographic groups we analyzed were supervisory status, age, veterans status, work location (headquarters versus field), and agency tenure.

Agencies Are Taking Specific Steps to Strengthen Engagement

During our ongoing work, we have found that agencies that have improved employee engagement, or that already have high levels of engagement, apply the drivers noted above. Their experience with what works can provide practical guidance for other agencies as they attempt to improve their own engagement scores. For example, at GAO—which has consistently placed among the top five agencies on the Partnership for Public Service’s *Best Places to Work* list since 2005—we have a number of initiatives related to the drivers of engagement. With respect to constructive performance conversations, at GAO, effective performance management is a priority. Performance conversations—including ongoing feedback and coaching—are expected to occur on a regular basis and not just as part of the annual appraisal process. Moreover, at all levels of the agency, supervisors are expected to create a “line of sight” connecting individual performance to organizational results. Likewise, with respect to an inclusive work environment, with involvement and support of top management, our Human Capital Office and our Office of Opportunity and Inclusiveness lead the agency through several continuous efforts, including (1) communicating the importance of diversity and inclusiveness from senior leaders, (2) linking SES/Senior Leader performance expectations to emphasize diversity, and (3) attracting and retaining a diverse workforce by, among other things, recruiting at historically black colleges and universities.

Actions taken by other agencies can also provide insights about implementing key engagement drivers. For example, during our ongoing work, Education’s Office of the General Counsel (OGC) officials told us that they convened an office-wide meeting with employees at all levels to discuss the FEVS results—both to identify areas in which they could continue to build on positive trends, and also to identify opportunities for taking constructive steps to improve in other specific areas of the EEI scores. The focus of the conversation included steps that they could take to enhance and strengthen communication throughout the office, employee training and professional development, performance evaluation processes, and employee empowerment overall; as a result, Education’s OGC management introduced additional training and professional development opportunities and improved employee on-boarding through a new handbook and mentoring program. Education’s OGC officials said these opportunities—and the permanent, staff-driven Workforce Improvement Team (WIT) that formed as a result—have created feelings of stronger ownership, engagement, and influence in office decision making. Education’s OGC officials said that OGC’s management relies on the WIT for feedback to evaluate the effectiveness of improvement

efforts. This strengthens two-way communication, which improves employee engagement and organizational performance.

In another example, National Credit Union Administration (NCUA) officials told us that the head of the agency and its senior leaders communicate with line employees (who are mostly in the field) through quarterly webinar meetings. The meetings are scheduled to accommodate the field employees' frequent travel schedule and generally start with any "hot topics" and continue with discussion of agency efforts to meet mission goals. The agency head takes questions in advance and during the webinar and, when needed, participants research and share responses with agency employees. According to NCUA officials, these regular, substantive conversations demonstrate top leadership's commitment to line workers as valued business partners.

Agencies Need to be Sensitive to Limitations with EEI Data and Use Supplemental Information to Identify and Address Engagement Issues

OPM provides a range of different tools and resources to help agencies use EEI data to strengthen employee engagement. They include, for example, an online mechanism to share OPM-generated survey reports (at government-wide, agency specific, and sub-agency levels) to facilitate data analysis. OPM has also created an online community of practice to help share best practices. Our ongoing work indicates that these resources could provide agencies with needed support. However, when analyzing the information, it is critical that OPM highlight (and for agencies to be aware of) various limitations in the EEI data that could affect agencies' analyses. Our preliminary results found that these limitations include, for example, the following:

- The EEI Does Not Show Whether Changes Are Statistically Significant. OPM does not report whether changes to an agency's EEI are statistically significant—that is, whether an up or down change is not due to random chance. As a result, agency officials may be misinterpreting changes to the EEI and acting on data that may not be meaningful. Although OPM provides agencies with absolute changes in the EEI, those increases and decreases are not always statistically significant. Our preliminary analysis of the FEVS showed that 34 percent (16 of 47) of the absolute changes in agency EEI scores from 2013 to 2014 were actually statistically significant. In smaller agencies and at component or lower levels within larger agencies, large absolute differences are less likely to be significant.
- The EEI Calculation Does Not Allow for Analysis of Engagement Drivers. Research on employee engagement emphasizes the

importance of identifying the drivers of an engagement score as an initial step in improving employee engagement. For example, the Partnership for Public Service's *Best Places to Work* guidance lists a driver analysis as a key element in determining where agencies should focus their action planning efforts. However, we found that the way OPM calculates the EEI precludes a driver analysis because individual level data are needed to assess correlates of engagement, controlling for other factors.²⁴

- The Short Cycle Time Between Surveys Presents Analytical Challenges. According to some agency officials we spoke with, the short cycle time between one annual survey and the next and the amount of time it takes for organizational change to take effect could be problematic. For example, because the FEVS survey cycle begins around May and agencies receive results in September or October, it may be late-winter or early-spring before an agency will have designed an action plan. By this time, the next survey cycle is on the horizon, allowing little time for agencies to analyze, interpret, and implement their action plans. Moreover, the annual survey cycle may not allow enough time for employees' perceptions to change before the next cycle begins. According to agency officials we interviewed, it can take at least few years, sometimes more, for a particular organizational change to have an impact on employee engagement. As a result, when examining a particular change in engagement level, it could be unclear whether that change is due to an action implemented the previous year or a different action implemented several years earlier. Thus, determining what works and what does not could be challenging.

While acknowledging the issues with short survey cycle time, OPM stated that agencies are increasingly using the FEVS as a management tool to help them understand issues at all levels of an organization and to take specific action to improve employee engagement and performance. An annual survey such as FEVS can help ensure that newly appointed agency officials (or a new administration) can maintain momentum for change, as the surveys suggest employees are expecting their voices to be heard. Further,

²⁴OPM calculates the EEI at the aggregate level—an average of the percent positive response—which precludes an analysis of drivers of engagement. For the work on this testimony, GAO re-calculated the employee engagement index at the individual survey respondent level in order to facilitate this analysis.

OPM noted if agencies, managers, and supervisors know that their employees will have the opportunity to provide feedback each year, they are more likely to take responsibility for influencing positive change.

Given these limitations and agencies' current uses of FEVS data, our preliminary results suggest that agencies will need to supplement FEVS data with other sources of information. For example, some agencies use facilitated discussions to better understand their EEI scores and to identify and implement strategies for improvement. Other quantitative data—such as turnover rates, equal employment opportunity complaints, and sick leave use—may provide insights as well.

In conclusion, research on both private firms and government agencies has demonstrated the linkage between high levels of employee engagement and improved organizational performance. Given the complex and challenging missions agencies face as well as the myriad number of routine actions and services they perform on a daily basis—all within a constrained fiscal environment—agencies must make strengthening and sustaining employee engagement an integral part of their organizational culture and not simply a set of isolated practices.

OPM recognizes this and has taken a variety of actions that, in concept, show promise for improving employee engagement government-wide. They include (1) focusing agencies' attention on strengthening engagement by leading efforts to implement the CAP goal; (2) establishing a performance target; (3) providing a variety of tools and resources to help agencies analyze FEVS data and share best practices; and (4) holding agencies and senior leaders accountable for specific efforts and achieving key results.

At the same time, our ongoing work has shown that the EEI has limitations and the short time between survey cycles could be problematic. Agencies need to understand and address these limitations so that they properly interpret the information and target corrective actions accordingly.

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions you may have.

Contacts and Acknowledgments

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