The New Federal Performance System: Implementing the GPRA Modernization Act

By Donald Moynihan

Agencies are currently in the midst of revising their strategic and annual performance plans, as required by the GPRA Modernization Act of 2010, to be presented to Congress in February 2014. The IBM Center, in partnership with the National Academy of Public Administration, co-hosted a forum in early December 2012 on the challenges government leaders will face in implementing the Modernization Act, which builds on the Government Performance and Results Act of 1993 (GPRA).

Dr. Moynihan's report summarizes some of the key insights from that forum, and offers recommendations that encourage agencies to think beyond just the compliance requirements of the Act to act more broadly in order to incorporate some of the underlying principles of the law—to move from measuring performance to a culture of managing using performance information. Following are excerpts from some of the recommendations in that report:

Recommendation One: Connect the Performance System to Public Service Motivation

An underutilized tool for improving performance is to appeal to the motivation that public servants have to help others through their work. A growing body of research from both the public and private sectors shows that this motivation is real and powerful. Public service motivation has been associated with higher performance information use and higher performance.

What can we learn from this research? One point is that the potential for using public service motivation to improve performance has been underutilized. It represents an alternative model to frequently attempted pay-for-performance systems. A second point is that this motivation cannot be taken for granted. It depends upon employees feeling a real connection between their values and those of their organization. Such connections can be made in a much more systematic way. This does not mean a cynical manipulation of

What is Public Service Motivation?

Public service motivation has been defined as "an individual's orientation to delivering services to people with a purpose to do good for others and society" (Perry and Hondgehem 2008, vii). It draws from the altruistic desire to help others. While this motivation is not limited to public employees, it is expected to occur in the context of a public institution or mission to distinguish it from similar concepts such as pro-social motivation. Research has associated public service motivation with lower turnover, higher job satisfaction, and work commitment.

altruistic motivations. It means that the public sector needs to do a much better job of reminding those who work for it of the public purpose served by their efforts.

Too often employees have experienced the technical tool unrelated to actual outcomes, or as a compliance exercise. But performance systems also create opportunities to remind employees of the greater good they serve. In turn, these motivational bases can be used to generate the effort necessary to create better outcomes.

Action 1.1: Select goals that motivate. Every organizational goal chosen represents an opportunity to make a connection to public service motivation. Where possible, agencies should select goals that clearly communicate the ultimate value and importance of public service in making a difference in people's lives.

Action 1.2: Make goals the glue to hold networks together. As discussed above, federal managers tasked with improving performance are also being asked to manage a network that includes some combination of federal agencies, state and local governments, private and nonprofit actors, and other stakeholders.

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A central challenge in network management is generating equivalent commitment among network members to a common goal, especially if there are tensions between the goals of the network and of the organizations within the network.

Action 1.3: Connect to beneficiaries. Studies have shown that providing employees with direct evidence of the value of their efforts, through feedback or meeting with beneficiaries, increases performance. At the VA, senior managers were sent out to the front lines to interact with the veterans who were benefiting directly from their anti-homeless programs: "They came back on board," said Susan Angell. "They were so excited with what they did. So that was a way to really give your highest leaders in your organization a taste of the solution. They had a taste of success. They had a taste of engagement."

Action 1.4: Create a clear line of sight between actions and goals. Research has shown that clearer goals are associated with stronger attraction to mission and higher use of performance data. For employees, part of goal clarity is understanding how actions connect to goals. Several participants at the IBM Center-NAPA forum referred to this as having a clear line of sight: an understanding of how their actions contributed to a broader and important goal.

Action 1.5: Celebrate achievement. When performance targets are not met, agencies try to figure out what happened and how to do better. There is often less emphasis on celebrating the achievements when goals are made. While it is important to determine why targets are not met, it is also important to celebrate when targets are achieved.

Action 1.6: Align employee recognition systems. OMB should work with OPM and agency leaders to ensure agencies' performance appraisal and recognition systems are aligned to the motivational power of clear goals, linked to results for program beneficiaries, and recognize achievement.

Forum

IBM Center for The Business of Government and National Academy of Public Administration

Performance Improvement That Matters: Implementing a New Performance Management Framework

On December 4, 2012, the IBM Center for The Business of Government and the National Academy of Public Administration co-hosted a forum on the new performance system now being implemented across government. The forum brought together a wide array of stakeholders, including staff from congressional oversight committees, the Government Accountability Office, the Congressional Research Service, state governments, consulting firms, unions, international agencies, and academia.

The forum included participants from the executive branch who have been implementing the Modernization Act, including performance improvement officers, goal leaders, evaluation experts, strategic planners, and the performance team from the Office of Management and Budget. Dan Chenok, the executive director of the IBM Center for The Business of Government, charged forum participants to:

- Describe the new system
- Develop a common frame of reference for understanding it
- Offer recommendations about its implementation or ongoing challenges

The report draws heavily from the panels and discussions that took place, and includes quotes from participants at the forum.

Recommendation Two: Build a Learning Culture

The success of performance systems depends a good deal on employees giving their discretionary time and effort to making them work. Such contributions of effort will be more likely to occur when the organizational culture supports performance management. But what does this actually mean in practice?

Studies of organizational learning suggest that a learning culture features employees who believe in goals, acknowledge problems, question basic assumptions, and invest their ingenuity to solve problems and improve performance. Performance systems can easily fail to embed themselves into the broader culture, or take on cultural attributes that discourage real learning. For example, organizational learning theory warns that when organizational processes generate defensive reactions among participants, the potential to learn declines. If performance measures are seen as a punitive tool, employees will respond defensively and limit their cooperation.

Action 2.1: Use quarterly and strategy reviews as learning forums. Agency chief operating officers should work with their agency's performance management, program evaluation and evidence, strategic planning, and other relevant offices to create a learning environment for improving performance. Specifically, they should work together to ensure that the quarterly priority reviews and Strategic Objectives Annual Review (SOAR) become key venues where the cultural tone of the new performance management system will be established. These reviews can be used as learning forums, a process by which individual learning is acquired and used for organizational purposes. For the new reviews to succeed, the reviews themselves must feature cultural characteristics to encourage learning, and must occur in a broader cultural context that is supportive of their goals.

Recommendation Three: Balance Top-Down Targets with Bottom-Up Innovations

One balancing act in creating an effective performance system is between top-down authority, and bottom-up knowledge. The federal performance system should result neither in calcified top-down process requirements that exclude the possibility of innovation, nor in a completely hands-off approach to how network actors implement goals.

The Modernization Act requires, as GPRA did, the federal government to set goals for the programs it funds. The top-down, goal-setting aspect of the system is therefore clear and will be implemented. The federal government has done less

well in systematically capturing bottom-up knowledge. The IBM-NAPA forum identified this as a major issue needing additional research, but did identify three lessons.

Action 3.1: Learn from network members. Innovation at lower levels should be encouraged, and the input of network actors incorporated. Learning forums tend to succeed when they incorporate a variety of types of knowledge. Agency chief operating officers should work with their agency priority goal leaders so that every priority goal that depends on other partners—such as states, localities, or non-profits—incorporates contributions from those partners on how the goals should be implemented. In the case of priority goals, this means incorporating knowledge not just from the front lines, but from other parts of the implementation network.

Action 3.2: Use benchmarking. Benchmarking means identifying best-in-class in an industry or function, and comparing key performance metrics against these high performers. It has been underutilized in the federal government. If agencies use it well, it will encourage greater use of performance data to define stretch targets, reveal what factors create success, and motivate employees. Reflecting a learning culture, the goal should be to look for positive outliers.

Action 3.3: Disseminate lessons, not just data. The Modernization Act improves the ways in which data are shared within government and with the public. But performance data are just numbers, and improving performance also means finding a way to disseminate lessons learned about how to change those numbers.

Recommendation Four: Ensure Leaders Are Committed to Performance Management

One of the clearest research findings about performance management is that such systems are more likely to succeed when agency leaders are perceived as committed to the performance system, or to results in general. Leadership commitment means more than talking about performance. Employees will notice if words are not accompanied by the commitment of leadership time and organizational resources to performance management efforts. Without such commitment, agency employees will be less likely to commit.

In the cases of reducing veterans' homelessness and crime on Indian reservations, leadership commitment to the goal was present and widely understood. Charles Addington of the Department of Interior describes how top-level leadership generated lower-level buy-in: "I think the big thing for us was the support internally from our deputy secretary all the way down. I think if we would have had one of those levels

Key Recommendations

Recommendation One: Connect the Performance System to Public Service Motivation

- **Action 1.1:** Select goals that motivate
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- **Action 1.3:** Connect to beneficiaries
- **Action 1.4:** Create a clear line of sight between actions and goals
- **Action 1.5:** Celebrate achievement
- **Action 1.6:** Align employee recognition systems

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- **Action 4.1:** Take advantage of the performance leadership team created by the Modernization Act
- **Action 4.2:** Select leaders based on performance management skills

in there that wasn't supportive, it would have been greatly more difficult to get everybody to take it on because there's so many moving parts, so many different programs that had to be a part of this."

Action 4.1: Take advantage of the performance leadership team created by the Modernization Act. The notion that leadership matters is hardly new. The more pressing question is how to generate such commitment for the new performance system. The design of the Modernization Act can be seen as a deliberate effort to change the nature of leadership responsibilities so as to give greater attention to performance. It does this in a number of ways. First, the naming of particular actors (COOs, PIOs, goal leaders) creates a leadership team in each agency, and a collaborative of leaders across government (in the form of the Performance Improvement Council). Second, the visibility, limited number, and short-term nature of high priority goals is intended to make them more tangible to leaders. Third, the assignment of goal leaders creates at least one actor who has a strong incentive to champion a goal.

Action 4.2: Select leaders based on performance management skills. Another way to ensure leadership commitment to performance is to select those who have a track record of caring about it and managing it well. The new expectations placed on chief operating officers, performance improvement officers, and goal leaders should be reflected in the selection of appointees with the skill set to fill these expectations. Experience in managing with data should carry greater weight than in the past.

Conclusion

The Modernization Act has moved the federal government a step closer to applying an organizational learning model to dealing with policy and management problems. The evolution of the federal performance system itself can also be an example of learning. Progress may seem slow and unsteady at times, but over the course of 20 years the system has clearly evolved. The federal government has captured, stored, and disseminated lessons on how to upgrade the performance system, learning from past mistakes and experimenting with new approaches. It captures our current beliefs, which will undoubtedly need to be revisited and revised as experience and new knowledge causes us to revisit those beliefs.

Editor's Note: An article by IBM Center Senior Fellow John Kamensky in the Fall/Winter 2012 issue of *The Business of Government*, "A New Federal Performance Framework," provides a descriptive overview of the statutory changes under the GPRA Modernization Act of 2010. This article summarizes steps to be taken beyond the statutory requirements. ◻

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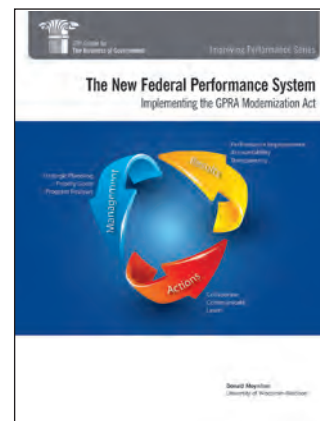
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