

September 1999

# HUMAN CAPITAL

## A Self-Assessment Checklist for Agency Leaders



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# Preface

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The federal government employs a diverse and knowledge-based workforce, comprised of individuals with a broad spectrum of technical and program skills and institutional memory. They are the government's human capital, its greatest asset.

To attain the highest level of performance and accountability, federal agencies depend on three enablers: people, process, and technology. The most important of these is people, because an agency's people define its character and its capacity to perform.

Social, economic, and technological changes have become a constant in our society and our world. These changes inevitably affect the way government must do business and have made federal agencies acutely aware of how much they rely on their human capital to do the people's work. To meet the changing environment, federal agencies need to give human capital a higher priority than ever before and modernize their human capital policies and practices. Modern human capital policies and practices offer the federal government a means to improve its economy, efficiency, and effectiveness to better serve the American people. As the nation's largest employer, the federal government needs to take the initiative on human capital and seize the opportunity to lead by example.

During the 1990s, Congress responded to long-standing shortcomings in the way federal agencies were managed by creating a framework for more businesslike and results-oriented management. The three major areas addressed by the reforms were financial management, information technology management, and performance-based management. The consensus needed to fill the remaining gap in that framework—strategic human capital management—has not yet emerged. But even in the absence of fundamental legislative change, agency leaders can still take practical steps to improve their human capital practices. The first step to this end is self-assessment.

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## What Is Human Capital?

Two principles are central to the human capital idea. First, people are assets whose value can be enhanced through investment. As with any investment, the goal is to maximize value while managing risk. As the value of people increases, so does the performance capacity of the organization, and therefore its value to clients and other stakeholders. Second, an organization's human capital policies must be aligned to support the organization's "shared vision"—the mission, vision for the future, core values, goals, and strategies by which the organization has defined its direction and its expectations for itself and its people. All

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human capital policies and practices should be assessed by the standard of how well they help the organization pursue its shared vision.

At most federal agencies, the lion's share of operating costs is devoted to the workforce. For this reason, employees traditionally have been viewed through the budgetary lens, and therefore they have often been seen as costs to be cut rather than as assets to be appreciated. However, high-performance organizations in both the private and public sectors recognize that an organization's people largely determine its capacity to perform. Therefore, the value of the organization is dependent on the value of its people.

Enhancing the value of employees is a win-win goal for employers and employees alike. The more an organization recognizes the intrinsic value of each employee; the more it recognizes that this value can be enhanced with nurturing and investment; the more it recognizes that employees vary in their talents and motivations, and that a variety of incentive strategies and working arrangements can be created to enhance each employee's contributions to organizational performance, the more likely the organization will be to appreciate the diversity of employee needs and circumstances and to act in ways that will make sense in both business and human terms.

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## Why Should Agencies Do Human Capital Self-Assessment?

Self-assessment is the starting point for creating "human capital organizations"—agencies that focus on valuing employees and aligning their "people policies" to support organizational performance goals. Part of the impetus for creating human capital organizations comes from the Government Performance and Results Act (GPRA), which requires agencies to pursue performance-based management, including strategic planning, results-oriented goalsetting, and performance measurement.<sup>1</sup>

Although GPRA gives agencies the impetus for tailoring their human capital systems to their specific missions, visions for the future, core values, goals, and strategies, it is up to the agencies themselves to follow through on the opportunity. If high performance and accountability depend on the three enablers—people, process, and technology—then it is useful, first and foremost, for any agency to have a clear and fact-based understanding of its human capital situation. There is no single recipe for successful human capital management. However, there are a number of human capital elements and underlying values that are common to high-

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<sup>1</sup> Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

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performance organizations, and federal agencies that seek to comply with the spirit of performance-based management should scan their human capital systems to see if these elements have been addressed.

Another advantage to doing a human capital self-assessment is that it will help agency leaders understand the strengths and limitations of their human capital data systems. Any self-assessment should be based—to the extent possible—on valid and reliable data regarding such matters as hiring, diversity, retention, promotions, succession cycles, and performance incentives. (See app. III for a list of useful quantitative measures.) These data can help the agency produce a profile of its human capital, providing useful historical and prospective views. Doing a human capital self-assessment will give agency leaders an idea of the adequacy of the data being collected and of the gaps that may need to be filled.

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## The Bases for the Self-Assessment Checklist

Our approach to self-assessment is based primarily on the two principles, mentioned earlier, that are central to the human capital idea: investing in employees and aligning “people policies” to fulfill the organization’s shared vision. Our approach to self-assessment (1) emphasizes investment in enhancing the value of individual employees and of the agency workforce as a whole; and (2) asks whether the agency has established and clearly defined and communicated a shared vision (i.e., a mission, a vision for the future, core values, goals, and strategies) and aligned its components and systems to support them.

These and other related human capital values underlie the framework we have constructed for self-assessment. We drew these values, first, from our work with leading organizations in the private sector and among governments at the state and local levels and abroad. (See “Eight Principles for Managing People,” app. I.) Second, we drew from the Malcolm Baldrige National Quality Award Program and the President’s Quality Award Program. Both awards feature human capital values that are consistent with those we have identified in our work with leading organizations. (See “Baldrige Award and Presidential Quality Award Values,” app. II.)

In developing an approach to self-assessment, we drew on other sources as well. These sources included (1) relevant parts of title 5 U.S.C., “Government Organization and Employees” and 5 CFR, “Administrative Personnel”; and (2) GPRA, along with agency guidance contained in [OMB Circular No. A-11](#).

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Preface

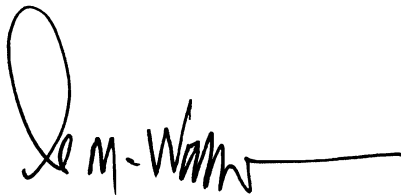
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We also plan to consult with officials from various federal agencies, including the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB), as well as experts from such organizations as the National Academy of Public Administration (NAPA) and the Society for Human Resource Management (SHRM).

Just as the government has begun adopting a more businesslike approach this decade involving financial, information technology, and performance-based management reforms, it will be necessary to consider what human capital approaches will best position the federal government for the 21<sup>st</sup> century. When enough agencies have assessed their human capital systems and identified both the opportunities available to them and whatever barriers may stand in the way of improvement, perhaps a better consensus will emerge on the needed reforms.

As we have all learned, changing times demand new thinking and new approaches to the way federal agencies do business. Designing, implementing, and maintaining effective human capital strategies will be critical to enhancing the goal of improving the performance and accountability of government.

We are issuing this discussion draft as a way of seeking further advice and feedback with which to refine our human capital self-assessment tool. If you have comments or questions, please direct them to Nancy R. Kingsbury, Acting Assistant Comptroller General, General Government Division, at (202) 512-2700 or [kingsburyn.ggd@gao.gov](mailto:kingsburyn.ggd@gao.gov).

A handwritten signature in black ink, appearing to read "D. M. Walker", with a long horizontal line extending to the right.

David M. Walker  
Comptroller General  
of the United States

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# Framework for Human Capital Self-Assessment

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## The Five-Part Framework

Our self-assessment framework has five parts. Each part contains at least two key questions for a quick assessment of the agency's human capital policies and practices in the respective area. The questions are followed by suggested sources of information or indicators; not every agency will have these sources on hand, and most of the conclusions that users arrive at can be expected to be somewhat subjective. (See app. III for a list of useful quantitative measures.)

The checklist is intended to be a relatively simple diagnostic tool rather than a methodologically rigorous evaluation. It is meant simply to capture senior leaders' informed views of their agencies' human capital policies and practices. Users may wish to develop a kind of "status check" of their agency's human capital situation, in which case they may wish to respond to the questions with answers ranging from "not at all" to "generally not" to "partially" to "generally yes" to "comprehensively (or completely) yes." However, regardless of whether senior leaders choose to record their views in these terms, the overall picture that emerges through use of the checklist should help them begin a more systematic, in-depth, and continuous effort to evaluate and improve their agency's human capital systems.

The five parts of the human capital framework are as follows:

- 1. Strategic planning: Establish the agency's mission, vision for the future, core values, goals, and strategies.**
- 2. Organizational alignment: Integrate human capital strategies with the agency's core business practices.**
- 3. Leadership: Foster a committed leadership team and provide continuity through succession planning.**
- 4. Talent: Recruit, hire, develop, and retain employees with the skills for mission accomplishment.**
- 5. Performance Culture: Enable and motivate performance while ensuring accountability and fairness for all employees.**

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## Cross-Cutting Considerations

Although the self-assessment framework has five parts, certain unifying considerations should be kept in mind across all five:

**All aspects of human capital are interrelated.** The principles of effectively managing people are inseparable and must be treated as a whole. Any sorting of human capital issues may have a sound rationale behind it, but no sorting should imply that human capital issues can be compartmentalized and dealt with in isolation from one another.

**Trust requires transparency.** To effectively pursue this shared vision, the agency must earn the trust of its workforce by involving employees in the strategic planning process and by ensuring that the process is transparent—that is, consistently making it clear that the shared vision is the basis for the agency’s actions and decisions.

**Merit principles and other national goals still apply.** Performance-based management does not preclude the merit principles or other national goals, such as veterans preference.<sup>1</sup> A modern merit system will achieve a reasonable balance among taxpayer demands, employer needs, and employee interests.

**Constraints and flexibilities need to be understood.** The purpose of human capital self-assessment is to help agencies target areas in which to make changes in support of their organizational missions and other needs. Agencies that identify areas for improvement need to learn what constraints exist that apply to them and what flexibilities are available.<sup>2</sup>

**Fact-based human capital management requires data.** Federal agencies typically do not have the data required to effectively assess how well their human capital approaches have supported results. A more fact-based approach to human capital will entail the development and use of data that demonstrate the effectiveness of human capital policies and practices.

**The adoption of best practices requires prudent decisionmaking.** Identifying best practices and benchmarking against leading organizations are both potentially useful and important pursuits. Federal agencies must be careful to recognize the unique characteristics and circumstances that make organizations different from one another and to carefully consider the applicability of practices that have worked elsewhere.

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<sup>1</sup> The Excepted Service: A Research Profile (GAO/GGD-97-72, May 1997); and HRM Policies and Practices in Title 5-Exempt Organizations (Office of Personnel Management, MSE-98-4, Aug. 1998).

<sup>2</sup> For example, see HR Innovators’ Tool Kit, Office of Personnel Management.

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**Attention to human capital must be ongoing.** Human capital is not a problem to which management can supply an answer and then move on. Agencies must continually monitor and refine these approaches to ensure their ongoing effectiveness.

# Strategic Planning

## Strategic Planning: Establish the Agency's Mission, Vision for the Future, Core Values, Goals, and Strategies

High-performance organizations begin by defining what they want to accomplish and what kind of organization they want to be. They define a “shared vision”—i.e., a mission, a vision for the future, core values, goals, and strategies—and communicate that shared vision clearly, constantly, and consistently. The agency’s shared vision provides the standard for assessing the appropriateness and effectiveness of everything the agency does. In the area of human capital, for example, the agency should develop strategies to enhance the value of its employees and focus their efforts on the agency’s shared vision. The effect should be in the best collective interests of employer and employees alike: the agency’s capacity to achieve its shared vision will increase, while its employees will benefit from the incentives—tangible and intangible—of working for a high-performance organization

## Key Questions

1. **Shared vision.** Does the agency have a clearly defined and well-communicated “shared vision”—that is, a mission, vision for the future, core values, goals, and strategies by which the agency has defined its direction and its expectations for itself and its people?

**Look for:** A clear and coherent portrayal of the agency’s shared vision in its strategic plan, annual performance plan, or other guiding documents. Guidance on GPRA requirements is available in Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996); and in Agencies’ Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

2. **Human capital focus.** Has the agency created a coherent human capital strategy—that is, a framework of human capital policies, programs, and practices specifically designed to steer the agency toward achieving its shared vision—and integrated this strategy with the agency’s overall strategic planning?

**Look for:** Discussions of the agency’s human capital strategies in its strategic plan and annual performance plans or a separate strategic human capital planning document. An indication that agency leaders have given human capital a high priority and involved line managers and appropriate employees at all levels in creating a human capital focus. Established measures that provide meaningful data on the full range of human capital policies and practices and how these practices promote mission accomplishment. An indication that the agency has identified best practices or benchmarked against high-performance organizations with similar missions, and identified the constraints and

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**Part 1**  
**Strategic Planning**

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flexibilities available to it. An evaluation of the agency's human resource information system (HRIS) and its capacity to provide relevant and reliable data for fact-based decisionmaking on human capital.

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# Organizational Alignment

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## Organizational Alignment: Integrate Human Capital Strategies With the Agency's Core Business Practices

High-performance organizations choose the best strategies for integrating their organizational components, activities, core processes, and resources to support mission accomplishment. Likewise, high-performance agencies align their human capital systems—from the organizational level down to individual employees—with their strategic and program planning. This requires workforce planning that is explicitly linked to the agency's "shared vision." It also requires that what has traditionally been called the "personnel" or "human resources (HR)" function to be an integral part of the top management team. Human capital professionals must have the knowledge and skills to provide effective mission support and to participate as partners with line managers and staff in developing and implementing human capital approaches. Further, line managers who may be given greater decisionmaking authority in the human capital area must be sufficiently prepared and trained to be accountable for their decisions.

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## Key Questions

1. **Workforce planning.** Does the agency have an explicit workforce planning strategy, linked to the agency's strategic and program planning efforts, to identify its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the knowledge, skills, and abilities needed for the agency to pursue its shared vision?

**Look for:** A discussion of workforce planning in the agency's strategic or annual performance plans or a separate workforce planning document linked to the agency's strategic and program planning. Information from agency personnel files on such indicators as distribution of employees by pay level, attrition rates, retirement rates and projected eligibility by pay level, and ratios of managers to employees. Indications that the agency has identified the roles and core competencies needed to support its shared vision. An agency skills inventory identifying current and future skills needs and gaps, and including information on skills by demographic cohort. Industry benchmarks in such areas as skills, education levels, and demographic trends.

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2. **Integrating the “HR” function.** Does the agency rely on its “personnel,” “HR,” or human capital (HC) professionals to (1) contribute a human capital perspective to the agency’s broader strategic planning process; (2) provide integrated mission support and participate as partners with line managers through facilitation, coordination, and counseling; and (3) lead or assist in the agency’s workforce planning efforts and develop human capital policies, programs, and practices that will help the agency achieve its shared vision?

**Look for:** Testimonial evidence that personnel, HR, or HC professionals were meaningfully involved in developing the agency’s shared vision and in aligning the agency’s human capital strategies with its strategic and program planning. Indications that the personnel, HR, or HC function is appropriately staffed—both in numbers and competencies—to partner with others in the agency; sources may include industry benchmarks on the size and competencies of their HC offices, including the ratio of personnel staff to line employees, or the agency’s own skills inventory.

# Leadership

## Leadership: Foster a Committed Leadership Team and Provide Continuity Through Succession Planning

A committed senior leadership team is essential to fostering an agency's shared vision—i.e., its mission, vision for the future, core values, goals, and strategies—aligning organizational components so that the agency can best pursue this vision and building a commitment to the vision at all levels of the organization. To become a high-performance organization, an agency needs senior leaders who are drivers of continuous improvement and whose styles and substance are in accord with the way the agency sees its mission and its own character. To create a workforce that shares this vision and is aware of the contribution that each employee can and must make toward achieving it, the agency's senior leaders must work as a team to convey a clear and consistent portrayal of this vision throughout the organization through their words and deeds and the example they set. Political appointees and career managers may bring differing values to the team, but they must work at building mutual understanding and trust and at committing themselves to a shared set of goals for their agency. These goals can take years to achieve, so the agency must have a succession planning strategy that ensures a sustained commitment and continuity of leadership even as individual leaders arrive or depart.

## Key Questions

1. **Defining leadership.** Has the agency defined the kind of leaders it wants (i.e., their roles, responsibilities, attributes, and competencies) and the broad performance expectations it has for them in light of the agency's shared vision?

**Look for:** An explicit alignment of leaders' performance standards with the agency's shared vision, as contained in SES contracts or other performance agreements between the head of the agency and top executives. Indications that the agency uses its leadership standards when making hiring and executive development decisions. Also, industry benchmarks for executive-level performance management at organizations with similar missions and circumstances.

2. **Teamwork and communications.** Do senior leaders pursue an explicit strategy to build teamwork, communicate the agency's shared vision in clear and consistent terms to all levels of the organization, and receive feedback from employees?

**Look for:** Efforts by the agency's senior leaders to build teamwork, reinforce a shared vision for leading the agency, and integrate political and career leaders into a cohesive leadership team. A formal agencywide communications strategy, including opportunities for feedback from new, existing, and exiting employees. Results of focus groups or employee surveys.



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3. **Ensuring continuity.** Does the agency take steps to ensure continuity of leadership through executive succession planning?

**Look for:** A formal succession plan, or a discussion of succession planning in other agencywide strategic or human capital planning documents, that includes a review of its current and emerging leadership needs in light of its strategic and program planning and identifies sources of executive talent both within and outside the agency. Investments in an executive development program that includes planned developmental opportunities, learning experiences, and feedback for executive candidates. Selection criteria for executive candidates that are specifically linked to the agency's shared vision and the competencies and broad expectations it has for its leaders. Information from personnel files on the attrition rates, retirement eligibility, and retirement rates for its executives. Statistics on the percentage of leaders brought in through external recruitment or promoted internally. Evidence that the agency has an active executive development program, supported by agency leaders through such means as mentoring and shadowing and making use of opportunities such as the Presidential Management Intern Program and the Federal Executive Institute.

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# Talent

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## Talent: Recruit, Hire, Develop, and Retain Employees With the Skills for Mission Accomplishment

A high-performance organization demands a dynamic, results-oriented workforce with the talents, multidisciplinary knowledge, and up-to-date skills to enhance the agency's value to its clients and ensure that it is equipped to achieve its mission. Because mission requirements, client demands, technologies, and other environmental influences change rapidly, a performance-based agency must continually monitor its talent needs. It must be alert to the changing characteristics of the labor market. It must identify the best strategies for filling its talent needs through recruiting and hiring and follow up with the appropriate investments to develop and retain the best possible workforce. Its compensation and benefits programs, workplace facilities, and work/family arrangements should be viewed from the perspective of how well they help the agency compete for and retain the best talent available and then get the best mission performance from that talent. In addition, this talent must be continuously developed through education, training, and opportunities for continued growth. The agency must match the right people to the right jobs and, in the face of finite resources, be prepared to employ matrix management principles, maintaining the flexibility to redeploy its human capital and realigning structures and work processes to maximize economy, efficiency, and effectiveness. Structures and work arrangements must be fashioned to avoid stovepiping (or "siloeing") and draw upon the strengths of the various organizational components. Cross-functional teams, including "just in time teams" and "virtual teams" whose members may not work in the same physical location, can be used as a flexible means of focusing talent on specific tasks.

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## Key Questions

1. **Recruiting and hiring.** Does the agency have a recruiting and hiring strategy that is targeted to fill short- and long-term human capital needs and, specifically, to fill gaps identified through its workforce planning efforts?

**Look for:** A formal recruiting and hiring plan or discussion of recruiting and hiring in other agencywide strategic or human capital planning documents. An explicit link between the agency's recruiting efforts and the skills needs it has identified. An active recruiting program, featuring the involvement of senior leaders and line managers. Indications from managers that recruits are of high quality and are being brought on board in a timely fashion. Statistics from agency files on the average time taken to recruit and hire; comparable industry benchmarks. Evidence that agency leaders are actively overseeing recruiting and hiring programs to ensure fair and unbiased hiring; demographic statistics on the the agency's diversity profile over time.

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2. **Training and development.** Does the agency make appropriate investments in education, training, and other developmental opportunities to help its employees build the competencies needed to achieve the agency's shared vision?

**Look for:** A formal training and professional development strategy or a discussion of training and development in other agencywide strategic or human capital planning documents. Individual development plans for employees at all levels. An explicit link between the agency's training offerings and curricula and the competencies identified by the agency for mission accomplishment. Testimonial evidence from employees that training and professional development are encouraged and that the available training is relevant and rewarded. Percentage of agency's operating budget spent on training; comparable industry benchmarks.

3. **Workforce deployment.** Is the deployment of the agency's workforce appropriate to mission accomplishment and keyed to efficient, effective, and economic operations?

**Look for:** A discussion of workforce deployment in the agency's workforce plan or other strategic planning documents, with decisions based on ensuring that the workforce is deployed appropriately—both geographically and organizationally—to support organizational goals and strategies. Indications that the agency makes flexible use of its workforce, putting the right employees in the right roles according to their skills, and relying on staff drawn from various organizational components and functions and using “just-in-time” or “virtual” teams to focus the right talent on specific tasks.

# Performance Culture

## Performance Culture: Enable and Motivate Performance While Ensuring Accountability and Fairness for All Employees

High-performance organizations foster a work environment in which people are enabled and motivated to contribute to continuous learning and improvement and mission accomplishment and that provides both accountability and fairness for all employees. A high-performance agency's approach to its workforce is inclusive and draws on the strengths of employees at all levels and of all backgrounds. It maintains a workplace in which honest two-way communications and fairness are a hallmark, perceptions of unfairness are minimized, and workplace disputes are resolved by fair and efficient means. High-performance organizations also have a holistic view of employees as key stakeholders, realizing that a variety of services, facilities, activities, and opportunities can be meaningful to employees and enhance their loyalty and commitment. A commitment to continuous learning and improvement can help an agency to not only respond to change, but to anticipate change, create new opportunities for itself, and pursue a shared vision that is ambitious and achievable. Incentives are particularly important in steering the workforce; they must be results-oriented, client-based, realistic, and subject to balanced measures that reveal the multiple dimensions of performance. Incentives should be part of a performance management system under which employees' performance expectations are aligned with the agency's mission and in which personal accountability for performance is reinforced by both rewards and consequences. Because agencies are increasingly technology-driven and knowledge-based, high-performing agencies ensure that their employees have the right information technology resources to do their work and to gather and share information.

## Key Questions

1. **Performance management.** Is the agency's performance management system designed to steer the workforce toward embodying and effectively pursuing the agency's shared vision?

**Look for:** A description in the agency's personnel policy manual or other documents of the design and intent of its performance management system, with explicit linkage to the agency's shared vision; a reflection of varied performance considerations, such as client demands, resource limits, technology use, and level of individual effort; and explicit performance-based rewards and consequences. Descriptions of the agency's means of aligning employees' performance expectations with the agency's mission, goals, and strategies; of establishing valid, reliable, results-oriented measures of individual and group performance; and of providing ratings and feedback that meaningfully differentiate among performers and provide the basis for effective performance incentives. Indications that

nonperformers are held accountable and that agency leaders support managers and supervisors who give employees frank and constructive feedback on performance and take performance actions where appropriate. Copies of evaluation forms for employees at various levels and positions. Analyses of data (mean, mode, and standard deviation) drawn from agency records or from the Civilian Personnel Data File of agency performance ratings. Feedback from managers and staff on the meaningfulness and effectiveness of the performance management system and its return on investment.

2. **Performance incentives:** Are meaningful performance incentives in place to support the performance management system?

**Look for:** Performance incentives operating at the organizational, team, and individual levels. Indications that incentives are clearly and meaningfully linked to the performance management system and that incentives are results-oriented, client-based, realistic, and subject to balanced measures that reveal the multiple dimensions of performance. Feedback from managers and employees on the equity, adequacy, and effectiveness of the agency's performance incentive system. Data on the agency's investments in bonuses, spot awards, and other tangible incentives over time; benchmarking against high-performance organizations with similar missions and circumstances.

3. **Continuous learning and improvement.** Does the agency encourage and motivate employees to contribute to continuous learning and improvement?

**Look for:** An explicit statement in the agency's strategic plan or other documents of the value placed on employees and the importance of continuous learning and improvement. Training and mentoring programs specifically aimed at promoting continuous learning and improvement. Ongoing opportunities, such as employee suggestion programs, for employees to contribute their views on the shared vision and how to achieve it, including innovative ideas and process improvements. Indications that agency leaders act on employees' suggestions. Feedback from employees on their perceptions of the organization. Encouragement by leadership of benchmarking high-performance organizations as part of a continuous scan of the environment.

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4. **Managers and supervisors.** Are managers and supervisors expected, prepared, and trained to help steer the workforce toward the pursuit of the agency’s shared vision?

**Look for:** Indications drawn from managerial and supervisory position descriptions and performance evaluations that selections, promotions, and performance evaluations are based to a significant extent on the human capital competencies needed to support the agency’s shared vision. Availability of and requirements for training in legal responsibilities of supervisors and “people skills,” such as employee motivation and conflict avoidance and resolution. Feedback from employees, including 360-degree appraisals where appropriate, on the extent to which managers and supervisors show leadership in support of the agency’s shared vision and for motivating and enabling all employees to pursue it.

5. **Structures, processes, and job support.** Are organizational structures, job processes, workplace facilities, tools, work arrangements, and other resources and opportunities appropriately tailored to help employees effectively, economically, and efficiently pursue their work?

**Look for:** Indications that decisions involving new organizational structures, core business processes, contracting decisions, resource allocations, and flexible working arrangements have been made with the goal of improving mission accomplishment.

6. **Information Technology.** Are employees making the best use of information technology to perform their work and to gather and share knowledge?

**Look for:** The agency’s information technology plan, with emphasis on the alignment of the agency’s information technology programs with its mission, goals, and strategies. Feedback from employees that they have the opportunity, incentives, support, and training to make the appropriate use of technology to do their work and to acquire and share knowledge. Data on the agency’s investments—financial and human—in information technology over time and analysis of the return on these investments in terms of economy, efficiency, and service delivery. Benchmarking against organizations with similar missions, tasks, and service requirements.

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7. **Inclusiveness.** Does the agency maintain an environment characterized by inclusiveness and diversity of styles and personal backgrounds and that is responsive to the needs of diverse groups of employees?

**Look for:** A written diversity policy or discussion of diversity in the agency's human capital plan or other documents. Training for staff in team building and conflict avoidance and resolution. Employee feedback on the tolerance and encouragement of diverse styles and personal backgrounds in the workplace and on perceptions of unequal treatment. Statistics on grievances and EEO complaints and findings over time. An alternative dispute resolution (ADR) program to help resolve workplace conflicts and lessen the incidence of formal EEO complaints.

8. **Employee and labor relations.** Are relations between the agency's workforce and its management grounded in a mutual effort to achieve the agency's shared vision?

**Look for:** Feedback from employees on their commitment to the agency's shared vision and their views of management's efforts at communication and coordination. If the agency has collective bargaining agreements, feedback from managers, union representatives, and other employees on the extent to which they are in mutual agreement over the agency's shared vision and means of achieving it.

# Eight Principles for Managing People

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In April 1995, GAO sponsored a 2-day symposium of 32 leaders from leading private sector organizations and governments at the state and local levels and abroad to discuss their approaches toward managing people—the principles they employed, the changes they had made, and the lessons they had learned.<sup>1</sup>

According to many of the symposium participants, the demand for faster, cheaper, and better service delivery led their organizations to develop new and more flexible ways of managing people. On the basis of the symposium proceedings, GAO discerned eight interrelated principles common to these organizations:

1. **Value people as assets rather than as costs.**
2. **Emphasize mission, vision, and organizational culture.**
3. **Hold managers responsible for achieving results instead of imposing rigid, process-oriented rules and standards.**
4. **Choose an organizational structure appropriate to the organization rather than trying to make “one size fit all.”**
5. **Instead of isolating the “personnel function” organizationally, integrate human resource management into the mission of the organization.**
6. **Treat continuous learning as an investment in success rather than as a cost to be minimized.**
7. **Pursue an integrated rather than an ad hoc approach to information management.**
8. **Provide sustained leadership that recognizes change as a permanent condition, not a one-time event.**

As GAO reported at the time, the sense of the symposium participants was that the eight principles should be treated as a whole and that effective human resource management and effective business practices are inseparable.

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<sup>1</sup> Transforming the Civil Service: Building the Workforce of the Future—Results of A GAO-Sponsored Symposium (GAO/GGD-96-35, Dec. 20, 1995)



# Baldrige Award and Presidential Quality Award Values

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The Malcolm Baldrige National Quality Award is given annually to recognize U.S. private sector organizations for performance excellence. The award promotes (1) awareness of performance excellence as an increasingly important element in competitiveness and (2) information sharing of successful performance strategies and the benefits derived from using these strategies. The Department of Commerce's National Institute of Standards and Technology (NIST) manages the Baldrige Award program.

The President's Quality Award Program (PQA) is administered by the Office of Personnel Management. The program was created in 1988 and includes two awards: the Presidential Award for Quality and the Award for Quality Improvement. It was designed to recognize federal organizations that have documented high-performance management systems and approaches.

Annually, each award program produces a set of criteria for applicants based upon a set of core values.<sup>1</sup> The PQA, which is based on the Baldrige Award concept, features the same criteria, with relatively minor modifications to fit the federal sector context. These values include:

- 1. Customer-driven quality**
- 2. Leadership**
- 3. Continuous improvement and learning**
- 4. Valuing employees**
- 5. Fast response**
- 6. Design quality and prevention**
- 7. Long-range view of the future**
- 8. Management by fact**
- 9. Partnership development**

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<sup>1</sup> Baldrige National Quality Program, "1999 Criteria for Performance Excellence," National Institutes of Technology; and The President's Quality Award Program, "2000 Information and Application," Office of Personnel Management.

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**10. Public responsibility and citizenship**

**11. Results focus**

# Useful Measures for Human Capital Management

## Useful Measures for Human Capital Management

Agencies that want to assess and make fact-based decisions involving their human capital may look at a variety of quantifiable data, including, but not limited to, those listed below. Agency leaders may want to determine whether human capital data such as these are available, how frequently they are updated, and whether they are used for planning and decisionmaking.

- Size and shape of the workforce, including, but not limited to: the distribution of employees by pay level, attrition rates, retirement rates and projected eligibility by employee pay level, and ratio of managers to employees.
- Attrition rates, retirement rates, and projected retirement eligibility of agency leaders.
- Skills inventory, including, but not limited to: current and potential gaps in skills, distribution of skills by demographic cohort, and level of education of the workforce.
- Data on the dispersal of performance appraisal ratings, such as the mean, mode, and standard deviation of scores.
- Average time required to fill vacancies.
- Acceptance rates among job candidates to whom positions are offered.
- Data on the number, size, and costs of bonuses, incentives, and other awards.
- Data from employee satisfaction surveys and focus groups.
- Data from exit interviews.
- Information technology expenses, such as equipment costs, contractor support, upgrades, and training.
- Statistics on grievances, EEO complaints, and findings over time.
- Number of cases handled and/or resolved via alternative dispute resolution (ADR) programs.
- The agency's total human capital cost in dollars and as a percentage of total operating budget.
- Percentage of operating budget spent on recruitment.
- Costs of promotions, grade increases, and with-in grade increases.
- Percentage of operating budget spent on training and the amount per employee.

In addition to reviewing internal data, agencies may find it useful to benchmark their human capital data against those of high-performing public and private sector organizations with comparable missions and circumstances.

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