Federal Workforce: Lessons Learned for Engaging Millennials and Other Age Groups

Robert Goldenkoff
United States Government Accountability Office

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Federal Workforce: Lessons Learned for Engaging Millennials and Other Age Groups

Abstract
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This testimony examines (1) recent employment trends of millennials in the federal workforce and how they compare to other employee cohorts; (2) trends in engagement levels of millennials versus other employee groups; and (3) the drivers of federal employee engagement and the key lessons learned for building a culture of engagement.

This statement is based on GAO’s 2015 review of the trends and drivers of government-wide employee engagement and our larger body of work on federal human capital, issued primarily between January 2014 and September 2016, and is updated with more recent information. Millennials are commonly considered as those born between the early 1980s and 2000. However, for the purposes of this statement GAO is including all employees 39 years old and younger as millennials in order to provide a consistent definition across datasets.

GAO is not making any new recommendations in this testimony. We have previously made recommendations to the Office of Personnel Management (OPM) to improve engagement government-wide, which OPM has implemented.

Keywords
employment, millennials, employee engagement, federal workforce

Comments
Suggested Citation
FEDERAL WORKFORCE

Lessons Learned for Engaging Millennials and Other Age Groups

Statement of Robert Goldenkoff, Director, Strategic Issues
FEDERAL WORKFORCE

Lessons Learned for Engaging Millennials and Other Age Groups

Why GAO Did This Study

GAO’s prior work found that skills gaps in government-wide fields such as cybersecurity are threatening the ability of agencies to carry out their missions. At the same time, government-wide trends in federal workforce retirement threaten to aggravate the problem. To help ensure agencies have the capacity to address complex national challenges, agencies need to be competitive for top talent, including those in the millennial generation.

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View GAO-16-880T. For more information, contact Robert Goldenkoff at (202) 512-2757 or goldenkoffr@gao.gov.

What GAO Found

Employees 39 years of age and younger represented approximately 45 percent of the United States employed civilian labor force and about 30 percent of the civilian federal workforce in fiscal year 2014. This group includes the millennial generation. The percent of millennials within the federal workforce varies by agency and agencies that have high rates of retirement eligibility also tend to have low percentages of millennials in the workforce.

In 2015, millennial employees in the federal government had an estimated Employee Engagement Index (EEI) score of 63.8 – as derived from the Office of Personnel Management’s Federal Employee Viewpoint Survey – which is less than one percentage point lower than non-millennials. Engagement is usually defined as the sense of purpose and commitment employees feel towards their employer and its mission. As shown in the figure below, millennial subgroups had both the highest and lowest EEI scores among all age groups in 2015—employees 25 and younger had the highest EEI score (70.8), while employees 30 to 39 years old had the lowest EEI score (63.3).

Estimated EEI Scores by Age Groups (2015) and Relative Size of Age Group within the Civilian Federal Workforce (Fiscal Year 2014)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Millennials</th>
<th>Non-millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>70.8</td>
<td>65.1</td>
</tr>
<tr>
<td></td>
<td>65.1</td>
<td>63.3</td>
</tr>
<tr>
<td>1.8</td>
<td>21.4</td>
<td>31.2</td>
</tr>
<tr>
<td>6.4</td>
<td>25.9</td>
<td>31.2</td>
</tr>
<tr>
<td>21.4</td>
<td>65.0</td>
<td>13.3</td>
</tr>
</tbody>
</table>

Sources: GAO analysis of data from the Office of Personnel Management (OPM); Enterprise Human Resources Integration Statistical Data Mart and the OPM Federal Employee Viewpoint Survey | GAO-16-880T

Note: The EEI estimates shown in this figure have sampling variability of no more than plus or minus 1.6 percentage points at the 95 percent level of confidence.

Key drivers of engagement can help agencies develop a culture of engagement. GAO’s regression analysis identified six practices as key drivers of the EEI, which were similar for both millennials and non-millennials: (1) constructive performance conversations, (2) career development and training, (3) work-life balance, (4) inclusive work environment, (5) employee involvement, and (6) communication from management. As GAO found in a 2015 report on employee engagement, building a culture of engagement involves effective management strategies such as leadership involvement, strong interpersonal skills of supervisors, and thoughtful use of data.

United States Government Accountability Office
Chairman Lankford, Ranking Member Heitkamp, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss recruiting and retaining millennials in the federal government. As you know, federal agencies are facing critical human capital management challenges. In our prior work we noted how skills gaps in such government-wide fields as cybersecurity, acquisition management, and telecommunications, as well as in such agency-specific positions as nurses and physicians, are jeopardizing the ability of agencies to cost-effectively carry out their missions.\(^1\) At the same time, trends in retirement eligibility threaten to aggravate the problem of skills gaps. Across government, almost a third of permanent career employees on-board as of September 30, 2014, will be eligible to retire by 2019.\(^2\)

The importance of a top-notch federal workforce cannot be overstated. The nation continues to face new and more complex social, economic, and security challenges, and all of these issues will need to be addressed in an environment of a large and long-term fiscal imbalance that will put resource constraints on most agencies. Moreover, as we have pointed out in our High-Risk Series and other reports for Congress, some federal agencies continue to face ongoing performance and accountability problems at a time when taxpayers have come to expect—and need—higher levels responsiveness by public programs and officials.\(^3\)

To help ensure agencies have the capacity to address these challenges, it will be important for them to recruit and retain employees able to thrive in organizations that are flatter, results-oriented, and externally focused, and that collaborate with other governmental entities as well as with the private sector to achieve desired outcomes. In short, agencies need to be

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competitive in the labor market for top talent, including millennials.\textsuperscript{4} Based on our work and that of other organizations, this means going beyond merely attracting and hiring quality candidates; rather, it calls for a robust talent management strategy that covers the full life-cycle of federal employment and includes such key components as:

- data-driven workforce and succession planning;
- active recruiting;
- effective on-boarding programs;
- results-oriented training and development;
- meaningful performance management;
- comparable pay and benefits; and
- a culture of employee engagement.

In my remarks today, I will focus on this last component: 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 toward their employer and its mission—can lead to better organizational performance.\textsuperscript{5} Specifically, I will discuss (1) recent employment trends of millennials in the federal workforce and how they compare to other employee cohorts; (2) trends in engagement levels of millennials versus other employee groups; and (3) the drivers of federal employee engagement based on our 2015 report and key lessons

\textsuperscript{4} Millennials are commonly considered as those born between the early 1980s and 2000. However, for this statement, unless otherwise noted and discussed below with our methodology, we are using a broad definition of millennials that includes all individuals 39 years old and younger in the federal workforce.

learned for building a culture of engagement to help strengthen agencies’ recruitment and retention efforts.\(^6\)

My statement is based on our review of the trends and drivers of government-wide employee engagement conducted between 2014 and 2015 and our larger body of work on federal human capital management issued primarily between January 2014 and September 2016 and is updated with more recent information as appropriate. For example, to update the trends and drivers of employee engagement we analyzed 2015 results from the Federal Employees Viewpoint Survey (FEVS).\(^7\) To update the federal civilian employment trend information, we analyzed fiscal year 2014 data from the Office of Personnel Management’s (OPM) Enterprise Human Resources Integration (EHRI) Statistical Data Mart.\(^8\)

To provide consistent breakouts by age for both engagement and employment trend data, we used age groups established by OPM in the FEVS. These 6 groups are: 25 years old and younger, 26 to 29 years old, 30 to 39 years old, 40 to 49 years old, 50 to 59 years old, and 60 years old and older. In defining the millennial generation for purposes of this statement we chose to group results from employees in 3 age groups: 25 years old and younger, 26 to 29 years old, and 30 to 39 years old. Therefore, our definition of millennial is much broader than the typical definition but we believe the value of consistency across our analysis outweighs the disadvantages of including 30 to 39 year olds as millennials.

\(^6\) GAO, Federal Workforce: Additional Analysis and Sharing of Promising Practices Could Improve Employee Engagement and Performance, GAO-15-585 (Washington, D.C.: July 14, 2015). In that report we made recommendations to OPM in its roles to support agencies’ efforts to improve employee engagement and performance by analyzing the drivers of engagement for agencies, expand its efforts to share leading practices in improving engagement. OPM implemented these recommendations.

\(^7\) The FEVS provides a snapshot of employees’ perceptions about how effectively agencies manage their workforce. The FEVS is based on a sample of full- and part-time, permanent, non-seasonal employees of departments and large, small, and independent agencies.

\(^8\) EHRI (formerly Central Personnel Data File–CPDF) is the primary government-wide source for information on federal employees. The EHRI data we analyzed cover executive branch civilian employees, and do not cover the U.S. Postal Service, legislative or judicial branch employees, or intelligence agencies. EHRI data include full- and part-time, permanent and non-permanent, and blue and white collar employees.
For our 2015 report on employee engagement we reviewed documents and interviewed officials from three case study agencies. To select these agencies, we considered the agencies that had the highest average sustained Employee Engagement Index (EEI) scores, most improved overall EEI scores, and most improved leadership component scores in the EEI from 2010 to 2014. We selected the National Credit Union Administration (NCUA), the Federal Trade Commission (FTC), and the Department of Education (Education) to ensure that we included agencies that had high scores in one or more of the three metrics we identified and that we included at least one Chief Financial Officers Act of 1990 (CFO Act) agency.9

Detailed descriptions of the scope and methodology can be found in the original reports cited throughout this statement. The work that this statement is based on was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Compared to the U.S. employed civilian labor force, the federal government’s workforce is made up of fewer millennials. In 2014, people 39 years old and younger represented 44.8 percent of the U.S. employed civilian labor force and 29.6 percent of the total civilian federal government workforce (see figure 1). The differences were greatest for the youngest portion of millennials.

9 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, as amended, are generally the largest federal agencies and account for over 98 percent of the federal workforce.
The increase of the number of millennials of working age has coincided with several events in the federal government—such as hiring freezes, sequestration, furloughs and a 3-year freeze on statutory annual pay adjustments from 2011 to 2013—that OPM and others contend negatively affected federal employee morale and limited opportunities for new employees to join the federal government. According to results from OPM's Federal Employee Viewpoint Survey (FEVS), government-wide levels of employee engagement declined from an estimated 67 percent in 2011, to an estimated 63 percent in 2014, and increased to 64 percent in 2015, as measured by a score OPM derived from the FEVS beginning in 2010—the Employee Engagement Index (EEI).¹⁰

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

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¹⁰ OPM’s Employee Engagement Index (EEI) is based on the average percentage of respondents that answer positively to each index item. We recreated OPM’s EEI for each individual based on the percentage of index questions for which the individual responded positively. Our version of the EEI is substantively equivalent to the OPM measure, but allows for regression analysis to control for multiple factors in analysis.
The EEI is composed of 15 FEVS questions covering the following areas:

- 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.\(^{12}\)

- Supervisors, which surveys employees’ perceptions of the interpersonal relationship between worker and supervisor, including trust, respect, and support.\(^{13}\)

- 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. Instead it covers the conditions that lead to employee engagement. Specifically, OPM noted that organizational conditions lead to feelings of engagement, which in turn lead to engagement behaviors, such as discretionary effort, and then to optimum organizational performance.

Engaged employees are more than simply satisfied with their jobs. According to employee engagement literature, 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.

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\(^{11}\) From 2002 to 2008, OPM administered the survey biennially.

\(^{12}\) The 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.

\(^{13}\) The supervisors component includes questions about first-line supervisors who are typically responsible for employees’ performance appraisals but do not supervise other supervisors.
In 2014, we reported that in the face of limited budgets, some agencies had reduced hiring.\textsuperscript{14} The Budget Control Act of 2011 established a 10-year cap on discretionary spending through 2021, but many agencies had experienced flat or declining budgets for several years prior. During that time, employment data show the following trends:

From fiscal years 2008 to 2014, the total number of new federal employees hired decreased by 33 percent, from approximately 164,000 to 110,000 employees per fiscal year.

- Employees 25 years old and younger have experienced the largest decrease with 58 percent fewer hired in 2014 than in 2008 (see figure 2).
Figure 2: Number of New Hires in the Federal Workforce for All Ages and by Age Group, Fiscal Year 2000-2014

All ages

Number (in thousands)

Distribution by age group

Number (in thousands)

- For the entire millennial cohort (39 years old and younger), the decrease in hiring is similar to that of the non-millennial cohort (decreases of 34 and 32 percent, respectively).

- Compared to non-millennials, a greater percentage of millennials have non-permanent positions in the federal government than non-millennials. Examples of non-permanent positions include appointments that are term-limited or temporary such as park rangers or interns. In fiscal year 2014, 42 percent of employees 25 years old and younger and 15 percent of employees 26 to 29 years old held non-permanent positions. Across all age groups, 7 percent of...
employees in the federal government were in non-permanent positions.

Attrition rates for all age groups were much higher in the early 2000s than they were in fiscal year 2014.

- For example, in fiscal year 2000, when millennials were just entering the workforce, 19 percent of permanent career employees 25 years and younger with 5 years or less of federal service resigned or separated, compared to 9.3 percent in fiscal year 2014 (see figure 3). Two economic recessions have occurred since 2000 (in 2001 and from 2007 to 2009) and may have contributed to declining attrition rates.

In the federal government millennial attrition rates are slightly higher than other age groups, even when controlling for tenure.

- In fiscal year 2014, 9.3 percent of millennials 25 years old and younger who held permanent career positions for 5 years or less resigned or separated from the federal government. Fewer millennials 26 to 29 years old and 30 to 39 years old with 5 years or less of federal service left the government, with 7.0 percent and 6.3 percent, respectively, resigning or separating in fiscal year 2014.

- Non-millennial permanent career employees (age 40 and older) with 5 years or less of federal service had an attrition rate of 5.1 percent in fiscal year 2014, not including retirements.
While many factors affect when a person actually retires, in 2015, we reported that across the government, 31 percent of the career permanent career employees on board as of September 2014 would be eligible to retire by September 2019.\(^{15}\) About 23 percent of Department of Homeland Security staff on board as of September 2014 will be eligible to retire in 2019, while more than 43 percent will be eligible to retire at both

\(^{15}\) GAO-15-619T. To calculate retirement eligibility for the next 5 years, we computed the date at which the employee would be eligible for voluntary retirement at an unreduced annuity, using age at hire, years of service, birth date, and retirement plan coverage.
the Department of Housing and Urban Development and the Small Business Administration (see figure 4). Certain occupations—such as air traffic controllers, customs and border protection agents, and those involved in implementing government programs—will also have particularly high retirement-eligibility rates by 2019.

Figure 4: Percent of Millennials in Fiscal Year 2014 and Percent Eligible to Retire by 2019, by Agency

- Percentage of millennials includes employees with non-permanent and permanent appointments.
- Percentage eligible to retire by 2019 is based on permanent career employees on board as of September 2014.

Source: GAO analysis of data from the Office of Personnel Management Enterprise Human Resources Integration Statistical Data Mart. | GAO-16-880T
As retirements of federal employees continue, some agencies with few millennials may face future gaps in leadership, expertise, and critical skills because millennials represent the next generation of workers.

As with retirement eligibility, the percent of millennials in the workforce varies by agency. Millennials (39 years old and younger) make up more than 30 percent of the workforce at 8 of the 24 CFO Act agencies but less than a quarter at 7 agencies (see figure 4 above). Agencies that have high rates of retirement eligibility, such as the Environmental Protection Agency, also tend to have low percentages of millennials in the workforce. Actual retirement rates began to decline at the end of 2007 with the recession to 3.3 percent in 2008, 2.5 percent in 2009, and 2.7 percent in 2010, before increasing again to 3.5 percent in 2014.

The large percentage of federal employees eligible for retirement creates both an opportunity and a challenge for federal agencies. On the one hand, as shown in our prior work, if accompanied with appropriate strategic and workforce planning, it allows agencies to realign their workforce with needed skills and leadership levels to better meet their existing and any newly emerging mission requirements. On the other hand, it means that agencies will need succession planning efforts as well as effective sources and methods for recruiting and retaining candidates in order to avoid a brain-drain and mission-critical skills gaps.

We have found that leading organizations go beyond a succession planning approach that focuses on simply replacing individuals. Instead, leading organizations engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future organizational capacity. To do this, it will be important for agencies to use workforce analytics to drive their decisions, as well as use available flexibilities from Congress and OPM to acquire, develop, motivate, and retain talent as needed.

Mission-critical skills gaps within specific federal agencies as well as across the federal workforce pose a high risk to the nation because they impede the government from cost-effectively serving the public and achieving results. OPM and the Chief Human Capital Officer (CHCO) Council established an interagency working group and identified skills gaps in six government-wide, mission-critical areas: information technology/cybersecurity specialist, contract specialist/acquisition, economist, human resource specialist, auditor, and specialists in the science, technology, engineering, and mathematics (STEM) functional community.

With one exception, millennials 39 years old and younger represent a greater percentage of employees in selected job series associated with these mission-critical occupations compared to their proportion in the workforce as a whole. Millennials represent 29.6 percent of the federal government workforce across all occupations in fiscal year 2014 (see table 1). Millennials’ percentages in the economist, auditor, and contract specialist job series are all greater than the government-wide average for all occupations, by as much as almost 10 percentage points. However, for human resources specialists, only 24.7 percent of the occupation is made up of millennials.

### Table 1: Select OPM- and CHCO Council-Identified Mission-Critical Occupations with Skill Gaps by Age Group, Fiscal Year 2014

<table>
<thead>
<tr>
<th>Mission-Critical Occupations</th>
<th>Millennials (39 years old and younger)</th>
<th>Non-millennials (40 years old and older)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All federal occupations</td>
<td>29.6%</td>
<td>70.4%</td>
</tr>
<tr>
<td>Economist</td>
<td>39.5</td>
<td>60.5</td>
</tr>
<tr>
<td>Human Resources Specialist</td>
<td>24.7</td>
<td>75.3</td>
</tr>
<tr>
<td>Auditor</td>
<td>39.2</td>
<td>60.8</td>
</tr>
<tr>
<td>Contract Specialist</td>
<td>34.0</td>
<td>66.0</td>
</tr>
</tbody>
</table>

Source: GAO analysis of data from the Office of Personnel Management Enterprise Human Resources Integration Statistical Data Mart

Today’s federal jobs require more advanced skills, often at higher grade levels than federal jobs 30 years ago. In 2014, we found that employees working in professional (e.g., doctors and scientists) or administrative positions (e.g., financial and program managers), which often require
specialized knowledge and advanced skills and degrees grew from 56 percent of the federal civilian workforce in 2004 to 62 percent in 2012.\textsuperscript{17} Also, from 2004 to 2012, permanent career employees with a master’s or professional degree saw a 55.7 percent increase.

A lower percentage of millennial employees 29 years old and younger in the federal government have advanced degrees than older millennials (30 to 39 years old) or non-millennials.\textsuperscript{18} In fiscal year 2014, 2.1 percent of permanent career millennials 25 years old and younger had advanced degrees, compared to 12.3 percent of 26 to 29 year olds and 21.8 percent of 30 to 39 year olds. One reason for these differences could be that younger millennials have not had the time to obtain a more advanced degree. Non-millennial permanent career employees were similar to older millennial employees in that 21.9 percent had advanced degrees.

Government-wide the estimated engagement level across all age groups was 64 percent and engagement levels were similar between millennials and other age groups. Millennial EEI scores were 0.4 percentage points lower than non-millennials in 2015, at 63.8 and 64.2 respectively. Key findings from our analysis include the following:

- Millennials 25 years old and younger had the highest estimated EEI score across all age groups and were 7.6 percentage points higher than the age group with the lowest score, the 30 to 39 age group. However, employees age 25 and younger are a relatively small portion of the federal workforce, comprising only 1.8 percent in fiscal year 2014. In comparison, employees 30 to 39 years old comprised 21.4 percent of the federal workforce in fiscal year 2014 (see figure 5).


\textsuperscript{18} Education data in EHRI is collected at the time of appointment and is not routinely updated.
Engagement scores of millennials vary across agency but were statistically higher than engagement scores of non-millennials at 14 of 24 CFO Act agencies in 2015. Engagement scores for millennials were statistically lower than those of non-millennials at 3 agencies, the U.S. Agency for International Development, Department of Defense, and Department of Homeland Security (DHS). There was no statistically significant difference between the engagement scores of millennials and non-millennials at the 7 remaining agencies (Department of Agriculture, Department of Housing and Urban Development, Department of Justice, Department of State, Department of Treasury, the National Science Foundation, and the Small Business Administration) (see figure 6).
The difference between EEI scores for millennials and non-millennials was highest at the Department of Commerce, where millennial EEI scores were approximately 5 percentage points higher than engagement scores for non-millennials.
The range between the agencies with the highest and lowest engagement scores was approximately 29 percentage points for millennials and approximately 23 percentage points for non-millennials. The National Aeronautics and Space Administration had the highest EEI scores, with millennials scoring approximately 16 percentage points higher than the government-wide average and non-millennials scoring approximately 14 percentage points higher.

DHS had the lowest engagement scores for both age groups—millennials scored approximately 13 percentage points lower than the government-wide average and non-millennials scored approximately 10 percentage points lower. Despite low EEI scores for millennials, as shown above in figure 4, DHS has the highest percentage (39.2 percent) of employees 39 years old and younger in their workforce, compared to other CFO Act agencies.

Millennials Ranked Supervisors Higher than Non-Millennials, But Scored Lower in Intrinsic Work Experience

Among all employees, millennials had similar perceptions of leaders as non-millennials, but, as shown in table 2, employees’ perceptions of leaders consistently received the lowest score of the three components that comprise the EEI. Millennials had better perceptions of their supervisors than non-millennials and the supervisors component saw the highest scores in the EEI across all age groups in 2015. For the intrinsic work experience component, however, non-millennials had higher scores than millennials by more than three percentage points.19

19 The differences between millennial and non-millennial EEI scores for the supervisors and intrinsic work experience components are statistically significant at a 95 percent confidence level.
Table 2: Millennials Had Higher Supervisor Engagement Component Scores than Non-Millennials in 2015, But Lower Scores in the Intrinsic Work Experience Component

<table>
<thead>
<tr>
<th></th>
<th>Millennials (39 years old and younger)</th>
<th>Non-millennials (40 years old and older)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall employee</td>
<td>63.8</td>
<td>64.2</td>
</tr>
<tr>
<td>engagement index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEI Components</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaders lead</td>
<td>50.8</td>
<td>50.8</td>
</tr>
<tr>
<td>Supervisors</td>
<td>72.8</td>
<td>70.8</td>
</tr>
<tr>
<td>Intrinsic work experience</td>
<td>66.8</td>
<td>70.0</td>
</tr>
</tbody>
</table>

Source: GAO analysis of Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS) data, 2015 | GAO-16-880T

As we have shown in the analysis above, the employee-supervisor relationship is an important aspect of employee engagement. FEVS questions on the supervisors component 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. This is consistent with U.S. Merit Systems Protection Board (MSPB) research, which suggests that first-line supervisors are key to employee engagement and organizational performance.

Questions on intrinsic work experience 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.

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20FEVS defines supervisor as first-line supervisors typically responsible for employees’ performance appraisals and leave approval. This individual does not supervise other supervisors.

Overall we found that the drivers of engagement were similar for millennials and non-millennials. What matters most in improving engagement levels across all age groups is valuing employees—that is, an authentic focus on their performance, career development, and inclusion and involvement in decisions affecting their work. The key is identifying what practices to implement and how to implement them, which can and should come from multiple sources—FEVS and other data sources, other agencies, and OPM.

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 for both millennials and non-millennials, as described in figure 7. We used regression analysis to test which selected FEVS questions best predicted levels of employee engagement as measured by the GAO-calculated EEI, after controlling for other factors such as employee characteristics and agency.
Figure 7: Strongest Drivers of the Employee Engagement Index for Millennials and Non-Millennials, 2015

<table>
<thead>
<tr>
<th>Driver of engagement</th>
<th>FEVS question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constructive performance conversations</td>
<td>My supervisor provides me with constructive suggestions to improve my job performance.</td>
</tr>
<tr>
<td>Career development and training</td>
<td>I am given a real opportunity to improve my skills in my organization.</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>My supervisor supports my need to balance work and other life issues.</td>
</tr>
<tr>
<td>Inclusive work environment</td>
<td>Supervisors work well with employees of different backgrounds.</td>
</tr>
<tr>
<td>Employee involvement</td>
<td>How satisfied are you with your involvement in decisions that affect your work?</td>
</tr>
<tr>
<td>Communication from management</td>
<td>How satisfied are you with the information you receive from management on what’s going on in your organization?</td>
</tr>
</tbody>
</table>

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 positive increase in response was associated with an average 3 percentage point or greater increase in the EEI. Other questions included in our model were statistically significant predictors of engagement, but implied a relatively smaller impact on engagement scores. Results were similar when we ran the regression model separately for millennials and non-millennials, except that one driver variable for millennials did quite attain our practical threshold. This driver, employee satisfaction with information from management on decisions that affect work, was still statistically higher than other potential driver variables for millennials.

**Constructive performance conversations.** We found that having constructive performance conversations was the strongest driver of the EEI government-wide. 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 an engagement score that
was more than 20 percentage points higher, compared to someone who answered “strongly disagree” on the 5-point response scale.\(^{22}\)

As we found in our March 2003 report on performance management, candid and constructive feedback helps individuals maximize their contribution and potential for realizing the goals and objectives of an organization.\(^{23}\) At the Department of Education (Education), one case study agency from our 2015 report on employee engagement, the Office of the Chief Information Officer (OCIO) implemented a process to help ensure that constructive performance conversations regularly occur. In addition to department-wide requirements for supervisors to hold two performance conversations a year, OCIO officials said that they require all supervisors to offer OCIO employees optional quarterly conversations. These quarterly performance conversations are guided by a set of specific topics that supervisors and employees developed together to ensure that employees receive consistent and regular constructive feedback and coaching.

**Career development and training.** Our analysis found that career development and training was the second strongest driver government-wide. For the question, “I am given a real opportunity to improve my skills in my organization,” we found that, controlling for other factors, someone who answered “strongly agree” to that question would have on average an engagement score that was approximately 15 percentage points higher than someone who answered “strongly disagree.”

As we found in 2004, the essential aim of training and development programs is to assist an agency in achieving its mission and goals by improving individual and, ultimately, organizational performance.\(^{24}\) At the National Credit Union Administration (NCUA), another case study agency from our 2015 report on employee engagement, officials said the agency focused on providing training for employees throughout their careers. For

\(^{22}\) The five-point scale generally consisted of strongly disagree to strongly agree or very dissatisfied to very satisfied.


example, NCUA requires each employee to develop an individual development plan. For employees new to credit union examining—a majority of employees—NCUA has a standardized 18-month training program that combines classroom and practical work. New examiners must complete a core set of courses and may also choose additional elective courses. NCUA officials said that they are constantly assessing formal and informal training for entry-level employees to identify areas to improve the curriculum and instruction. For more experienced examiners, NCUA provides continuing training and development, according to these officials.

Remaining drivers. For the remaining 4 drivers, we found that government-wide, controlling for other factors, someone who answered “strongly agree” to those questions would have on average an engagement score that was between 10 and 14 percentage points higher than someone who answered “strongly disagree.” Those four drivers are 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”), and communication from management (“How satisfied are you with the information you receive from management on what’s going on in your organization”). Examples of how the three case study agencies from our 2015 report implemented practices consistent with these drivers include the following:

- **Work-life balance.** Federal Trade Commission (FTC) officials implemented an outreach strategy to inform staff about child and elder care resources after learning that employees were not aware of the services or did not know that they qualified for these services. Officials said employee knowledge of and agency commitment to these kinds of programs enhances supervisor support for work-life balance. Similarly, to support work-life balance, as part of its engagED initiative, Education revised telework policies, provided training for managers and employees on the new polices and on working in a telework environment, and improved infrastructure to make telework as effective as time spent in the office, according to Education officials.

- **Inclusive work environment.** The FTC established an agency-wide Diversity Council to develop comprehensive strategies to promote understanding and opportunity throughout FTC. FTC officials said that employees of all levels were interested in forming such a council. This
included employees who experienced diversity issues firsthand as well as managers who could address those issues. The goal of FTC’s Diversity Council—composed of representatives from each bureau and office—is to engage employees and supervisors across the agency, make recommendations for improving diversity, and foster the professional development of all agency employees, according to these officials.

- **Employee involvement.** Education’s Office of General Counsel (OGC) has a permanent employee-driven Workforce Improvement Team (WIT) that grew out of an office-wide meeting with employees at all levels to involve employees in the discussions about the FEVS results. As a result of this group’s work, 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 that the staff-driven WIT has created feelings of stronger ownership, engagement, and influence in office decision making. Education’s OGC officials said that OGC’s management seeks feedback from staff, including from the WIT, to evaluate the effectiveness of improvement efforts. These officials said that this strengthens two-way communication, which improves employee engagement and organizational performance.

- **Communication from management.** 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 and respect for all employees as valued business partners.

These key drivers can help agencies develop a culture of engagement as agencies embed them into the fabric of everyday management practices, rather than simply reacting to the results of the most recent FEVS. Importantly, these six practices were generally the consistent drivers of higher EEI levels when we analyzed them government-wide and by age groups, and were the same drivers of engagement identified in our prior analysis of the 2014 EEI. Because these six practices are the strongest
drivers of the EEI, this suggests they could be the starting points for all agencies seeking to improve engagement.

### Lessons Learned for Improving Employee Engagement

**Use Effective Management Practices to Build a Culture of Engagement**

In our 2015 report we identified three key lessons for improving employee engagement, each of which is described in greater detail below.

Our three case study agencies in our 2015 report on employee engagement attributed their high or increasing levels of engagement to overall effective management practices more so than to efforts specifically aimed at improving engagement levels. Officials at these agencies said they pay attention to employee engagement scores, but also focus on overall positive organizational health and culture and on how their agency implements change efforts. Some of the practices agencies cited parallel those we identified in 2003 as key to successful organizational transformation, including top leadership involvement, consistency, creating a line of sight linking individual results to organizational performance, and employee outreach.25

**Top leadership involvement.** Officials from all three of our case study agencies said that top agency leaders were directly involved in organizational improvement efforts. We have previously reported top leadership that is clearly and personally leading the change presents stability and provides an identifiable source for employees to rally around and helps the process/efforts stay the course.26 For example, Education officials said Education’s Chief Information Officer is directly involved in efforts to address FEVS scores—including being directly involved in the data analysis, reviewing Education’s Office of the Chief Information Officer (OCIO) action plans developed by each of his subordinate directors, overseeing implementation of strategies, and assessing their effectiveness.

**Consistency.** Officials at Education’s OCIO said it is important to ensure that policies are applied consistently, which is the goal of that office’s

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26GAO-03-293SP.
Speaking with One Voice initiative. The biweekly management meetings to discuss and clarify the implementation of department policies (e.g., telework, resources, and employee bonuses) were instituted after conversations with employees revealed that policies were inconsistently applied. As a result of the initiative, Education’s OCIO officials said employees know that senior leaders are paying attention to how policies affect employees and are accountable for ensuring appropriate implementation.

**Line of sight.** FTC officials emphasized the importance of creating a line of sight between the agency’s mission and the work of each employee. As we have previously reported, successful organizations create a “line of sight” showing how team, unit, and individual performance can contribute to overall organizational results.\(^ {27} \) FTC officials said that the agency lists every employee that contributed to a case in the pleadings, from the attorneys and paralegals to the information technology specialists who provided computer support. Importantly, FTC officials said they recognize how mission support functions, such as excellent human resources customer service contribute to the agency mission.

**Employee outreach.** According to officials at all three case study agencies, they all reach out to employees and their labor union representatives, if applicable, to obtain insight into their FEVS scores or to inform other improvement efforts. Our 2003 report found that employee involvement strengthens the improvement process by including frontline perspectives and experiences.\(^ {28} \) By participating in improvement task teams, employees have additional opportunities to share their experiences and shape policies and procedures as they are being developed and implemented.\(^ {29} \) For example, in 2012, while NCUA’s EEI score was above the government-wide level, FEVS questions about awards, performance appraisals, and merit-based promotions were its lowest scoring categories. NCUA officials said they contracted with an external facilitator to conduct workshops and webinar-based feedback sessions with employees to gain insight into their FEVS results and

\(^ {27} \text{GAO-03-293SP}. \)

\(^ {28} \text{GAO, Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations, GAO-03-669 (Washington, D.C.: July 2, 2003).} \)

\(^ {29} \text{GAO-03-669}. \)
identify root causes influencing the survey scores. These officials said that using external facilitators offered employees confidentiality and created an environment that encouraged open conversations. Based on these feedback sessions, NCUA created an internal employee-driven committee to inform revisions to the awards, performance appraisals, and merit-based promotion process, and developed recommendations for NCUA’s management to implement these changes. Most of the committee’s recommendations were implemented.

According to officials at our case study agencies in our 2015 report on employee engagement, while the EEI provides a useful barometer for engagement, other indicators can provide officials with further insight into reasons for engagement levels and areas for improvement. Other data such as turnover rates and equal employment opportunity (EEO) complaints—which are likely already collected by federal agencies—can provide additional insight and strategies for improving employee engagement. Notably, MSPB found that there is a statistically significant correlation between higher levels of employee engagement and fewer EEO complaints. Officials in the three case study agencies said that they pay attention to their FEVS scores, but other sources of data can provide explanatory or agency-specific information valuable to developing improvement strategies.

Officials at case study agencies for our 2015 report on employee engagement told us that they take a multi-year, multi-prong approach to improving engagement and do not base engagement efforts solely on the survey cycle or focus their attention on year to year changes in the EEI. Some case study agency officials said a single survey cycle does not provide enough time to implement changes and see results because real change usually takes more than 1 year. The FEVS 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 the time the next survey cycle begins, agencies may still be interpreting results and developing and implementing their action plans.

Moreover, according to case study agency and other officials we interviewed for the 2015 report, the annual survey cycle does not allow

enough time for employees’ perceptions to change before the next cycle begins. For example, an Education official said that it took a few years to see the effects of engagement-related actions. Members of the Chief Human Capital Officers Council and National Council on Federal Labor-Management Relations joint working group on employee engagement said that the effects of initiatives implemented to improve engagement, will not be reflected in the EEI scores for at least a couple of years, which makes evaluating their effectiveness challenging.

Instead of focusing exclusively on FEVS and EEI scores, the case study agencies we examined took a longer term approach to their engagement efforts. For example, according to officials, Education established engagED, a long-term cultural change initiative aimed at building a more innovative, collaborative and results-oriented agency, and creating a more engaged workforce. Key components included quarterly all-staff meetings with the Secretary to discuss various topics; a “lunches with leaders” program that allowed agency employees to discuss key topics with senior agency leaders; and periodic leadership summits where agency leaders participate in developmental activities identified by staff and focused on teams, individual leadership, and problem resolution.

In conclusion, more than simply a goal in its own right, higher levels of engagement can enhance an agency’s “brand” to job seekers, reduce turnover, and most importantly, improve organizational performance. Moreover, while our analysis and the experience of our case study agencies suggests that developing a culture of engagement does not necessarily require expensive programs or technology, it does necessitate effective management strategies such as leadership involvement, strong interpersonal skills on the part of supervisors, and thoughtful use of data. The starting point is valuing employees, focusing on their performance and career development, and ensuring their inclusion in decisions affecting their work. These engagement efforts, combined with other components of a robust talent management strategy covering the full life-cycle of federal employment, provide an ample tool kit that should position agencies to be competitive in the labor market for top talent.

31Similarly, we found in our work on organizational transformations that change efforts can take as much as 5 to 7 years. GAO-03-293SP.
This completes my prepared remarks. I would be happy to answer any questions the Subcommittee may have.

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