

**EMPLOYEE ASSESSMENTS OF FAIRNESS IN U.S. FEDERAL AGENCIES:
AN EXPLORATORY ANALYSIS**

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Abstract

Justice and fairness are considered important values in public personnel administration, and they are fundamental goals of traditional civil service systems. In addition, justice and fairness are linked to several important outcomes of interest within organizations, such as job satisfaction, work effort, organizational productivity, and intent to leave the organization. Recent civil service reforms are rolling back employee protections and possibly compromising their perceptions of justice and fairness. If true, this is an important unintended consequence of such reforms. Accordingly, this study probes employee perceptions of justice and fairness in the largest U.S. federal agencies with an eye on the newly formed Department of Homeland Security and the long-established but also highly reformed Department of Defense and related military branches. As expected, employee perceptions of fairness are very low in Homeland Security, but they are relatively high in Defense and two of the three military branches. We speculate on these mixed findings and provide some suggestions for future research.

Introduction

Public personnel management systems perform numerous essential functions such as employee recruitment, hiring, performance assessment, compensation, and discipline. These systems are typically built on merit principles connected with open and competitive examinations as a basis for selection, neutral competence, and relative security of tenure for employees. Traditional systems have relied on centralized oversight of the execution of personnel functions and the promulgation of numerous rules to ensure equity in the treatment of all applicants and employees. As a consequence, these systems have been criticized for delay, inflexibility, and detrimental effects on organizational performance.

For some time now, there has been an emphasis on reforming public personnel management systems to give greater discretion to agencies and enhance the authority and flexibility of line managers. This trend is part of the New Public Management reforms that have swept the world, and it is increasingly influential in the U.S. context. Especially in the years since the September 11, 2001 terrorist attacks, the Bush Administration has sought and been granted the authority to enact substantial personnel reforms to enhance flexibility on personnel matters in the newly formed Department of Homeland Security, and in several other agencies including the Department of Defense and the several military branches (the Army, Navy, and Air Force). These large federal organizations have essentially been granted the authority to create independent personnel management systems with substantial freedom to deny collective bargaining and exercise a free hand in the recruitment, examination, selection, performance management, compensation, discipline, and other personnel-related actions to suit the preferences of their political leaders.

Critics have long warned that traditional civil service systems serve several important purposes, and these purposes may be compromised if the systems and their related employee protections are relaxed or eliminated. Perhaps most important, traditional civil service systems were designed to protect employees from political intrusions and create an environment of justice and fairness in all aspects of public personnel management. Civil service protections were thought to be important safeguards for employees who would otherwise be vulnerable. This buffer-zone created by civil service protections was considered to be an important prerequisite for 'neutral competence' – the ideal in which employees were selected based on merit and expected to do their jobs in an efficient, nonpartisan manner. Removing these important safeguards and politicizing the civil service could undermine the very foundation of the system, critics have argued. It is thus considered very important for employees to have strong perceptions of justice and fairness in matters related to personnel management, and to feel that they are able to perform their jobs in a neutrally competent manner.

This paper will examine perceptions of justice and fairness in the largest federal agencies. As explained above, these perceptions are considered to be an important barometer of the health of civil service systems, and they are believed to be related to important outcomes such as job satisfaction, work effort, organizational productivity, and intentions to leave an organization. All of these suppositions will be examined in the paper. In addition, we focus attention on agencies in which employees report abnormally low or high perceptions of justice and fairness, such as the Departments of Homeland

Security and Defense. We consider the possibility that personnel reforms being implemented in these agencies are affecting employees' perceptions of justice and fairness. Our results are not conclusive, but they underscore the need for further research.

A Global Pattern of Administrative Reform

Central governments have long been concerned about the efficiency and effectiveness of their administrative institutions. This concern intensified in the late 1970's marking the onset of an unprecedented period of administrative reform in which nations on every continent have aggressively altered their bureaucratic structures and managerial processes to improve the productivity of the administrative state (March and Olsen, 1989, Ch. 5; Flynn, 1990; Organisation for Economic Co-operation and Development [hereafter OECD], 1993; Kettl, 1997; Brewer, 2000; Pollitt and Bouchaert, 2004). In all likelihood, this wave of administrative reform is linked to the broader wave of political reform that is sweeping the globe (Hesse, 1993).

This movement is a global phenomenon that has affected every nation and region of the world. Yet the actual reforms seem more radical and fully implemented in developed nations than elsewhere. In these nations, civil service reforms are leading the revolution. Civil service systems are changing from purely legal-bureaucratic modes of control to more market style modes of control. Old systems were typically characterized by centralized collective bargaining, uniform pay increases, steep and detailed career ladders with intra-service mobility, tightly written job descriptions, and lifetime employment security. The behavior of personnel was governed by detailed, input-oriented budgets. In the new model, by contrast, collective bargaining has been decentralized, pay is more individuated, career ladders are short and job descriptions loose, recruitment from the outside replaces intra-service mobility, and hiring/firing is possible. Budgets are shifting to looser, output-based controls over personnel, who are being liberated and empowered. In short, the public sector is conforming more and more to the normal disciplines of the private sector.

Traditional civil service systems and related employee protections are being relaxed or eliminated, and there is more emphasis on linking inputs to outputs and producing results. Accordingly, the most favored reform instruments appear to be performance management and pay for performance. Public administration is moving toward a business-like model of governance that champions efficiency, favors privatization, and recasts public managers as entrepreneurs and citizens as customers. The tradeoffs are apparent: most important are the loss of governmental capacity, less accountability to elected officials and citizens, and lowered emphasis on the administrative values of equity and fairness.

Reform movements in different nations are remarkably similar. The reform fever is closely allied with New Public Management (NPM). Scholars have generally been critical of this movement, and many have pointed out its flaws which include poor accountability mechanisms, devaluation of public sector values, and tendency to reduce political questions to administrative trivia. In the U.S., Frederickson (1996) argues that short-run increases in efficiency are being purchased at a long-range cost in administrative capacity and social equity.

Arguments have been made to include social equity – which has been an important part of civil service systems since the Pendleton Act of 1883 – in performance measurement (Glaser and Denhardt, 2000; Yang and Holzer, 2006; Brewer and Selden, 2000). Indeed, social equity and fairness have been important values in the New Public Administration and the expansion of societal rights in the 1960s.

Justice and fairness are important values in public personnel systems, and they have been linked to organizational performance in the public sector. Several recent empirical studies on organizational performance in federal agencies have identified a ‘fairness deficit’ overall and particularly in several agencies. These studies have also linked fairness to organizational performance: despite the conventional wisdom that fairness tends to crowd out other elements of performance such as efficiency and effectiveness, these recent studies argue that fairness is actually an element of performance, and they show that high levels of fairness are actually related to high performance on other elements.

For example, Brewer and Selden (2000) found that federal agencies score lower on internal fairness than on five other dimensions of performance, and these findings were confirmed in later time period by Brewer (2005) and in another country by Kim (2005). In these studies, low scores on internal fairness were also associated with low levels of organizational performance. Apparently employee perceptions of justice and fairness are important, the authors concluded. Brewer (2005, 7) added:

The relatively large standard deviation on this item ... suggests that it might be a useful lever for improving agency performance. That is, variation seems possible, suggesting that efforts to improve employee perceptions of fairness and equity could significantly improve their perceptions of the agency’s performance.

Radical Civil Service Reform:

A Blend of Ideology, Politics, and Personnel Policy

Administrative reform, including reform of the civil service, is no stranger to the American scene. Policy makers on all levels of government in the United States have often looked to “civil service reform” for answers when confronted with challenging political and fiscal circumstances. Reforms have varied from the relatively minor or incremental “tweaks” or elaborations of existing systems to comprehensive, radical, changes. Typically, they reflect political and ideological trends in the environment of government and its administrative agencies. Thus, for example, the Progressive era sparked a long-term trend away from spoils and its emphasis on partisan loyalties and responsiveness toward the neutral competence norms of traditional merit systems. These earlier reforms and those of the late Twentieth Century and beyond share one basic feature: they were and are driven by interests and purposes ranging from the outright partisan to the mostly technical. Their effects, many not anticipated, often linger long after the values, logic, motives, and arguments upon which they were based have become historical footnotes. They eventually come to be seen as the root causes of system performance “problems” that need to be addressed by other future generations of reforms. Lately, NPM has turned attention to performance management, linking inputs and

outputs, and producing results. It can be argued that the cycles of reform are recurrent, both in frequency and content.

The fact the personnel administration is a favorite target of reformers suggests that it is far from the boring political and technical irrelevancy that some might have us believe. Like it or not, bureaucrats and the systems they work in matter greatly to all levels of society. They exercise the discretion needed to make, interpret and execute government policies. They profoundly influence how we are governed, and it is through the personnel function that they are recruited and selected, trained and developed, compensated, and managed. As a result, personnel management obviously shapes the public service in many important respects.

Waves of civil service reform have come and gone. Many of these reforms have sought to remake public personnel systems in ways that benefit their sponsors. Ongoing efforts by presidents to rein in the bureaucracy and exert a stronger hand in management and policy are legion. The prescriptions offered often come with such certainty and assurance, and such a lack of full consideration of the range of their implications, that one could easily conclude that we actually know little overall about the formulation, implementation and impact of civil service reforms.

Since the 1950s, in the United States, the list of crucial policy issues directly involving the public personnel function has lengthened considerably. It includes, to name just a few, constitutional protections, equal employment opportunity and affirmative action, pay equity, political activity, and labor relations. Most recently, reform initiatives have raised basic questions related to the role of the civil service in contemporary society, the functions of personnel offices, and the goals of human resources management systems. Indeed, there has been a push toward fundamental or radical reforms that challenge and seek to sweep aside long-held core principles of traditional merit systems. Public personnel policy and human resource management, accordingly, have become increasingly dynamic and complex policy arenas that operate on at least three different but almost always interrelated levels: ideological, political, and technical. The drivers of civil service reform and the settings within which it takes place vary widely from place to place and time to time, but the constants are:

- An ideological dimension or component. An ideology may be understood as a more or less coherent system of dominant ideas. It is expressed in the belief on the part of policy makers and their associates that a particular way of governing and handling the human resource needs of public agencies is inherently preferable on normative grounds and will produce higher levels of efficiency than other ways of doing things. Ideologies are action or change-oriented and typically offer “a picture of a better...life for humans—a *goal culture*” (Ingersoll, et al., 2001: 5). A simple example would be the now widely held belief that privatization and contracting out of most if not all public services will yield better results and lower costs than direct provision by public agencies. This assumption is rooted in a normative preference for “the free market economy” and the individual “liberties” that are expected to go along with its realization. In this context, the explanation for government performance problems or failings boils down to a firmly held belief that the values, structures, and processes of existing civil service systems are contrary to those imbedded in a particular belief system. This diagnosis is

then paired with a set of civil service reform prescriptions that do conform. Implementation, by definition, solves the problems in question. Civil service reforms grounded on ideology are seldom based solidly on credible empirical evidence and they are unlikely to be accompanied by plans for objective evaluations of outcomes.

- A political or power-related component. Without exception, civil service reforms of any magnitude are intended by their authors to build and re-align the relative power of the actors and interests that rely on governmental agencies for material and nonmaterial resources. In other words, civil service reforms serve as vehicles to establish and defend political actors' standing and capacity to influence the "authoritative allocation of values." This capacity includes the ability of elected executives and legislators to implement their policy agendas and programs. Structural reorganizations, modifications in the authority and jurisdiction of personnel offices, and changes in hiring and job classification systems, for example, often produce dramatic shifts in the internal political dynamics of agencies and in the balance of power among agencies and branches of government. Usually, there is also a symbolic political dimension—an effort to influence and mobilize public opinion. Civil service reforms are "sold" as needed to enhance executive leadership and accountability for results and, inevitably, to allow and speed the removal of legions of unresponsive, incompetent, and insulated bureaucrats who the public is anxious to believe lurk in the shadows of all government agencies.

The political stakes connected to civil service reform are clearly illustrated by the recent confrontation between the George W. Bush Administration and federal labor organizations over the president's insistence that the employees of the new Department of Homeland Security (DHS) be afforded reduced civil service protections and restricted collective bargaining rights. This confrontation produced a deadlock in the U.S. Senate that was not resolved until the Republicans re-established control in the 2002 elections. In the starkest terms, the president's "win" in the contest over personnel policies for the DHS was nothing less than a much wider political defeat for organized labor and its supporters in the U.S. Congress.

- A Technical Component. A third set of reasons advanced in support of civil service reform is technical. Civil service reforms are often designed at least in part to implement structural and procedural changes in human resource systems that public managers, personnel specialists, and executives believe are needed to visibly increase efficiency and enhance performance. These reforms center on changes in human resource management methods, procedures, and technologies. Modernizing performance evaluation systems, streamlining and decentralizing recruitment and selection processes, and broad-banding classification structures are common examples of these kinds of reforms. These types of changes, while they often may serve as vehicles for ideological and political agendas, are the "bread and butter" of human resource professionals and specialists.

It is also, nonetheless, commonplace for civil service reforms to be “sold” to policy makers, interest groups, and the public at large as technical steps needed to improve efficiency and to root out incompetent and unresponsive bureaucrats. Whether the reforms, if implemented, will actually lead to desired improvements in the operation and productivity of public agencies, or whether they may solve some problems while creating others, are usually open questions. In addition, once reform packages are legislatively enacted and implemented by executives, technical goals often fade into the background and become uninteresting to elected officials and powerful organized interests. Performance management schemes, particularly merit pay plans, offer excellent examples of this process. Legislative and executive support, budgetary and otherwise, for technical-efficiency improvements normally declines rapidly once the underlying ideological and political goals are seen to be accomplished, or perhaps, no longer relevant to new circumstances.

Civil service reform at all levels of government in the United States, as well in other countries, is thus a context-bound enterprise driven by different and dynamic combinations of ideological, political, and technical forces. Below, we provide a brief illustration drawn from recent dramatic civil service reform initiatives in the federal Departments of Homeland Security and Defense.

A Case in Point: Reforms in the U.S. Departments of Homeland Security and Defense

The September 11, 2001 terrorist attacks on the U.S. brought significant changes to American government and public policy. Airport baggage screeners were federalized, law enforcement authorities were given broad new grants of authority, and federal agencies involved in public safety and security matters were substantially reorganized. The chief mechanism by which that reorganization occurred was the Homeland Security Act of 2002. The Act transferred twenty-two domestic federal agencies and 170 thousand employees with responsibility for disparate aspects of national security into a newly established Department of Homeland Security (DHS). Among those agencies were the Coast Guard, Border Patrol, Customs Service, Immigration and Naturalization Service, Transportation Security Agency, and several others. The law represented the largest reorganization of federal agencies involved in national security since President Truman established the Department of Defense. Improbably, a major obstacle to ultimate passage of the legislation was the president’s desire to impose a “reformed” personnel system on the new department. On national security grounds, the Bush Administration sought significant personnel “flexibilities” in line with the types of reforms that had occurred in states such as Georgia and Florida and limitations on opportunities for collective bargaining for employees transferred from other agencies. Responding to their labor union constituencies, most Democrats opposed these changes and the legislation stalled until after the midterm election and the shift to Republican control of the Senate. The bill ultimately was passed on November 25, 2002 (U.S. Statutes at Large, 2002).

With respect to personnel policy, the Homeland Security Act gave the administration a very broad grant of authority for reform. The Act amended Title 5 of the U.S. Code which covers federal civilian personnel matters by specifying that the Secretary for Homeland Security and the Director of the U.S. Office of Personnel Management (OPM) could at their discretion establish a new personnel system for the department. The law required that the system established must be “flexible” and “contemporary.” It also prohibited modification of specified merit principles associated with hiring and required maintenance of the concept of equal pay for equal work, the protection of whistleblowers, and adherence to equal employment opportunity law. Departmental employees were also assured of their right to collective bargaining through their labor organizations but the law specified that that right was subject exclusions or limitations permitting the removal of collective bargaining rights for any employees deemed to be involved in matters of intelligence collection, counter intelligence, or investigative work in the battle against terrorism. Other than those restrictions, the Secretary and the Director were given a free hand to reshape human resources policies for the new department provided that the new system was developed with collaboration from representatives of the department’s employees.

In April of 2003, a human resources design team was established, consisting of officials from the new department, the OPM, and 10 representatives from three federal unions representing departmental employees. The job for the team was to develop proposals for the new personnel policies in six core areas including classification, compensation, adverse actions, appeals, labor relations, and performance management (Clarke, 2003). The design team consulted with representatives from a variety of federal agencies, state and local governments, and private organizations and reviewed selected publications addressing public personnel management issues (U.S. General Accounting Office 2003). A long list of alternative proposals for personnel policy in the areas specified was developed by the fall of 2003. The list included options that ranged from maintenance of current practices to significant departures from traditional civil service procedures (Zeller, 2003; U.S. Department of Homeland Security and U.S. Office of Personnel Management, 2003). Final decisions on the nature of the new system were developed and proposed regulations were published in the Federal Register on February 20, 2004 (Federal Register, 2004).

The proposed new rules for the Department of Homeland Security personnel system called for abandonment of the government’s General Schedule pay structure and establishment of a alternative arrangement for job evaluation and pay administration (Federal Register, 2004: 8036-8040). The new structure would be built by grouping jobs into broad occupational categories based on the type of work and skills needed on the job. A pay system known as broad-banding would then be developed with broad salary bands to correspond to work at an Entry/Developmental level, a Full Performance level, a Senior Expert level, and a Supervisory level. Individual pay adjustments within each band would consist of marker-related adjustments, locality pay supplements, and annual performance-based pay increases. The regulations relax the requirement that managers develop specific written performance standards for each employee at the beginning of an annual performance appraisal period and allow managers to communicate expectations through a variety of other mechanisms including the use of directives, specific assignments, or other methods. In the performance appraisal process the regulations

simply require a minimum of three performance standards including “unacceptable,” “fully acceptable,” and “above fully acceptable.” The results of the individual performance appraisal will be used to determine annual performance-based or merit pay increases in salary.

Greater flexibility in collective bargaining is also outlined in the proposed new rules (Federal Register, 2004: 8040-8044). For example, oversight of the bargaining process and the adjudication of disputes involving such issues as bargaining unit determination, unfair labor practices, bargaining impasses, and issues of negotiability are to be handled by a “Homeland Security Labor Relations Board” rather than through the fully independent Federal Labor Relations Authority (FLRA). The Homeland Security Board is to work from a position sensitive to the Department’s mission and goals while remaining fair and retaining a degree of independence. The Board will not report to the Secretary of Homeland Security. Also, its three members, one of who will come from the FLRA, will be appointed to fixed terms and subject to removal only for inefficiency, neglect of duty, or malfeasance in office. The scope of bargaining, which is already quite limited for federal employees, is to be further restricted. Items not subject to negotiation include a number of managerial concerns such as the number and types of employees in a given unit, the methods and means employees use to perform work, as well as management’s right to determine mission, organization, budget, and internal security practices. The Department’s right to hire, assign, and direct employees is also shielded from negotiation. Management retains the right to take any action in any of these areas without advance notice given to a union and without bargaining. In addition, the Departmental Secretary is granted authority to disapprove any collective bargaining provision whenever he/she determines it is contrary to law, regulation, or management rights.

Adverse actions, including removals, suspensions, demotions, and reductions in pay, are also addressed in the proposed regulations (Federal Register, 2004: 8044-8047). First, a one-to-two year “initial service period” or probationary period is required for all employees upon appointment to the Department, but prior federal service would count toward that requirement for employees transferred from other agencies. During this period, which is longer than typically used elsewhere in the federal service, employees will not possess a property interest in their jobs and will be subject to discipline and removal with relative ease. Once the initial service period is completed, employees are subject to new adverse action procedures which provide for a shorter advanced notice period of 15 days and a reduced period of only 5 days during which an employee may respond to allegations of misconduct. The Secretary is also given authority to identify offenses that have a “direct and substantial” impact on the Department and for which the penalty will be mandatory removal from federal service. In these cases, advance notice of 5 days is all that is required and employees charged must respond within 5 days. In all cases, employees are entitled to a written decision, but the burden of proof on the Department is substantially reduced from past practices and requires only that the Department establish a “factual basis for the adverse action and a connection between the action and a legitimate Departmental interest.” The factual basis may rest merely on “substantial evidence” rather than “a preponderance of the evidence.” In addition, a single process for adverse action is mandated for problems of poor performance as well as problems of employee misconduct. The requirement for a formal period of 60 to 90

days for poor performers to have a chance to improve performance prior to adverse action is eliminated.

Common adverse actions may be appealed to the U.S. Merit Systems Protection Board (MSPB) but new standards for MSPB to apply in any review are established to ensure that the Department's critical homeland security mission is accommodated in the appeal process, and restrictions are placed on the MSPB's ability to alter penalties imposed (Federal Register 2004: 8046). Mandatory removals may be appealed either directly to the federal judicial system or the MSPB with a deferential standard of review to be employed by the MSPB and a decision from that agency required within 20 days.

Whether such changes are necessary to allow effective management of the DHS is an interesting and perhaps unanswerable question. In the days immediately following publication of the Department's proposed regulations, Senator Susan Collins of Maine, the Chairwoman of the Senate Governmental Affairs Committee, expressed concern over the reduced burden of proof on the Department in adverse action proceedings and the restrictions placed on the MSPB in the appeals process, but otherwise praised the proposals (Zeller, 2004). The U.S. General Accounting Office also weighed in on the proposed new rules just five days after they were announced. In testimony before Subcommittees of the Senate Committee on Governmental Affairs and the House Committee on Government Reform, the Comptroller General, David M. Walker, was generally supportive of the proposed new personnel system, but called for the identification of "core competencies" as part of the performance appraisal process, urged caution in the specification of mandatory removal offenses, and expressed concern that employees continue to be involved in a "meaningful manner" in departmental affairs despite the reduction in the scope of collective bargaining (U.S. General Accounting Office, 2004). Walker also noted the expense of implementing the new system was estimated to be \$110 million, and called for continuous evaluation of the system and its implementation to allow for adjustments to be made as elements are put into place.

While alternative approaches to personnel policy in the DHS were being formulated, legislation seeking similar flexibility for the personnel system governing civilian employees of the Department of Defense was also moving through Congress. The bill, which was passed in November of 2003, amended Title 5 by establishing the Department of Defense National Security Personnel System. As was the case regarding personnel reforms in the Department of Homeland Security, the Defense Department bill gave the departmental secretary and the Director of OPM joint authority to establish a completely new system subject only to specified restrictions prohibiting the elimination of core merit principles and equal employment opportunity concepts. Specified defense research laboratories that had already engaged in broad personnel reform under personnel demonstration project authority granted by OPM were excluded from coverage of the law. The defense department system was to be "flexible" and "contemporary" as was the case in Homeland Security. Significantly, the defense bill also specifically called for the establishment of a new performance management process that would include a pay-for-performance system linking individual pay to performance.

The National Security Personnel System of the Department of Defense (DOD) was to be developed through a collaborative process much like that used in the case of the DHS, but it appears that experience gleaned during the development of DHS proposals enabled the development of proposals for the new human resources system for the

Defense Department to proceed more rapidly than those for Homeland Security. In early February 2004, the DOD released its proposals for the new system of labor relations as a way of beginning the “collaborative” process. The proposals called for the removal of the department from coverage of Chapter 71 of Title 5 which governs federal labor relations, the elimination of oversight by the Federal Labor Relations Authority of the process of collective bargaining in the Department of Defense, and the establishment of a Defense Labor Relations Board to make final decisions on labor issues. The department argued that this would allow a better balance of DOD’s national security mission with employee and union rights. Employees in supervisory, management, or confidential positions, and, more significantly, employees performing intelligence, counter-intelligence, investigative, or security work that impacts or affects DOD physical, personnel, or informational security were prohibited from bargaining. Attorneys, human resources workers, and employees hired on term-limited assignments would also be prohibited from union activity. In addition, the current relatively restrictive scope of bargaining was to be maintained and a broad grant of management rights, including rights to set all policies regarding pay, was endorsed along with the right of DOD managers to waive collective bargaining during emergencies or for national security reasons. Defense employees would also be prohibited from attending to union business during their work hours.

Defense employee unions objected vigorously to the department’s proposals arguing that they will seriously undermine labor relations. Representatives from the unions were to submit their own proposals by the end of February 2004. At a hearing on the department’s proposals held on February 11 by the U.S. House of Representatives, Subcommittee on Government Reform, Ronald Sanders, OPM’s Associate Director for Human Resources Management testified that OPM did not assist the Defense Department in developing its proposals, but that the agency would become more involved in the design of the new human resources system for DOD in the near future (McGlinchey, 2004). By the end of the year 2004, the new personnel policies were expected to be largely in place.

It is clear that in the Department of Homeland Security and the Department of Defense, personnel reform is being driven in part by an ideological and political orientation enamored of practices characteristic of the private sector where managers typically have greater discretion than their counterparts in the public service. This view is reflected in the new flexibilities regarding job classification and pay, the limitations placed on collective bargaining, and the streamlined disciplinary procedures. However, certain core features of traditional civil service are retained. For example, employees are entitled to procedural due process prior to removal or other adverse action. The right to collective bargaining is also retained, although it is significantly limited. This approach is not as extreme as in some states such as Georgia where all employees will eventually serve at will and there is no collective bargaining. In the case of Florida, a major difference is that for all managers in that state, the employment relationship is at will and there are no seniority rights for any employees. In some respects, then, it would appear that federal reforms could have gone farther, and perhaps, like Florida, they would have had it been politically feasible. In any event, the new systems designed for the Department of Homeland Security and the Department of Defense may, for better or

worse, provide a blueprint for other federal agencies and state and local government jurisdictions to follow.

To summarize, justice and fairness are important values in public personnel administration, and they are fundamental goals of traditional civil service systems. There is some concern – and scattered evidence – that recent reforms are lowering employee perceptions of fairness and creating other related problems. Data sources are available to assess this possibility, which we turn to next.

Data and Methods

To assess public employee perceptions of organizational fairness, we utilize the U.S. Merit Systems Protection Board (MSPB), *Merit Principles Survey 2005*. This survey was administered to federal employees from 24 separate agencies in the summer and fall of 2005. As was the case with earlier MSPB surveys, questions addressed a wide range of issues associated with federal work with a specific focus on personnel policy and procedures. A total of 36,926 federal employees completed the survey, producing a response rate of approximately 50 percent.

One section of the survey specifically posed questions on the employees' perceptions of fairness regarding agency employment practices.¹ Factor analysis suggested there were 4 distinct dimensions of employment justice or fairness among those questions. The first factor, which explained approximately 24 percent of the variance, was comprised of items asking for employee perceptions of fairness associated with general personnel management policies. A second factor addressed perceptions of discrimination, and the remaining factors addressed sexual abuse and the extent to which employees believe they have suffered retaliation or have been threatened with retaliation for exercising their employment rights. We chose to focus on the first factor since the items addressed employee perceptions of the fairness of selected personnel procedures. A total of 10 items loaded on this factor including items from question 22 (parts A through G) and items B, C, and D from question 31. Specifically, these items addressed career advancement, performance awards, training, performance appraisal, job assignments, discipline, pay, grievance systems, disciplinary appeals procedures, and employment fairness in general (see Table 1). Responses were entered on five-point Likert scales which we recoded so that lower scores represented lower perceptions of fairness and higher scores represented higher levels of perceived fairness. We then constructed an additive index of the items by summing the response codes and subtracting 10 from the total to produce an index that runs from 0 to 40. Higher values on the index indicate higher perception of fairness of personnel procedures.

(insert Table 1 about here)

We examine this index at the individual and agency levels. At the individual level, we regressed the index of perceived fairness of personnel practices on a set of independent variables. We are most interested in the effects of a set of agency dummy variables that are designed to show the impact of agency practices on employee attitudes. We also control, however, for a set of individual employee characteristics that may be associated with attitudes toward fairness. Included here are demographic variables

measuring employee age, gender, and race. We also control for whether the employee is a union member, the number of years they have been in federal service, whether they are in supervisory or non-supervisory positions, and whether they are located in agency field offices or Washington D.C. headquarters. We expect that perceptions of employment fairness will be heavily influenced by whether individual employees believe they have been the victims of any form of discrimination. Thus, we also control for whether the employee reports that he or she has suffered racial, sexual, age, or religious discrimination in the past two years. This procedure allows us to assess perceptions of the fairness of personnel practices independent of whether people believe they have experienced these forms of discrimination. In other words, we are examining perceptions of the fairness of personnel procedures holding perceptions of discrimination constant.

Findings

Observed values on our index of fairness of personnel procedures ranges, at the individual level, from 0 (the lowest value possible on the index) to 40 (the highest possible value). A total of 32,283 observations were available on the questions comprising the index. Eighty-eight individuals scored 0 on the index, indicating that they did not believe to any extent that the listed personnel practices were conducted fairly, while 361 had index scores of 40, indicating that they believed to a “very great extent” that they had been treated fairly with regard to the personnel practices examined. The mean value observed on the index was 23.551 while the median was 24.000. Interestingly, both of those values are slightly above the midpoint (20) of the scale. The standard deviation of the scores on the index was 7.811.

As noted earlier, we believe that employee attitudes about personnel practices are important because they will be associated with other attitudes and behaviors of interest. Negative perceptions of fairness may be associated with lower levels of job satisfaction, decreased work effort, lower organizational productivity, and increased intentions to leave an organization. In our data set, we found the correlation (Pearson’s r) between our index of perceived personnel practices fairness and an employee’s reported probability to leave his or her agency in the next 12 months was .208 and statistically significant. Given the direction of the coding of the intention-to-leave variable, this finding indicates that employees who perceive more fairness are significantly less likely to leave their organizations. In addition, 38 percent of the employees surveyed indicated that if they left their agencies in the near future, “unfair treatment or harassment would be important or very important in making that decision”. We also found that the correlation between our personnel practices fairness index and general job satisfaction was -.560 and statistically significant, which, given the direction of the survey coding, indicates that higher perceptions of fairness are very strongly associated with employee job satisfaction. With regard to performance, the survey asked if employees agree or disagree that their work unit “produces high quality products and services.” We found that our personnel practices fairness index was significantly correlated with agreement on this statement at -.384 (also statistically significant), suggesting that employees with higher levels of perceived fairness are, given the survey’s coding system, significantly more likely to agree that their work unit is productive.

To gain insight into agency differences in perceptions of fairness, we calculated the mean of employee scores on the fairness index within each of the 24 agencies included in the survey. These results are presented in Table 2. Here we see that the average index scores by agency range from 22.0172 for the Department of the Interior, to 26.4484 for the National Aeronautics and Space Administration (NASA). The mean of the agency scores was 23.7289, a score almost exactly equal to that of the Department of Commerce which was scored 23.7240. Results for agencies that had experienced dramatic personnel reforms in recent years were mixed. Employees from the Department of Homeland Security, an agency where personnel reforms have received considerable attention, had next to the lowest average index score of 22.4336 which is 1.2953 points or nearly 1.5 standard deviations from the mean. However, the average scores for civilian employees of the Department of Defense (24.0378), Air Force (24.2037), and Army (24.5203) were all above the mean. Implications for personnel reforms based on perceptions of personnel justice or fairness are, as a result, far from clear.

(insert Table 2 about here)

Our regression analysis produced the results that are presented in Table 3. Collectively, the variables in the model explain approximately 19 percent of the variance in individual perceptions of personnel policy fairness as measured by our index. Most of the demographic characteristics of employees are significantly associated with index scores. For example, employee gender is significant, with women averaging 1.008 points higher on the index than men. Employees with higher salaries are also slightly more likely than others to have higher perceptions of personnel policy fairness. In addition, supervisors have scores that are on average 1.547 points higher than those of non-supervisors, controlling for other variables in the model. Alternatively, older employees and union members have significantly lower scores on the fairness index. The most dramatic effect here is for union members who are, on average, 1.215 points lower on the index scale.

As expected, employees who reported that they had experienced discrimination all have substantially lower index scores predicted by the model. In fact, the largest coefficients were on these variables, and all were negative. For example, those employees who indicated that they had experienced age discrimination have predicted scores that were an average of 5.422 points lower on the fairness index than those of other employees. Victims of racial discrimination have predicted scores that were 4.939 points lower than other workers. Those subjected to sex-based discrimination are an average of 4.114 points lower, and the coefficient on religious discrimination shows that such discrimination produces a 2.912-point decrease in employee perceptions of fairness. Importantly, the effects of all other variables in the model are estimated with the impact of these factors controlled.

Turning to a discussion of the agency dummy variables, we find several interesting results. The comparison agency omitted from the analysis is the Department of Commerce because its score is almost exactly equal to the mean of all agency scores. In addition, the Commerce Department is an agency that has not experienced significant personnel reform and is not exempt from requirements of Title V of the U.S. Code outlining traditional requirements for civil service system personnel practices. By using

the Commerce Department as our comparison agency, results for all other agencies can be interpreted as the extent to which they are different from the mean.

Coefficients for 14 specific agencies are significant. Noticeably, the Department of Homeland Security produces the largest negative coefficient (-.881), indicating that when all other variables in the model are controlled for, employees at the Department of Homeland Security have lower perceptions of personnel policy fairness. It is perhaps too easy to conclude that this result stems from the substantial personnel reforms implemented in that department, however. The Department was formed in the wake of the September 11, 2001 terrorist attacks by combining numerous other federal agencies or parts of agencies into one department, and that process alone may have created significant tensions for employees. Employees in Homeland Security have, however, had several traditional civil service protections, that are in part designed to increase employee perceptions of justice and fairness, reduced or eliminated.

It will be important to conduct further analysis focusing on Homeland Security and other agencies scoring poorly on the fairness index in order to see if there are particular sub-units where perceptions of fairness are lowest, and zeroing in on the factors that contribute to low scores. The Departments of Interior, Justice, and Transportation also have significant negative coefficients, and it will be important to examine their practices as well to gain insight into what may be driving the negative impact on perceptions of fairness. Finally, all of these negative coefficients are relatively modest in size, so questions may properly be raised regarding their substantive impact. Future research can help to sort this question out also.

Several agencies where personnel reforms have been in place have large and significant positive coefficients in our model. These agencies include the Air Force (1.551), Army (1.456), and Department of Defense (1.327). Interestingly, the coefficient for the Navy is insignificant. The results, in combination with those for the Department of Homeland Security, raise important questions about the impact of civil service reform on employee perceptions of fairness. One might have expected employees in all of these heavily reformed agencies to react in a similar way; however, our results suggest something more complex. Perhaps certain reforms that were implemented in some agencies but not others are responsible for the lowered perceptions of fairness. Alternatively, perhaps civil service reforms can be implemented in positive or negative ways, and we are seeing evidence of that result. In any event, more work should be done to probe the reasons for these mixed results.

Future research could take a more positive track by focusing on the high scoring agencies. As expected, NASA has a very large positive coefficient, as does the Social Security Administration and the several defense agencies mentioned above. Researchers should take a closer look at these organizations to see what they may be doing to produce such favorable results. In addition, we need to know more about the causes of lowered perceptions of fairness. The literature and anecdotal accounts name some suspects. They include inept or overbearing supervisory management; pervasive harassment or discrimination; political micromanagement or intrusion into purely administrative matters; unfair personnel practices relative to hiring, training, job assignments, performance evaluations, awards, and promotions; and a bevy of other factors.

Conclusion

The Bush Administration's aggressive foray into the arena of civil service reform is still taking shape, and only time will tell if it has any lasting effects on the nation's capacity to protect the homeland. What is clear, of course, is the battle over personnel policy for the Department of Homeland Security, particularly that relating to collective negotiations, opened a very large window onto the ideological, political, and technical dynamics of *federal* civil service reform. The upcoming efforts to translate the legislation into operating rules and regulations promise to be equally interesting as the contending parties clash over the details of personnel administration at Homeland Security and Defense.

If nothing else, the latest round of federal civil service reform underscores the disappearance of anything resembling a single federal personnel system and the accelerating emergence of many federal personnel systems on the agency level. The George W. Bush Administration has done nothing to stem that tide. It has, in fact, treated it as *the* way to deal with federal personnel policy and reform. Federal civil service reform in this environment is likely to be many agency-level reforms, some of which may be radical in the terms discussed here. Under these conditions, the disintegration of federal personnel will continue and, in the end, the last remnants of the central structure that began to build with the Pendleton Act and began to come down with the Civil Service Reform Act will pass from the scene. In a sense, unlike Georgia and Florida, where radical reform came quickly and violently, the federal civil service has been undergoing a process of "slow motion radical reform" over the past 40 years.

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Table 1

Items Comprising the Index of Perceived Fairness of Personnel Practices

Question 22: In the past 2 years, to what extent do you believe you have been treated fairly regarding the following?

Item A. Career advancement

Item B. Awards

Item C. Training

Item D. Performance appraisals

Item E. Job assignments

Item F. Discipline

Item G. Pay

Question 31: Please indicate your level of agreement or disagreement with each of the following statements:

Item B. I believe the current employment grievance system, if I had occasion to use it, would be fair.

Item C. I believe the current employment appeals system, if I had occasion to use it, would be fair.

Item D. I believe my agency treats me fairly in matters related to my employment.

Items are from the U.S. Merit Systems Protection Board, *Merit Principles Survey 2005*.

Table 2

Agency Employee Average Scores on the Perception of Fairness Index

Agency	Number of Observations	Average Index Scores
NASA	640	26.4484
Environmental Protection Agency	479	24.6973
Army	961	24.5203
Social Security Administration	730	24.4000
Treasury Department	1653	24.2740
State Department	432	24.2669
Airforce	486	24.2037
Defense Department	3096	24.0378
Education Department	813	23.9041
General Services Administration	822	23.8345
Commerce Department	2221	23.7240
Office of Personnel Management.	495	23.6889
FDIC	544	23.6324
Veterans Affairs Department	1622	23.6048
Justice Department	2574	23.5148
Labor Department	581	23.5112
Health and Human Services	1759	23.3917
Transportation Department	1096	23.3130
Energy Department	476	23.1450
Agriculture Department	2422	23.1358
Navy	940	23.0330
Housing and Urban Development	252	22.7619
Department of Homeland Security	2961	22.4336
Interior Department	1804	22.0172

Mean of Average Index Scores = 23.7289, Median = 23.6606,
Standard Deviation = .8719

Table 3
Regression Results

Independent Variables	Unstandardized Coefficients	Standard Errors
(Constant)	23.620	.369***
Union Member	-1.215	.154***
Sex	1.008	.100***
Age	-.044	.007***
Education	-.013	.048
Salary	.039	.002***
Years in Federal Service	-.035	.006***
Racial Minority	-.085	.113
Supervisor	1.547	.107***
Racial Discrimination	-4.939	.233***
Sex Discrimination	-4.114	.231***
Age Discrimination	-5.422	.208***
Religious Discrimination	-2.912	.559***
Field Office	-.112	.120
Agriculture	.196	.242
Airforce	1.551	.393***
Army	1.456	.310***
Defense	1.327	.228***
Education	.344	.324
Energy	-.461	.404
EPA	1.069	.395**
FDIC	.391	.383
General Services Admin.	.970	.335**
Health and Human Services	.031	.258
Dept. of Homeland Security	-.881	.229***
HUD	.506	.541
Interior	-.609	.261*
Justice	-.607	.232**
Labor	.127	.364
NASA	1.966	.353***
Navy	-.026	.313
OPM	.794	.395*
Social Security Administration	1.733	.348***
State Department	.145	.421
Transportation	-.603	.298*
Treasury	.796	.263**
Veterans Affairs	.893	.265***
Unspecified Other Agency	1.089	.418**

*** p < .001, ** p < .01, * p < .05

N = 22,731

R² = .189

Endnotes

¹ At present, there is not a widely accepted conceptual definition of justice or fairness, but in this case, perceptions are deemed more important.