

PROMOTING EFFICIENCY IN GOVERNMENT:
PROPOSALS FOR A NEW PERSONNEL SYSTEM
FOR THE CITY OF NEW YORK

July 1976

A Citizens Union report, based on recommendations from
CU's Committee on the City Personnel System
(Enid F. Beaumont, Chairman)

INTRODUCTION

The city's personnel system can be a major asset in the drive to achieve higher productivity. *It does not now do so.* Reform of the personnel system in the ways suggested in this report can also lead to higher levels of worker satisfaction and higher morale. At the same time, by obtaining a professional cadre of managers, by providing meaningful training, and by linking rewards to performance, great strides will be made toward improving both productivity and morale. Opportunities for job enrichment and participation have been shown to achieve these results in the industrial sector. It can also occur in city government with a concerted drive in the implementation of changes in our personnel systems. These changes cannot merely be within the present framework of civil service examinations. We have recommended pervasive and integrated new approaches toward the human component of the city. We can, and must, provide better service to our citizens and more satisfaction to our workers.

I. THE RELATIONSHIP BETWEEN THE CITY PERSONNEL SYSTEM AND MUNICIPAL PRODUCTIVITY

Too little is known about the direct influence that personnel management has on city productivity. While conventional wisdom suggests that city workers produce too little, our thinking is that greater improvements in productivity could derive from changes in the personnel system than from attempts to increase the amount of work produced by individuals under the present structure.

We do not overlook the fact that poor supervision and training, inadequate job design, low morale, and, the lack of future opportunities, have a major depressive effect on individual work productivity. However, we believe that the major problem in obtaining productivity in the City derives from systemic problems, rather than from individuals shirking from their duties. These problems include inflexibility, rigid personnel techniques, inadequate delegation of authority, and the lack of a reward system linked to performance.

Inflexibility

The City has developed rigid procedures requiring several levels of control, checks and re-checks, thereby inhibiting supervisors from supervising, and, in turn, hindering workers from working. It is as if a truck might not move for want of a 25¢ part; a work-team might be inoperative for want of a single individual. The will to change the procedure has been eroded by the inflexibility of the budgeting and personnel systems. In the field, this inflexibility affects the attitudes of workers and supervisors. It must be changed. The first priority for increasing productivity is to allow flexibility for the assignment of workers in order to get the job done.

Rigid Personnel Techniques

New York City's system of narrow classification of job titles (narrow banding) has often been criticized. There have been proposals for the broad banding of jobs to

provide flexibility in assignment, but little movement in this direction. The situation is static because neither the budget, personnel, nor the decision-making apparatuses have focused on the issues raised by broad banding. Thus, we can find our employees unable to work because of the lack of one person in a work crew of six or eight. Current proposals to change these practices have stalled because of salary variations among the narrowly banded classifications.

In addition to the changes in the classification system, the examination system must also be re-structured. We need to find new ways to reward employees and employee groups for increased productivity. Many reform proposals suggest rigid methods of calculating exact numbers on examinations for productivity improvement or training. We believe that that is not the right spirit in which to embark upon a new era of productive employee relations. Supervisors and employees must believe that they will also benefit from real productivity gains. Sharing savings from productivity goes a long way in this direction. Promotions must recognize productivity achievements. Part of the evaluations of employee performance should be related to the attitude and the work effort toward productivity improvement. This should include participation in a suggestion system, as well as team efforts to increase productivity. Experimentation with new evaluation techniques which look toward the whole person in a work situation need to be tried and assessed.

Inadequate Delegation of Authority

The manager must have the authority to manage. While many other reports about city personnel practices have come to the same conclusion, the system remains rigid and inflexible. The conception of a manager as a strong, meaningful part of the city personnel system has not yet been accepted by those who must make the decisions. If managers are given authority, it must also be coupled with a delegation of authority to lower level supervisors who would be held accountable for their results. This report describes new methods of managing the people who work for the City.

We regard the interface between personnel systems, budgeting, and management, and supervision, as indistinguishable. The rigid centralized personnel controls must be eliminated in line with the City Charter recommendations approved by the voters last November. Productivity increases will rest, to a major extent, with the recognition of a managerial group that is given authority and responsibility, and, is held accountable for their results.

Productivity increases will also come about with the elimination of restrictive work rules. While recent reports and newspaper articles talk about some new productivity effort in the city, we are convinced that a general, comprehensive plan has not yet been achieved. Our information is that progress on productivity has been quite marginal in spite of several years of productivity bargaining.

Rewards Linked to Performance

The rewards to employees in the city include salary, promotion, training opportunities, transfers, temporary work assignments, as well as other tangible and intangible items. This report calls for the establishment of a performance appraisal system based upon the clear statement of objectives set in consultation with employees. Rewards based upon performance must be substituted for rewards based solely upon examinations.

Citizens Union makes the following recommendations that would increase the productivity of our municipal workforce:

- * *Delegation to managers and supervisors of greater flexibility in the assignment of workers;*
- * *Elimination of narrow classifications which result in the rigid use of manpower;*
- * *Adoption of a system relating salary increases to productivity;*
- * *Tying the performance appraisal system to productivity gains both for individuals and work groups; and*
- * *Basing both tangible and non-tangible rewards, e.g., salary, training, and work assignments, on performance.*

Insufficient attention has been paid to the need for professional management at the top levels of our municipal structure. Managers have not generally been selected on the basis of managerial ability; salaries for executives have not been consistent with those found in the private sector, making it difficult to attract qualified candidates either from the private sector or from other government agencies. No little part of this is due to the lack of esteem in which the City Career Service is regarded.

The argument against increased professionalization of the management group become less responsive to the citizenry at-large. However, this can be met by clear procedures for removal of incompetent managers and by making it clear that responsiveness is a key element of their job. Indeed, we predict that professional managers would be more, not less, responsive to community needs, as well as better able to plan and organize the work of the City, than are elected and politically appointed managers.

In short, the problems of the New York City personnel system are essentially managerial. The problems in the personnel management of the City will recede if management improves and if the bureaucracy is kept appropriately responsive. This will require changes in the law to permit the prompt removal of incompetents.

To professionalize management in New York City, we recommend that: *A City Executive Service (CES) comprised of the top 3-5% of the executive group (civil service, non-competitive and exempt managerial positions), be created.* Commissioner level appointments would continue to be made under the current practice. Deputy Commissioners would be included in the City Executive Service.

Appointees would be hired by the Mayor on a five-year renewable contract. They would be employed on the basis of demonstrated managerial expertise, preferably in urban government. Entrance to the CES would be open to high-level civil servants in New York City, as well as managers from both the public and private sectors throughout the country. We propose that approximately one out of every two of these positions

initially be filled by lateral entry in order to allow the City to draw upon varied experiences.

The method of selection would be through a review of background and performance to be conducted by the City Personnel Department under the surveillance of an independent Personnel Review Board. The Personnel Department would set up a special division to manage the CES. The Mayor would be limited in his appointments to those most favorably evaluated.

The CES system would have its own salary plan, subject to control by the Mayor acting on the advice of the Personnel Review Board. A salary survey would be made each year to insure that salaries are comparable to executive positions in industry. A report to the public on these salaries would be made each year by the Personnel Review Board.

Large numbers of the best public managers must be attracted, and a significant percentage of these individuals must be kept for five or more years. Merit salary awards and the transferability of pension rights among governmental jurisdictions (or even between private and public pension systems) are desirable to achieve this goal. In spite of the fiscal crisis and current salary freeze, investment in the executive and managerial plan is absolutely essential at this time. The initial costs will not be high and they will be more than offset by long-run economies through productivity gains. The creation of a CES is probably essential to any program involving a real commitment to achieving a fiscally prudent city.

III. MIDDLE MANAGERS AND SUPERVISORS

There are some key issues presently facing the City of New York concerning its middle managers. As we are well aware, many studies and investigations have taken place over the last several years on this subject. In 1975, the State Charter Revision Commission reported:

- A. A lack of trained and motivated middle managers resulting in increased costs, inefficient service, and poor productivity of employees.
- B. Identification of managers with their subordinates rather than with their superiors as manifested by their membership in the same unions as their subordinates, similar goals as subordinates, lack of support of top management policies, and failure to use discipline as a positive management tool.
- C. Lack of adequate management procedures and mechanisms to evaluate performance, reward productivity, and discipline failures.

Thirteen years ago, a Brookings Institution study exposed fundamental defects in the way New York City manages its affairs and recommended broad management reforms. The Brookings Institution summarized the problem as follows:

"It (the City) has to relearn the lesson of Management in America that the way to get things done is to get the ablest man possible, put him in charge, fix goals for him and give him the resources and staff to get the job done . . ."

This lesson is still unlearned.

A study conducted for the Charter Revision Commission last year reached almost identical conclusions, pointing especially to the city government's greatest internal problem -- an unmotivated, ignored, and ill-equipped middle management cadre.

The City's own Productivity Council reported last fall that there is little or no managerial training, few management people (no management "corps"), and no management philosophy. This is reflected in the fact that such management as does exist is improperly treated by the city in terms of pay and responsibility; it consists of a group whose morale has been totally demolished. These problems continue and might even be worsening due to the fiscal crises.

To rectify the problems stated above, we recommend:

The immediate creation of the Management Service, called for in the Charter Revisions, to be comprised of approximately 25% of the civil service, i.e. managerial and supervisory positions.

We urge legislation to facilitate:

1. The infusion of new talent into the City's managerial levels;
2. Selection techniques for managerial positions that show a candidate's capacity for the job to be filled; and elimination of statutory language that requires the use of specific rigid selection procedure; and
3. Making disciplinary actions an effective instrument of work-force management.

We believe that the State Taylor Law should be amended:

1. To prevent managers and executives above the lowest level of supervision from organizing; and, in the interim,
2. To speed implementation of the City Charter Revisions prohibiting supervisors from being represented by the same union as the people they supervise.

The recruiting, training and activating of professional executive and management corps should be an immediate top priority for New York City. Among other things, it will require a much more intensive effort to institute management reforms incorporated in the new charter than has been evident so far. Reforming city management is a tough, long-haul job. The place to begin is with the managers, that dwindling cadre whose competence and dedication are prerequisites of municipal efficiency and even survival.

IV. ORGANIZATION FOR PERSONNEL MANAGEMENT

There presently is an over-emphasis on civil service procedures and processes in New York City. In contrast, we believe that the goal of obtaining a competent and effective work force must become the focus of the personnel system. We have outlined an improved personnel management program that goes far beyond the rigid procedures that are now considered the limits of personnel management. A major change in the City Department of Personnel and in departmental management is needed to accomplish our objectives.

Outside Review

This report recommends the creation of an outside independent review body for the Department of Personnel; it is to oversee the implementation of the personnel program for executives and managers, as well as the implementation of the Charter Revisions. This proposal has been made because the personnel system of New York City has become out of touch. Professional, impartial, non-partisan oversight and re-vitalization of the City's personnel system is essential at this time.

The Personnel Review Board would be an oversight committee to the Department of Personnel, composed of nine members, serving on a voluntary basis. They would be appointed by the Mayor, from slates of nominees proposed by non-partisan sources. What is needed is constant surveillance by professional outsiders to preclude the rigidity that has led to the continued use of outmoded procedures and to overcome the City's tendency to be pre-occupied with personnel processes rather than personnel outcomes. Imagination, vitality and creativity in personnel management are needed to find ways to unleash the tremendous human potential of one of the largest work forces in the country.

Implementation of Charter Revisions

A major aspect of the Charter Revisions is the delegation of extensive personnel management functions to line agency heads, away from the direct control of the Depart-

ment of Personnel. While these changes are scheduled to take effect in January 1977, their actual impact is unpredictable. For one thing, the implementation of most of these reforms depends upon plans that will be drawn up by those who have a stake in the continued centralization of the personnel system. The long history of personnel reform in New York City is a history of the system's ability to co-opt reform.

The recommendations of the City Charter Commission approved by the voters regarding personnel management are important; we urge their prompt and efficient implementation. Since we are not sanguine about the current progress of city officials in planning the implementation of the charter reforms, we proposed herein the creation of an independent Personnel Review Board.

This independent body would be authorized both to review and to comment upon agency plans for carrying out the personnel functions that are scheduled to be decentralized, as well as upon rules and procedures promulgated by the Personnel Department itself (in accordance with the Charter Revisions). These reviews should be submitted to the public, not just to the Mayor, prior to the Mayor's final approval of the agency plans.

Continuous Review

After implementation of the Charter Revisions, the Personnel Review Board should periodically evaluate and report to the Mayor, and to the public, on the effectiveness achieved by the changes. A major problem in the City's personnel system has been the tendency to adopt certain practices, and then to make them permanent, regardless of their effectiveness. This lack of flexibility in approach has resulted in a set of out-dated, rigid practices. The personnel approaches being proposed here are not merely the imposition of a new rigid set of civil service laws to define the personnel system in New York City. No personnel system can be frozen for all time. We need administrators who are constantly aware of the human resources implications of their practices,

and who are constantly reviewing the quality of working life for employees as well as the quality, quantity, and cost-effectiveness of the product that those employees provide for our citizens.

The city personnel civil service system has become overly rigid for a variety of reasons. Administrators have tended to become defensive due to the tendency of our city employees to seek judicial review of unfavorable decisions; moreover, the over-use of written examinations has created a competitive atmosphere. Both attitudinal and legislative changes are needed. Personnel reform can result in improving the quality of the city working environment only with the concerted effort of all levels of management and supervision. The system must be made capable of continuous self-renewal.

Combining Labor Relations and Civil Service Management

The personnel management system envisioned in this report would require both personnel and labor relations administrators to work in harmony. This consolidation of the now separated labor relations and personnel functions is especially important, since so much of collective bargaining relates to the issues of work design and working conditions so vital to the personnel management system proposed here.

V. WORK MOTIVATION AND ATTITUDES

In discussions of the need to improve the effectiveness of New York City personnel, one hears constant reference made to their alleged low productivity, inefficiency, unconcern for the public, and "civil service mentality." Such diagnoses are not applicable to all, or even most, of the city's employees; however, it is widely believed that they characterize a sufficient proportion of the staff at all levels, so as to constitute a major problem. This problem must be addressed by a revised personnel system.

In attempting to devise an action program, it is essential that the source of such behavior be identified. We reject, at the outset, the over-simplistic assumption that many of these employees are basically lazy and irresponsible; instead, we assume that they commence their employment with no more, or less, motivation for work than is the average of employees elsewhere. Apparently, something happens (or fails to happen) that has the effect of "turning off" our work force.

We suggest that the city suffers from a contagious condition of low motivation on the part of many of its employees, and that this condition is a major factor in lowering their productivity, the quality of services they deliver, and the cost-effectiveness of the civil service system. The factors responsible for low motivations are also likely to limit the level of job satisfaction employees are entitled to derive from their jobs. A well-conceived program of motivation improvement may be expected to pay benefits both to the public and the employees themselves.

A Program for Motivation Improvement

A recent evaluation of policy-related research on work motivation counseled against succumbing to a patchwork of gimmicks. When used out of context, piecemeal techniques are likely at best to have only limited, short-term effects on both

productivity and job satisfaction. To create a new motivational climate, it is necessary to install a sequence of new elements which, in aggregate, result in a revised personnel management system. The chief ingredients of such a system include:

1. Performance goals that are clear, challenging, and acceptable;
2. Performance carefully linked to compensation and advancement;
3. The matching of workers and work, so as to create a work situation with which workers will see as capable of meeting their needs and expectations, and where they will have the capabilities and resources to be successful;
4. For workers who desire it, work opportunities for the full use of their abilities, with challenging and diversified duties and responsibility for others;
5. Input from workers at all levels to plans and decisions affecting their jobs and working lives;
6. Appropriate resources, including work methods and equipment, provided to facilitate performance and to minimize obstacles to carrying out their jobs; and
7. Adequate working conditions, including competent supervision, fair pay, job security, and sound employee-and labor-relations.

In the rest of this report, we wish to single out for special attention the elements of Responsibility Sharing, Reward Sharing, Training and Development, Identification and Assessment, Job Enrichment, and Career Development. We recommend that: *an integrated motivational program be established for all city employees; the development of such a program for the management group should be given priority.*

The following program should be the responsibility of the heads of each City department. *The Personnel Department should establish a division to provide staff support and consultation services to agencies in these areas.*

Program Elements

Responsibility Sharing

Giving workers some responsibility for improving their own performance is a key element in arousing and maintaining motivation. This concept involves the employer

sharing responsibility with the employee, not only for individual job performance, but for the performance of units and departments of which the individual worker is a part. Useful approaches include the establishment of permanent councils or committees, each addressing such on-going problems as cost reduction, operating efficiency, and public relations; similarly, each unit and/or agency could set up task forces to deal with problems that are finite, such as performance evaluation.

Typically, such councils or task forces should be composed of members at various levels of the department, including both supervisory and non-supervisory personnel. Those that are likely to impinge upon the collective bargaining agreement should also have liaison with the relevant municipal employee union.

Clear Objectives and Reward Sharing

It is not sufficient that employees share in the responsibility for improving their operations. Equity requires that they also share in the rewards and benefits that may accrue from those resultant gains. At its minimal level, this calls for the establishment of a program of awards, both symbolic and material. Meritorious contributions to responsibility sharing should also constitute an element in performance evaluation, merit raises, and promotions.

Objectives should be established not only for the short-run, e.g., one year, but for longer periods as well. These objectives should be measurable and largely under the control of subordinates as to their achievement. Supervisors should provide those subordinates with the proper backing and assistance in resolving areas of impasse.

Recognition should be given to those subordinates for their achievements, as well as for the counsel they provide on problem areas. Performance in relation to established objectives can then be evaluated for such purposes as the determination of salary increases, assignments of other tasks (so as to increase job responsibility), assignments to different positions requiring increased experience, as well as for

promotion. The time frame is critical, however, since this type of program takes years to implement, and hasty performance decisions based on short intervals should be avoided at all costs.

Our City's managers must adopt a new spirit in discharging their responsibilities to the people of the City of New York. For this to be possible, however, the City's leadership must provide a work environment that promotes the development of professional standards, skills and behavior. The elements of the motivational improvement program described herein, combined with improved training opportunities, a Career Development System, and job enrichment experiments are essential to creating the proper work environment.

Training and Development

Continuing education and training are essential for employees to keep current with developments in any profession. This is equally true of management. Training enhances the dignity and value of the individual and adds to the meaningfulness of the work that he or she performs.

We encourage the City of New York to lead the way in mobilizing its many educational resources, e.g. the City University, the private universities and the experienced talent within the private and public sectors, in order to provide its managers with the professional training they need and deserve. We note the development of the Urban Academy and suggest that it be given the resources and talent for early implementation.

Identification and Assessment of Managers

Supervisors and managers within the City's work force need to be a) identified and b) assessed--objectively--through performance assessment programs.

Performance Assessment is being used increasingly in the private sector as an effective means for identifying training and development needs of workers. It can work

equally well in the public sector and is a logical stepping off point for career development systems. Among some of its uses are:

- a. A diagnostic tool for identifying training needs;
- b. Assessment of management potential and capabilities prior to entrance into the managerial service;
- c. Identifying management talent for placement in key positions.

Career Development and Job Enrichment

A civil service career should offer more than a fixed annuity at the end of a prescribed number of work years. Careers should be planned according to the needs of both City Government and the individual worker. We urge the establishment of a Career Planning Service, whose purpose it would be to coordinate the following activities:

- a. Career counseling and guidance on training and development programs for municipal employees;
- b. Placement services for employee continuing education programs;
- c. Horizontal job transfers (i.e., inter-departmental transfers at equivalent job levels within the entire civil service system), to reflect alternative career desires; and
- d. Development of career ladders for civil service workers, establishing such prerequisites for career advancement as entry level requirements, expected time in grade, educational requirements, performance, and experience.

We believe that a Career Development Service can achieve a significant improvement both in the performance and the morale of City workers for the following reasons:

- a. It would enable a better utilization of existing manpower resources;
- b. It would provide opportunities for added diversity within the employee's career;
- c. Its programs would enable workers to gain a better understanding of the system;
- d. It is a means to insure that workers are qualified for the jobs they perform; and
- e. It would offer alternative paths early in the employee's career.

The final element of the motivational improvement program calls for job enrichment experiments conducted within specific work environments. Job enrichment involves restructuring duties to provide greater meaningfulness, challenge and self-supervision in the work place.

Job enrichment can be initiated most effectively by establishing task forces in each department to study and oversee the reorganization of jobs. The first priority in the job enrichment program should be to review and restructure current civil service job titles and functions. Broader classification would allow for greater functional areas of responsibility.