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Article

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Perry, Mesch, Paarlberg

Motivating Employees in a New Governance Era: The Performance Paradigm Revisited

How can a public administration practitioner possibly get her arms around the vast body of research conducted on motivating performance in public and nonpublic organizations? Professors Perry, Mesch, and Paarlberg have chosen to approach this challenge by analyzing and reviewing the relevant literature according to the four elements of a traditional performance paradigm (financial incentives, job design, participation, and goal setting). The framework informing the review used these four types of motivational elements as inputs into a process that produces as outputs the desired behavioral outcomes. The literature review was then used to develop a series of propositions regarding mediating and

moderating variables that impact this motivational process. The results will be very useful to public sector practitioners who are seeking to understand better what they can expect to achieve by implementing various motivational systems.

It will come as no surprise to *PAR* readers that the results of this analysis suggest that a large number of factors will impact any systematic attempt to improve human performance. The authors conclude by noting that "...our review suggests that an understanding of individual human behavior is but an important building block for thinking more expansively about the design and management of public sector systems." This commentary will react to some of the

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propositions based on my experience at the U.S. Food and Drug Administration (FDA), offer a view of how we approach the motivational aspects of work in the agency, and provide in the process some additional building blocks that *PAR* readers should consider in their practice or study of motivation in public agencies.

Motivating Employees at the FDA

The Food and Drug Administration's Center for Devices and Radiological Health (CDRH) provides regulatory oversight for medical devices and radiological products in the United States. This includes pre-market review of medical devices and a variety of other public health-related activities. Like many other federal agencies, CDRH has struggled over the years with a flat budget and rising personnel costs. Because more than 80 percent of CDRH's budget is dedicated to salaries, this has resulted in a reduction in the number of staff, and a subsequent increase in the review times for medical device pre-market applications. In October 2002, Congress responded by passing the Medical Device User Fee and Modernization Act (MDUFMA). This act, among other things, authorized CDRH to collect "user fees" from medical device companies who submit pre-market applications. In return, CDRH agreed to improve the time it takes to do reviews and to meet certain pre-specified performance goals.

More than three years have passed since the enactment of MDUFMA, and CDRH is meeting and in many cases exceeding the performance goals. For example, the average FDA review time for a pre-market notification submission has decreased from 77 days in 2002 to 53 days in 2005. Improvement has occurred across all review branches: the range of performance for the worst/best performing branches has improved from 123/54 days in 2002 to 68/30

days in 2005. Although we can point to a number of managerial and process changes (e.g., standard milestones for reviews, monthly progress reports), we can't lose sight of what I believe is the most important factor in our success—our employees rose to meet the challenge. How did this happen? Government employees are widely perceived as being lazy and unresponsive, and government organizations are painted as large, cumbersome, and inefficient. Those of us who work in the public sector know that this is a very inaccurate picture. In fact, some of the very things that draw people into public service in the first place can drive them to achieve surprising results if properly motivated. To what extent can the authors' propositions be used to help understand what CDRH experienced while attempting to meet the MDUFMA goals?

Financial Incentives. The authors conclude from their "review of reviews" that individual financial incentives are ineffective in improving performance in the public sector, and that while group incentive systems may be more effective, they are not well-used or well-tested. CDRH does not have a formal pay-for-performance system, and even our cash awards process is only loosely tied to performance. However, my experience tells me that financial incentives are probably the least important factors in influencing employee performance at CDRH. The majority of our employees are scientists, and many of them have advanced degrees. Those for whom financial considerations are the most important job consideration typically leave government service for higher paying careers in the private sector. Those who remain are generally very committed to our public health mission, and financial incentives are less of a motivator for them.

The authors note that "Feedback combined with money and social recognition produced

the strongest effect on performance." At CDRH financial and social recognition are distinct. Our cash awards are largely given without any public recognition, while there is a separate "Honor Awards" program that recognizes employee contributions at an annual awards ceremony. Earlier on in my career when I was a first-line supervisor, I found combining financial and social recognition to be very divisive for my staff. I have subsequently observed this to be true for other organizational units within my office. The separate (and public) Honor Awards program seems to be a more significant motivator than the cash awards program: many employees display their Honor Awards in their office, and the ceremony is widely attended.

Job Design. Review of the literature by these scholars also identifies a much stronger connection between job design (including alternative work schedules) and employee performance. However, the authors report that job design interventions may be more effective at positively influencing attitudes about work than actual work performance. My experience at FDA suggests, however, that caution is necessary before one dismisses the link between job design, improved attitudes, and performance effects. In particular, timing of the research—in this case, avoiding evaluation of the linkage until employees have a reasonable time to master the new job design—is critical. So, too, is the extent to which job design incorporates employees' personal needs for work flexibility into the equation.

Consider, for example, our experience at CDRH. CDRH's work is very specialized and highly complex. Employees who conduct the pre-market review of medical devices have degrees (and often advanced degrees) in scientific fields, including engineering, statistics, and medicine. There is

also a steep on-the-job learning curve: it takes one to two years for employees to become proficient in the regulatory paradigm. We invest a lot in our employees, and retaining good employees is a critical factor in our ability to meet organizational performance goals. One of the ways in which we do this is through our flexible work environment, which includes alternative work schedules and telecommuting.

These very popular programs have been in place since the 1990s, and they are certainly quite effective in positively impacting employee attitudes about their jobs. Because these programs help employees balance family and work demands, they also have been very effective in helping to recruit and retain the best employees. Finally, these programs also have made it easier for employees to "go the extra mile" by putting in the additional effort needed to meet some of our more ambitious performance goals.

The final result has been that not only do employees feel good about their jobs, they also are willing to put in extra effort when it is needed. I believe that an important component of CDRH's success in meeting the MDUFMA goals was the flexibility we provided to our employees in work schedules. One example of this is the number of employees who were unable to use all of their annual leave and thus "lost" leave. The number of CDRH employees who "lost" annual leave increased from a pre-MDUFMA level of 20 to a post-MDUFMA level of 152, illustrating a willingness to do what it took to get the job done.

Participation. Professors Perry, Mesch, and Paarlberg's review of the literature also concludes that while participation may have only a limited impact on performance, it has a greater impact on employee attitudes about work. Moreover, they find that participa-

tion's potentially greatest impact is on improving the quality of decision making. In my view, performance, work attitudes, and decision making are important and cannot be separated in organizations like CDRH. Consider, first, the nature of our mission. The task of conducting pre-market reviews of medical devices is a complex and challenging one, given our charge from Congress. Technology and medicine have continued to advance at a rapid pace, and CDRH must balance its mandate to protect the public from unsafe products with its other mandate to promote public health by getting safe and effective products to market as rapidly as possible. To achieve both of these goals, we must make timely decisions that are grounded in science and regulatory policy.

To these ends, and given the nature of our workforce, CDRH's pre-market review process is deliberately designed as a highly participative process that centers on multi-disciplinary teams of scientists. These teams conduct a detailed analysis of a submission, culminating in a final recommendation regarding approvability. This final recommendation (documented in a series of review memos) then goes through a formal signoff process that requires concurrence from each successive layer of organizational hierarchy. Every pre-market decision that is made by CDRH has its roots in the recommendations made by the review team. In fact, the vast majority of the decisions made by CDRH reflect the recommendations of the review team. CDRH staff feel passionately about the public health mission of our organization, and review team members feel a very strong sense of ownership about "their devices."

One of CDRH's most important cultural norms is that every member of a review team has a right to voice their own scientific perspective, and every person involved in a

review has a right to be heard. If someone higher up the pre-market review organizational structure makes a decision that is counter to a recommendation made by the review team, that person is required to document their decision and the scientific basis for that decision in the record. This process ensures a robust scientific discussion, which ultimately leads to better decision making. This, in turn, improves employee attitudes about their jobs, which further strengthens the decision-making process.

It is possible, of course, that this integration of factors is unique to organizations like ours that are engaged in the scientific enterprise and that bring a set of professional norms of inquiry. This also may be a reason that "reviews of reviews" like the one offered by these scholars tend to come to the conclusions they do. Aggregating different types of organizations together may mask important linkages. One suggestion, then, is for scholars studying the motivational links investigated here to control for the type of organization involved.

Goal Setting. After surveying the well-researched field of goal setting, Professors Perry, Mesch, and Paarlberg conclude that setting challenging and specific goals and providing routine feedback can result in improved performance. Where the tasks are complex, setting learning goals may further improve performance. I would agree, and add that the increasing emphasis in government to develop results-driven public organizations has made it even more important that we understand the relationship between goal setting and employee performance. First and foremost, practitioners engaged in, and researchers studying, the process must understand how important it is to set the right goals. Second, they must understand how important it is to link those organiza-

tional goals explicitly to those factors that brought workers into their professions and the public service to begin with. Third, they must understand how important it is to link short-term, long-term, and professional goals together to inspire commitment.

For many government agencies, including CDRH, it can be very difficult to evaluate directly our impact on long-term organizational objectives, such as improving the health of the American public. The intermediate outcomes and goals that we set usually involve measures of organizational process, such as the time it takes to conduct a pre-market review of a medical device, or the number of new medical devices approved. But we have to be careful when we set these types of goals as motivational devices that we don't lose sight of the larger mission of the organization.

It has been my experience that one of the principal reasons that people come to work for FDA is because of their belief in the importance of its public health mission. This commitment to mission is probably the single most important tool we have for motivating our employees, and if it is used properly, it can produce remarkable results. Goal setting is most effective when we can clearly articulate the relationship between the short-term goals and the longer-term public health mission. Thus, while the authors' final conclusion is that goal setting may face unique challenges in the public sector, I would also posit that some of the unique attributes of the public sector may make goal setting an even more powerful tool for employee motivation in the public sector. My only caveat is that it has to be done right! Public sector leaders who can clearly articulate a compelling public service mission and tie organizational goals clearly to that mission will be able to motivate employees in ways that cannot be achieved in the private sector.

Where we can establish a shared sense of vision, and provide a path for achieving that vision, we can accomplish great things.

Conclusion

The authors have done a thorough job examining what is known about the classic performance paradigm and how its elements of employee incentives, job design, employee participation, and goal setting can be used to motivate public employees. Another stated goal of this review, however, was to discern "... how useful the classic performance paradigm is in light of these new governance challenges." My experience suggests that the classic performance paradigm may have to be revised to account for both the societal and cultural changes that have come with the twenty-first century, as well as the many organizational challenges facing public organizations. Factors such as changing attitudes toward work and careers from the younger generation, shifts in the public expectations of the role of government, and the ever-diminishing federal budget will require new approaches to and research into the best way to motivate public employees.