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Survey of Hiring Managers in the Federal Public Service

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Key Findings

- When we examine why managers hire terms, why they do not renew terms, and what reasons they give for terms not achieving indeterminate status, several common themes emerge:
 - short-term operational needs, temporary replacement of absent staff, and unstable or insufficient funding are the most prevalent reasons for hiring terms, for not continuing their term, or for them not becoming permanent;
 - the use of terms to determine the suitability of individuals for permanent employment is another theme;
 - filling an opening quickly or staffing speed is a third theme.
- When a term employee is hired instead of an indeterminate employee, it is most often for reasons of convenience and speed of process.
- Most hiring managers say they have extended the appointment of a term employee in the last 12 months.
- In general, most managers favour a shorter time period before automatic conversion to indeterminate status. Sixty-five per cent of managers favoured a conversion to indeterminate status within three years or less.
- Managers say there are a variety of reasons why term employees take a job elsewhere. Often term employees have secured an indeterminate position elsewhere, or they leave because they feel there is a better chance of indeterminate employment somewhere else.
- Indeterminate employees are more likely to receive priority over term employees in longer-term human resources investments, such as training and learning opportunities and decision-making responsibility. Reasons for this include inadequate funding for training and a perception that the turnover rate among term employees does not warrant such an investment.
- The report also finds that if the goal were to reduce the number of terms, the most substantial reduction would come through either more stable funding or mechanisms to systematically manage the risk of hiring permanent staff when funding and operational requirements are short-term.

Introduction

The Joint TBS-PSAC Committee on Term Employment and the Public Service Commission of Canada's (PSC) Research Directorate identified a need to research the staffing practices of federal Public Service hiring managers with respect to hiring term employees. The resulting survey, the Hiring Managers Survey (HMS), addresses a key gap in our knowledge about the staffing system. While other research has focussed on recruitment and retention issues¹ from the perspective of employees and potential applicants to the Public Service, there has been little systematic study of the hiring process from the perspective of managers².

The PSC undertook this research because it supports corporate level analysis of the human resources system. However, the specific purpose of the survey was to support the work of the TBS-PSAC Advisory Committee. This joint committee of union and management representatives was established following the most recent round of bargaining to examine issues related to term employment and to make recommendations for policy changes in this area.

This report provides a brief overview of key survey findings, a demographic profile of survey respondents (gender, language, education), an overview of survey findings, and a copy of the final questionnaire with the percentage results inserted for each question (Top-Line Questionnaire).

1 See, for example, The Road Ahead: Recruitment and Retention Challenges for the Public Service, February 2002, http://www.psc-cfp.gc.ca/centres/reports-rapports/ra-vf/index_e.htm, Recruiting the Next Wave: A Survey of Student Employee Opinion in the Federal Public Service, Summer 2000, http://www.psc-cfp.gc.ca/research/surveys/students/final_e.htm, and Joining the Core Workforce: A Preliminary Report on the Survey of Newly Hired Indeterminate Employees in the Federal Public Service, March 2001, http://www.psc-cfp.gc.ca/research/surveys/newhires_e.htm [Return]

2 The PSC's Program of Special Surveys has examined managers' staffing practices, but not with respect to the questions of interest to the Joint Committee.

Methodology

The survey instrument was designed by the PSC's Research Directorate in consultation with the Joint Committee over a two-week period between March 15 and April 28, 2002³. The PSC contracted Ipsos-Reid to administer the survey via the Internet using its QCWeb on-line fielding capabilities. Each potential respondent was given the Web site address for the survey, which was hosted on a separate Ipsos-Reid server. In addition, respondents were provided with an individual personal identification number (PIN) to ensure respondent confidentiality. Upon proceeding to the Ipsos-Reid Web site, potential respondents entered a unique PIN and completed the survey.⁴

The on-line survey was fielded between April 10, 2002, and April 29, 2002. Two separate e-mail mail-outs were conducted. The first mailing to 5,987 potential respondents was done on April 10; a second wave of mailings to 1,502 potential respondents was completed on April 19.

Sampling Methodology

The base sample for the HMS was established by initially drawing 5,975 randomly selected names from the pool of EX, EX equivalents, EX minus 1, and EX minus 2 population in the TBS pay system database as of the end of September 2001.⁵ Due to the fact that there are no central data systems that can identify hiring managers within the federal Public Service, the survey targeted those in occupations most likely to contain hiring managers.

Since the survey was to be conducted via the Internet, the final sample of potential participants consisted of those for whom e-mail addresses could be located.⁶

³ Development time in this case was about one third to one quarter of normal development time for a survey instrument because of the timeframe imposed by the client (TBS-PSAC Joint Committee on Term Employment). Due to very serious time constraints, the instrument was not systematically pre-tested prior to the survey launch.

⁴ Each PIN was valid for one completed survey. Respondents who interrupted the survey before completing it were permitted to access the site again using their PIN number to complete the survey.

⁵ That pool contained 27,855 names at the following levels: 1,929 Executives, 4,488 EX equivalents, 8,693 EX minus 1, and 12,775 EX minus 2. Within the time constraints imposed by the TBS-PSAC Joint Committee, it was not possible to target hiring managers at other levels.

⁶ E-mail addresses were located for 5,313 of the 5,975 individuals in the base sample. The initial sample was seeded with an additional 674 e-mail addresses for participants at the Department of National Defence (n=324) and the Department of Fisheries and Oceans (n=350) because those departments were unable to provide the e-mail addresses within the timeframes required. Given a concern about response rates, another 1,502 invitations were sent out to more EX Equivalents, EX minus 1, and EX minus 2 participants. Both of these samples were drawn from a database of e-mail addresses used for an earlier survey of managers and professionals.

As expected, not all persons who received an invitation to participate were actually eligible to complete the survey as hiring managers. Slightly less than 50% of our initial respondents were hiring managers.

Respondents who were not hiring managers were asked to pass the invitation to participate to a known hiring manager within their work unit. As a result, it is possible a response bias was introduced. Over half (996) of the respondents were disqualified because they were not hiring managers, a further 53 potential respondents declined to participate, and 85 e-mail invitations were undeliverable due to inaccurate e-mail addresses.

All potential respondents were informed that upon completion of the survey their names would be entered into a draw for a Palm Pilot personal planner. The draw was supervised by Ipsos-Reid in order to ensure respondent confidentiality.

A total of 973 hiring managers completed the survey. The data was not weighted due to the unavailability of accurate numbers of hiring managers within the federal Public Service. The overall margin of error associated with this survey is $\pm 3.14\%$, 19 times out of 20 for the total survey population. Sub-group analysis would result in higher margins of error.

A further methodological limitation was that the survey targeted only managers at the EX 1, EX equivalent, EX minus 1, and EX minus 2 levels.

A final note is required about the presentation of our findings in this report. On seven questions, the survey asked hiring managers to report their three main reasons for making a particular decision or for doing something. Typically, respondents were asked to consider a list of ten or more possible answers to select their three main reasons. To avoid cluttering the report with tables reporting on how many times each possible answer was selected as a first, second, or third choice, we have combined the responses into a composite number for the "total mentions" received by each answer. As a consequence, the results for each of the seven "total mentions" questions gives the reader a sense of the variety and relative weight of the factors being considered by hiring managers as they make staffing decisions.

Survey Respondent Profile

The following chart provides a demographic overview of the HMS respondents.⁷

Table 1: Respondent Profile

Gender	
Male	61%
Female	39%
Age Profile	
25–34	3%
35–44	26%
45–54	54%
55–64	15%
65–74	1%
Language (first language)	
English	73%
French	27%

The survey indicated that the majority of hiring managers within the federal Public Service are men. The differences between the proportion of men (61%) and women (39%) reflects the fact that the more senior positions in the federal Public Service are more likely to be held by men.

The average age of hiring managers is 48, and most hiring managers (54%) are concentrated in the 45 to 54 age range. This is consistent with the profile of the overall population surveyed.

Also consistent with the overall population at these levels, 73% of hiring managers identify English as their first language and 27% identify French.

⁷ Note the profile only includes hiring managers working at the EX, EX equivalent, EX minus 1, and EX minus 2 levels.

Table 2: Respondent Profile

Education	
High School	9%
Undergraduate or certificate	37%
College or Tech	12%
Master's or Doctoral Level	32%
Location of employment	
National Capital Region	57%
Maritimes	9%
Quebec (excluding NCR)	8%
Ontario (excluding NCR)	8%
Western Canada	15%
Territories	2%
Outside Canada	2%
Employment Equity Group	
None	96%
Yes (Aboriginal Peoples, visible minority, and persons with disabilities)	4%

The survey results in the above table also offer us some insights into the educational levels of hiring managers. Fully 69% have a university degree; this includes 32% who have a master's degree or Ph.D.

Given the regional concentration of the Public Service at these senior levels, we find the majority of hiring managers (57%) who participated in the survey are concentrated in the NCR.

Demographics

Group and Level

The largest occupational groups represented in the survey were PMs (17%), followed by ASs (10%), CSs (8%), and ESs (8%). With respect to level, 9% of respondents were in the PM-05 group and level followed by 8% who said their designation was PM-06. A further 6% were at the CS-04 level, and 5% said they were either in the AS-07 or CO-03 designations. Finally, 4% of the participants in this survey said they were either in the AS-06, ES-06 or FI-04 groups and levels, while 3% identified themselves as PE-06s.

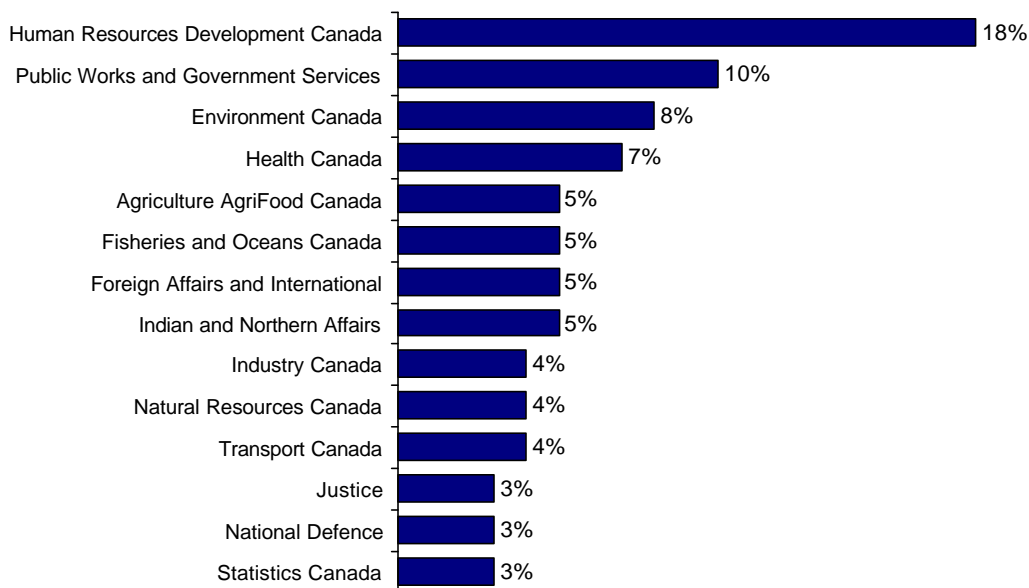
Approximately 30% of the hiring managers belonged to groups represented by PSAC, including the following: PM (17%), AS (10%), IS (1%), and LS (1%).

Current Department

The survey was conducted with hiring managers from a wide range of departments and agencies within the federal Public Service. Eleven departments employed most (75%) of the survey respondents. The breakdown included Human Resources Development Canada (18%), Public Works and Government Services Canada (10%), Environment Canada (8%), Health Canada (7%), Agriculture and Agri-Food Canada (5%), Fisheries and Oceans Canada (5%), the Department of Foreign Affairs and International Trade (5%), Indian and Northern Affairs Canada (5%), Industry Canada (4%), Natural Resources Canada (4%), and Transport Canada (4%).

Graph 1: Current Employer

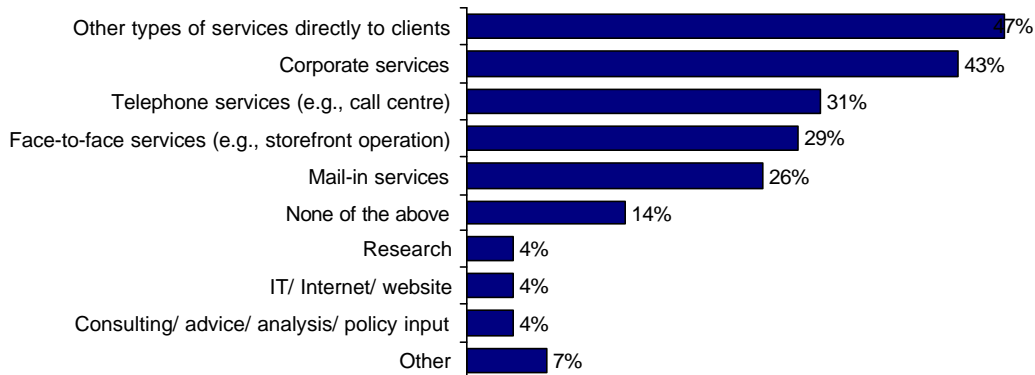
In which department or agency do you currently work?
(Base: All respondents, N=973)



Types of Service Delivery

Services provided by the managers' work units included direct client services (47%), corporate services (43%), telephone services (31%), face-to-face services (29%), mail-in services (26%), research (4%), IT, Internet and website (4%), and consulting, advice, analysis, and policy input (4%).

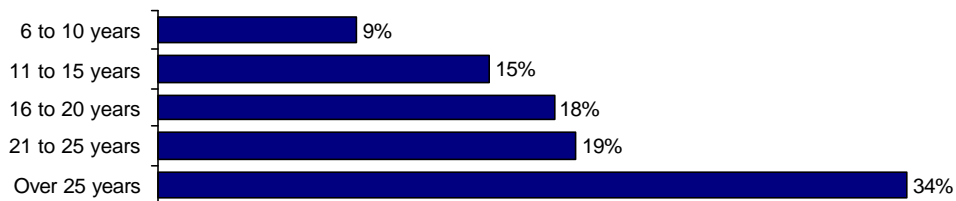
Graph 2: Services Provided by work unit
Does your work unit provide any of the following types of services?
(Base: All respondents, N=973)



Experience in the Federal Public Service

Hiring managers generally had a considerable amount of Public Service experience. Half of the hiring managers surveyed in this study had worked in the Public Service for 21 years or more, including 19% who had been employed in the federal Public Service between 21 and 25 years, and 34% who have served more than 25 years. A further 15% had worked for the Public Service between 11 and 15 years and 18% between 16 and 20 years.

Graph 3: Years of employment FPS
How many years have you worked in the Public Service?
(Base: All respondents, N=973)

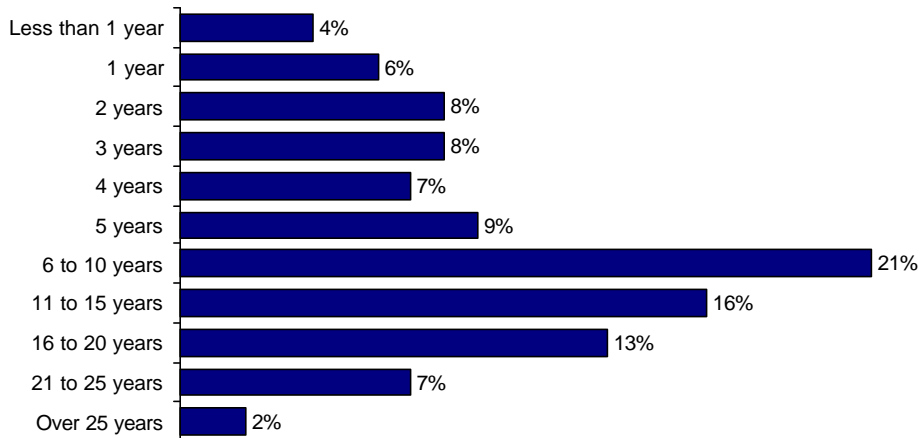


Among the 63% who had up to 10 years' experience as a hiring manager, four in ten (42%) had 5 years' or less experience in this position, and one-fifth (21%) had between 6 and 10 years' experience.

More than one third (38%) of hiring managers had served the Public Service in this capacity for more than a decade. Within this, 16% had 11 to 15 years of experience as a hiring manager, 13% had between 16 and 20 years' experience, and 7% had between 21 and 25 years' experience.

Graph 4: Experience as Hiring Manager

How many year of experience do you have as a hiring manager in the Public Service?
(Base: All respondents, N=973)

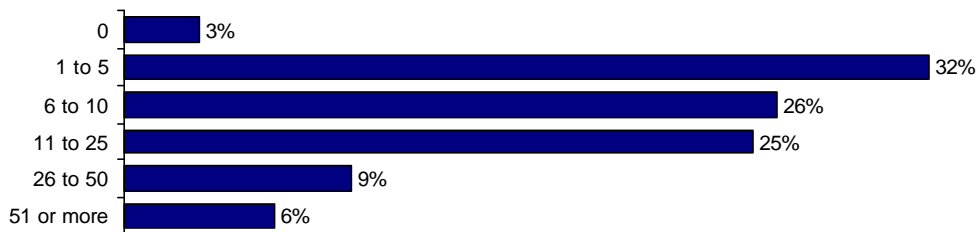


Size of the Work Unit

The majority of hiring managers supervised relatively small work units. More than one half (61%) of managers supervised units of 10 or less employees, with almost one third (32%) supervising work units of five employees or less. At the other end of the spectrum, 15% of the respondents headed units of 26 employees or more, with 6% managing units of over 50 people.

Graph 5: Number of Employees Supervised

How many employees do you currently supervise?
(Base: All respondents, N=973)



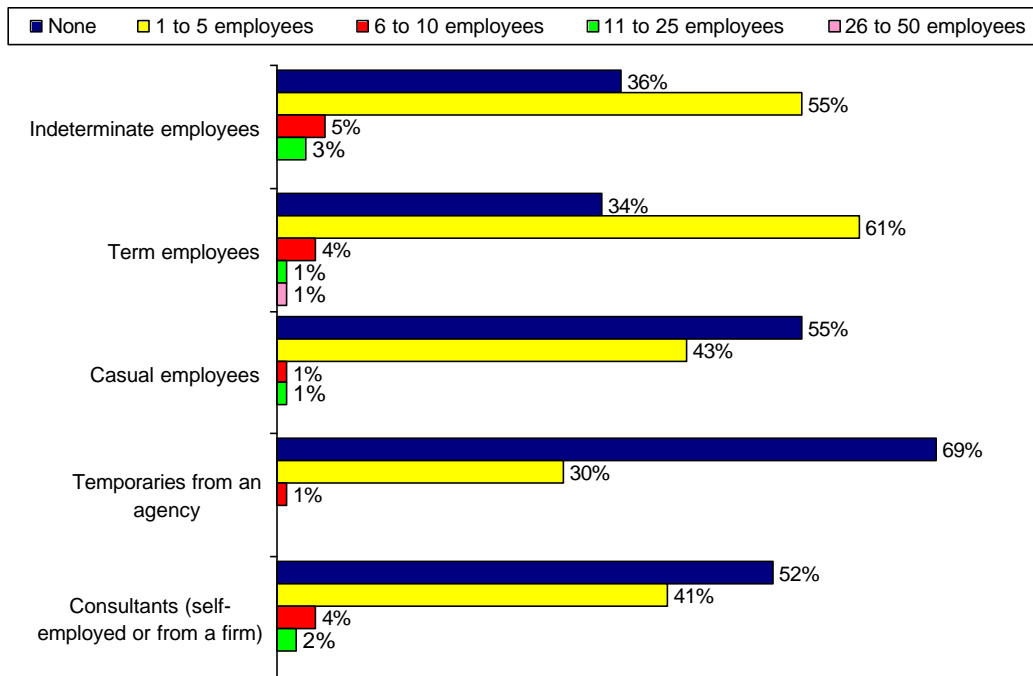
At the time of the survey, a majority (62%) of managers were supervising between one and five term employees, but close to one third (29%) were not supervising any term employees. On a regional basis, a greater proportion of hiring managers in the regions (18%) supervised large work units (over 25 employees) versus 11% in the National Capital Region (NCR). Conversely, a smaller proportion of regional managers (53%) managed smaller work units versus 67% in the NCR.

1.0 - Hiring Term Employees

1.1 Recent hiring activity

The majority of the managers who participated in this survey had hired employees during the past year, with 63% having hired indeterminate employees and 66% having hired terms. In addition, 45% had hired casuals, 47% had contracted for consultants, and 31% had contracted for temporary workers from an agency. This shows that many of our respondents had hired several contingent employees in addition to terms.

Graph 6: Number of people hired or contracted during the past 12 months
During the past 12 months, approximately how many people have you hired as...
 (Base: All respondents, N=973)



1.2 Rationale for hiring term employees

Managers' top three reasons for hiring term rather than indeterminate employees reflect circumstances where they face a variety of constraints, such as dealing with short-term needs where they need to hire quickly or where they need to fill in for staff who are temporarily away. (The following discussion reports on the "total mentions" for each response, the percentage choosing the

response either as the most important, the second most important or the third most important reason.⁸⁾

Many managers' main reasons for hiring term employees clustered around issues related to the temporary nature of a position, the specific work requirements, or funding limitations. The most frequently cited reason was to meet short-term operational needs (55%).⁹ Several related items were also top three choices of some managers: 31% indicated they hired term employees to replace temporarily absent indeterminate employees, and 29% said terms were given preference to cope with temporary funding. About a fifth of managers cited short-term staffing needs, fluctuating workloads, the need for specialized skills for a short period of time, and the need to complete the work on a temporary project.

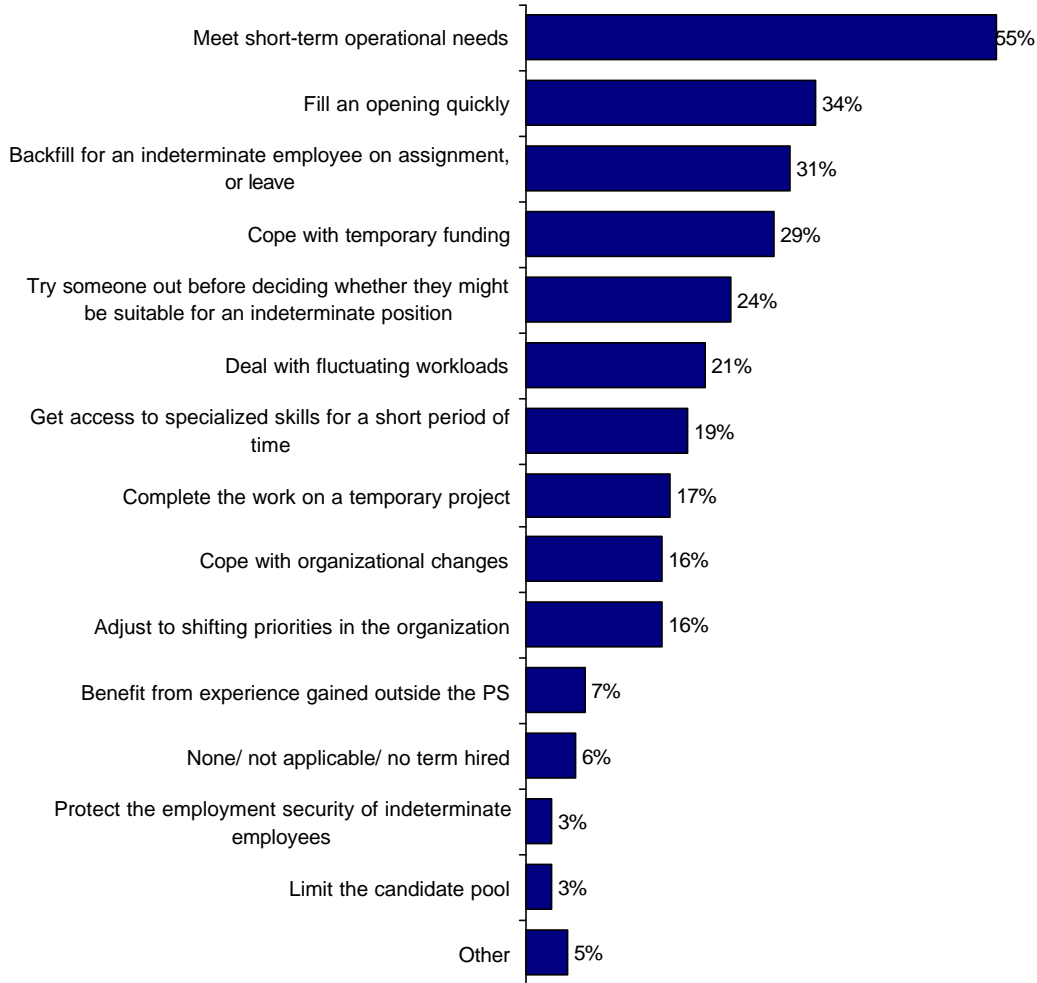
Overall, the second most prevalent reason for hiring on a term basis was to fill an opening quickly (34%). It is not clear whether managers made this choice because needs were urgent and immediate or because they believed term hiring was more expedient than indeterminate hiring.

8 Percentage of hiring managers selecting response as a top-three choice, hence the percentages do not add up to 100.

9 Percentage of hiring managers selecting response as a top-three choice, hence the percentages do not add up to 100.

Graph 7: Main Reasons for Hiring Term Instead of Indeterminate Employees

In the case of the TERM position you most recently filled, what were the three main reasons for hiring a term rather than an indeterminate employee?
 (Base: All respondents, N=973)



The desire to "try someone out" as a term before hiring them on an indeterminate basis was a top-three consideration for about a quarter of managers (24%). In other words, a "try before you buy" philosophy did not drive most decisions to hire on a term basis. Rather, it seems to be a consequence of the staffing strategies managers must adopt to get their work done.

1.3 Selection criteria for term employees

The survey asked hiring managers to explain their main criteria for filling a term position. (The following discussion reports on the "total mentions" for each response, the percentage choosing a response as the most important, the second most important, or the third most important reason.¹⁰)

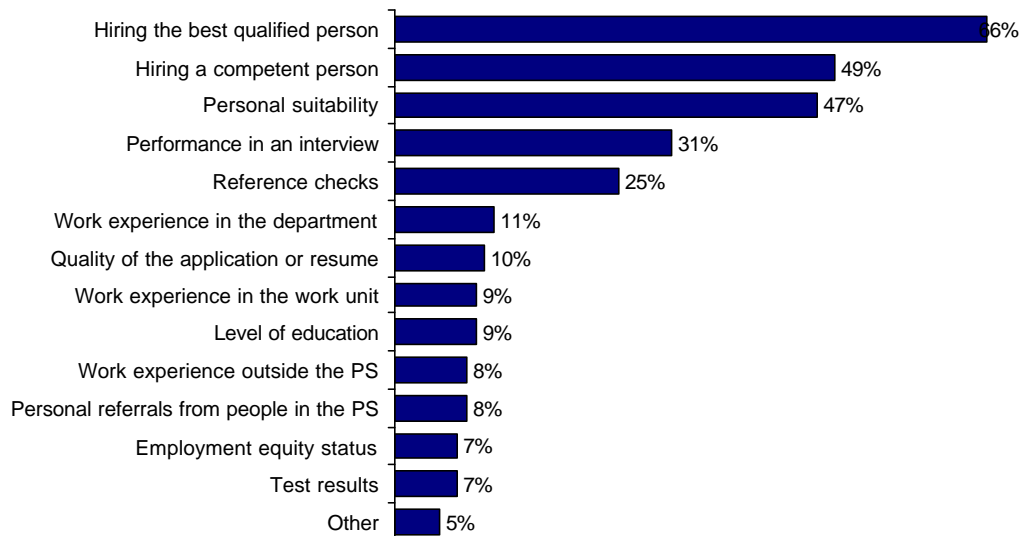
Managers typically reported using broad criteria related to competence. The most frequently cited criteria were either that the term was the best-qualified individual (66%) or that the term was competent (49%) to fill the position. Another frequently selected response centred on the characteristics of the applicant, such as being personally suitable¹¹ for the job (47%). Less frequently cited were criteria related to elements of the competitive process, such as performance in an interview (31%) and reference checks (25%).

It would appear from the results that specific factors like education and experience are secondary in the process of finally selecting a candidate, but this is not necessarily the case. The overall judgment about someone's competence for a position would incorporate a judgment of the relevance of criteria such as education and experience.

Graph 8: Most Important Reasons For Hiring Someone into a Term Position

When you are hiring someone into a TERM position, what are the three most important reasons in making your hiring decision?

(Base: All respondents, N=973)



10 Percentage of hiring managers selecting response as a top-three choice, hence the percentages do not add up to 100. This item contained response options that are not mutually exclusive, hence a choice, such as hiring the best-qualified individual, may subsume other possible responses, such as education or personal suitability.

11 This generally refers to a number of characteristics of the individual, such as good judgment, the ability to work well with others, having initiative, and being able to do the work.

1.4 Managers' staffing values

In order to better understand managers' decision-making processes when hiring staff, managers were asked to select the 3 most important items from a list of 8 staffing values. The values¹² rated by the exercise included the following:

Results Values

- Competence: Public service employees are qualified to do their jobs.
- Representativeness: The Public Service reflects the labour market.
- Non-partisanship: Staffing is free of political or bureaucratic patronage.

Process Values

- Fairness: Fair treatment of employees and applicants.
- Equity: Equal access to employment opportunities.
- Transparency: Open communication about staffing practices and decisions.

Management Principles

- Affordability and efficiency: Simple, timely, and effective staffing.
- Flexibility: Staffing is adapted to the organization's needs.¹³

The results are again based on "total mentions" among the top three choices.¹⁴ The results show managers have a clear prioritization of values around staffing decisions. With respect to staffing both indeterminate and term positions, over 80% of managers included competence among their top three values: "Making sure the process resulted in hiring a person qualified for the job." Fairness was the second most prevalent value cited by a majority of managers with respect to indeterminate hires (59%) and by almost half with respect to term hires (49%): "Making sure the process was objective and treated all the applicants fairly."

Representativeness was mentioned as a top three consideration by only 11% of managers in term hiring and 12% of managers in indeterminate hiring decisions. This may reflect part of the challenge of achieving a more representative Public Service. While managers may always factor this into their consideration, it is not frequently at the top of the list of considerations when making a staffing decision.

12 Public Service Commission of Canada, Manager's Handbook on Staffing and Recruitment, http://www.psc-cfp.gc.ca/staf_dot/mgr-gestion/guide/chap1_e.htm#ch1-9e.

13 These choices were put in operational terms for the respondents (see appended questionnaire for the full text).

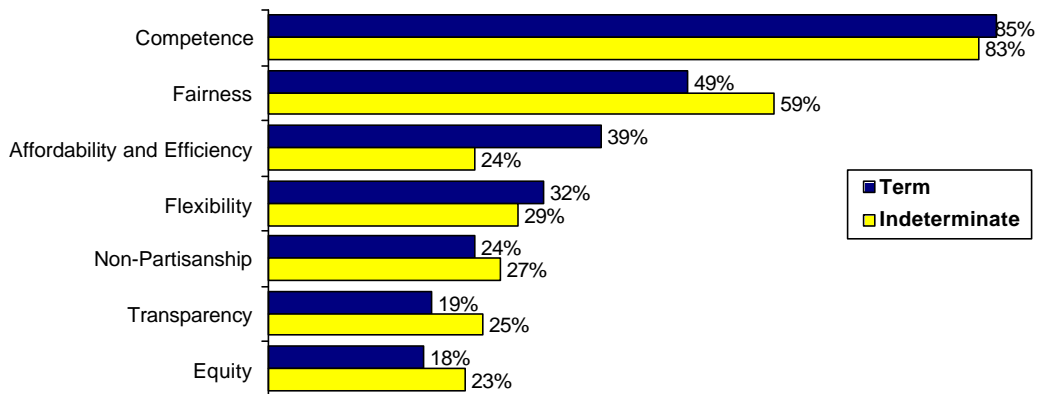
14 Percentage of hiring managers selecting response as a top-three choice, hence the percentages do not add up to 100.

Elsewhere we have reported on the under-representation of equity groups in the Public Service as a whole and at more senior levels.¹⁵ It is therefore notable that neither equity nor representativeness featured strongly among the top choices of managers.

There were a few notable differences in values between term and indeterminate hires. Fairness was a greater consideration in indeterminate hiring (59%), but affordability and efficiency were a greater consideration in term hiring (39%).

Graph 9: Most Important Considerations in Hiring Decisions

Thinking of the last time you filled a term/indeterminate position, what were the three most important considerations in your decision?
 (Base: All respondents, N=973)



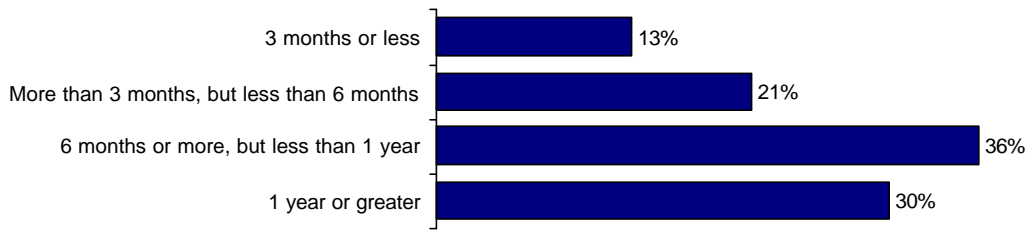
1.5 Duration of initial appointments for terms

On the key question of the duration of initial appointment offered to new term employees, hiring managers reported offering a mixture of term durations. Their responses may well reflect the degree of organizational and funding stability they enjoy and the market conditions they face when hiring people. The length of tenure can be divided into three roughly equal groups: 34% offered less than 6 months security, 36% offered from 6 months to less than a year, and 30% offered term positions of a year or longer.

15 See *Embracing Change in the Federal Public Service* by the Taskforce on Participation of Visible Minorities in the Federal Public Service, March 2000, *The Road Ahead: Recruitment and Retention Challenges for the Public Service* by the PSC Research Directorate, 2002, pp. 7–8.

Graph 10: Duration of Initial Appointment - Last Term Hired

For the last term employee you hired, what was the duration of their initial term appointment?
(Base: All respondents who replied, N=839)



1.6 Telling new term employees about the prospects for indeterminate employment

Given many term employees initially received only very short-term assignments, it is useful to understand what managers had offered to convince people to accept short-term jobs.

While hiring managers often talked with new term employees about the possibility of eventually getting an indeterminate job in the Public Service, most of them did not make a direct commitment.¹⁶ Most managers told new terms there would be an opportunity to apply for indeterminate jobs in the future (59%). Another frequent response was that a term position provided good experience for the future (42%).

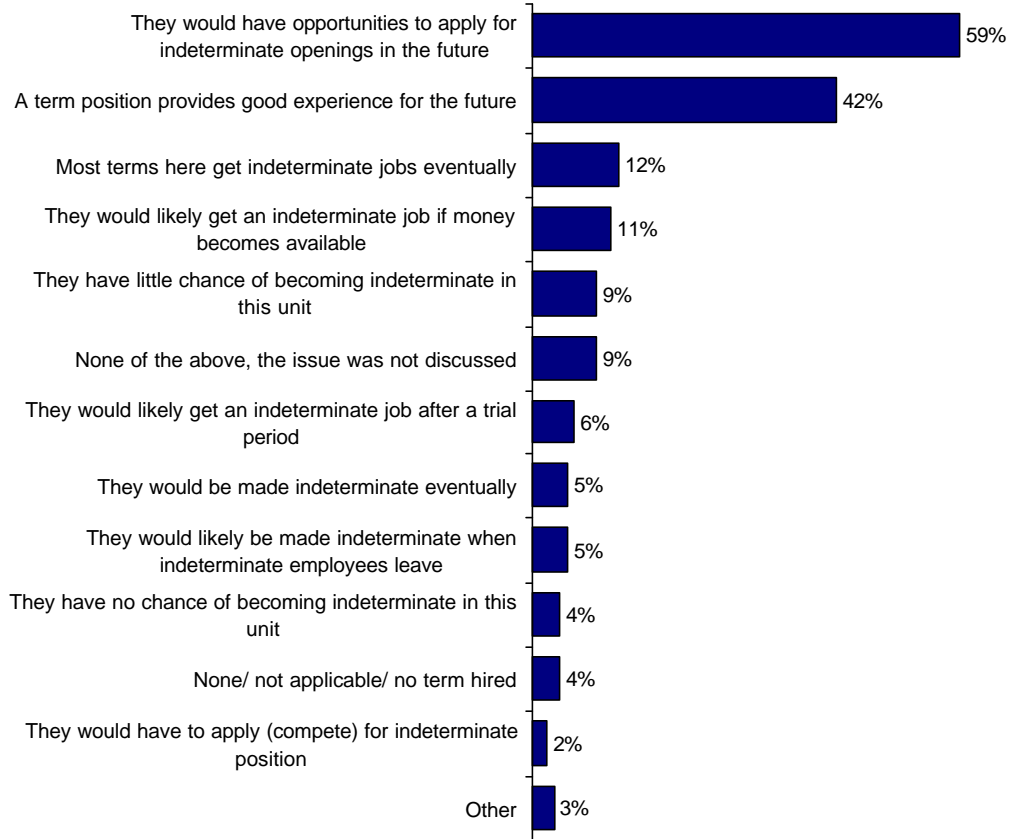
Only 6% of the hiring managers told terms they would likely get an indeterminate position after a trial period, while 5% told terms they would eventually be made indeterminate or that they would likely be made indeterminate when an indeterminate employee leaves.

Only a small number of hiring managers told their new term employees they have little chance of ever becoming indeterminate within the work unit (9%).

¹⁶ On this item, survey participants were asked to choose all the responses that applied, hence percentages do not add up to 100.

Graph 11: Information Given to New Terms About the Likelihood of Getting and Indeterminate Job

Which of the following best summarizes what you told the last person you hired as a TERM, about their opportunity to get an indeterminate job in your work unit?
 (Base: All respondents, N=973)



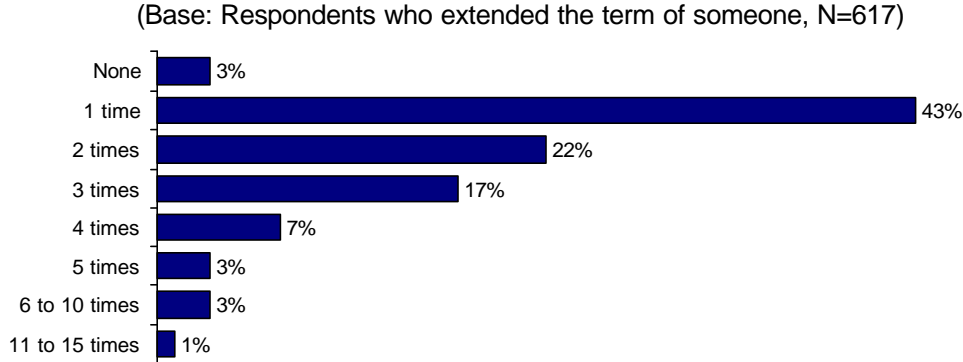
2.0 – Extending the Contracts of Term Employees

For many term employees, the conditions surrounding a possible extension of their term (a re-appointment to that term) are just as important as the circumstances that surround their initial appointment. Participants in the HMS were asked a number of questions about their practices with respect to term extensions.

2.1 Number of previous extensions

Almost two-thirds of hiring managers who had extended a term (65%) said the term employee had previously been extended once or twice. Arguably, three or more term extensions of an employee could be considered beyond the scope of the use of a particular term as a temporary staffing measure. The fact that 31% said the term they most recently extended had been extended three or more times may indicate the extent of the inappropriate use of term hiring, particularly if each extension has a fairly long duration.

Chart 12: Number of Extensions for Term Most Recently Extended
Thinking about the most recent TERM you extended, how many times in total has that person been extended?



When managers extend terms, use of extensions seems to be related to the size of the particular work unit. Where work units are 10 employees or less, managers are significantly less likely (50%) to be renewing a term for the second time or more than managers in a workplace of 26 or more employees (65%). This may reflect the greater likelihood of turnover in larger units and the greater flexibility that larger budgets and staff compliments allow.

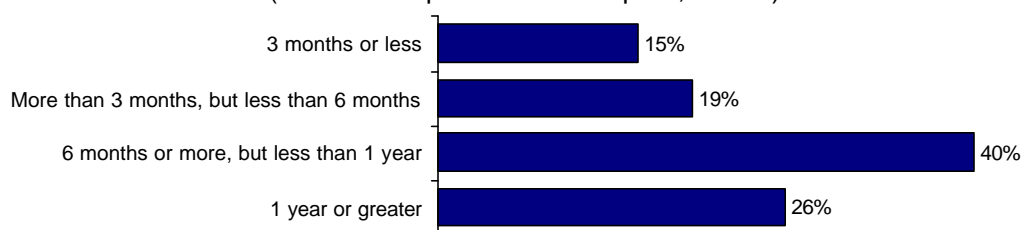
2.2 Duration of term extensions

The duration of term extensions was roughly similar to the duration of the initial term appointments they made. Thus, if we split hiring managers into three groups when it comes to the duration of term extensions, we see the following: 34% indicated that they offered extensions less than 6 months (versus 34% for first appointments), 40% said they offered between 6 months and a year (versus 36% for first appointments), and 26% said they offered term positions of a year or longer (versus 30% for first appointments).

Chart 13: Extended Term - Last 12 Months

During the past 12 months if you extended the term of someone, what was the usual duration of that extension?

(Base: All respondents who replied, N=777)



Examining the differences between hiring managers located in the NCR and those in other regions throughout the country revealed that the two groups had slightly different practices with respect to the number of times they had extended terms. In the regions, the proportion of managers reporting they had recently extended a term employee with three or more previous extensions (41%) was almost twice as high as for managers in the NCR (23%). That suggests the tendency to use ostensibly temporary help in a less than temporary fashion is concentrated in the regions rather than the NCR. This may reflect fewer opportunities for permanent jobs in most regional locations and less flexibility in budgets. Turnover may also be less in regional locations with fewer employment opportunities. (For example, in the Maritimes where there are fewer alternatives to public service jobs.)¹⁷

2.3 Reasons for extending a term employee

The questionnaire asked those hiring managers who indicated they had extended a term during the past year why they had done so in a multiple-response question (i.e., respondents could choose all that apply).¹⁸ The most frequently cited reason (39%) for an extension was the need to maintain a certain complement of staff within the work unit.

¹⁷ The Road Ahead by the PSC Research Directorate, p. 15.

¹⁸ About two thirds of our respondents (n=617) answered this question.

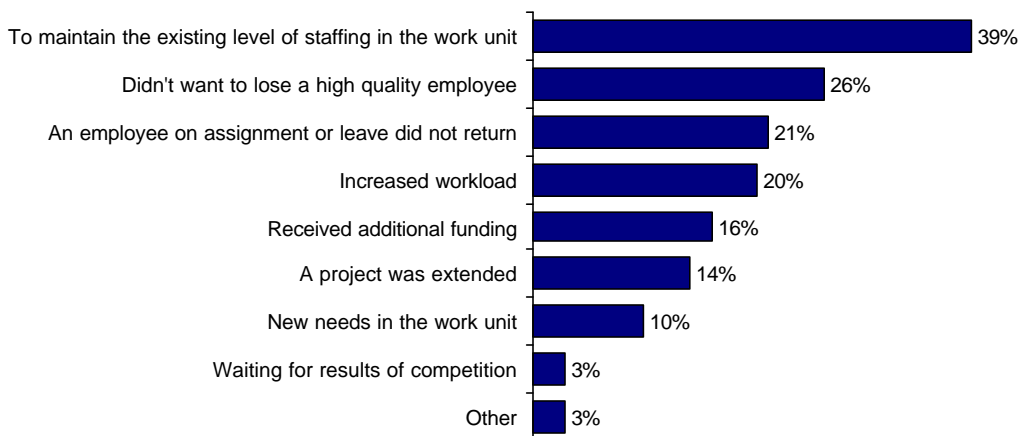
Several other explanations also reflected a preoccupation with having enough staff to do the work. Thus, 21% of hiring managers said they had extended a term contract because an employee on leave or assignment did not return, 20% said they did so because of an increased workload, and 16% indicated an extension was necessary because a project was extended (14%) or because there were new needs in the work unit (10%).

About a quarter (26%) said they had extended term contracts out of a desire not to lose a valuable employee.

Somewhat surprisingly, obtaining new funding was an important reason for extending a term contract for only 16% of managers.

Chart 14: Reasons for Most Recent Extension of a Term

What was the reason for your most recent extension of a term employee?
(Base: Respondents who extended the term of someone, N=617)



Examining the differences between hiring managers located in the NCR and those in other regions throughout the country reveals that the two groups have slightly different motivations when extending a term employee. In the regions, managers were more likely to extend a term because an employee on assignment or leave did not return (27% versus 16% for managers in the NCR) or because they received additional funding (21% versus 11% for managers in the NCR). However, managers in the NCR were more likely to extend a term because they did not want to lose a high quality employee (32% versus 19% in the regions). The latter finding may indicate either a greater tendency for managers in the NCR to use term employment as a tryout by comparison with their counterparts in regions or some greater flexibility as indicated in the discussion of other regional differences.

2.4 Reasons for not extending a term employee

Hiring managers who had allowed a term to expire without extension¹⁹ were asked for the three most important reasons why they had done so. (The following discussion reports on the "total mentions" for each response, the percentage choosing a response as the most important, the second most important, or the third most important reason.)²⁰ Less than half of all respondents indicated they had allowed a term to expire.

A majority of managers focussed on issues related to the transient or temporary nature of work for the use of term employment. While changing operational needs was mentioned most often (45%), funding problems were also identified as an important reason (37%). Several other reasons for non-extensions, which indicated the temporary nature of the work, included the return of an indeterminate employee from leave of some kind (22%), a shift in the priorities of the organization (19%), or a reduction in the workload (14%).

Interestingly, a second cluster of factors centred on the employee's characteristics or fit with the work. The lack of personal suitability was among the top three reasons for over a third of respondents (36%) not extending a term. Two other items were closely related to personal suitability but more precisely stated "a negative judgment about the person's ability to do the work" (24%), and "a negative assessment about their suitability for an indeterminate position" (15%) received a smaller number of mentions. Another frequently cited factor related to the hiring process was that terms are not renewed because a mistake had initially been made in hiring someone who could not do the work (24%). In a slightly different vein, changing skills requirements in the work unit was another frequently mentioned factor as to why terms are not renewed (26%).

A few hiring managers indicated they did not extend a term employee because that individual was not interested in having their appointment renewed (16%). That may be attributable — at least in part — to the number of term employees who have retired and come back to work in the federal Public Service.²¹

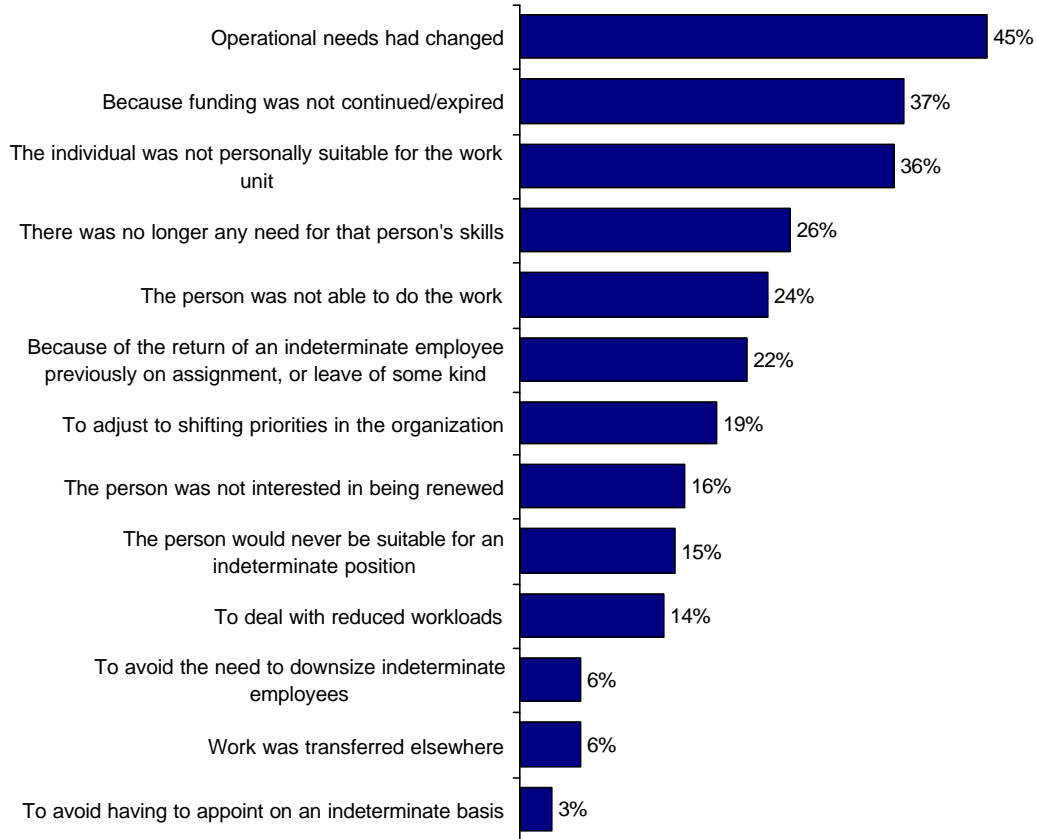
19 It is important to remember that these proportions apply to only 436 respondents and that overall less than half of hiring managers surveyed had allowed terms to expire.

20 Percentage of hiring managers selecting response as a top-three choice, hence the percentages do not add up to 100.

21 This is based on feedback from terms in focus groups conducted by the TBS-PSAC Joint Working Group on Term Employment. Some terms that are retired employees working in the Public Service indicated they voluntarily break service to avoid 6 months of continuous employment.

Chart 15: Reasons for Not Extending Term - Term Most Recently Not Extended

In the case of the TERM appointment you most recently did NOT extend, what were the three most important reasons for your decision?
(Base: All respondents, N=436)



2.5 Number of extensions before conversion to indeterminate status

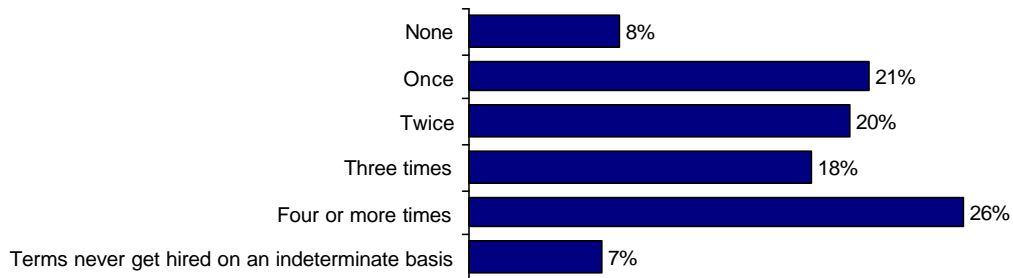
Most hiring managers (85%) reported that term employees who achieve indeterminate status within their work units typically have had their terms extended at least once.²² While 41% of the respondents indicated the term employees in their work units had typically been extended once or twice before becoming indeterminate, almost an equal number of them (44%) reported terms were extended three or more times before they achieved indeterminate status. The latter finding may

²² It is important to remember that the percentages cited in this section refer to those 638 respondents, roughly two thirds of all hiring managers, who answered this question. These do not reflect the entire sample.

indicate an inappropriate use of term employment, given that term employees are supposed to work on a temporary basis. While this survey did not explore the reasons for multiple extensions, it is unlikely that multiple extensions are needed to assess someone's competency or skills.

Chart 16: Number of Term Extensions Before Indeterminate Status Achieved

Before a term employee achieves indeterminate status within your work unit, how many times is that person likely to have been extended as a term?
(Base: All respondents who replied, N=638)



3.0 – Treatment of Term Employees in the Workplace

Another crucial dimension of the term issue is the question of how term employees are treated while on the job. In this regard, the survey explored whether hiring managers treated term and indeterminate employees differently and then sought to determine why they might do so.

3.1 Treatment of term and indeterminate employees

About a third of hiring managers give less priority to the training and development of term staff than to indeterminate staff. While the majority of hiring managers make no distinction between the treatment of term and indeterminate employees, substantial numbers of hiring managers acknowledged differences with respect to three types of on-the-job treatment: spending money on training (41%), giving people decision-making responsibility (36%), and giving out learning opportunities (29%).

These differences seem logical when viewed from the perspective of a hiring manager: investing scarce resources in term employees may not be worth the investment if they are not likely to be hired later.

In situations where terms are being tried out before being made indeterminate, however, the decision not to invest in term employees may be somewhat counterproductive. If the best term employees leave because of a lack of opportunities for training and career development, this will diminish the talent pool from which indeterminate employees may be hired. And we know the term workforce remains the single most important source for new indeterminate hires. This issue can be of particular importance in conditions of a tight labour market.

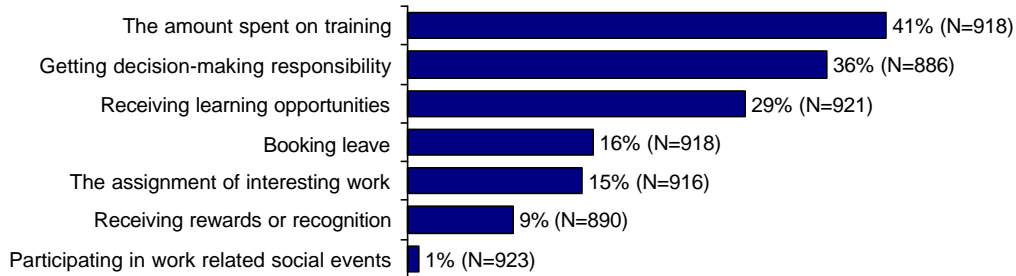
This discussion points to a key issue for the Public Service. The term workforce is both a pool of temporary help and a labour pool for prospective indeterminate employees.²³

23 See *The Road Ahead* by the PSC Research Directorate, p. 25.

Chart 17: Areas of Priority for Indeterminate Employees

In your work unit, do indeterminate employees have priority over term employees with respect to the following?

(Base: Respondents who answered for each item)



3.2 Explaining different treatment on the job

To explore the issue of different on-the-job treatment for term and indeterminate employees further, the HMS asked those hiring managers who said they spent more, on average, training indeterminate employees to explain why.²⁴ The largest number of respondents (45%) indicated they gave greater priority to the training needs of indeterminate staff because of a shortage of funds. Furthermore, a third of the hiring managers said the high rate of turnover among terms makes it a poor business decision to train them (32%).

Slightly more than one in five of the hiring managers who spent more on training indeterminate staff (22%) said it was unnecessary to spend as much on training term employees as indeterminate ones because the former group already have the necessary skills to do the job. (Presumably, many of them had recently been hired for precisely that reason.)

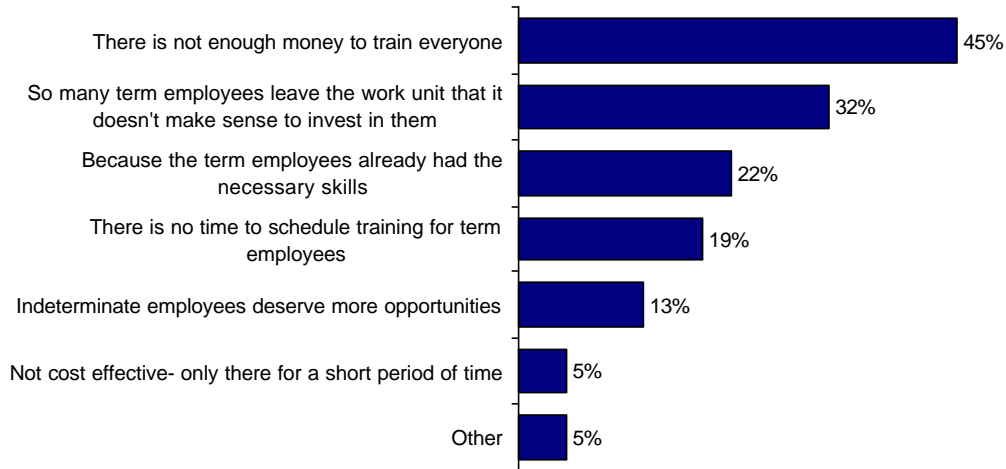
Hiring managers who differentiate their training spending offered a variety of other explanations for their decision to spend less money on training term employees, including the absence of sufficient time to schedule training for terms (19%), and the suggestion that indeterminate employees are more deserving of training opportunities (13%) than terms.

²⁴ It is important to remember that the percentages cited in this section refer to those 372 respondents, roughly 40% of all hiring managers, who answered this question. These do not reflect the entire sample.

Chart 18: Reasons for Less Training Money for Term

Why do you spend less money on training the average term employee than the average indeterminate employee?

(Base: Spend less money on training the average term employee, N=372)



It is important to note that only 41% of respondents say they spend more on terms, and the above percentages represent only that subset of the survey respondents.

4.0 – Breaks in Service

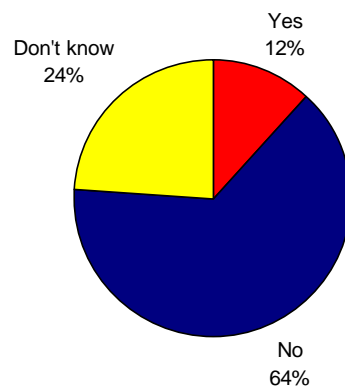
One of the central issues posed by the phenomenon of term employment stems from the current policy that entitles term employees who enjoy five years of continuous service within a single department to be converted to indeterminate status. As a consequence, breaks in service can be a major concern for those term employees who hope to procure an indeterminate position.

4.1 Frequency of breaks in service

According to hiring managers, breaks in service are not very widespread. Only 12% of hiring managers reported that a term employee within their work unit had a break in service during the past twelve months.

Chart 19: Term Employees - Break in Service in Last 12 Months

During the past 12 months, has any term employee in your work unit had a break in their service (i.e., a period between one appointment and the next in which they were not employed by the Public Service)?
(Base: All respondents who replied. N=736)



4.2 Reasons breaks in service occur

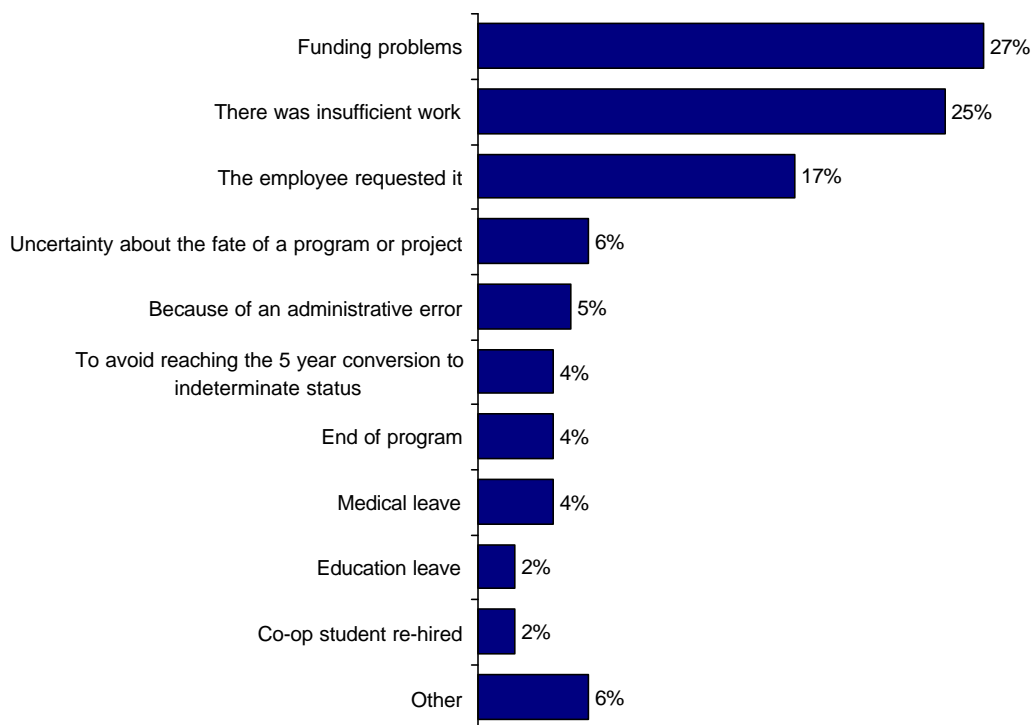
According to the 12% of hiring managers who reported that a term employee in their work unit had experienced a break in service during the past year, the most common reasons for that occurrence were funding problems (27%) and a lack of sufficient work (25%).²⁵

The number of managers who indicated breaks in service occurred at the employee's request (17%) may seem surprising. However, that may be a reflection of the number of term employees who have no interest in obtaining indeterminate status (because they are retired public service employees with no desire to become indeterminate once again).

Chart 20: Reasons for Break in Service

Think about the most recent case where a term employee in your work unit had a break in their service, why did that happen?

(Base: Respondents with employees that experienced a break in service N=109)



²⁵ It is important to remember that the percentages cited above refer to those 109 respondents, roughly one-tenth of all hiring managers, who answered this question. These do not reflect the entire sample.

5.0 – Hiring Terms Employees into Indeterminate Positions

The practice of hiring term employees into indeterminate positions is well established and widespread within the Public Service. Recently it has attracted criticism because of concerns that in a hot labour market many of the best job seekers may be unwilling to accept term positions with the Public Service in the hope of eventually securing indeterminate employment. Term employment has also been criticized as a back door that circumvents or undermines merit.²⁶

5.1 The number of terms hired into indeterminate jobs

Almost two thirds of the hiring managers who participated in the survey (64%) said they had — during the previous three years — hired at least one person into an indeterminate position from among those they had previously hired on a term basis.

The HMS further suggests there are considerable differences between work units with respect to the practice of using the term workforce as a talent pool for indeterminate positions. Thus, 29% of hiring managers indicated they had hired some of their term employees (between 1 and 40% of them) on an indeterminate basis, and 35% said they had hired between 41 and 100% of them.

26 Public Service Commission of Canada, Access to Public Service Employment Opportunities, June 2000, http://www.psc-cfp.gc.ca/publications/monogra/access_e.htm.

6.0 – The Phenomenon of Five-Year Conversions

Under the TBS policy, term employees with a five-year cumulative work period without a break in service longer than 60 consecutive calendar days within the same department or agency, must be converted to indeterminate status.

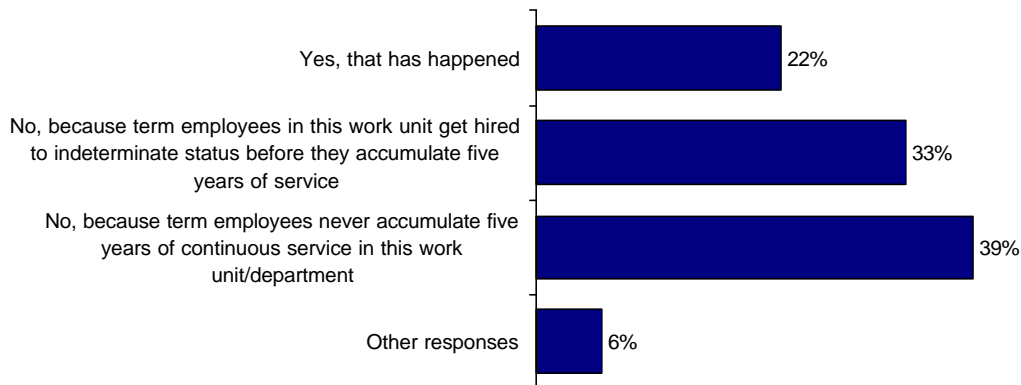
6.1 The incidence of five-year conversions

The questionnaire asked hiring managers whether they had any experience with five-year conversions in their work units. Only 22% of them indicated they had. A further 33% said they had no conversions because term employees typically are hired on an indeterminate basis before five years elapse. A slightly larger number of hiring managers (39%) said automatic conversions do not happen in their work unit because term employees never manage to accumulate five years' service.

Chart 21: Term Conversions Resulting from 5 Years of Uninterrupted Service

Have you ever had a term employee under your supervision get converted to indeterminate status because they had five years of uninterrupted service in your department/agency?

(Base: All respondents who replied, N=663)



Examining the differences between hiring managers located in the NCR and those in other regions throughout the country reveals that the two groups have somewhat different experiences with automatic conversions. Managers in the regions are twice as likely to have experienced an automatic conversion (30%) as those in the NCR (15%). The latter group was far more likely to explain their lack of experience with this phenomenon by indicating that terms in their work units get hired to indeterminate status before an automatic conversion might occur (39% versus 26% for managers in the regions).

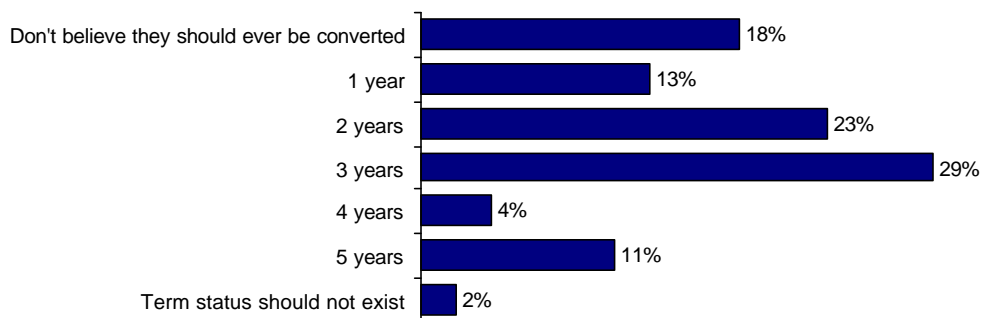
6.2 Number of years before conversion to indeterminate

Hiring managers are divided in their opinions about the duration of term employment before some kind of automatic conversion takes place. Among managers who expressed an opinion on the issue, however, four times as many managers (65%) want the period shortened to three years or less as those who are satisfied with something approximating the status quo (15% want 4 or 5 years). Another small group thinks terms should never be converted to indeterminate status (18%).

Chart 22: Acceptable Number of Years Before Term Converted to Indeterminate

In your opinion, how many years of service should term employees have before they are converted to indeterminate status?

(Base: All respondents who expressed an opinion, N=712)



When asked to explain their views about the length of service needed before conversion to indeterminate status, most hiring managers appeal to some notion of fairness (56%).²⁷

A substantial minority of hiring managers (40%) justified their assessment about how long terms should have to wait by noting the threat of losing good people from the public service workforce. That suggests many hiring managers are attuned to both the realities of the labour market and the dependence of the federal Public Service upon its term workforce.

A third of the hiring managers (33%) indicated their views on the time period before automatic conversions happen are shaped by a desire to preserve flexibility for managers like themselves.

Further, 29% of hiring managers justified the period of time they chose by indicating that that is how long it takes to evaluate someone's work. That once again confirms the importance of the "try before you buy" aspect of term employment for a substantial minority of managers.

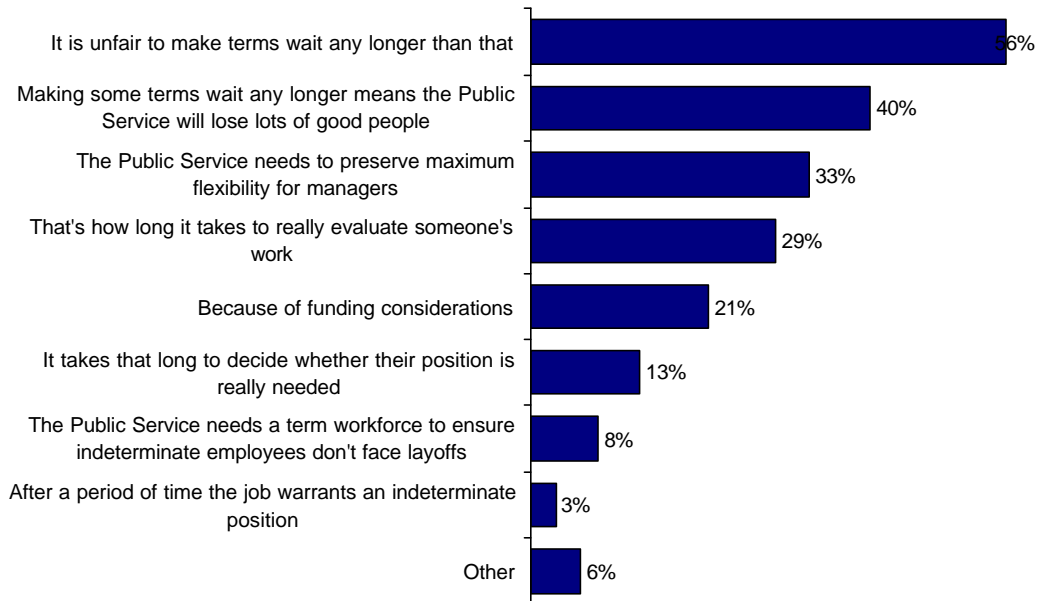
Finally, funding considerations (21%) and the fact that it takes that long to decide whether the position is really needed (13%) are also reasons offered by some hiring managers.

²⁷ This was a multiple response item; managers were asked to select all reasons that apply.

Chart 23: Rationale for Delay Before Conversion to Indeterminate Status

Why do you think employees should be required to work for that length of time before being converted to indeterminate status?

(Base: All respondents who entered number of years, N=584)



6.3 Reasons terms do not achieve indeterminate status

The survey asked hiring managers to identify the three most important reasons why some terms do not achieve indeterminate status. (The following discussion reports on the "total mentions" for each response, the number of times each answer was chosen either as the most important, the second most important, or the third most important reason by the respondents.)²⁸

Most important is the lack of funding, which prevents managers from creating indeterminate positions (cited by 54% of the respondents). This finding suggests that changes to policies that govern term employment will not alter the need for short-term or contingent labour. To reduce these pressures on managers and reduce the reliance on term staff, other measures would be needed, such as providing more funding stability and a commitment to manage the risk of over-hiring in indeterminate jobs.

Hiring managers also indicated that many terms do not become indeterminate because they leave before a conversion could happen (52%). This may be a further indication of the tension that exists between the two roles the term workforce currently has within the Public Service: as a workforce of

²⁸ Percentage of hiring managers selecting response as a top-three choice, hence the percentages do not add up to 100.

temporary workers and as a mechanism for recruiting people into the indeterminate core of the Public Service.

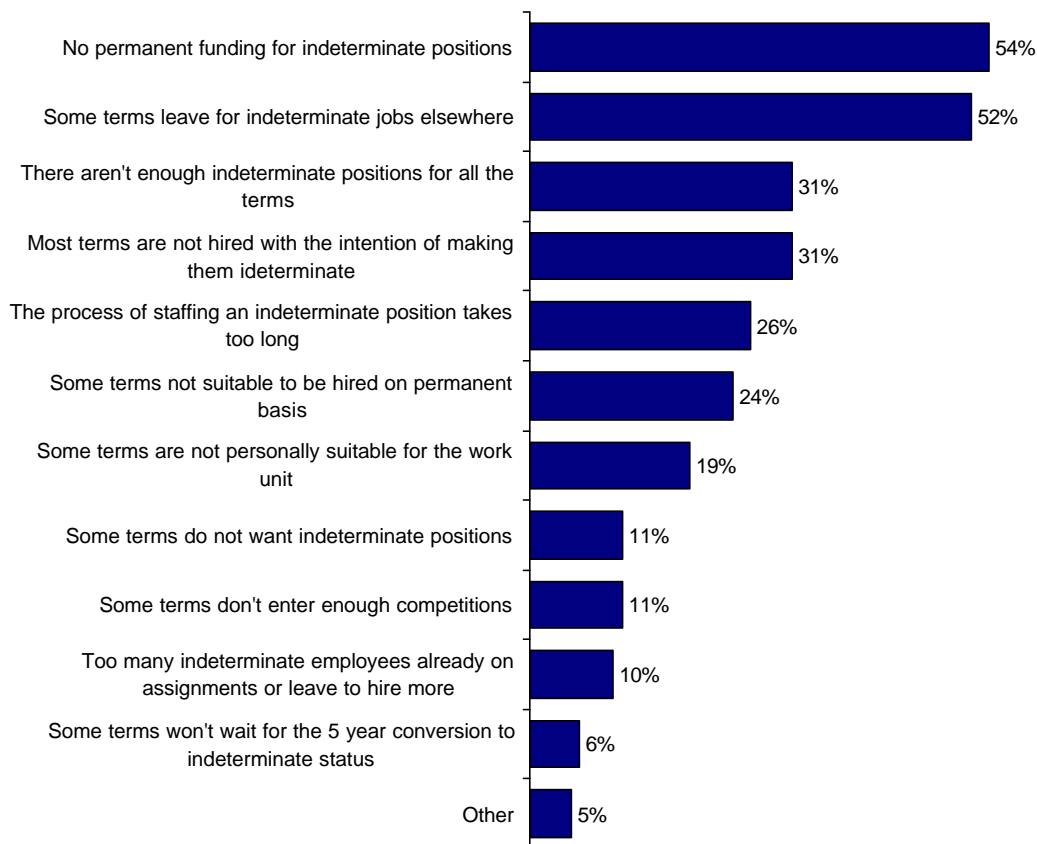
About a third of the respondents (31%) also noted that there are not enough indeterminate positions to go around and that most terms are not hired with any intention of ever making them indeterminate (31%). About a quarter of the hiring managers (26%) mention the slow speed of indeterminate staffing as an issue.

Also significant was the extent to which hiring managers indicated that after giving some term employees a tryout it was clear they should not be hired on an indeterminate basis (24%), sometimes because they were not personally suitable for the work unit (19%).

Chart 24: Most important Reasons for Not Achieving Indeterminate Status

Thinking about term employees in your work unit during the past few years, what are the three most important reasons why some of them have not achieved indeterminate status?

(Base: All respondents who replied, N=807)



7.0 – Retention Issues

Retention of employees, including many of the people recruited into its term workforce, is a serious concern for the federal Public Service.²⁹ Premature departure of term employees can result not only in a loss of the resources invested in those employees (e.g., training) but also a loss of talent. As a consequence, the HMS asked hiring managers to explain why some of their term employees leave the work unit to take a job elsewhere.

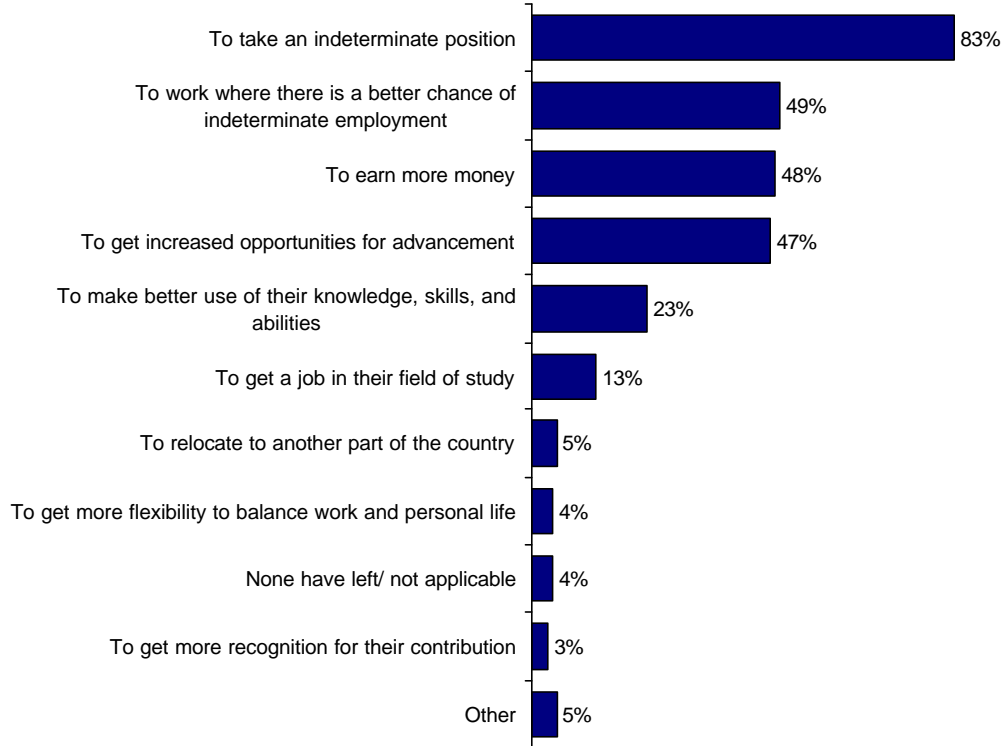
7.1 Why term employees leave

Hiring managers were asked to identify the three most important reasons why term employees have left their work units to take a job somewhere else. (The following discussion reports on the "total mentions" for each response, the number of times each answer was chosen either as the most important, the second most important, or the third most important reason by the respondents.)

²⁹ This issue is expected to become more acute as labour markets tighten in the second half of this decade. See *The Road Ahead* by the PSC Research Directorate.

Chart 25: Most Important Reasons for Term Employees Leaving the Work Unit

In your experience, what are the three most important reasons why term employees leave your work unit to take a job elsewhere?
(Base: All respondents, N=973)



An overwhelming majority of them (83%) said one of the most important reasons was to secure an indeterminate position. In the same vein, about half the respondents (49%) said that another important reason why term employees leave their work unit is to take a job where they will have a better chance of becoming indeterminate or an increased chance for advancement (47%).

A significant number of hiring managers said term employees also leave their work units to make better use of their knowledge, skills, and abilities (23%) or to pursue a job in their field of study (13%).

8.0 – Conclusions

This survey provides insight into why managers hire term employees instead of indeterminate employees, their key considerations when hiring terms, their views about why some terms are or are not eventually hired into indeterminate positions, and their views about the current policy of converting term employees to indeterminate status after five years of uninterrupted employment.

When we examine the responses from survey participants, we see several clusters of issues, some of which may affect the current work of the TBS-PSAC Advisory Committee with respect to changes to current policies and practices.

Overall, the results suggest that the driving force behind the hiring and contracting decisions that managers make, and which most affect term employees (e.g., hiring, extending term contracts, and making decisions about on-the-job treatment of term employees) is the pragmatic need those managers have to get their work done. In an organization that confronts them with many problems simultaneously — such as shifting priorities, organizational instability, and funding concerns — hiring term employees allows managers to solve a variety of problems.

More specifically, the research results can aid us in examining a variety of observations or propositions that have emerged about the nature of term employment and the nature of the term "problem."

Proposition 1. Filling positions with term staff makes the Public Service less attractive as an employer if other permanent jobs are available. In *The Road Ahead*,³⁰ ; we conclude that the Public Service will have difficulty competing in certain job categories and local labour markets when the labour markets for highly educated employees are particularly competitive.

In this vein, we do find it interesting that most managers have told new term employees that they would have opportunities to compete for permanent jobs. This is a realistic commitment based on our earlier survey research and our analyses of the proportion of indeterminate hires from the term population. This would appear to be a realistic appraisal as the most recent PSC Annual Report notes that about two-thirds of newly hired indeterminate staff came directly from the term workforce.³¹ We were, therefore, not surprised to find that managers reported that terms were not extended or hired permanently in their work units because they are hired elsewhere. (Our questions do not ask whether "elsewhere" is inside or outside the Public Service.) Likewise, the finding of fewer term extensions in the NCR than in other regions may be due to variations in the competitiveness of local labour markets, including variations in labour markets *within* the Public Service.

The differential treatment of term employees reported by a minority of managers could discourage some terms from remaining in the work unit or in the Public Service if they are aware of the

30 See *The Road Ahead* by the PSC Research Directorate.

31 Public Service Commission of Canada, Annual Report 2000–01, p. 42.

differential treatment and if indeterminate employment is their goal. Lesser investments in training, for instance, could be discouraging. Ideally, any change of policy with the intent of improving the attractiveness of competing for indeterminate should have systematic information from term employees.

Proposition 2. Most term hiring is unnecessary. This proposition suggests that we have term employment only because it is convenient and that managers could do without term employees, perhaps by better managing risks. Related to this is the proposition that terms are being used inappropriately.

Most managers cited a short-term requirement as the reason that drove their initial decision to hire terms instead of indeterminate employees; these needs also related to some managers' subsequent decisions as to whether to extend term assignments. More particularly, the presence or absence of funds, the extended absence or return of indeterminate staff whose positions terms temporarily fill, changes in the organization, and workload all affect manager's decisions regarding term hiring and extensions. Both size of the employee complement and location (regions vs. NCR) also correlate with the nature of these decisions and at least suggest that the needs for terms are also related to overall flexibility in budgets or staff complements that a manager enjoys or local labour market conditions (and choices terms have for other employment outside the work unit).

While the majority may have legitimate needs for term employees, it is still important to consider whether some terms are being used appropriately in situations where it should be possible to hire indeterminate staff. A minority of managers reported that they have extended some terms more than two times, although the overall time period for extensions is unknown. In addition, a small number of respondents reported cases of terms having been converted to indeterminate status after five years. While the research not conclusive, it does suggest the need to more closely examine the circumstances surrounding multiple extensions and the use of extended periods of term employment.

Outright abolition of term status would likely increase most managers' use of other forms of contingent employment. If the abolition or reduction of term status were to be a goal, then a variety of related policies and practices would need to be assessed. For instance, there would need to be an assessment of the need for new mechanisms enabling managers to manage the risks of over-hiring or hiring staff whose skills would be needed only in the short-term. Because our data show some variation in individual circumstances, the impact of any changes would need to be assessed across a variety of needs and circumstances (e.g., in regions and in smaller and larger departments). It would also be appropriate to consider at what level or size of work unit in the organization that the risks would be suitably managed.

Proposition 3. Term hiring is being used in preference to indeterminate hiring just to fill posts quickly. A minority of respondents cited either the need to quickly fill positions or the slowness of indeterminate staffing as the reason for extending term assignments. (Only 11% indicated speed as their number one reason for hiring terms, although more included it in their top three reasons.) The findings reported in the previous section suggest that some needs are indeed urgent, but we cannot confidently say that 11% of managers would otherwise hire indeterminate staff if permanent staffing were quicker.

Clearly some staffing needs are of short duration and staff are needed when funding is available and to replace absent staff in a timely manner. *It is important to note that while further mechanisms to speed staffing or a faster new staffing regime would no doubt be welcome, the PSC has found that many managers do not use current mechanisms that could speed staffing.* From this survey, we cannot determine the extent to which speeded indeterminate staffing would substantially shift preferences to hiring more indeterminate employees and fewer terms. It is also important to examine this issue with regard to whether more expedient processes will result in hiring suitable staff as the next section discusses.

Proposition 4. Term staffing is a mechanism for trying out employees before making a long-term commitment to indeterminate hiring. As noted earlier, term staff are an important labour pool for filling indeterminate positions³² and they are an intermediate labour pool for filling indeterminate positions.

The key policy question is whether those who report using the term assignment to try out staff are seeing this as a primary consideration, perhaps chosen to avoid a more formal probation period, whether it simply allows a better assessment of capabilities than an interview would, or whether this is a secondary benefit of term employment or insurance against mistakes in hasty hiring decisions, given the need to hire quickly. Overall, about a quarter of managers trying people out said this was a top-three reason for hiring terms, but very few managers (8%) put this as their first reason for term hiring. It may, therefore, be that a small proportion of managers use term positions as a trial period but most would appear to see the trial period as a secondary issue.

It is clear, however, that a minority of hiring managers assess term employees' skills, abilities, and suitability and use this assessment to decide whether to extend term employment. They also say that these same factors generally play a role in whether terms are later hired into indeterminate jobs.

Proposition 5. Reductions to the period of term conversions are feasible. The research shows that most managers would agree with a reduction in the conversion period for terms. Sixty-five per cent of hiring managers favoured a conversion after three years or less of continuous employment with the same department. Some policy options could be examined both in light of the particular preferences they expressed and also the practices of managers with respect to repeated extensions of terms. Unfortunately, our survey data could not determine the impact of such policy changes, but the models we have developed separately in support of this project may help us understand the impact of different policy choices.

In closing, we would add that any contemplation of changes to the rules that currently govern term employment must remain sensitive to the complexities surrounding the term workforce. In particular, it is crucial to recognize the persistent tension between the two different functions the term workforce plays in the Public Service: (1) as a pool of temporary workers and (2) as a mechanism that enables managers to evaluate talent that may be hired on an indeterminate basis.

32 Public Service Commission of Canada, Annual Report 2000–01, p. 42.