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To: Sheila Crowley, Acting Director

From: Kathy Buller, Inspector General

Date: July 31, 2017

Subject: Management Implication Report – Challenges Associated with Staff Turnover

This document provides information concerning the negative impact of personnel turnover on agency operations, drawing on an analysis of interviews conducted by OIG evaluators from 2010 through 2015 in 27 country program evaluations (see Appendix A for a summary of these sources). In addition, we have included highlights from 34 audit and evaluation reports over the same period that referenced challenges related to position vacancies and staff turnover (see Appendix C).

Purpose and Background

Peace Corps leadership recently expressed to OIG that human resource management was a top priority and requested OIG assistance to help promote positive change. The purpose of this analysis was to identify trends related to the most frequently cited challenges associated with staff turnover and position vacancies in OIG evaluations. OIG had previously undertaken an analysis of the impacts of the agency's "five-year rule" on operations and issued an evaluation report in 2012 that made recommendations related to staff turnover at Peace Corps.[1] This management information report provides additional information to Peace Corps management based primarily on evaluations OIG has conducted between 2010 and 2015.

Scope and Analytic Methods Used

Between 2010 and 2015, OIG conducted country program evaluations in 27 countries. This represented in-depth interviews with 991 individuals, including agency staff at headquarters and in the field, Volunteers, and local partners (see Appendix A for a summary of data included in the analysis). Of the 991 individuals interviewed between 2010 and 2015 as part of country program evaluations, 333 individuals discussed staff turnover with OIG, including 269 who described challenges associated with staff turnover or vacant positions. Interview guides typically included questions about the extent and implications of staff turnover, unless the evaluator had determined it was not an issue.

We conducted a retrospective, secondary analysis of our existing data.[2] Using a keyword search, we identified instances where interviewees described staff turnover and the associated
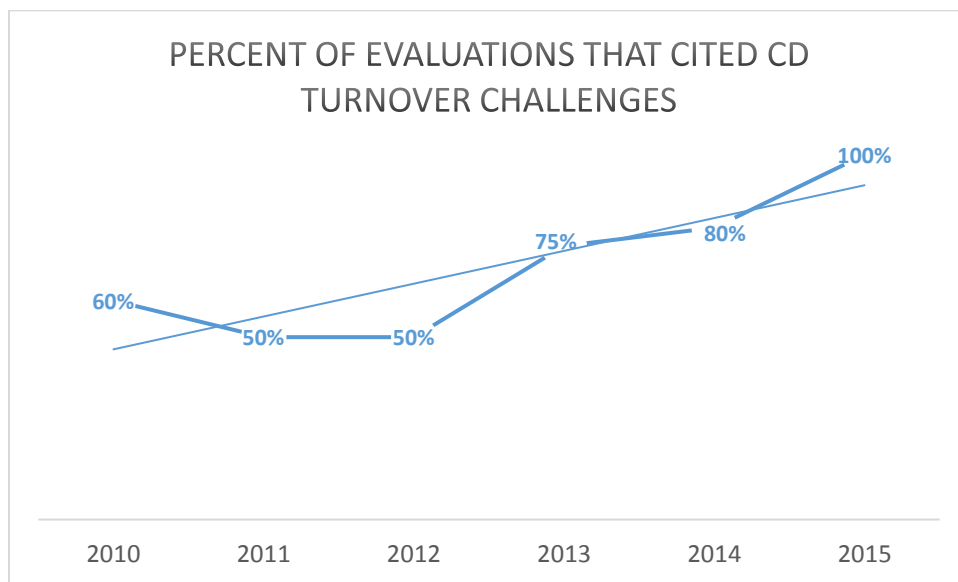
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[1] "Final Evaluation Report: Impacts of the Five-Year Rule on Operations of the Peace Corps" (IG-12-05-E).
[2] For the types of positions and associated issues we examined, see Appendix B.

challenges. These instances of staff turnover were then categorized by the various types of operational issues associated with the staff turnover, as described by the interviewee, as well as the type of staff position that had turned over. We cross-tabulated instances of staff turnover, by the year in which the report was completed, to identify trends over time. To control for variations in the volume of OIG work from year to year, we calculated the percent of country program evaluations that contained a reference to the issue.[3] This analysis was not intended to be a systematic account of the rates of staff turnover, but rather a summary description of some of the recent challenges associated with staff turnover.
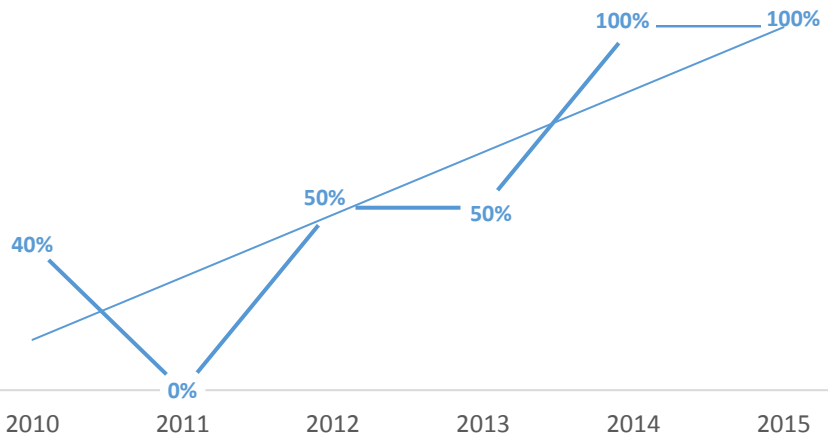
From 2010 to 2015 an increasing percent of those interviewed during our country program evaluations have described turnover related challenges at their posts, including turnover of CDs, DPTs, DMOs, PCMOs, and local hires.

The instances in which interviewees cited challenges with staff turnover generally increased between 2010 and 2015 for direct hire staff—country directors (CDs), directors of management and operations (DMOs), and directors of programming and training (DPTs)—as well as for Peace Corps medical officers (PCMOs) and local hire staff.


PERCENT OF EVALUATIONS THAT CITED CD
TURNOVER CHALLENGES

|					
60%	50%	50%	75%	80%	100%
2010	2011	2012	2013	2014	2015

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[3] This percent was the total number of country program evaluations in which any interviewee discussed instances of problematic staff turnover out of the total number of country program evaluations that had been conducted that year.

PERCENT OF EVALUATIONS THAT CITED DMO TURNOVER CHALLENGES


- 40% (2010)
- 0% (2011)
- 50% (2012)
- 50% (2013)
- 100% (2014)
- 100% (2015)

PERCENT OF EVALUATIONS THAT CITED DPT TURNOVER CHALLENGES

- 40% (2010)
- 100% (2011)
- 50% (2012)
- 100% (2013)
- 60% (2014)
- 100% (2015)

PERCENT OF EVALUATIONS THAT CITED PCMO
AND LOCAL HIRE TURNOVER CHALLENGES
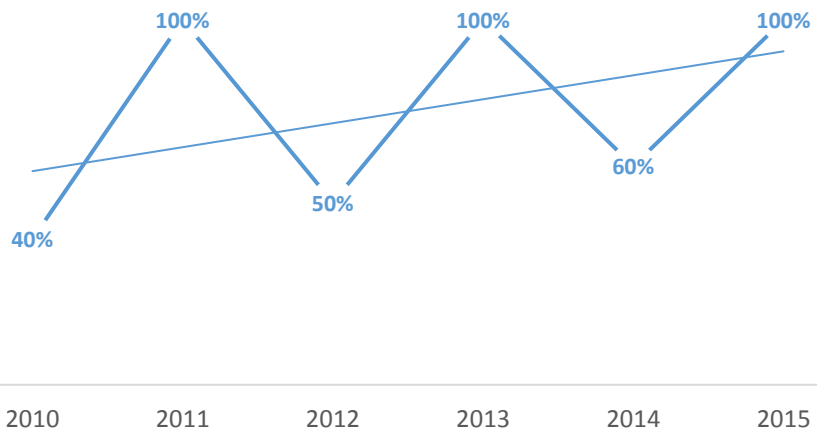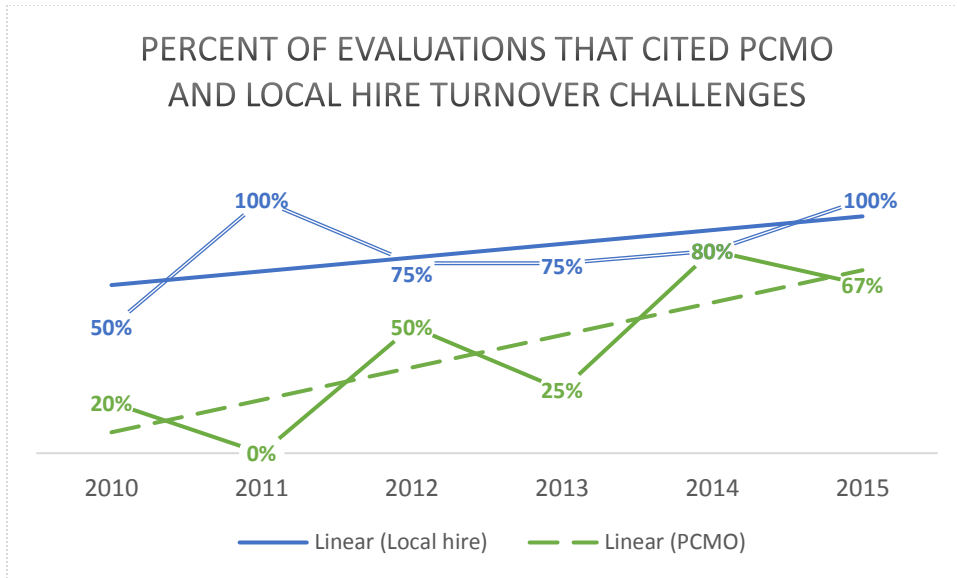
This condition aligns with recent reports from the Field Advisory Board which have identified staffing gaps of direct hire personnel as an issue. The Field Advisory Board noted that "having persistent gaps in USDH overseas staff/leadership positions compromises Post performance and impacts our ability to focus on our core business." Conversely, interviewees mentioned turnover among safety and security managers (SSMs) and headquarters staff relatively infrequently.

Accordingly, the percentage of country program evaluations in which interviewees described challenges associated with staff vacancies appears also to have generally increased between 2010 and 2015.

PERCENT OF EVALUATIONS THAT CITED STAFF
VACANCY CHALLENGES
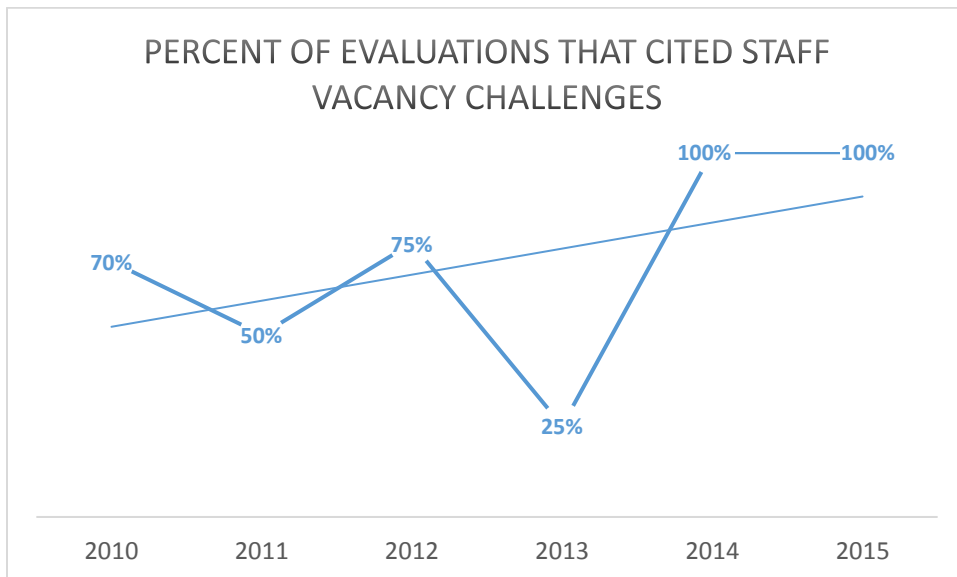
Furthermore, the instances in which interviewees cited challenges with providing sufficient and effective Volunteer support (including health care, safety and security, and programmatic support) during periods of staff turnover also generally increased over time.

PERCENT OF EVALUATIONS IN WHICH STAFF REPORTED THAT STAFF TURNOVER HAD NEGATIVELY IMPACTED VOLUNTEER SUPPORT
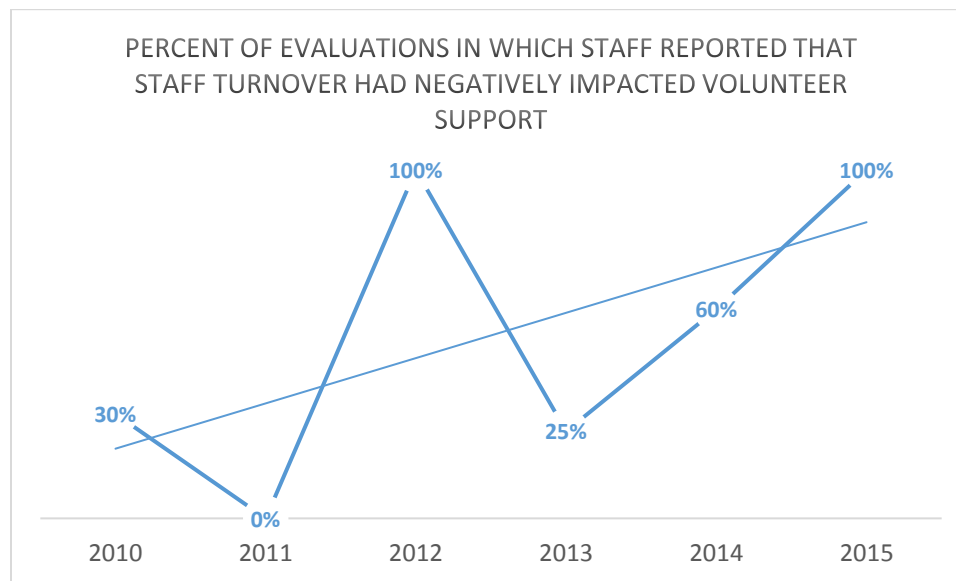
Numerous respondents described the impact of staff turnover on Volunteer support:

> "Because of turnover of staff it can be a struggle to provide continuous support. You will train staff and then they will leave. PC has tried to train other staff members to be able to support PCVS well, but staff turnover can be an issue."

> "These last few groups have been pretty angry – lots of staff turnover – Volunteers felt abandoned out there; Volunteers commented that they managed to do their work despite the office."

> "All the turnover of the PCMOs led to errors and bad treatment by the PCMOs."

> "Site Development and site visits, keeping Site Locator Forms and keeping VIDA updated are constant challenges. [The post has] had a lot of management issues – high turnover of staff and programming staff."

OIG addressed staff turnover issues in the five-year rule report[4] and the follow-up evaluation of medical care.[5] See Appendix D for a summary of the turnover-related recommendations to the agency in those two reports. The five-year rule report highlighted the negative effects of U.S. direct hire turnover and clearly documented how high rates of staff turnover had hindered employees from delivering results. The report found that high turnover had severely

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[4] "Final Evaluation Report: Impacts of the Five-Year Rule on Operations of the Peace Corps" (IG-12-05-E).
[5] "OIG Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care" (IG-16-01-E).

compromised the agency's institutional memory, knowledge management, and ability to successfully implement new ideas. As noted in the report, "the accelerated pace of employee turnover, short average tenure, and insufficient institutional memory have conspired against the agency's efforts to identify, develop, test, and successfully implement innovative ideas." The agency's high rate of personnel turnover puts effective knowledge management at risk, since without functioning knowledge management practices and systems good ideas and valuable written resources that should be available and shared throughout the agency instead become difficult to find. This leads to inefficiency and waste as staff struggle to locate information. Staff may even resort to recreating material that previously existed but has been lost or forgotten. On this point, a milestone report the agency issued in June 2010, the "Comprehensive Agency Assessment," highlighted the importance of improving its knowledge management practices and systems:

> "The Peace Corps also needs to drastically strengthen its knowledge management capacity using an integrated, systematic approach to identifying, acquiring, storing, disseminating, using, and sharing the Peace Corps' knowledge."

In addition, OIG's follow-up evaluation of medical care highlighted the negative effects of PCMO turnover and recommended that the agency take steps to address some of the causes of unwanted PCMO attrition in order to retain more qualified PCMOs. While the agency has made progress in addressing some of the factors that lead to unwanted staff turnover, several recommendations remain open and unaddressed.

As can be seen in Appendix C the issue of staff turnover and the agency's response to and management of position vacancies is a frequent theme for OIG audits and evaluations. Our evidence demonstrates that position vacancies frequently exacerbate operational and management challenges and should be minimized.

Conclusion

The analysis presented in this Management Implication Report is intended to inform agency leadership that personnel turnover continues to present and exacerbate challenges for overseas staff, as reported to OIG in multiple country program evaluations and audits in recent years. OIG recognizes that the agency has taken some administrative steps to reduce the pace of unwanted personnel turnover, and that the agency has put forward legislation intended to address aspects of personnel turnover. Nevertheless, the perception of many staff we have interviewed is that turnover and related staffing gaps continue to have negative effects on their overseas programs, especially in terms of maintaining a high quality of Volunteer support, retaining sufficient institutional memory, and having functioning knowledge management practices to support effective operations. It is not surprising that OIG audit and evaluation reports have frequently included examples of operational challenges exacerbated by staff turnover and position vacancies.

On March 28, 2017, the Congressional Research Service highlighted for the new administration the challenges of ongoing and persistent staff turnover at the Peace Corps.[6] On April 12, 2017,

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[6] The Peace Corps: Current Issues.

the Office of Management and Budget (OMB) issued a memorandum for heads of executive departments and agencies regarding a comprehensive plan for reforming the federal government and reducing the civilian workforce. Two objectives outlined in this memorandum were to: (1) align the federal workforce to meet the needs of today and the future rather than the requirements of the past, and (2) strengthen agencies by removing barriers that hinder front-line employees from delivering results. Given that the negative effects of staff turnover at the Peace Corps are well documented, in conjunction with the objectives outlined in the OMB memo,[7] it is an opportune time for Peace Corps leadership to incorporate these considerations in its response to OMB.

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[7] OMB M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce."

APPENDIX A: SUMMARY OF DATA INCLUDED IN ANALYSIS

Year Data Collection Initiated	Country	Number of Sources
2010	Cambodia	30
	Ethiopia	28
	Fiji	28
	Jamaica	36
	Liberia	25
	Romania	37
	Swaziland	26
	Togo	38
Total	*8 countries*	*248*
2011	China	28
	Kyrgyz Republic	34
	Peru	36
	Uganda	32
Total	*4 countries*	*130*
2012	Indonesia	30
	Malawi	41
	Namibia	34
Total	*3 countries*	*105*
2013	Armenia	33
	Ecuador	28
	Mexico	45
	Moldova	31
Total	*4 Countries*	*137*
2014	Benin	41
	Guatemala	54
	Lesotho	39
	Philippines	47
	Sierra Leone	36
Total	*5 Countries*	*217*

2015	Nepal	30
	Rwanda	41
	South Africa	83
Total	*3 Countries*	*154*
Grand Total	***27 Countries***	***991 Sources***

APPENDIX B: SUMMARY OF FACTORS EXAMINED IN OIG ANALYSIS OF INTERVIEW NOTES FROM 2010 TO 2015

Position Types Examined
CD
DMO
DPT
HQ
Local Hire
PCMO
Political Appointees
SSM
USDH - Not Otherwise Specified

Issue Types Examined
Cost
Decreased Productivity
Lack of Institutional Memory
Low Morale
Performance Management Challenges
Recruitment Challenges
Training Implications
Vacancies and Staffing Gaps
Volunteer Support Issues
Increased Workload

APPENDIX C: OIG EVALUATION OR AUDIT REPORTS FROM 2010 TO 2015 CITING PERSONNEL TURNOVER OR POSITION VACANCIES AS CAUSES OF OPERATIONAL CHALLENGES

Country	Highlights from Evaluation Reports Regarding Effects of Staff Turnover and Position Vacancies (2010 through 2015)
Evaluation of Cambodia	*"Post operations were significantly impacted by a prolonged director of programming and training vacancy."*
Evaluation of Ethiopia	The report provided evidence that turnover of staff had compromised the post's institutional knowledge: *"…the high turnover of three direct hire staff, each having worked at the post for less than two years. The post has had two AOs and several TDY AOs since re-entry in 2007. As a result, the post does not possess the institutional knowledge present at more established posts…"*
Evaluation of Jamaica	*"Instability in the country director position impacted staff cohesion and office morale."* *"In the past two years, the post had at least four permanent or temporary duty staff members serving in the CD position."* *"But because of the frequent leadership turnover the post has experienced, staff was also wary and needed time to re-establish trust and healthy working relationships with one another."*
Evaluation of Liberia	The report found that the Peace Corps had insufficiently staffed the post's programming and training division during its launch, and this decision had contributed to and exacerbated a range of management challenges: *"The post did not have a full-time United States Direct Hire (USDH) staff member to oversee the programming and training unit."* *"…The post lacked someone who could provide the daily mentoring and guidance needed by an inexperienced programming and training team."*
Evaluation of Romania	*"Staffing vacancies have impacted post operations."* *"Just in FY2010 the post had extended (6 months or longer) vacancies in several key positions, including the DPT, the Information Technology Specialist, a program manager, and a Volunteer support position."*

Evaluation of Swaziland	When the evaluation was conducted the post had stabilized its staffing and the IG report noted the positive steps the agency had taken to transition from one country director to the next in 2011: *"Staff turnover and vacancies have normalized since February 2007, although staff have expressed concerns that post operations may be negatively impacted when the CD completes her appointment in early 2011. Regional management and the overseas recruitment manager have taken proactive steps to avoid a period of vacancy for the CD position."*
Evaluation of Kyrgyz Republic	***"Staff roles, responsibilities, and office operations are being re-established after a period of transition and staff turnover."*** *"Statements of work and pay grades for staff were out of alignment due to chronic understaffing of U.S. Direct Hire position…The DPT position was vacant for ten months from February-November 2009. During this period the CD managed programming and training responsibilities with support from programming and training staff. The additional workload was a cause of stress for the CD and took time away from other important post management issues, particularly during PST."* *"The regional Peace Corps Safety and Security Officer (PCSSO) position was vacant from the spring of 2009 until December 2010, a period of more than a year and a half."*
Evaluation of Uganda	***"PC/Uganda's senior leadership turnover negatively impacted programming and Volunteer safety and security."*** *"The excessive turn-over rate for CDs in Uganda has severely impacted the post's ability to develop into a high performing post. …. [and] "The lack of consistent leadership and continuity of vision has negatively impacted the post."*
Evaluation of Indonesia	***"The agency did not allow sufficient time for post reentry."*** *"The post also had little time to hire staff, resulting in poor hiring decisions and staffing gaps. For example, the DPT did not begin working in Indonesia until PST was already underway. Even after staff members were hired, there was insufficient time to properly train and orient them. In addition, the reentry timeline created friction with the post's key project partners, as the post did not have time to follow the Indonesian government's standard processes for developing implementing arrangements or securing visas and work permits."*
Evaluation of Malawi	***"Technical and HIV/AIDS training did not adequately prepare Volunteers for work activities."*** *"Education Volunteers said their technical trainers were new and inexperienced which resulted in poor training delivery. Training staff acknowledged that high turnover with technical trainers had been an ongoing challenge."*

Evaluation of Namibia	*"Key staff members were not sufficiently involved in the Volunteer site development process."* *"Staffing turnover and vacancies in the PCMO, SSC and director of programming and training (DPT) positions likely contributed to post's non-compliance with its own [site development] process."* *"Education and Health Volunteers reported that technical training was not effective."* *"Staff turnover may have contributed to insufficient health technical training. The Health APCD had just started employment with Peace Corps prior to the PST which already had a set curriculum."*
Evaluation of Armenia	*"We found the post to be well-managed and that staff turnover has not been a significant issue for the post. However, staff leadership positions are due to turnover soon and could be a challenge for the post."*
Evaluation of Ecuador	*"The role of program managers during PST was not clearly defined."* *"Staffing changes in key positions likely contributed towards the uncertainty regarding the appropriate role of PMs during training. The director of programming and training (DPT) position had been vacant for three months when the 2013 training program took place."*
Evaluation of Moldova	*"PC/Moldova…is a strong performing post with qualified and dedicated staff. The post has been well-managed despite undergoing a complete turnover of the three U.S. direct hire (USDH) positions in 2012."*
Evaluation of Benin	*"Staffing gaps negatively affected Volunteers' perception of the post senior staff's support and accessibility."* *"Staffing gaps and long absences in USDH positions, particularly the director of management and operations (DMO) and the director of programming and training (DPT), likely contributed to the low support scores for the country director…"* *"Extended USDH vacancies created a large additional work load for the CD and left Volunteers with the perception that he was unresponsive to their needs. If Volunteers continue to perceive post leadership as unsupportive, Volunteers' morale, productivity, and attitude regarding Peace Corps service may suffer."*
Evaluation of Guatemala	*"Sufficiency of Staffing. Guatemala has a very robust staff and has not experienced recent turnover or staffing gaps. The number of Volunteers per program manager as well as per PCMO was reasonable. The staff is supportive and responsive to Volunteer needs. The staffing structure in Guatemala appeared sufficient to support a Volunteer population of 120, as planned for 2015 and subsequent years."*

Evaluation of Lesotho	*"The post had significant turnover in the medical unit and had numerous items to resolve from the 2013 Office of Health Services (OHS) site visit. That assessment determined that the post was not performing a monthly check of emergency equipment and emergency drugs and supplies. The health unit assessment tool does not assess the adequacy of the complete medical evacuation plan, whether periodic drills are held, or that each staff member has a listing of immediate steps to be taken in case of life-threatening emergencies."* *"With headquarters support, the post was managing the vacancy of key positions well. The post had been without a permanent DMO since July 2013, but has been supported by the regional roving regional DMO and capable local staff with little impact to operations. Temporary duty PCMOs had also back-filled the medical office while post hired new PCMOs."*
Evaluation of Sierra Leone	***"Turnover and staffing gaps during 2012 and 2013 destabilized the post."*** *"The evaluation revealed that the post was still recovering from significant issues related to staffing resources. The health unit in particular experienced high levels of staff turnover..."* *"The post's CD left abruptly in July 2013 and a replacement was delayed when a candidate selected for the position chose to work elsewhere. A new CD did not arrive at the post until March 2014, causing a staffing gap of eight months...During this same timeframe, the post experienced a number of other unplanned departures across several units..."* *"This turnover impacted all units and staff was pulled in many directions and stretched thin. Some staff carried excessive workloads for long periods of time and became worn out and overwhelmed. Staff prioritized areas of critical importance but acknowledged that many areas were impacted by insufficient staff attention..."* ***"The post's health unit is improving following a long period of staffing gaps and temporary duty coverage."*** ***"Programming support was impacted by turnover and leadership challenges."***
Evaluation of South Africa	***"Local language training needed improvement."*** *"At the time of fieldwork, the post was in the process of recruiting for the vacant language and culture coordinator position… In addition to the vacant coordinator position, OIG identified four other reasons why the local language training program in South Africa was ineffective: a lack of emphasis on the importance of local language learning and passing the language proficiency interview (LPI); trainees being placed with PST host families who did not speak their target language; the use of some ineffective teaching methods; and turnover among language and culture facilitators."*

Country	Highlights from Audit Reports Regarding Effects of Staff Turnover and Position Vacancies (2010 through 2015)
Audit of Peace Corps' Process for Soliciting, Awarding, and Administering Contracts	*"The Office of Acquisitions and Contract Management has achieved improvements in agency contracting practices, but progress has been significantly impacted by resource limitations."* "To compound its funding challenges, OACM management reported that it faces additional resource-associated obstacles, such as difficulty filling vacant positions at the appropriate grade levels and retaining current staff due to perceived limitations of the five-year term limits required by the Peace Corps Act. The pace of achieving improvements in the contracting process at Peace Corps is slow as a result." "...Peace Corps generally lacks the institutional knowledge of acquisitions due to high turnover rates related to five-year term assignments. As a result, it is a common Final Report: Process for Soliciting, Awarding, and Administering Contracts 12 occurrence to find that staff members who may have participated in the acquisition planning of a contract will have left the Peace Corps before it is time to start the planning process for a follow-on contract."
Audit of Peace Corps Volunteer Safety and Security Program	*"Peace Corps did not communicate how the new policies related to the overall security strategy and ensure the information was complete and current."* "Frequent staff turnover and changes to the security program contributed to the lack of an organized and complete agency security policy. As a result, Peace Corps could not ensure Volunteers and staff were fully informed of the security program and the need for its rules and procedures. "The lack of an overarching policy at Peace Corps was partially caused by the transition of responsibilities to the newly created Office of Safety and Security and was perpetuated by the frequent staff turnover and lack of knowledge management. As a result, Peace Corps did not articulate how the security practices described in the Peace Corps Manual supported its security strategy."
Audit of Ethiopia	The audit report did not contain a finding or recommendation related to personnel turnover due to the cohesive functioning of local administrative staff during a period when post lacked an Administrative Officer: "The present AO, who arrived at the post in late September 2008, has brought stability to the administrative function. Despite a difficult period where six AOs, including four on temporary duty status, served in that capacity, the dedicated administrative staff continued to function cohesively in support of post operations."
Audit of Lesotho	*"The post did not fully implement the agency's medical supplies policy for receipting, tracking, and inventorying."* "Over the last few years, the post experienced high turnover within the medical office. During FY 2011, the country director (CD) and PCMO began

	implementing the revised (November 26, 2008)4 medical supplies policies and procedures. However, at the time of our audit we identified several key controls that required strengthening including securing and storing of medical supplies, maintaining accurate and complete medical supply records, separating duties, and properly disposing of certain medical supplies."
Audit of Peace Corps Overseas Staffing	***"The overseas hiring program was not comprehensive and formalized because the agency did not have a specific policy or centralized communications related to the hiring of post senior staff."*** *"These inefficiencies delay the hiring of essential post senior staff positions. When one or more post senior staff positions are vacant, post direction and decision making can be compromised. A six-month vacancy for the CD position had a large impact on one post. A post senior staff member told us that work burdens on other staff during the vacancy increased, important decisions were delayed, and the difficulty of the situation demoralized post staff. This vacancy created a leadership vacuum. Another post senior staff member who had a DPT vacancy for almost a year stated that some tasks were not completed and that staff development and budget were sacrificed."*
Audit of Madagascar	***"The post did not consistently conduct imprest verifications."*** *"Despite Peace Corps policy, the CD failed to consistently conduct unannounced imprest verifications for both the principal and sub-cashiers. According to the post staff, the CD did not perform imprest verifications for the principal cashier in June or August 2014 because the DMO position was vacant and the CD was performing other managerial duties and assisting with the development of a new Peace Corps office."*

APPENDIX D: SUMMARY OF MAJOR OIG RECOMMENDATIONS ADDRESSING STAFF TURNOVER

Report	Recommendation	Status
Evaluation of the 5 Year Rule	That the Director carry out the necessary reforms to the FYR, including seeking legislative remedies if required, to reduce the rate of employee turnover and increase the average length of employment of the agency's direct hire employees.	Closed
	That the Director identify which functions should be subject to periodic turnover to meet the needs of the agency, and implement a process to manage turnover so that the agency retains qualified personnel on the basis of merit and performance.	Open
	That the Director identify the agency's core business functions and positions that currently suffer from frequent staff turnover and lack of continuity, and determine and implement a process for acquiring and retaining qualified personnel to perform those functions on the basis of merit and performance.	Open
	That the Associate Director for Management put in place more robust processes and systems to gather and analyze data on the causes of unwanted, early employee resignations, and develop data-driven solutions to curb the pace at which employees resign early.	Closed
Follow up Evaluation of Medical Care	That the associate director of the Office of Health Services develop a plan, in collaboration with other offices as appropriate, to addresses the causes of Peace Corps medical officer job dissatisfaction and improve retention of qualified PCMOs.	Open