
THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

July 2, 2015

Lucia Foster, Chief
Center for Economic Studies
Census Bureau
Suitland, MD

Via: Lucia.S.Foster@census.gov

Cc: julius.smith.jr@census.gov, jjessup@doc.gov, ron.s.jarmin@census.gov

Re: Proposed 2015 Management and Organizational Practices Survey

Dear Lucia,

I am pleased to respond to the *Federal Register* notice of April 21, 2015 concerning the Census Bureau plan to conduct the Management and Organizational Practices Survey (MOPS) for reference year 2015. As a research professor at the George Washington Institute of Public Policy, I focus on policies that promote U.S. economic competitiveness. As MOPS serves to identify business practices that correlate with strong corporate performance, I think that the survey is a valuable resource for promoting the competitiveness of U.S.-based manufacturing establishments. Therefore, I support its implementation for 2015.

I appreciate receiving your memo of June 1, 2015 responding to my request for information on the nature of the changes planned for the 2015 MOPS relative to the 2010 version. I'm pleased to see the proposed enhancements to MOPS, including new questions regarding business practices and production technologies (BPPT), data-driven decisions (DDD), and uncertainty. I believe these questions, as outlined, will enable researchers to better ascertain those factors associated with robust corporate performance.

That said, I offer for the Census Bureau's consideration several suggestions regarding the specifics of questions in the BPPT and DDD categories. These suggestions are prompted by the desire to better understand the nature and performance impacts of practices in the realms of global value chain (GVC) management and workforce recruitment and hiring.

- Regarding the proposed BPPT question on share of production that is outsourced, I suggest the question request the breakout of that share between domestic and foreign sources.
- Regarding the DDD question on data sources, I suggest asking respondents to indicate the extent to which, if at all, they rely on Census or other federal economic indicators regarding their industry or the economy.
- Regarding the DDD on types of decisions driven by data analysis, I suggest including supply chain decisions and recruitment and hiring decisions.

- In particular, I encourage the Census Bureau to consider asking respondents about the extent to which they rely on skills tests and predictive analytics in their hiring decisions for positions deemed critical to establishment performance.

Here's the rationale for these suggestions:

- Officials in the Bureau of Economic Analysis and the U.S. International Trade Commission are actively participating in multinational efforts to construct quantitative measures of GVC activity. Consistency of MOPS with these efforts seems appropriate and useful. Current efforts include:
 - [Measuring Trade in Value Added: An OECD-WTO joint initiative](#)
 - [“Guide to measuring global production,”](#) UNECE Task Force on Global Production
 - [OECD Expert Group on Extended Supply-Use Tables](#)
 - [“Report of the Friends of the Chair group on the measurement of international trade and economic globalization,”](#) UN Statistical Commission
 - [“2015 Meeting of APEC Ministers Responsible for Trade”](#)
- The Census Bureau says that one benefit of the Economic Census and the Annual Survey of Manufactures is that it allows individual firms to compare their activities with industry norms. It'd be interesting to ascertain the extent to which these data are used at the establishment level.
- There is widespread belief that employer access to talent is a key determinant of performance and competitiveness. Recent federal efforts—such as Vice President Biden's July 2014 [report on job-driven workforce development](#), Commerce Secretary Pritzker's focus on [employer-led talent strategies](#), and the passage of the [Workforce Innovation and Opportunity Act](#), with its focus on meeting employer talent demands—are consistent with this perception. Consequently, I think it'd be useful if MOPS asks about data-driven recruitment and hiring practices.
- Press reports indicate substantial growth in employer testing of job applicants.¹ Academic publications encourage this effort.² I suggest it'd be valuable for MOPS to measure the extent and impact of this phenomenon.

¹ See, for instance, *Wall Street Journal* articles [“Today's Personality Tests Raise the Bar for Job Seekers”](#) (April 14, 2015) and [“Seen That Job Listing for a While? It's No Coincidence”](#) (June 18, 2015).

² See *Harvard Business Review* webinar [“Workforce Analytics of the Future: Using Predictive Analytics to Forecast Talent Needs”](#) (December 2014) and Jac Fitz-enz and John Mattox II, [Predictive Analytics for Human Resources](#) (2014).

I appreciate the opportunity to comment on the proposed MOPS, hope you find my suggestions useful, and look forward to the Census Bureau's information collection request to OMB.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Reamer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrew Reamer
Research Professor

Dear Dr. Reamer,

Thank you very much for your support of the Census Bureau's plan to conduct the Management and Organizational Practices Survey (MOPS) for reference year 2015. We appreciate your interest in the survey and your feedback on the survey instrument. In developing the 2015 MOPS, the Census Bureau balanced the desire to collect finely detailed and highly useful information against the constraint of respondent burden. In addition, because the MOPS is a Census Bureau survey with outside sponsorship, the Census Bureau considered the information requested by the sponsor(s) when constructing the survey instrument.

In your July 2, 2015 letter you provided four recommendations for improving the MOPS. These are copied in below for easy reference. Your comments were based upon a summary of the MOPS provided to you by Lucia Foster on June 3. For ease of exposition, the relevant questions referenced from an early version of the MOPS are copied in below as well.

Reamer Recommendations

1. *Regarding the proposed BPPT question on share of production that is outsourced, I suggest the question request the breakout of that share between domestic and foreign sources.*

50 Estimate the following (rough approximations are acceptable) for this establishment for 2010 and 2015:

	2010	2015
Percentage of workers who were part-time or working flexible hours		
Percentage of workers who were cross-trained or rotated jobs		
Days of inventory		
Percent of production (by volume) that was outsourced		
Number of major process redesigns or process re-engineering projects		

2. *Regarding the DDD question on data sources, I suggest asking respondents to indicate the extent to which, if at all, they rely on Census or other federal economic indicators regarding their industry or the economy.*

27 a) Consider each of the following sources of data and rate how frequently each source was used in decision making at this establishment in 2015.

Mark all that apply.

	Daily	Weekly	Monthly	Yearly	Never
Production performance indicators and instruments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee-specific performance indicators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data from outside the firm (suppliers, customers, outside data providers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee input/feedback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Results of controlled experiments (e.g., A/B testing)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. *Regarding the DDD on types of decisions driven by data analysis, I suggest including supply chain decisions and recruitment and hiring decisions.*

28 a) How often was each of these activities influenced by data analysis in 2015?

Mark all that apply.

	Daily	Weekly	Monthly	Yearly	Never
Design of new products or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand forecasting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supply chain management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compensation (including bonuses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. *In particular, I encourage the Census Bureau to consider asking respondents about the extent to which they rely on skills tests and predictive analytics in their hiring decisions for positions deemed critical to establishment performance.*

Discussion of recommendations

1. Outsourcing (Question 50): In an effort to minimize respondent burden, the question that you referenced on organizational practices regarding the share of production that is outsourced was removed from the survey instrument.
2. Use of Federal data (Question 27): The sponsor requested that the “Data and Decision Making” question on data sources ask the respondents about the use of outside data sources, which would include the use of federal economic indicators. Due to burden constraints, we were unable to re-write this question in a way that asked about federal economic indicators specifically while satisfying the sponsors’ initial intent. A draft of the question from the latest version of the MOPS (7/31/2015) is provided below.

27 a) Consider each of the following sources of data and rate how frequently each source was used in decision making at this establishment in 2015.

Mark all that apply

	Daily	Weekly	Monthly	Yearly	Never
Production performance indicators (as defined in question 2) from production technology or instruments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formal or informal feedback from managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formal or informal feedback from production workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data from outside the firm (suppliers, customers, outside data providers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Supply chain and personnel decisions (Question 28): The “Data and Decision Making” question regarding the types of decisions driven by data analysis does include supply chain decisions as you had recommended. However, due to concerns about the respondent burden of this survey, the response line for personnel decisions (originally referencing only compensation), which you requested, and the response line for advertising have been dropped from the latest draft of the survey. A draft of that question from the latest version of the MOPS (7/31/2015) is provided below.

28 a) How often was each of these activities influenced by data analysis at this establishment in 2015?

Mark all that apply

	Daily	Weekly	Monthly	Yearly	Never
Design of new products or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand forecasting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supply chain management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Consistent with your suggestion, the MOPS does ask respondents about their use of predictive analytics in decision-making, but, to minimize burden and meet the requests of our sponsors, the question is general and does not specifically reference hiring decisions. A draft of that question from the latest version of the MOPS (7/31/2015) is provided below.

29 How frequently does this establishment typically rely on predictive analytics (e.g. output from statistical models of demand or production that anticipate how things will be in the future)?

Mark all that apply

	2010	2015
Daily	<input type="checkbox"/>	<input type="checkbox"/>
Weekly	<input type="checkbox"/>	<input type="checkbox"/>
Monthly	<input type="checkbox"/>	<input type="checkbox"/>
Yearly	<input type="checkbox"/>	<input type="checkbox"/>
Never	<input type="checkbox"/>	<input type="checkbox"/>

Thank you again for taking the time to comment on the 2015 MOPS, and for providing thoughtful feedback to improve the survey. If you have any questions, please do not hesitate to contact me.

Sincerely,

Andrew Hennessy

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