

STRATEGIC STAFFING

THIRD EDITION



JEAN M. PHILLIPS | STANLEY M. GULLY

Third Edition

Strategic Staffing

Jean M. Phillips
Rutgers University

Stanley M. Gully
Rutgers University

PEARSON

Boston Columbus Indianapolis New York San Francisco Upper Saddle River
Amsterdam Cape Town Dubai London Madrid Milan Munich Paris Montréal Toronto
Delhi Mexico City São Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

Editor in Chief: Stephanie Wall
Executive Editor: Kris Ellis-Levy
Program Management Lead: Ashley Santora
Program Manager: Sarah Holle
Editorial Assistant: Bernard Ollila
Director of Marketing: Maggie Moylan
Senior Marketing Manager: Erin Gardner
Project Management Lead: Judy Leale
Project Manager: Meghan DeMaio

Creative Director: Jayne Conte
Cover Designer: Bruce Kenselaar
Cover Art: © Edhar/Shutterstock
Media Project Manager: Lisa Rinaldi
Procurement Specialist: Michelle Klein
Full-Service Project Management/Composition:
Allan A. Rayer/Integra Software Services, Ltd.
Printer/Binder/Cover Printer: Courier Companies
Text Font: 10/12, Times LT Std

Credits and acknowledgments borrowed from other sources and reproduced, with permission, in this textbook appear on appropriate page within the text.

Copyright © 2015, 2012, 2009 Pearson Education, Inc., 221 River Street, Hoboken, New Jersey 07030.

All rights reserved. Manufactured in the United States of America. This publication is protected by Copyright, and permission should be obtained from the publisher prior to any prohibited reproduction, storage in a retrieval system, or transmission in any form or by any means, electronic, mechanical, photocopying, recording, or likewise. To obtain permission(s) to use material from this work, please submit a written request to Pearson Education, Inc., Permissions Department, 221 River Street, Hoboken, New Jersey 07030.

Many of the designations by manufacturers and sellers to distinguish their products are claimed as trademarks. Where those designations appear in this book, and the publisher was aware of a trademark claim, the designations have been printed in initial caps or all caps.

Library of Congress Cataloging-in-Publication Data on File

PEARSON

ISBN 10: 0-13-357176-9
ISBN 13: 978-0-13-357176-9

CONTENTS

Preface xi

About The Authors xix

Chapter 1 Strategic Staffing 1

- The Staffing Context 3
- Defining Strategic Staffing 4
- How Strategic Staffing Differs from Traditional Staffing 4
- The Components of Strategic Staffing 7
 - Workforce Planning 7
 - Sourcing and Recruiting Talent 8
 - Selecting Talent 9
 - Acquiring Talent 9
 - Deploying Talent 10
 - Retaining Talent 10
 - Matchmaking Process 10
- The Goals of Strategic Staffing 11
 - Identifying Staffing Goals 11
 - Evaluating the Staffing System 12
- Integrating the Functional Areas of Human Resource Management 13
 - Training 14
 - Compensation 14
 - Performance Management 14
 - Career Development and Succession Management 15
- The Organization of This Book 15
 - Summary 16 • Takeaway Points 17 • Discussion Questions 17
 - Exercises 17 • Semester-Long Active Learning Project 18
 - Case Study Assignment: Chern's 18 • Endnotes 19

Chapter 2 Business and Staffing Strategies 21

- A Resource-Based View of the Firm 22
 - What Is the Resource-Based View of the Firm? 23
 - Requirements of a Competitive Advantage 23
- The Firm's Business Strategy 24
 - Types of Business Strategies 25
 - Making Changes to the Firm's Business Strategy—and Staffing 29
 - How the Organizational Life Cycle Affects Staffing 29
- The Firm's Talent Philosophy 30
 - Filling Vacancies or Hiring for Long-Term Careers 30
 - The Firm's Commitment to Diversity 31
 - Applicants and Employees as Either Assets or Investors 31
 - The Firm's Commitment to Ethical Behavior 33
- Deriving the Firm's Staffing Strategy 33
- The Firm's Strategic Staffing Decisions 35
 - Should We Establish a Core or Flexible Workforce? 35
 - Should Our Talent Focus Be Internal or External? 36
 - Should We Hire People with the Skills We Need or Train Them to Develop Those Skills? 38
 - Should Talent Be Replaced or Retained? 38

Which Skills and What Level of Them Should We Seek? 38
Should We Pursue Proactive or Reactive Staffing? 39
Which Jobs Should We Focus On? 39
Is Staffing an Investment or a Cost? 40
Should Our Staffing Function Be Centralized or Decentralized? 41
Achieving a Competitive Talent Advantage 42
 Summary 43 • *Takeaway Points* 43 • *Discussion Questions* 44
 • *Exercises* 44 • *Semester-Long Active Learning Project* 45
 • *Case Study Assignment: Strategic Staffing at Chern's* 45 • *Endnotes* 45

Chapter 3 The Legal Context 48

The Types of Employment Relationships 50
 Types of Employees 50
 Independent Contractors 53
 Outsourcing 54
Laws and Regulations 54
 The Laws Relevant to Staffing 55
 Bona Fide Occupational Qualification (BFOQ) 60
 Global Issues 61
Equal Employment Opportunity, Affirmative Action, and Quotas 61
 Equal Employment Opportunity 61
 Affirmative Action 62
 Quotas 63
Enforcement Agencies 64
 The Equal Employment Opportunity Commission (EEOC) 64
 The Office of Federal Contract Compliance Programs (OFCCP) 65
The Bases for Employment Lawsuits 67
 Disparate Treatment 67
 Adverse (or Disparate) Impact 68
 Defending Failure-to-Hire Lawsuits 71
 Fraudulent Recruitment 71
 Negligent Hiring 72
 Negligent Referral 73
 Trade Secret Litigation 74
 Sexual Harassment 75
EEOC Best Practices 75
Barriers to Legally Defensible Staffing 75
 General Barriers 76
 Specific Barriers 77
 Summary 78 • *Takeaway Points* 79 • *Discussion Questions* 79
 • *Exercises* 79 • *Semester-Long Active Learning Project* 80
 • *Case Study Assignment: Strategic Staffing at Chern* 80 • *Endnotes* 80

Chapter 4 Strategic Job Analysis and Competency Modeling 84

Job Analysis and the Strategy Behind It 86
 Types of Job Analyses 86
 The Legal and Practical Reasons for Doing a Job Analysis 88
Job Descriptions and Person Specifications 89
Common Job Analysis Methods 90
 The Critical Incidents Technique 91
 The Job Elements Method 91
 Interview Methods 92

The Task Inventory Approach	92
The Structured Questionnaire Method	93
Planning a Job Analysis	93
Time and Resources	95
Identifying Job Experts	95
Identifying Appropriate Job Analysis Techniques	95
Conducting a Job Analysis	95
Get the Support of Top Management	96
Communicate the Purpose of the Job Analysis to All Participants	96
Collect Background Information	96
Generate the Task Statements	97
Generate the KSAOs	98
Form the Job Duty Groupings	101
Link the KSAOs Back to the Job Duties	101
Collect Critical Incidents	101
Weight the Job Duties	102
Construct a Job Requirements Matrix	103
Write the Job Description and Person Specification	103
Other Methods: Competency Modeling and Job Rewards Analysis	105
Competency Modeling	105
Job Rewards Analysis	107
<i>Summary</i>	110
• <i>Takeaway Points</i>	110
• <i>Discussion Questions</i>	111
• <i>Exercises</i>	111
• <i>Semester-Long Active Learning Project</i>	112
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	112
• <i>Endnotes</i>	112

Chapter 5 Forecasting and Planning 115

The Workforce Planning Process	117
Forecasting A Firm's Labor Demand	118
Seasonal Forecasts	119
Interest Rate Forecasts	119
Currency Exchange Rate Forecasts	119
Competition-Based Forecasts	120
Industry and Economic Forecasts	120
Legal Factors	120
Other Factors	120
Internal Forecasting Tools	121
Forecasting a Firm's Labor Supply	125
Forecasting the Internal Labor Market	125
Forecasting the External Labor Market	130
Resolving the Gaps Between the Firm's Labor Supply and Labor Demand	131
Dealing with a Temporary Talent Shortage	131
Dealing with a Persistent Talent Shortage	132
Dealing with a Temporary Employee Surplus	133
Dealing with a Persistent Employee Surplus	133
Staffing Planning	133
How Many People Should Be Recruited?	134
What Resources Are Needed?	136
How Much Time Will It Take to Hire the Employees?	137
<i>Summary</i>	138
• <i>Takeaway Points</i>	138
• <i>Discussion Questions</i>	139
• <i>Exercises</i>	139
• <i>Semester-Long Active Learning Project</i>	140
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	140
• <i>Endnotes</i>	140

Chapter 6 Sourcing: Identifying Recruits 142

What Is Sourcing? 143

What Makes a Recruiting Source Effective? 144

What Recruiting Sources Exist? 144

 Internal Recruiting Sources 145

 External Recruiting Sources 147

 Employee Referrals 147

Creating a Sourcing Plan 159

 Profiling Desirable Employees 159

 Performing Ongoing Recruiting Source Effectiveness Analyses 160

 Prioritizing Recruiting Sources 161

Sourcing Nontraditional Applicant Pools 162

 Workers with Disabilities 163

 Older Workers 163

 Welfare Recipients 164

Global Sourcing and Geographic Targeting 164

 Global Sourcing 165

 Geographic Targeting 165

Summary 167 • Takeaway Points 167 • Discussion Questions 167

• Exercises 168 • Semester-Long Active Learning Project 168

• Case Study Assignment: Strategic Staffing at Chern's 168 • Endnotes 168

Chapter 7 Recruiting 172

What Is Recruiting? 173

How Applicants React to Recruiting? 174

 Fairness Perceptions 174

 Spillover Effects 174

What Makes a Recruiter Effective? 175

 The Recruiter's Characteristics 176

 The Different Types of Recruiters 178

 Other Factors Influencing a Recruiter's Effectiveness 180

Training and Developing Recruiters 182

 Recruiting Knowledge 182

 Interpersonal Skills 182

 Presentation Skills 182

 The Organization's Goals and Recruiting Objectives 183

 Legal Issues 183

 Multiple Assessments 183

 Applicant Attraction 183

Recruiting Metrics 184

 Setting Recruiters' Goals 184

 Giving Recruiters the Incentive to Meet Their Goals 185

Global Recruiting 185

Developing Applicant Attraction Strategies 185

 Developing the Organization's Image and Brand 186

 Developing the Organization's Employer Brand 186

 Developing the Recruiting Message 188

 Developing Realistic Job Previews 190

 Developing Self-Assessment Tools 192

Timing the Disclosure of Information 193

Achieving Recruitment Consistency 194

Developing a Recruiting Guide	194
Following the EEOC's Best Recruiting Practices	194
<i>Summary</i>	195
• <i>Takeaway Points</i>	196
• <i>Discussion Questions</i>	196
• <i>Exercises</i>	196
• <i>Semester-Long Active Learning Project</i>	197
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	197
• <i>Endnotes</i>	197

Chapter 8 Measurement 202

What Is Measurement?	204
Describing and Interpreting Data	204
Types of Measurement	204
Scores	205
Shifting the Normal Curve	208
Using Data Strategically	209
Correlations	209
Interpreting Correlations	212
Regressions	213
What are the Characteristics of Useful Measures?	215
Reliability	215
Standard Error of Measurement	219
Validity	220
Using Existing Assessment Methods	224
Selection Errors	226
Standardization and Objectivity	226
Creating and Validating an Assessment System	227
Benchmarking	227
Evaluating Assessment Methods	227
<i>Summary</i>	229
• <i>Takeaway Points</i>	229
• <i>Discussion Questions</i>	229
• <i>Exercises</i>	229
• <i>Semester-Long Active Learning Project</i>	231
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	231
• <i>Chapter Supplement</i>	231
• <i>Endnotes</i>	235

Chapter 9 Assessing External Candidates 237

The Firm's External Assessment Goals	239
Maximizing Fit	239
Assessing Accurately	242
Maximizing the Firm's Return on Its Investment in Its Assessment System	243
Generating Positive Stakeholder Reactions	244
Supporting the Firm's Talent Philosophy and Human Resource Strategy	245
Establishing and Reinforcing the Firm's Employer Image	245
Identifying New Hires' Developmental Needs	245
Assessing Ethically	245
Complying with the Law	245
External Assessment Methods	246
Screening Assessment Methods	247
Evaluative Assessment Methods	254
Contingent Assessment Methods	265
Using Multiple Methods	268
Reducing Adverse Impact	268
Assessment Plans	269
<i>Summary</i>	271
• <i>Takeaway Points</i>	271
• <i>Discussion Questions</i>	271
• <i>Exercises</i>	271
• <i>Semester-Long Active Learning Project</i>	273
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	273
• <i>Endnotes</i>	273

Chapter 10 Assessing Internal Candidates 281

The Firm's Internal Assessment Goals 282

- Evaluating Employees' Fit with Other Jobs 283
- Enhancing the Firm's Strategic Capabilities 283
- Gathering Information with Which to Make Downsizing Decisions 283
- Gathering Information with Which to Make Restructuring Decisions 284
- Maximizing Fit 284
- Assessing Accurately 285
- Maximizing the Firm's Return on Its Investment in Its Assessment System 285
- Generating Positive Stakeholder Reactions 285
- Supporting the Firm's Talent Philosophy and Human Resource Strategy 286
- Reinforcing the Organization's Employer Image 286
- Identifying Employees' Developmental Needs 286
- Assessing Ethically 286
- Complying with the Law 286

Internal Assessment Methods 287

- Skills Inventories 287
- Mentoring Programs 288
- Performance Reviews 288
- Multisource Assessments 289
- Job Knowledge Tests 290
- Assessment Center Methods 290
- Clinical Assessments 291
- The Nine Box Matrix 291
- Career Crossroads Model 291

Managing Succession 292

- Developing a Succession Management System 293
- What Makes a Succession Management System Effective? 295

Career Planning 295

Integrating Succession Management and Career Planning 298

- Summary 299 • Takeaway Points 300 • Discussion Questions 300*
- Exercises 300 • Semester-Long Active Learning Project 301*
- Case Study Assignment: Strategic Staffing at Chern's 301 • Endnotes 301*

Chapter 11 Choosing and Hiring Candidates 304

Choosing Candidates 305

- Combining Candidates' Scores 305
- Who Makes the Final Hiring Decision? 309
- Legal Issues Related to Hiring Candidates 309

Job Offer Strategies 310

- Creating a Job Offer 311
- Compensation Decisions 312

The Employment Contract 314

- Legally Binding Contracts 314
- Common Contract Content 314
- Additional Agreements 315

Presenting a Job Offer 316

Negotiating 318

- Negotiating with New Hires 318
- Renegotiating Contracts 320

Closing the Deal	321
Fairness Perceptions and Rejections	322
Rejecting	322
Reneging	323
<i>Summary</i>	324 • <i>Takeaway Points</i> 324 • <i>Discussion Questions</i> 324
• <i>Exercises</i>	324 • <i>Semester-Long Active Learning Project</i> 326
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	326 • <i>Endnotes</i> 326

Chapter 12 Managing Workforce Flow 329

Orienting and Socializing New Employees	330
The Phases of Socialization	332
Socialization Choices	333
What Makes a Socialization Program Effective?	336
Global Mobility	337
Managing the Flow of the Workforce	337
Types of Turnover	338
The Causes of Voluntary Turnover	339
Analyzing the Causes of Turnover	339
Developing Retention Strategies	341
Mergers and Acquisitions	344
Managing Succession	345
Redeploying Talent	345
Involuntary Employee Separations	346
Downsizing	346
Layoffs	349
Alternatives to Layoffs	350
Discharging Employees	350
Dealing with the Risk of Violence	351
<i>Summary</i>	352 • <i>Takeaway Points</i> 353 • <i>Discussion Questions</i> 353
• <i>Exercises</i>	353 • <i>Semester-Long Active Learning Project</i> 355
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	355 • <i>Endnotes</i> 355

Chapter 13 Staffing System Evaluation and Technology 359

Staffing Outcomes	361
Evaluating Staffing Systems	362
Key Performance Indicators	362
Staffing Metrics	364
Six Sigma Initiatives	367
The Balanced Scorecard Approach	369
Staffing Evaluation Ethics	371
Technology and Staffing Evaluation	372
Résumé Screening Software	372
Applicant Tracking Systems	373
Company Web Sites	375
Digital Staffing Dashboards	376
<i>Summary</i>	378 • <i>Takeaway Points</i> 379 • <i>Discussion Questions</i> 379
• <i>Exercises</i>	379 • <i>Semester-Long Active Learning Project</i> 380
• <i>Case Study Assignment: Strategic Staffing at Chern's</i>	381 • <i>Endnotes</i> 381

Appendix: Strategic Staffing at Chern's: A Case Study 383

Glossary 407

Index 413

This page intentionally left blank

PREFACE

Strategic Staffing

Prepares all current and future managers to take a strategic and modern approach to the identification, attraction, selection, deployment, and retention of talent

It is well accepted that talent is a source of competitive advantage. Employees are what set organizations apart and drive their performance. In today's competitive business environment, an organization's ability to execute its business strategy and maintain a competitive edge depends even more on the quality of its employees. The quality of a company's employees is directly affected by the quality of its staffing systems. Because hiring managers are involved in the staffing process, hiring managers and human resource professionals need to be familiar with strategic staffing techniques.

The practice of staffing has changed significantly over the past 10 to 15 years. Organizations increasingly realize that their employees are the key to executing their business strategies. The war for talent has made the identification and attraction of high-performing employees essential for companies to compete and win in their marketplaces. The Internet and other technologies have also changed the ways firms identify, attract, hire, and deploy their talent.

Our goal in writing *Strategic Staffing* was to create a text that is grounded in research, communicates practical staffing concepts as well as the role of staffing in organizational performance, and is engaging to read. The third edition of *Strategic Staffing* continues to present current staffing theories and practices in an interesting, engaging, and easy-to-read format. We have tried to be responsive to reviewers and users of this text in revising this edition. Some of the more substantial changes are as follows:

- Replacement of most chapter-opening vignettes with new ones on companies including Facebook, MITRE, and McAfee
- Expanded discussion of global issues in staffing throughout the book
- Revision of the "The Legal Context" chapter (Chapter 3) to address current changes in legislation and court decisions including pay discrimination, EEOC claims, and the Genetic Information Nondiscrimination Act and an expanded discussion of the use of concentration statistics in establishing adverse impact
- Addition of figures and supplement to the measurement chapter (Chapter 8) for more advanced treatment
- Addition of new exercises throughout the book including an Ivey job offer negotiation exercise in the instructor's manual available free for users of this book
- Updated citations, statistics, and a wide variety of company examples throughout the text, including the examples of Google, P&G, QVC, Apple, PepsiCo Deloitte, and Southwest Airlines
- Additional material on outsourcing as a sourcing option
- Expanded discussion of the use of technology throughout the staffing process
- The addition of information on current sourcing and recruiting tools and techniques including mobile career sites, Internet sourcing Web sites, and social media and networking sites including LinkedIn, Twitter, and Facebook
- Provision of new and additional material for instructors in the Instructor's Manual

This is a partial list of the changes in this edition. For a more detailed list please see New to This Edition below.

We treat staffing as an integrated process that begins with an understanding of a company's business strategy and continues through planning, sourcing, recruiting, selecting, negotiating, socializing, career planning, retaining, and transitioning the workforce. These stages enable organizations to meet hiring objectives and ensure that talent is in the right place at the right time. Although the book is research based, we include many company examples to illustrate the material. *Strategic Staffing* describes how to

- Develop a staffing strategy that reinforces business strategy
- Forecast talent needs and labor supply and plan accordingly

- Conduct a job or competency analysis and a job rewards analysis
- Strategically source potential recruits
- Recruit and select the right people
- Negotiate with and hire top candidates
- Socialize, deploy, and retain talent
- Manage turnover
- Use staffing metrics and conduct staffing system evaluations
- Leverage technology throughout the staffing system
- Integrate the staffing system with the other human resource functions of training, compensation, and performance management
- Ensure the legal compliance of the staffing system

NEW TO THE THIRD EDITION

Here is a chapter-by-chapter list of the changes in the third edition. Statistics have been updated throughout the book.

Chapter 1

- Added discussion of the potential importance of hiring an exceptional rather than an average performer
- New case study on fictitious Atlas Corporation

Chapter 2

- New examples of companies including P&G, QVC, Goldman Sachs, and Google
- Updated Web site addresses for staffing related standards and ethical guidelines
- New discussion of performance differences in different jobs and the implications for a high return on a staffing investment
- New discussion of outsourcing and the role of local expertise in recruiting globally

Chapter 3

- Updated legal information, including information on misclassifying independent contractors, the WARN Act, and the legal use of assessment test results
- Updated statistics and examples including Goodwill Industries and Best Buy
- Expanded discussion of the Genetic Information Nondiscrimination Act of 2008
- Added information on pay discrimination
- Expanded discussion of interpreting concentration data in establishing disparate impact
- New case study on Pfizer

Chapter 4

- New opening vignette of MITRE Systems
- New discussion of performing an organizational analysis to identify personality attributes that support the organizational culture
- Updated discussion of best practices in writing a job description
- New examples including Red Lobster and PWC
- Expanded discussions of critical incidents, unstructured interviews, and the definition of tasks in the task inventory job analysis approach
- New material on interview guides

Chapter 5

- New opening vignette of Black Hills Corporation
- New examples including Saudi Aramco, FM Facility Maintenance, UPS, 3M, and Con-way Freight
- New discussion on identifying critical jobs
- New discussion of legal factors influencing labor demand
- New discussion of how reducing labor expenses as a cost cutting tool can backfire

- New information on using external talent networks to manage temporary skill gaps
- New information on the use of “just in time” staffing and its implications

Chapter 6

- New opening vignette featuring McAfee
- New discussion and examples of mobile sourcing and recruiting
- New examples including PepsiCo, Accenture, Facebook, and Microsoft
- Updated examples of Internet sourcing Web sites
- Expanded discussion of Internet sites including Glassdoor.com and sourcing using social media sites including Jobvite.com and LinkedIn.com
- New discussion of best practices in using social media in sourcing
- New information about outsourcing and finding freelancers
- Expanded discussion of the risks of prioritizing applicant quantity over quality
- New case study of Yahoo

Chapter 7

- New opening vignette of United Parcel Service
- New examples of the U.S. Food and Drug Administration, GE, IKEA, and Coca-Cola
- Expanded discussion of global recruiting and external recruiting
- New examples of the use of technology in recruiting
- New case study of fictitious company Rock Blocks

Chapter 8

- New opening vignette of Xerox
- New discussion of the meaning and implications of the “big data” trend
- Added a discussion of evaluating the use of a vendor’s assessment tool
- Updated Excel commands/formulas for computations

Chapter 9

- New opening vignette of Facebook’s hiring process
- New discussion of involving outside stakeholders in the hiring process
- New discussion of how reactions to the same staffing process can vary across national cultures
- New discussion of social network searches and best practices
- New information about using customized tests to assess cognitive ability
- Expanded discussion of the use of personality assessments
- New discussion of conducting employment interviews over the Internet
- New information about case interviews, graphology, and social media checks
- New discussion of the use of fake references and information about using online software to conduct reference checks
- New information about personality or other attributes that contribute to failure (“derailers”)
- New information about the best use of criminal history checks
- New examples of Burger King, Bridgewater Associates, UBS, Deloitte, Google, and Southwest Airlines
- Two new video-based Develop Your Skills exercises (all videos available on the companion Web site), one on assessing an interviewer’s errors and another on scoring actual structured interviews

Chapter 10

- New opening vignette featuring Fluor
- New company examples including Caesar’s Entertainment
- Expanded discussion of the Nine Box Matrix
- Updated case study on General Electric

Chapter 11

- Expanded discussion of starting pay policies
- New discussion of Form I-9

- New Ivey job offer negotiation exercise available in the Instructor’s Manual (free with use of this book)
- Updated case study on hiring FBI agents

Chapter 12

- New company examples including Intel, QVC, Sun Microsystems, and Google
- Expanded discussion of orientation programs
- New discussion of global mobility
- Revised information about best practices in downsizing

Chapter 13

- New company examples including Salesforce.com, PNC Financial Services Group, and Southwest Airlines
- Expanded discussion of using technology to monitor the staffing process in real time and to collect data to use in improving the staffing process
- New information about key staffing metrics
- New discussion of applicant tracking, HRIS, and cloud-based recruiting tools

Appendix—Chern’s Case

- Modified the description of Chern’s to be a men’s and women’s department store
- Revised some of the quantitative information in the case
- Clarified the optional use of the unstructured video interviews
- Clarified some of the instructions based on user feedback

We have also updated citations and references throughout the book so they are as current as possible. This edition continues to discuss modern strategic staffing theories and practices including, for example, integrating staffing strategy with business strategy, aligning staffing with other human resource management functions, using technology in recruiting and staffing system management, downsizing strategies, and current legal issues. Of course, traditional staffing concepts including forecasting and planning, recruiting, assessment, and selection are covered as well. Throughout the book, staffing concepts being discussed are “brought to life” through organizational examples.

We also strive to develop staffing skills in addition to conveying staffing theories and concepts. The *Develop Your Skills* feature in each chapter covers topics including job offer negotiation tips, Boolean sourcing techniques, online résumé tips, and making your own career development plan help translate the book’s concepts into real skills.

BOOK FEATURES

- We provide *learning objectives* at the beginning of each chapter to provide an advance organizer of the material covered in the chapter.
- Each chapter leads off with a *vignette* describing a staffing challenge faced by a real organization. At the end of the chapter, the vignette concludes and integrates the relevant staffing concepts used by the company to address the challenge.
- Every chapter has a *Develop Your Skills* feature that extends a topic in the chapter and develops a personal skill related to staffing.
- *Discussion questions* at the end of each chapter provide the opportunity to check understanding of chapter material.
- A brief *case study* at the end of each chapter encourages problem solving and the application of chapter material by stimulating in-class discussions or focusing on individual solutions.
- *Three interactive exercises* at the end of each chapter bring the material to life. One exercise is tied to the opening vignette, one is linked to the chapter’s *Develop Your Skills* feature, and one integrates the chapter’s staffing concepts with business strategy.
- A *book-long active learning project* applies the breadth of the textbook material to a specific job in an organization. This active learning project develops strategic staffing skills in addition to developing tacit knowledge about the strategic staffing process.

- A *book-long case study* contained in the Appendix provides the experience of evaluating the staffing strategy and staffing system for sales associates in a hypothetical high-end retail store called Chern's. The case also provides practice planning, budgeting, and evaluating the return on the investment of the staffing choices made. Online videos accompanying the case illustrate both structured and unstructured interviews and provide the experience creating an assessment plan, scoring job interviews, and making a hiring decision from among eight candidates.
- A humorous *video* is available online that illustrates what *not* to do in an interview.
- Eight structured and eight unstructured interviews of eight job candidates for an upscale department store are available for use with the Chern's case (see Appendix). These are also available for standalone use as examples or as part of a learning activity (all videos are available online).

ORGANIZATION OF THE BOOK

The book is broken into four sections.

Section 1, "The Staffing Context," contains Chapters 1 through 4. Chapter 1, "Strategic Staffing," considers the importance of staffing for organizational success. We define *strategic staffing*, explore the strategic staffing process, and discuss key staffing outcomes and goals. We describe and illustrate the difference between traditional and strategic staffing and highlight the impact staffing can have on the other human resource management functions.

Chapter 2, "Business and Staffing Strategies," covers how the organization's business strategy and competitive advantage influence the organization's human resource strategy, as well as the organization's talent strategy and philosophy. We discuss how business strategy and competitive advantage connect with human resource strategy and the organization's talent strategy and philosophy. This chapter also explains how staffing can create value for a firm, and introduces the various strategic staffing decisions that must be made during any staffing effort.

Chapter 3, "The Legal Context," describes the legal environment in which staffing must operate. Laws and regulations are changing yet they play an important role in determining how an organization recruits, hires, promotes, and terminates employees. We discuss specialized employment relationships, such as independent contractors and temporary workers, and summarize relevant laws and regulations. We describe legal theories including negligent referral and negligent hiring, and discuss barriers to legally defensible recruiting and hiring. We address current topics, such as definitions of *applicant* in an Internet world.

Chapter 4, "Strategic Job Analysis and Competency Modeling," covers job analysis, future-oriented job analysis, job rewards analysis, and competency modeling. We discuss the linkage between business strategy and employee competencies, styles, and traits. We present a basic job analytic technique applicable to most jobs that is also appropriate for the book-long active learning project.

Section 2, "Planning, Sourcing, and Recruiting," addresses the identification, attraction, and recruitment of job applicants in addition to staffing planning. Because people who never apply for a position cannot become employees, sourcing and recruiting qualified and interested applicants is a critical step in the strategic staffing process. This section contains Chapters 5 through 7.

Chapter 5, "Forecasting and Planning," describes how organizations derive business forecasts that are then translated into estimates of future labor demand. Labor supply forecasts are also made, and when combined with labor demand estimates, they help to identify where the organization needs to focus attention to ensure that it has the right talent in the right place at the right time. We present techniques for forecasting labor supply and labor demand, action planning, and discuss issues regarding the planning of a recruiting and hiring initiative.

Chapter 6, "Sourcing: Identifying Recruits" discusses applicant sourcing, or the identification and attraction of recruits, including the use of different types of Internet searches. We describe many different recruiting sources and discuss how to develop a sourcing plan and evaluate recruitment source effectiveness.

Chapter 7, "Recruiting," describes employer branding and image, and the importance of addressing applicant reactions. Methods of targeting recruits, crafting an effective recruiting message, and persuading people to apply for jobs are described. We also discuss considerations in choosing the appropriate form and content of the recruiting message.

Section 3, “Selecting,” covers the assessment of job candidates and the evaluation of their fit with the job and organization. This section contains Chapters 8 through 10.

Chapter 8, “Measurement,” describes some of the issues regarding candidate assessment. The concepts of central tendency, variability, scatter plots, correlation, regression, and practical and statistical significance are introduced along with explanations of reliability, validity, and validity generalization. The material in this chapter provides the foundation for some of the material in Chapters 9 through 13.

Chapter 9, “Assessing External Candidates,” discusses methods of assessing the qualifications of external job candidates. We review interviews, work samples, personality testing, cognitive ability testing, and other methods, and describe their effectiveness.

Chapter 10, “Assessing Internal Candidates,” discusses methods of assessing the qualifications of employees being considered for a different position in the company. Performance reviews, the GE nine box method, and peer and supervisor ratings are some of the methods reviewed.

Strategic staffing involves the movement of employees into and through an organization. Section 4, “Managing the Staffing System,” covers the final choice and socializing of new employees, including the negotiation and hiring process. This section also discusses managing the flow of talent through the organization using career planning and succession planning, and by conducting separations, such as layoffs, terminations, and downsizing. We describe the use of technology in the staffing process, managing employee retention, and the evaluation of the staffing process. This section contains Chapters 11 through 13.

Chapter 11, “Choosing and Hiring Candidates,” describes the process of deciding which job candidate(s) should receive job offers, subsequently negotiating those offers, and socializing new hires. Methods of combining candidate assessment scores into a single score that can be used to compare candidates are described. We describe candidate choice methods including banding, ranking, cut scores, and grouping. We discuss tactics for negotiating hiring agreements and persuading job offer recipients to join the company, along with inducements. The perspectives of both the candidate and the organization on the negotiating process are considered.

Chapter 12, “Managing Workforce Flow,” discusses the management of talent through the organization, including new hire socialization, career planning, succession planning, and leadership development. Separation decisions, such as layoffs, terminations, and downsizing, are also reviewed. The chapter also covers different types of turnover, the causes of turnover, and methods of retaining valued talent.

Chapter 13, “Staffing System Evaluation and Technology,” covers the importance of evaluating a staffing system’s effectiveness. We cover other metrics and evaluation methods in other chapters when appropriate. We describe the staffing system evaluation process and present specific staffing system metrics. This chapter also discusses the ways in which technology has changed and shaped strategic staffing systems. Technology can enable strategic execution, and many organizations are leveraging technology, such as applicant tracking systems, to enhance their recruitment and selection efforts. Internet recruiting, the role of a company’s own Web site, résumé screening software, and HRIS systems are discussed. Use of technology as an aid to collecting data that can be used to evaluate the effectiveness of a staffing system is also covered.

TEACHING AND LEARNING SUPPORT

Strategic Staffing continues to be supported with an extensive supplement package for both students and faculty.

Instructor Resource Center

Instructors can access a variety of supplements available with this text in downloadable, digital formats by visiting <http://www.pearsonhighered.com/educator>.

To obtain access to our Instructor’s Resource Center please contact your local Pearson sales representative who will assign you your access code. As a registered faculty member, you can log in directly to download resource files, and receive immediate access and instructions for installing Course Management content to your campus server.

Our dedicated Technical Support team is ready to assist instructors with questions about the media supplements that accompany this text. Visit <http://247pearsoned.custhelp.com> for answers to frequently asked questions and toll-free user support phone numbers.

Instructor's Manual

- Includes interviewing, résumé, negotiation, and firing/layoff tips
- Includes an Ivey job offer negotiation exercise available free with the use of this book (the exercise is in the Instructor's Manual)
- Includes new computation instructions for the supplement in Chapter 8
- Provides a "User's Guide" for managing the Chern's case and for using associated interview videos
- Provides support for Chern's assessment data (located on Companion Web site) for easy cut-and-paste response to students

Test Item File

This Test Item File contains multiple-choice, true/false, and essay questions. Each question is followed by the correct answer, the learning objective to which it correlates, AACSB category, question type (concept, application, critical thinking, or synthesis), and difficulty rating. It has been thoroughly reviewed by assessment experts.

TestGen

Pearson Education's test-generating software is available on www.pearsonhighered.com/irc. The software is PC/MAC compatible and preloaded with all of the Test Item File questions. You can manually or randomly view test questions and drag and drop to create a test. You can also add or modify test-bank questions as needed.

PowerPoints

This edition offers accompanying PowerPoints. The PowerPoints offer helpful instructional support by highlighting and clarifying key concepts. The PowerPoints are available for download from www.pearsonhighered.com/irc.

Companion Website

The companion website (www.pearsonhighered.com/phillips) contains a data set for Chapter 8 as well as corresponding exercises. A video on how NOT to conduct an interview is also available as well as the eight structured and eight unstructured interviews (each 3 minutes or less) of eight job candidates for an upscale department store. Faster streaming of interview videos facilitates an improved viewing experience over previous editions. To access the content on the companion website, please use the access code which has been bound into the front of the student's text. Instructors can gain access by using their log in information to the Instructor's Resource Center.

CourseSmart eTextbook

CourseSmart eTextbooks were developed for students looking to save on required or recommended textbooks. Students simply select their eText by title or author and purchase immediate access to the content for the duration of the course using any major credit card. With a CourseSmart eText, students can search for specific keywords or page numbers, take notes online, print out reading assignments that incorporate lecture notes, and bookmark important passages for later review. For more information or to purchase a CourseSmart eTextbook, visit <http://www.coursesmart.com>

REVIEWERS

We would like to thank the terrific panel of reviewers whose many comments and suggestions improved the book:

Kalyan Chakravarty, California State University–Northridge
 Scott L. Boyar, University of Alabama at Birmingham

Kannu Sahni, University of Pittsburgh
George H. Bernard, Seminole State College of Florida
Howard J. Klein, Ohio State University
Debbie L. Mackey, University of Tennessee
Carl J. Blencke, University for Central Florida

We would like to thank our sons, Ryan and Tyler, for their patience and support while we wrote this book. We dedicate it to them and could not have done it without the joy and inspiration they give us. We also gratefully acknowledge the superb Pearson team for their contributions to this revision. Kris Ellis-Levy, Sarah Holle, and Meghan DeMaio were true partners in the effort. Pete Troost and Hébert Peck of Rutgers University's iTV Studio did a terrific job shooting and producing the interview videos. We thank J. Allen Suddeth for his skill in casting and directing the video, and Beth Wicke for her efforts in assembling and motivating a terrific cast. We also appreciate the talented engineering work of Alex Fahan, Thomas Sanitate's sound expertise, Steve Barcy's skilled camera work, and Debra Andriano's administrative help. We appreciate Rutgers University's Eric Polino and Jim Drumheller for allowing us to use their interview bloopers video in conjunction with this book. We also thank the many people who shared their stories and staffing tools and allowed us to include them for your benefit.

We firmly believe that learning should be fun and not boring, and wrote the book with this goal in mind. The information in this book can not only help you to staff more effectively but by understanding the hiring process it can help you to secure a better job as well. We hope you enjoy reading it, and welcome your feedback at phillipsgully@gmail.com!

Jean Phillips and Stan Gully

ABOUT THE AUTHORS

Jean Phillips is a professor in the School of Management and Labor Relations at Rutgers University. For over 15 years, she has taught classroom and hybrid classroom/online courses to executive, professional, and full-time students in staffing, strategic human resource management, organizational behavior, management, and teams and leadership in the United States and in Singapore.

Dr. Phillips earned her BA and PhD in business administration and organizational behavior from Michigan State University. Her research interests focus on recruitment and staffing, leadership and team effectiveness, and issues related to learning organizations. Her works have appeared in *Academy of Management Journal*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Small Group Research*, *Journal of Business and Psychology*, *International Journal of Human Resource Management*, and *HR Magazine*.

Dr. Phillips was among the top 5 percent of published authors in *Journal of Applied Psychology* and *Personnel Psychology* during the 1990s and received the 2004 Cummings Scholar Award from the Organizational Behavior Division of the Academy of Management. She has served on the editorial boards of *Journal of Applied Psychology*, *Journal of Management*, and *Personnel Psychology*. Dr. Phillips is also a member of the Academy of Management and the Society for Industrial and Organizational Psychology. Her consulting work includes creating and evaluating strategic staffing programs, coaching on enhancing leadership performance and the effectiveness of work teams, strategic human resource management, and developing employer value propositions.

Stan Gully is a professor in the Department of Human Resource Management in the School of Management and Labor Relations at Rutgers University. He has authored or presented numerous papers, research articles, and book chapters on a variety of topics. His works have appeared in *Research in Personnel and Human Resources Management*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, *Journal of Organizational Behavior*, *Organizational Research Methods*, and *Personnel Psychology* among other outlets.

Dr. Gully earned his master's and PhD in industrial/organizational psychology from Michigan State University. He has taught courses at the undergraduate, master's, doctoral, and executive master's level covering content such as organizational learning and innovation, recruiting and staffing, human resource management, performance management, training and development, and leadership. He has taught using traditional and hybrid technologies in the United States, Singapore, and Indonesia. Dr. Gully has won awards for the quality of his research, teaching, and service, and he has served on the editorial boards of *Journal of Applied Psychology*, *Academy of Management Journal*, *Journal of Management*, and *Journal of Organizational Behavior*.

His applied work includes, but is not limited to, management at a major parcel delivery firm, assessment of the effectiveness of an employer branding initiative, design of various training programs, development of guidelines for training leaders of interdependent work teams, evaluation of recruiting source effectiveness, and implementation of a multisource feedback system. His research interests include strategic recruiting, leadership and team effectiveness, training, and organizational learning.

This page intentionally left blank

Strategic Staffing

Outline

Improving Store Performance at Caribou Coffee

The Staffing Context

Defining Strategic Staffing

How Strategic Staffing Differs from Traditional Staffing

The Components of Strategic Staffing

Workforce Planning

Sourcing and Recruiting Talent

Selecting Talent

Acquiring Talent

Deploying Talent

Retaining Talent

Matchmaking Process

The Goals of Strategic Staffing

Identifying Staffing Goals

Evaluating the Staffing System

Integrating the Functional Areas of Human Resource Management

Develop Your Skills: Internet Staffing Resources

Training

Compensation

Performance Management

Career Development and Succession Management

The Organization of This Book

Improving Store Performance at Caribou Coffee

Summary

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

- Understand why staffing is critical to an organization's performance.
- Define *strategic staffing* and contrast it with less strategic views of staffing.
- Describe the seven components of strategic staffing.
- Understand staffing goals.
- Describe how staffing influences and is affected by the other functional areas of human resource management.

Improving Store Performance at Caribou Coffee

After establishing their first coffee house in 1992, Caribou Coffee Company cofounders John and Kim Puckett quickly grew the company. Headquartered in Minneapolis, Minnesota, Caribou Coffee Company is now the nation's second largest specialty coffee company with almost 500 company-owned stores and over 6,000 employees.¹ The company also sells its coffee, equipment, and other goods through the Caribou Coffee Web site and various retail partners.

Caribou's leaders logically assumed that customer service was the reason customers returned to their stores. This made sense, particularly given the company's emphasis on the customer service skills of all of its employees, including district managers who were responsible for eight to fourteen locations. But the fact that store success varied more across district managers than within a single district manager's stores created a puzzle: If there was an across-the-board focus on customer service, why was the performance of each district manager's stores so similar, but the performance of each district manager different? Did the higher-performing district managers communicate more effectively to customers and associates? Were they better at developing employees? What exactly accounted for the difference?²

Imagine that Caribou Coffee approaches you for ideas as to what its highest-performing district managers must be doing or offering to consistently outperform the others. After reading this chapter, you should have some good ideas.

People's efforts, talents, knowledge, and skills matter to organizations. If you don't believe this is true, then fire all your organization's employees and replace them with cheaper labor. Few successful organizations would accept this challenge because they understand that their people are the key to their performance and survival. A *competitive advantage* is something that a company can do differently from its rivals that allows it to perform better, survive, and succeed in its industry. Sometimes an organization's competitive advantage is defined by its technology. Other times, innovative product lines, low-cost products, or excellent customer service drive competitive advantage. In each case, the company's employees create, enhance, or implement the company's competitive advantage.

How do people make a difference? At companies like Facebook and Google, key technology is devised, implemented, and updated by the people who create and use it. Employees at Apple Computer, Pfizer, and 3M create and sell new and innovative product lines. Employees identify and implement the manufacturing system improvements that create low-cost, high-quality automobiles at Hyundai. Finally, the service at Starbucks is all about employee–customer interactions and experiences. In each of these cases, employees influence and implement the key drivers of the success of the business. Depending on the business, it may be true that the decisions made by marketing, finance, R&D, or some other department are the most impactful for a company. But all business decisions are made by employees. Hiring and retaining only mediocre talent is likely to result in mediocre decisions and performance. Moreover, bad hires can be very costly to organizations in terms of revenue or productivity losses, legal issues, and lowered employee morale and client relationships.³

Effective staffing is the cornerstone of successful human resource management—it lays the foundation for an organization's future performance and survival. Why is it so important? Staffing is important because its outcomes determine who will work for and represent a company, and what its employees will be willing and able to do. As a result, staffing influences the success of future training, performance management, and compensation programs as well as the organization's ability to execute its business strategy. Perhaps no other single activity has the potential to have as great an impact on employees' capabilities, behaviors, and performance as identifying and obtaining the talent that the organization will ultimately use to produce its products or services. For some jobs, the performance difference between an average and an exceptional performer can be quite high. For example, because Google knows that an exceptional technologist's performance is as much as 300 times higher than that of an average one, it is willing to invest heavily in sourcing, recruiting, and hiring top technical talent.⁴ Many successful companies give employee recruitment, retention, and motivation the same high-level attention as their other core business functions, such as marketing, finance, and research and development. Research has confirmed that staffing practices are positively related to both profitability and profit growth.⁵ Effective staffing can also enhance the performance of an organization's shares in the stock market. A survey by a large consulting

firm found that a strong staffing function led to greater shareholder return. In particular, companies that had a clear idea of whom they wanted to hire and that judged applicants against clear criteria outperformed companies with weaker staffing functions.⁶

By collaborating with hiring managers and influencing the flow of talent into, through, and out of an organization, staffing professionals play an important strategic role in organizations. Effective staffing requires a partnership between hiring managers and staffing professionals in the human resource management department. Staffing professionals bring expertise to the workforce planning and staffing processes, including evaluating what a job requires; identifying what competencies, skills, personalities, and so forth, are required for job success; and assessing those characteristics in job applicants. As the expert in the job itself, the hiring manager provides input throughout the process and typically makes the final hiring decision after the staffing specialist generates and screens a much larger pool of applicants. In addition to promoting the goals of their firms, staffing professionals promote the goals of society by helping match people with jobs and organizations in which they are able to be successful and happy.

This chapter begins with an explanation of the context in which staffing operates, followed by a definition of strategic staffing. We then discuss how strategic staffing is different from less strategic ways of looking at staffing, what strategic staffing entails, and why it matters. We then describe the importance of integrating staffing with the other areas of human resource management (i.e., training, compensation, performance management, career development, and succession management). Finally, we explain our plan for the rest of the book and describe some of the core ideas that we will present in each chapter. After reading this chapter, you should understand why a company's staffing practices must be consistent with its business strategy and with the other areas of human resource management if they are to support the larger goals of the organization.

THE STAFFING CONTEXT

There are almost 6 million employers in the United States,⁷ employing anywhere from one to hundreds of thousands of people. Over 143 million jobs existed in the United States in May of 2013.⁸ Millions of employees are hired or separated every month, making staffing a multibillion-dollar business.⁹

Many forces in an organization's environment influence its staffing activities. For example, as globalization expands, companies are increasingly searching the world for talent. This has resulted in greater competition for top talent and has made it more difficult for firms to hire the best workers. Global competition for a firm's products and services also influences staffing because the increased competition can lower the company's profit margins and leave fewer resources available for its staffing activities.

Technological changes have also dramatically influenced the ways in which firms hire and manage their employee relationships. Technology has made it easier for firms to track and develop their employees' skills as well as recruit and hire new employees. The Internet and mobile technologies have changed the way organizations recruit and hire, and changed the ways many people now look for jobs. Similarly, database software systems have greatly facilitated the staffing evaluation process, making it easier to evaluate a staffing system and address any underperforming parts.

Many different legal and societal forces shape firms' staffing activities, too. For example, firms face antidiscrimination laws and laws that hold them responsible for the damaging actions of their employees if they fail to exercise reasonable care in hiring them. Applicants responding negatively to a firm's recruiting or selection methods, employees demanding greater work-life balance, or customers no longer buying the products of a firm that lays off domestic workers and hires cheaper labor abroad can influence a firm's future staffing choices as well.

Together these forces drive the way organizations identify, attract, assess, and integrate talent into the workforce. **Talent management** is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs.¹⁰ As one expert put it, "The ability to execute business strategy is rooted in the ability to attract, retain, and develop key talent. Successful talent management creates the most enduring competitive advantage. No company can afford to be unprepared for both the best and worst of times."¹¹ This book addresses the role that staffing can play in the talent management process.

TALENT MANAGEMENT

attracting, developing, retaining, and utilizing people with the required skills and aptitudes to meet current and future business needs

DEFINING STRATEGIC STAFFING

STRATEGIC STAFFING

the process of staffing an organization in future-oriented, goal-directed ways that support the business strategy of the organization and enhance its effectiveness

Strategic staffing is the process of staffing an organization in future-oriented, goal-directed ways that support the business strategy of the organization and enhance its effectiveness.¹² This involves the movement of people into, through, and out of the organization.

This definition differs from the way companies often staff themselves. For example, too many organizations still fill a job opening by putting the same job announcement they have been using for years in one or two recruiting sources, such as a job board or newspaper, and make a hiring decision based on a gut feeling they get during an interview. In other words, they don't put sufficient thought or planning into hiring in the way that best helps the firm execute its business strategy with an eye toward the future.¹³ The focus of strategic staffing is the integration of staffing practices with business strategy and with the other areas of human resource management to enhance organizational performance.

HOW STRATEGIC STAFFING DIFFERS FROM TRADITIONAL STAFFING

STRATEGY

a long-term plan of action to achieve a particular goal

A **strategy** is a long-term plan of action to achieve a particular goal. Traditional staffing tends to focus on quickly and conveniently filling an opening rather than on aligning the staffing effort with the long-term strategic needs of the organization. By contrast, strategic staffing entails both short- and long-term planning. The process involves acquiring, deploying, and retaining the right number of employees with the appropriate talents to effectively execute this strategy, focusing on maximizing return on investment rather than simply minimizing costs. When done strategically, staffing can enable a company to acquire a sustainable competitive advantage that allows it to successfully fulfill its mission and reach its goals. To illustrate what we mean by strategic staffing and how it differs from “less strategic” ways of thinking about staffing, let's consider how two hypothetical organizations fill job openings. The first company, Treds, has a less-strategic staffing process.

As the store manager of Treds, a popular shoe store in a local shopping mall, Ron knows he cannot afford to be understaffed during the upcoming holiday season. As soon as his assistant manager, Sandy, tells him she is quitting, Ron reaches into his file drawer and pulls out the job description (description of the job requirements) and person specification (description of the qualifications and competencies required of a person performing the job description) he used to hire her two years earlier. He quickly scans it, decides that it would be all right to use it again without making any changes, and forwards it to his regional manager along with a job requisition to get permission to hire a replacement.

When Lee, who is in Treds's human resource department, receives the approved job requisition and job description from Ron's boss, she checks how the company typically finds assistant managers. She sees that when it last hired an assistant manager, the firm posted an ad in the local paper. Lee can't tell from the company's records how many people had applied after seeing the ad. However, she decides that if it worked before, it should work again. So, she places the same “help wanted” ad in the store's local paper.

After two weeks, seven people have responded to the recruitment ad and submitted their résumés. Three of them lack the previous retail experience Lee sees as a minimum qualification for the position. After reading the other four résumés, Lee sets up telephone interviews with all four of them. She never gets back to the three applicants who lack retail experience to let them know that they are not being considered further.

After interviewing the four candidates over the phone about how interested they are in the job and confirming they have appropriate education and experience, Lee decides that three of them merit an interview and schedules them to meet with Ron at the store. At that point, Lee does not let the rejected candidate know that she is no longer being considered for the position.

Ron asks the three candidates individually about their work history and what they are looking for from the job and decides to hire Alex. Alex seems eager to start as soon as possible. Although he doesn't have a lot of retail management experience, Ron hopes he will be able to learn quickly on the job even though Treds doesn't have a formal training program. Alex receives a job offer contingent upon his passing a drug test and background check. After the background report and drug tests come back favorably, Alex accepts the job offer.

Ron sends Alex a copy of Treds's policy manual and schedules, and he reports to work the following Monday. The other finalists are not informed that the position has been filled until they call Ron to follow up.

The second company, Soles, illustrates a better strategic staffing process.

Amy, the manager of popular shoe retailer Soles, has to replace her departing assistant manager, Ken, who has worked with her for the past two years. To be prepared for the upcoming holiday season, Amy would like to replace Ken as quickly as possible. She sets aside some time in her busy day to think about what she needs in an assistant manager.

Amy goes to her computer and reviews the job description she used when hiring Ken two years ago. “It is a good description of the job,” she thinks, “but it seems like something is missing.” Amy thinks about how the store’s competitive landscape has changed over the past few years. When she first started working at Soles four years ago, there was only one other shoe retailer in the mall in which it is located. Now there are five, and two of them offer lower prices on shoes that compete with some of Soles’s key product lines. Amy knows that her company can’t lower its prices, but she feels that if her store offers excellent customer service, her customers will be willing to pay higher prices for her store’s shoes. Also, Soles is planning to move all store transactions to tablets rather than the fixed register stations, so having an assistant manager with technological skills would also be useful.

Amy calls her human resource representative, Mike, to get some assistance in analyzing what her new assistant manager should be able to do. After performing a job analysis and determining what the job requires, Amy sends a revised job description to her regional manager along with a job requisition to get permission to hire a replacement.

After receiving hiring approval, Mike gives some thought to the qualifications and competencies Amy listed for the position. He tries to figure out where people with those qualifications might be so that he can find a way to let them know about the job opportunity. Mike realizes that the company’s salary is competitive with the other stores in the mall but not different enough to attract applicants. He thinks about the other aspects of the job that could appeal to a talented potential recruit. The company has good benefits, a good performance assessment and training program, and tries to promote from within. Although he probably won’t be able to hire a very experienced assistant manager in light of the salary he can offer, the opportunity should appeal to someone with at least some experience—someone who would like to advance through Soles’s managerial ranks.

Mike reviews the data about how the company has been most successful in hiring past assistant managers. He then brainstorms with Amy about where they might find qualified and interested people. He also decides to visit some of the other stores in the mall to evaluate their employees and see if any of them might be suited for the job. While at the stores, he pays particular attention to how the assistant managers there interact with customers and evaluates the strength of their customer service skills. In addition, Mike posts a job advertisement on the job board of a local college that offers a degree in fashion design. The ad emphasizes that Soles is searching for someone with managerial experience, fashion knowledge, technological skills, and excellent customer service skills.

Within two weeks, Mike has recruited five promising mall employees to apply for the position and received 15 applications from the college’s job board. He screens the résumés for retail and managerial experience, and identifies three mall employees and seven candidates from the college who appear to be promising candidates. He immediately sets up phone meetings with all ten of them, and asks them each a series of questions designed to assess their knowledge of retail management and their customer service orientation. He then evaluates their answers and invites five of them to take a written test that assesses their management skills and intellectual curiosity (which the company has identified as being related to better customer interactions, service performance, and continuous learning on the job). The five applicants who are not being considered further are sent a letter thanking them for their interest in the position and explaining that they are not being considered further.

During the testing phase, the five candidates are given instructions and asked to perform several timed tasks using the Internet. Mike then shows them around the company’s regional headquarters and answers their questions about the company and the job opportunity. He schedules the three top scorers to meet with Amy at the store, and calls the other two to let them know that they are no longer being considered for the position.

Amy goes online to the company’s hiring resource center and downloads a series of questions the company has developed to assess the competencies needed for the job and some questions the company uses to assess customer service skills. She completes the brief online training refresher module on conducting and scoring the interviews, and meets with the three candidates. She finds all three impressive but feels that Jose is most qualified for the position. After passing a drug test and background check as well as some additional screening, Jose accepts the job.

Before Jose works in the store, he reviews the company’s policies online and receives a copy of the store’s policy manual. He is introduced to the assistant managers at several other Soles locations, given their contact information, and encouraged to call them if he has any questions about the job. Amy meets with Jose to review the company’s performance expectations and answer any questions he has. She also schedules him to work with her for a few shifts to help him quickly learn his new job.

Mike contacts the other two finalists to let them know that although they did not get the job, he feels that they would be very competitive for other assistant manager positions. He then asks if they would be interested in being considered for other job opportunities that come up in the next few months. Mike knows that the turnover of assistant managers is typically 20 percent a year. Consequently, he expects the company to have three more openings in nearby stores within a month or two. The two finalists say yes, giving Mike two very strong candidates for his next openings.

Mike then ensures that the data on each of the job applicants is successfully entered into Soles’s staffing evaluation database, including the recruiting source that produced them, and whether they were hired or not. He knows that this will be useful for future recruiting purposes.

Which company is likely to perform better as a result of its staffing process? Good strategic staffing systems incorporate the following:

- Longer-term planning
- Alignment with the firm’s business strategy
- Alignment with the other areas of human resources
- Alignment with the labor market
- Targeted recruiting
- Sound candidate assessment on factors related to job success and longer-term potential
- The evaluation of staffing outcomes against preidentified goals

Clearly, this better describes Soles’s staffing process.

Both companies would say they engage in the staffing process as mapped in Figure 1–1. Both planned, decided where to advertise the job opening, recruited applicants, and selected who should receive a job offer, but clearly they did so in very different ways. Mike’s decision to seek out local college students was aligned with his need to hire people with fashion knowledge and a willingness to learn, and who likely have retail experience. Getting back to rejected applicants

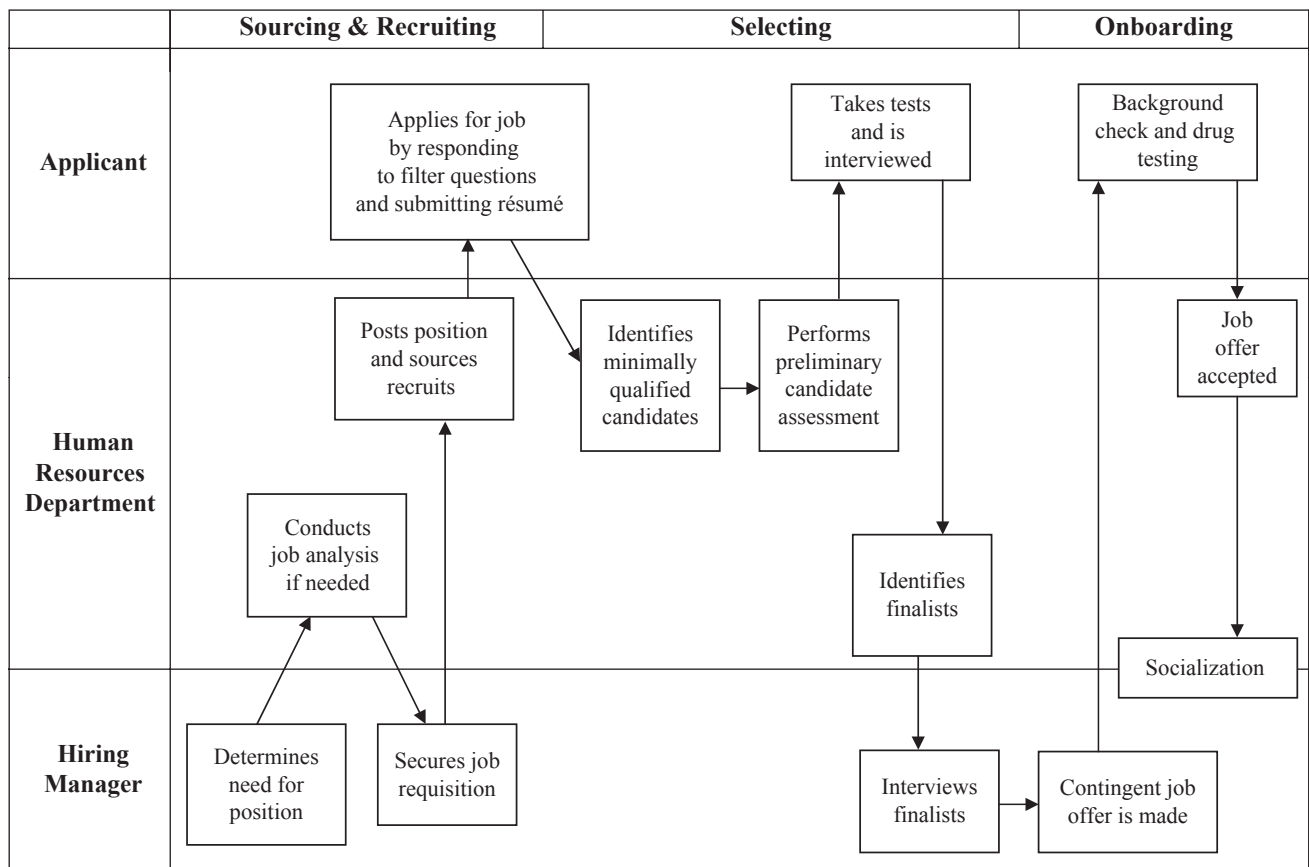


FIGURE 1-1 A Flowchart of the Staffing Process

to let them know that they are no longer being considered helps keep them feeling positive about the company so they will be willing to shop at Soles and apply for jobs with it again in the future.

Figure 1–1 illustrates the general staffing process and identifies whether the applicant, human resource department, or hiring manager is responsible for each stage. The staffing process begins when a hiring manager determines there is a need for a position, which could be due to turnover or the creation of a new job. If necessary, the human resource department conducts a job analysis, and the hiring manager gets a job requisition approved that authorizes him or her to fill the position. Human resource personnel then recruit appropriate applicants and advertise the job opportunity. Applicants apply for the job, and the human resource department screens them to identify those to consider further. By further assessing the remaining candidates, the department screens out applicants who are a poor fit for the job and identifies the finalists for the position. The hiring manager subsequently interviews them and determines who should receive the job offer. The firm then makes a job offer contingent upon the candidate passing any background check, drug test, or other tests. If that candidate turns down the offer or fails to pass the assessment, another candidate receives a contingent job offer until someone is hired. The organization begins socializing the new employee to familiarize him or her with the job and the organization and to help the new employee become productive as quickly as possible.

Companies also differ in how proactively they manage their existing workforce. Software company SAS developed an employee retention program that crunches data on the skills, profiles, studies, and friendships of employees who have quit in the past five years and then finds current employees with similar patterns. Another SAS program identifies the workers most likely to experience accidents.¹⁴

Our goal in this book is to help you understand how to design and better strategically execute the staffing process in ways that will lead to higher-quality staffing decisions and enhanced organizational performance. We will not only describe the strategic staffing process, but also discuss how to make it more effective in helping a firm meet its goals. When we use the term *staffing* in this book we are referring to *strategic staffing*.

THE COMPONENTS OF STRATEGIC STAFFING

There are seven staffing activities that, if done well strategically, create a staffing system that supports business strategy and organizational performance. The seven activities are planning, sourcing, recruiting, selecting, acquiring, deploying, and retaining talent. Table 1–1 summarizes how each of the seven is important strategically. We next discuss each of these seven activities in more detail.

Workforce Planning

Workforce planning is the process of predicting an organization's future employment needs and assessing its current employees and the labor market to meet those needs. This means that the firm's managers and HR personnel have to evaluate the company's current lines of business, new businesses it will be getting into, lines of business it will be leaving, and the gaps that exist

WORKFORCE PLANNING

the process of predicting an organization's future employment needs and the availability of current employees and external hires to meet those employment needs and execute the organization's business strategy

TABLE 1-1 Seven Components of Strategic Staffing

1. *Workforce Planning*: strategically evaluating the company's current lines of business, new businesses it will be getting into, businesses it will be leaving, and the gaps between the current skills in the organization and the skills it will need to execute its business strategy
2. *Sourcing Talent*: locating qualified individuals and labor markets from which to recruit
3. *Recruiting Talent*: making decisions and engaging in practices that affect either the number or types of individuals willing to apply for and accept job offers
4. *Selecting Talent*: assessing job candidates and deciding who to hire
5. *Acquiring Talent*: putting together job offers that appeal to chosen candidates, and persuading job offer recipients to accept those job offers
6. *Deploying Talent*: assigning people to appropriate jobs and roles in the organization to best utilize their talents
7. *Retaining Talent*: keeping successful employees engaged and committed to the firm

between the current skills of its workforce and the skills the workforce will need in the future. For example, if a manufacturing business is planning to expand, then it will likely need to hire more people in areas like sales and production. If the company is planning to automate some of its production activities, then it will likely need fewer employees, but the employees it already has may need new skills related to the new technologies.

Workforce planning usually involves the joint efforts of both the hiring manager and a staffing specialist. The staffing specialist looks at the organization's forecasted business activities and determines the *number and types of people* needed by the organization. The staffing specialist then uses the organization's business strategy to specify further the *competencies and talents* the organization will need to execute its business strategy. To plan for expected job openings, the staffing specialist assesses both the organization's current employees and the external labor market of potential new hires to gauge the availability of desired talent. The specialist then secures the resources needed to engage in an appropriate staffing effort. After working with the hiring manager to identify the talent profiles most appropriate for an open position, the staffing specialist develops recruitment and selection strategies to obtain the desired talent.

Without first identifying the competencies and behaviors the firm needs to execute its business strategy, it is difficult, if not impossible, to develop effective recruiting, staffing, and retention plans to meet those needs. Identifying and securing necessary resources, delegating responsibilities, and creating a timeline are also important outcomes of the planning stage. Planning activities can be *short-term* and focus on an immediate hiring need, or *long-term* and focus on the organization's needs in the future. Workforce plans are more strategic if they better address both the firm's short- and long-term needs. The plans can also address how a firm will address demographic issues, such as an aging workforce and diversity issues.

Sourcing and Recruiting Talent

SOURCING

locating qualified individuals and labor markets from which to recruit

Sourcing is a component of recruiting that focuses on locating qualified individuals and labor markets from which to recruit. For example, a sourcing specialist responsible for identifying potential applicants for pharmaceutical sales representative positions may learn that experienced nurses make excellent pharmaceutical salespeople because of their ability to communicate with physicians, and persuade them to prescribe the firm's drugs. The sourcing specialist then identifies where nurses can be found and how best to reach them, perhaps by placing recruiting advertisements in nursing publications.

RECRUITING

all organizational practices and decisions that affect either the number or types of individuals willing to apply for and accept job offers

Recruiting refers to all organizational practices and decisions that affect either the number or types of individuals willing to apply for and accept job offers.¹⁵ Recruiting is how firms of all sizes generate a sufficiently large group of applicants from which to select qualified individuals for available jobs.¹⁶ Sourcing focuses on identifying desirable people and finding ways to reach them; recruiting converts these people into actual applicants. Many organizations consider sourcing to require different skills than recruiting. Consequently, they hire both sourcing specialists and recruiting specialists. Because people who don't apply can't be hired, sourcing and recruiting are critical to an effective staffing effort.

Recruiting practices include evaluating which recruiting sources generate greater proportions of high-performing employees who do well in their jobs¹⁷ and improve the firm's performance.¹⁸ A firm's recruiters, their behavior, the messages they send, and the sources from which they recruit affect whether people choose to become or remain applicants of the firm and accept its job offers.¹⁹ The primary goal of recruiting is to get the right people interested in working for an organization or in a specific job, persuade them to apply for it, and then ultimately accept the job offer if it's extended.

If recruiting is done poorly, few people will apply for a job with the company, and more of those who do apply will drop out of the hiring process. In other words, organizations that disrespect job candidates or who fail to meet their information-gathering needs during the recruiting process will be less able to hire them. As a result, more of the company's job offers will be rejected, and the people who end up being hired might not be as committed to the job or the company as they would if a better recruiting job had been done. Moreover, applicants with a bad recruiting experience are likely to tell others about it, making it harder for the organization to recruit people in the future.

Because they are unlikely to apply for future jobs with the company, the company is likely to lose the opportunity to hire unhappy current job applicants for future jobs as well.

Both organizations and individuals use a screening process when forming an employment relationship. Applicants can select themselves out of consideration for a job at any time. It is thus important that recruitment activities continue during the candidate assessment and selection process to maintain candidates' interest in the job and organization.

Another component of recruiting is *employer branding*, or creating a favorable image in desired applicants' minds about the organization being a good place for them to work. For example, Royal Philips Electronics tells potential employees that the company gives them an opportunity to work in an environment where "you can touch lives every day."²⁰ When potential applicants are considering whether to apply to a particular organization, they evaluate factors including whether the organization is a place they would like to work. Because most applicants do not know very much about what different organizations are like as employers, many companies proactively craft employer brands for themselves through marketing and advertising. For example, Federated Department Stores created an employment brand and recruitment Web site called Retailology.com. Starbucks has employed a "Program Manager for Employer Branding," whose job it is to promote the coffee chain as a great place to work.

Selecting Talent

The **selection** process involves putting applicants through activities such as skills tests and employment interviews to evaluate their capabilities and qualifications so that the organization can choose whom to hire. The methods an organization uses to assess and select job candidates will determine how well the firm's new hires, and thus the company as a whole, will perform.²¹

Of course, the effectiveness of the selection process depends in part on recruitment. If a recruiting effort generates 1,000 applicants but only a few of them are qualified, this bogs down the selection process.

Targeted recruiting practices that prescreen applicants can result in fewer but higher quality applicants than can general recruiting practices. For example, if a pharmaceutical sales position requires a certain amount of medical knowledge that nurses with certain credentials have, then the recruiting effort might prescreen applicants by locating nurses with the required credentials. Prescreening saves the organization both time and money because it does not have to sift through as many underqualified applicants during the selection process.

In contrast, if recruitment efforts fail to generate qualified applicants, then it is impossible for any selection system to identify them. It is not surprising that the effectiveness of various selection practices, such as interviews and skill testing, vary dramatically with a firm's recruitment practices.²² Historically, organizations have tried to maximize the quality of their new hires by focusing on recruiting a large number of applicants, then relying on various applicant assessment methods to identify the highest quality candidates. However, it is important to note that there is no guarantee that the appropriate qualifications will be present in any applicant pool, regardless of its size.

The goal of strategic recruiting, therefore, is to attract a greater percentage of applicants who are likely to meet minimum hiring requirements and reduce the burden on the selection system. It is also very possible that the hiring gains will come with a reduced administrative burden and lower cost per hire, even if the initial cost of the recruiting system is higher. When we examine staffing and retention from these perspectives, it is easy to see why many companies make the search for the right talent their top priority. As a manager of one high-technology company stated, "The quality of our talent is as important as our technologies. The quality of our talent is how we win in our business."²³ The same is true for most nontechnology-oriented businesses as well.

Acquiring Talent

Acquiring talent involves putting together job offers that appeal to chosen candidates and persuading job offer recipients to accept those job offers. Although many job offers are presented on a take-it-or-leave-it basis, organizations sometimes *negotiate* job offer terms with the candidates they want to hire. Job offers can include salary, health care, retirement contributions, vacation time, relocation expenses, housing allowances, and other benefits. The *employment contract*,

SELECTION

assessing job candidates and deciding whom to hire