Eighth Edition

Staffing
Organizations

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Dedication
To Susan, Jill, and Mia

Note to the Instructor:

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PREFACE

There has been a continual effort to incorporate strategic organizational concerns into every edition of the textbook. The eighth edition of *Staffing Organizations* develops these concepts significantly. Based on ideas from leading human resources thinkers, new discussions describe how to incorporate organizational strategy into every part of the staffing process. This material not only underlines the importance of strategic thinking for students, but provides specific guidance for specific actions that staffing decision makers can take to improve talent management.

This edition has been the benefactor of major restructuring and updating to ensure continuing alignment of the material with current in-the-field business practices. The changes range from small inclusions of new standards to major chapter revisions. The new structure will make it easier for students to see how each part of the staffing process proceeds from beginning to end, and it will also help them see how the topics fit together to create a cohesive staffing management system.

The landscape for human resources continues to be transformed by technology, and the latest edition reflects this influence. The use of human resources information systems for tasks like recruitment, selection, and forecasting is now thoroughly integrated into all sections. The role of social media, the Internet, and other information management tools is emphasized in several chapters, and new company examples keep the application of concepts fresh and current.

The changes for this edition reflect the integration of technology into core staffing functions. Many of the previous headings related to web-based topics have thus been eliminated to reflect the fact that these are no longer novel add-ons to staffing management but an integral part of the process.

Listed below are updates to each chapter.

Chapter One: Staffing Models and Strategy

- New discussion on the indirect implications of effective staffing
- Updated Gore reference to reflect the company's current website
- New staffing system example—management trainees at Enterprise Rent-A-Car
- New example of a company keeping turnover to a minimum—SAS Institute
- Discussion of the effects of slow job recovery on staffing and company strategy

Chapter Two: Legal Compliance

- New material on unpaid interns and trainees
- Updated information on EEOC determinations
- New exhibit with an updated consent decree case
- Revised and updated discussion on reasonable factors other than age (RFOA) and reasonableness standards
- New, replaced section on the definition of disability
- Updated definition of a qualified individual
- New information on reasonable accommodation
- New section on veterans with disabilities
- Updated potential state discrimination protections

Chapter Three: Planning

- Emphasis on organizational strategy as a foundation for planning throughout the chapter
- New section that integrates internal and external influences
- New section addressing organizational culture in staffing
- New figure highlighting internal and external influences on staffing
- Restructuring and updating of methods for forecasting human resource requirements
- New material on scenario planning in forecasting
- New material on the aging workforce
- New figure showing a business case for effective diversity management

Chapter Four: Job Analysis and Rewards

- New section on the purpose of various forms of job analyses and rewards
- New figure comparing job requirements, competency-based, and rewards job analysis techniques
- Updated discussion of the research on job analysis measurement
- Revised and updated discussion of job requirements, job analysis components, and the explanations of KSAOs
- Revised discussion of competency-based job analysis
- Updated discussion of best practices in collecting competency information
- New description and figures related to job rewards and job analysis

Chapter Five: External Recruitment

- Emphasis on organizational strategy as a foundation for recruiting throughout the chapter
- New section on defining strategic recruiting goals
- Material reorganized to better match strategic recruiting processes
- New figure showing the process of implementing strategic recruiting
- New discussion on applicant reactions to job and organizational characteristics
- Revision of material on communication media to match current practices and the use of technology in reaching potential applicants
- Reorganization and revision of strategy implementation
- Updated discussion of use of human resources information systems in recruiting processes

Chapter Six: Internal Recruitment

- Emphasis on organizational strategy as a foundation for recruiting throughout the chapter
- New section on defining strategic recruiting goals
- Material reorganized to better match strategic recruiting processes
- Updated discussion of team-based structures and their role in internal recruiting
- Updated and expanded discussion of the importance of applicant reactions to development and promotion policies
- Discussion of job postings revised to focus on web-based and intranet delivery
- New figure showing the format for intranet posting of job information

Chapter Seven: Measurement

- Updated example of job information technology
- New discussion on issues associated with forced rankings
- Updated examples of objective versus subjective measures
- Revised coverage of key topics (e.g., goal of measurement; ratio scales, percentiles, standard scores, correlations, and reliability)
- New material on standard scores
- New discussion on sign of correlation coefficients
- New example for calculating the significance of the correlation coefficient
- New section on interrater agreement versus coefficient alpha
- New discussion on the drawbacks of content validation

Chapter Eight: External Selection I

- Updated discussion on electronic testing
- New example of electronic résumé pitfalls
- New example for video résumé
- New discussion of the role of Twitter in résumé
- New section on the value of a college education
- New discussion of strategies to improve biodata questions
- New discussion on fraud in letters of recommendation
- New discussion on validity of credit scores

Chapter Nine: External Selection II

- New discussion of test items on the Internet
- New paragraph on contextualizing Big Five measures
- New discussion on socially desirable responding and faking
- New discussion on the effects of warnings on faking personality tests
- New discussion on emotion regulation
- Revised discussion on the validity of integrity tests
- New discussion on the prevalence of unstructured interviews
- New section on structured video interviews
- Updated statistics on the use of drug testing by companies

Chapter Ten: Internal Selection

- New example of promotion from within
- New discussion on the use of peer nominations to improve predictive validity
- New material on how mentors benefit from mentoring
- New discussion on job knowledge testing
- New example on performance appraisals for internal selection
- New discussion of strategies to improve performance appraisals
- New discussion on improving assessment center ratings

Chapter Eleven: Decision Making

- Expanded introduction that integrates material from previous chapters
- New material on evidence-based management and decision making
- Updated discussion on the limitations of utility analysis
- Updated information on clinical decision making
- Revised discussion of hiring scoring in the selection process

Chapter Twelve: Final Match

- Updated discussion of disclaimers in contracts and handbooks
- Updated information on the strategic approach to job offers and the employee value proposition
- New discussion of idiosyncratic deals tailored to individual employees
- New figure showing elements and examples of idiosyncratic deals
- New material on differential starting pay rates
- Updated discussion on employee orientation and socialization practices

Chapter Thirteen: Staffing System Management

- Streamlined presentation of information
- Discussion of the strategic link between staffing and executive decision making
- New exhibit illustrating evidence-based principles for writing effective policies and procedures
- Updated discussion of human resource information systems and their role in staffing
- New examples of effective outsourcing
- New exhibit showing how metrics can be used for staffing process evaluation

Chapter Fourteen: Retention Management

- Streamlined presentation of information
- Updated information on job openings and labor turnover
- Revised discussion of the costs and benefits of downsizing
- Revised and updated discussion of best practices in retention
- New figure illustrating the most and least effective retention initiatives

In preparing this edition, we have benefited greatly from the critiques and suggestions of numerous people whose assistance was invaluable. They helped us identify new topics, as well as clarify, rearrange, and delete material. We extend our many thanks to the following individuals:

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Eighth Edition

The Staffing Organizations Model

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│          Mission            │
│     Goals and Objectives    │
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┌──────────────────────┐              ┌──────────────────────┐
│ Organization Strategy │◄────────────►│ HR and Staffing Strategy │
└──────────────────────┘              └──────────────────────┘
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Staffing Policies and Programs	
Support Activities	Core Staffing Activities
Legal compliance Planning Job analysis and rewards	Recruitment: external, internal Selection: measurement, external, internal Employment: decision making, final match
Staffing System and Retention Management	

PART ONE

The Nature of Staffing

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CHAPTER ONE

Staffing Models and Strategy

LEARNING OBJECTIVES AND INTRODUCTION

Learning Objectives

- Define staffing and consider how, in the big picture, staffing decisions matter
- Review the five staffing models presented, and consider the advantages and disadvantages of each
- Consider the staffing system components and how they fit into the plan for the book
- Understand the staffing organizations model and how its various components fit into the plan for the book
- Appreciate the importance of staffing strategy, and review the 13 decisions that staffing strategy requires
- Realize the importance of ethics in staffing, and learn how ethical staffing practice is established

Introduction

Staffing is a critical organizational function concerned with the acquisition, deployment, and retention of the organization's workforce. As we note in this chapter and throughout the book, staffing is arguably the most critical function underlying organizational effectiveness, because "the people make the place," because labor costs are often the highest organizational cost, and because poor hiring decisions are not easily undone.

This chapter begins with a look at the nature of staffing. This includes a view of the "big picture" of staffing, followed by a formal definition of staffing and the implications of that definition. Examples of staffing systems are given.

Five models are then presented to elaborate on and illustrate various facets of staffing. The first model shows how projected workforce head-count requirements and availabilities are compared to determine the appropriate staffing level for the organization. The next two models illustrate staffing quality, which refers to matching a person's qualifications with the requirements of the job or organization. The person/job match model is the foundation of all staffing activities; the person/organization match model shows how person/job matching could extend to how well the person will also fit with the organization. The core staffing components model identifies recruitment, selection, and employment as the three key staffing activities, and it shows that both the organization and the job applicant interact in these activities. The final model, staffing organizations, provides the entire framework for staffing and the structure of this book. It shows that organizations, human resources (HR), and staffing strategy interact to guide the conduct of staffing support activities (legal compliance, planning, and job analysis) and core staffing activities (recruitment, selection, and employment); employee

retention and staffing system management are shown to cut across both types of activities.

Staffing strategy is then explored in detail by identifying and describing a set of 13 strategic staffing decisions that confront any organization. Several of the decisions pertain to staffing levels, and the remainder to staffing quality.

Staffing ethics—the moral principles and guidelines for acceptable practice—is discussed next. Several pointers that help guide ethical staffing conduct are indicated, as are some of the common pressures to ignore these pointers and compromise one's ethical standards. Suggestions for how to handle these pressures are also made.

Finally, the plan for the remainder of the book is presented. The overall structure of the book is shown, along with key features of each chapter.

THE NATURE OF STAFFING

The Big Picture

Organizations are combinations of physical, financial, and human capital. Human capital refers to the knowledge, skill, and ability of people and their motivation to use them successfully on the job. The term "workforce quality" refers to an organization's human capital. The organization's workforce is thus a stock of human capital that it acquires, deploys, and retains in pursuit of organizational outcomes such as profitability, market share, customer satisfaction, and environmental sustainability. Staffing is the organizational function used to build this workforce through such systems as staffing strategy, HR planning, recruitment, selection, employment, and retention.

At the national level, the collective workforces of US organizations total over 112 million (down from a peak of nearly 140 million in 2005), with employees spread across nearly 7.5 million work sites. The work sites vary considerably in size, with 18% of employees in work sites of fewer than 20 employees, 31% in work sites between 20 and 500 employees, and 51% in work sites over 500 employees.[1] Each of these work sites used some form of a staffing process to acquire its employees. Even during the Great Recession, which began in 2007 and ended in 2009, and its slow recovery, there were more than 4 million new hire transactions nationally each month, or over 50 million annually. This figure does not include internal transfers, promotions, or the hiring of temporary employees, so the total number of staffing transactions was much greater than the 50 million figure.[2] Even in difficult economic times, staffing is big business for both organizations and job seekers.

For most organizations, a workforce is an expensive proposition and cost of doing business. It is estimated that an average organization's employee cost (wages or salaries and benefits) is over 22% of its total revenue (and generally a higher

percentage of total costs).[3] The percentage is much greater for organizations in labor-intensive industries—the service-providing as opposed to goods-producing industries—such as retail trade, information, financial services, professional and business services, education, health care, and leisure and hospitality. Since service-providing industries now dominate our economy, matters of employee cost and whether the organization is acquiring a high-quality workforce are of considerable concern.

A shift is gradually occurring from viewing employees as just a cost of doing business to valuing employees as human capital that creates competitive advantage for the organization. Organizations that deliver superior customer service, much of which is driven by highly knowledgeable employees with fine-tuned customer service skills, have a definite and hopefully long-term leg up on their competitors. The competitive advantage derived from such human capital has important financial implications.

In addition to direct bottom-line implications, an organization's focus on creating an effective selection system also has more indirect implications for competitive advantage by enhancing employees' well-being and retention. One recent study showed that employees who perceive their company uses effective selection practices such as formal selection tests and structured job interviews (practices that we will discuss in this book) are more committed to their organizations. In turn, those higher levels of commitment lead to more helping or citizenship behaviors on the part of employees, as well as stronger intentions to remain employed, both of which ultimately contribute to an organization's bottom line.[4]

Thus, organizations are increasingly recognizing the value creation that can occur through staffing. Quotes from several organization leaders attest to this, as shown in Exhibit 1.1.

Definition of Staffing

The following definition of staffing is offered and will be used throughout this book:

> Staffing is the process of acquiring, deploying, and retaining a workforce of sufficient quantity and quality to create positive impacts on the organization's effectiveness.

This straightforward definition contains several implications which are identified and explained next.

Implications of Definition

Acquire, Deploy, Retain

An organization's staffing system must guide the acquisition, deployment, and retention of its workforce. Acquisition activities involve external staffing systems that govern the initial intake of applicants into the organization. These involve planning for the numbers and types of people needed, establishing job requirements in

EXHIBIT 1.1 **The Importance of Staffing to Organizational Leaders**

"Staffing is absolutely critical to the success of every company. To be competitive in today's economy, companies need the best people to create ideas and execute them for the organization. Without a competent and talented workforce, organizations will stagnate and eventually perish. The right employees are the most important resources of companies today."[a]

Gail Hyland-Savage, chief operating officer
Michaelson, Connor & Boul—real estate and marketing

"At most companies, people spend 2% of their time recruiting and 75% managing their recruiting mistakes."[b]

Richard Fairbank, CEO
Capital One

"I think about this in hiring, because our business all comes down to people. . . . In fact, when I'm interviewing a senior job candidate, my biggest worry is how good they are at hiring. I spend at least half the interview on that."[c]

Jeff Bezos, CEO
Amazon.com—Internet merchandising

"We missed a really nice nursing rebound . . . because we just didn't do a good job hiring in front of it. Nothing has cost the business as much as failing to intersect the right people at the right time."[d]

David Alexander, president
Soliant Health—health care

"Organization doesn't really accomplish anything. Plans don't accomplish anything, either. Theories of management don't much matter. Endeavors succeed or fail because of the people involved. Only by attracting the best people will you accomplish great deeds."[e]

Gen. Colin Powell (Ret.)
Former US secretary of state

[a]G. Hyland-Savage, "General Management Perspective on Staffing; The Staffing Commandments," in N. C. Burkholder, P. J. Edwards, Jr., and L. Sartain (eds.), *On Staffing* (Hoboken, NJ: Wiley, 2004), p. 280.

[b]J. Trammell, "CEOs Must Bring Own Recruiting: 10 Rules for Building a Top-Notch Function," *Forbes*, April 17, 2013 (www.forbes.com/sites/joeltrammell/2013/04/17/ceos-must-own-recruiting-10-rules-for-building-a-top-notch-function).

[c]G. Anders, "Taming the Out-of-Control In-Box," *Wall Street Journal*, Feb. 4, 2000, p. 81.

[d]J. McCoy, "Executives' Worst Mistakes in Staffing," *Staffing Industry Review*, Sept. 2010, pp. 1–2.

[e]C. Powell, "A Leadership Primer: Lesson 8," Department of the Army (www.frontiercapital.com/uploads/file/ColinPowellonLeadership%20PDF%20for%20Blog.pdf).