

NINTH EDITION



STAFFING ORGANIZATIONS

HERBERT G. HENEMAN III · TIMOTHY A. JUDGE · JOHN KAMMEYER-MUELLER

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STAFFING ORGANIZATIONS

Ninth Edition

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Pangloss Industries
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Dedication
To Susan, Jill, and Mia

STAFFING ORGANIZATIONS, NINTH EDITION

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PREFACE

There has been a continual effort to incorporate strategic organizational concerns into every edition of the textbook. The ninth 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 beneficiary 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 human resources landscape continues to be transformed by technology, and this edition of the textbook 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 examples from companies 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 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

- Updated workforce growth statistics throughout the chapter
- Updated list of companies that are intensively hiring
- Updated material on Gore's position as one of *Fortune* magazine's 100 Best Companies to Work For
- New material on person-job match and person-organization fit

- New material based on a recent report on the current talent shortage in the IT, skilled trades, and sales industries
- Added material on the distinction between the labor force size and the labor force participation rate
- Updated definition of staffing ethics from the Society for Human Resource Management

Chapter Two: Legal Compliance

- New material on classifying individuals as either employees or independent contractors based on criteria from the Internal Revenue Service and the Department of Labor
- Guidance from the Equal Employment Opportunity Commission (EEOC) on defining discrimination based on the meaning of race/color, national origin, sex, religion, disability, age, pregnancy, and genetic information
- Updated information on the protected characteristics of sexual orientation and gender identity

Chapter Three: Planning

- Increased emphasis on organizational culture in the planning process
- New material on executive buy-in during human resources planning
- Updated discussion of workforce skills demand and employment patterns
- Revised exhibit showing labor force statistics trends
- New material on trends in labor force participation and work hours
- Streamlined discussion of forecasting techniques
- Comprehensive review of research on flexible workforce quality
- New material reviewing research on when to use outsourcing
- Updated information regarding affirmative action for veterans and qualified individuals with disabilities

Chapter Four: Job Analysis and Rewards

- Greater emphasis on implementing competency-based job analysis
- New figure showing the process of job requirements job analysis
- New figure showing the process of competency-based job analysis
- New figure outlining the distinctions among knowledge, skills, abilities, and other characteristics and their workplace relevance
- Streamlined discussion of O*NET models
- Revised end-of-chapter cases
- Revised information on the types of evidence of essential job functions

Chapter Five: External Recruitment

- New material on integrating in-house recruitment with external vendors
- Integration of online recruitment techniques across topic areas
- Comprehensive review of research on applicant reactions to the external recruitment process
- Increased discussion of social media effects on recruitment
- Revised and updated presentation of recruitment messages
- Increased treatment of targeted recruitment techniques
- New discussion of the transition from recruitment to selection
- Updated discussion regarding policies about written job applicants
- Revised material on best-practice recruitment ideas from the EEOC
- Updated information on recruitment using social media and job advertisements

Chapter Six: Internal Recruitment

- New material describing best practices in the strategic policy development process
- Revised and updated presentation of recruitment messages
- Revised and updated discussion of replacement and succession plans
- New discussion of the transition from recruitment to selection
- New material on best-practice promotion ideas from the EEOC
- New discussion of barriers to upward mobility and improving upward mobility

Chapter Seven: Measurement

- Updated example of the nominal level of measurement
- New material on biases in subjective measurement and rater training
- Revised percentiles example
- New discussion of the role of biases and contextual factors in interrater reliability
- New material on how construct-, content-, and criterion-related validation evidence should be amassed and interpreted together
- New material on the situational appropriateness of predictive versus concurrent validation designs
- Revised definition and discussion of content validity
- Updated illustrative study of the Maryland Department of Transportation
- New material reviewing the meta-analytic work on prior validity generalization and the gaps in our current understanding
- New example using insights from Glassdoor to highlight practical considerations in staffing
- New discussion of mobile and Internet-based test administration

Chapter Eight: External Selection I

- New material on applicant reactions toward performance tests and the validity of such tests
- Updated discussion of video résumés
- New material on the adverse impact of résumés, letters of recommendation, credit checks, and biodata
- New discussion of the “double jeopardy” effect
- New discussion of the usefulness of a college education and quality of school as educational requirements, including examples
- New material on how studying abroad leads to an expanded cultural intelligence, an area of extracurricular activities that may be important for staffing
- New material on how experience is multidimensional, with many characteristics and levels of analysis
- New discussion of “Ban the Box” legislation
- New material on initial impressions as bias in initial interviews
- Updated material on applicant reactions and attraction from meta-analytic research
- Updated list of states that currently limit the use of credit information in staffing
- New material on social media screening and safeguards
- New discussion of bona fide occupational qualification claims and their justification

Chapter Nine: External Selection II

- Updated Big Five stability and heritability estimates with the most recent meta-analytic research
- Updated website links and test information throughout the chapter
- New material and discussion on the “too much of a good thing” effect with conscientiousness
- New material and discussion on the “trivial validities” of personality, including updated meta-analytic research and additional personality frameworks
- New material and meta-analytic evidence on personality test faking
- New material and discussion on when socially desirable behavior is not desirable for job performance
- Updated Exhibits 9.2 and 9.13 based on new evidence
- Updated evaluation of cognitive ability tests with newest meta-analytic research on organizational citizenship behavior and counterproductive work behavior
- Revised adverse impact evidence for cognitive ability tests
- New material on how “star applicants” can become offended by having to take cognitive ability tests

- New material and discussion on physical abilities tests that draw from the most recent meta-analytic estimates
- New material and discussion on performance-based emotional intelligence measurement and emotional intelligence validity
- Updated meta-analytic validity estimates of work sample tests
- New material and discussion on the “situational” perspective on situational judgment tests
- New material on integrity test validity and faking
- New material on vocational congruence and attained vocational aspirations
- Updated meta-analytic research and other material for interviews, including structured interview characteristics, behavioral and situational interview comparisons, validity, and interviewer characteristics
- New material on the National Football League (NFL) and how OCBs matters less to outsiders (e.g., external consultants) than to insiders in team selection
- Updated statistics and figures on drug testing
- Revised material on the Uniform Guidelines on Employee Selection Procedures
- New discussion of marijuana and other drug testing

Chapter Ten: Internal Selection

- Updated peer assessment section with meta-analytic results
- New material on the impact of self-assessments on biased promotion judgments
- New material on the impact of biases such as political skill on promotability ratings
- New meta-analytic material on the characteristics of assessment centers
- New material and discussion on solutions for the assessment center construct validity dilemma
- Revised the validity ranges to match traditional standards

Chapter Eleven: Decision Making

- New section on predictive analytics
- New section describing the interface between organizational leaders and HR representatives based on best practices in the field
- New material covering techniques for assessing economic impact
- New exhibit reviewing techniques for assessing links between economic impact analysis and other functional areas of the business
- New exhibit covering the role of decision makers in selection
- New section covering differential weighting techniques for predictors
- Updated and revised discussion of choosing among weighting schemes
- Streamlined discussion of test score banding

Chapter Twelve: Final Match

- New section on long-term adjustment and the process of new hire onboarding over time
- Updated and revised discussion of specific onboarding practices
- Increased discussion of expatriate adjustment in staffing
- Updated and revised discussion of the strategic approach to job offers, with increased linkages to decision making and system management
- Streamlined discussion of pay policies
- Streamlined discussion of employment contracts
- Revised material on negligent hiring and minimizing its occurrence

Chapter Thirteen: Staffing System Management

- New section describing the design and administration of staffing systems
- Emphasis on strategic fit between staffing systems and organizational goals and processes
- Incorporation of strategic management research regarding HR systems
- New exhibit contrasting hierarchical and participative staffing systems
- Review of techniques for defining the mission of staffing
- Updated and revised material on organizational arrangements
- New EEO-1 report
- New discussion of incorporating implicit (hidden) bias material into EEO training
- New and revised material on internal and external dispute resolution procedures

Chapter Fourteen: Retention Management

- Enhanced review of techniques for analyzing turnover
- Comprehensive update and reorganization of material related to retention initiatives
- New section on predictive analytics in retention management
- New exhibit contrasting hire, quit, and layoff differences across industries
- New exhibit demonstrating how to use turnover breakout results
- Updated exhibit describing guidelines for increasing satisfaction and retention of employees
- Updated and revised discussion of causes of turnover
- Updated and revised discussion of the costs and benefits of turnover

In preparing previous editions, 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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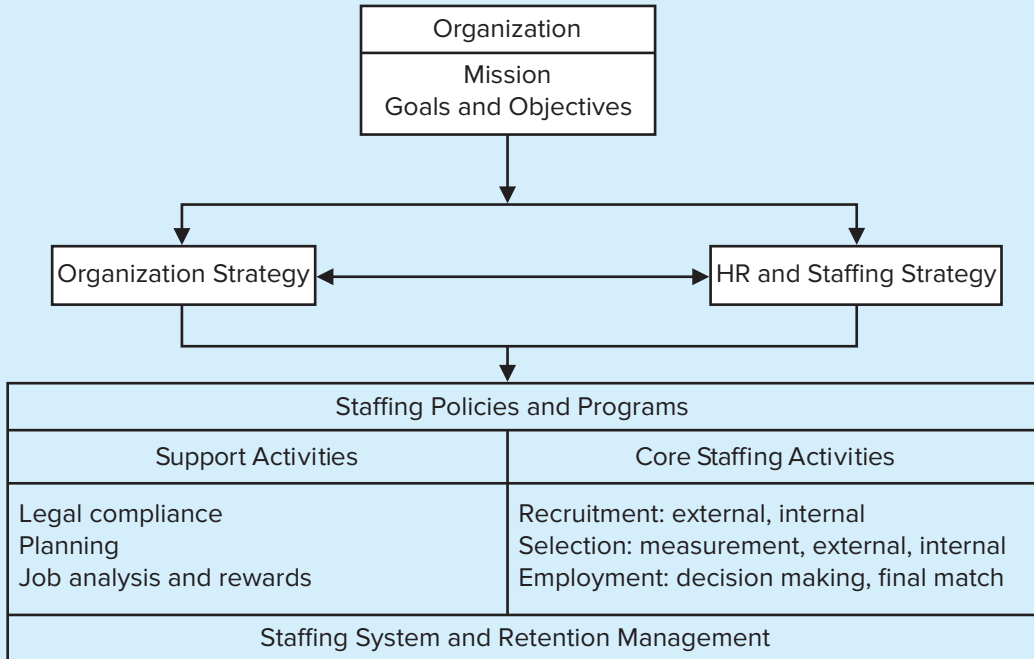
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**STAFFING
ORGANIZATIONS**
Ninth Edition

The Staffing Organizations Model



PART ONE

The Nature of Staffing

CHAPTER ONE

Staffing Models and Strategy

CHAPTER ONE

Staffing Models and Strategy

Learning Objectives and Introduction

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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," labor costs are often the highest organizational cost, and 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.

The ethics of staffing—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 these 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 121 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 24% of employees in work sites with fewer than 20 employees, 54% in work sites with 20–500 employees, and 21% in work sites with more than 500 employees.¹ Each of these work sites used some form of a staffing process to acquire its employees. Job creation has continued to expand since job growth recovery from the Great Recession was achieved in April 2014; since then, nearly 4.6 million jobs have been added as of December 2015. Among the industries contributing to this job growth, service-providing industries such as hospitality, leisure, health care, and professional services have been leading the way. Given the steadily increasing job growth over the last five years, as well as the boon in professional services such as selection and assessment, staffing is big business for both organizations and job seekers.²

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 a 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 advantage over 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 indirect implications for a competitive advantage by enhancing employees' well-being and retention. One recent study showed that employees who perceive that 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

This renewed focus on establishing a competitive advantage in staffing has also been revolutionized by advancements in technology that have changed the way employees are assessed during the staffing process. These include changes in the delivery of assessments (e.g., computerized adaptive testing [CAT] and mobile assessment); novel ways of assessing applicant knowledge, skill, and ability (e.g., simulation-based training and serious games); and the advanced scoring and reporting of assessments (e.g., electronic scoring and reporting). Although these changes are often financially sound and efficient benefits for organizations, this new paradigm in staffing is not without its limitations, including the potential threat of reduced effectiveness due to decreased face-to-face contact in assessment and a potential for the cognitively demanding nature of electronic assessments to adversely affect members of the applicant pool.⁵ Interestingly, this recent "technology effect" suggests that certain technological advancements may be viewed with rose-colored glasses, even without proper evaluation of their effectiveness.⁶

Thus, organizations are increasingly recognizing the value creation that can occur through staffing. Quotes from several organizational leaders attest to this, as shown in Exhibit 1.1. Of course, it should also be noted that effective staffing involves a series of trade-offs in practice, such as between customization and consistency or wide reach and coherence.⁷

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

^aG. 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.

^bJ. Trammell, “CEOs Must Own Recruiting: 10 Rules for Building a Top-Notch Function,” *Forbes*, Apr. 17, 2013 (www.forbes.com/sites/joeltrammell/2013/04/17/ceos-must-own-recruiting-10-rules-for-building-a-top-notch-function).

^cG. Anders, “Taming the Out-of-Control In-Box,” *Wall Street Journal*, Feb. 4, 2000, p. 81.

^dJ. McCoy, “Executives’ Worst Mistakes in Staffing,” *Staffing Industry Review*, Sept. 2010, pp. 1–2.

^eC. Powell, “A Leadership Primer: Lesson 8,” Department of the Army (www.think-energy.net/Colin-Powell-on-Leadership.pdf).