
STAFFING ORGANIZATIONS

Tenth Edition

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Dedication
Herb and Susan Heneman

STAFFING ORGANIZATIONS, TENTH EDITION

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PREFACE

The latest revisions to *Staffing Organizations* were designed to strike a balance between the needs of human resources (HR) professionals and the latest research findings. In the tenth edition, we have incorporated many changes that reflect ongoing developments in the field. Our continued conversations with top HR leaders across many organizations and staffing scholars have informed our revisions, enabling us to ensure the strategic relevance across all topics.

The use of big data and analytics in the HR function has increased exponentially since the last edition. We have updated the chapters to reflect these changes with discussions of artificial intelligence, machine learning, and other cutting-edge tools that are shaping the field. Methods to take advantage of contemporary survey tools and human resource information systems have been included. We have also improved the integration of more conventional statistical concepts, like multiple regression, in a way that is rigorous while keeping the material accessible to the general reader.

Another major change in this edition is the new chapter on the social and legal environment. The social context section now incorporates behavioral research on the employment relationship and updates the discussion of legal obligations and regulations. We have also introduced a major new section covering diversity and inclusion, which adds a discussion of how staffing practices can address the needs of a more diverse workforce. Ideas from this chapter are also woven throughout the book, helping students develop an integrated understanding of the contemporary employment relationship.

We also made changes to facilitate student engagement. Several sections of the book have been extensively revised with an eye toward making key concepts clear, tying together themes, and showing how staffing practices will be relevant to work in organizations. New exhibits also were created to give more of a big-picture view of how staffing accomplishes strategic goals in contemporary organizations.

A note on terminology in discussions of demography:

Terminology used for demographic groups is a key issue when addressing the contemporary workplace. Throughout the book, we have endeavored to use terms that are respectful, inclusive, and maximally relevant for organizational practice. We use “underrepresented group” or “minority” in different sections to reflect the specific

issue under consideration and to fit with terminology of the Equal Employment Opportunity Commission (EEOC). We use “Black” to refer inclusively to all individuals in the African diaspora, including African Americans, Afro-Caribbeans, and recent African immigrants. We use the term Hispanic rather than Latino or Latinx to be consistent with legal and research terminology and to recognize the distinction between these terms and cultural groups. We also use LGBT to reference lesbian, gay, bisexual, and transgender individuals for similar reasons when discussing matters of the law rather than LGBTQ or LGBTQA, which are not currently used in most legal or research documents. When discussing matters of recruitment, diversity, and inclusion, we use LGBT+ to represent related communities that may not be included in the LGBT term.

Listed below are updates to each chapter.

Chapter One: Staffing Models and Strategy

- New material on valuing employees as a competitive advantage
- Updated Exhibit 1.1 on the importance of staffing to organizational leaders
- New staffing system example—Marriott: Leveraging Technology for Staffing
- Updated material on the Enterprise Rent-a-Car staffing system example
- New material on person/job match and person/organization fit
- New integrated example to illustrate staffing levels and quality: TOMS shoes
- New and updated material on staffing levels and quality
- Updated example of hiring/retention trade-offs: Ultimate Software
- New example of attraction and relocation: Amazon’s establishment of a second headquarters
- Updated definition of staffing ethics from the Society for Human Resource Management

Chapter Two: Social and Legal Environment

- New chapter incorporating legal context with social factors
- Discussion of expectations, economic exchange, and social exchange
- Review of the sources of laws
- Emphasis on diversity and inclusion in contemporary organizations
- Discussion of the business case for diversity and inclusion
- Review of best practices for inclusive staffing

Chapter Three: Planning

- Major revision to chapter structure
- Streamlined discussion of internal and external influences
- Integrated material and strategies for forecasting requirements and availabilities
- Greater integration of competency material

- Forecasting of HR availability significantly updated to reflect contemporary practice
- Updated and expanded discussion of replacement and succession planning
- New application exercise on forecasting demand

Chapter Four: Job Analysis: Requirements, Competencies, and Rewards

- Major revision to chapter structure
- Thematic incorporation of sources to be used for job analysis information across the chapter
- New material on the changing nature of jobs
- Discussion of machine learning and other contemporary approaches to job analysis
- Description of strategic competencies applicable across organizations
- Major update to job rewards section, including information on contemporary strategies
- New exhibit reviewing sources of job analysis information
- New exercises focused on job requirements and assessing job rewards

Chapter Five: External Recruitment

- Major revision to discussion of strategic recruitment goals
- Expanded discussion of diversity and inclusion in recruiting
- New exhibit featuring examples of branded, targeted, and realistic message content
- New exhibit comparing communication media in terms of reach, richness, interactivity, and credibility
- Updated discussion of online recruiting methods
- Major update to material on social media in recruiting
- New summary clarifying the implications of individual, social, and organizational strategies for sourcing candidates
- Streamlined and updated discussion of recruiting practices as they relate to sourcing candidates
- New material on videoconferencing and remote interviewing

Chapter Six: Internal Recruitment

- Updated and expanded discussion of strategic issues in internal recruiting
- Improved integration with the external recruitment chapter
- Major conceptual revision to applicant sourcing material, differentiating short- and long-range sourcing strategies
- Updated discussion of research regarding the outcomes of internal promotion systems

- New discussion of high-potential employees
- Updated discussion of alternative mobility paths and their potential for improving flexibility
- Incorporation of human capital resources perspective

Chapter Seven: Measurement

- New material on the importance and use of measures
- Updated material on and integrative example of the definition of measurement
- New material on employer idiosyncratic evaluations of applicants' responses to interview questions
- Revised material on scores and the correlation between scores
- Updated material on the significance of the correlation coefficient
- New material on "practical significance"
- Updated Exhibit 7.5
- Revised material on reliability and validity
- New Exhibit 7.14 to illustrate the job requirements matrix
- Revised content validity section and updated the illustrative study of the Maryland Department of Transportation
- New material on differential prediction of selection measures

Chapter Eight: External Selection I

- New material on and examples of video résumés
- New material on and examples of résumé fabrications, distortions, and evaluation
- New material on and examples of getting a résumé noticed
- New discussion of the usefulness of a college education and quality of school as educational requirements, including examples
- New material on how prehire work experience is less important as a predictor of performance than once thought
- New material on and examples of the evaluation of application blanks
- Revised section on biographical information
- Revised section on the evaluation of recommendations, references, and background checks
- New material on and examples of video and computer interviews
- Updated Exhibit 8.8 and discussion of the choice of initial assessment methods
- Updated material on legal issues

Chapter Nine: External Selection II

- Reorganized and revised the chapter (as discussed in the introduction) to discuss external selection methods in terms of their correspondence with the job content in the following sequence: (1) performance tests, work samples, and

simulations; (2) situational judgment tests; (3) structured interviews; (4) ability tests; (5) emotional intelligence tests; (6) personality tests; (7) integrity tests; (8) interest, values, and preference inventories; (9) selection for team environments; and (10) selection of leaders

- Updated material on the prevalence and use of external selection methods
- Updated exhibits throughout the chapter
- New material on performance tests, work samples, and situational judgment tests
- Revised section on structured interviews, including the use of critical incidents to write structured interview questions
- Added examples and discussion of the gamification of cognitive ability assessment
- Updated sections on physical abilities
- New material on personality and emotional intelligence tests
- Revised section clarifying the validity of integrity tests, their fakability, and candidate reactions
- New section on the selection of leaders
- New discussion of favoritism, cronyism, and nepotism in discretionary assessment
- Updated discussion of marijuana and other drug testing

Chapter Ten: Internal Selection

- Updated material on the prevalence and use of internal selection methods
- Updated discussion of why organizations may not use talent management systems
- Updated exhibits throughout the chapter
- New section on employee reactions to talent management systems
- New discussion of meta-analytic findings on managerial sponsorship and seniority for promotion decisions
- New section and discussion on role-play exercises in assessment centers, in-basket exercises, and leaderless group discussions
- New Exhibit 10.8 and discussion of dysfunctional aspects of assessment centers
- Revised and updated sections on interview exercises, oral presentations, performance interviews, and the limitations of promotion panels
- Revised discussion of the choice of substantive assessment methods
- Revised section on and examples of discretionary assessment methods, including research on “left behind” employees
- Revised and updated section on the glass ceiling and the glass cliff
- New ethical issues question
- Revised application: Promotion from within at Citrus Glen

Chapter Eleven: Decision Making

- Greater attention to issues related to diversity and inclusion
- New material on selecting for multiple dimensions of performance
- Discussion of incremental validity analyses
- Updated discussion of cut score development procedures
- Expanded discussion of methods of final choice
- New exhibits showing implementation of cut scores and final choice policies

Chapter Twelve: Final Match

- New section covering the employment relationship and setting expectations
- Material integrating perspectives from the social and legal environment chapter
- Updated discussion of arbitration agreements for employment disputes
- Updated material on noncompete agreements
- New coverage of salary negotiation policies
- Major revision to discussion of job offer content
- Major revision to discussion of legal obligations that arise in the job offer process
- New exhibit and discussion of negotiable and nonnegotiable components of a job offer

Chapter Thirteen: Staffing System Management

- New section on analysis of staffing as a system integrated with other functions
- Updated and revised discussion of staffing processes
- Updated material on how human resource information systems are used
- Updated discussion of developing metrics for staffing systems
- New exhibit demonstrating analytics-based methods of evaluating staffing systems
- New exhibit showing a staffing flowchart emphasizing areas of accountability
- New discussion questions
- New application exercise focused on developing staffing policies and procedures

Chapter Fourteen: Retention Management

- New discussion of costs and benefits of retention strategies
- Increased emphasis of the effects of work process disruption due to turnover
- Revised and updated discussion of exit interview methods
- Updated review of methods for performance management strategies
- Revised discussion of methods of progressive discipline

Our first note of thanks is to Herbert G. Heneman III. Without Herb, *Staffing Organizations* would not exist. Herb and his brother Rob started this book in the early 1990s and were kind enough to bring me (Tim) in on the second edition. Rob soon left to pursue other interests, and Herb and I continued our happy and productive work on the book for seven more editions. During that time, we quickly became friends, establishing a friendship that continues to this very day. Starting with the seventh edition, John became an author on the book.

Over the course of nine editions, the book continues to reflect Herb's original vision. *Staffing Organizations* presents a broad view of the entire staffing process, from the proverbial cradle (staffing strategy) to the grave (retention and evaluation). Guiding this inclusive approach has been Herb's premise (which of course we share) that as important as recruitment and selection are, they do not exist in a vacuum. That premise is why topics such as staffing strategy, decision making, staffing system management, and retention management are discrete (and somewhat unique) chapters in the book. While we also want our book to reflect the latest research, most fundamentally we want the book to capture the staffing process as *it should and does exist* in organizations.

This unique perspective is, in our view, probably the most important reason why the book continues to thrive. But Herb added much more than his keen insight. As an author and leader of the project, Herb was methodical, honest, and supportive. Herb never ceased being opinionated about content (thank heavens!) and passionate about the quality of the book. Herb himself would be quick to thank his brother Rob and especially his wife, Sue, for their work and support over the more than quarter century Herb worked on the book.

Herb, thank you for starting this project, for your stewardship over the course of nine editions, for all the virtues you brought to bear on ensuring its success, and most of all for being a model co-author and friend every step of the way. We dedicate this edition, and all subsequent editions, to you.

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 express our gratitude to the following individuals: Amy Banta, Fred Dorn, Hank Findley, Diane Hagan, and Mark Lengnick-Hall.

We extend a special note of thanks to the McGraw Hill Education publishing team—in particular, Michael Ablassmeir, Laura Spell, Maria McGreal, Traci Vaske, and Lisa Granger for their continued support of the number-one staffing textbook in the market. Thanks also to the staff at Westchester Publishing Services for their dedicated work on this collaborative undertaking. We especially want to thank Dr. David R. Glerum for his hard work on manuscript revisions, editing, and preparation. Finally, we wish to thank you, the students and faculty who use the book. If there is anything we can do to improve your experience with *Staffing Organizations*, please contact us. We will be happy to hear from you.



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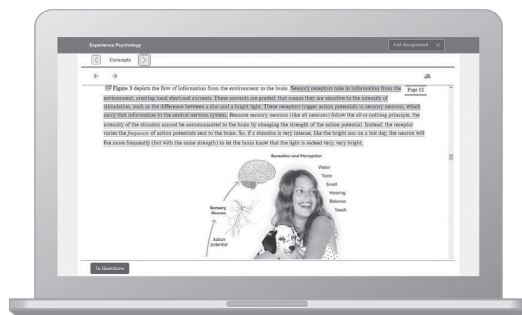


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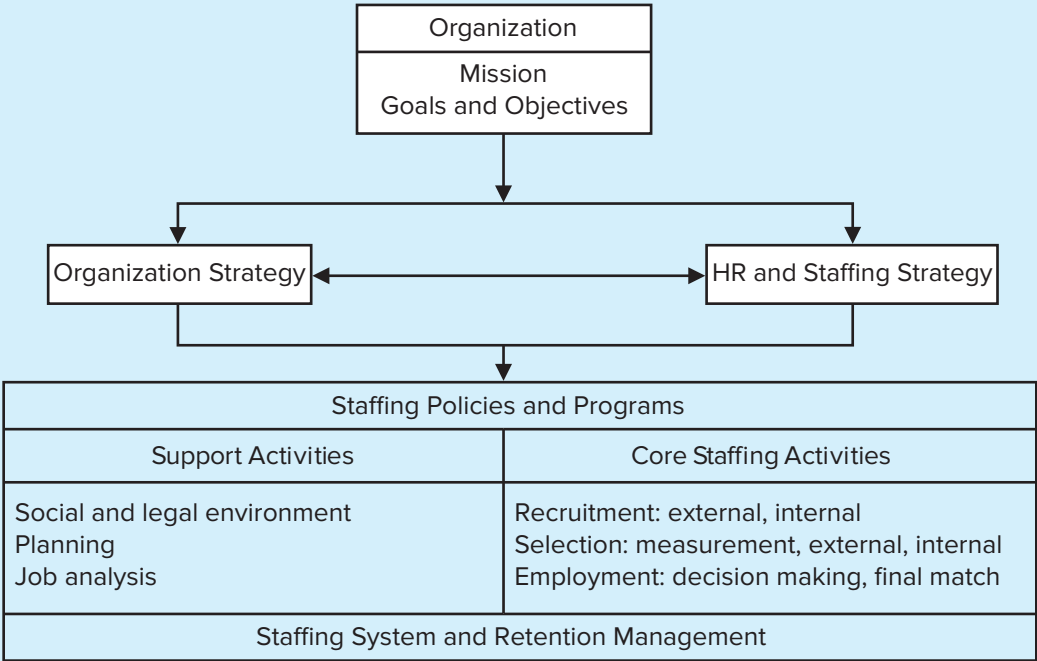
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**STAFFING
ORGANIZATIONS**
Tenth Edition

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

- Learning Objectives
- Introduction

The Nature of Staffing

- The Big Picture
- Definition of Staffing
- Implications of Definition
- Staffing System Examples

Staffing Models

- Staffing Quantity: Levels
- Staffing Quality: Person/Job Match
- Staffing Quality: Person/Organization Match
- Staffing System Components
- Staffing Organizations

Staffing Strategy

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Summary

Discussion Questions

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- Staffing for Your Own Job
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6 PART ONE The Nature of Staffing

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, the implications of that definition, and examples of staffing systems.

Five models are then presented to 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, on the other hand, shows how the person/job match could extend to how well the person may 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 may 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 suggestions that may help guide ethical conduct in staffing are provided, as well as several pressure points that may lead staffing professionals to compromise their ethical standards. Recommendations 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, ability, and traits 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 128 million (down from a peak of nearly 140 million in 2005), with employees spread across nearly eight million work sites. The work sites vary considerably in size, with 23% of employees in work sites with fewer than 20 employees, 55% in work sites with 20–499 employees, and 22% in work sites with 500 or more employees.¹ Each of these work sites likely used some form of a staffing process to acquire its employees. Job creation has continued to expand since recovery from the Great Recession was achieved in April 2014, with 11.7 million jobs created since that date. Since then, the unemployment rate declined to 3.8% in 2019, the lowest in 49 years. During this time, the ratio of unemployed persons to job openings also declined to below 1.0 for the first time. 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 (despite major employment decline in the retail sector in 2019). 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 a big, \$167 billion business for both organizations and job seekers—employing 2% of the US nonfarm workforce.²

For most organizations, maintaining a qualified workforce is expensive and a cost of doing business. It is estimated that an average organization’s employee cost

8 PART ONE The Nature of Staffing

(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. Experts from around the world collaborated with the International Organization for Standardization to develop guidelines for the reporting of human capital. This new standard is revolutionary in that it provides guidance for organizations, investors, and members of the workforce for indexing human capital, establishing a link with competitive advantages, and benchmarking results across organizations. Since the development of these standards, 22 countries have been actively participating.⁴ To illustrate the value of human capital, 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. In 2015, Ruby Receptionists raised \$38.8 million in private equity and doubled its staff through its efforts to forge a culture that values and develops its employees.⁵ Research supports the competitive advantage of human capital, with one study of a large fast-food organization demonstrating that improvements in staffing procedures lead to improvements in customer service performance and profits.⁶ The competitive advantage derived from 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 employee well-being and retention. One 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.⁷

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.⁸ Interestingly, this recent “technology effect” suggests that certain technological advancements may be viewed with rose-colored glasses, even without proper evaluation of their effectiveness.⁹

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.¹⁰ Furthermore, effective staffing in and of itself is not a silver bullet: a strategic consideration of the context and environment is important for assessing the value of staffing, as staffing practices tend to be more effective in dynamic industries with less collective turnover.¹¹

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 that 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 the form of the qualifications or knowledge, skills, abilities, and other characteristics (KSAOs) needed to perform the job effectively, establishing the types of rewards the job will provide, conducting external recruitment campaigns, using selection tools to evaluate the KSAOs that applicants possess, deciding which applicants are the most qualified and will receive job offers, and putting together job offers that applicants will hopefully accept.

Deployment refers to the placement of new hires in the actual jobs they will hold, something that may not be entirely clear at the time of hire, such as the specific work unit or geographic location. Deployment also encompasses guiding the movement of current employees throughout the organization through internal staffing

10 PART ONE The Nature of Staffing

EXHIBIT 1.1 The Importance of Staffing to Organizational Leaders

“The secret of my success is that we have gone to exceptional lengths to hire the best people in the world. And when you’re in a field where the dynamic range is 25 to 1, boy, does it pay off.”^a

Steve Jobs, chairman, CEO, and cofounder
Apple

“At most companies, people spend 2% of their time recruiting and 75% managing their recruiting mistakes.”^b

Richard Fairbank, chairman and 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

“I am convinced that nothing we do is more important than hiring and developing people. At the end of the day, you bet on people, not on strategies.”^d

Lawrence Bossidy (Ret. CEO)
Honeywell

“Obviously, engaging and recruiting people are closer to you achieving your desired goal, but you can’t do that until you have found them in the first place. Sourcing and finding people is the most important. You can’t recruit, message, or network with someone you haven’t found.”^e

Glen Gathe, SVP Digital Strategy and Innovation
Randstad

^aB. Schlender, “New Wisdom From Steve Jobs on Technology, Hollywood, and How ‘Good Management Is Like the Beatles,’” *Fast Company*, April 2012 (www.fastcompany.com/90449052/what-you-should-know-about-5g-in-2020).

^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.

^dN. M. Tichy and R. Charan, “The CEO as Coach: An Interview With AlliedSignal’s Lawrence A. Bossidy,” *Harvard Business Review*, March 1995.

^eLinkedIn Talent Solutions, “35 Inspirational Quotes From Talent Connect San Francisco and London” (slide), Nov. 7, 2014 (www.slideshare.net/linkedin-talent-solutions/25-quotes-from-talent-connect-san-francisco-that-will-inspire-you).

systems that handle onboarding, promotions, transfers, and new project assignments. Internal staffing systems mimic external staffing systems in many respects, such as planning for promotion and transfer vacancies, establishing job requirements and job rewards, recruiting employees for promotion or transfer opportunities, evaluating employees' qualifications, and making job offers to employees for new positions.

Retention systems seek to manage the inevitable flow of employees out of the organization. Sometimes these outflows are involuntary on the part of the employee, such as through layoffs or the sale of a business unit to another organization. Other outflows are voluntary in that they are initiated by the employee, such as leaving the organization to take another job (a potentially avoidable turnover by the organization) or leaving to follow one's spouse or partner to a new geographic location (a potentially unavoidable turnover). Of course, no organization can or should seek to eliminate employee outflows, but it should try to minimize the types of turnover in which valued employees leave for greener pastures elsewhere—namely, voluntary-avoidable turnover. Such turnover can be very costly to the organization, as can turnover due to employee discharges and downsizing. Through various retention strategies and tactics, the organization can combat these types of turnover, seeking to retain those employees it thinks it cannot afford to lose.

Staffing as a Process or System

Staffing is not an event, as in, "We hired two people today." Rather, staffing is a process that establishes and governs the flow of people into the organization, within the organization, and out of the organization. Organizations use multiple interconnected systems to manage the flow of people. These include planning, recruitment, selection, decision making, job offer, and retention systems. Events or actions in one system inevitably affect the other systems. If planning activities show a forecasted increase in vacancies relative to historical standards, for example, the recruitment system will need to gear up for generating more applicants than previously needed, the selection system will have to handle the increased volume of applicants needing to be evaluated, decisions about job offers may have to be sped up, and the job offer packages may have to be sweetened to entice the necessary numbers of new hires. Further, steps will have to be taken to retain the new hires and thus avoid having to repeat the above experiences in the next staffing cycle.

Quantity and Quality

Staffing the organization requires attention to both the numbers (quantity) and the types (quality) of people brought into, moved within, and retained by the organization. The quantity element refers to having enough people to conduct business, and the quality element refers to having people with the requisite KSAOs so that jobs are performed effectively. It is important to recognize that it is the combination of quantity and quality of labor that creates a maximally effective staffing system.

Organizational Effectiveness

Staffing systems should be used to contribute to the attainment of organizational goals such as survival, profitability, and growth. A macro view of staffing like this is often lost or ignored because most of the day-to-day operations of staffing systems involve micro activities that are procedural, transactional, and routine in nature. While these micro activities are essential for staffing systems, they must be viewed within the broader macro context of the positive impacts staffing can have on organizational effectiveness. There are many indications of this critical role of staffing.

Leadership talent is at a premium, with very large stakes associated with new leader acquisition. Sometimes leadership talent is bought and brought from the outside to hopefully execute a reversal of fortune for the organization or a business unit within it. For example, in 2012, Yahoo brought in Marissa Mayer, a former executive at Google, to turn around the aging tech giant. Organizations also acquire leaders to start new business units or ventures that will feed organizational growth. The flip side of leadership acquisition is leadership retention. A looming fear for organizations is the unexpected loss of a key leader, particularly to a competitor. The exiting leader carries a wealth of knowledge and skill out of the organization and leaves a hole that may be hard to fill, especially with someone of equal or higher leadership stature. The leader may also take other key employees along, thus increasing the exit impact.

Organizations recognize that a strategic hunt for talent is essential to expand organizational value and provide protection from competitors. Such a strategy is particularly effective if the talent is unique and rare in the marketplace, valuable in the anticipated contributions to be made (such as product creations or design innovations), and difficult for competitors to imitate (such as through training current employees). Talent of this sort can serve as a source of competitive advantage for the organization, hopefully for an extended time period.¹²

Talent acquisition is essential for growth even when it does not have such competitive advantage characteristics. As hiring has steadily picked up since the end of the Great Recession, many companies are scrambling to staff positions in order to keep up with demand. For example, Amazon, Microsoft, and Oracle are each attempting to fill over a whopping 2,000 positions that all pay at least \$60,000 a year.¹³ Shortages in the quantity or quality of labor can mean lost business opportunities, scaled-back expansion plans, an inability to provide critical consumer goods and services, and even threats to the organization's survival.

Finally, for individual managers, having sufficient numbers and types of employees on board is necessary for the smooth, efficient operation of their work units. Employee shortages often require disruptive adjustments, such as job reassignments or overtime for current employees. Underqualified employees present special challenges to the manager, as they need to be trained and closely supervised. Failure of the underqualified to achieve acceptable performance may require termination, a difficult decision to make and implement.

In short, organizations experience and respond to staffing forces and recognize how critical these forces can be to organizational effectiveness. The forces manifest themselves in numerous ways: acquisition of new leaders to change the organization's direction and effectiveness, prevention of key leader losses, use of talent as a source of growth and competitive advantage, shortages of labor—both quantity and quality—that threaten growth and even survival, and the ability of individual managers to effectively run their work units.

Staffing System Examples

Staffing Jobs Without Titles

W. L. Gore & Associates is a Delaware-based organization that specializes in making products derived from fluoropolymers. Gore produces fibers (including dental floss and sewing threads), tubes (used, for example, in heart stents and oil exploration), tapes (including those used in space exploration), and membranes (used in Gore-Tex waterproof clothing).

Gore employs over 10,000 workers and appears on nearly every “great place to work” list, including *Fortune* magazine’s “100 Best Companies to Work For.” In addition, it boasts a miniscule 4% full-time voluntary turnover rate. What makes Gore so special? Gore associates say that it is the culture, and the culture starts with the hiring.

Gore has a strong culture that is reflected in its structure: a team-based, flat lattice structure that fosters personal initiative. At Gore, no employee can ever command another employee—all commitments are voluntary, and any employee can say no to any request. Employees are called “associates” and managers are called “sponsors.” How do people become leaders at Gore? “You get to be a leader if your team asks you to lead them.”¹⁴

Gore extends this egalitarian, entrepreneurial approach to its staffing process. The focal point of Gore’s recruitment process is the careers section of its website, which describes its core values and its unique culture. The website also provides position descriptions and employee perspectives on working at Gore, complete with pictures of the associates and videos. Three Gore associates—Janice, Katrin, and Mike—work on Gore’s footwear products, striving to uphold the company’s “keep you dry” guarantee. As Mike notes, “The reasons that I chose Gore from the start are the same reasons why I stay at Gore today, and continue to have fun every day: It’s the people. Our team is a great team, and I think that is reflected or echoed across the entire enterprise.” Hajo, Alicia, and Austin make up a team working on the clinical product Thoracic Endoprosthesis. As Hajo notes, “When you come to work each day, you don’t have a boss to give you explicit instructions on what you need to accomplish.”

Gore finds that its employee-focused recruitment efforts do not work for everyone, which is exactly what it intends. “Some of these candidates, or prospects in the fields we were recruiting for, told us ‘this company probably isn’t for me,’” says Steve Shuster, who helped develop the recruitment strategy. Shuster says that

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this self-selection is another benefit of its recruitment message. Potential recruits who prefer a more traditional culture quickly see that Gore isn't for them. Shuster says, "Rather than have them go through the interview process and invest their time and our time, we wanted to weed that out." Of course, Gore has a culture that fits many. Says Gore associate Hannah, who works on the company's heart device team, "I feel like Gore is not just a job, that it's more of a lifestyle and a huge part of my life."¹⁵

Leveraging Technology for Staffing

Staffing is immensely important to Marriott—with over 30 brands and more than 7,000 properties in 131 countries, finding talented, motivated people to fill a wide variety of positions is a challenge. Marriott is arguably the model for effectively leveraging social media for recruitment. In order to broaden the talent pool and reach as many people as possible, social media is the way to go: 91% of employers are using social media for talent acquisition and believe that usage will only continue to increase. From a strategic standpoint, social media also enables employers to connect with passive candidates. One survey suggests that 75% of potential hires are not actively searching and that 80% of employers found that using social media has helped them find passive candidates.

So, what does Marriott do to reach more people through social media? First and foremost, Marriott remains actively engaged with potential applicants and customers throughout the world: it boasts over 70 billion reactions and 3.5 million mentions across social media accounts. It maintains engagement by encouraging dialogue on the brand and by connecting person to person. For example, Marriott's MarriottCareers Instagram account enables potential applicants to experience stories and impressions from current employees while advertising for open jobs. Relatedly, its "Where I Belong" campaign focuses on creating a shared sense of space and core values with potential applicants.

One innovative strategy Marriott enacted was through the development of My Marriott Hotel, an online game designed to attract applicants who have little exposure to the hospitality industry. This game enabled Marriott to leverage technology toward several strategic aims: making the recruitment process entertaining, providing a realistic job preview to those unfamiliar with the industry, and gaining a potential advantage over competitors. The decision to design the game was strategic: Marriott was struggling to connect with potential applicants in Indian and Chinese markets, and it knew that in many of these regions potential applicants were moving from rural areas to the city, and primarily used social media to play games and search for new jobs. Such a decision was not without risk, however. As David Kippen of Evviva, the firm that designed the game, noted, "There were risks to consider—what if it didn't work? What if it was lame? What would it mean for the Marriott brand?" Overall, the risk paid off: since its launch, the game has attracted tens of thousands of users from hundreds of countries.¹⁶

Management Trainees

Enterprise Rent-A-Car is a private company founded in 1957 with locations in the United States, Canada, the UK, Ireland, and Germany. Enterprise boasts 7,600 offices in neighborhoods and airports in over 85 countries. Among its competitors, Enterprise frequently wins awards for customer satisfaction.

To staff its locations, Enterprise relies heavily on recruiting recent college graduates. In fact, Enterprise hires more college graduates—often between 8,000 and 9,000 a year—than any other company. New hires enter Enterprise’s management training program, where they learn all aspects of running a branch, including taking reservations, picking up customers, developing relationships with car dealerships and body shops for future rentals, managing the fleet, handling customer issues, and even washing cars. Nearly all promotions at Enterprise occur from within and are strictly performance based, allowing management trainees to see a clear path from their current position to higher positions such as assistant manager, branch manager, and area manager. Typically, the first promotion occurs within 9–12 months of being hired, which speeds the climb up the corporate ladder.

To fill so many positions with college graduates, Enterprise relies on several strategies, including recruiting from an internship program of approximately 1,000 students a year, attending college recruitment fairs, using its website to highlight its performance-driven culture as well as employee testimonials, and devoting a large percentage of its television advertising to the NCAA basketball tournament, which occurs each March and has a high college viewership. Although graduates’ grades are important to Enterprise, communication skills are even more essential, says Dylan Schweitzer, northeast manager of talent acquisition.

Although the management trainee program at Enterprise has been described as a grueling process, with many trainees leaving prior to being promoted, its executives often describe it as an “MBA without the IOU” because trainees gain first-hand experience in sales, marketing, finance, and operations.¹⁷

STAFFING MODELS

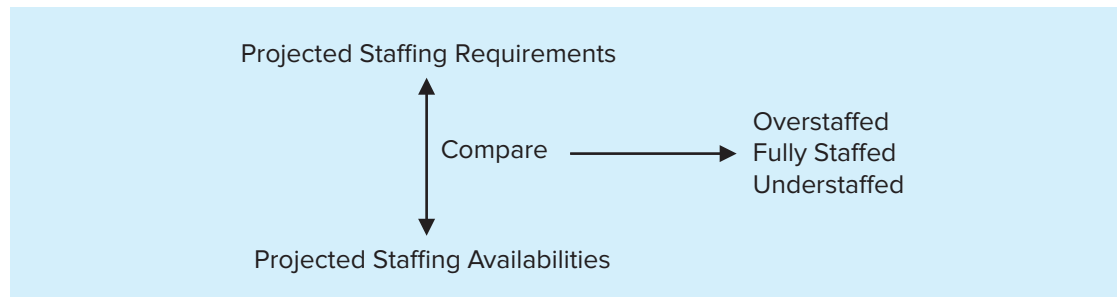
Various elements of staffing are depicted in the five staffing models presented in the following sections. Each of these is described in detail to more fully convey the nature and richness of staffing the organization.

Staffing Quantity: Levels

The quantity or head-count portion of the staffing definition means organizations must be concerned about staffing levels and their adequacy. Exhibit 1.2 shows the basic model. The organization, as well as each of its units, forecasts workforce quantity requirements (the needed head count) and then compares these with

EXHIBIT 1.2

Staffing Quantity



forecasted workforce availabilities (the likely employee head count) to determine its likely staffing level position. If head-count requirements match availabilities, the organization will be fully staffed. If requirements exceed availabilities, the organization will be understaffed, and if availabilities exceed requirements, the organization will be overstaffed.

Making forecasts to determine appropriate staffing levels and then developing specific plans are the essence of planning. Being understaffed means the organization will have to gear up its staffing efforts, starting with accelerated recruitment and carrying on through the rest of the staffing system. It may also require developing retention programs that will slow the outflow of people, thus avoiding costly “turnstile” or “revolving door” staffing. Overstaffing projections signal the need to slow down or even halt recruitment, as well as to take steps to reduce head count, perhaps through early retirement plans or layoffs.

Staffing Quality: Person/Job Match

The person/job match seeks to align characteristics of individuals with jobs in ways that will result in desired outcomes. Casual comments made about applicants often reflect awareness of the importance of the person/job match: “Clark just doesn’t have the interpersonal skills that it takes to be a good customer service representative.” “Mary has exactly the kind of budgeting experience this job calls for; if we hire her, there won’t be any downtime while she learns our systems.” “Gary says he was attracted to apply for this job because of its sales commission plan; he says he likes jobs where his pay depends on how well he performs.” “Diane was impressed by the amount of challenge and autonomy she will have.” “Jack turned down our offer; we gave him our best shot, but he just didn’t feel he could handle the long hours and amount of travel the job calls for.”

Comments like these raise four important points about the person/job match. First, jobs are characterized by their requirements (e.g., interpersonal skills, previous budgeting experience) and embedded rewards (e.g., commission sales plan, challenge and autonomy). Second, individuals are characterized by their level of

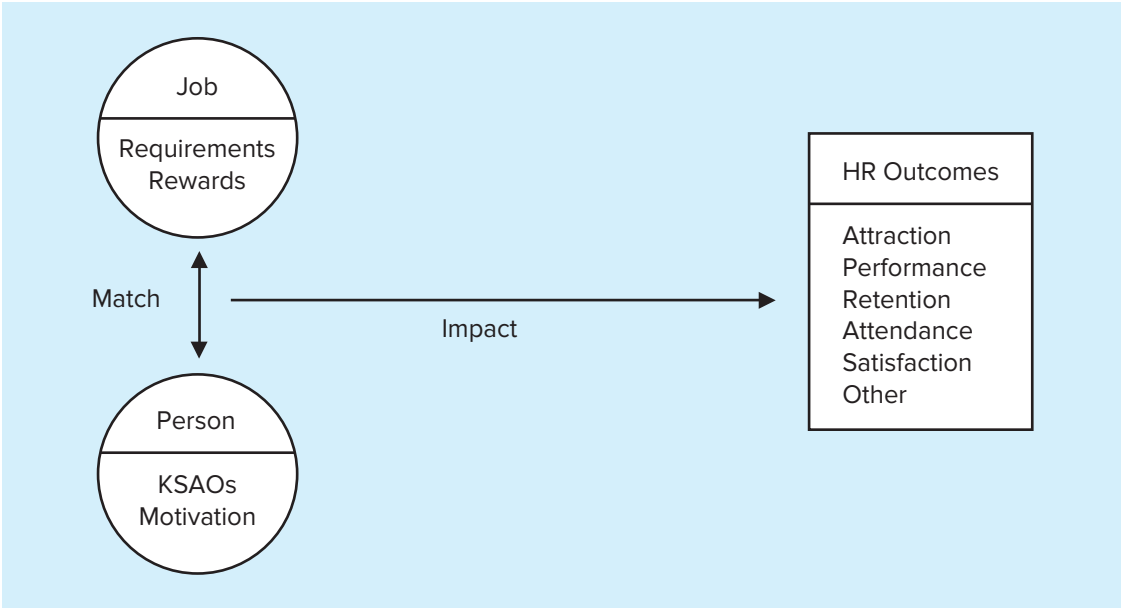
qualification (e.g., few interpersonal skills, extensive budgeting experience) and motivation (e.g., need for pay to depend on performance, need for challenge and autonomy). Third, in each of the previous examples, the issue was the likely degree of fit or match between the characteristics of the job and the person. Fourth, there are implied consequences for every match. For example, Clark may not perform very well in his interactions with customers; retention might quickly become an issue with Jack.

These points and concepts are shown more formally through the person/job match model in Exhibit 1.3. In this model, the job has certain requirements and rewards associated with it. The person has certain qualifications, referred to as KSAOs, and motivations. There is a need for a match between the person and the job. To the extent that the match is good, it will likely have a positive impact on outcomes, particularly with attraction of job applicants, job performance, retention, attendance, and satisfaction.

There is a need for a dual match to occur: job requirements to KSAOs, and job rewards to individual motivation. In and through staffing activities, there are attempts to ensure both. Such attempts collectively involve what will be referred to throughout this book as the matching process.

Several points pertaining to staffing need to be made about the person/job match model. First, the concepts shown in the model are not new.¹⁸ They have been used for decades as the dominant way of thinking about how individuals

EXHIBIT 1.3 Person/Job Match



18 PART ONE The Nature of Staffing

successfully adapt to their work environments. The view is that the positive interaction of individual and job characteristics creates the most successful match. Thus, a person with a given package of KSAOs is not equally suited to all jobs, because jobs vary in the KSAOs required. Likewise, an individual with a given set of needs or motivations will not be satisfied with all jobs, because jobs differ in the rewards they offer. Thus, in staffing, everyone must be assessed relative to the requirements and rewards of the job being filled.

Second, the model emphasizes a dual match of KSAOs to requirements and motivation to rewards. Both matches require attention in staffing. For example, a staffing system may be designed to focus on the KSAOs/requirements match by carefully identifying job requirements and then thoroughly assessing applicants relative to those requirements. While such a staffing system may accurately identify the probable high performers, problems could arise. By ignoring or downplaying the motivation/rewards portion of the match, the organization may have difficulty getting people to accept job offers (an attraction outcome) or having new hires remain with the organization for any length of time (a retention outcome). It does little good to identify the likely high performers if they cannot be induced to accept job offers or to remain with the organization. Paradoxically, a recent research study has demonstrated that although matching the KSAOs to requirements is important for organizations, job advertisements that emphasize the fit between employee needs and employer fulfillment of those needs (e.g., motivation to rewards) actually led to more applications and a higher-quality applicant pool.¹⁹

Third, job requirements should be expressed in terms of both the tasks involved and the KSAOs needed to perform those tasks. Most of the time, it is difficult to establish meaningful KSAOs for a job without having first identified the job's tasks. KSAOs usually must be derived or inferred from knowledge of the tasks. An exception to this involves very basic or generic KSAOs that are reasonably deemed necessary for most jobs, such as literacy and oral communication skills.

Fourth, job requirements often extend beyond task and KSAO requirements. For example, the job may require punctuality, good attendance, safety toward fellow employees and customers, and travel. Matching an individual to these requirements must also be considered when staffing the organization. Travel requirements of the job, for example, may involve assessing applicants' availability for, and willingness to accept, travel assignments. Integrating this with the second point above, travel issues, which frequently arise in the consulting industry, play a role in both the attraction process (getting people to accept) and the retention process (getting people to stay). "Road warriors," as they are sometimes termed, may first think that frequent travel will be exciting, only to discover later that they find it taxing. Relatedly, job rewards often extend beyond pay and benefits. A recent study has found that organizations should also pay attention to the match between providing developmental career experiences for employees and their need for such experiences—doing so improved commitment to the organization and reduced turnover.²⁰

Finally, the matching process can yield only so much by way of impacts on the HR outcomes. The reason for this is that these outcomes are influenced by factors outside the realm of the person/job match. Retention, for example, depends not only on how close the match is between job rewards and individual motivation but also on the availability of suitable job opportunities in other organizations and labor markets. As hiring begins to improve and unemployment continues to drop, organizations are likely to face increased retention pressures as other opportunities present themselves to employees due to more favorable economic conditions. Furthermore, given that fit may change over time, organizations should pay attention to changes in person/job fit: if jobs become more challenging over time or employees lose the KSAOs needed to meet job demands, retention can be affected.²¹

Staffing Quality: Person/Organization Match

Often the organization seeks to determine how well the person matches not only the job but also the organization. Likewise, applicants often assess how well they think they will fit into the organization, in addition to how well they match the specific job's requirements and rewards. For both the organization and the applicant, then, there may be a concern with a person/organization match.²²

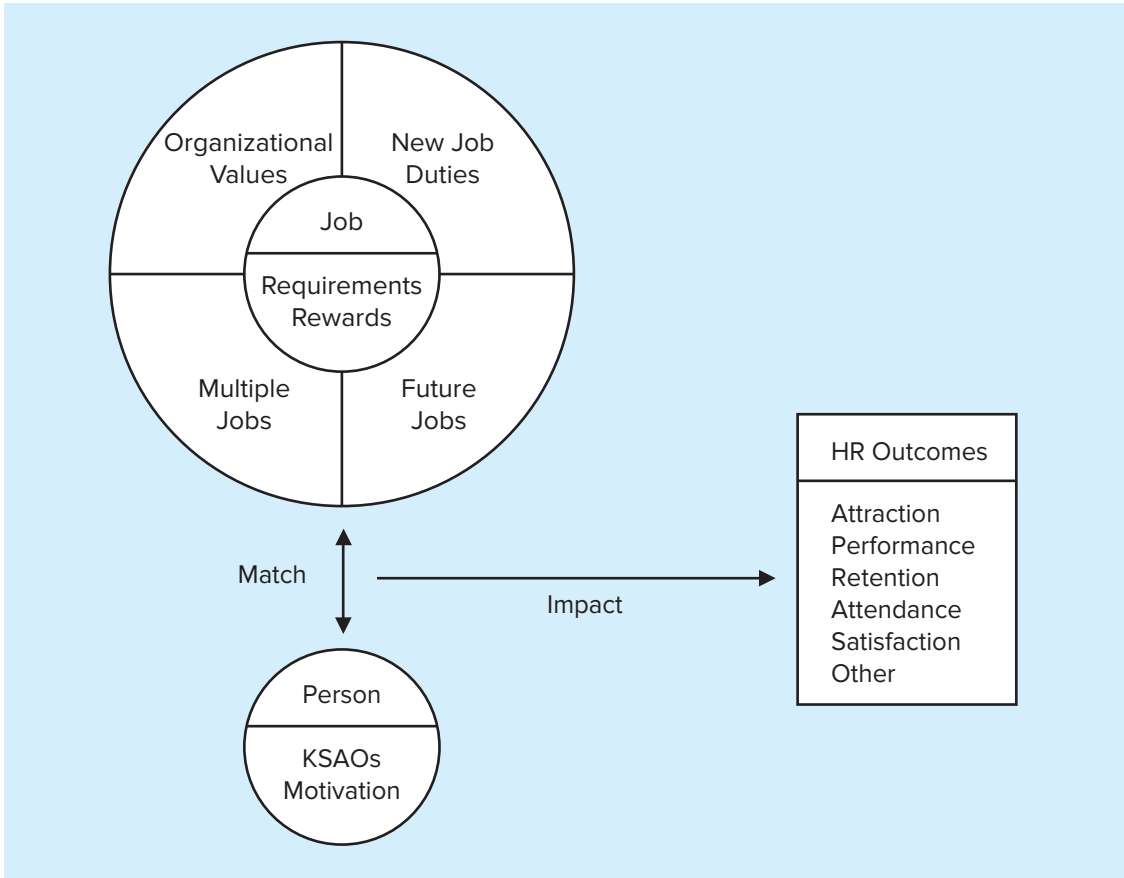
Exhibit 1.4 shows this expanded view of the match. The focal point of staffing is the person/job match, and the job is the bull's eye of the matching target. Four other matching concerns involving the broader organization also arise in staffing: organizational values, new job duties, multiple jobs, and future jobs.

Organizational values are norms of desirable attitudes and behaviors for the organization's employees. Examples include honesty and integrity, achievement and hard work, and concern for fellow employees and customers. Though such values may never appear in writing, such as in a job description, the likely match of the applicant to them is judged during staffing. The effects of a mismatch between an employee and the organization on values can be quite strong, given that the mismatch tends to deplete an individual's regulatory resources, leading to low performance and a decreased ability to adapt.²³

New job duties are tasks that may be added to the target job over time. Organizations desire new hires who will be able to successfully perform these new duties as they are added. In recognition of this, job descriptions often contain the catchall phrase "and other duties as assigned." These other duties are usually vague at the time of hire, and they may never materialize. Nonetheless, the organization would like to hire people it thinks could perform these new duties. Having such people will provide the organization the flexibility to complete new tasks without having to hire additional employees. As we will discuss later in this book, certain types of individuals are better than others at adapting to changing circumstances, and organizations with evolving job duties are well advised to select them.

Flexibility concerns also enter the staffing picture in terms of hiring people who can perform multiple jobs. Small businesses, for example, often desire new hires

EXHIBIT 1.4 Person/Organization Match



who can function as jacks-of-all-trades. Organizations experiencing rapid growth may require new employees who can handle several job assignments, splitting their time among them on an as-needed basis. Such expectations obviously require assessments of person/organization fit.

Future jobs represent forward thinking by the organization and the person as to which job assignments the person might assume beyond the initial job. Here the applicant and the organization are thinking of long-term matches over the course of transfers and promotions as the employee becomes increasingly seasoned for the long run. As technology and globalization cause jobs to change at a rapid pace, more organizations are engaging in “opportunistic hiring,” where an individual is hired into a newly created job or a job that is an amalgamation of previously distributed tasks. In such cases, person/organization match is more important than person/job match.²⁴

In each of the four concerns, the matching process is expanded to consider requirements and rewards beyond those of the target job as it currently exists. Though the dividing line between person/job and person/organization matching is fuzzy, both types of matches are frequently of concern in staffing. Ideally, the organization's staffing systems focus first and foremost on the person/job match. This will allow the nature of the employment relationship to be specified and agreed to in concrete terms. Once these terms have been established, person/organization match possibilities can be explored during the staffing process. However, assessing fit reliably is more difficult than it may seem: applicants in tight job markets may strategically "fake fit" in order to land the job.²⁵ In this book, for simplicity's sake, we will use the term "person/job match" broadly to encompass both types of matches, though most of the time we will be referring to the match with the actual job itself.

Staffing System Components

As noted, staffing encompasses managing the flows of people into and within the organization, as well as retaining them. The core staffing process has several components that represent steps and activities that occur over the course of these flows. Exhibit 1.5 shows these components and the general sequence in which they occur.

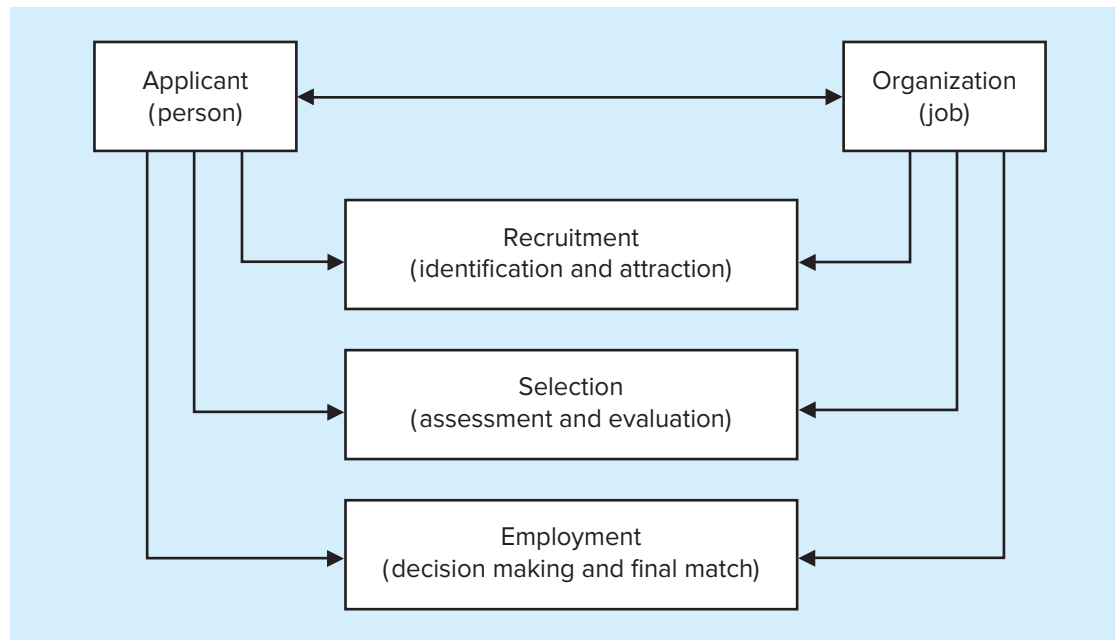
As shown in the exhibit, staffing begins with a joint interaction between the applicant and the organization. The applicant seeks the organization and job opportunities within it, and the organization seeks applicants for job vacancies it has or anticipates having. Both the applicant and the organization are thus "players" in the staffing process from the very beginning, and they remain joint participants throughout the process.

At times, the organization may be the dominant player, such as in aggressive and targeted recruiting for certain types of applicants. At other times, the applicant may be the aggressor, such as when he or she desperately seeks employment with a particular organization and will go to almost any length to land a job with it. Most of the time, the staffing process involves a more balanced and natural interplay between the applicant and the organization.

The initial stage in staffing is recruitment, which involves identification and attraction activities by both the organization and the applicant. The organization seeks to identify and attract individuals so that they become job applicants. Activities such as advertising, job fairs, use of recruiters, preparation and distribution of informational brochures, and "putting out the word" about vacancies among its own employees are undertaken by the organization. The applicant identifies organizations with job opportunities by reading advertisements, contacting an employment agency, mass mailing résumés to employers, and so forth. These activities are accompanied by attempts to make one's qualifications (KSAOs and motivation) attractive to organizations, such as by applying in person for a job or preparing a carefully constructed résumé that highlights significant skills and experiences.

EXHIBIT 1.5

Staffing System Components



Gradually, recruitment activities phase into the selection stage and its accompanying activities. Now, the emphasis is on assessment and evaluation. For the organization, this means the use of various selection techniques (interviews, application blanks, and so on) to assess applicant KSAOs and motivation. Data from these assessments are then evaluated against job requirements to determine the likely degree of person/job match. At the same time, the applicant is assessing and evaluating the job and organization on the basis of the information gathered from organizational representatives (e.g., recruiters, manager with the vacancy, and other employees), written information (e.g., brochures, employee handbook), informal sources (e.g., friends and relatives who are current employees), and visual inspection (e.g., a video presentation, a work site tour). This information, along with a self-assessment of KSAOs and motivation, is evaluated against the applicant's understanding of job requirements and rewards to determine whether a good person/job match is likely.

The last core component of staffing is employment, which involves decision making and final match activities by the organization and the applicant. The organization must decide which applicants to allow to continue in the process and which to reject. This may involve multiple decisions over successive selection steps or hurdles. Some applicants ultimately become finalists for the job. At that point,

the organization must decide to whom it will make the job offer, what the content of the offer will be, and how it will be drawn up and presented to the applicant. Upon the applicant's acceptance of the offer, the final match is complete, and the employment relationship is formally established.

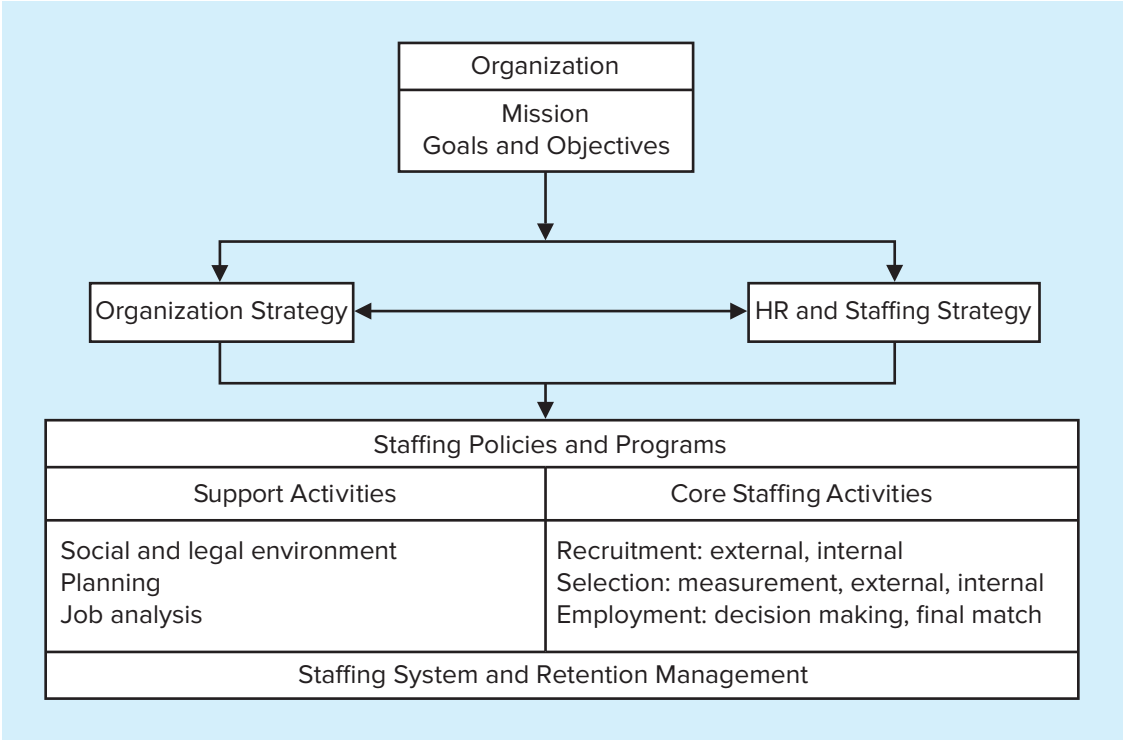
For the applicant, the employment stage involves self-selection, a term that refers to deciding whether to continue in the staffing process or drop out. This decision may occur anywhere along the selection process, up to and including the moment of the job offer. If the applicant continues as part of the process through the final match, the applicant has decided to be a finalist. Their attention now turns to a possible job offer, possible input and negotiation on its content, and making a final decision about the offer. The applicant's final decision is based on their overall judgment about the likely suitability of the person/job match.

Note that the above staffing components apply to both external and internal staffing. Though this may seem obvious in the case of external staffing, a brief elaboration may be necessary for internal staffing, where the applicant is a current employee and the organization is the current employer. As we discussed above, Enterprise Rent-A-Car staffs most of its managerial positions internally. Job opportunities (vacancies) exist within the organization and are filled through the activities of the internal labor market. Those activities involve recruitment, selection, and employment, with the employer and the employee as joint participants. As another example, at the investment banking firm Goldman Sachs, candidates for promotion to partner are identified through a multistep process.²⁶ They are "recruited" by division heads identifying prospective candidates for promotion (as in many internal staffing decisions, it is assumed that all employees are interested in promotion). Candidates are then vetted based on input from senior managers in the firm and are evaluated from a dossier that contains the candidate's credentials and accomplishments. After this six-month process, candidates are recommended for partner to the CEO, who then makes the final decision and offers partnership to those lucky enough to be selected (partners average \$7 million a year, plus perks). When candidates accept the offer of partnership, the final match has occurred, and a new employment relationship has been established.

Staffing Organizations

The overall staffing organizations model, which forms the framework for this book, is shown in Exhibit 1.6. It depicts that the organization's mission, along with its goals and objectives, drives both organization strategy and HR and staffing strategy, which influence each other when they are being formulated. Staffing policies and programs result from these strategies and serve as an overlay to both support activities and core staffing activities. Employee retention and staffing system management concerns cut across these support and core staffing activities. Finally, though not shown in the model, it should be remembered that staffing levels and

EXHIBIT 1.6 Staffing Organizations Model



staffing quality are the key focal points of staffing strategy, policy, and programs. A more thorough examination of the model follows next.

Organization, HR, and Staffing Strategy

An organization formulates strategy to express an overall purpose or mission and to establish broad goals and objectives that will help fulfill its mission. For example, TOMS’s mission is to “help improve lives through business.” With this mission statement, the organization has built a brand presence that emphasizes helping others and harmony with nature. This mission has driven goals and objectives pertaining to product development, sales growth, and competitive differentiation through its efforts to help improve lives, through such aims as alleviating poverty. Although the organization originally began producing shoes and would match every sale with a pair donated to a child in need, it has continued to develop products such as eyewear, coffee, and bags operating under a similar business model, to further its mission. This mission permeates into the staffing function, as the company forges a supportive and collaborative culture to advance TOMS’s mission, offers an internship program that develops social entrepreneurship skills so that interns can

start their own businesses that change lives, and offers a pathways program that provides employment opportunities to unemployed youth.²⁷

Underlying these objectives are certain assumptions about the size and types of workforces that will need to be acquired, trained, managed, rewarded, and retained. HR strategy represents the key decisions about how these workforce assumptions will be handled. Such HR strategy may not only flow from the organization strategy but also may actually contribute directly to the formulation of the organization's strategy. TOMS's mission of improving lives through business assumes that sufficiently qualified and motivated team members are available internally and externally, and assurances from the HR department about availability may have been critical in helping the organization decide on its product development goals. From this general assumption, TOMS's HR strategy may suggest (1) obtaining unemployed applicants with a passion for helping others; (2) building a headquarters facility in a geographic area that is an attractive place to work and facilitates collaboration and socialization (Los Angeles, close to the beach); (3) holding a "Happy Helping Hour," in which members of charitable organizations engage with employees in a community service activity; (4) offering competitive, socially conscious benefits packages that include eight weeks of paid maternity and paternity leave, flexible work schedules, and "no-meeting Mondays"; (5) allowing employees to submit ideas for a socially conscious project that inspires them, vote on them, and award \$10,000 and two days off to make it happen; and (6) using seniority-based eligibility for giving trips that enable employees to assist community partners in impoverished countries.²⁸ In all these ways, HR strategy seeks to align acquisition and management of the workforce with organization strategy.

Staffing strategy deals directly with key decisions regarding the acquisition, deployment, and retention of the organization's workforces. Such decisions guide the development of recruitment, selection, and employment programs. The aforementioned "pathways" program is likely one way in which TOMS's staffing strategy operates: because its target market is socially conscious youth, TOMS continues to engage with this group through talent sourcing and identification.²⁹ It may also lead to the development of special selection techniques for assessing person/organization match. Indeed, TOMS uses situation-based interview questions that key into its core values, such as long-term vision (e.g., "Tell me about a time in which you made a decision that was unpopular but was important for a long-term goal").³⁰ In such ways, strategic staffing decisions shape the staffing process.

Support Activities

Support activities serve as the foundation and necessary ingredients for the conduct of core staffing activities. Legal compliance represents knowledge of the myriad laws and regulations, especially equal employment opportunity and affirmative action (EEO/AA), and incorporation of their requirements into all phases of the core staffing activities. Planning serves as a tool for first becoming aware of key external influences on staffing, particularly economic conditions, labor markets,

and labor unions. Such awareness shapes the formulation of staffing levels—both requirements and availabilities—the results of which drive planning for the core staffing activities. Job analysis represents the key mechanism by which the organization identifies and establishes the KSAO requirements for jobs, as well as the rewards that the jobs will provide. These are both first steps toward filling projected vacancies through core staffing activities.

Returning to our example, given that TOMS meets the size threshold for coverage (usually 15 or more employees), it must ensure that the staffing system complies with all applicable federal, state, and local laws and regulations. For example, TOMS prepares a supply chain disclosure statement that it includes on its website that outlines the measures TOMS takes to conform with the California Transparency in Supply Chains Act and the UK Modern Slavery Act, to combat human trafficking and forced labor practices.³¹

Planning activities revolve around first determining the major types of jobs that will be necessary, such as computer programmers, Internet specialists, and project managers. For each job, a forecast must be made about the number of employees needed and the likely availability of individuals both externally and internally for the job. Results of such forecasts serve as the key input for developing detailed staffing plans for the core staffing activities. Finally, job analysis will be needed to specify for each job exactly which KSAOs and rewards will be necessary for these sought-after new employees. Once all these support activities are in place, the core staffing activities can begin.

Core Staffing Activities

Core staffing activities focus on recruitment, selection, and employment of the workforce. Since staffing levels have already been established as part of staffing planning, the emphasis shifts to staffing quality to ensure that successful person/job and person/organization matches will be made. Accomplishment of this will require multiple activities, including recruitment methods, communication with potential applicants with a special recruitment message, recruitment media, types of selection tools, deciding which applicants will receive job offers, and job offer packages. Staffing experts and the hiring manager will be involved in these core staffing activities. Moreover, it is likely that the activities will have to be developed and tailor-made for each type of job.

Consider a job of a logistics specialist in TOMS's Logistics + Distribution department. It will be necessary to develop specific plans for issues such as the following: Will we recruit only online, or will we use other methods such as job fairs (recruitment methods)? What exactly will we tell applicants about the job and our organization (recruitment message), and how will we deliver the message, such as on our website or in a brochure (recruitment media)? What specific selection tools—such as interviews, assessments of experience, work samples, and background checks—will we use to assess and evaluate the applicants' KSAOs (selection techniques)? How will we combine and evaluate all the information we gather on applicants with

these selection tools and then decide which applicants will receive job offers (decision making)? What exactly will we put in the job offer, and what will we be willing to negotiate (employment)?

Staffing and Retention System Management

The various support and core staffing activities are quite complex, and they must be guided, coordinated, controlled, and evaluated. Such is the role of staffing system management. For example, what will be the role of the HR department, and what types of people will be needed to develop and manage the new staffing system (administration of staffing systems)? How will we evaluate the results of these systems—will we collect and look at cost-per-hire and time-to-hire data (evaluation of staffing systems)? Data such as these are key effective indicators that both general and staffing managers are attuned to.

Finally, voluntary employee departure from the organization is usually costly and disruptive, and it can involve the loss of critical talent that is difficult to replace. Discharges can also be disruptive. Unless the organization is downsizing, replacements must be found in order to maintain desired staffing levels. The burden for such replacement staffing can be substantial, particularly if the turnover is unanticipated and unplanned. Other things being equal, greater employee retention means less staffing, and thus effective retention programs complement staffing programs.

For TOMS, the primary focus would likely be on “staffing up” in order to ensure the company’s retail locations are sufficiently staffed with sales supervisors, associates, and baristas. Unless attention is also paid to employee retention, maintaining adequate staffing levels and quality may become problematic. Hence, the organization will need to monitor the amount and quality of employees who are leaving, along with the reasons they are leaving, in order to learn how much of the turnover is voluntary and avoidable. With these data, tailor-made retention strategies and programs to better meet employees’ needs can be developed. If these are effective, strains on the staffing system will be lessened.

The remainder of the book is structured around and built on the staffing organizations model shown in Exhibit 1.6.

STAFFING STRATEGY

As noted, staffing strategy requires making key decisions about the acquisition, deployment, and retention of the organization’s workforce. Thirteen such decisions are identified and discussed below. Some decisions pertain primarily to staffing levels, and others pertain primarily to staffing quality. A summary of the decisions is shown in Exhibit 1.7. While each decision is shown as an either-or, each is more appropriately thought of as lying on a continuum anchored at the ends by these either-or extremes. When discussing the decisions, continued reference is made to TOMS.

EXHIBIT 1.7 Strategic Staffing Decisions

Staffing Levels

- Acquire or Develop Talent
- Hire Yourself or Outsource
- External or Internal Hiring
- Core or Flexible Workforce
- Hire or Retain
- National or Global
- Attract or Relocate
- Overstaff or Understaff
- Short- or Long-Term Focus

Staffing Quality

- Person/Job or Person/Organization Match
- Specific or General KSAOs
- Exceptional or Acceptable Workforce Quality
- Active or Passive Diversity

Staffing Levels

Acquire or Develop Talent

A pure acquisition staffing strategy would have an organization concentrate on acquiring new employees who can hit the ground running and be at peak performance the moment they arrive. These employees would bring their talents with them to the job, with little or no need for training or development. A pure development strategy would lead to acquisition of just about anyone who is willing and able to learn the KSAOs required by the job. Staffing strategy must position the organization appropriately along this “buy or make your talent” continuum. For the sales associate and barista positions at TOMS, for example, the emphasis would likely be on acquiring talent because of the urgency of sufficiently staffing retail locations. There may not be time to train, and qualified internal candidates may not be available. Thus, in order to align with the business strategy of maximizing sales, a strategy that is focused mostly on acquisition would enable the organization to hire associates who can hit the ground running.

Hire Yourself or Outsource

Increasingly, organizations are outsourcing their hiring activities, meaning they use outside organizations to recruit and select employees. For example, HR professionals at the National Cash Register corporation in Dayton, Ohio, made the decision to outsource their staffing function. Dan Delano, the director of HR operations, outlined the strategy behind this decision: “We’ve taken a look at the activities,

processes, and functions that we have to perform inside the company, and we've decided which ones are core to our business and which ones we really don't need to handle directly, that we could have an outsource vendor do for us."³² Although there are variations of staffing outsourcing (we will have more to say about it in the planning chapter), in some cases, an organization wholly cedes decision-making authority to the vendor. Why might an organization do this? First, it may believe that the vendor can do a better job of identifying candidates than the organization itself. This is particularly true for small and midsize companies that lack a professional HR function. Second, in labor shortages, an organization may not be able to recruit enough employees on its own, so it may supplement its recruiting or selection efforts with those of a vendor. Finally, outsourcing may also have advantages for legal compliance, as many vendors maintain their own procedures for tracking compliance with equal-opportunity laws. From a strategic standpoint, when does it make the most sense to outsource? You may wish to outsource critical tasks that are not crucial to your strategy, like payroll and benefits, or tasks that would require a substantial investment to complete in-house (e.g., conducting extensive background checks). Considering the time and financial resources of these outsourced hires or staffing processes can help you make an informed, strategic outsourcing decision.³³

External or Internal Hiring

When job vacancies occur or new jobs are created, should the organization seek to fill them from the external or internal labor market? While some mixture of external and internal hiring will be necessary in most situations, the relative blend could vary substantially. To the extent that the organization wants to cultivate a stable, committed workforce, it will probably need to emphasize internal hiring. This will allow employees to use the internal labor market as a springboard for launching long-term careers within the organization. External hiring might then be restricted to specific entry-level jobs, as well as newly created ones for which there are no acceptable internal applicants. External hiring might also be necessary when there is rapid organizational growth, such that the number of new jobs created outstrips internal supply. In general, Boris Groysberg of Harvard Business School notes, "It's not whether you build or buy, it's figuring out under what conditions you build or buy." In many ways, external and internal hiring is a strategic decision. For example, Daniel Sonsino, VP of talent management at Polycom, uses a combination of internal and external hiring that is based primarily on workforce and succession planning—with HR professionals "thinking inside first" before deciding on an external approach, which may be required if new perspectives or ideas are needed.³⁴

Core or Flexible Workforce

The organization's core workforce is made up of individuals who are viewed (and view themselves) as regular full-time or part-time employees of the organization. They are central to the core goods and services delivered by the organization. The

flexible workforce is composed of more peripheral workers who are used on an as-needed, just-in-time basis. They are not viewed (nor do they view themselves) as regular employees, and legally, most of them are not even employees of the organization. Rather, they are employees of an alternative organization such as a staffing firm (temporary help agency) or an independent contractor. For example, a demand planner who forecasts the demand for TOMS's products may be considered part of the core workforce, but seasonal sales associates may be part of the flexible workforce, particularly since the need for them will depend on sales seasonality. The organization must decide whether to use both core and flexible workforces, what the mixture of core versus flexible workers will be, and in what jobs and units of the organization these mixtures will be deployed. Ideally, these decisions should be driven by the overall business strategy. For example, the demand planner might find an increased forecasted demand in the Palo Alto area during the coming months, which in turn might lead to the hiring of seasonal sales associates.

Hire or Retain

There are trade-offs between hiring strategies and retention strategies for staffing. At one extreme, the organization can accept whatever level of turnover occurs and simply hire replacements to fill the vacancies. Alternatively, the organization can seek to minimize turnover so that the need for replacement staffing is held to a minimum. For example, Ultimate Software, a company that frequently finds itself on *Fortune* magazine's "100 Best Companies to Work For" list, has an annual turnover rate of 4%, meaning that fewer than 4 out of 100 of its employees leave voluntarily within a 12-month period. The company's ability to retain its employees at such a high level is likely due in part to the generous perks it offers, including free health care, paid maternity and paternity leave, life insurance, disability insurance, and tuition reimbursement.³⁵ Although offering benefits can help improve retention, an organization could strategically conduct an analysis to determine the costs and benefits of these types of strategies and then strive for an optimal mix to control its inflow needs (replacement staffing) by controlling its outflow (retention staffing).

National or Global

As we noted earlier, one form of outsourcing is when organizations outsource staffing activities. Of course, many organizations outsource more than staffing activities—technical support, database management, customer service, and manufacturing are common examples. A growing number of computer-chip makers, such as IBM, Intel, and Motorola, contract with outside vendors to manufacture their chips; often these companies are overseas. Offshoring is related to, but distinct from, outsourcing. Whereas outsourcing is moving a business process (service or manufacturing) to another vendor (whether that vendor is inside or outside the organization's home country), offshoring is the organization setting up its own operations in another country (the organization is not contracting with an outside vendor; rather, it is

establishing its own operations in another country). For example, outsourcing would be if an organization, say, IBM, contracted with an outside vendor to manufacture computer chips. Offshoring would be if IBM set up its own plant in another country to manufacture the chips.

Increasingly, US organizations are engaged in both overseas outsourcing and offshoring, a trend spurred by three forces. First, most nations have lowered trading and immigration barriers, which has facilitated offshoring and overseas outsourcing. Second, particularly in the United States and western Europe, organizations find that by outsourcing or offshoring, they can manufacture goods or provide services more cheaply than they can in their own country. Third, some organizations cannot find sufficient talent in their home countries, so they must look elsewhere. A recent report by ManpowerGroup suggests that the world is currently experiencing the highest talent shortage since 2007, particularly in the IT, skilled trades, and sales industries. Although the cost of talent is often cited as a reason for this shortage (e.g., applicants often look for more pay than what is offered), the most frequently cited reasons why employers cannot fill the positions are a lack of applicants, a lack of technical competencies, and a lack of experience. Notably, nearly one-fifth of those surveyed by ManpowerGroup have resorted to outsourcing or offshoring.³⁶

Attract or Relocate

Typical staffing strategy is based on the premise that the organization can attract a sufficient number of qualified people to become employees. Another version of this premise is that it is better (and cheaper) to bring the labor to the organization than to bring the organization to the labor. Some organizations, both established and new ones, challenge this premise and choose locations with ample supplies of labor. The growth of high technology pockets such as Silicon Valley reflects the establishment or movement of organizations to geographic areas where there is ready access to highly skilled labor and where employees would like to live, usually locations with research universities nearby to provide the needed graduates for jobs. One now historical example of relocation was Amazon's bidding process to create a second headquarters (in addition to the location in Seattle). As part of the bidding process, cities had to be of a large enough population and have access to transportation and mass transit—with Arlington, Virginia, as the winning bid. In addition to the creation of jobs that will most likely be sourced from the greater Washington, DC, talent pool, the selection of Arlington was a strategic decision with Amazon gaining over \$500 million in grants and tax incentives.³⁷

Overstaff or Understaff

While most organizations seek to be fully staffed, some opt for being over- or understaffed. Overstaffing may occur when there are dips in demand for the organization's products or services that the organization chooses to ride out. Organizations may

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also overstaff in order to stockpile talent, recognizing that the staffing spigot cannot be easily turned on or off. Alternatively, understaffing may occur when the organization is confronted with chronic labor shortages, such as is the case for nurses in health care facilities. Also, prediction of an economic downturn may lead the organization to understaff in order to avoid future layoffs. Finally, the organization may decide to understaff and adjust staffing level demand spikes by increasing employee overtime or using flexible staffing arrangements such as temporary employees. Many have blamed the slow job recovery following the Great Recession on the reluctance of companies to put themselves in an overstaffing situation, instead asking current employees to work longer hours in order to handle increased demand in the company's products or services.

Short- or Long-Term Focus

Although any organization would want to have its staffing needs fully anticipated for both the short term and the long term, optimizing both goals is difficult, so trade-offs are often required. In this case, it often means addressing short-term labor shortages by identifying and developing talent for the long term. When forced to choose, organizations focus on their short-term needs. This is understandable because labor shortages can be debilitating. Even when the overall economy is sluggish, the pool of qualified applicants may be thin. In periods of economic duress, a labor shortage can happen in any industry. The trucking industry, for example, has been plagued by a labor shortage. The American Trucking Association predicts a loss of 175,000 truck drivers by 2025, and some economists have referred to this as “ground zero for labor shortages in the U.S.”³⁸

Balanced against this short-term “crisis management” focus are long-term concerns. Organizations with a long-term view of their staffing needs have put in place talent management programs. In some cases, this means thinking about the strategic talent, or future skill, needs for the entire organization. The problem with a long-term focus is that long-term needs (demand) and availability (supply) are often unclear. Often, it seems as if calls for an upcoming labor shortage due to baby boomer retirements will never end. In fact, recent projections from the Bureau of Labor Statistics (BLS) predict that by 2024 the labor force will have grown by 7.9 million, an average of 0.5% per year (which is much smaller than the growth rates of previous decades). However, BLS economist Ian Wyatt admits that whereas population and labor force growth can be forecasted accurately, labor demand estimates are far less reliable. The future demand for workers “is a very tough question to answer,” Wyatt said. “Perhaps because of this, while most organizations are aware of projected labor shortages, many fewer have any concrete plans to do anything about it.” Furthermore, even though the labor force is expected to slowly grow over the next decade, the labor force *participation rate*, or the number of those from the labor force expected to become employed and work, is slated to decrease steadily by 2024.³⁹

These long-term forecasting difficulties notwithstanding, growth will occur in some skill areas, while others will decrease in demand. Employers that make no

efforts to project future supply and demand risk having their strategies derailed by lack of available labor. As a result of a lack of planning, some companies are facing unanticipated skilled labor shortages. For example, Linda Fillingham cannot find skilled laborers to work in her family's steel plant in Bloomington, Illinois. Fillingham expresses puzzlement as to her labor shortage, given the alleged lack of job growth in manufacturing: "It's there if you want to do it," she said. Perhaps long-term planning would have avoided or ameliorated Fillingham's dilemma.⁴⁰

Staffing Quality

Person/Job or Person/Organization Match

When acquiring and deploying people, should the organization opt for a person/job or person/organization match? As we have discussed, both are important for effective staffing. In part, a person/job match will have to be assessed anytime a person is hired to perform a finite set of tasks. In our example, TOMS might hire a demand planner to run forecasting analyses using a software program like Demantra, and most certainly the organization would want to assess whether applicants meet this specific job requirement. On the other hand, a job may be poorly defined and fluid, making a person/job match infeasible. Such jobs are often found in technology and software development organizations. A person/organization match should also be examined, given its effects on retention, interpersonal dynamics, and job satisfaction. A person/organization match would likely become an important concern in organizations with strong, mission-driven cultures. In general, both forms of fit have their own benefits, and it is possible to maximize both (e.g., finding candidates who fit in both respects). However, certain situations (as mentioned) may require a heavier emphasis on one or the other.

Specific or General KSAOs

Should the organization acquire people with specific KSAOs or more general ones? The former means focusing on job-specific competencies, often of the job knowledge and technical skill variety. The latter requires a focus on KSAOs that will be applicable across a variety of jobs, both current and future. Examples of such KSAOs include flexibility and adaptability, ability to learn, written and oral communication skills, and algebra/statistics skills. An organization expecting rapid changes in job content might position itself closer to the general competencies end of the continuum. However, one should be careful to ensure that the skills, whether broad or specific, are critical for the job at hand and not a wish list—one study suggests that including too many disparate competencies can limit the number of applications you receive.⁴¹

Exceptional or Acceptable Workforce Quality

Strategically, the organization could seek to acquire a workforce that is preeminent KSAO-wise (exceptional quality) or that is more ballpark variety KSAO-wise

(acceptable quality). Pursuit of the exceptional quality strategy would allow the organization to stock up on the “best and the brightest” with the hope that this exceptional talent pool would deliver truly superior performance. The acceptable quality strategy means pursuit of a less high-powered workforce and probably a less expensive one as well. Such a decision is a strategic one: during workforce planning, the minimum level of acceptable performance as well as the utility of exceptional performance should be defined. Depending on the added value of exceptional versus acceptable performance for that job, the organization should strive to hire candidates that strategically meet the standards for the position based on these standards.

Active or Passive Diversity

The labor force is becoming increasingly diverse in terms of demographics, values, and languages. Does the organization want to actively pursue this diversity in the labor market so that its own workforce mirrors it, or does the organization want to more passively let diversity of its workforce happen? Advocates of an active diversity strategy argue that it is legally and morally appropriate and that a diverse workforce allows the organization to be more attuned to the diverse needs of the customers it serves. Those favoring a more passive strategy suggest that diversification of the workforce takes time because it requires substantial planning and assimilation activity. TOMS is up-front on its application materials that it is an equal-opportunity employer—in fact, promoting equal opportunity is one of its philanthropic endeavors. It supports the Magic Bus, a company that ensures that children from diverse and impoverished backgrounds are equipped with the education and skills they need to succeed.⁴²

STAFFING ETHICS

Staffing the organization involves a multitude of individuals—hiring managers, staffing professionals, potential coworkers, legal advisors, and job applicants. During the staffing process, all these individuals may be involved in recruitment, selection, and employment activities, as well as decision making. Are there, or should there be, boundaries on these individuals’ actions and decisions? The answer is yes, for without boundaries, potentially negative outcomes and harmful effects may occur. For example, staffing is often a hurried process, driven by tight deadlines and calls for expediency (e.g., the hiring manager who says to the staffing professional, “Just get me someone now—I’ll worry about how good they are later on”). Such calls may lead to negative consequences, including hiring someone without proper assessment and subsequently having him or her perform poorly, ignoring the many applicants who would have been successful performers, failing to advance the organization’s workforce diversity initiatives and possible legal obligations, and making an exceedingly generous job offer that provides the highest salary in the work unit,