Managing Employees for Competitive Advantage

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Preface

The Need for a New Perspective

When we finished the first edition of this book, the economy was moving into a recession. Employers were struggling to stay in business. Many employers faced the need to rightsize their workforce while also keeping core employees motivated so the business would remain viable. Now, the economy is on the upswing and employers find that they have new challenges in attracting, maintaining, and retaining the workforce they need for sustaining a competitive advantage.

Baby boomers are retiring and taking valuable corporate knowledge with them. Technology is moving at a fast pace. The numbers of high skilled workers entering the workforce are not sufficient to fill all the new and changing technology jobs. Employers are reluctant to invest extensively in training until they are more confident in the continued improvement of the economy. The world continues to shrink and more and more managers find they are overseeing workers in multiple parts of the world. Social media have changed the landscape for both employers and employees.

We wrote this book for anyone interested in understanding how to manage employees well in a dynamic and rapidly changing business environment. In the paragraphs that follow, we will describe the approach we use to differentiate our book from the many other human resource textbooks available.

Major Themes of the Book

We have heard from consultants and faculty that our framework is right on target with what clients need and what students need to learn, regardless of major. Students told us we had accomplished our goal of providing a readable and engaging textbook. In writing this edition of our book, we continue our focus on providing a strategic framework for managers that is applicable across large and small organizations, regardless of industry or for-profit or not-for-profit status. Our goal is to provide the information and context that any manager needs to know to effectively identify and empower the right talent to move the organization forward. To deliver on the objective, we focus on three key points.

• Managing Employees Rather than Managing the HR Function. Students often have difficulty separating the concept of employees as human resources from a discussion of the HR department of an organization. Our unique framework, woven throughout the book, places equal emphasis on the principles of employee management practices and the application of those practices in different organizational and environmental contexts. These are contexts in which all managers must make daily decisions that affect firm performance, how work is structured, and the terms and conditions of employment. Our goal is for those using this book to understand both the theory behind effective employee management practices and the reality that managing employees under different scenarios presents unique challenges and requires different responses. Our managerial perspective, as opposed to an HR perspective, makes the book accessible.
Preface

to all students interested in learning about managing employees while still being applicable for future HR professionals.

- **Managing Employees in Context.** A second point of differentiation for this book is how we place management of employees directly in the broader context of organizations and their external environments. We devote a significant amount of coverage to the role of employee management in supporting business strategy, company characteristics, organizational culture, and employee concerns. We also address the external pressures that come from globalization, technology, labor force trends, ethics, regulatory issues, and related topics. The importance of context is highlighted in the overarching framework for the book and incorporated into every chapter. Each chapter discusses contextual pressures on the use of different tools for managing employees, and focuses on how contextual pressures influence the effectiveness of these practices. Most current textbooks present this information primarily in the early chapters.

- **Integrative Framework.** A third point of differentiation is the book’s overarching framework. Students learn better when they have a clear framework for understanding how different practices are used independently and interdependently. In this case, they will learn about issues related to individual employee management and the larger work group, as well as how to address this independence and interdependence relative to different internal and external contingencies. We highlight three primary activities for managing employees and show their interrelationships: work design and workforce planning, management of employee competencies, and management of employee attitudes and behaviors. We approach these themes from the context of understanding how employee management affects the ability of an organization to achieve its objectives and attain a competitive advantage. We have developed a matrix outlining the topics covered for each employee management role relative to the organizational demands and environmental influencers to aid students in understanding the many interrelationships that exist in managing employees.

Our Approach

This book will help current and future managers understand what practices and tools are available for managing employees, how to use them, and when to use them for different situations. Knowing that a picture is worth a thousand words, we began our work on this book by developing an integrative framework for the strategic management of employees. This framework, which is woven throughout the chapters, shows the relationships among organizational demands, environmental influences, regulatory issues, and the three primary HR activities noted above: work design and workforce planning, management of employee competencies, and management of employee attitudes and behaviors. These HR activities, when managed in concert and within the context of the HR challenges, lead to the desired employee contributions and create a competitive advantage for the organization.

Three Primary HR Activities

In essence, the strategic management of employees requires managers to attend to three primary HR activities. First, managers must design and manage the flow of work and the design of specific jobs employees perform to ensure employees are in a position to add value to the company. Second, managers must identify, acquire, build, and retain the critical competencies employees need in order to effectively perform their jobs. Third, managers must guide and motivate employees to use
their abilities to contribute to company goals. By describing the activities in this manner, we help students understand the interrelationships that exist among them.

All managers need a solid understanding of the practices available for managing employees. Managers can use a wide array of practices for job design, workforce planning, recruitment, selection, learning and development, performance evaluation and appraisal, compensation and other rewards. To effectively manage employees, a manager has to know how and why the various practices work as well as when to use them.

**HR Challenges: The Importance of Context**

Employee management activities do not happen in a vacuum. Rather, managers must keep in mind the context of the organization in terms of the company’s strategy, characteristics, and culture. In addition, managers must consider the concerns of their workforce. Beyond organizational demands, the strategic management of HR requires managers to anticipate and take steps to meet the environmental influences associated with labor force trends, advances in technology, ethics, and globalization, as well as to ensure that companies comply with legal requirements. Having a good understanding of the options for recruiting new employees is not very useful if managers do not also have a good understanding of when the different options are likely to be effective. Knowing when to use the different practices requires that you know the context of managing employees.

**Chapter Design**

Each chapter in this book focuses on more HR activities than other HRM textbooks and builds on the idea that context matters. Thus, each chapter has two parts.

The first part describes the principles of the HR activity. The goal is to help students acquire the tools appropriate for each activity. For example, when we discuss performance management, we discuss aspects of measuring employee performance, trade-offs with different performance evaluation approaches, and considerations of the process for evaluating employee performance.

The second part of each chapter is where the difference between our approach and other textbooks becomes clear. To emphasize the importance of context, we detail how the context—the organizational demands and environmental factors—affects the choices made in applying the technical knowledge. We also emphasize how the HR challenges—the various organizational demands and numerous environmental influences—affect decisions about which performance management approach to apply and how to use it.

In essence, we first explore the fundamental principles for each HR activity and then take a step back to look at how these practices can be used to meet different contextual challenges. We have found that our approach helps students put together the pieces better than simply discussing context at the beginning of the semester and then focusing on each of the major functional activities, with only minor discussion of context. In many ways, we use a decision-making approach, asking, “What if A? What if B?” We include examples and company spotlights to highlight this information and include discussion questions, exercises, and short cases that give students a chance to apply chapter concepts.

This book also provides an edge for students interested in a career in HRM. These students will complete the course well-grounded in the bigger organizational picture and be better able to make decisions about the HR tools to apply in different contexts. They will better understand the possible consequences of designing and implementing practices that support or conflict with organizational goals.
New to this Edition

This edition incorporates the latest thinking on managing human resources to achieve a competitive advantage. We address topics such as social media throughout the chapters, and have addressed the latest legal issues managers encounter when managing human resources. Throughout the book are new and updated company spotlights and examples, as well as references to the current research on the topics covered.

Our Audience

Our approach has worked well with our students, especially those who are taking an introductory HRM course because it is required for their business degree. Often these students are focused on careers in marketing, accounting, finance, or information systems and would rather be taking courses in those areas. They do not plan to work in HR and quickly are turned off by an HR textbook because of its emphasis early on in describing HR careers and focusing on what HR departments do. Many of the current texts do acknowledge the general manager's role in HR management. However, those textbooks often focus more on the functional or technical aspects of HR management, with little integration within and among chapters of organizational and environmental demands.

Also, we have found that even our HR majors welcome a focus on the contingencies that have to be addressed in HR activities. They know that a broader organizational perspective—understanding some of the critical decision factors—will give them an edge in their future careers. This approach is supported by professional organizations, such as the Society for Human Resource Management, that recognize the need for HR leaders to take a more strategic approach to their areas of responsibility.

Prerequisites

Each university makes its own choice about how to sequence courses. We have written this book so that a course using it would not have to have prerequisite courses at either the graduate or undergraduate level. Many students may have little or no knowledge of the subject matter before taking a course that uses this text. We have written it to provide full coverage of the major principles associated with HR.

How to Use this Book: Tips for Success

We have designed the text to be learning-centered. We specifically designed the chapters to help students bridge the gap between theory and practice. Each chapter contains a set of learning tools—learning objectives, chapter summaries, key terms, discussion questions, learning exercises, and case studies. All of these are intended to help students master the material covered in the chapters.

Learning Objectives. Each chapter begins with a set of learning objectives. Read these before you read the chapter; then revisit them after you read the chapter. Can you discuss or explain all of the concepts covered in the learning objectives? If not, make sure that you review that part of the chapter and ask your professor after class to clarify anything about which you are still uncertain.

Chapter Summary. The chapter summary provides a broad overview of what was covered in the chapter. There will be many concepts and much more detail that you will need to know to be successful in your class, but the summary provides a way to bring together the concepts covered in the text.
Key Terms. Because the field of HRM includes many terms and concepts that are new to most students, key terms are listed at the end of each chapter, and the most important and unique terms are defined in the margins of the chapters. Students are advised to read the chapters before they are discussed in class and then review the key terms and concepts after class to ensure understanding.

Review Questions. The review questions are designed for you to explore how well you have learned the major points and themes covered in each chapter. Completing the review questions requires students to reflect on the material in the chapters and demonstrate a clear understanding of the major theories, issues, and challenges associated with HRM.

Learning Exercises and Case Studies. In addition to the key terms and review questions, each chapter contains several learning exercises and case studies. The learning exercises are designed to encourage students to think about how the principles of HRM might inform the use of HR practices in different situations. The case studies provide specific situations and ask you to reflect on HRM-related problems and devise solutions to those problems. Responding to the learning exercises and case studies will give you a greater understanding of the application of the concepts you have studied in the class.

Company Spotlights. Each chapter contains several company spotlights that demonstrate the importance of the topics in the chapter, provide examples of how actual companies have been involved with HR issues, and bridges the gap between principles and practice of HRM.

Instructor Supplements
The comprehensive Instructor’s Manual includes chapter outlines, answers to the in-text questions, guidance for each case, and a sample syllabus.

The Test Bank provides multiple choice and essay questions for each chapter and includes a mix of descriptive and application questions.

A PowerPoint slide program is available for easy downloading and provides a recap of the highlights in each chapter.

Visit www.chicagobusinesspress.com to request access to the instructor supplements.

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OBJECTIVES

AFTER READING THIS CHAPTER, YOU SHOULD BE ABLE TO:

1. Discuss the potential costs and benefits associated with managing employees.
2. Explain what it means to manage employees strategically.
3. Identify and explain the three primary HR activities.
4. Discuss the management practices associated with each primary HR activity.
5. Explain the importance of HR activities alignment.
6. Discuss how organizational demands influence the management of employees.
7. Describe how the external environment influences the management of employees.
8. Understand the importance of regulatory issues in establishing HR practices.
Each year *Fortune* magazine publishes its list of “World’s Most Admired Companies.” *Fortune* invites executives, directors, and managers to rate other companies in their industry and then to choose the 10 they most admire across all industries. Panelists use the following nine equally weighted criteria in their rankings:

- Quality of management
- Quality of products and services
- Innovation
- Long-term investment value
- Financial soundness
- People management
- Social responsibility
- Global Competitiveness
- Use of corporate assets

These nine criteria reflect various aspects of company operations that ultimately relate to company success. Including people management—defined as a company’s ability to attract, develop, and keep talented employees—in this list of criteria acknowledges the role that employees play in the success of an organization. When a company has the right employees in place and properly develops and motivates them, the likelihood of sustaining a competitive advantage increases dramatically.

Managing Employees

This book is about managing employees, the people who make organizations successful. The talent that employees bring with them when they start work or acquire after getting hired plays a key role in determining what the company does and how well it does it. Think about the company GlaxoSmithKline. Its website indicates that the company’s mission is to “help people do more, feel better, live longer. The business is focused around the delivery of three strategic priorities which aim to increase growth, reduce risk, and improve our long-term financial performance. These priorities are: grow a diversified global business, deliver more products of value, and simplify the operating model. Operating responsibly and ensuring our values are embedded in our culture and decision-making helps us better meet the expectations of society.” Now, consider the type of employees this company must have to even begin to achieve its goals. Without the right employees, the company simply could not be successful. In addition to having the right talent, the company must make sure that it motivates its employees to work as hard as possible to contribute to the company’s success.

Our goal for this book is to provide you with an understanding of how to attract, develop, motivate, and retain employees and to equip you with the knowledge and skills that managers need to perform these activities. We also consider how organizations can leverage the talents of their employees in facing the challenges and opportunities the external environment presents. We focus on both what organizations need to do now to achieve their goals through employees and what organizations will need to do in the future to maintain and enhance a competitive advantage through the practices they use to manage their employees.

WHAT’S IN A NAME?

Before we discuss how to maximize the potential of your employees, we want to take a moment to clarify a few terms that you will see throughout the text.

Different organizations use different terms to refer to the members of their workforce. Disney has its *cast*, and Wal-Mart employees are *associates*. Other companies
use the terms human resources and human capital. While the terms used by companies may vary, we use the term employees to refer to the individuals who work for a company.

Throughout this book, we use the term human resources practices, often shortened to HR practices. When we refer to HR practices, we are not talking about the responsibilities of the human resources department of a company unless we specifically say so; rather, we are talking about the practices that a company has put in place to manage employees. We have chosen this term because it is the one most companies use to represent these activities. Also, most schools refer to the course you are taking as Human Resource Management, and most of the tools that you will have at your disposal as a manager to attract, develop, motivate, and retain employees are related to human resource concepts and principles.

We use the term line manager or manager to refer to individuals who are responsible for supervising and directing the efforts of a group of employees to perform tasks that are directly related to the creation and delivery of a company's products or services. For many years, line managers had the responsibility for most, if not all, aspects of managing employees. As more employment-related laws were passed, many companies began to assign much of the responsibility for employee management to the human resources department (also called simply the HR department), a support function within companies that serves a vital role in designing and implementing company policies for managing employees. Over time, the role of HR departments expanded to include a wide variety of tasks, including record keeping and payroll, compensation and benefits, recruitment, selection, training, performance management, and regulatory issues. Now, however, companies are increasingly recognizing that managing employees is a key organization-wide responsibility, not solely the responsibility of the HR department—and line managers are being held accountable for how effectively they attract, develop, and motivate the employees they oversee. After all, managers are successful only if they are able to get the highest level of quality effort from their employees.

Of course, many companies still maintain HR departments, and the employees within HR departments serve an important role in company success. But, increasingly, managers must work with the HR department to design and implement HR practices that maximize the contributions of their employees. Smart managers understand that people matter and that without people, you cannot begin to achieve your company's goals. As we look at some of the potential costs and benefits, you will begin to understand why managing employees is the job of every manager, not just the job of the HR department.

THE COSTS AND BENEFITS OF MANAGING HR

A company's competitive advantage is its ability to create more economic value than its competitors. This is done by providing greater value to a customer relative to the costs of making a product or providing a service. Historically, companies focused on achieving a competitive advantage by holding protected assets, having extensive financial resources, competing based on price, or benefiting from economies of scale. Companies often considered employees not as a competitive advantage but simply as a cost to minimize. After all, maintaining a workforce is one of the largest fixed costs for most organizations. In addition to compensation costs, employers incur costs as a result of the time and effort needed for activities such as recruiting, hiring, training, evaluating, mentoring, coaching, and disciplining employees.

Increasingly, however, companies are recognizing that employees and how they are managed may prove to be as important to competitive success as other organizational attributes. When employees are mismanaged, they may not be able or
CHAPTER 1 Managing Employees for Competitive Advantage

willing to work toward organizational goals. If employees do not have the necessary skills for their jobs and are not provided the training to succeed, they may not know how to work effectively or efficiently, resulting in lower performance and greater costs to the company. How employees are managed also influences their attitudes and behaviors. Employees who feel undervalued or underappreciated will not expend as much effort in performing their jobs. Unhappy or unmotivated employees may be less likely to be responsive to customer needs, which can cost the company customers. Mismanaging employees may lead to higher levels of employee turnover and absenteeism, as well as sabotage, which can have both direct and indirect costs for the organization. An employee who is not properly trained to do a hazardous job may make mistakes that lead to injury for the worker and a lawsuit for the company.

In contrast, effectively managing employees can lead to improved firm performance. Studies have shown this link in industries as diverse as banking, apparel, and manufacturing. When employees have the skills they need, they are able to contribute to meeting company goals. And when employees feel valued by their company, they are likely to display greater levels of commitment, loyalty, and morale. Armed with the skills they need and greater motivation, employees may be more productive. Greater productivity may more than offset the costs associated with managing employees.

Given what we know about the outcomes of effectively managing employees, many companies increasingly view employees as more than just a cost to control. These companies know that employees are a potential source of competitive advantage and that their talents must be nurtured. In fact, many companies now emphasize the value of employees to the company directly on their websites. For example, CIGNA, a company that provides employee benefits, states: “When you work at Cigna, you can count on a different kind of career. Work with us, and you’ll be making a difference for the millions of customers we serve around the world. Explore everything that makes Cigna a special place to work. We offer a results-driven environment where we pay for performance. We offer competitive benefits. We have a diverse and inclusive workforce. We demand integrity and respect in all we do. Add it all up and you get somewhere great to work—Cigna. We offer more than a job. We offer something essential to your career development—the opportunity to grow in a company that recognizes, respects and values individual contributions and differences. Cigna is also a company making a difference in our world—both for our customers and our communities.” This company recognizes that when employees are managed effectively, they can be an important source of competitive advantage.

Keep in mind that there is no single best way to manage employees. Rather, each company is different and must manage employees in a way that is most appropriate given its unique situation. The internal organizational demands and the external environment determine the context for setting HR practices. The framework we present next and reference throughout the book shows the relationship among three sets of HR challenges in an organization’s internal and external environment, three primary HR activities, and the path to competitive advantage. Understanding the framework will better equip you with the skills to strategically and effectively manage employees while minimizing the costs of mismanaging them.

Framework for the Strategic Management of Employees

Have you ever tried to assemble a jigsaw puzzle? Without the picture on the box? You have all these odd-shaped little pieces of colored cardboard but no clear idea of how to start putting them together. For many managers, knowing how to hire
employees, give them performance feedback, and decide on a pay raise feels much like trying to complete that puzzle without the picture. No sooner does the manager begin to feel as if she has a handle on some of these aspects of employee management than changes occur in the business environment. Maybe new technology or new laws emerge, and the manager begins to feel like the shapes of the pieces have changed.

The framework that we introduce in this chapter and use throughout the book (Exhibit 1.1) is like the guiding picture on the puzzle box. It shows the relationship between the organization’s context, both external and internal, and the HR activities that the organization needs to use to manage employees to achieve its ultimate goal: competitive advantage. By understanding the relationships among these components and how the HR activities build on each other, managers can equip and position employees to maximize their contribution to company performance, which in turn creates competitive advantage. The picture of the puzzle does exist, and it helps managers put together the pieces.

Exhibit 1.1 shows that the strategic management of employees centers around three categories of HR activities, which occur within the context of three main HR challenges. The primary HR activities are:

1. **Work design and workforce planning**—designing jobs and planning for the workforce needed to achieve organizational goals
2. **Managing employee competencies**—identifying, acquiring, and developing employee talent and skills
3. **Managing employee attitudes and behaviors**—encouraging and motivating employees to perform in appropriate ways to contribute to company goals

Managers carry out these three primary HR activities in the context of three main HR challenges:

**HR challenges**

- **Consumer demand**
- **Predicting consumer demand**
- **Consumer attitudes and behaviors**

**Company Spotlight 1.1**

**Southwest Airlines**

Southwest Airlines has been on Fortune’s “America’s Most Admired Companies” list numerous times and serves as an exemplar for the strategic management of human resources. There seems to be nothing particularly unique about Southwest Airlines. It uses the same airplanes (737s) available to other airlines, follows the same regulations, and uses the same airports. Yet Southwest continues to thrive while other airlines struggle. Most people agree that its success is due largely to its unique culture and how it manages its workforce. Maintaining a fun, employee-friendly, hard-working culture is critical to the company. To ensure that new hires fit in with its culture, they are hired for having the right "attitude." After all, most "skills" can be learned on the job. Because employees own 13% of the company’s stock, they also try harder. While there is nothing really unique about what Southwest does, there is certainly something unique about how it does it. It continually ranks number high in terms of the fewest customer complaints, and it has been profitable for 41 consecutive years.

1. *Organizational demands*—internal factors, including strategy, company characteristics, organizational culture, and employee concerns
2. *Environmental influences*—external factors, including labor force trends, globalization, technology, and ethics and social responsibility
3. *Regulatory issues*—a special subgroup of environmental influences that includes federal, state, and local legislation that protects the rights of individuals and the company with regard to the employment process

We discuss these primary HR activities and HR challenges in more detail in the following section. Regulatory issues are so critical to employee management that we devote a full chapter to discussing them (Chapter 3).

### Primary HR Activities

Exhibit 1.2 highlights the three primary HR activities. First, companies must decide how to design jobs and ensure that employees are where they need to be to meet organizational goals. Second, companies must ensure that employees have the competencies they need to perform those jobs. Third, employees must be motivated to use their competencies productively.
CHAPTER 1 Managing Employees for Competitive Advantage

Work design and workforce planning are two critical components of managing employees. Managers must design jobs in a way that ensures that employees perform tasks and responsibilities that have the most potential to add value to the company. Managers must also engage in workforce planning to make sure that the right people are in the right place in the company, at the right time, to meet company goals.

**Job Design**

Job design involves deciding what employees will do on a day-to-day basis as well as how jobs are interconnected. In part, job design is a function of the tasks that employees are expected to perform. However, job design also represents the choices managers make regarding how those tasks are to be carried out. There are many different ways to design jobs.

Some employees work on an assembly line, others work in self-managed teams, and still other employees work in relative isolation. Managers may design similar jobs in different ways in different companies—no one design fits all situations. Think about how the job of an accountant in an accounting firm might differ from the job of an accountant in a retail store chain, or how the job of a marketing manager might differ in a professional services firm from the job of marketing manager in a manufacturing firm. In both examples, many of the tasks will be the same, but the importance of those tasks for company success and how the jobs are performed will differ. Some questions managers need to consider for job design are:

- What tasks should you emphasize when designing a job?
- How simple or complex are these tasks?
- How many tasks can your employees perform?
- How much flexibility do you provide to your employees in terms of how and where they carry out their tasks?

The choices managers make about the tasks employees perform and how they are expected to perform those tasks have several important implications. From a company perspective, when jobs are designed to align tasks with company objectives, employees in those jobs are in a position to add value and increase company success. If managers do not consider company objectives in job design, employees may unknowingly focus on tasks and activities that are not necessarily the most important. From an employee perspective, job design influences employee satisfaction, as well as intentions to remain with the company.¹⁶
WORKFORCE PLANNING

The number of employees in different parts of an organization is always changing. Factors such as employee turnover and company growth challenge managers to make workforce planning decisions to maintain the necessary number of employees.

Companies must also decide how to allocate employees—through promotions, demotions, and transfers—to areas where they can contribute most significantly. Changes in strategic emphasis, a reorganization of operations, or the introduction of new products or services also influences the demand for different jobs in different parts of a company. At any point in time, some parts of a company may be facing a shortage of employee talent, while others may have a surplus.

Some companies hire full-time employees or promote current employees to address a growing demand for products or services; other companies turn to outsourcing—sending work to other companies—as well as the use of contingent labor—relying on temporary employees, independent contractors, and other forms of alternative labor—to address labor shortages. In 2005, the use of contingent labor such as temporary workers and independent contractors accounted for over 9% of total employment in the United States. In 2013, that figure was estimated to be about 12% of the workforce, or about 17 million people. Since 2009, the temporary work industry has been one of the fastest growing segments of the economy. When faced with a labor surplus, managers must often consider tactics such as downsizing, early retirement programs, and demotions or transfers to reduce the number of employees in certain parts of the company and balance supply and demand. Some of the important decisions in workforce planning are:

- How should you address a labor shortage? A labor surplus?
- When should you require current employees to work overtime versus hire additional full-time staff?
- When should you outsource work rather than hire new employees?
- What can you do to minimize the negative effects of downsizing?

While there are many options available to address labor shortages and surpluses, the challenge is to understand when different options are likely to be most effective to meet each company’s unique situation.

Managing Employee Competencies

As shown in Exhibit 1.2, the second primary HR activity for managers is ensuring that employees have the necessary competencies to effectively perform their tasks. Competencies are the knowledge, skills, abilities, and other talents that employees possess. These competencies directly influence the types of jobs employees are able to perform. Managing competencies means recruiting and selecting the right people and training them to succeed in their jobs.

RECRUITMENT

Recruitment refers to the process of generating a qualified pool of potential employees interested in working for your company or encouraging individuals within your company to pursue other positions within your company. The challenge with recruitment is having a clear understanding of the competencies needed to succeed in a job and designing a strategy for identifying individuals in the labor market who possess those competencies and who would be a good match for the organization’s culture and goals. Identifying a potential CEO or an individual with rare scientific skills, for example, requires a different recruitment approach than
identifying people who could fill a clerical or assembly-line job vacancy. Placing an advertisement for a job opening in the local newspaper is not likely to maximize the opportunity to identify a good CEO. Similarly, placing an advertisement in the *Wall Street Journal* is not likely to be an efficient way to identify individuals for a janitorial position. Where and how companies recruit influences the type and quality of candidates who respond to a job opening. Management has to create an employee value proposition that will attract the right individuals to apply for the open positions. A *recruitment value proposition* addresses the question: “Why would someone want to work for this company?” Some key issues to address in creating a recruitment strategy are:

- For what competencies do you recruit?
- What groups do you target with your recruitment message?
- Do you recruit internally, externally, or both?
- How do you ensure that you offer an employee value proposition that will attract the right applicants?

**SELECTION**

Whereas recruitment focuses on generating a qualified pool of candidates for job openings, *selection* focuses on choosing the best person from that pool. As with recruitment, there are a number of important questions to consider when deciding among candidates. Each job candidate brings a unique blend of knowledge, skills, and abilities. Perhaps the most critical issue to address is whether the candidate possesses the competencies that you have identified as the most important for a particular job. Some companies may emphasize past experiences while others may emphasize personality when making a selection decision. Certainly the emphasis is influenced by the nature of the job. Consider making a selection decision for a firefighter. How important is personality? How important is physical strength? How important is experience? Your answers to these questions directly influence who is hired from the pool of job candidates identified in the recruitment process.

Once a company has made a selection decision, it has made a commitment to an individual. Considering the time, money, and energy spent recruiting and selecting new employees, managers need to ensure that selection decisions are based on sound reasoning and do not violate employment laws. Some of the key issues in making selection decisions are:

- How do you generate the information you need to make an effective, and legal, hiring decision?
- Which tests are most effective for identifying employees with high potential?
- What questions should you ask candidates during an interview?
- Who makes the ultimate hiring decision?

There is no “one best way” to recruit and select employees. Each company is unique and has different needs. Yet, the choices that managers make influence the effectiveness of the staffing process and, ultimately, who is employed. The goal of recruitment and staffing is to ensure that employees have the competencies they need to contribute to the company's success or have the potential to develop those competencies.

**LEARNING AND DEVELOPMENT**

Recruitment and selection focus on finding and selecting the right person for the job. *Learning and Development* ensures that new and current employees know the ins and outs of the organization and have the skills they need to succeed now and
Managing Employees for Competitive Advantage

in the future. Training is part of learning and development. Even when companies successfully hire employees who have a great deal of potential, the employees are still likely to need training, depending on the company's needs. Employees also need to learn about the company itself, its culture, and the general way it operates.

Beyond new hires, many other situations warrant training for both new and current employees. For example, all employees may need to learn how to use new technology effectively and safely, and the decision to merge with another company may require employees to learn new procedures. Beyond training for the needs of a particular job, companies also engage in training activities to develop individuals for future positions. Doing so requires foresight to identify employees who may potentially fill positions throughout the organization and then engaging in activities to provide them with the skills needed to be able to move into those positions when the vacancies emerge.

Given the time, cost, and effort required to build employee competencies, it should come as no surprise that companies place great emphasis on these processes. If companies are going to work hard to select the right people, it is important that they focus on providing employees with the specific know-how they need to be successful in their current position as well as potential positions they might assume. Some of the important decisions in training are:

- How do you know which employees need to be trained?
- How do you design an effective training program?
- Which training methods are most effective to meet your needs?
- How do you know if your training efforts have been successful?

Managing Employee Attitudes and Behaviors

Building competencies is critical, but keep in mind that it is only part of the equation. How well employees perform is a function of the effort they expend as well as their competencies. Encouraging the right employee attitudes and behaviors requires motivating workers to continually improve their performance. This forms our third group of primary HR activities. Some of the major tools that managers use to guide employee efforts on the job are compensation, incentives, performance management programs, and employee benefits, health, and wellness programs.

PERFORMANCE MANAGEMENT

Many managers may think that performance management is simply sitting down with an employee once a year to discuss her or his performance during that time. The manager may review an evaluation form with the employee to rate her or his results on certain items and then use those ratings to discuss appropriate merit raises and possible promotions. But good performance management is more complex than that. Much like with incentive systems, which we discuss next, the criteria that managers use to evaluate their employees need to represent the attitudes and behaviors managers expect of their employees. When managers clearly communicate performance criteria, employees are more likely to have a good understanding of the steps they need to take to achieve successful job performance. When these performance criteria are aligned with organizational goals, managers and employees become more confident that they are focusing their efforts on important activities.

Effective performance management involves more than just evaluating employees, however. It also focuses on providing employees with feedback (positive and negative) and on using employee development activities to improve current and
future performance. The continuous improvement part of this process entails giving clear feedback regarding performance, praising good performers, and disciplining poor performers. Perhaps most importantly, effective performance management means helping employees understand how to continually improve.

There is no single best performance management system. The most appropriate system depends on the unique context of each company. Some critical issues in performance management are:

• What is the best way for you to measure employee performance?
• How should you communicate that information to employees?
• In addition to performance evaluation, how can managers give employees developmental feedback to improve their performance?
• How should you manage poorly performing employees?

COMPENSATION AND INCENTIVES

A company’s compensation system exerts a strong influence on the attitudes and behaviors of employees because it sends a message regarding the employees’ value to the company. If employees feel that their company does not value them, they may not work as hard as possible. Instead, they may search for other employment opportunities. In contrast, if employees feel that their company compensates them at a fair level for the job they perform, they are more likely to work harder to help the organization meet its goals. 

In addition to compensation in the form of base pay, a rewards and incentives system shows employees how managers expect them to focus their time and energy. Some companies are more likely to reward seniority, while others may emphasize performance-based pay. Even among companies that reward their employees based on performance, the performance criteria may differ. Companies may value efficiency, creativity, knowledge sharing, and teamwork. Lincoln Electric’s incentive system, for instance, is geared toward rewarding productivity, whereas 3M’s incentive system places greater emphasis on creativity and new product design. The incentive systems of these two companies differ, in part, because the employees add value in different ways. The size of an incentive is also an important indicator of how a firm values a particular activity or level of performance.

Some of the key questions when designing incentive systems are:

• What factors should you consider when determining the salary range for a job?
• What is the best way to determine how much employees should be paid?
• How much of that pay should be guaranteed and how much should be based on incentives?
• What types of incentives should you use to encourage the employee attitudes and behaviors the firm wants?

EMPLOYEE BENEFITS, HEALTH, AND WELLNESS

The last piece of managing employees’ attitudes and behaviors is managing employee benefits, health, and wellness. Some companies offer benefits in an attempt to help recruit, select, and retain employees. Think about that for a second. Would you be more willing to work for a company that had an attractive benefits program with coverage for dental care, vacation time, tuition assistance, and the like, or a company that did not offer these practices? In addition to serving as a recruitment or a retention tool, benefits practices may help ensure the health and well-being of a company’s workforce. Considering the value-creating potential of employees, it is only logical that companies help ensure that employees are able to work effectively over time.
Some benefits, including some health and wellness programs, are required by law. For example, Social Security, workers’ compensation, and family and medical leave are governed by regulations that most employers must comply with. Similarly, employee safety is a key concern for companies and is governed by the Occupational Safety and Health Administration (OSHA). As a manager, it is important that you understand your responsibilities to ensure that your employees work in a safe and healthy environment.

There are also a wide array of voluntary benefits programs that companies may offer, such as paid time off, health care, and retirement programs. Some critical issues when considering employee benefits, health, and wellness are:

- Which benefit programs are most appropriate for your workforce?
- What are the legal requirements regarding benefit programs?
- How can you ensure the safety of your employees?

As you can see, managing attitudes and behaviors requires careful attention to a host of issues. The challenge lies in the fact that each manager’s situation is unique. This uniqueness is the result of differences in organizational strategies and in characteristics of the employees supervised. We’ll discuss some of these challenges shortly, but keep in mind that instead of trying to identify a single way to manage employee attitudes and behaviors, it’s important to identify the different tools managers have at their disposal to guide and motivate their employees within the unique context of their organization.

**HR Activities Alignment**

Each of the three HR activities described is critical, but none is effective in isolation. Work design and workforce planning, managing employee competencies, and encouraging the right employee attitudes and behaviors must align with each

**Company Spotlight 1.2**

**The Container Store**

The recipient of Workforce’s Optimas Award for general excellence in 2001 and included in Fortune’s “100 Best Companies to Work For” for 15 years running, the Container Store exemplifies the value of investing in employees. At the Container Store, all new employees receive over 260 hours of training in their first year and an average of 160 hours of annual training thereafter. Most employees receive a salary that is 50% to 100% higher than the average in the industry. Employees can participate in a 401(k) plan with matching company contributions, and both full- and part-time employees enjoy access to medical, dental, and vision plans. Moreover, to ensure that employees remain informed, the company communicates its store sales, goals, and expansion plans to its workforce regularly. Not surprisingly, the Container Store has a turnover rate of 10%, considerably lower than the 100% turnover rate in other retail establishments. And its employees spread the good word: Many of the Container Store’s new hires come from employee referrals.

other to be effective. When we discuss alignment, we are describing the extent to which the three primary HR activities are designed to achieve the goals of the organization.

Alignment can be broken down into two parts—internal and external alignment. As shown in Exhibit 1.3, to achieve internal alignment, you must first make sure that the specific practices used within each HR activity are consistent with one another as well as aligned across the primary HR activities. If you have ever been on a sports team, you know how important it is for all participants to have a common understanding of how to play the game, the skills required to play, and the desire to win. That is the same thing we are talking about here:

- If employees know the goals of the organization and are motivated to work toward those goals but do not possess all the competencies to do so, the results will be diminished employee performance and reduced organizational productivity.
- If employees possess the competencies they need and know the goals but lack sufficient motivation, their contributions to the company’s success will be limited.
- If employees are capable and motivated but are limited in what they can do or are shorthanded due to inappropriate or poor job design and workforce planning, their ability to contribute to the organization will be limited.

In addition to internal alignment, you must also achieve external alignment by ensuring that three primary HR activities work in concert with one another as well as with the HR challenges that companies face. We discuss these challenges next.

**HR Challenges**

We have already discussed how managing employees in different contexts presents unique challenges. Let’s take a look at these challenges in more detail. Internal factors, including company characteristics, strategic objectives, organizational culture, and employee concerns of the workforce, differ across organizations. Also,
environmental factors outside the company, including competitive and regulatory forces, are constantly changing. The variety of internal and external forces affecting a company, and the challenges they pose, are briefly introduced next. In Chapter 2, we discuss internal organizational demands and environmental influences in more depth, and in Chapter 3 we focus on regulatory issues.

**Challenge 1: Meeting Organizational Demands**

Organizational demands are factors within a firm that affect decisions regarding how to manage employees. We focus specifically on the demands highlighted in Exhibit 1.4: strategy, company characteristics, organizational culture, and employee concerns.

**STRATEGY**

A company’s strategy is its plan for achieving a competitive advantage over its rivals. Strategy drives the activities that a company performs to attract and retain customers relative to its competitors. Companies realize a competitive advantage when they implement a strategy that has value for customers and that rival firms are unable to duplicate.

Companies have a wide range of strategies from which to choose. A company may strive to become the low-cost leader in an industry, or it may strive to sell some unique product or service that differentiates the firm from its competitors and commands a higher price. A look at the retail industry provides a good example of these differences. Wal-Mart is the low-cost leader in the retail industry and outperforms its competition by having the lowest costs in the industry. Nordstrom’s strategy, on the other hand, focuses on providing a high level of customer service, under the theory that people will pay more for goods if the service is exceptional. While both companies operate successfully in the retail industry, they pursue distinctly different strategies for how they compete with their rivals.

The strategy that a company chooses influences the types of jobs that must be performed to meet its objectives and, consequently, influences its primary HR activities. A company with a low-cost strategy is likely to have different expectations and objectives for its employees than a company with a strategy emphasizing customer service or creativity. By shaping how employees work and add value, a company’s strategy also affects the competencies employees in those jobs must possess, as well as the specific attitudes and behaviors they need to display. Consider the
food service industry. The tasks that employees perform in a four-star restaurant in which service, ambiance, and excellent quality may be the focus are very different from the tasks employees perform in a local diner or a fast-food establishment in which speed and price are the focus. The strategies of these types of companies differ, resulting in differences in the required competencies, attitudes, and behaviors of employees. Strategy is a key influential factor for managers as they carry out the primary HR activities. As with all the other HR challenges, we will cover strategy in each chapter throughout this book.

COMPANY CHARACTERISTICS

Companies differ in size and stage of development. Whether a company has a handful of employees or millions, it must manage its employees. However, the challenges associated with managing employees correspond at least in part to the size of the organization. Smaller businesses often do not have the same amount and type of resources as larger companies, and they may not be in a position to provide the same level of pay, benefits, and training opportunities. Size also influences the degree of autonomy and discretion that managers may expect employees to display in their jobs. As a result, the competencies that employees need in small companies versus large ones may differ. Companies also differ in terms of their stage of development. As you might imagine, the pressures of managing employees in a young startup company are likely to differ from those in mature organizations striving to protect their market share.

As we discussed earlier, the way a job is designed depends on the industry. Differences in job tasks also differ based on company size. An accountant in a small firm probably will handle all aspects of the firm’s accounting, including accounts payable and accounts receivable. In a large firm, he will likely handle only one aspect of the job, perhaps accounts payable, and then the accounts of only a few vendors. Employee attitudes and behaviors can also have different consequences for companies of differing sizes. A high- or low-performing employee in a small company is likely to have a much more direct influence on the company’s success than one in a company that has thousands of employees.

ORGANIZATIONAL CULTURE

Organizational culture is the set of underlying values and beliefs that employees of a company share. What is particularly interesting about organizational culture is that it is unwritten, yet understood and often taken for granted. Each organization has a distinct culture that represents the beliefs of the company’s founders, decisions of its top managers, types of people who work in the company, and environment in which the company operates.

Culture influences how employees do their jobs, how managers and employees interact, and the acceptable practices for executing primary HR activities. A positive culture can be a tremendous asset to an organization. When a culture is positive and consistent with the organization’s objectives, employees are likely to have a clear understanding of what they need to do in their jobs to contribute to the company’s goals and to have a willingness to engage in those activities. Such a culture can also be a strategic asset in attracting and retaining employees. Once again, Southwest Airlines provides an excellent example for us. Southwest has a strong reputation for having a fun, friendly culture. In 2013, Southwest Airlines received 10,000 applications for 750 openings to work as flight attendants in just 2 hours and 5 minutes, and the company maintains one of the lowest employee turnover rates in the airline industry. As you can see, culture matters.
CHAPTER 1 Managing Employees for Competitive Advantage

Company Spotlight 1.3

Cartus

Cartus is a company that provides logistical relocation support as well as international assignment compensation services, intercultural and language training, and consulting services. Winner of many awards, Cartus demonstrates the power of HR activities that are aligned with meeting employee needs. About 50% of Cartus’ workforce participates in the Work Life program and about 50% of those employees use flexible start and end times. In addition, Cendant Mobility implemented wellness programs as well as education programs on topics such as elder care, smoking cessation, and single parenting.

As stated by Kenneth Kwek, Senior Vice President and General Manager, Asia Pacific at Cartus, “we embrace the guidance from our employees to create a fun and pragmatic working environment. Our employees appreciate the flexibility and empowerment, which has resulted in high productivity and a sense of belonging. This continuing partnership drives us into seeking new ways to make Cartus a place where people enjoy working.”


EMPLOYEE CONCERNS

Timely address of employee issues and concerns is a critical component in a company’s success. Employees may experience the stress of single parenting, caring for aging parents, or juggling schedules with an employed spouse. Successful companies are helping employees find a balance between the demands of work and their personal lives. Many companies now offer more flexibility, including flexible work schedules, family-friendly benefits, and telecommuting, to address this growing need. For example, Sun Microsystems created satellite work centers so that its employees could work from home, saving on commuting time and the associated stress.35

Challenge 2: Environmental Influences

Environmental influences are pressures that exist outside companies that managers must consider to strategically manage their employees. Exhibit 1.5 highlights that managing these influences requires tracking labor force trends, taking advantage of technological advances, addressing the globalization of industries, and meeting social and ethical obligations.

LABOR FORCE TRENDS

According to the Bureau of Labor Statistics, the labor force is increasingly diverse, especially in terms of the number of women and minorities and the age of the labor force.36 The number of women in the labor force is expected to grow by 5.4% between the years 2012 and 2022.37 Similarly, while white, non-Hispanics are projected to remain the largest group in the labor force, the two fastest-growing groups are Hispanics and Asians.38 The size of the labor force in the 55-and-older age group is increasing faster than the rest of the workforce.39 In 2020, the baby boomers will
EXHIBIT 1.5
Environmental Influences

- Labor Force Trends
- Technology
- Globalization
- Ethics and Social Responsibility

make up almost 100 million people and represent 28.7% of the population. For some companies, these older workers represent a potential source of highly qualified applicants often overlooked by other employers.

The changing composition of the labor force influences the primary HR activities in several ways. A diverse workforce requires that managers reevaluate how they recruit and select individuals to make sure that any potential for direct or indirect discrimination is eliminated. Further, employers need to educate employees about the value that different backgrounds and perspectives can bring to organizational performance. By directly addressing diversity issues, companies are more likely to capitalize on the many benefits associated with a diverse workforce. According to Jim Sinocchi, director of diversity communications at IBM, which is widely respected for its approach to managing disabled workers, “We consider diversity strategic to our organization. . . . We don’t hire people who are disabled just because it’s a nice thing to do. We do it because it’s the right thing to do from a business standpoint.” Targeting disabled employees provides IBM with access to a larger labor pool and fresh ideas and viewpoints. Indeed, over 40% of the disabled workers at IBM hold key-skill jobs, such as software engineering, marketing, and IT architecture positions. IBM hired its first employee with a disability in 1914 and has been a pioneer in innovations that have transformed assistive technologies for people with disabilities with innovations such as the first Braille print (1975), a talking typewriter (1980), and a talking display terminal (1981). It should not be surprising that IBM is ranked 23rd on DiversityInc.

TECHNOLOGY

Technology continues to shape the nature of competition. The increasing prominence of the Internet and information technologies has considerable implications for how employees function within companies. Many employees today must possess a basic level of computer proficiency to perform their jobs. Information technologies have created new avenues for how employees interact, share information, and learn from one another. Technology has also created challenges in terms of privacy issues and has increased the potential for employee misuse.

Advances in information technology have also changed how we think about work. Not long ago, it was important to live within a reasonable distance of one’s job. Today, high-speed Internet access, videoconferencing, Skype, and e-mail allow a firm’s employees to live anywhere in the world. As a result, companies enjoy a larger pool of potential employees, and workers experience a wider variety of
potential employers. JetBlue allows its reservation agents, many of whom are trying to balance work and family demands, to work from home. They may live hundreds of miles from JetBlue’s headquarters, but they work and contribute to the company as if they were physically located in the headquarters. Of course, managing a virtual workforce introduces new challenges regarding staffing decisions, performance evaluations, and training and development, as we will explore in later chapters.

GLOBALIZATION

An increasingly significant factor companies face in today’s environment is the increased globalization of industries—the blurring of country boundaries in business activities. Many companies are actively competing on an international level, setting up production or service facilities in other countries, or establishing international joint ventures and partnerships. Companies that still operate primarily in domestic markets often find themselves competing with international companies. To some extent, all companies operate in a global arena, which creates challenges and opportunities in terms of managing employees.

Capitalizing on the global labor market requires understanding how differences in cultural values and beliefs influence working relationships among employees. When companies expand across borders, helping expatriates—employees sent to work in company facilities in another country—to work with the local labor force and thrive in a different culture is paramount.

Another challenge in globalization today is offshoring—sending work that was once performed domestically to companies in other countries, or opening facilities in other countries to do the work, often at a substantially lower cost. Many companies have offshored some work to India, China, and the Philippines to take advantage of excess labor and low labor costs and a recent report indicates that 23% of surveyed organizations outsource work internationally. Making the decision to offshore jobs does have some risks. Dell, for example, stopped routing technical support calls from U.S. customers to a call center in Bangalore, India, because customers complained about the service. GM once had about 90% of their IT jobs offshore and has been bringing much of those jobs back home.

ETHICS AND SOCIAL RESPONSIBILITY

Every company operates in a social environment based on implicit and explicit standards of ethical behavior and social responsibility. The importance of ethical behavior has gained renewed prominence in recent years as a result of the widely publicized unethical behavior of companies such as Enron and Tyco. Financial performance may be critical, but, increasingly, companies and their managers are being held accountable for ethical behavior. The problem is that ethical standards are not always clear. To address these ambiguities, many companies, such as Lockheed Martin, Texas Instruments, Raytheon, and MCI, have implemented formal policies and procedures to help their employees act ethically. Lockheed employs a large group of ethics officers and requires that all its employees attend ethics training each year. MCI has implemented a full-scale ethics program.

Beyond ethics programs, many companies are also taking steps to demonstrate enhanced levels of social responsibility. As shown in Company Spotlight 1.4, for example, Starbucks has garnered considerable attention by going above and beyond its legally required responsibilities to provide a work setting that places a strong priority on taking care of its employees.
Challenge 3: Regulatory Issues

Regulatory issue is the one challenge that has probably had the most direct influence on the management of employees. Over the past 50 years, many presidential executive orders as well as much federal, state, and local legislation have been specifically concerned with the employment process. At a basic level, legislation describes what is legally acceptable in the employment process and focuses on protecting the rights of individuals to have an equal opportunity to enjoy the benefits and privileges of employment. The challenge with regulatory issues is that the influence of legislation on employment is very broad, and the interpretation of the laws continues to evolve. Moreover, legislation is continually introduced that broadens existing statutes and creates new ones. The Americans with Disabilities Act of 1990 (ADA), for example, provides specific guidelines and provisions regarding the treatment of individuals with disabilities in employment situations. This law covers management-related activities such as interviewing, selection, promotion, job design, access to training opportunities, compensation and benefits, and even layoffs. The ADA is only one of the many laws and executive orders that influence the management of employees in direct and indirect ways. Other laws, such as Title VII of the Civil Rights Act of 1964, the Occupational Safety and Health Act, and the Civil Rights Act of 1992, have important implications for how companies manage their workforce.

When a company fails to comply with legal requirements, even if it simply misunderstands them, it is at risk for considerable costs. For example, Texaco settled a racial discrimination lawsuit for $175 million, and Coca-Cola settled a class-action racial discrimination lawsuit for $192 million. Beyond the obvious financial penalties are the potential damage to a company’s reputation and diminished morale among employees. Given the breadth of influence that the legal environment has on the management of employees, this is a critical area for managers to navigate.
to understand. In Chapter 3, we focus on the major employment-related laws and executive orders that affect the management of employees.

The Plan for This Book

Before moving on to the remaining chapters, it is important to have a clear road map of where we are heading and why we are heading there, much like having the picture to help put the jigsaw puzzle together. The plan for this book is to explore the primary HR activities that companies design and managers implement to successfully build the competencies of their employees, to motivate them to work harder and smarter, and to design jobs and engage in workforce planning to maximize employees’ abilities to use their skills and efforts effectively and ensure that the right numbers and types of people are where they need to be. Prior to discussing the HR activities, we focus on the three sets of HR challenges to help you recognize the dynamic context of organizations and to enable you to understand how to strategically manage employees. We will reference the overarching framework for this book, first introduced in Exhibit 1.1, throughout each chapter as we explore the interrelationships among the HR activities, HR challenges, and organizational goals. Exhibit 1.6 shows how the chapters fit within the framework.

The following is a brief overview of the chapters to come.

EXHIBIT 1.6
Chapter Overview

HR CHALLENGES

- Chapter 2: Environmental Influences
- Chapter 2: Organizational Demands
- Chapter 3: Legal Compliance

PRIMARY HR ACTIVITIES

- Chapters 4–5: Work Design and Workforce Planning
- Chapters 6–8: Employee Competencies
- Chapters 9–12: Employee Attitudes and Behaviors

Employee Contributions

Competitive Advantage
CHAPTERS 1–3: HR CHALLENGES
As noted previously, effectively managing employees requires that managers have a firm understanding of how the organizational, environmental, and legal challenges influence companies. In Chapters 1–3, we focus on these three sets of HR challenges.

CHAPTERS 4–5: WORK DESIGN AND WORKFORCE PLANNING
In Chapters 4–5, we focus on the nature of work and allocating people throughout a company to maximize the contributions of employees to company success. In doing so, we explore the viability of alternative types of job designs to meet different organizational goals; how to use job analysis to help ensure that employees’ jobs focus directly on achieving important organizational objectives; and how to balance the supply and demand for employees throughout organizations.

CHAPTERS 6–8: MANAGING EMPLOYEE COMPETENCIES
In Chapters 6–8, we explore different options for building and maintaining needed competencies for different jobs. We focus on how to use recruitment and selection to identify and choose the right people for the unique needs of the organization. We also focus on how to use training to translate employee potential into functional competencies.

CHAPTERS 9–12: MANAGING EMPLOYEE ATTITUDES AND BEHAVIORS
In Chapters 9–12, we focus on how to encourage and motivate employees to focus their efforts on contributing to important organizational objectives. We focus on performance management systems and emphasize how to evaluate, appraise, and develop employees to increase their contributions; how compensation systems are established and which systems are most appropriate in different circumstances; how to establish incentive and reward systems to encourage continued employee effort toward important objectives; and how to design benefits, health, and wellness programs to meet employees’ needs.

CHAPTERS 13–14: SPECIAL TOPICS
In Chapters 13–14, we focus on two additional topics associated with the strategic management of employees. Beyond the HR challenges, managing employees who are covered under collective bargaining agreements introduces important issues about how unions work, the unionization process, legal aspects of labor relations, negotiating collective bargaining agreements, and managing the labor agreement. We take a closer look at these issues in Chapter 13. In Chapter 14, we explore the specific issues associated with reaching alignment among the primary HR activities as well as between the primary HR activities and the HR challenges to create high-performing organizations. We also focus on how to measure the impact of alternative decisions regarding the primary HR activities to continually improve the strategic management of employees.

SUMMARY
There are many benefits associated with effectively managing employees. When employees have the necessary competencies, they can contribute to meeting company goals. When employees are motivated, they are likely to display increased
levels of commitment, loyalty, and morale. And when the work environment is
designed appropriately, employees are in a position to turn their abilities and moti-
vation into greater productivity. In contrast, when employees are mismanaged, they
may not be able or willing to work toward organizational goals. If employees do
not have the needed skills, they may not know how to work most effectively, result-
ing in decreased performance and morale and greater turnover and absenteeism.
And employees who feel undervalued or underappreciated are not likely to expend
much effort in performing their jobs.

The strategic management of employees requires managers to attend to three
primary HR activities. First, managers must design work and engage in workforce
planning to ensure that employees are in a position to add value to the company.
The specific HR practices that are used to manage the flow of work are job design
and workforce planning. Second, managers must identify, acquire, build, and retain
the critical competencies employees need to effectively perform their jobs. This is
done through recruitment, selection, and training activities. Third, managers must
provide employees with guidance and motivation to use their abilities to contribute
to the company's goals. Performance management, compensation, incentives, and
benefits, health, and wellness programs are the primary tools to influence employee
attitudes and behaviors.

When companies are able to leverage the talents of their workforce, they are
more likely to achieve competitive advantage. However, this is not an easy task.
Managers must make sure that the tactics they use within the three primary HR
activities are in alignment. The context of a company's strategy, characteristics, and
organizational culture must be also kept in mind. In addition, managers must con-
sider the concerns of their workforce. Beyond organizational demands, the stra-
tegic management of human resources requires managers to anticipate and take
steps to meet the environmental influences associated with labor force trends and
advances in technology. Finally, the design and implementation of the primary HR
activities must be done in a manner that is in compliance with legal requirements.

**KEY TERMS**

alignment  
competencies  
competitive advantage  
employees  
environmental influences  
external alignment  
globalization  
human resource (HR) challenges  
human resource (HR) department  
human resource (HR) practices  
internal alignment  
line manager (manager)  
organizational culture  
organizational demands  
primary human resource (HR) activities  
strategy

**DISCUSSION QUESTIONS**

1. How does managing employees contribute to achieving a competitive
   advantage?

2. Given the importance of employees for a company to sustain a competitive
   advantage, why do you think so many companies have engaged in layoffs,
   outsourcing, and offshoring of work to other countries?

3. What does it mean to strategically manage employees?

4. Identify and explain the three primary HR activities.

5. Which of the three primary HR activities is most challenging? Why?
6. Discuss the management practices associated with each primary HR activity.

7. Some people think that there are certain practices for managing employees that are always beneficial for companies, while others maintain that the best practices depend on the circumstances of each company. Which approach do you think is right? Why?

8. Which of the environmental influences identified in this chapter is most important for managing employees in a company pursuing innovation? What about a company with a strategy emphasizing low costs or customer service? How does a company’s strategy influence the importance of different environmental influences?

9. Discuss how regulatory issues influence the management of employees.

LEARNING EXERCISE 1

Now that you have read about how companies differ and how those differences can affect employee management practices, here’s a chance for you to begin applying those concepts. Lockheed Martin and Panera Bread are two very different, and very successful, companies. Lockheed Martin is an advanced technology company and a major defense contractor. Panera Bread is a fast-expanding bakery-café chain.

Lockheed Martin was formed in 1995 when two major defense contractors, Lockheed Corporation and Martin Marietta Corporation, merged. The corporation reported net sales of $11.5 billion for the fourth quarter and $45.4 billion for 2013, a backlog of $82.6 billion, and cash flow from operations of $4.5 billion. Clearly, the corporation is doing well. Lockheed’s vision is to “Be the global leader in supporting our customers to strengthen global security, deliver citizen services, and advance scientific discovery.”

Panera was founded in 1981 as Au Bon Pain, Inc. In 1993, the company bought St. Louis Bread Co. and in time changed the name from St. Louis Bread to Panera Bread. Because of the success of Panera, in May 1991, the company sold off all the Au Bon Pain, Inc., business units except Panera Bread and then changed the name of the company itself to Panera Bread. The rest, as they say, is history. Subsequently, Panera Bread’s stock has grown 13-fold and has created over $1 billion in shareholder value. Panera Bread’s mission statement is simple: “A loaf of bread in every arm.”

Visit the websites of Lockheed Martin Corporation (www.lockheedmartin.com) and Panera Bread (www.panerabread.com). Use the information provided in the “About Us” section and other parts of each company’s website to answer the following questions.

1. Prepare a chart comparing the two companies based on the organizational demand characteristics discussed in this chapter.

2. Discuss two or three of the key environmental influences that each company would likely face. Why would there be different key environmental influences for each company?

3. Describe how the organizational demands and environmental influences identified for each company would differentially affect work flow, employee competencies, and employee attitudes and behaviors for each company.

LEARNING EXERCISE 2

What exactly does it mean to be a manager? This may seem like an innocent question. But do you really know? Throughout this chapter, we have discussed many of the tools that managers have at their disposal for managing their employees. For this exercise, interview three managers and ask them how they spend their time. Then answer the following questions.

1. What does it mean to manage employees?
2. What aspects of each manager's job create the most challenges?
3. Compare the responses you get from the three managers with the primary HR activities discussed in this chapter. What role do these managers play in work design and workforce planning? Managing employee competencies? Managing employees' attitudes and behaviors?

CASE STUDY 1: THE NEW JOB

After graduating from school, you are fortunate to receive an offer as an assistant manager of a marketing department in a company located in New York City, working for a fast-growing company that provides marketing support for companies. Your department specializes in marketing strategies for the Internet and currently consists of 10 people—you, your direct supervisor (the manager of the department), and 8 marketing associates. Your job is to help the manager lead the unit to develop long-term strategies for your unit, to maintain excellent customer service with your clients, and to strive to build future business opportunities. The marketing associates in your department work a very flexible schedule and are often offsite, working with the clients at their location to help develop marketing campaigns to improve their business presence, and performance, via the Internet.

After being on the job a short while, you realize that you really need to create another position to help make sure all the necessary work gets completed on time. Essentially, while you and your manager are focusing on the long-term interests of the department and the associates are working very hard to help the clients, many of the administrative aspects of the work are falling by the wayside. For example, no one is currently tracking accounts payable from clients or handling accounts payable to your service providers. As a result, you are spending time on these tasks that are beyond your job expectations. In addition, you are spending an increasing amount of time making travel arrangements such as booking hotels and arranging transportation for your staff. After you talk with the manager of your unit, she agrees that something needs to change to allow you to devote your time to more of the strategic issues in the unit, and she permits you to create a new position to help out in your department. Your challenge now is to determine what this position will be.

Discussion Questions
1. What job would you create? Why?
2. What are the employee competencies this position needs to be successful? Why?
3. What are your ideas for how you might design performance management, compensation, and incentives for this new position? Why?
4. Are there any particular challenges you would expect to encounter that would make successfully filling this position difficult? How would you overcome these challenges?
CASE STUDY 2: EMPLOYEES LOVE WEGMANS

In 2014, Fortune magazine rated Wegmans Food Market as the 12th company to work for. This should not come as a surprise since it had been a mainstay of the top since the top 10 since 2003, taking top ranking in 2005 and staying in top 100 since 1998. The average turnover rate for supermarkets is 26.8%. At Wegmans, turnover is much lower—it is 4%. In an industry that has not historically been known as generating intense employee satisfaction and loyalty, Wegmans has broken new ground. But what is it about this supermarket that generates employee loyalty, productivity, and commitment from its workforce?

Wegman's outstanding reputation has allowed Wegmans to be very selective in its hiring processes. Once employees are hired, Wegmans does a lot to enable employees to be successful both personally and professionally. On average, customer service representatives earn almost $30,000 per year and receive 65 hours of training. Wegmans provides its employees with a generous work/life balance program that includes job sharing, compressed workweeks, and telecommuting. Both part-time and full-time employees can participate in medical insurance and prescription plans, 401(k) retirement savings plans, dependent care reimbursement plans, adoption assistance, and an employee assistance program. In addition, full-time employees enjoy access to dental coverage, life insurance, and personal days.

Discussion Questions
1. What is it about Wegmans that helps it continually retain its status as one of the best companies to work for?
2. What role do the three primary HR activities play in achieving employee loyalty and financial success?
3. Would the Wegmans approach to managing employees work in other companies? What types of companies are most likely to benefit from a similar approach to managing their workforce?
4. Why don't other companies use the same practices as Wegmans?


NOTES


14 Pfeffer, *The Human Equation*.


25 Ibid.


43. Ibid.
CHAPTER SEVEN

Selection

Objectives

AFTER READING THIS CHAPTER, YOU SHOULD BE ABLE TO:

1 Describe how employee selection affects the performance of firms.
2 Discuss the meaning and importance of person–job fit.
3 Identify the standards required for an employee selection process to be effective.
4 Discuss the various types of employee selection methods managers can use.
5 Explain how managers make final employee selection decisions.
6 Describe how organizational demands affect the employee selection process.
7 Incorporate environmental demand factors into the employee selection process.
8 Ensure that a firm’s employee selection process is legally compliant.
If you have ever had a job, think about the process your manager used to hire you. Did you have to fill out an application? Take a test? Answer questions in an interview? Do you know how the company decided that you were the right person for the job?

If you are a manager in any type of organization—public, private, for-profit or non-profit, you will play a role in selecting people for jobs. Many companies have HR departments to assist with this process. However, the ultimate responsibility for selection rests with you, the hiring manager. In most companies managers conduct the final interviews and make the final hiring decisions. Managers are the ones who work with the employees on a daily basis so they have a vested interest in making sure they hire the right candidates for the job.

By now you know that job design dictates the tasks, duties, and responsibilities of a job. Job design provides the focus for the recruitment process. In this chapter we look at the next step after recruitment: selection. We discuss the relationship between a firm’s selection process and its performance, emphasize the importance of person-job fit, identify the standards for an effective selection process, and describe the methods used to assess applicant fit. We wrap up our discussion by describing how HR challenges affect the decisions you, as a manager, will make when you’re setting up a selection process and hiring employees.

Selection Defined

In this chapter we are continuing to focus on managing competencies. Remember that competencies are the knowledge, skills, abilities—or KSAs—and other talents employees need to perform their jobs effectively and efficiently. As shown in Exhibit 7.1, managing competencies is a central part of the strategic human resources framework.

Chapter 6 focused on the recruitment component of managing competencies and emphasized the need to generate the best pool of qualified applicants for the organization. Once you have that pool, you need to decide which applicants to keep in the pool for further consideration and, ultimately, which ones to hire. This process is not always easy. For starters, some companies receive thousands of applications per month. Southwest Airlines has received as many as 90,043 resumes in one year but only hired 831 employees in that year. That means applicants had less than a 1% chance of getting hired, and Southwest had to review a lot of resumes to select those who did get hired.1

As mentioned in Chapter 1, managers need to consider a number of key questions during the selection process. These include:

- How do you generate the information you need to make an effective, and legal, hiring decision?
- Which tests are most effective for identifying employees with high potential?
- What questions should you ask candidates during an interview?
- Who makes the ultimate hiring decision?

Selection is the systematic process of deciding which applicants to hire. The primary decisions are: (1) Which applicants should be hired as new employees, (2) which employees should be promoted to higher-level jobs, and (3) which employees should be moved to other jobs within the company that don’t involve a promotion. At a basic level, selection is about prediction. When a manager selects an applicant for a job, she or he is predicting that the applicant can either do the job or will be able to learn the job and do it well. People think about selection most often in terms of hiring new employees. Managers may also have the option to move current employees into vacant positions—a process called internal selection. As we discussed in Chapter 5, companies use promotions, transfers, or demotions to move individuals to different areas within a company. The following
activities are typically part of the selection process for both new hires and internal transitions:

1. Review applications and résumés to determine which applicants best match the requirements of the job and the organization.
2. Identify and implement appropriate methods to assess the degree of fit among the job requirements, the qualifications of the applicants, and the organizational culture.
3. Make a final decision about which applicant is the most qualified for the particular job and should be offered the job.

We will discuss these concepts throughout the rest of this chapter.

**How Employee Selection Processes Affect the Performance of Firms**

Employees who are not a good fit with the jobs for which they are hired and the culture of the organizations that hire them tend to leave their firms. The cost to replace workers can range from 16% of annual salary for employees making less than $30,000 a year to 213% of the annual salary for executives. But these costs are just one reason managers need to make good hiring decisions.

A second, and potentially more damaging, situation can occur when bad selection decisions don’t end with turnover. If employees are not qualified to do their...
jobs, a company is likely to make more mistakes, experience higher production costs, and experience lower employee morale. Ultimately, the company will lose customers and money. Conversely, if a company selects the right employees, it is more likely to gain customers, have happier employees, and make more money. In short, a company realizes many benefits by hiring the right person for a job and incurs many costs by hiring the wrong person.

**Person–Job Fit**

In terms of the selection process, you need to understand why **person–job fit** is crucial. Have you ever had to do something that was really difficult? Or something that just wasn’t interesting? Would you want to do those tasks every day for 40 plus hours per week? Each of us has different abilities and interests, and it is unlikely that all potential employees would enjoy the tasks required for all jobs or possess the abilities to succeed in all jobs. Employees who believe there is a good match between their own KSAs and interests and the requirements of their jobs are going to be more satisfied with their positions. As you know and research has shown, satisfied employees tend to be more productive. A strong person–job fit maximizes the benefits for both employees and their organizations. In contrast, when there is a poor person–job fit, companies can expect to face higher turnover and absenteeism, along with lower employee morale and productivity.

Company Spotlight 7.1 describes a unique situation in which person–job fit is especially critical. Most employment situations aren’t quite as dramatic as working in Antarctica. Making good selection decisions is important, however, regardless of the location or type of job.

**Company Spotlight 7.1**

**Hiring for Antarctica**

Are you concerned about the environment? Are you up for a bit of adventure? Would you like to have all travel, food, housing, and some clothing expenses covered in addition to a salary and retention bonus? Do you enjoy hiking and cross-country skiing, dance lessons or science lectures? Would you be interested in doing these things in the coldest, windiest, and driest place on earth? If so, a job with Best Recycling Inc. in Antarctica might be just the opportunity you are looking to find.

Best Recycling Inc. is one of several companies with contracts to hire workers for jobs at the McMurdo, South Pole, and Palmer stations in Antarctica. These companies support the National Science Foundation U.S. Antarctic Program. The company is responsible for ensuring all waste generated by U.S. workers is removed from the continent.

Positions with Best Recycling are very physically demanding. Employees work six, 10-hour days each week for 4-1/2 to 12 months. The working hours are typically spent half indoors and half outdoors. Weather often affects the ability to get the job done. Temperatures average around 0 degrees Fahrenheit and can go as low as -58 degrees Fahrenheit. You might find yourself spending a lot of time in remote camps. And, your housing will most likely be dormitory style with communal baths.

With these working conditions in such a remote location, it is no surprise that the selection process for these jobs includes both physical and psychological exams. Best Recycling is concerned about person–job fit. After all, sending someone back home who doesn’t work out is quite complex and expensive.

Standards for an Effective Selection Process

You already know that an effective selection process results in hiring the most qualified individual for the job. So, how does that work? A number of standards must be met for the selection process to accomplish its goals. At a minimum, all parts of the selection process need to be reliable, valid, and unbiased. On the surface, these standards might seem easy to understand and follow. In fact, they are quite complex. Selection is about measuring the degree to which each applicant possesses the competencies required to do a job. The precision of the measurement at each step will largely determine the success of the process.

The measurements would be relatively easy if we had something equivalent to a tape measure to gauge the competencies of one applicant versus another. Unfortunately, there is no instrument that measures all of a job applicant’s traits and skills with complete accuracy. There are, however, tools that can help a manager predict the future job success of candidates. Before deciding which predictor to use, you have to first understand how consistent the method of prediction is, meaning the reliability of the method, and how well it serves as a predictor of job success, which refers to the validity of the method. The effectiveness of any selection tool is a function of reliability and validity.

**RELIABILITY**

Reliability indicates how well a selection measure yields consistent results over time or across raters. The key word here is consistent. We all want a reliable car to drive; just ask anyone who has had to call a tow truck on a rainy day. We want to be able to count on the car performing the same way each time we use it. We need reliable selection measures just like we need reliable transportation.

Several types of reliability are important for selection. First, selection procedures need to be reliable over time. If an applicant takes a test today and then retakes it a week from now, we expect the scores to be similar. This correlation between the scores means there is test–retest reliability. If the applicant studied the subject matter between the two test administrations, or if the applicant remembered how he or she responded the first time and simply responds the same way the second time, the test scores will not be reliable. They won’t give you a picture of the true capabilities of the person. Exhibit 7.2 shows the results of a test–retest conducted

**EXHIBIT 7.2**
Test-Reetest Reliability

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Test Score</th>
<th>Retest Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>James</td>
<td>70</td>
<td>75</td>
</tr>
<tr>
<td>Carlos</td>
<td>95</td>
<td>96</td>
</tr>
<tr>
<td>Juanita</td>
<td>83</td>
<td>86</td>
</tr>
<tr>
<td>Maria</td>
<td>75</td>
<td>78</td>
</tr>
<tr>
<td>Caitlin</td>
<td>77</td>
<td>75</td>
</tr>
<tr>
<td>Mehdi</td>
<td>90</td>
<td>92</td>
</tr>
<tr>
<td>Jun</td>
<td>88</td>
<td>86</td>
</tr>
<tr>
<td>Aaron</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Camille</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>Dexter</td>
<td>70</td>
<td>73</td>
</tr>
<tr>
<td>Brandon</td>
<td>98</td>
<td>96</td>
</tr>
</tbody>
</table>

\[ r = .97 \]
to determine the reliability of a particular selection measure. A high correlation (indicated by the \( r \) value) between two test administrations indicates that the test is reliable. Notice how close the scores are from one test time to the next. Most applicants had similar, though not identical scores, resulting in a high degree of correlation between the two test administrations and the conclusion that the test appears to be highly reliable.

Second, selection procedures need to be reliable across raters. If three people interview an applicant for a job and are using the same questions and the same scoring mechanism, they should evaluate the interviewee in a similar manner. If they do so, we would have high inter-rater reliability. Discrepancies among interviewer scores occur when interviewers have different expectations about how the questions should be answered or what the questions mean.

The first questions to ask when purchasing a test to use for employee selection relate to the test’s reliability: How was the test developed? What were the demographics of the population used to assess reliability? What is the correlation coefficient—the measure of reliability—for the test? If you are developing your own test (and keep in mind that even the interviews you conduct with candidates are a type of selection “test”), you need to make sure the test is reliable. The appendix to this chapter provides additional information about the reliability and validity of different selection methods.

**VALIDITY**

Reliability alone does not ensure that a selection method is going to predict success on the job. In other words, it is a necessary but not sufficient indicator of the usefulness of the test. Selection methods must also be valid. **Validity** is the extent to which a selection method measures what it is supposed to measure and how well it does so. A personality test should measure personality. An accounting test should measure accounting knowledge and skill. When we talk about validity, we are really focusing on how much evidence there is to support the conclusions that are made based on the scores of the selection measures. Simply stated, we are investigating the job-relatedness of the selection measure.

As an example, a company might have developed a selection test for customer service skills that gives consistent results over time. However, if the test doesn’t correlate with any other established measures of customer service skills, such as the performance of good customer service representatives, it will be reliable, but it won’t be valid. Why, then, would the company want to use the test to select its employees? As you might imagine, consistently measuring the wrong KSAs, instead of those actually needed to do a job, would not result in good hiring decisions. Exhibit 7.3 summarizes the criteria for a selection method to be considered both reliable and valid. Selection is an art rather than a science, though. Consequently, we have to recognize that there will always be less than perfect measures in the selection process. However, that does not change the need to be as precise as possible.

**UNBIASED**

In addition to being reliable and valid, selection measures also need to be unbiased. Unfortunately, bias often creeps in and compromises the fairness of the selection process. **Bias** occurs when one’s personal views are allowed to affect the outcome of the decision-making process rather than the decision being based on the results of the selection measures. Measurement bias can occur; also, but that discussion is beyond the scope of this book.
Consider the following situation: A company decides to use a written test, a work sample, and an interview to find the best candidate for a position. A particular candidate performs poorly on the written test and work sample. The interviewer really likes the applicant and wants to hire him, despite his poor test scores. In this case, bias has entered into the process; some factor other than the actual outcome of the selection process has affected the decision. We next discuss four common types of bias: (1) the influence of personal characteristics, (2) the contrast effect, (3) the halo/devil’s horn effect, and (4) impression management.

Candidates’ Personal Characteristics
A person’s attractiveness, age, and gender are examples of personal characteristics that can affect employee selection decisions due to the preferences of interviewers, stereotypes, and poorly designed selection processes. As we discussed in Chapter 3, disparate treatment results when a selection decision is based on a personal characteristic that is also a protected classification, such as age. Disparate impact occurs if the personal characteristic used to select employees leads to a lower percentage of a protected class being hired than the percentage of the nonprotected class because members of the protected class are less likely to have that characteristic. Remember the example in Chapter 3 when we talked about the unintentional outcome of using height as a requirement for selection in a home improvement store. Females tend on average to be shorter than males and would be less likely to be hired. Thus, a personal characteristic of a protected class would have affected the outcome of the selection process.

Contrast Effect
The contrast effect happens when an evaluation of one or more job applicants is artificially inflated or deflated compared to another job applicant. For example, suppose a manager has four candidates to interview for a job opening. The first candidate is really impressive. The candidate doesn’t meet the test for previous work experience, one of the main requirements of the job. She or he does rate very highly on all the other requirements. If the manager judges the remaining candidates based on the first candidate’s high ratings on most of the selection measures, the contrast effect has occurred. The first candidate caused the others to appear less than stellar by comparison. The contrast effect could also occur if the first
A candidate did poorly, causing the other candidates to appear more qualified than they really are.

**Halo/Devil’s Horns Effect**

A **halo effect** or **devil’s horns effect** occurs when a positive or negative characteristic of a job candidate affects the evaluation of the candidate’s other attributes. Based on the job description, you decide that applicants for a sales position need to be able to (1) make sales presentations, (2) work as part of a sales team, and (3) maintain accurate, detailed records of sales calls. Using interview questions and role playing, you assess the ability of the applicants to meet each criterion based on a scale of 1 to 5 (1 = poor to 5 = excellent). Candidate A really wows you with his sales presentation. You score him 5 on this criterion. He doesn’t do as well on the other two criteria. You choose to ignore the negative results and rate him high anyway because of his dynamic presentation. By overlooking possible problems, you are demonstrating the halo effect. Likewise, the devil’s horns effect would occur if Candidate A performed really well on the other two parts of the assessment but you rated him low on all three parts because of his poor sales presentation.

**Impression Management**

The final type of bias that we will discuss is **impression management**. This bias occurs when a job applicant engages in actions to present himself or herself in a positive light to the interviewer. Self-promotion, ingratiating, and opinion conformity are typical types of behaviors. If an applicant who is good at impression management thinks the employer is looking for someone who is industrious and hardworking, he will try to portray himself as industrious and hard-working during the selection process even if he is not. By impressing those doing the hiring, the applicant is likely to get the job, regardless of whether he is really qualified.

**Selection Methods: Initial Screening**

What are the selection tools that can help a manager identify the most qualified applicant for a job? Selection methods can be grouped into two categories: initial screening methods and final screening methods. **Initial screening** involves reviewing the information provided by job applicants and collecting additional preliminary information to decide which applicants are worthy of more serious consideration for the job. **Final screening** involves taking a more in-depth look at the applicants who make it through the initial screening prior to hiring them, including reviewing references and conducting background checks. In addition to the information we discuss here, the U.S. Department of Labor’s Employment and Training Administration posts a free online guide, *Testing and Assessment: An Employer’s Guide to Good Practices* (http://www.onetcenter.org/dl_files/empTestAsse.pdf) to help managers and HR professionals with their selection practices.

There are several selection methods managers can use for initial screening to narrow the pool of job applicants to a manageable number of qualified candidates. Recall from Chapter 6 that a company that does a good job of recruiting will have an applicant pool that includes a large number of highly qualified applicants. The applicant pool is still likely to have some less qualified applicants as well, though. Many people are not very good at self-selection and apply for jobs for which they are not qualified. Testing and interviewing everyone who applies for a job is simply not cost-effective or practical for an employer; therefore, managers use methods such as collecting and reviewing applications and resumes and administering screening interviews to make the first cut in the applicant pool. As you read about
these methods, think about how you would ensure that each is reliable and valid, and how you would keep biases from affecting the outcome.

APPLICATIONS AND RESUMES
If you have ever applied for a job you probably completed an application or submitted a resume (or both). This application gave the employer a first impression of you. Applications and resumes serve similar—but different—purposes.

Applications are standardized forms employers use to collect job-related information about applicants. The information is reviewed and used to determine which applicants meet the minimum job requirements and should remain in the selection process. Typically, application forms inquire about a person’s eligibility to work in the United States, the person’s education, current and previous work experience, skills, hours available to work, and references. Applications are completed in person or online, with more and more companies asking for the application to be completed online. Exhibit 7.4 provides guidelines managers can use to prepare application questions.

Some companies weight application questions and score the responses to arrive at an overall score. By using weights, managers are able to highlight which questions are more important than others in the selection decision. Having a score for each applicant makes it easier to compare applicants to determine who is most qualified for the job. This type of application is referred to as a weighted application blank (WAB). WABs are also a good predictor of turnover.8

A job applicant usually provides a resume to prospective employers, regardless of the level of the job. A resume is an overview of the applicant’s qualifications

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EXHIBIT 7.4
Guidelines for Application Questions

<table>
<thead>
<tr>
<th>General guidelines:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep all questions job related.</td>
<td></td>
</tr>
<tr>
<td>Ask questions about the relevant past work experience, skills and abilities, education obtained, and goals and interests of applicants.</td>
<td></td>
</tr>
<tr>
<td>Don’t ask personal questions or any other questions that could imply that personal characteristics unrelated to the job will be used to make the employment decision.</td>
<td></td>
</tr>
</tbody>
</table>

Examples of questions not to ask:

<table>
<thead>
<tr>
<th>Question</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Are you married/do you plan to marry?</td>
<td></td>
</tr>
<tr>
<td>Do you have any children/do you plan to have children?</td>
<td></td>
</tr>
<tr>
<td>How old are you/what year did you graduate from high school?</td>
<td></td>
</tr>
<tr>
<td>What is your religious affiliation?</td>
<td></td>
</tr>
<tr>
<td>Do you have a mental or physical disability?</td>
<td></td>
</tr>
<tr>
<td>How many sick days did you take last year?</td>
<td></td>
</tr>
<tr>
<td>Have you had any workers’ compensation injuries?</td>
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</tbody>
</table>

Examples of questions you can ask:

<table>
<thead>
<tr>
<th>Question</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>This job requires travel 50% of the time. Can you fulfill this requirement?</td>
<td></td>
</tr>
<tr>
<td>This job requires lifting 35 pounds. Can you lift this much weight?</td>
<td></td>
</tr>
<tr>
<td>Do you have the legal right to work in the United States?</td>
<td></td>
</tr>
<tr>
<td>Do you have transportation available to come to work at the required times?</td>
<td></td>
</tr>
<tr>
<td>Can you meet this job’s attendance requirements?</td>
<td></td>
</tr>
<tr>
<td>Did you have any problems in your last job/why did you leave your last job?</td>
<td></td>
</tr>
</tbody>
</table>
and typically includes contact information and information on education, previous work experience, and special skills and interests. Resumes are usually shorter for less experienced individuals than for people who have a lot of experience. However, even more experienced workers are encouraged to limit their resumes in length because recruiters have only a limited amount of time to review resumes and cannot wade through a lot of information.

A resume used in lieu of an application is still considered an application for EEO purposes. If an applicant provides personal information, such as age or marital status, on the resume or through a link to information about the applicant on social networking sites, such as LinkedIn, then that information should not be used in the selection process to eliminate the possibility of discrimination.9 In reviewing resumes, focus on job-related information and do not read more into the document than what is actually there.

BEHAVIORAL ASSESSMENTS

With the increase in data analytic tools and techniques, more companies are creating online behavioral assessments to use as part of their applicant screening process. These assessments generally use information from current employees to create a personality profile for evaluating which applicants are likely to be a good fit with the culture of the company. Companies such as Seaport Hotel & World Trade Center in Boston and AMC Theatres have found these assessments critical in identifying qualified applicants and reducing turnover. Often a company will hire a vendor to validate a series of questions and decide on which questions are most relevant for the company. The validation usually involves surveying either a sample or all current employees, and may include data from performance reviews, financial data, employee engagement, and even customer service reviews of employees.10 Company Spotlight 7.2 demonstrates how a behavioral assessment helped make big changes at AMC Theatres.

SCREENING INTERVIEWS

Reviews of applications and resumes narrows down the list of applicants who will receive further consideration. A screening interview can then be used to gauge an applicant’s fit and actual interest in the position. A typical screening interview consists of the manager or someone from HR calling the applicant and conducting a short telephone interview. The goal is to confirm that the person is still looking for a job and is interested in the position, as well as to verify the information the person has already provided to the firm. The screening interview also provides a clue about the person’s oral communication skills. Such information is particularly useful if those skills are essential for successful job performance.

Selection Methods: Final Screening

A firm’s final screening activities narrow down the number of job candidates to the number of employees the company actually needs. Many selection methods are available for this purpose. These include various types of employment tests, interviews, and assessment centers. Reference and background checks are also used for screening. These methods are sometimes used for initial screening, but managers most often use them later in the selection process because they can be quite time-consuming and costly. It is better to reduce the applicant pool before using them.
Employment tests generally can be categorized as ability tests, achievement/competency tests, or personality inventories. We describe these in the following sections.

Ability Tests

Ability tests, sometimes called aptitude tests, measure basic talents, or abilities, of individuals. In the context of staffing, they provide information about an individual’s potential to perform the job. For example, Barclays, a 300-year-old bank based in the United Kingdom, uses ability assessments to determine if job applicants have the skills and capabilities that match jobs at the bank. They have found that these measurements of numerical and reasoning skills are good predictors of job performance. Cognitive ability and physical ability tests are common types of ability tests.

Cognitive ability tests measure general intelligence or level of specific aptitudes, such as numeric fluency, general reasoning, verbal comprehension, mechanical reasoning, logical evaluation, and memory span. These tests are the best predictors of job performance across all types of jobs, and they are also among the lowest-cost selection methods. Their predictive value increases as the complexity of the job increases. Education is often used as a replacement for cognitive ability tests to screen job applicants. Research has shown that an educational level
equal to at least one year of college is related to higher cognitive ability levels among applicants.\textsuperscript{13}

There is, however, a caveat related to using employment tests, and cognitive ability tests, in particular: Minorities typically score lower than non-minorities, often because the terminology and concepts used on the tests are more familiar to non-minorities than to minorities.\textsuperscript{14} Ford Motor Company learned this the hard way. For many years they used a cognitive ability test called the Apprentice Training Selection System (ATSS). This written assessment measured verbal, numerical, and spatial reasoning. The purpose of the test was to measure mechanical aptitude. The test had been validated in 1991. Even though it had been validated, it still had significant adverse impact on African American applicants. Alternative assessments were available, but Ford chose not to use them. In 2005, Ford ended up paying out $8.55 million in monetary relief to the victims of discrimination and finally replaced the ATSS.\textsuperscript{15} Using multiple selection methods can help offset the potential discrimination that would result from using these types of tests alone.\textsuperscript{16}

Physical ability tests focus on physical attributes of job candidates, such as a candidate’s endurance, strength, or general fitness. Firefighters need to be able to carry people out of burning buildings and firefighting equipment into buildings. A UPS driver needs to be able to lift a certain amount of weight to deliver boxes. Employers can administer a physical ability test to candidates in the course of the selection process prior to making a job offer, but only if there is a specific, job-related reason. Clearly, a fire department and a company such as UPS would have such job-related reasons. Keep in mind that the average female will perform differently from the average male on many physical ability tests, though, so beware of the potential for disparate impact.\textsuperscript{17} (Again, think “job related.”)

Dial Corporation found out firsthand what happens when a physical ability test has disparate impact on women. Dial developed a strength-test for entry-level production jobs that resulted in the percentage of women being hired dropping from 46\% to 15\%. Dial tried to defend the test use by saying it “looked like the job” and resulted in fewer injuries. Expert testimony showed that looking like the job did not mean it was the job, and in fact, the test was harder than the job. It turned out that the number of injuries had been reduced because of training programs that occurred before the use of the test. Dial lost the case.\textsuperscript{18}

Achievement/Competency Tests

Achievement tests, or competency tests, measure an applicant’s current knowledge or skill level in relation to the job requirements.\textsuperscript{19} Rather than focus on a candidate’s potential, these tests examine the extent to which a job candidate can actually perform the job tasks. Someone without previous work experience or training related to the job requirements would not do well on these assessments.\textsuperscript{20}

One of the best ways to determine whether someone can perform a job is to have the person actually perform some or all aspects of the job. Job applicants view this selection method quite favorably.\textsuperscript{21} A work sample may be practical for some jobs, but not for most. Having a candidate for a word processing job prepare documents using the software that will be used on the job is relatively inexpensive and straightforward. Work samples for lots of other jobs would have to be much more complex and would be expensive to develop and use. Consequently, work samples are used more often for skilled craft jobs such as carpenter,\textsuperscript{22} computer programmer, food
service worker; and so forth, rather than for professional jobs such as manager, attorney, and doctor.

Knowledge tests measure the extent to which an applicant has mastered the subject matter required to do the job. Does an accountant applicant have knowledge of accounting practices? Does a human resource applicant have knowledge of human resource practices? Licensure exams are examples of knowledge tests. These tests have high validity, especially if they are tailored to the specific job rather than an “off-the-shelf” version. Applicants generally perceive these tests positively.

Personality Inventories
If you are hiring someone for a job that requires selling, you probably want someone who is assertive, and maybe even extroverted. During the selection process you will need a way to assess whether applicants have these traits. When used as part of the selection process, personality inventories can identify the extent to which an applicant possesses certain characteristics, such as assertiveness, self-confidence, conscientiousness, motivation, and interpersonal attributes. These inventories are appropriate to use as long as there is a job-related reason. If a job requires working as part of a team, then it is appropriate—and, in fact, necessary—to predict how well the candidate will fit into a team setting. Earlier we noted that Barclays uses ability tests. For their most senior roles, they use an Occupational Personality Questionnaire designed to indicate alignment to the company values. However, care must be given to define exactly what is meant by the term fit, or in the case of Barclays, alignment. The job analysis should help you to define this and then guide the choice of personality inventory. Some job analysis techniques (discussed in Chapter 4), such as the Position Analysis Questionnaire (PAQ), identify appropriate worker personality dimensions; others, such as the task approach, provide information about required tasks that are useful for inferring that candidates have the appropriate personality dimensions.

Of all the ways to measure personality in the context of selection, the one that has garnered the most attention is the Big Five approach. This approach suggests that all personality traits can be grouped under one of five dimensions: extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience. These dimensions are defined in Exhibit 7.5. Of these dimensions, conscientiousness has been shown to be the most valid across all occupational groups. Emotional stability and extraversion are valid across some

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**EXHIBIT 7.5**
Characteristics Representative of the Big Five Personality Traits

<table>
<thead>
<tr>
<th>Neuroticism</th>
<th>Lack of emotional stability evidenced by excessive or inappropriate anger, anxiousness, paranoia, or depression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraversion</td>
<td>Outgoing personality, positive, and sociable, active</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>Self-control, achievement oriented, dependable, orderly</td>
</tr>
<tr>
<td>Openness to Experience</td>
<td>Philosophical and intellectual, unconventional, cooperative, and likable</td>
</tr>
<tr>
<td>Agreeableness</td>
<td>Cooperative, good-natured, gentle, and cheerful</td>
</tr>
</tbody>
</table>

occupational groups, but not all. For instance, in a study of the Big Five and sales performance, the researchers found that conscientiousness and openness predicted sales performance, but agreeableness had a negative relationship to sales performance, and extraversion and neuroticism were not related to sales performance.

Two concerns have surfaced with the use of personality inventories (also referred to as personality tests). First, like physical impairments, mental impairments are covered under the ADA. A personality inventory that could lead to the identification of a mental impairment or disorder is considered a medical examination and is subject to ADA guidelines. Remember that the ADA specifically prohibits the use of medical examinations until after a job offer has been made.

Personality tests that are designed to identify deviant and other extreme behaviors are inappropriate for all but a few types of jobs. These tests are appropriate for law enforcement jobs because hiring a deviant person for a law-enforcement position could be especially problematic. Another example of the appropriate use of personality inventories is provided by the case of Overnight Transportation of Atlanta, a motor freight company. This company reduced on-the-job delinquency behaviors such as drunkenness, fighting, and damage to vehicles by 50% to 100% by using the Hogan Personality Inventory. Savings were over $1 million each year; a single trucking accident can cost $100,000.

The second concern relates to privacy rights. When the wording of questions on inventories lacks face validity—that is, the content doesn’t “appear” to measure job-related attributes—applicants perceive the tests to be an invasion of their privacy, regardless of how valid the inventories have been shown to be. However, face validity does not ensure that the test is valid. That is, a test with content that appears to match the job duties is not automatically valid. Recall the Dial Corporation example from earlier in the chapter. Overall, personality tests can be an important part of a selection process if the personality traits they evaluate are job related and if the tests are used in conjunction with other selection methods.

When to Use Employment Tests

Even though most human resources professionals advocate identifying or developing job-related selection tests, we realize that not all organizations can afford to do so, at least not for every job. Here are five situations in which the cost of not testing is greater than the cost of using reliable and valid tests. Use tests when:

1. the current selection process doesn’t yield high-quality employees;
2. turnover or absenteeism is high;
3. the current selection methods don’t meet professional and/or legal standards;
4. productivity is low; and
5. errors made by employees could have serious safety, health, or financial consequences.

INTERVIEWS

Interviews are the most frequently used selection method. Following our coverage of the main types of selection interviews, we discuss some of the most significant research regarding the use of interviews. Keep in mind that each type of interview can be used by individual interviewers or by a panel. Companies sometimes use panel interviews—several people interviewing the applicant at the same time—as a way to increase the reliability of the interview process.
Unstructured Interviews

A large percentage of selection interviews are unstructured interviews. The interviewer, often the hiring manager, will have a general idea of what a successful applicant should know and be able to do. The interviewer will ask the candidate job-related questions, but without a defined format and without asking the same questions of all applicants. Some managers claim that they are good at judging character and that they need just a few minutes with an applicant in an interview to make a good decision. The reality is that many managers are not as good as they think they are at selecting employees. A more structured process will lead to a better hiring decision. A more structured process is also more defensible should an applicant file a charge of discrimination because of the outcome of the selection process.

Structured Interviews

The “Working at Starbucks” website includes a section to prepare applicants for a job interview at Starbucks. In addition to advising applicants to be very familiar with the company, it also tells them to be prepared to answer something called behavioral-based interview questions. These questions focus on key competencies of the position of interest. Starbucks incorporates these questions into a process called a structured interview to ensure greater job-relatedness of the interview. This type of interview also provides a more accurate means for comparing responses across applicants since the same type of information is collected from all interviewees. In the following paragraphs, we discuss two types of structured interviews—situational and behavioral. Properly designed situational and behavioral interviews include a rating scale and lead to better selection decisions.

In addition to the ability assessments we have already noted, Barclays uses situational interviews as part of its selection process. In this type of interview, an interviewer poses hypothetical situations to the interviewee and gauges the person’s responses relative to how the individual would be expected to respond in a similar situation on the job. At Barclays, applicants are expected to use their past experiences to respond to the questions. Situational interviews have proven to be valid in numerous research studies, and they have been shown to be accurate in predicting performance as much as 54% of the time.

A situational interview for a trader on Wall Street might go something like this: What would you do if a client asked you to provide confidential information to her? The applicant would then describe how he would typically handle this situation. His answer would be compared to the rating scale and a score determined for the interview. The problem with situational interviews is that applicants may tell you what they think you want to hear rather than what they would actually do. Behavioral interviews provide a way to address this issue.

The premise of the behavioral interview is that past behavior is the best predictor of future behavior. Rather than simply asking a candidate how she would handle a situation, the interviewer asks the candidate how she has handled the situation in the past. For example, “Tell me about a time when you had to deal with an intoxicated passenger” would be a good question to ask an applicant for a flight attendant position. If the applicant has limited airline work experience, the interviewer could instead ask, “Tell me about a time when you had to deal with an extremely obnoxious person. Describe what led up to the event, your involvement in the situation, and how the incident was resolved.” Follow-up questions provide additional information for the interviewer about how an applicant has actually behaved in situations as opposed to how the applicant thinks he or she would behave in them. Starbucks, P&G, and many other companies use behavioral-based interviewing.
PART 3 Managing Employee Competencies

Exhibit 7.6 provides an example of a rating scale for a behavioral interview that is designed to evaluate candidates applying for a marketing analyst position. The behaviors that represent high and low scores to each question are determined by doing a critical incident job analysis. Each interview question can be weighted relative to its importance to the job. The rating for each response is then multiplied by the weight of its associated question, and the results are summed to give an overall score for the applicant. This approach, which has proven to be very effective, ensures that the interview process is reliable and valid.36

Much of the research on interviewing has focused on interviewer and applicant characteristics and how they affect the outcomes of the interview process. Research has shown that pre-interview information can affect the outcome of an interview, nonverbal behaviors of applicants can affect interview outcomes, individuals good at self-promotion are likely to get higher ratings, attractive applicants are rated more highly, and personality characteristics such as extraversion can positively impact interview outcomes.37

REFERENCE CHECKS, BACKGROUND CHECKS, CREDIT REPORTS, AND HONESTY TESTS

Employers use a variety of means to do applicant screening with the goal of ensuring that applicants are providing complete and truthful information in the employment process and that they are not likely to steal from the company or commit another crime. These screening methods include reference checks, background checks, credit reports, and honesty tests. Increasingly, social media is being used to collect information about applicants as well. One report indicates that 39% of
2,100 companies surveyed used social networking sites to research job candidates. Another study reported that 43% of hiring managers using social media to research job candidates found information that kept them from hiring a candidate.38

The amount and type of information collected to verify an applicant's credentials differs by type and level of job. An entry-level job where an employee doesn't handle cash or have other access to company money would require only a reference check. The job of bank manager, though, would require a complete background check and honesty test because someone filling that job would have direct access to company funds. Many organizations warn job candidates that they will be dismissed if they are hired and it is later discovered that they provided false information during the hiring process.

Reference checks require applicants to provide the names of individuals the potential employer can contact to verify information provided by the applicant. These individuals should also be able to provide additional information about the applicant. Often names of current or former supervisors are given for this purpose. The questions asked of the reference typically focus on the applicant's education, work, and related experiences and should be structured so that all reference givers for all candidates for the job are asked the same core questions. Some companies may ask the reference provider to offer a judgment about the applicant's qualifications for the open position.

Employers often find themselves in a Catch-22 when it comes to reference checks: They need to conduct them to collect information about applicants; however, they are reluctant to give reference-check-related information about their own current or former employees for fear of being sued for defamation of character. Defamation of character occurs when someone makes written or verbal comments about a person and those comments are not true. Consequently, it's extremely important that any information an employer gives out about a current or former employee be true and verifiable. In addition, hiring employers should require applicants to sign release forms granting permission for the employer to do the reference checks. The hiring employer should collect only job-related information, using a structured questionnaire.

Because of the risk of defamation of character, many companies have policies limiting the amount and type of information they can provide about former employees. Some policies prohibit personnel from divulging any information whatsoever. Other policies limit the information provided. For example, often company employees are allowed only to confirm whether the person actually works or worked for the company, the dates of the person's employment, and the individual's salary.39 Some states have passed “Good Samaritan” laws to encourage employers to provide reference information. The laws protect reference providers from being sued if they provide verifiable information in good faith.40

A number of companies have developed software to make it easier for employers to do reference checks. Pre-Hire 360 is an online reference-checking tool from SkillSurvey, Inc. An employer can enter a candidate's references, name, and e-mail address, into the system. The references are then contacted and asked to complete an anonymous survey about the applicant. The survey takes about 10 minutes and includes around 25 questions. The responses from all of the applicant's references are aggregated and the employer receives the summary. This online reference-checking tool, and others like it, speeds up the reference checking process, increases the likelihood that employers will provide more accurate and complete references for current and former employees, and is believed to lead to better hires.41

The purpose of a background check is to verify information provided during the application process and/or to obtain additional information about some aspect of the applicant's life from a reliable source. Approximately 99% of large companies and 92% of small and midsize companies conduct some type of background check. They either conduct the checks themselves or hire a third-party firm that specializes in background screening to do it for them. The Internet has made conducting background checks much easier and more affordable, and social media often makes information
even more readily available. Regardless of the type and extensiveness of the background check a company conducts, it is important to have a policy describing what will be done, who will be involved, how the information obtained will be handled, the consequences to the applicant of a negative report, and how an applicant can appeal a negative employment decision that was based on background check information.

Information collected as part of a background check can range from verification of college degrees to criminal background checks to credit reports. All employers must collect information to verify that an applicant is eligible to work in the United States. Organizations know that under the Immigration Reform and Immigrant Responsibility Act of 1996 (IRCA) they can be fined for failing to verify this information. Recall that we discussed the IRCA in Chapter 3.

A survey by the Society for Human Resource Management of over 400 companies reported that 69% of organizations surveyed conducted criminal background checks on all job applicants. Most of the companies (62%) do the criminal background check after the offer is made but before the official hire is made. Additionally, 58% of companies allow job applicants to respond to the results of the criminal background checks. Companies conduct this type of background check to make sure they are providing a safe working environment for their existing employees and to ensure that they are not liable for negligent hiring. Negligent hiring occurs when an employer does not conduct a background check on an employee and that person commits a crime at work similar to a crime he or she committed in the past.

Employers must be cautious in using any negative information they obtain. The information should affect the hiring status of the applicant only if the criminal behaviors identified are related to the job tasks and duties. Learning that an applicant was convicted of manslaughter because of a driving incident could affect a firm’s decision to hire that person as a driver. However, the information would be less relevant for a job that didn’t involve driving for the company, such as the job of an assembly-line worker. In April 2012, the EEOC issued new enforcement guidelines on the use of criminal and arrest records in employment decisions relative to Title VII. The guidelines note that when using criminal background information in selection, the employer needs to consider the nature of the crime and the time since it occurred, as well as the requirements of the job for which the individual has applied. The employer must also allow the individual not selected because of the criminal background check to indicate why that exclusion is not appropriate.

Many jobs require employees to handle cash or securities or grant employees access to corporate bank accounts. A credit check, or review of an applicant’s credit report, is job related in such cases. The employer needs to ensure that employees are not in a bad personal financial situation that might motivate them to steal from the company. The Fair Credit Reporting Act (FCRA) permits employers to collect information about applicants’ and employees’ credit. Applicants must be told that the information from the report may be used for employment decisions. This information must be provided clearly in writing and not be part of the employment application. The Act requires applicants or employees to provide written authorization for an employer to have permission to legally access their credit information. Further, the employer has to certify to the credit checking source that the applicant was notified and gave permission for the credit check, all FCRA requirements are met, and the information will not be used to discriminate against the applicant or employee or in any other way be misused.

Before an employer can take an adverse action against an applicant, such as turning the applicant down for the job based on information in the credit report, the applicant must be notified and given a copy of the consumer report the employer is using to make the decision. The employer must also give the applicant a copy of A Summary of Your Rights Under the Fair Credit Reporting Act. Following the
process outlined provides an opportunity for the applicant to review the report and notify the employer of any errors. If an adverse action is taken, the Act requires that the applicant be notified orally, in writing, or electronically. The notice should include contact information for the reporting company, a statement that you as the employer made the adverse decision, and instructions on how the applicant can refute the information on the report. The applicant must also be told how to get an additional free report from the company providing it, and that the report must be requested within 60 days.\(^46\)

Many employers used polygraph tests to screen job applicants until problems with inaccurate results led to the passage of the Polygraph Protection Act of 1988. Specifically, the problems were related to false-positives and false-negatives. \textit{False-positive} results on a polygraph test indicate that the person taking the test is lying when, in fact, he is not. \textit{False-negatives} indicate that the person taking the test is not lying when she or he actually is. False-negatives can be just as costly to organizations as false-positives, but they are less likely to occur.

After the general use of polygraphs became illegal, employers still wanted and needed a way to predict whether an applicant would engage in illegal or counterproductive behavior. For instance, the cost of employee theft worldwide in the retail industry is reported to be $50.5 billion annually making it essential that employers identify ways to mitigate such theft.\(^47\) \textit{Honesty tests}, also called \textit{integrity tests}, are one resource that serves that purpose. These tests have been found to predict employee theft, likelihood of filing and size of workers compensation claims, substance abuse, and related types of behaviors that interfere with work performance.\(^48\) There are two basic types of honesty tests: overt honesty tests and personality tests.

An \textit{overt honesty test} is just what it sounds like: a test that is designed specifically to predict honesty and integrity. This type of test measures the frequency of a person’s stealing or how lenient one’s attitude is toward theft. An overt honesty test might include questions such as: “Have you ever told a lie?” or “Do you think most people would steal something if they thought they wouldn’t get caught?” These types of questions are written in such a way that the same belief is assessed with multiple questions, making it more difficult for the respondent to “beat” the test.

A \textit{personality test} asks questions in a more disguised way to identify traits known to be related to counterproductive behaviors. These traits include insubordination, substance abuse, and other discipline problems. Questions on these tests are less direct and may ask the test taker to respond to questions or items about his or her relationships with parents, spouse, or coworkers as well as about the individual’s own state of being, such as “I have thought about losing my mind.”\(^49\)

Using tests of these types for prescreening applicants is preferable to using them with current employees who are likely to become upset if they feel their integrity is being challenged by their employer. Also, if an employment decision is made about current employees who score poorly on one of these tests, they might file a lawsuit against the company if their behavior is not actually counterproductive.\(^50\)

No employment decision should be made on the basis of only an honesty or integrity measure. Just as polygraphs result in false-positives and false-negatives, so too can these tests. Some states have laws that limit the use of honesty tests; it is important to check the laws in your state before administering these tests.

**ASSESSMENT CENTERS**

\textbf{Assessment centers} engage job candidates in a series of simulations designed to evaluate their ability to perform aspects of the jobs they are seeking. Often assessment centers are used to make \textit{internal} promotion decisions. They are...
used most often for managerial or professional positions. Typical simulations include:

- **An in-basket exercise**—Candidates sort through and respond to letters, memos, and reports within a specific time frame and within a specified context.
- **A leaderless group discussion**—Candidates are given a problem to solve together without a designated leader.
- **Role plays**—Candidates play out job-related situations, usually involving solving a problem.

Trained evaluators, often managers from within the company, observe how applicants perform during these simulations and rate their performance on a defined scale for each job-related dimension. Dimensions frequently assessed include oral and written communication, decisiveness, adaptability, initiative, delegation, and planning and organization. An assessment center can last for several days and be expensive to administer. The costs include setting up the process and the time the firm’s managers must spend rating candidates. Some companies have their own in-house assessment centers; other companies send job applicants to outside assessment centers for testing. The International Congress on Assessment Centers provides guidelines and ethical considerations for assessment center operations, including considerations for use of assessment centers in diverse cultural settings. 51

**Biodata**

**Biodata** is a shortened name for *biographical data* and refers to a standardized questionnaire that asks applicants to provide personal and biographical information. The questions might focus on candidates’ hobbies, experiences in high school or college, preferred supervisor characteristics, and so forth. The information candidates provide is then compared to the information provided by a firm’s successful employees. The outcome is a prediction of how likely the employee is to succeed at the company and is based on the idea that past behavior is the best predictor of future behavior.52 Biodata has proven to be one of the best predictors of employee performance, including effectively predicting performance and turnover for jobs as diverse as nurse53 and customer service worker.54

Biodata questionnaires are expensive to develop, however, and extreme care must be exercised to ensure that the questions asked are job related. Many personal and biographical questions do not appear to be job related at first glance. Employers should also make every effort to verify the information candidates provide.55

**Drug Tests**

The *Drug-Free Workplace Act of 1988* requires all federal contractors to develop policies to ensure that their employees are drug free. Since the passage of this Act, many employers have implemented policies requiring all applicants to pass a drug test before being hired, although that is not required by the Act.56 Most employers also prohibit the use of alcohol at their workplaces and discipline employees who come to work under the influence of alcohol or drugs.

Research has shown that employees who abuse drugs are more likely to miss work, be tardy, be involved in workplace accidents, and file workers’ compensation claims. In fact, the National Council on Alcoholism and Drug Dependence reports that drug abuse, including alcohol, costs employers approximately $81 billion each year.57 Therefore, the decision of whether to use drug tests or not is a serious one.

An employer using drug testing needs to have a written policy about its use that is in compliance with federal, state, and local laws. Generally, a candidate must
sign a consent form before being tested. Employees who are currently using drugs or alcohol are not protected under the ADA. Recovering drug users and alcoholics are covered. Therefore, an employer can refuse to hire someone who is using illegal substances or shows up at the interview under the influence of alcohol. The employer cannot refuse to hire someone because he or she is a recovering drug or alcohol user.

MEDICAL EXAMINATIONS

Prior to the passage of the ADA, employers could require a medical examination as a condition of employment. Now, the ADA specifies that a medical examination can be required only after an offer of employment has been made. Employers requiring a medical examination of an employee should provide a copy of the job description to the examining physician for review of the job requirements. If the results of the medical examination indicate that the person cannot perform the job requirements, and there is no reasonable accommodation that would allow him or her to do so, the company does not have to employ that individual. Generally, a medical exam can lead to disqualification of an applicant if that individual would be a direct threat to the health or safety of self or others if employed in the job under consideration.

Choosing Among Selection Methods

Which selection method(s) should you use and when? Companies report that interviews are the most frequently used selection method, followed by applications and resumes. (Recall that interviews are more valid when they are carefully structured and interviewers are carefully trained to ensure that interviews are correctly administered.) That said, depending on the type of position you’re hiring for, these three methods might not result in the best hiring decision. The best, most appropriate methods depend on the job for which you are hiring and the goals and objectives your organization is trying to achieve. Bottom line: Use the methods that will provide the most relevant information you need to collect from your applicants. Doing so increases the likelihood that you will identify and hire the most qualified person for the job.

Before beginning the selection process, you need to make sure you know what information you need, how you can best collect it, and how you will use it to make a final selection decision. This last part is more challenging than it might appear. Each person is likely to have different strengths and weaknesses. Very few individuals will excel in all areas. Some candidates will score well on one or more selection measures and lower on others. The challenge for you as a manager is to determine how to use all of the information you obtain to make the best hiring decision. Several approaches are available for helping you make this determination.

COMPENSATORY APPROACH

If you don’t do well on one assignment in most of your classes, you have the opportunity to offset that grade by doing well on another assignment. This model is known as a compensatory approach. Theoretically, during the selection process a candidate could score low on one measure, perhaps a written test, but do exceptionally well on another part, such as the interview. The outcome of the interview could offset the lower score on the written test or vice versa, depending
on how you “weight” the different scores. Measures that correlate more highly with on-the-job success should be more heavily weighted. Exhibit 7.7 shows an example of how the compensatory approach works. For this particular job, the organization doing the hiring has determined that the second interview should receive the highest weight (45%), followed by the written test (35%), and the initial interview (20%). Each applicant’s score on each measure is multiplied by the weight assigned to the measure to arrive at a score for the measure. These scores are then summed to come up with a total score for the applicant. When scores are close, you can ask applicants to provide additional information or have them return for another interview.

**MULTIPLE-HURDLE APPROACH**

In the multiple-hurdle approach, applicants have to successfully pass each step (hurdle) to continue in the selection process. Staying with the selection techniques shown in Exhibit 7.7, an applicant would have to reach a minimum score on the written test (hurdle 1) to be scheduled for a first interview (hurdle 2). If the applicant does well in the first interview, he or she can then proceed with the last hurdle (interview 2). Corporate Spotlight 7.3 provides an example of how the Wynn Las Vegas Casino used a multiple-hurdle selection process when it first opened.

**MULTIPLE-CUTOFF APPROACH**

With the multiple-cutoff approach, an applicant has to reach a minimum score on each measure to remain in the running for a particular job. This approach differs from the multiple-hurdle approach in that applicants go through all steps of the process. After all applicants have completed all steps, those who meet the minimum score on all parts are considered eligible for the job, and the selection decision is then made from that group.

**CHOOSING A SCORING METHOD**

Each scoring approach has advantages and disadvantages. The compensatory model works best when there are no absolute requirements that a candidate has to meet. If you are hiring a project manager and there are six qualifications the successful candidate should have but no one qualification is a make-or-break factor in the decision, then the compensatory approach would work well. The multiple-hurdle approach works well when there are absolutes. For example, if a candidate for a project manager’s position needs to have each qualification you are measuring and you can order the qualifications from most critical to least critical, then the multiple-hurdle approach would be a good choice. If all the qualifications need to be met at a minimal level, then the multiple-cutoff approach would work.
For some jobs, a company might use a combination of a multiple-hurdle approach and another approach. Suppose, for example, that a company needs an accountant who is a certified public accountant (CPA). In this situation, it would be logical to use the CPA credential to make the first cut. After that cut, a compensatory or multiple cutoff, or even further hurdles, could be used.
Selection in Practice: Organizational Demands

Now that you have a good understanding of the fundamentals of the selection process, we focus on the types of decisions managers must make on a regular basis when designing the process and selecting employees. Exhibit 7.8 outlines many of these decisions. We have already established how the requirements of a job and a firm’s recruitment efforts affect the employee selection process. Let’s now look at how organizational demands, environmental demands, and regulatory issues affect the decisions you will make as a manager when selecting employees to work for you.

STRATEGY AND SELECTION

By now you clearly understand that the role of the selection process is to help you hire the “right” employees. The best widget in the world won’t be designed, made, or sold without individuals coming up with a plan for the widget, developing the design, setting up a production process, and marketing it. However, different competencies individuals possess matter more or less for different strategies. Remember that a company’s strategy is its plan for gaining a competitive advantage over its rivals. As a manager involved in hiring employees, you need to understand the company’s strategy and the core competencies that the strategy requires of all employees. Those competencies, along with the specific criteria to ensure that there is a good person–job fit, determine what you focus on when you are selecting which applicants to hire. Your firm’s strategy also affects the choice of methods you use for collecting information about applicants.

EXHIBIT 7.8
Selection in Practice

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Core Competencies

Core competencies differ from company to company. Focusing on your company’s strategic competencies when setting up the selection process helps ensure a strong match between what employees can do and what the company strategy requires. Companies that compete based on a low-cost strategy often design jobs to maximize employee efficiency and productivity. This strategy results in jobs with a narrow range of tasks and limited employee discretion. Low-cost focused companies are much less concerned about competencies such as creativity and flexibility than they are about competencies such as efficiency, dependability, and cooperativeness. Additionally, a company pursuing a differentiation strategy focused on customer service will look for different competencies than a company pursuing a differentiation strategy focused on innovation.

Certainly there can be overlapping competencies among firms with different strategies. Trust and personal responsibility in all relationships, one of IBM’s values, is likely valued by all firms in one form or another, regardless of the strategic focus of other firms. The important point to remember is that the core competencies assessed during the selection process should be a function of a company’s strategy. Therefore, as a manager you need to know what those competencies are before you begin the process of hiring new employees.

Selection Criteria for Person–Job Fit

Core competencies are usually broadly defined because they apply across jobs within a company. KSAs, on the other hand, are job specific and are determined by the design of a job. A company’s strategy, like its core competencies, will determine the specific KSAs each employee needs in order to do his or her job. The cook in the fast-food restaurant needs different skills than the cook in a fine-dining establishment. Likewise, an accountant in a major accounting firm will have different job requirements than an accountant who works in a low-cost retail chain. The two jobs will share some requirements, but the strategy of each organization results in additional and specific job requirements that need to be considered during the selection process.

Methods of Selection

The type and number of selection methods used are driven by a company’s strategy. If your company has a low-cost strategy, you will want to find the most efficient selection methods possible. A simple application and one short interview might be all that is used. Or, if the company typically needs a lot of people to do the same job, it may be more cost-effective to develop a selection test specifically for that job. Employees can be selected in an efficient manner with a standardized process.

A company with a differentiation strategy that focuses on high-quality service will be especially interested in how well future employees respond to situations involving others. Including role plays, situational interviews, or behavioral interviews in the selection process will provide a way to assess how well applicants respond to such situations. If the differentiation strategy is one of innovation, the selection methods might include a simulation in which the applicant has to do something unique or “think outside the box.” Behavioral interviews and references can also reveal how “innovative” applicants have been in the past.

COMPANY CHARACTERISTICS AND SELECTION

The size and stage of development of a company are often highly correlated. These characteristics of a company will determine the structure of its selection process and the substance and form of the process for designing and implementing the process. Whether the firm is large or small, new or old, wealthy or struggling, as a manager, you will be able to use the information you are currently learning to conduct a successful selection process within those parameters.
Degree of Structure

Selection processes range from highly structured to highly unstructured and from a few steps to many steps. Some processes are very informal and include perhaps only an application and an interview; others are very formal and involve multiple steps and extensive, structured interviews. Larger, more established companies, such as Lockheed Martin, generally have more resources and can afford to utilize more extensive selection methods. Many of these organizations also develop their own selection processes. They also recognize that the more applicants they have, the greater the risk there is that an informal and/or unstructured process will be viewed by applicants as subjective and biased. Thus, a structured and validated process is more likely to be in place.

Keep in mind that exceptions always exist. A company may have grown quickly and not taken the time to develop good selection processes, and even some long-established companies might not have good processes. Some firms—for example, JetBlue—have always understood the importance of a well-designed selection process.64

Substance and Form of the Selection Process

A company's industry has a big impact on the type of employees the firm needs as well as the selection norms it will tend to use. How a defense contractor selects employees will obviously be very different from how a restaurant selects employees: Defense contractors must conduct extensive background checks of applicants to meet government security regulations. Restaurants should do background checks for employees who will handle money and credit cards but they will be less extensive than those of the defense contractor.

An industry’s norms can be either implicitly or explicitly conveyed. Major business consulting firms, such as Deloitte, Accenture, and KPMG, have similar, highly structured selection processes. They typically use extensive interviews and case studies to narrow down the number of acceptable candidates for their open positions. These are large, established firms, but because of the norms of the industry, even the small boutique consulting firms use the same type of selection processes.

Specific practices also exist within occupations. Some occupations, such as accounting, law, and medicine, require licenses or certifications. Other occupations do not require certification but have it available. Human resources is an example of the latter. Companies use credentials as a signal of the competencies an applicant will bring to the job. As a result, fewer additional steps may be needed during the selection process than for occupations that do not have similar credentials.

CULTURE AND SELECTION

Will the culture of a company matter to you when you are applying for jobs? We expect that it will. When setting up a selection process, it is important for you to be familiar with your company’s culture and decide how to determine the applicant’s fit with the culture.

Person–Organization Fit

A company’s strategy and characteristics influence the criteria managers rely on to maximize person–job fit. **Person–organization fit** involves how well a person fits within the broader organizational culture.65 Recall that a firm’s culture is a function of the basic assumptions, values, and beliefs of the organization’s members.66 Each company’s culture is unique and influences the selection process. Company Spotlight 7.4 provides an example of how the selection process at CDW was changed to better reflect the corporate culture.
A company’s culture can also be a primary reason applicants accept job offers at the firm. Starbucks believes its corporate culture is the reason it is able to attract and retain good employees. The company mission and vision statement emphasize a work environment that is positive and respectful. Starbucks hires employees who are adaptable, passionate, and dependable team players. The company’s interview guidelines provide examples of questions interviewers can ask applicants to discern whether they have these attributes. Companies such as Starbucks know that a match between the values of their employees and those fostered by the organization increases employee productivity and contributes to success.67

It should be noted that some candidates might have the necessary competencies to do a particular job but still not fit in with a company’s culture. Other candidates might share the values and beliefs of an organization but lack the competencies to succeed in a particular job. That’s why, as we have explained, both the person–job and person–organization fit are important.

**Promotion-from-within Policy**

Culture affects the extent to which a company has an internal versus external hiring mind-set. Many companies are quite loyal to their employees. When a job vacancy occurs, these companies promote current employees rather than look outside the organization. A firm’s current employees are already familiar with the company’s culture when the cultural values are continuously reinforced. Of course, there is also a downside to this practice. Without “new blood” coming into the organization on a regular basis, the company runs the risk of becoming stagnant. Therefore, carefully weighing the pros and cons of promoting from within is important before the culture becomes too entrenched.
Who Participates in the Selection Process

The norms about who participates in the selection process are established in part by company culture. In a team environment where employee input is valued, all members of the team are likely to be involved in some aspect of the selection process. Google includes multiple Googlers in their selection process and usually includes Googlers who will be on the person’s team. In more traditional, hierarchical organizations, only employees in higher-level positions will be involved in selecting new employees.

EMPLOYEE CONCERNS AND SELECTION

During the selection process, prospective employees want to be treated fairly and equally relative to other applicants. They also want to gather as much information as possible about the job so they can decide how it will affect their lives.

Fair and Equal Treatment

The psychological contract between an employee and an employer begins to be established during the recruitment process and is reinforced during the process. How applicants are treated during this time gives them an idea about how they will be treated as employees. Reducing bias in the selection process and treating applicants in a consistent manner positively affects applicants’ perceptions of the organization.

We all have personal preferences and stereotypes that can affect our decisions. Acknowledging this is the first step in preventing the use of those factors in making decisions. A well-designed selection process helps hiring managers clearly understand the factors that should affect their hiring decisions versus those that shouldn’t. As we’ve explained, a structured selection process and training help reduce the likelihood of bias and ensures equal treatment of all applicants. Many companies train their employees on diversity issues and how to select employees. Providing hiring managers with a scoring key for rating candidates’ answers to their interview questions will also reduce the risk of bias occurring. Also, remember that as a manager you are ultimately responsible for ensuring that employees participating in the hiring process understand how they should go about making unbiased judgments about candidates. This should be the case whether the company you work for is large or small, new or established, affluent or struggling, your own company or part of a conglomerate.

Impact of Job on Work/Life Balance

In Chapter 6 we discussed the concept of realistic job previews (RJPs). Recall that RJPs provide candidates with information about the demands of the jobs for which they are applying, including time expectations, working conditions, and possible stressors related to the jobs. As a manager, you might have an applicant you really want to hire, and you may be fortunate to convince that person to come to work for you. However, if he starts work only to find that the job is going to require more travel than he was told, or longer work hours, or some other factor he perceives as negative, and if those requirements interfere with his family responsibilities, he is likely to find another job as soon as possible and not be very productive in the interim.

Selection in Practice: Environmental Influences

A number of environmental influences directly affect the selection process. The labor market influences both who is available for employment and who is willing to work for the company. Technology affects the design and implementation of the selection process, and it creates new challenges for selection. Globalization affects a firm’s decisions about hiring employees at home and abroad. Ethics and social
responsibility concerns shape privacy issues, including what information and how much of it the organization should communicate to applicants. We discuss each of these issues in some detail.

LABOR MARKET AND SELECTION

For selection purposes, we are interested in both the larger labor market and relevant labor markets for particular jobs. The labor market influences both the type of applicants available for selection and the willingness of applicants to accept jobs. As a manager, you will be confronted at some point with labor market challenges and have to decide to what extent those challenges affect the selection process you use.

Types of Applicants Available

The applicant pool changes as the demographics of a country or region change. Age is one demographic that is having a direct impact on the hiring of employees today. Many older workers are finding themselves having to work to make ends meet after retiring, and some just prefer to keep working rather than retire. Often these workers are highly qualified individuals who may want to work part time and bring valuable skills and information to the workplace. Employers need to be open to what these potential employees can contribute and ensure that age doesn’t become an explicit or implicit factor in selection. In fact, many companies are realizing that an aging workforce means the company has to be proactive and embrace the employment of older workers to maintain a sufficiently large workforce.

In the past in the United States, teenagers often filled low-skilled, entry-level service jobs. Now, teens either don’t have to work because of their parents’ affluence or have lots of choices of places where they can work. As a result, they are less willing to work in fast-food jobs, discount retail jobs, or other service jobs that people in this age group would have more willingly accepted a few decades ago. Increasingly the applicants for these jobs are immigrants to the United States who may need skill and language training so that they can communicate with customers. The selection process has to be modified to accommodate these applicants as well. For example, you may need to have your applications translated into various languages if your target applicants lack the ability to read and write English, and English is not an essential job requirement. Interviewers may need to speak multiple languages.

A number of occupations have experienced shifts in the size and nature of their applicant pools. School districts are using alternative selection measures to determine a potential teacher’s qualifications in fields where there is a shortage of qualified teachers, for example. Sometimes when teachers are hired, they are given a timeline by which they must acquire certain credentials to remain employed. Hospitals have had to look outside their domestic borders to find qualified nurses as the population ages and more health care professionals are needed. The selection process has to be modified in these situations to identify and process applicants. Managers have to recognize that the qualifications they are looking for today might not look exactly like those they traditionally searched for in the past.

Willingness of Applicants to Accept Jobs

A loose labor market presents the best of all possible worlds for employers. When there are more qualified employees available than job openings, an employer has the luxury of being very selective about who is hired. Applicants have fewer offers and are going to be less selective. But what happens when there are too few qualified
employees in the labor market? In a tight labor market, employers don’t have the luxury of being very selective. An employer may actually eliminate all but the most essential steps in the selection process (keeping application, background check, and interview) and use resources formally earmarked for selection to train new employees to do the job. Applicants may have multiple offers in this labor market, so much of the selection process becomes “selling” the job.

TECHNOLOGY AND SELECTION

Technology has had a significant impact on how selection is managed. The two most prominent advances are the increased use of computer technology to perform part of the selection process and to verify candidates’ credentials. We will first discuss technology’s impact on the process of selection.

Technology and the Process of Selection

Go into Target, Garden Ridge, or Walmart and you will most likely find yourself completing an application at a computer kiosk. At this kiosk, applicants can be asked to complete a personality or situational judgment questionnaire that serves the same purpose as a screening interview. The information collected supplements the information job seekers put on their applications and provides the companies with a preliminary idea of how well the applicants will fit the job and organization.69

In other organizations, an applicant might be directed to call a specific phone number to respond to similar questions. Computer kiosks, online applications, and phone systems used for initial screening save a lot of time and paperwork for the company, and the information entered by applicants can become part of a company’s applicant tracking system. Look back at Company Spotlight 7.3 on the Wynn Las Vegas. The spotlight provides an example of how the Wynn found online applications invaluable when it needed to hire more than 9,000 employees in a short period of time.

Software can review applications for key words quickly and provide a list of qualified candidates. Software screening, however, is only as good as the information input into the screening process. Many companies try to adapt their paper applications to online applications without taking into consideration how the software will use the information to identify “qualified” candidates for the job.70 For instance, sifting applications for someone with experience in art and décor for a home furnishings store might miss a qualified applicant who did not use those exact words but has interior design experience that matches the job requirements.

Companies are also using online selection tests, which raises questions about how equivalent these tests are to traditional paper-and-pencil versions. If the two versions are not highly equivalent, the Internet test may have to be validated separately. Testing conditions, such as whether a test is timed if it is online, may make a critical difference in terms of equivalency.71

As we noted earlier, social media is playing an increasing role in selection as well, but needs to be used with caution. In a research study that specifically examined the validity of recruiter evaluation of Facebook profiles, the researchers found that the ratings did not add any greater value to the selection process than traditional criteria and were not related to future job performance or turnover.72

Verification of Credentials

Employers are finding it easier, faster, and more cost-effective to do reference and background checking now that much of it can be done online. Applicants often fail to disclose information that paints them in a less-than-favorable light, such as
information about having been fired from a previous job. Sometimes applicants omit information about their previous work experience simply because they’re afraid it will make them look overqualified. Other information submitted by applicants is simply false. One survey reported that more than 50% of resumes contain false information. Electronic processing of reference and background checks may make it more difficult for applicants to lie about their past. Nonetheless, employers need to exercise due diligence to ensure that the information they are collecting electronically is coming from reliable sources and is accurate.

Technology may be making it more difficult for applicants to conceal or falsify information but it can make it easier, too. For example, some job applicants have gone so far as to hack into university computers and add their names to graduation lists. A candidate for a director position at Korn/Ferry, an international executive search firm, did just that. (He was found out, and he didn’t get the job.) In addition, technology makes it much easier for candidates to forge documents indicating that they have certain credentials when they actually lack them.

GLOBALIZATION AND SELECTION
Many organizations find themselves involved in global selection activities in one of four ways:
1. hiring increasingly larger numbers of international employees to work in their domestic operations,
2. selecting internal candidates to send to other countries to work,
3. hiring host-country nationals to work in their companies’ operations in host countries, and
4. hiring international employees to work for the company abroad.

Each of these activities creates unique challenges and opportunities related to selecting employees. Next we discuss these practices.

Labor Market at Home
The most carefully constructed selection process is ineffective if applicants aren’t available to apply for the jobs. During the end of the twentieth century and the beginning of the twenty-first century, the U.S. economy was booming, and job growth was on the rise. High-tech and other companies began to rely more and more on immigrants for their staffing needs as a result, especially given the shortage of math and science majors in the United States and the increasing need for workers with those backgrounds. However, after the terrorist attacks on September 11, 2001, the amount of information, time, and cost required to obtain visas for immigrants to work in the United States increased, and the number of available H-1B visas decreased, too. The need for such workers did not decrease in the same proportion, however. For instance, the U.S. Citizenship and Immigration Services (USCIS) reported receipt of 172,500+ petitions for H-1B visas between April 1, 2014 and April 10, 2014. This number significantly exceeded the cap on available visas of 85,000.

H1-B is a classification used for nonimmigrant aliens who are employed to work temporarily in very specific occupations, such as engineering, math, law, theology, architecture, physical sciences, and medicine. In 2014, only 65,000 aliens could receive these visas. An additional 20,000 could file for a visa under an advanced degree exemption. The total 65,000 cap was put in place in 2004. In previous years, that number was higher: 195,000 H1-B visas were available in the years 2001 through 2003. Employers seeking to hire workers with the H1-B status have to complete a labor condition application with the Department of Labor and pay a fee. The workers can be on H1-B status for only six years at a time.
Labor Market Abroad

If you are staffing an international operation, you will need to decide whether to staff with parent-country nationals, host-country nationals, third-country nationals, or some combination of the three. The choices you make are critical for the success of your operation.

Companies send parent-country nationals (PCNs) on international assignments for a variety of reasons, which can differ from country to country. In the United States, PCNs are used to fill a skill gap or to start up a new operation. For companies in the United Kingdom and Japan, PCNs are used to set up a new operation and in Germany they are used to develop international talent. Selecting the right PCN for an assignment is challenging, but essential. When PCNs fail (return to their home countries earlier than planned), it is very costly for organizations.

PCNs are often selected for assignments abroad because of their technical skills. However, research suggests that companies need to focus on other factors that can affect the ability of PCNs to work successfully abroad, such as the ability of PCNs to adapt and of their family members to adapt to foreign cultures. When hiring for domestic positions, most U.S. employers do not include the families of candidates in the selection process. However, because it can often be difficult for families to relocate abroad and adjust to conditions there, international selection decisions should include candidates’ families. This focus can be justified as job related. Research supports the importance of the family’s adjustment to PCN success. Companies in Sweden and Switzerland routinely include families in the selection process for assignments abroad.

Remember, also, that EEO laws apply to U.S. employees working abroad. Therefore, when selecting employees for international assignments, you need to make sure you do not discriminate. Some employers argue that they can send only men to certain countries. For instance, they might argue that women in a country like the United Arab Emirates (UAE) are limited in terms of the types of jobs they are allowed to hold in the country. The argument is that cultural forces there require women to follow a “code of modesty” and be segregated from men. However, cultural and societal changes have resulted in UAE women working in a wide range of occupations.

Always remember that Title VII of the Civil Rights Act prohibits U.S. employers from discriminating on the basis of gender; however, if the host country’s laws and customs do actually prohibit employment of a woman in the job that your company has available, the host country laws and customs overrule the U.S. laws. Employers need to make sure that what they think is true about laws and customs in another country is actually true and not merely an impression with no real basis as in the UAE example.

Some multinational organizations staff their operations abroad with host-country nationals (HCNs). More senior positions are often still reserved for PCNs, especially when the cultural distance between the home and host country is greater. Staffing with HCNs makes a lot of sense. HCNs know the local culture and resources, and they are usually much less costly to employ, at least in developing countries.

Companies that are going to be hiring HCNs need to be aware of differences in selection practices across countries. One study found that European and U.S. multi-nationals (MNCs) used more structured interviews for selection than Japanese firms. The United Kingdom MNCs used more psychological tests and the Germans used more behavioral assessments. Additionally, some countries have adopted quotas to increase diversity and have different protected classes than the United States. Private companies in Japan with 50 or more employees are required to hire individuals with disabilities so that they represent 2% of the total
number of employees. In Australia, political opinion is a protected classification, and in the United Kingdom, gender reassignment is specifically noted as a protected classification. When selecting HCNs for an international assignment, multinational firms often employ HCN human resources directors to ensure that the selection processes used conform to local laws. If the company doesn't have a human resources professional in-house, it is often advantageous to hire the services of a local consultant to ensure that the selection practices are appropriate for the host country and that the company doesn't violate host country laws relative to selection.

Increasingly, employees are willing to work wherever in the world the best opportunities exist. This willingness is good news for employers because there are not always enough qualified employees from a company's home or host country to staff a new or even an existing operation. Third-country nationals (TCNs) are foreign nationals who work in countries other than their home country or their company's home country. Many of the same selection practices that apply to PCNs apply to TCNs. Ensuring that a TCN has good technical skills is not enough to ensure the person's success on the job. Attention should also be paid to the ability of the person and his or her family to adapt to the country to which he or she is relocating.

ETHICS AND EMPLOYEE SELECTION

A number of ethical and social responsibility issues exist in employee selection. We will focus on two of these: concerns about privacy and the amount and type of information provided to applicants.

Concerns about Privacy

Honesty tests, background checks, credit reports, drug tests, and medical exams are among the selection methods that applicants consider highly invasive. Additionally, applicants may perceive that the use of social networking sites during the employment process is an invasion of privacy and perceive the selection process as unfair as a result. These and related selection methods can be used only when they can be shown to be job related and no other less-invasive alternative is available. If a drug test is needed, collecting a hair or saliva sample from a candidate is likely to be perceived as less invasive than collecting a urine or blood sample. If invasive methods are used, well-defined policies should be in place to ensure that applicants are treated fairly. The tests should be consistently administered across all candidates being considered for the same job. The rationale behind the tests should be explained to candidates as well, and the reliability and validity of the tests should be established.

By far the most invasive selection method an employer could use is genetic testing. This type of test is done to find out if an employee is predisposed to certain medical conditions or diseases that could affect work performance and cause increases in company medical insurance rates. As we noted in Chapter 3, the Genetic Information and Nondiscrimination Act of 2008 (GINA) made it illegal for employers to discriminate on the basis of genetic information, and in most cases, there is no job-related reason for an employer to conduct genetic testing as part of a selection process.

Amount and Type of Information Given to Applicants

As a manager, you might find yourself in a dilemma about what information and how much of it you should provide to job applicants. If you're not careful, you might inadvertently omit information to make a job seem more attractive to applicants than it is, especially for applicants you really want to hire. Or, you might inadvertently omit information about the hazards related to a job or activities your
company engages in that applicants might find questionable. It is, therefore, important for you and your organization to think through what information is ethical and responsible for you to divulge before you start the selection process.

Realize, too, that you and your company will face consequences as a result of the choices you make. Remember from Chapter 6 that RJP s have been shown to be quite effective in making employees aware of the positive and negative aspects of a job and have the added benefit of yielding more satisfied and productive employees.88

**Selection in Practice: Regulatory Issues**

We have already addressed a number of regulatory issues related to selection throughout this chapter. In this section, we focus on two additional regulatory issues of particular importance to the selection process for managers: (1) procedures for using selection measures and (2) the definition of an applicant.

**PROCEDURES FOR USING SELECTION MEASURES**

In 1978, the EEOC, Civil Service Commission, and the U.S. Labor Department issued guidelines for the legal use of employee selection procedures. Those guidelines, the *Uniform Guidelines on Employee Selection Procedures*,89 describe in detail how organizations can legally use tests and other selection methods. Even though they were developed more than 35 years ago, the *Uniform Guidelines* are still given great deference by the courts in establishing whether or not a selection measure is job related.90 The *Guidelines* also describe the recordkeeping procedures employers should follow with regard to their selection activities. Required records include information on the demographics of applicants as well as test validation information. A complete description of these *Guidelines* is beyond the scope of this book, but it is important that you know that the *Guidelines* exist. They are an invaluable reference when it comes to setting up a selection process. For instance, they offer guidance on what to do if your selection practices result in adverse impact and define what constitutes biased, or unfair, selection procedures.91

Additionally, the Society for Industrial and Organizational Psychologists (SIOP) has published *Principles for the Validation and Use of Personnel Selection Procedures*. These principles are provided to guide the choice, development, evaluation, and use of employee selection procedures. SIOP published the fourth edition of the *Principles* in 2003.92

**DEFINITION OF AN APPLICANT**

You might be wondering why we even need to discuss the definition of an applicant. After all, we are finally arriving at the end of this chapter. And didn’t we already define the term? Yes and no. We gave you a generic definition of the term.

The rapid growth of computer technology was accompanied with a change in how applicants and employers interacted as we have already noted. As a result, in 2004, the EEOC provided clarity on who is considered a job applicant for Internet and related technology.93 When it comes to electronic technologies, such as e-mail, applicant tracking systems, employment Web pages, and the Internet, an individual is considered an applicant if:

1. The employer is acting to fill a specific position.
2. The applicant has followed the procedures described by the employer for applying for a job.
3. The applicant actually has indicated interest in a specific position.94
This definition is quite important in the event of a discrimination charge. Without it, an individual could just make an e-mail inquiry about a possible job and then decide to charge the company with discrimination if he didn’t get the job.

Even prior to issuing the new guidelines, many employers had already established policies for determining who was actually an applicant. The policies resulted in part from efforts by the EEOC to find employers who were discriminating. To do this, the EEOC sent “testers”—individuals who were not actual applicants—to apply for jobs in an attempt to identify unlawful discrimination practices.95 Employers have responded to the use of testers by specifying that they do not accept unsolicited applications. Managers need to ensure that everyone who is involved in the selection process has been carefully trained in terms of how to conduct the process and what records to maintain.

**SUMMARY**

Selection is the systematic process of deciding which applicants to hire to achieve your organizational goals. Selection involves making predictions about which job applicants will be able to perform a job successfully. Matching a person to a job will lead to more satisfied and productive employees.

The selection process is basically the same for external and internal hires. Job analysis information is used to determine the required KSAs a successful job incumbent should have. This information is then used to decide on the most appropriate methods for selecting from the pool of job applicants.

Selection methods need to be reliable, valid, and unbiased. Reliability means that the methods used are consistent over time and across raters. Validity means that the methods are actually measuring what they were designed to measure. Unbiased means that the personal characteristics of applicants and impression management efforts by applicants do not affect the selection decision. Unbiased also means that selection decisions are made based on how applicants perform during the selection process and not on how well one applicant performs relative to another applicant or how well an applicant does on only one part of the selection process.

The selection process typically consists of two parts: initial screening and final screening. Initial screening includes reviewing applications and resumes and conducting an initial interview. Final screening reduces the number of job candidates down to the number of employees needed for the job. Final screening methods include ability tests; achievement/competency tests; work samples; personality inventories; reference checks, background reports, credit reports, and scores on honesty/integrity tests; and interviews, assessment centers, and biodata. Drug tests can be used also. A medical examination can be requested by a firm only after it has extended an employment offer to a candidate.

The final selection decision can be made in one of four ways: via the compensatory approach, multiple-hurdle approach, multiple-cutoff approach, or a combination approach. Each approach has advantages and disadvantages.

From an organizational design perspective, strategy drives the core competencies candidates need and the person–job fit criteria, as well as which methods are used to select employees. Company characteristics determine how structured the selection process is, the substance and form of selection methods used, and how much discretion individual managers have in terms of designing and implementing the process. Culture establishes the person–organization fit criteria, whether there will be a promotion-from-within policy, and who participates in the selection process. Applicant concerns include the right to fair and equitable treatment and the impact of one’s job on one’s family life.

Various environmental demands affect the design and outcome of the selection process. The labor force influences the characteristics of applicants who will be
interested in job openings and the willingness of applicants to accept jobs. Technology affects how the selection is done and also the process of verifying applicants’ credentials. Globalization affects the composition of domestic and foreign labor markets. Two ethical issues that have to be addressed during the selection process are concerns about privacy and what and how much information to provide to applicants. Finally, regulations guide the procedures used for selecting tests, keeping records, and defining who is an applicant.

**KEY TERMS**

achievement/competency tests  multiple-hurdle approach
adverse action  negligent hiring
assessment center  panel interview
behavioral interview  parent-country national (PCN)
biodata  person–job fit
cognitive ability test  person–organization fit
compensatory approach  physical ability test
 concurrent criterion-related validity  prediction
construct validity  predictive criterion-related validity
content validity  reliability
contrast effect  selection
concurrent criterion-related validity  situational interview
devil’s horns effect  structured interview
final screening  subject matter experts (SMEs)
halo effect  third-country national (TCN)
host-country national (HCN)  unstructured interview
impression management  validity
initial screening  work sample
multiple-cutoff approach

**DISCUSSION QUESTIONS**

1. What is the relationship between a firm’s employee selection procedure and its performance?
2. Describe how a company can ensure there is a good person–job fit when hiring a new employee.
3. Define reliability and validity. Why are these two standards so important to the selection process?
4. What is the difference between initial and final selection methods? Why are both needed for most jobs?
5. Discuss when you would use a multiple-hurdle process as opposed to a compensatory process for making a final employment decision.
6. Suppose you are the manager of a retail store. You want to create a structured behavioral interview for the job of sales associate. What role should your organization’s culture play in terms of the interview questions you create? What might be an appropriate question to include? If you aren’t sure what this particular job entails, visit O’NET (http://online.onetcenter.org) and read about it.
7. Identify and describe ways technology can be used to enhance the selection process. What are the possible problems that can occur because of the use of technology? How can you avoid those problems?
8. How is the term applicant defined for selection purposes?
LEARNING EXERCISE 1

Think about a company that you admire and would like to work for when you graduate. Research how that company handles the selection process. You can do this by visiting the company’s website and through an interview. Use your networking skills (such as your LinkedIn connections) to contact someone at the company who you can interview about the selection process. As you answer the following questions, keep in mind that the list is not exhaustive so you will want to add other questions.

1. How does this company select employees?
2. Is the same process used for all jobs? If not, how does the process differ and why?
3. Does the company use initial and final screening methods?
4. How does the company incorporate technology into the selection process?
5. Based on what you have learned in this chapter and what you learned about the employee selection process, discuss your perceptions of the effectiveness of the company’s selection process.

LEARNING EXERCISE 2

Find a job description for a job that you would like to have. (You can obtain many generic job descriptions online simply by typing the job title into a search engine.) Based on the job description chosen, complete the following activities:

1. Design a selection process to use for both the initial screening and final screening of applicants. Indicate why each selection method included is appropriate.
2. Prepare two behavioral interview questions for the job. Specify which aspects of the job you are assessing with each question and why you think the question is effective. Include a rating scale with the questions.
3. Discuss how the selection process would differ if the company is small (under 50 employees) versus large (thousands of employees). Indicate why those changes would be appropriate and what other variables could affect the design of the selection process.

CASE STUDY 1: SELECTION AT FIRST APPAREL

Silas Mill was once known as the producer of the finest linen fabric in the world. The company, headquartered in Macon, Georgia, has had a long history of invention and innovation. That culture served the company well as the textile industry moved to China. Instead of trying to hold onto its competitive advantage in the linen industry, Silas Mill found new products to manufacture. Now, it produces a wide range of high-performance fabrics used in industrial and commercial settings. The company has recently used nanotechnology to develop stain-resistant fabrics that are increasingly popular in skilled nursing facilities and hospitals because of their durability and ease of care.

The company has grown from 150 employees working at one plant in Macon to 700 employees working in three plants in the United States and one in China. Some of the corporate jobs at Silas Mill are marketing analyst, executive assistant, designer, sales representative, customer service specialist, purchasing manager, attorney, research scientist, and accountant. The company values integrity,
relationships, innovation, and change. Its mission statement emphasizes the importance of putting the customer and employee first:

At Silas Mill, we strive to be the number-one provider of high-quality, high-performance designer fabrics and the number-one employer in our industry. We believe in always putting the customer first, valuing our employees, and maintaining the highest ethical standards.

As Silas Mill has grown and continued to be a leader in textile innovation, it has also grown its reputation as a preferred employer. The downside is that the HR staff find it increasingly difficult to wade through all the applications to ensure they have the most qualified employees for their jobs.

The current selection process is pretty standard across jobs: HR staff manually review the applications and resumes that come in, identify a short list of applicants for a particular job, and then invite the individuals on the short list in for an interview with the hiring manager and some of their coworkers.

DISCUSSION QUESTIONS
1. How might Silas Mill use technology to make its selection process more effective and efficient?
2. Research ways in which companies take culture into consideration in selection and make a recommendation for Silas Mill.
3. As Silas Mill continues to grow its business, what are some other changes that need to occur in the selection process?
4. What advice would you give the HR staff at Silas Mill to ensure they have the most effective selection process possible?

CASE STUDY 2: VIRTUAL SELECTION AT NATIONAL CITY CORPORATION

National City Corporation, a multistate banking firm with headquarters in Cleveland, Ohio, employs around 32,000 people. The company has been named one of “The Top 100 Employers” by The Black Collegian magazine. National City, founded in 1845, is one of the nation’s largest financial holding companies.

National City uses a computerized simulation of specific job-related tasks known as “Virtual Job Tryout” to select candidates for jobs. In effect, job candidates get to audition for the job they want. The company believes that this type of assessment does more than help the company select the right people. The process also gives National City Corporation a distinctive recruiting experience that creates a unique impression on applicants and helps build the employer brand of the company.

National City worked with a consulting firm to develop several virtual simulations. The simulations have audio and video interactivity and are quite appealing to younger job applicants such as Gen Y’ers. Call center applicants, for instance, are given scenarios requiring them to solve customer service problems. Branch manager applicants have to demonstrate their skills at developing client relationships and making quick personnel decisions. Of course, these online assessments are just part of the overall selection process, but they are the next step in getting hired after completing the application process.

The firm believes that this part of its selection process is an educational tool that helps potential employees learn about the company. According to one of the consultants involved in the development of the simulation, innovative companies are looking for unique experiences such as this one to make their selection process standout.
DISCUSSION QUESTIONS

1. Discuss the pros and cons of using virtual assessment for employee selection. To answer this question, you may want to do further research on the concept.
2. What concerns would you have about this selection process if you were an applicant?
3. Describe the steps the company would need to take to ensure that the selection process is nondiscriminatory and fair.
4. Do you think all types of employees would respond the same to virtual assessment? Why? Why not?
5. For what type of skills is the virtual assessment best suited (e.g., interpersonal, analytical, business, engineering, other)? Explain your response.
6. Are there jobs for which this type of assessment would not be appropriate?

APPENDIX

Reliability and Validity

This appendix provides you with more detailed information about the concepts of reliability and validity. As you have already learned, if selection methods are not reliable and valid, you cannot be assured that they are useful for making good selection decisions.

Reliability

In this chapter, we defined reliability as how well a selection measure yields consistent results over time or across raters. But how do you really know the degree of reliability of a selection technique such as a test or an interview? Answer: By computing a reliability coefficient. The coefficient expresses the degree of relationship between two variables. A higher reliability coefficient means the test is more reliable. Reliability coefficients can range from 0 to 1.00. The traditionally applied rule of thumb is that the reliability coefficient should be at least .85, and preferably .90, for the test to be considered reliable for selection purposes.

Validity

As discussed in the chapter, reliability alone does not ensure that the selection method is going to predict success on the job. Remember that validity is the extent to which a selection method measures what it is supposed to measure and how well it does so—or, simply, the job-relatedness of the selection measure. There are three ways to show that a selection method is valid: content validity, criterion-related validity, and construct validity.

CONTENT VALIDITY

Subject matter experts (SMEs)—individuals with skills, knowledge, and expertise related to a particular job—identify questions to include in selection tests and interviews to ensure that what needs to be measured is measured. A test developed by SMEs is considered to have content validity. For example, suppose a company has an opening for an electrical engineer. If the hiring manager decides to use a test to measure how much knowledge of electrical engineering applicants already have, he could either purchase a test designed to measure electrical engineering concepts or develop such a test. In either event, SMEs with expertise in electrical engineering should participate in the development of the test. In fact, if the company wants to purchase such a test, it is important to ask the vendor, “What was the background of the SMEs who prepared the test?” in order to determine whether they really were appropriate SMEs.

Most managers don’t have to develop entire selection tests, but they may be called upon to provide questions for use in such a test based on their expertise in a particular area and their knowledge of the job for which the test will be used. Also, as mentioned earlier, managers are required to interview prospective employees. As with tests, the closer the questions reflect the job, the greater the content validity of the interview.
CRITERION-RELATED VALIDITY

Content validity provides support that a test measures what it is designed to measure based on how well the information in the test reflects the job requirements it is designed to measure. **Criterion-related validity**, also referred to as *empirical validity*, provides additional evidence of the validity of the measure by establishing a statistical relationship between the selection test and some measure of job performance, such as performance appraisal scores or quotas for production of workers. Criterion-related validity is determined by correlating the selection test scores with scores on the criterion—the performance measure. If there is a positive relationship, the test is said to be a valid predictor of a person’s performance on the job. Consider this example: Jane, Mark, Jorge, Abbie, Jie, Aron, and Darius all took a test as part of the selection process for managerial jobs, and all were hired for the jobs. After they had worked for the company for six months, the performance of each employee was evaluated, and a correlation coefficient computed between each person’s test scores and performance appraisal scores. The results indicated that the test predicted how well each person would perform on the job. Thus, assuming that the test is reliable, it is also a valid predictor and can be used in the future to select among job applicants. Now let’s look at two types of criterion-related validity: predictive criterion-related validity and concurrent criterion-related validity.

The following example demonstrates **predictive criterion-related validity**. Suppose job applicants are given a selection test that is not used to select employees. The scores on the test are filed away until the sample of test takers who are actually hired is sufficiently large (usually well over 100 test takers; the more test takers, the better). At that time, an evaluation of the performance of these employees is conducted, and the correlation between the scores is computed.

Another approach is **concurrent criterion-related validity**. This type of validity involves administering the selection test and collecting performance measure scores concurrently. The correlation between the two—the test score and performance measure scores—are computed and correlated to determine whether the test predicts how well people will perform on the job. Instead of filing away the scores, as in the previous example for predictive criterion-related validity, the scores are correlated with performance evaluation results collected at approximately the same time.

Exhibit A7.1 provides general guidelines for interpreting validity coefficients. As you can see, unlike reliability coefficients, validity coefficients don’t have to be as high to be beneficial. And because a person’s on-the-job performance depends on many factors, no single selection tool will perfectly predict one’s performance.  

**Exhibit A7.1**

<table>
<thead>
<tr>
<th>Validity Coefficient Value</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above .35</td>
<td>Very beneficial</td>
</tr>
<tr>
<td>.21–.35</td>
<td>Likely to be useful</td>
</tr>
<tr>
<td>.11–.20</td>
<td>Depends on circumstances</td>
</tr>
<tr>
<td>Below .11</td>
<td>Unlikely to be useful</td>
</tr>
</tbody>
</table>

CONSTRUCT VALIDITY

Construct validity is how well a selection tool, such as a test, measures the job-related characteristic—the construct—that it claims to measure. Constructs are abstract qualities or traits a person can possess, such as conscientiousness or a customer service orientation. An example will help to make this concept clearer. A hotel reservation center needs employees with a customer service orientation. The hotel can use a test to select employees with this orientation as long as the test is valid. To judge the construct validity of the test, the hotel needs to:

1. Define exactly what it means by the term customer service orientation within the hotel industry.
2. Show that the content of the test to be used reflects this type of customer service orientation (that is, has content validity).
3. Provide evidence that the test correlates with other measures of the customer service orientation construct.
4. Show that the test predicts a person’s job performance (empirical validation).

As with criterion-related validity, empirical evidence needs to be collected to show that the test exhibits construct validity.

NOTES


20 Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology."


23 Ibid.

24 Schmidt and Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology."


31 Ibid.


37 Posthuma, Morgeson, and Campion, "Beyond Employment Interview Validity"; and Hough and Oswald, "Personnel Selection."


40 Ibid.


46 Ibid.


50 U.S. Department of Labor, Testing and Assessment.


55 U.S. Department of Labor, Testing and Assessment.


58 U.S. Department of Labor, Testing and Assessment.

59 Ibid.

60 Ibid.


Stone-Romero, Stone, and Hyatt, “Personnel Selection Procedures and Invasion of Privacy.”


PART 3 Managing Employee Competencies

94 Ibid.