Chapter 6

Human Resource Planning

Learning objectives

After studying this chapter, you should be able to:

1. Define human resource planning (HRP).
2. Summarize the relationship between HRP and organizational planning.
3. Explain strategy-linked HRP.
4. Identify the steps in the HRP process.
5. Describe the different methods used for forecasting human resource needs.
6. Define the concept of benchmarking.
7. Discuss the purpose of a skills inventory.
8. Describe succession planning, commitment manpower planning, and ratio analysis.
9. List several common pitfalls in HRP.
Human resource planning (HRP), sometimes referred to as work force planning or personnel planning, has been defined as the process of “getting the right number of qualified people into the right job at the right time.”1 Put another way, HRP is “the system of matching the supply of people—internally (existing employees)—and externally (those to be hired or searched for)—with the openings the organization expects to have over a given time frame.”2 The Tennessee Valley Authority (TVA) defines the HRP process as “the systematic assessment of future HR needs and the determination of the actions required to meet those needs.”3 As the TVA’s definition indicates, the first challenge of HRP is to translate the organization’s plans and objectives into a timed schedule of employee requirements. Once the employee requirements have been determined, HRP must devise plans for securing the necessary employees. Basically, all organizations engage in human resource planning either formally or informally. Some organizations do a good job and others a poor job.

The long-term success of any organization ultimately depends on having the right people in the right jobs at the right time. Organization objectives and the strategies for achieving those objectives are meaningful only when people with the appropriate talents, skills, and desire are available to carry out those strategies.

Poor human resource planning can also cause substantial problems in the short term. Consider the following examples:

• Despite an aggressive search, a vital middle management position in a high-technology organization has gone unfilled for six months. Productivity in the section has plummeted.
• In another company, employees hired just nine months ago have been placed on indefinite layoff because of an unforeseen lag in the workload in a specific production area.
• In still another company, thanks to the spectacular efforts of a talented marketing manager, product demand has soared. However, because the rise in demand was unanticipated, the company has not been able to hire enough production employees.4
The need for HRP is due to the significant lead time that normally exists between the recognition of the need to fill a job and the securing of a qualified person to fill that need. In other words, it is usually not possible to go out and find an appropriate person overnight. Effective HRP can also help reduce turnover by keeping employees apprised of their career opportunities within the company.

How HRP Relates to Organizational Planning

HRP involves applying the basic planning process to the human resource needs of the organization. To be effective, any human resource plan must be derived from the long-term and operational plans of the organization. In essence, the success of HRP depends largely on how closely the human resource department can integrate effective people planning with the organization's business planning process. Unfortunately, HRP is often inadequately tied to overall corporate planning.

Strategic business planning seeks to identify various factors critical to the success of the organization. It also focuses on how the organization can become better positioned and equipped to compete in its industry. To accomplish this, the planning process should provide

- A clear statement of the organization’s mission.
- A commitment from staff members to the mission.
- An explicit statement of assumptions.
- A plan of action in light of available or acquirable resources, including trained and talented people.

Human resource planning contributes significantly to the strategic management process by providing the means to accomplish the outcomes desired from the planning process. In essence, the human resource demands and needs are derived from the strategic and operating planning and then compared with human resource availability. Then a variety of programs such as recruiting, training, and reallocation address the resulting gaps.

A common error occurs when human resource planners focus on the short-term replacement needs and fail to coordinate their plans with the long-term plans of the organization. Focusing on short-term replacement needs is a natural consequence of failing to integrate human resource planning with strategic planning. A nonintegrated approach almost always leads to surprises that force human resource planners to concentrate on short-term crises.

All managers, especially line managers, should view human resource planning as one of their most important job responsibilities. Unfortunately, this is not often the case. Far too many managers view HRP as something to do only after everything else has been done. Furthermore, managers often think HRP should be handled solely by human resource personnel. But HRP is not strictly a human resource function. The role of human resource personnel is to assist operating managers in developing their individual plans and integrating those different plans into an overall scheme. The individual managers must, however, provide the basic data on which the plan is built. The process requires a joint effort by the individual managers and human resource personnel. In general, human resource personnel provide the structure, the impetus, and assistance. However, individual managers must be actively involved.

One of the best ways to encourage genuine cooperation between human resource managers and line managers is to use what is called **strategy-linked HRP**. Strategy-linked HRP is based on a close working relationship between human resource staff and line managers. Human resource managers serve as consultants to line managers concerning the people-management implications of business objectives and strategies. Line managers, in turn, have a responsibility to respond to the business implications of human resource objectives and strategies. Another important ingredient is the commitment of top management, which should be evident to other managers and employees.
II. Staffing the Organization

Table 6.1 summarizes several actions human resource managers can take to link human resource planning to the organization’s strategic plans.

### Steps in the HRP Process

HRP consists of four basic steps:

1. Determining the impact of the organization’s objectives on specific organizational units.
2. Defining the skills, expertise, and total number of employees (demand for human resources) required to achieve the organizational and departmental objectives.
3. Determining the additional (net) human resource requirements in light of the organization’s current human resources.
4. Developing action plans to meet the anticipated human resource needs.

As emphasized earlier, human resource plans must be based on organizational strategic plans. In practice, this means the objectives of the human resource plan must be derived from organizational objectives. Specific human resource requirements in terms of numbers and characteristics of employees should be derived from the objectives of the entire organization.

**Organizational objectives**, which give the organization and its members direction and purpose, should be stated in terms of expected results. The objective-setting process begins at the top of the organization with a statement of mission, which defines the organization’s current and future business. Long-range objectives and strategies are formulated based on the organization’s mission statement. These can then be used to establish short-term performance objectives. Short-term performance objectives generally have a time schedule and are expressed quantitatively. Divisional and departmental objectives are then derived from the organization’s short-term performance objectives. Establishing organizational, divisional, and departmental objectives in this manner has been called the **cascade approach** to objective setting. Figure 6.2 illustrates this approach.

The cascade approach is not a form of top-down planning, whereby objectives are passed down to lower levels of the organization. The idea is to involve all levels of management in the planning process. Such an approach leads to an upward and downward flow of informa-
tion during planning. This also ensures that the objectives are communicated and coordinated through all levels of the organization.

When properly used, the cascade approach involves both operating managers and human resource personnel in the overall planning process. During the early stages, human resource personnel can influence objective setting by providing information about the organization’s human resources. For example, if human resource personnel have identified particular strengths and weaknesses in the organization’s staff, this information can significantly influence the overall direction of the organization.

After establishing organizational, divisional, and departmental objectives, operating managers should determine the skills and expertise required to meet their respective objectives. The key here is not to look at the skills and abilities of present employees but to determine the skills and abilities required to meet the objectives. For example, suppose an objective of the production department is to increase total production of a certain item by 10 percent. Once this objective has been established, the production manager must determine precisely how this translates into human resource needs. A good starting point is to review current job descriptions. Once this has been accomplished, managers are in a better position to determine the skills and expertise necessary to meet their objectives. The final step in this phase is to translate the needed skills and abilities into types and numbers of employees.

**Methods of Forecasting Human Resource Needs**

The organization’s future human resource needs can be forecasted using a variety of methods, some simple and some complex. Regardless of the method used, forecasts represent approximations and should not be viewed as absolutes.

Methods for forecasting human resource needs can be either judgmentally or mathematically based. Judgmental methods include managerial estimates, the Delphi technique, and scenario analysis. Under the **managerial estimates** method, managers make estimates of
future staffing needs based primarily on past experience. These estimates can be made by top-level managers and passed down, by lower-level managers and passed up for further revision, or by some combination of upper- and lower-level managers. With the **Delphi technique**, each member of a panel of experts makes an independent estimate of what the future demand will be, along with any underlying assumptions. An intermediary then presents each expert’s forecast and assumptions to the others and allows the experts to revise their positions if they desire. This process continues until some consensus emerges.

**Scenario analysis** involves using work force environmental scanning data to develop alternative work force scenarios. These scenarios are developed by having brainstorming sessions with line managers and human resource managers, who forecast what they think their work force will look like five or more years into the future. Once these forecasts have been crystalized, the managers then work backwards to identify key change points. The biggest advantage of scenario analysis is that it encourages open, out-of-the-box thinking.

Mathematically based methods for forecasting human resource needs include various statistical and modeling methods. Statistical methods use historical data in some manner to project future demand. Modeling methods usually provide a simplified abstraction of the human resource demands throughout the organization. Changing the input data allows the human resource ramifications for different demand scenarios to be tested. Table 6.2 summarizes four of the most frequently used statistical and/or modeling methods.

Historically, judgmental forecasts have been used more frequently than mathematically based forecasts. Judgmental methods are simpler and usually do not require sophisticated analyses. However, with the increasing proliferation of user-friendly computers, mathematically based methods will probably be used more frequently.

In addition to the previously described judgmentally and mathematically based forecasting techniques, some organizations help forecast human resource needs by benchmarking what other successful organizations are doing. **Benchmarking** involves thoroughly examining internal practice and procedures and measuring them against the ways other successful organizations operate.

### TABLE 6.2
**Statistical Modeling Techniques Used to Forecast Human Resource Needs**

<table>
<thead>
<tr>
<th>Technique</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Time series analysis</td>
<td>Past staffing levels (instead of workload indicators) are used to project future human resource requirements. Past staffing levels are examined to isolate seasonal and cyclical variations, long-term trends, and random movements. Long-term trends are then extrapolated or projected using a moving average, exponential smoothing, or regression technique.</td>
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<td>2. Personnel ratios</td>
<td>Past personnel data are examined to determine historical relationships among the number of employees in various jobs or job categories. Regression analysis or productivity ratios are then used to project either total or key group human resource requirements, and personnel ratios are used to allocate total requirements to various job categories or to estimate requirements for non-key groups.</td>
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<tr>
<td>3. Productivity ratios</td>
<td>Historical data are used to examine past levels of a productivity index, $P = \frac{\text{Workload}}{\text{Number of people}}$. Where constant, or systematic, relationships are found, human resource requirements can be computed by dividing predicted workloads by $P$.</td>
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<tr>
<td>4. Regression analysis</td>
<td>Past levels of various workload indicators, such as sales, production levels, and value added, are examined for statistical relationships with staffing levels. Where sufficiently strong relationships are found, a regression (or multiple regression) model is derived. Forecasted levels of the related indicator(s) are entered into the resulting model and used to calculate the associated level of human resource requirements.</td>
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</table>
Your forecasts and methods can then be compared to theirs. Consultants and professional organizations such as industry associations can be employed to help with the benchmarking process. A major advantage of benchmarking is that it forces you to look at other ways of doing things.

Once a manager has determined the types and numbers of employees required, he or she analyzes these estimates in light of the current and anticipated human resources of the organization. This process involves a thorough analysis of presently employed personnel and a forecast of expected changes.

Skills Inventory
A skills inventory consolidates information about the organization’s human resources. It provides basic information on all employees, including, in its simplest form, a list of the names, certain characteristics, and skills of employees. Because the information from a skills inventory is used as input into promotion and transfer decisions, it should contain information about each employee’s portfolio of skills and not just those relevant to the employee’s current job. Thomas H. Patten has outlined seven broad categories of information that should be included in a skills inventory:

1. Personal data: age, sex, marital status.
2. Skills: education, job experience, training.
3. Special qualifications: membership in professional groups, special achievements.
4. Salary and job history: present and past salary, dates of raises, various jobs held.
5. Company data: benefit plan data, retirement information, seniority.
6. Capacity of individual: test scores on psychological and other tests, health information.
7. Special preferences of individual: geographic location, type of job.

The popularity of skills inventories has increased rapidly since the proliferation of computers. Although traditionally most of the desired information was available from individual personnel files, compiling it was time-consuming before computers became readily available. Today’s intranets even have the ability to conduct comprehensive skills inventories and then slot employees into training to fit the needs of the organization.

The primary advantage of a skills inventory is that it furnishes a means to quickly and accurately evaluate the skills available within the organization. In addition to helping determine promotion and transfer decisions, this information is often necessary for making other decisions, such as whether to bid on a new contract or introduce a new product. A skills inventory also aids in planning future employee training and management development programs and in recruiting and selecting new employees. Figure 6.3 presents a skills inventory form used by PPG Industries. HRM in Action 6.1 describes a sophisticated skills inventory system used at General Electric.

Management Inventory
Because the type of information about management personnel that may be required sometimes differs from that for nonmanagerial employees, some organizations maintain a separate management inventory. In addition to biographical data, a management inventory often contains brief assessments of the manager’s past performance, strengths, weaknesses, and potential for advancement. In essence, a management inventory is a specialized type of skills inventory just for management.

Anticipating Changes in Personnel
In addition to appraising present human resources through a skills inventory, managers must take future changes into account. Managers can accurately and easily estimate certain changes, but cannot so easily forecast other changes. However, information is almost always available to help make these forecasts.

Changes such as retirements can be forecasted with reasonable accuracy from information in the skills inventory. Other changes, such as transfers and promotions, can be estimated by
**FIGURE 6.3** Skills Inventory Form Used by PPG Industries

<table>
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<tr>
<th>PERSONAL HISTORY PROFILE</th>
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**FIGURE 6.3** Skills Inventory Form Used by PPG Industries

PPG JOBS HISTORY

DATE ASSIGNED | JOB TITLE | BUSINESS/CORPORATE DEPARTMENT | ORGANIZATIONAL UNIT
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PRE-PPG JOB HISTORY

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PPG TRAINING COURSES

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WORK EXPERIENCE AND KNOWLEDGE

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taking into account such factors as the ages of individuals in specific jobs and the requirements of the organization. Individuals with potential for promotion can and should be identified. Other factors, such as deaths, resignations, and discharges, are much more difficult to predict. However, past experience and historical records often can provide useful information in these areas.

Planned training and development experiences should also be considered when evaluating anticipated changes. By combining the forecast for the human resources needed with the information from the skills inventory and from anticipated changes, managers can make a reasonable prediction of their net human resource requirements for a specified time period.

Once the net human resource requirements have been determined, managers must develop action plans for achieving the desired results. If the net requirements indicate a need for additions, decisions must be made whether to make permanent hires, temporary hires, or to outsource the work. If the decision is to make permanent or temporary hires, plans must be made to recruit, select, orient, and train the specific numbers and types of personnel needed (Chapters 7, 8, and 9 deal with these topics). If the decision is to outsource, then potential clients for outsourcing must be identified and evaluated. Outsourcing has become attractive in many situations because often the work can be contracted outside at a cost savings. One reason for this is that the company providing the service may not offer its employees benefits as attractive as the parent company. Another reason to outsource is to allow the parent company to focus on its core business. There are also many environmental factors that may impact the decision to hire permanently or temporarily, or to outsource. Some of these factors include the permanency of the needs, the availability of qualified recruits, and the union contract (if applicable).

If a reduction in human resources is necessary, plans must be made to realize the necessary adjustments. If time is not of the essence, natural attrition can be used to reduce labor personnel. However, if the organization cannot afford the luxury of natural attrition, it can cut overhead either by reducing the total number of employees or by making other adjustments that do not result in employees leaving the organization.

As mentioned in Chapter 1, reducing the total number of employees is referred to as downsizing. There are four basic ways to downsize: (1) layoffs, (2) terminations, (3) early

HRM in Action

GE MANAGES ITS INVENTORY—OF SKILLS

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General Electric is famous for its Six Sigma approach to quality control for its production process, which reduced the firm’s tolerance for error and improved performance. In conjunction with that standard, GE also has developed an inventory of its workforce’s skills and competencies. The firm’s goal? “To create linkage between the business, the customer, and employees,” said Russell Baird, GE’s leader for quality training and corporate leadership.

With more than 300,000 employees worldwide, the firm had a huge base for development. In its competency-analysis program, GE has identified 45 different behaviors that are crucial to its success, from clear business thinking, attitude toward change management, and interpersonal relationships. Once the behaviors had been identified and an inventory developed, the firm then focused on creating and maintaining employee profiles, using tools such as 360-degree assessments and a database to maintain employee profiles.

With this knowledge in place, GE can provide curriculum and training based on the needs of both employees and the company. “From a trainer’s perspective, the data is invaluable. It’s possible to structure and present material for specific needs of employees,” Baird says. GE’s hiring managers can also use information from the program to focus on the specific behaviors required for a particular competency model.

The result? GE’s inventory of skills and competencies translates into human resources being used more effectively toward the firm’s ultimate goal: a competitive advantage at all levels of the firm. Baird says, “Developing leaders doesn’t just happen. It’s something a company has to focus on.”

Source: Samuel Greengard, “GE Brings Skills to Life,” Workforce, November 2001, p. 44.
retirement inducements, and (4) voluntary resignation inducements. A layoff, as opposed to a termination, assumes it is likely that the employee will be recalled at some later date. Most early retirement and voluntary resignation plans provide some financial inducement to retire early or to resign. HRM in Action 6.2 discusses a series of terminations at Little Caesars Pizza.

Approaches that do not result in employees leaving the organization include: (1) reclassification, (2) transfer, and (3) work sharing. Reclassification involves a demotion of an employee or the downgrading of job responsibilities, or a combination of the two. Usually reclassification is accompanied by a reduction in pay. A transfer involves moving the employee to another part of the organization. Work sharing seeks to limit layoffs and terminations through the proportional reduction of hours among employees (i.e., all employees in a department could be cut back to 35 hours per week instead of 40).

Figure 6.4 depicts the relationship between organizational planning and human resource planning. As can be seen, organization objectives are influenced by many historical and environmental factors. Environmental factors include variables such as the economy, interest rates, competition, labor availability, and technology. Once the organizational objectives have been established, they are translated into divisional and departmental objectives. Individual managers then determine the human resources necessary to meet their respective objectives. Human resource personnel assimilate these different requirements and determine the total human resources demand for the organization. Similarly, HR personnel determine the additional (net) human resource requirements based on the information submitted by the various organizational units in light of available resources and anticipated changes. If the net requirements are positive, the organization implements recruitment, selection, training, and development (see Chapters 7, 8, and 9). If the requirements are negative, downsizing must be realized through attrition, layoffs, terminations, early retirements, or voluntary resignations. As these changes take place, they should be reflected in the skills inventory. Human resource planning is an ongoing process that must be continuously evaluated as conditions change.

**Tools and Techniques of HRP**

Many tools are available to assist in the human resource planning process. The skills inventory discussed earlier is one of the most frequently used human resource planning tools. A second useful tool is succession planning. **Succession planning** identifies specific people to fill key positions throughout the organization. Succession planning almost always involves the
use of a replacement chart. While many variations exist, a basic organization replacement chart shows both incumbents and potential replacements for given positions. Figure 6.5 is an example of a simple replacement chart. To be effective, replacement charts must be periodically updated to reflect changes in scenarios and potential requirements. Under an optimal succession planning system, individuals are initially identified as candidates to move up after being nominated by management. Then performance appraisal data are reviewed, potential is assessed, developmental programs are formulated, and career paths are mapped out.

**FIGURE 6.4** Organizational and Human Resource Planning

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<th>Historical and environmental factors</th>
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<tr>
<td>Economic activity</td>
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<td>Competition</td>
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<td>Government action</td>
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<td>Historical data</td>
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<td>Other</td>
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**Information from various organizational units**

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<th>Organizational objectives</th>
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<tbody>
<tr>
<td>Divisional and departmental objectives</td>
</tr>
<tr>
<td>Skills and abilities required</td>
</tr>
<tr>
<td>Types and numbers of total human resources required (demand for human resources)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Skills inventory</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net human resource requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
</tr>
<tr>
<td>Negative</td>
</tr>
<tr>
<td>Attrition, layoffs, terminations, early retirements, voluntary resignations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection</td>
</tr>
<tr>
<td>Orientation</td>
</tr>
<tr>
<td>Development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deaths Discharges Resignations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions Transfers Retirements</td>
</tr>
</tbody>
</table>

**organization replacement chart**

Chart that shows both incumbents and potential replacements for given positions within the organization.
Sophisticated succession planning helps ensure that qualified internal candidates are not overlooked.

One problem with many succession plans, especially informal plans and those for large organizations, is the “crowned prince” syndrome. This occurs when management considers for advancement only those who have managed to become visible to senior management.

---

### FIGURE 6.5 Simple Organization Replacement Chart


<table>
<thead>
<tr>
<th>Position</th>
<th>Incumbent</th>
<th>Backup</th>
<th>Potential/Promotability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director, Manufacturing</td>
<td>J. L. Allen</td>
<td>M. T. Barker</td>
<td>HP</td>
</tr>
<tr>
<td>Manager, Manufacturing Engineering</td>
<td>J. M. Tyler</td>
<td>M. T. Barker</td>
<td>HP</td>
</tr>
<tr>
<td>Manager, Purchasing</td>
<td>T. A. Barnes</td>
<td>D. B. Scott</td>
<td>NP</td>
</tr>
<tr>
<td>Manager, Manufacturing</td>
<td>K. D. Peters</td>
<td>NBU</td>
<td>NBU</td>
</tr>
</tbody>
</table>

**Legend definitions:**
- **HP (high potential)** = An above-average or outstanding performer with the potential to advance at least two levels above current position within five years.
- **PN (promotable now)** = An individual who is promotable now to an identified position one level above current position.
- **P (years)** = An individual who is promotable in “x” years to an identified position one level above current position.
- **NP (not promotable)** = An individual who is not promotable above current positions (e.g., individual desires to remain in current position, has retirement pending, has been promoted to maximum capabilities, etc.).
- **NBU (no backup)** = No individual identified as a backup for this position.

---

**commitment manpower planning (CMP)**

A systematic approach to human resource planning designed to get managers and their subordinates thinking about and involved in human resource planning.
difficult to do it manually. In situations such as this, the succession plan should be computerized using mostly data that are already available from human resources personnel. HRM in Action 6.3 describes such a program at the Marine Safety Agency in Great Britain. HRM in Action 6.4 discusses succession planning at General Electric.

Commitment manpower planning (CMP) is a relatively recent approach to human resource planning designed to get managers and their employees thinking about and involved in HRP. In addition to encouraging managers and employees to think about human resource planning, CMP provides a systematic approach to human resource planning.16 CMP generates three reports that supply the following information: (1) the supply of employees and the promotability and placement status of each; (2) the organization’s demand, arising from new positions and turnover and projected vacancies for each job title; and (3) the balance or status of supply versus demand, including the name, job, and location of all those suitable for promotions.

Ratio analysis is another tool that can aid in human resource planning. Two basic premises underlie ratio analysis as it applies to human resource planning.17 The first is that an organization is “vital” in terms of its human resources to the extent that it has people with high potential who are promotable, either now or in the near future, and backups have been identified to replace them. The second premise is that an organization is “stagnant” to the extent that employees are not promotable and no backups have been identified to replace the incumbents. The end product of ratio analysis is an overall organizational vitality index (OVI), which can be used as a broad measure of the organization’s human resource vitality. The index is calculated based on the number of promotable personnel and the number of existing backups in the organization.

Because HRP is so closely tied to the organizational planning process, the time frames covered by human resource plans should correspond with those covered by the organizational plans. Organizational plans are frequently classified as short-range (zero to two years), intermediate range (two to five years), or long-range (beyond five years). Ideally, an organization prepares a plan for each of these horizons. Table 6.3 summarizes the major factors affecting long-, intermediate-, and short-range human resource planning.
HRP: An Evolving Process

An organization’s human resource planning efforts should be viewed not as an all-or-nothing process but as falling at some point along a continuum. At one end of this continuum are those organizations that do no human resource planning; at the other end are those that completely integrate long-range human resource planning into their strategic business plans.

D. Quinn Mills has identified five stages, or benchmarks, along this continuum. Stage 1 companies have no long-term business plans, and they do little or no human resource planning. Companies at stage 2 have a long-term business plan, but tend to be skeptical of HRP. At the same time, such companies do realize to some degree that human resource planning is important. Stage 3 companies do engage in some aspects of human resource planning, but for

<table>
<thead>
<tr>
<th>TABLE 6.3 Factors Affecting the Time Frame of HRP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forecast Factor</strong></td>
</tr>
<tr>
<td>Demand</td>
</tr>
<tr>
<td>Supply</td>
</tr>
<tr>
<td>Net needs</td>
</tr>
</tbody>
</table>

the most part these efforts are not integrated into the long-range business plan. Stage 4 companies do a good deal of human resource planning, and their top managers are enthusiastic about the process. These companies have at least one human resource component integrated into the long-range plan. Stage 5 companies treat human resource planning as an important and vital part of their long-term business plan. Naturally, companies at stage 5 are highly enthusiastic about HRP.

**Specific Role of Human Resource Personnel**

As mentioned earlier, each step in HRP requires a joint effort of the human resource personnel and the individual managers in the organization. The primary roles of human resource personnel are to coordinate, monitor, and synthesize the process. Human resource personnel usually provide the structure and establish the timetable to be followed by operating managers. This helps ensure a unified effort. As individual managers determine their human resource needs, they can channel this information through the human resource staff to be coordinated and synthesized. By funneling all the information through a central source, they can attain maximum efficiency in the process.

**Common Pitfalls in HRP**

Unfortunately, HRP is not always successful. While myriad things can go wrong, the following eight stumbling blocks are some of the most frequently encountered. 19

*The Identity Crisis:* Human resource planners work in an environment characterized by ambiguous regulations, company politics, and diverse management styles. Unless human resource planners develop a strong sense of mission (direction), they often spend much of their time looking for something meaningful to do while the organization questions the reason for their existence.

*Sponsorship of Top Management:* For HRP to be viable in the long run, it must have the full support of at least one influential senior executive. Such high-ranking support can ensure the necessary resources, visibility, and cooperation necessary for the success of an HRP program.

*Size of the Initial Effort:* Many HRP programs fail because of an overcomplicated initial effort. Successful HRP programs start slowly and gradually expand as they meet with success. Developing an accurate skills inventory and a replacement chart is a good place to start.

*Coordination with Other Management and Human Resource Functions:* Human resource planning must be coordinated with the other management and human resource functions. Unfortunately, HRP specialists tend to become absorbed in their own function and fail to interact with others.

*Integration with Organization Plans:* As emphasized earlier in this chapter, human resource plans must be derived from organization plans. The key here is to develop good communication channels between the organization planners and the human resource planners.

*Quantitative versus Qualitative Approaches:* Some people view HRP as a numbers game designed to track the flow of people in, out, up, down, and across the different organizational units. These people take a strictly quantitative approach to HRP. Others take a strictly qualitative approach and focus on individual employee concerns such as individual promotability and career development. As is so often the case, a balanced approach usually yields the best results.

*Noninvolvement of Operating Managers:* HRP is not strictly a human resource department function. Successful HRP requires a coordinated effort on the parts of operating managers and human resource personnel.
The Technique Trap: As HRP has become more and more popular, new and sophisticated techniques have been developed to assist in HRP. (Several of these were discussed earlier in this chapter.) While many are useful, there is sometimes a tendency to adopt one or more of these methods not for what they can do but rather because “everyone is using them.” HRP personnel should avoid becoming enamored of a technique merely because it is the “in thing.”

Summary of Learning Objectives

1. Define human resource planning (HRP).
   HRP is the process of getting the right number of qualified people into the right job at the right time. Put another way, HRP is the system of matching the supply of people—internally (existing employees) and externally (those to be hired or searched for)—with the openings the organization expects to have over a given time.

2. Summarize the relationship between HRP and organizational planning.
   To be effective, any human resource plan must be derived from the long-range and operational plans of the organization. In essence, the success of HRP depends largely on how closely human resource personnel can integrate effective people planning with the organization’s business planning process.

3. Explain strategy-linked HRP.
   Strategy-linked HRP is based on a close working relationship between human resource staff and line managers. Human resource managers serve as consultants to line managers concerning the people management implications of business objectives and strategies. Line managers, in turn, have a responsibility to respond to the business implications of human resource objectives and strategies. Top management must also be committed to the HRP process.

4. Identify the steps in the HRP process.
   HRP consists of four basic steps: (1) determining the impact of the organization’s objectives on specific organizational units; (2) defining the skills, expertise, and total number of employees required to achieve the organizational and departmental objectives; (3) determining the additional human resource requirements; and (4) developing action plans to meet the anticipated human resource needs.

5. Identify the different methods used for forecasting human resource needs.
   Methods for forecasting human resource needs can be either judgmentally or mathematically based. Judgmental methods include managerial estimates, the Delphi technique, and scenario analysis. Mathematically based methods include various statistical and modeling methods.

6. Define the concept of benchmarking.
   Benchmarking involves thoroughly examining internal practices and procedures and measuring them against the ways other successful organizations operate.

7. Discuss the purpose of a skills inventory.
   A skills inventory consolidates information about the organization’s human resources. It provides basic information on all employees, including, in its simplest form, a list of the names, certain characteristics, and skills of employees.

8. Describe succession planning, commitment manpower planning, and ratio analysis.
   Succession planning identifies specific people to fill key positions throughout the organization. Commitment manpower planning is a relatively recent approach to human resource planning designed to get managers and their subordinates thinking about and involved in HRP. Ratio analysis produces the organizational vitality index, a broad measure of an organization’s human resource vitality. The index is calculated based on the number of promotable personnel and the number of existing backups in the organization.

9. List several common pitfalls in HRP.
   Some of the most frequently encountered stumbling blocks to HRP include an “identity crisis,” a lack of sponsorship by top management, an overcomplicated initial effort, a lack
of coordination with other management functions, a lack of integration with the organizational plan, taking a strictly quantitative approach, noninvolvement of operating managers, and inappropriate use of certain techniques.

Review Questions

1. What is human resource planning (HRP)?
2. How does human resource planning relate to organizational planning?
3. What are the four basic steps in the human resource planning process?
4. Explain the cascade approach to setting objectives.
5. Identify several tools that might be used as aids in the human resource planning process.
6. What is the role of human resource personnel in the human resource planning process?
7. List eight common pitfalls in human resource planning.

Discussion Questions

1. Do you think better HRP could have prevented much of the downsizing that has gone on in many large companies? Why or why not?
2. Do you think most human resource planning is undertaken on the basis of organizational objectives or on an “as necessary” basis?
3. How is it possible to accomplish good organizational planning, and hence good human resource planning, in light of the many changing environmental factors over which the organization has no control?

Incident 6-1

Human Resource Planning—What Is That?

You are a human resource consultant. You have been called by the newly appointed president of a large paper manufacturing firm:

President: I have been in this job for about one month now, and all I seem to do is interview people and listen to personnel problems.

You: Why have you been interviewing people? Don’t you have a human resource department?

President: Yes, we do. However, the human resource department doesn’t hire top management people. As soon as I took over, I found out that two of my vice presidents were retiring and we had no one to replace them.

You: Have you hired anyone?

President: Yes, I have, and that’s part of the problem. I hired a guy from the outside. As soon as the announcement was made, one of my department heads came in and resigned. She said she had wanted that job as vice president for eight years. She was angry because we had hired someone from the outside. How was I supposed to know she wanted the job?

You: What have you done about the other vice president job?

President: Nothing, because I’m afraid someone else will quit because they weren’t considered for the job. But that’s only half my problem. I just found out that among our youngest professional employees—engineers and accountants—there has been an 80 percent turnover rate during the past three years. These are the people we promote around here. As you know, that’s how I started out in this company. I was a mechanical engineer.

You: Has anyone asked them why they are leaving?

President: No, because I’m afraid someone else will quit because they weren’t considered for the job. But that’s only half my problem. I just found out that among our youngest professional employees—engineers and accountants—there has been an 80 percent turnover rate during the past three years. These are the people we promote around here. As you know, that’s how I started out in this company. I was a mechanical engineer.

You: Has anyone asked them why they are leaving?

President: Yes, and they all give basically the same answer: They say they don’t feel that they have a future here. Maybe I should call them all together and explain how I progressed in this company.
You: Have you ever considered implementing a human resource planning system?

President: Human resource planning? What’s that?

QUESTIONS
1. How would you answer the president’s question?
2. What would be required to establish a human resource planning system in this company?

Incident 6-2

A New Boss

The grants management program of the Environmental Protection Agency (EPA) water division was formed several years ago. The program’s main functions are to review grant applications, engineering design reports, and change orders and to perform operation and maintenance inspection of wastewater treatment facilities.

Paul Wagner, chief of the section, supervised four engineers, one technician, and one secretary. Three of the engineers were relatively new to the agency. The senior engineer, Waymon Burrell, had approximately three years’ experience in the grants management program.

Because only Waymon Burrell had experience in grants management, Wagner assigned him the areas with the most complicated projects within the state. The other three engineers were given regions with less complex projects; they were assigned to work closely with Burrell and to learn all they could about the program.

At the beginning of the year, Wagner decided the new engineers had enough experience to undertake more difficult tasks; therefore, the division’s territory could be allocated on a geographical basis. The territory was divided according to river basins, with each engineer assigned two or three areas.

This division according to geography worked fine as the section proceeded to meet all its objectives. However, three months ago, Wagner was offered a job with a consulting engineering company and decided to leave the EPA. He gave two months’ notice to top management.

Time passed, but top management did not even advertise for a new section chief. People in the section speculated as to who might be chosen to fill the vacancy; most of them hoped it would be Waymon Burrell, since he knew the most about the workings of the section.

On the Monday of Wagner’s last week, top executives met with him and the section members to announce they had decided to appoint a temporary section chief until a new one could be hired. The division chief announced that the temporary section chief would be Sam Kutzman, a senior engineer from another EPA division. This came as quite a surprise to Burrell and the others in the grants management program.

Sam Kutzman had no experience in the program. His background was in technical assistance. His previous job had required that he do research in certain treatment processes so that he could provide more technical performance information to other divisions within the EPA.

QUESTIONS
1. Do you think Sam Kutzman was a good choice for temporary section chief?
2. How well has human resource planning worked in this situation?
EXERCISE

Avoiding the Pitfalls of Human Resource Planning

The last section of this chapter discusses eight potential pitfalls of human resource planning. Carefully review the list, and then rank-order each item as to which ones you think would cause you the most problems if you were in charge of the human resource planning effort in an actual company. The pitfall ranked number 1 should be the one you think would be the hardest to avoid, and the one ranked 8 should be the one easiest to avoid. Make any assumptions you deem necessary, and be prepared to justify your ranking.

Notes and Additional Readings

2. Ibid.
Chapter 7

Recruiting Employees

Learning objectives

After studying this chapter, you should be able to:

1. Define recruitment.
2. Discuss job analysis, human resource planning, and recruitment.
3. Explain the purpose of a personnel requisition form.
4. Describe the advantages and disadvantages of using internal methods of recruitment.
5. Discuss job posting and bidding.
6. Describe the advantages and disadvantages of using external methods of recruitment.
7. Define realistic job previews.
8. Explain organizational inducements.
Recruitment involves seeking and attracting a pool of people from which qualified candidates for job vacancies can be chosen. Most organizations have a recruitment (or, as it is sometimes called, employment) function managed by the human resource department. In an era when the focus of most organizations has been on efficiently and effectively running the organization, recruiting the right person for the job is a top priority. HRM in Action 7.1 provides some information about recruiting on the Internet.

The magnitude of an organization’s recruiting effort and the methods to be used in that recruiting effort are determined from the human resource planning process and the requirements of the specific jobs to be filled. As brought out in Chapter 6, if the forecasted human resource requirements exceed the net human resource requirements, the organization usually actively recruits new employees. However, organizations do have options other than recruiting new employees to accomplish the work. Some of these options include using temporary workers, offering overtime to existing employees, subcontracting the work to another organization (this approach is often used on construction projects or projects that have a fixed time period for completion), and leasing of employees.

In addition, recruitment should include seeking and attracting qualified job candidates. Successful recruiting is difficult if the jobs to be filled are vaguely defined. Regardless of whether the job to be filled has been in existence or is newly created, its requirements must be defined as precisely as possible for recruiting to be effective. As discussed in Chapter 5, job analysis provides information about the nature and requirements of specific jobs.

Job Analysis, Human Resource Planning, and Recruitment

Figure 7.1 illustrates the relationships among job analysis, human resource planning, recruitment, and the selection process. Job analysis gives the nature and requirements of specific jobs. Human resource planning determines the specific number of jobs to be filled. Recruitment concerns providing a pool of people qualified to fill these vacancies. Questions that are addressed in the recruitment process include: What are the sources of qualified personnel?
How are these qualified personnel to be recruited? Who is to be involved in the recruiting process? What inducements does the organization have to attract qualified personnel? The selection process, discussed in detail in the next chapter, concerns choosing from the pool of qualified candidates the individual or group of individuals most likely to succeed in a given job.

**Personnel Requisition Form**

Most organizations use a personnel requisition form to officially request that the human resource manager take action to fill a particular position. The personnel requisition form describes the reason for the need to hire a new person and the requirements of the job. Figure 7.2 shows an example of a personnel requisition form. It is a good idea to attach a job description to the personnel requisition form.

**Sources of Qualified Personnel**

An organization may fill a particular job either with someone already employed by the organization or with someone from outside. Each of these sources has advantages and disadvantages.

**Internal Sources**

If an organization has been effective in recruiting and selecting employees in the past, one of the best sources of talent is its own employees. This has several advantages. First the organization should have a good idea of the strengths and weaknesses of its employees. If the
organization maintains a skills inventory, it can use this as a starting point for recruiting from within. In addition, performance evaluations of employees are available. Present and prior managers of the employee being considered can be interviewed to obtain their evaluations of the employee’s potential for promotion. In general, more accurate data are available concerning current employees, thus reducing the chance of making a wrong decision.

Not only does the organization know more about its employees, but the employees know more about the organization and how it operates. Therefore, the likelihood of the employee having inaccurate expectations and/or becoming dissatisfied with the organization is reduced when recruiting is done from within.

Another advantage is that recruitment from within can have a significant, positive effect on employee motivation and morale when it creates promotion opportunities or prevents layoffs.

### FIGURE 7.2
Personnel Requisition Form


<table>
<thead>
<tr>
<th>DATE NEEDED</th>
<th>NUMBER OF EMPLOYEES</th>
<th>JOB TITLE</th>
<th>JOB CLASSIFICATION NUMBER</th>
<th>HIRING SALARY RANGE</th>
<th>JOB SALARY RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERMANENT</td>
<td>TEMPORARY</td>
<td>WHICH SHIFT?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PART TIME</td>
<td>FULL TIME</td>
<td>If permanent, how long?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>If part time, what hours or days?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**I. DESCRIPTION OF NEED**

**II. REASON FOR NEED**

**III. REQUIREMENTS**

**EDUCATION:**
- GRADE SCHOOL
- HIGH SCHOOL
- COLLEGE
- COMMERCIAL
- OTHER

**EXPERIENCE:**
- REQUIRED
- DESIRABLE
- ANY OTHER REQUIREMENTS:

**DATE APPROVED BY:**

**DATE FILLED BY WHOM:**

When employees know they will be considered for openings, they have an incentive for good performance. On the other hand, if outsiders are usually given the first opportunity to fill job openings, the effect can be the opposite.

A final advantage relates to the fact that most organizations have a sizable investment in their work force. Full use of the abilities of the organization’s employees improves the organization’s return on its investment.

However, there are disadvantages to recruiting from within. One danger associated with promotion from within is that infighting for promotions can become overly intense and have a negative effect on the morale and performance of people who are not promoted. Another danger involves the inbreeding of ideas. When recruiting comes only from internal sources, precautions must be taken to ensure that new ideas and innovations are not stifled by such attitudes as “We’ve never done it before” or “We do all right without it.”

Two major issues are involved if an organization promotes from within. First, the organization needs a strong employee and management development program to ensure that its people can handle larger responsibilities. The second issue concerns the desirability of using seniority as the basis for promotions. Unions generally prefer promotions based on seniority for unionized jobs. Many organizations, on the other hand, prefer promotions based on prior performance and potential to do the new job.

**Job Posting and Bidding**

**Job posting and bidding** is an internal method of recruitment in which notices of available jobs are posted in central locations throughout the organization and employees are given a specified length of time to apply for the available jobs. Other methods used in publicizing jobs include memos to supervisors and listings in employee publications. Normally the job notice specifies the job title, rate of pay, and necessary qualifications. The usual procedure is for all applications to be sent to the human resource department for an initial review. The next step is an interview by the prospective manager. Then a decision is made based on qualifications, performance, length of service, and other pertinent criteria.

A successful job posting and bidding program requires the development of specific implementation policies. Some suggestions include the following:

- Both promotions and transfers should be posted.
- Openings should be posted for a specified time period before external recruitment begins.
- Eligibility rules for the job posting system need to be developed and communicated. For example, one eligibility rule might be that no employee can apply for a posted position unless the employee has been in his or her present position for six months.
- Specific standards for selection should be included in the notice.
- Job bidders should be required to list their qualifications and reasons for requesting a transfer or promotion.
- Unsuccessful bidders should be notified by the human resource department and advised as to why they were not accepted.

Naturally, the actual specifications for a job posting and bidding program must be tailored to the particular organization’s needs.

In unionized organizations, job posting and bidding procedures are usually spelled out in the collective bargaining agreement. Because they are concerned about the subjective judgments of managers, unions normally insist that seniority be one of the primary determinants used in selecting people to fill available jobs.

**External Sources**

Organizations have at their disposal a wide range of external sources for recruiting personnel. External recruiting is needed in organizations that are growing rapidly or have a large demand for technical, skilled, or managerial employees.

One inherent advantage of recruiting from outside is that the pool of talent is much larger than that available from internal sources. Another advantage is that employees hired from outside can bring new insights and perspectives to the organization. In addition, it is often cheaper and easier to hire technical, skilled, or managerial people from the outside rather than
training and developing them internally. This is especially true when the organization has an immediate demand for this type of talent.

One disadvantage of external recruitment is that attracting, contacting, and evaluating potential employees is more difficult. A second potential disadvantage is that employees hired from the outside need a longer adjustment or orientation period. This can cause problems because even jobs that do not appear to be unique to the organization require familiarity with the people, procedures, policies, and special characteristics of the organization in which they are performed. A final problem is that recruiting from outside may cause morale problems among people within the organization who feel qualified to do the jobs.

Advertising

One of the more widely used methods of recruitment is job advertising. Help-wanted ads are commonly placed in daily newspapers and in trade and professional publications. Other, less frequently used media for advertising include radio, television, and billboards.

In the past, human resource managers have been encouraged to ensure that their ads accurately describe the job opening and the requirements or qualifications needed to secure the position. However, one study found that the difference was not significant between reader response to a given advertisement that contained a specific description of the candidate qualifications and one containing a nonspecific description. The same study found that corporate image was a more important factor in reader response. In other words, people responded more frequently to advertisements from companies with a positive corporate image than to those companies with a lower corporate image.

In light of such studies, the widespread use of advertising is probably more a matter of convenience than of proven effectiveness. If advertising is to be used as a primary source of recruitment, planning and evaluation of the advertising program should be a primary concern of human resource personnel.

Employment Agencies

Both public and private employment agencies can be helpful in recruiting new employees. State employment agencies exist in most U.S. cities with populations of 10,000 or more. Although each state administers its respective agencies, the agencies must comply with the policies and guidelines of the Employment and Training Administration of the U.S. Department of Labor to receive federal funds. The Social Security Act requires all eligible individuals to register with the state employment agency before they can receive unemployment compensation. Thus, state employment agencies generally have an up-to-date list of unemployed persons. State employment agencies provide free service for individuals seeking employment and for business organizations seeking employees.

Two types of private employment agencies exist. The executive search firm (or headhunter) seeks candidates for high-level positions. (The term headhunter apparently comes from the concept of hiring a replacement head of an organization, such as chief executive officer or chief operating officer.) The second type of employment agency attempts to recruit for lower-level positions. Customers of this type of employment agency may be job applicants seeking employment or business firms seeking employees. The fees of private employment agencies are paid by the individual or the employing organization. If the fees are paid by the employing organization, the private employment agency will likely advertise the job as a “fee paid” position.

Temporary Help Agencies and Employee Leasing Companies

One of the fastest-growing areas of recruitment is temporary help hired through employment agencies. The agency pays the salary and benefits of the temporary help; the organization pays the employment agency an agreed-upon figure for the services of the temporary help. The use of temporary help is not dependent on economic conditions. When an organization is expanding, temporary employees are used to augment the current staff. When an organization is downsizing, temporary employees create a flexible staff that can be laid off easily and recalled when necessary. One obvious disadvantage of using temporary employees is their lack of commitment to the organization.
Unlike temporary agencies, which normally place people in short-term jobs at various companies, employee leasing companies and PEOs (professional employer organizations) provide permanent staff at customer companies, issue the workers’ paychecks, take care of personnel matters, ensure compliance with workplace regulations, and provide various employee benefits. In addition, highly skilled technical workers such as engineers and information technology specialists are supplied for long-term projects under contract between a company and a technical services firm.

Employee Referrals and Walk-ins/Unsolicited Applications

Many organizations involve their employees in the recruiting process. These recruiting systems may be informal and operate by word-of-mouth, or they may be structured with definite guidelines to be followed. Incentives and bonuses are sometimes given to employees who refer subsequently hired people. One drawback to the use of employee referrals is that cliques may develop within the organization because employees tend to refer only friends or relatives.

Walk-ins and unsolicited applications are also a source of qualified recruits. Corporate image has a significant impact on the number and quality of people who apply to an organization in this manner. Compensation policies, working conditions, relationships with labor, and participation in community activities are some of the many factors that can positively or negatively influence an organization’s image.

Campus Recruiting

Recruiting on college and university campuses is a common practice of both private and public organizations. Campus recruiting activities are usually coordinated by the university or college placement center. Generally, organizations send one or more recruiters to the campus for initial interviews. The most promising recruits are then invited to visit the office or plant before a final employment decision is made.

If the human resource department uses campus recruiting, it should take steps to ensure that recruiters are knowledgeable concerning the organization and the jobs to be filled and that they understand and use effective interviewing skills. Recruitment interviewing is discussed later in this chapter.

College recruiters generally review an applicant’s résumé before conducting the interview. The On the Job example at the end of this chapter provides guidance in résumé writing.

Another method of tapping the products of colleges, universities, technical/vocational schools, and high schools is through cooperative work programs. Through these programs, students may work part-time and go to school part-time, or they may go to school and work at different times of the year. These programs attract people because they offer an opportunity for both a formal education and work experience. As an added incentive to finish their formal education and stay with the organization, employees are often promoted when their formal education is completed.

HRM in Action 7.2 describes campus recruiting activities of EDS.

Effectiveness of Recruitment Methods

Organizational recruitment programs are designed to bring a pool of talent to the organization. From this pool, the organization hopes to select the person or persons most qualified for the job. An obvious and very important question faced by human resource departments is which method of recruitment supplies the best talent pool.

Many studies have explored this issue. One study concluded that employee referrals were the most effective recruitment source when compared to newspaper advertisements, private employment agencies, and walk-in applicants. This study found that turnover rates for employees hired from employee referrals were lower than for employees hired through the other methods.

Another study examined the relationship among employee performance, absenteeism, work attitudes, and methods of recruitment. This study showed that individuals recruited through a college placement office and, to a lesser extent, those recruited through newspaper
advertisements were lower in performance (i.e., quality and dependability) than individuals who made contact with the company on their own initiative or through a professional journal or convention advertisement. This study concluded that campus recruiting and newspaper advertising were poorer sources of employees than were journal/convention advertisements and self-initiated contacts.

Generally, it seems safe to say that research has not identified a single best source of recruitment. Thus, each organization should take steps to identify its most effective recruitment sources. For example, a human resource department could monitor the effectiveness of recent hires in terms of turnover, absenteeism, and job performance. It might then contrast the different recruitment sources with respect to employee effectiveness and identify which of the specific recruitment sources produces the best employees.

Table 7.1 summarizes the advantages and disadvantages of the internal and external methods of recruitment.

<table>
<thead>
<tr>
<th>Source</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>• Company has a better knowledge of strengths and weaknesses of job candidate.</td>
<td>• People might be promoted to the point where they cannot successfully perform the job.</td>
</tr>
<tr>
<td></td>
<td>• Job candidate has a better knowledge of company.</td>
<td>• Infighting for promotions can negatively affect morale.</td>
</tr>
<tr>
<td></td>
<td>• Morale and motivation of employees are enhanced.</td>
<td>• Inbreeding can stifle new ideas and innovation.</td>
</tr>
<tr>
<td></td>
<td>• The return on investment that an organization has in its present work force is increased.</td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>• The pool of talent is much larger.</td>
<td>• Attracting, contacting, and evaluating potential employees is more difficult.</td>
</tr>
<tr>
<td></td>
<td>• New insights and perspectives can be brought to the organization.</td>
<td>• Adjustment or orientation time is longer.</td>
</tr>
<tr>
<td></td>
<td>• Frequently it is cheaper and easier to hire technical, skilled, or managerial employees from outside.</td>
<td>• Morale problems can develop among those employees within the organization who feel qualified to do the job.</td>
</tr>
</tbody>
</table>
Realistic Job Previews

Realistic job previews
A method of providing complete information, both positive and negative, to the job applicant.

One method proposed for increasing the effectiveness of all recruiting methods is the use of realistic job previews. **Realistic job previews (RJPs)** provide complete job information, both positive and negative, to the job applicant.

Traditionally, organizations have attempted to sell the organization and the job to the prospective employee by making both look good. Normally this is done to obtain a favorable selection ratio, that is, a large number of applicants in relation to the number of job openings. Then, of course, the company can select the cream of the crop. Unfortunately, these attempts sometimes set the initial job expectations of the new employees too high and can produce dissatisfaction and high turnover among employees recruited in this manner. Figure 7.3 contrasts some of the outcomes that can develop from traditional and realistic job previews.

Research on the effectiveness of RJP indicates that it seems to reduce new employee turnover. However, much more research is needed to ascertain its impact on employee performance on the job.

Who Does the Recruiting, and How?

In most large and middle-size organizations, the human resource department is responsible for recruiting. These organizations normally have an employment office within the human resource department. The employment office has recruiters, interviewers, and clerical personnel who handle the recruitment activities both at the organization’s offices and elsewhere.

**FIGURE 7.3**
Typical Consequences of Job Preview Procedures

<table>
<thead>
<tr>
<th>Traditional procedures</th>
<th>Realistic procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set initial job expectations too high</td>
<td>Set job expectations realistically</td>
</tr>
<tr>
<td>Job is typically viewed as attractive</td>
<td>Job may or may not be attractive, depending on individual’s needs</td>
</tr>
<tr>
<td>High rate of job offer acceptance</td>
<td>Some accept, some reject job offer</td>
</tr>
<tr>
<td>Work experience disconfirms expectations</td>
<td>Work experience confirms expectations</td>
</tr>
<tr>
<td>Dissatisfaction and realization that job not matched to needs</td>
<td>Satisfaction, needs matched to job</td>
</tr>
<tr>
<td>Lower job survival, dissatisfaction, frequent thoughts of quitting</td>
<td>Higher job survival, satisfaction, infrequent thoughts of quitting</td>
</tr>
</tbody>
</table>
The role of personnel in the employment office is crucial. Walk-ins/write-ins and respondents to advertising develop an impression of the organization through their contacts with the employment office. If the applicant is treated indifferently or rudely, he or she may develop a lasting negative impression. On the other hand, if the applicant is pleasantly greeted, provided with pertinent information about job openings, and treated with dignity and respect, she or he may develop a lasting positive impression. Having employees trained in effective communication and interpersonal skills is essential in the employment office.

When recruiting is done away from the organization’s offices, the role of the recruiter is equally critical. Job applicants’ impressions about the organization are significantly influenced by the knowledge and expertise of the recruiter.

In small organizations, the recruitment function, in addition to many other responsibilities, is normally handled by one person, frequently the office manager. Also, it is not unusual for line managers in small organizations to recruit and interview job applicants.

Organizational Inducements in Recruitment

The objective of recruitment is to attract a number of qualified personnel for each particular job opening. Organizational inducements are all the positive features and benefits the organization offers to attract job applicants. Three of the more important organizational inducements are organizational compensation systems, career opportunities, and organizational reputation.

Starting salaries, frequency of pay raises, incentives, and the nature of the organization’s fringe benefits can all influence the number of people attracted through the recruitment process. For example, organizations that pay low starting salaries have a much more difficult time finding qualified applicants than do organizations that pay higher starting salaries.

Organizations that have a reputation for providing employees with career opportunities are also more likely to attract a larger pool of qualified candidates through their recruiting activities. Employee and management development opportunities enable present employees to grow personally and professionally; they also attract good people to the organization. Assisting present employees in career planning develops feelings that the company cares. It also acts as an inducement to potential employees.

Finally, the organization’s overall reputation, or image, serves as an inducement to potential employees. Factors that affect an organization’s reputation include its general treatment of employees, the nature and quality of its products and services, and its participation in worthwhile social endeavors. Unfortunately, some organizations accept a poor image as “part of our industry and business.” Regardless of the type of business or industry, organizations should strive for a positive image.

Equal Employment Opportunity and Recruitment

The entire subject of recruitment interviewing is made even more complex by equal employment opportunity legislation and court decisions relating to this legislation. For example, if an interviewer asks for certain information such as race, sex, age, marital status, and number of children during the interview, the company risks the chance of an employment discrimination suit. Prior to employment, interviewers should not ask for information that is potentially prejudicial unless the company is prepared to prove (in court, if necessary) that the requested information is job-related.

Equal opportunity legislation has significantly influenced recruitment activities. All recruitment procedures for each job category should be analyzed and reviewed to identify and eliminate discriminatory barriers. For example, the Equal Employment Opportunity Commission (EEOC) encourages organizations to avoid recruiting primarily by employee referral and walk-ins because these practices tend to perpetuate the present composition of an organization’s work force. If minorities and females are not well represented at all levels of the or-
ganization, reliance on such recruitment procedures has been ruled by the courts to be a discriminatory practice.

The EEOC also suggests that the content of help-wanted ads should not indicate any race, sex, or age preference for the job unless age or sex is a bona fide occupational qualification (BFOQ). Organizations are also encouraged to advertise in media directed toward minorities and women. Advertising should indicate that the organization is an equal opportunity employer and does not discriminate. However, one study has concluded that despite the passage of equal opportunity legislation and numerous court decisions, recruitment ads that discriminate on the basis of sex continue to be widespread.\(^6\)

Campus recruiting visits should be scheduled at colleges and universities with large minority and female enrollment. The EEOC also recommends that employers develop and maintain contacts with minority, female, and community organizations as sources of recruits.

Employers are encouraged to contact nontraditional recruitment sources, such as organizations that place physically and mentally handicapped persons. It is likely that hiring of both females and minority groups will continue to receive attention, and increased emphasis will be placed on hiring those groups.

More than likely, recruiters will also have to pay more attention to the spouse, male or female, of the person being recruited. It may become necessary to assist in finding jobs for spouses of recruits. In hiring women, especially for managerial and professional jobs, it may be necessary to consider hiring the husband as well.

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**Summary of Learning Objectives**

1. **Define recruitment.**
   Recruitment involves seeking and attracting a pool of people from which qualified candidates for job vacancies can be chosen.

2. **Discuss job analysis, human resource planning, and recruitment.**
   Job analysis gives the nature and requirements of specific jobs. Human resource planning determines the specific number of jobs to be filled. Recruitment provides a pool of qualified people to fill the vacancies.

3. **Explain the purpose of a personnel requisition form.**
   A personnel requisition form describes the reason for the need to hire a new person and the requirements of the job.

4. **Describe the advantages and disadvantages of using internal methods of recruitment.**
   The advantages are that the company has a better knowledge of the strengths and weaknesses of the job candidates; the job candidates have a better knowledge of the company; employee motivation and morale are enhanced; and the return on investment that an organization has in its workforce is increased. The disadvantages are that people can be promoted to the point where they cannot successfully perform the job; infighting for promotions can negatively affect morale; and inbreeding can stifle new ideas and innovation.

5. **Discuss job posting and bidding.**
   Job posting and bidding are an internal method of recruitment in which notices of available jobs are posted in central locations throughout the organization and employees are given a specified length of time to apply for the available jobs.

6. **Describe the advantages and disadvantages of using external methods of recruitment.**
   The advantages are that the pool of talent is much larger; new insights and perspectives can be brought to the organization; and it is frequently cheaper and easier to hire technical, skilled, or managerial employees from outside. The disadvantages are that attracting, contacting, and evaluating potential employees are more difficult; adjustment or orientation time is longer; and morale problems can develop among those employees within the organization who feel qualified to do the job.

7. **Define realistic job previews.**
   Realistic job previews provide complete job information, both positive and negative, to the job applicant.
8. Explain organizational inducements.
Organizational inducements are all the positive features and benefits offered by an organization that serve to attract job applicants.

**Review Questions**

1. What is recruitment?
2. Describe the relationships among job analysis, personnel planning, recruitment, and selection.
3. What is a personnel requisition form?
4. Describe several advantages of recruiting from internal sources and several advantages of recruiting from external sources.
5. Name and describe at least five methods of recruiting.
6. What are realistic job previews?
7. Define and give examples of organizational inducements.
8. Outline some specific EEOC recommendations for job advertising.

**Discussion Questions**

1. Discuss the following statement: “An individual who owns a business should be able to recruit and hire whomever he or she pleases.”
2. Employees often have negative views on the policy of hiring outsiders rather than promoting from within. Naturally, employees believe they should always be given preference for promotion before outsiders are hired. Do you think this is in the best interest of the organization?
3. As a potential recruit who will probably be looking for a job upon completion of school, what general approach and method or methods of recruiting do you think would be most effective in attracting you?

**Incident 7-1**

**Inside or Outside Recruiting?**

Powermat, Inc., has encountered difficulty over the last few years in filling its middle management positions. The company, which manufactures and sells complex machinery, is organized into six semiautonomous manufacturing departments. Top management believes it is necessary for the managers of these departments to make many complex and technical decisions. Therefore, the company originally recruited strictly from within. However, it soon found that employees elevated to middle management often lacked the skills necessary to discharge their new duties.

A decision was then made to recruit from outside, particularly from colleges with good industrial management programs. Through the services of a professional recruiter, the company was provided with a pool of well-qualified industrial management graduates. Several were hired and placed in lower management positions as preparation for the middle management jobs. Within two years, all these people had left the company.

Management reverted to its former policy of promoting from within and experienced basically the same results as before. Faced with the imminent retirement of employees in several key middle management positions, the company decided to call in a consultant for solutions.

**QUESTIONS**

1. Is recruiting the problem in this company?
2. If you were the consultant, what would you recommend?
Incident 7-2

A Malpractice Suit against a Hospital

Hospital jumping is a term used by hospital personnel to describe the movement of incompetent and potentially negligent employees from hospital to hospital. One factor contributing to hospital jumping is the reluctance of hospitals to release information to other hospitals that are checking references.

Ridgeview Hospital was sued for negligence in its screening of employees. The case involved the alleged incorrect administration to an infant of a medication that nearly caused the child’s death. The party bringing suit contended that the nurse who administered the drug was negligent, as was the hospital because it had failed to make a thorough investigation of the nurse’s work history and background. It was learned that the nurse had been hired by Ridgeview before it had received a letter of reference from her previous employer verifying her employment history. In support of the plaintiff’s case, uncontested information was presented about a similar incident of negligence in patient care by the nurse in her previous employment.

Ridgeview Hospital’s personnel director, John Reeves, took the position that reference checks were a waste of time because area hospital personnel directors would not provide what they thought might be defamatory information about former employees. He further stated that in checking reference sources, these same personnel directors would request information they themselves would not give.

Reeves’s lawyer concluded that the hospital would have to choose between two potentially damaging alternatives in adopting a personnel screening policy. It could continue not to verify references, thereby risking malpractice suits such as the one discussed. Alternatively, it could implement a policy of giving out all information on past employees and risk defamation suits. The lawyers recommended the second alternative because they thought the potential cost would be significantly less if the hospital were convicted of libel or slander than if it were judged guilty of negligence.

QUESTIONS

1. Which of the two alternatives would you recommend to the hospital?
2. What questions could be asked in a recruitment interview to help eliminate the problem?

EXERCISE

Writing a Résumé

Read the On the Job example at the end of this chapter. From the material you read develop your own résumé. Bring the résumé to class and have another student or your professor evaluate it.

Notes and Additional Readings

On The Job

Writing a Résumé*

For employers, the résumé is a screening device. Big corporations get hundreds of thousands of them every year. You can pay an employment agency a hundred dollars to come up with a work of art on 30-weight paper, but it’s still junk mail to the person who has to read a hundred of them a day. So you’ve got 10, maybe 20 seconds to show that person that your résumé is worth a second look.

It’s got to look “mahvelous.” Which isn’t all that hard to make happen. Use high-quality 8 1/2” × 11” paper—white, off-white, light gray, or beige. Maybe a designer or entertainer could go with something flashier, but most job seekers are best served by a conservative, professional look.

Put your résumé on a word processor. (This is just one more instance where computer skills come in handy.) If you don’t know word processing, any professional résumé service will be able to do it for you. Don’t run it off on a cheap dot-matrix printer. Having it printed looks great, but then you’re locked into one generic résumé, and that has some real disadvantages. We’ll elaborate shortly. All you really need is a good original. You can have any number duplicated on high-quality paper at a copy center.

Appearance, as well as content, tells the employer a lot about you. Your résumé reflects the kind of work you’re capable of producing. It should show that you’re well organized, that you can communicate clearly, and that you can make a strong visual presentation. The acid test: Does it look good enough for prospective employers to send out as their own work? If it does not, it is not good enough.

Use some of the tricks that commercial artists use. When they design ads, they play up important information in the white space, those areas free from text. In poorly constructed résumés, we often see dates in those big chunks of white space known as the margin. Dates are not selling points. Instead, use information that is: job titles, degrees, skills, and so on.

Stay away from long paragraphs. Your résumé should not look like a page out of your American history text. Ads use a few key words, carefully chosen and strategically placed. You further focus attention by using bold print, larger type, bullets, or asterisks. Remember, you’ve got just 10 seconds to get their attention.

The job objective is crucial because it informs the employer if there is a match. The job objective, unlike the rest of the résumé, gets close attention on the first pass-through. Therefore, it comes immediately after your name and address at the top of the page. If you’re offering what the employer is seeking, he or she will read on.

Taking a Second Look

OK, the employer looked at your résumé, and it looked good. Your career objectives match one of the positions to be filled. Now, the employer is willing to look more closely. And when this happens, there must not be any misspelled words, typos, or grammatical errors. So proofread it carefully. Wait a day, and proof it again. Then let a friend take a look at it. Obviously,
this means you don’t start working on your résumé at the last minute. But since you are a blue-chipper, you have got organizational skills. You’ll have time to do it right.

**NAME AND ADDRESS**

You want them to remember your name, so you put it at the top of the page. If possible, use a larger type size than you use on the rest of your résumé. If your printer doesn’t have this capability, there are several other alternatives: rub-on-type, lettering templates, or a Kroy lettering machine. Check with your campus computer lab or copy center if you need help. Include your address and a phone number where you can be reached or a message can be left for you during working hours. You might want to consider buying or sharing an answering machine. Or you may be able to have messages left with a friend, neighbor, or relative. In some cases, you can have messages taken at the departmental headquarters of your academic major.

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**Example**

**MARY Q. STUDENT**

Campus Box 007

Atlanta, GA 30332

(404) 894-2607

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We’ve already mentioned that the job objective is the most important piece of information on the page. If employers do not see a potential match, they might not look further, no matter how outstanding your record. Ideally, the job you’re looking for is identical to the one they are trying to fill (see the following job objective components chart).

**The Job Objective**

The following is a component sheet useful in developing a job objective. Pick the ones you feel are applicable to your situation.

- Include the exact job title if you know it. Do not guess! The job objective is used as a screening device. If you apply for a job that does not exist, your résumé will probably be eliminated before it is read thoroughly. Don’t chance it.
- Make the objective meaningful. Everything else in the résumé must support and reflect what is said in the objective.
- Be specific and to the point. Broad objectives are often misinterpreted to be vague and uncertain. Avoid the use of platitudes and cliches. They say nothing and cast doubt on the rest of the résumé.
- Include the field you were trained in if this is a selling point. This is especially applicable to those in technical fields.
- Include a subdiscipline if you have specialized in one. This will help to pinpoint where in the company you might be most useful.
- Include the functional area of the company where you want to work. Examples of these company divisions are research and development, production, technical services, information systems/processing, marketing and sales, and administration and finance.
- Include skills/qualifications that are relevant to the job you are seeking. This will help promote you as a strong job candidate.

Example: Seek a position in civil engineering as a Structural Engineer utilizing my skills in structures, computer programming, and construction.

- Include the type of organization if it is important to you. Keep in mind that this may limit the number of opportunities open to you.
- Note: If you have several different job objectives, you should have several different résumés.

Avoid platitudes and vagueness. All graduates want “a challenging position with opportunities for advancement.” If this is your stated career objective, you have told an employer nothing.
Give any information that will tell the employer where you would fit best. For instance, identify where you want to work in the company (sales, finance, etc.); you may also want to indicate the key skills you have to offer (administrative, quantitative, etc.). Companies don’t hire generic employees. They hire researchers, accountants, and human resource directors.

We also advise against listing plural job objectives unless they are closely related. You wouldn’t, for instance, say you were looking for an “entry-level position in sales or research” because it makes you look as if you have no clear career goals. If you are looking at rather different positions with different companies, we strongly recommend a different résumé highlighting the appropriate skills and experience for each position. This is where having a generic résumé on a computer, whether it’s yours or a professional word processor’s, is invaluable.

When it comes time to apply for a new job, it is easy to rearrange the material. Use the actual job titles when you know them—catch the employer’s attention right away by showing the possibility of a match. However, don’t guess if you’re not sure. Personnel may be doing the screening, and they might eliminate you if they don’t see what they’ve been told to look for. If you don’t know the exact title, use a standard area such as finance, sales, or research.

Everything else on the résumé complements the job objective. The education, experience, and skills all show that you can do the job you’re trying to get.

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**Example**

**OBJECTIVE:** Seek a position as an Advertising Sales Representative using my academic background, proven sales skills, and retail experience.

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**EDUCATION**

List your educational experience in reverse chronological order. If you went to a prestigious school, highlight the fact by using boldface letters or caps. Be sure to include a high GPA and any honors or awards. List the key courses relevant to the job you are seeking. Omit insignificant schooling such as the summer course you took at the junior college back home. Don’t mention your high school unless you went to a truly outstanding one or had an especially distinguished record.

**Example**

**EDUCATION:**

**St. Anselm’s College**

GPA: 2.9/4.0

B.A. Communications 6/02

**Coursework:** Marketing, Advertising, Media Planning, Principles of Persuasion, Managerial Accounting & Control, Consumer Psychology, Communication Ethics & Law, Public Speaking, FORTRAN

**Honors and Activities:** Dean’s List, earned 80% of college expenses, Young Business Leaders Club

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**SKILLS**

Employers want to know what skills you have. You can embed them in your work history, but sometimes it’s a good idea to have a separate skills section. There you can highlight the main skills required of the position you’re seeking. By doing so, you increase your chances of creating a match in the employer’s mind.

Use the STAR Technique: situation, action, results. Positive results create positive reactions. And if you can quantify your results, you’re talking in a language employers understand.
WORK HISTORY: MACY’S DEPARTMENT STORE

Sales Representative 9/94-12/99

Created furniture displays and performed price markdowns that led to 10% increase in departmental sales for 1995

Reinforced and interpreted company procedures and policies to new company employees during training periods

ADDITIONAL INFORMATION

Every inch of your résumé should be used to your advantage. List only information that would be a selling point. Most employers don’t really need to know that you enjoy swimming and scuba diving. A marine biologist, however, might find it helpful to include these. An engineer cited her plumbing experience when she applied for a position that required wearing a hard hat. She wanted to show that being a woman did not mean she was afraid to get her hands dirty. One candidate noted that hunting was one of his hobbies. He was applying for a position in a rural area where hunting was extremely popular. By mentioning his interest in guns, he was able to show that he could be one of the gang even though he’d gone to school in a big city. If you can’t find another place to include a selling point, stick it in here. Leave it off if it is not relevant.

REFERENCES

Choose them carefully. Hopefully, you may have many to choose from. Ask them if they are comfortable writing a favorable recommendation for you. Make sure they have copies of your résumé. It will help them to discuss you more knowledgeably when they are contacted by employers. Also, when they see the total package, they might be able to come up with other job leads for you. We recommend not listing your references on the résumé. It is better to use every precious inch of space to promote yourself.

WORDING AND PHRASING

You control the tone of your résumé by the way you write it. There should be no negatives. One student once listed a course in which he made a D. That made a memorable résumé, but not in a good way.
Your résumé should be crisp and have punch. Remember, it is your personal ad. Start sentences with verbs or action words, and you’ll create the impression that you’re a “doer,” not one who sits and waits. Delete pronouns and anything superfluous.

The whole idea is to boil your marketability down to its essence. Recruiters and interviewers then will find it easy to remember you—and why they should hire you. Not every recruiter has been trained in human resources. Frequently corporations send new, inexperienced employees to handle screening interviews at college placement centers. They do not necessarily know how to compare the credentials of many different candidates. It is to your advantage to make their job easier. A sharp résumé is a first step. Make it clear why you’re the one their company is looking for.

Exhibit 7.A shows a sample résumé format.

**Action Words for Résumé Construction**

A résumé will be the first impression an employer has of you. Make it count! Set the tone by using both action and positive words. Starting sentences with verbs can make your message stronger. Be honest, but do not diminish your abilities by using lackluster words.

Exhibit 7.B provides a list of action words to use in constructing your résumé. Refer to it often.

**Types of Résumés**

**CHRONOLOGICAL**

This is the most traditional type—which is its advantage. Employers are familiar with it. The disadvantage of the chronological résumé is that it plays up your work history even if it is...
EXHIBIT 7.B  List of Action Words

<table>
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<th>actively</th>
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<th>directed</th>
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<td>most</td>
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sketchy or unrelated to your job objective. If you have followed the blue-chip Master Plan, you should have a solid work history. If your professional experience is weak, consider another type of résumé. Exhibit 7.C shows a chronological résumé.

FUNCTIONAL

Since work history is played down, you can emphasize the skills necessary to perform the job you are seeking. And since you are not following any prescribed order, you can position the most relevant skills—experience, for example—higher on the page. Its main disadvantage is that employers see fewer of this type, and that might bother some of them. Of course, it might also catch their eye. Exhibit 7.D shows a functional résumé.

HYBRID

We believe there is nothing sacred about résumé construction. Your ultimate goal is to create a message that effectively promotes you. We read the résumé experts, and we considered the principles of advertising. We did some research of our own—asking recruiters and personnel directors how they appraised résumés. Our guidelines evolved from all these sources. But they are still only guidelines.

Different students may have unique situations that require novel résumés. What about the student who makes a dramatic shift in educational focus? How can you get the most mileage out of a double or dual degree program? Nontraditional students also present unique problems. How do you highlight your strengths, if you’re a middle-aged homemaker returning to the work force? (Returning to the paid work force would be more accurate.) Or suppose you
are returning to school after a substantial work history. Some résumés break the rules, but we think they come out stronger for doing so.

Cover Letters

Cover letters should be strong enough to stand on their own and promote you even when separated from your other credentials. In other words, no “Dear Mr. Gronk, I’m interested in working for your organization. Enclosed, please find my résumé. Sincerely. . . .”

Use the cover letter to elaborate on any information that is briefly covered in the résumé and is a selling point. Use key phrases taken from your résumé. Advertising relies on repeated presentations, and you are advertising yourself. “Where’s the beef?” is probably still familiar to you several years after the ad stopped running because you heard it so many times.

FORMAT

The opening paragraph needs to serve as a “hook.” It should motivate employers to read further. Mentioning something interesting about the company (not just something found in the yellow pages) shows that you believe their company is worth spending time on. Like the ré-
sume, the cover letter needs to show how a candidate’s skills meet the employer’s needs. State specifically how you can help solve the employer’s problems. Indicate why you’re contacting the employer and how you found out about the job (magazine article, newspaper ad, professional contact, etc.).

You’ll probably need to do some research in sources such as the Business Periodical Index, Reader’s Guide, Moody’s Index, and Dun’s Career Guide. Say specifically why you’re interested in the particular organization you’re contacting.

**BODY OF LETTER**

Present your case as a strong candidate. Briefly cite whichever of your academic achievements, skills, accomplishments, and work history are relevant. Give specific examples with details. Repeat some of the key phrases contained in your résumé to reinforce your selling points. Tell them “where the beef is.” Mention enclosing a résumé for their convenience.

**CLOSING PARAGRAPH**

Ask for action. Be confident and assertive about doing so. You wouldn’t apply for the job if you didn’t think you were the right one to do it. State that you will contact them in 10 days to two weeks. *And do it. Exhibit 7.E gives an illustration of a cover letter.*
EXHIBIT 7.E  
Sample Cover Letter

February 2, 2003

Museum of Natural Artifacts and History  
1748 Lincoln Square  
New York, NY 10025

Attn: Mr. Carson Donnelly  
Director of Student Internship Program

Dear Mr. Donnelly:

I am interested in applying for a summer internship offered through the Museum of Natural Artifacts and History. *American Historian* magazine recently reported that the MNAH provided the “most extensive training—outside of a dig—to those students interested in archaeology and anthropology.” Although you have 25 summer internships, it’s obvious that you have to be selective in choosing participants. Here’s why I can make a positive contribution.

First, I have prior experience working in a museum. While in high school, I was volunteer at the Vandernessen Museum of Fine Arts. There I helped the curator set up exhibits and prepare art objects for shipment. One project that I particularly enjoyed working on included over 250 Indian artifacts and featured a full-scale replica of a wigwam.

Second, my academic accomplishments include a GPA of 3.7, after one semester as an anthropology major at Bates College, and membership in the National Honor Society.

Finally, I have strong communication and leadership skills. I have proven experience in leading groups, being a team member, and working with the public, all assets that are helpful in a museum environment.

I have enclosed a résumé for your convenience. I am eager to discuss internship opportunities and will contact you in three weeks to arrange an interview.

Sincerely,

Nicholas Bennings

Nicholas Bennings  
37-G Addison Hall  
Bates College  
Lewiston, ME 04240

Résumé Checklist

You want your résumé to be memorable to the employer—but for all the right reasons. An omission or mistake should not be noted as your résumé’s most outstanding feature. Use this chart to check for any oversights. Have it double-checked by a friend just to ensure you haven’t missed anything.

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<tr>
<th>Did You:</th>
<th>Yes</th>
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<td>1. Prominently display your name?</td>
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<td>2. Put in a complete address and zip code?</td>
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<td>3. List a daytime telephone number and area code?</td>
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<td>4. Specify your job objective?</td>
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<td>5. Position your strongest information first?</td>
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<td>6. Describe your education?</td>
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Video Case

Creative Staffing Solutions Pair Workers with Employers

One of the greatest challenges for any company is to find the right workers to fill its needs, whether it's someone who can operate heavy machinery or someone who can give great haircuts. In the recent labor market, even with an economic downturn, high-tech firms have had difficulty finding enough employees who are skilled in information technology to fill their open positions. In addition, these companies have needs that are different from firms in other industries. First, they are often looking for people who are willing to work part-time or on a temporary basis to develop and complete a particular project. Second, that temporary basis differs from “traditional” temporary assignments, which often last a week or two while a permanent employee is ill or on vacation. Instead, high-tech companies want people who can stay on the job for six months or a year. Third, these firms seek workers with particular skills and aptitudes in information technology. “Scarcity of qualified candidates, competition from high-profile employers, and the potential for IT professionals to earn more as professional contractors were cited as top barriers for recruiting IT workers,” states a recent study conducted by the American Electronics Association (AEA). In a tight labor market, where can high-tech firms find these perfect employees?

Creative Staffing Solutions, a temporary and alternative staffing firm, provides such workers to companies. "Temping," as it used to be called, is now a $40 billion industry as more and more companies turn to staffing agencies for help. Companies are willing to pay for these employees. "For high-tech workers, this is an employees’ market," notes Marc Brailov of the American Electronics Association. “It is very important for Internet companies to create and offer incentives to attract and retain employees.” That’s where Creative Staffing Solutions (CSS) comes in.

Founded by Mel Rhone in 1996, CSS, a minority-owned firm based in Philadelphia, now has clients ranging from small companies to large organizations such as AT&T, Hershey’s, and Lockheed Martin. CSS specializes in finding IT professionals, engineers, computer programmers, and other high-tech workers for its clients. On one side of the process, a CSS manager meets with and interviews the HR manager at the client firm to determine the firm’s needs. On the other side, CSS managers screen, interview, and test prospective job candidates to determine their suitability for positions. CSS checks a candidate’s work history and tests grammar and spelling, math, computer skills, and so forth. Recently CSS made it possible for job hunters to post their résumés on the CSS website, where staffing managers can review them. In addition, CSS’s staffing managers peruse Internet job sites in search of potential matches.

According to CSS managers, the alternative staffing solution meets the needs of both the company and the worker. Firms obtain screened, highly skilled, and motivated workers for a designated period. And currently many high-tech firms prefer to hire temporary workers...
because the IT economy is very volatile. They like to hire people to complete a special project, such as development of a new computer system. Workers also benefit. “You get to make your own schedule,” remarks CSS staffing manager Joy Thomas. Because CSS tests and trains candidates, people who want to improve their job skills can find plenty of opportunity through the company. Some workers are looking to change careers but are afraid to make a total commitment without knowing whether they will like the new field. Filling a temporary position can give them a good taste of what the field will be like. Occasionally CSS sends a worker to fill one temporary position at a company, and the person moves on to a completely different job at the firm. The arrangement gives both parties convenience and flexibility.

Creative Staffing Solutions continues to find ways to grow its own business. Now with an in-house staff of 11 people, Mel Rhone wants to expand. Recently the company received a loan of $100,000 from the eSpeed Loans program, which is funded by ePhiladelphia, a group that represents technology companies headquartered in Philadelphia. CSS plans to use the funding to purchase hardware and software, as well as to hire more staff to train workers for all levels of technology-related jobs. Rhone, like others, foresees a future in which temporary and alternative staffing will be routine in American industry, and he wants his company to be ready to grab every opportunity that comes its way. A study by the National Association of Temporary and Staffing Services found that 90 percent of companies surveyed employ temporary help. “Companies are incorporating temp workers in long-term plans, whereas 15 years ago they used temps just to fill occasional holes,” remarks Richard Wahlquist, executive vice president of the association. The same holds true for today’s workers. “The way Americans seek work has fundamentally shifted—so many young adults look to temp agencies first, to get a taste of different fields, that we are a central part of the job search process,” says Wahlquist. Creative Staffing Solutions intends to remain part of the process as well.

Questions

1. In addition to job websites and its own site, where else might Creative Staffing Solutions look for potential job candidates?
2. How can Creative Staffing Solutions create a learning environment for job candidates before they accept a position or while they are between positions?
3. As you consider your career, would you try working through a temporary agency such as CSS? Why or why not?
4. What difficulties might Creative Staffing Solutions have to deal with in using electronic job and résumé postings?

Learning objectives  
After studying this chapter, you should be able to:
1. Outline the steps in the selection process.
2. Describe aptitude, psychomotor, job knowledge, proficiency, interest, and personality tests.
3. Explain a polygraph test.
4. Describe structured and unstructured interviews.
5. Define validity.
7. Explain concurrent validity.
8. Describe content validity.
9. Discuss construct validity.
10. Define reliability.
11. Define adverse (or disparate) impact.
The objective of the selection process is to choose the individual who can successfully perform the job from the pool of qualified candidates. Job analyses, human resource planning, and recruitment are necessary prerequisites to the selection process. A breakdown in any of these processes can make even the best selection system ineffective.

The Selection Process

Processing an applicant for a job normally entails a series of steps. Figure 8.1 illustrates the steps in a typical selection process. The size of the organization, the types of jobs to be filled, the number of people to be hired, and outside pressures from the EEOC or union all influence the exact nature of an organization's selection process. Most organizations use a multiple cutoff technique in selection. With this technique, an applicant must be judged satisfactory through a series of screening devices, such as application forms, interviews, and tests. The applicant is eliminated from consideration for the job if any of these devices is unsatisfactory. All of these screening devices must be validated if they produce adverse or disparate impact.

Application Form

Completing an application form is normally the first step in most selection procedures. The application provides basic employment information for use in later steps of the selection process and can be used to screen out unqualified applicants. For example, if the job opening requires the ability to use a word processor and the applicant indicates an inability to use a word processor, there is no need to process the application further.

EEOC Requirements

The EEOC and the courts have found that many application and interview inquiries disproportionately reject minorities and females and frequently are not job-related. Many questions
have therefore been explicitly prohibited. Some of the major questions that should be eliminated from preemployment inquiries (both application forms and interviews) or carefully reviewed to ensure their use is job-related and nondiscriminatory include the following:

1. *Race, color, national origin, and religion.* Inquiries about race, color, national origin, or religion are not illegal per se, but asking or recording this information in employment records can invite careful scrutiny if discrimination charges are filed against the employer.

2. *Arrest and conviction records.* An individual’s arrest record has been ruled by the courts to be an unlawful basis for refusal to hire unless the job relatedness for such a policy can be established.\(^1\)

3. *Credit rating.* An applicant’s poor credit rating has also been ruled by the courts to be an unlawful basis for refusal to hire unless a business necessity for such a policy can be established.\(^2\) Inquiries about charge accounts and home or car ownership may be unlawful unless required because of business necessity.

The On the Job example at the end of Chapter 3 provides a comprehensive listing of permissible questions and questions to be avoided, not only in preemployment interviews but also on application forms. One study of 151 of the largest employers in the United States revealed that all but two employers had at least one inappropriate question on their forms. Fifty-seven of the employers need to examine and redesign their application forms.\(^3\)
II. Staffing the Organization  8. Selecting Employees

Processing

Normally a member of the human resource department reviews the information on the application form to determine the applicant’s qualifications in relation to the requirements of currently available jobs. Another screening procedure is the use of *weighted application forms*. These forms assign different weights to different questions. Weights are developed by determining which item responses were given more frequently by applicants who proved to be higher performers but less frequently by applicants who proved to be poorer performers. Weighted application forms are subject to the validity requirements discussed earlier in this chapter. Studies have shown the weighted application form to be useful in the selection of salespeople, clerical workers, production workers, secretaries, and supervisors.

Accuracy of Information

The accuracy of information given on application forms is open to debate. Placing full reliance on information provided on the application form may not be prudent unless some means of verification is used. Some of the information on the application form can be verified through reference checking, which is described later in this chapter.

In an attempt to ensure that accurate information is given, many employers require the applicant to sign a statement similar to the following:

> I hereby certify that the answers given by me to the foregoing questions and statements made are true and correct, without reservations of any kind whatsoever, and that no attempt has been made by me to conceal pertinent information. Falsification of any information on this application can lead to immediate discharge at the time of disclosure.

Whether this statement actually increases the accuracy of information provided is not known. However, employers view falsification of an application form as a serious offense that, if detected, normally leads to discharge.

Applicant Flow Record

At the time of completing the application form, the applicant is frequently asked to complete an applicant flow record. An *applicant flow record* is a form used by a company to obtain from a job applicant information that could be used to illegally discriminate. This record is completed voluntarily by the applicant. The On the Job example at the end of this chapter shows a sample combination application form and applicant flow record. Data and information from the applicant flow record can then be used to provide statistical reports to the EEOC or OFCCP or used in defense against charges of discrimination concerning the employer’s recruitment and selection activities.

The preliminary interview is used to determine whether the applicant’s skills, abilities, and job preferences match any of the available jobs in the organization, to explain to the applicant the available jobs and their requirements, and to answer any questions the applicant has about the available jobs or the employer. A preliminary interview is usually conducted after the applicant has completed the application form. It is generally a brief, exploratory interview that is normally conducted by a specialist from the human resource department. The interview screens out unqualified or uninterested applicants. Interview questions must be job-related and are subject to demonstrations of validity. The Preemployment Inquiry Guide at the end of Chapter 4 provides a summary of permissible inquiries and inquiries to be avoided during the preliminary interview.

Formal Testing

In *Albemarle v. Moody*, the Supreme Court ruled that any procedure used to make selection decisions is to be construed as a test. If a test is to be used in the selection process and if the selection process has adverse impact on legally protected groups, the EEOC requires the employer to establish validity and reliability using the procedures outlined in the “Uniform Guidelines on Employee Selection Procedures,” which are described later in this chapter.

Many types of commercial tests are available to organizations for use in the selection process. Many of these tests have undergone validation and reliability studies. One useful source for review of these tests is the *Mental Measurements Yearbook*, which is published by
the University of Nebraska. This handbook summarizes a wide variety of commercial tests and also provides an evaluation of the tests by several experts. HRM in Action 8.1 provides a description of a sales skills test administered by one firm.

The following sections examine five categories of tests: aptitude, psychomotor, job knowledge and proficiency, interests, and personality. In addition, the use of polygraphs, graphology, and drug and AIDS testing is discussed.

**Aptitude Tests**

Aptitude tests measure a person's capacity or latent ability to learn and perform a job. Some of the more frequently used tests measure verbal ability, numerical ability, perceptual speed, spatial ability, and reasoning ability. Verbal-aptitude tests measure a person's ability to use words in thinking, planning, and communicating. Numerical tests measure ability to add, subtract, multiply, and divide. Perception speed tests measure ability to recognize similarities and differences. Spatial tests measure ability to visualize objects in space and determine their relationships. Reasoning tests measure ability to analyze oral or written facts and make correct judgments concerning these facts on the basis of logical implications.

One of the oldest and, prior to the passage of equal opportunity legislation, most frequently used aptitude tests was the general intelligence test. The EEOC views this type of test with disfavor because such tests often contain questions that are not related to successful performance on the job. Thus, employers have largely abandoned the use of intelligence tests in employee selection.

**Psychomotor Tests**

Psychomotor tests measure a person's strength, dexterity, and coordination. Finger dexterity, manual dexterity, wrist-finger speed, and speed of arm movement are some of the psychomotor abilities that can be tested. Abilities such as these might be tested for hiring people to fill assembly-line jobs.

**Job Knowledge and Proficiency Test**

Job knowledge tests measure the job-related knowledge possessed by a job applicant. These tests can be either written or oral. The applicant must answer questions that differentiate experienced and skilled workers from less experienced and less skilled workers. Proficiency tests measure how well the applicant can do a sample of the work to be performed. A word processing test given to applicants for a secretarial job is an example of a proficiency test.

**Interest Tests**

Interest tests are designed to determine how a person's interests compare with the interests of successful people in a specific job. These tests indicate the occupations or areas of work in
which the person is most interested. The basic assumption in the use of interest tests is that people are more likely to be successful in jobs they like. The primary problem with using interest tests for selection purposes is that responses to the questions are not always sincere.

**Personality Tests**

**Personality tests** attempt to measure personality characteristics. These tests are generally characterized by questionable validity and low reliability and presently have limited use for selection purposes. Two of the better-known personality tests are the Rorschach inkblot test and the Thematic Apperception Test (TAT). In the Rorschach test, the applicant is shown a series of cards that contain inkblots of varying sizes and shapes. The applicant is asked to tell what the inkblots look like to him or her. With the TAT, the applicant is shown pictures of real-life situations for interpretation. With both of these methods, the individual is encouraged to report whatever immediately comes to mind. Interpretation of these responses requires subjective judgment and the services of a qualified psychologist. Furthermore, responses to personality tests can also be easily fabricated. For these reasons, personality tests presently have limited application in selection decisions.

**Polygraph Tests**

The **polygraph**, popularly known as the *lie detector*, is a device that records physical changes in the body as the test subject answers a series of questions. The polygraph records fluctuations in blood pressure, respiration, and perspiration on a moving roll of graph paper. The polygraph operator makes a judgment as to whether the subject’s response was truthful or deceptive by studying the physiological measurements recorded on paper.

The use of a polygraph rests on a series of cause-and-effect assumptions: stress causes certain physiological changes in the body; fear and guilt cause stress; lying causes fear and guilt. The theory behind the use of a polygraph test assumes a direct relationship between the subject’s responses to the questions and the physiological responses recorded on the polygraph. However, the polygraph machine itself does not detect lies; it detects only physiological changes. The operator must interpret the data recorded by the machine. Thus, the operator, not the machine, is the real lie detector.

The Employee Polygraph Protection Act of 1988, with a few exceptions, prohibits employers from conducting polygraph examinations on all job applicants and most employees. It also prevents the use of voice stress analyzers and similar devices that attempt to measure honesty. Paper-and-pencil tests and chemical testing, such as for drugs or AIDS, are not prohibited.

The major exemptions to the law are as follows: (1) all local, state, and federal employees are exempt from coverage, although state laws may be passed to restrict the use of polygraphs; (2) industries with national defense or security contracts are permitted to use polygraphs; (3) businesses with nuclear power–related contracts with the Department of Energy may use polygraphs; and (4) businesses and consultants with access to highly classified information may use polygraphs.

Private businesses are also allowed to use polygraphs under certain conditions: when hiring private security personnel, when hiring persons with access to drugs, and during investigations of economic injury or loss by the employer.%

**Graphology**

**Graphology** involves using an analyst to examine a person’s handwriting to assess the person’s personality, emotional problems, and honesty. As with the polygraph, the use of graphology is dependent on the training and expertise of the person (called a graphologist) doing the analysis.

Graphology has had limited acceptance by organizations in the United States. However, acceptance of graphology is increasing, since the passage of the Employee Polygraph Protection Act does not prohibit its use.7
Drug and AIDS Testing

Drug testing is being increasingly used by organizations. The most common practice is to test current employees when their job performance suggests substance abuse and all new potential employees. Most companies will not hire a potential employee who tests positive for drug abuse.

Urine sampling is one of the most common forms of drug testing. In addition, a more currently used technique involves measuring drug molecules from a person’s hair to identify usage levels of drugs. Some experts believe hair testing is more accurate than urine sampling. Most experts agree that testing for drug abuse alone among current employees is a less than satisfactory solution to the problem. Testing can create an adversarial relationship in which the employee tries to escape the employer’s detection. Education and employee assistance provide a much more positive relationship. This approach has led to the establishment of employee assistance programs, which are described in more detail in Chapter 20.

People with AIDS and people who test positive for HIV antibodies are protected in their jobs by the Vocational Rehabilitation Act and the Americans with Disabilities Act. However, voluntary workplace testing is not only permitted but is encouraged by some major health organizations. Furthermore, these laws permit HIV-antibody testing in certain defined circumstances. HIV testing is much more common among healthcare firms because of a high potential for employee exposure to HIV-infected patients.8

In some instances, AIDS in the workplace has caused fear among employers and coworkers, who often seek to be separated from those infected by the virus. In order for an HIV-testing program to be considered not to violate an employee’s basic rights, an employer should be able to show that the interests to be served by testing outweigh privacy expectations.9 HRM in Action 8.2 gives several examples of drug testing programs.

Genetic Testing

More recently, firms have considered the prospect of genetic testing for potential employees. These sophisticated medical tests use gene coding to identify individuals with gene structures that may make them susceptible to illness. Concerns of both employers and employees include what the legitimate use of genetic information is and what happens to any information obtained through genetic testing. Although there is a consensus that restricting healthcare benefits is not the goal of genetic testing, all parties are concerned about who will have access to the information. Another concern of employers is what liability they may have for not using genetic testing if a valid test and a reason for testing exist.10
Most organizations use the second or follow-up interview as an important step in the selection process. Its purpose is to supplement information obtained in other steps in the selection process to determine the suitability of an applicant for a specific opening. All questions asked during an interview must be job-related. Equal employment opportunity legislation has placed limitations on the types of questions that can be asked during an interview (see the On the Job example at the end of Chapter 4).

Types of Interviews
Organizations use several types of interviews. The **structured interview** is conducted using a predetermined outline that is based on a thorough job analysis. Through the use of this outline, the interviewer maintains control of the interview so that all pertinent information on the applicant is covered systematically. Advantages of the structured interview are that it provides the same type of information on all interviewees and allows systematic coverage of all questions deemed necessary by the organization.

Interviewers also conduct **unstructured interviews**, which do not have a predetermined checklist of questions. They use opened-ended questions such as “Tell me about your previous job.” Interviews of this type pose numerous problems, such as lack of systematic coverage of information, and are very susceptible to the personal biases of the interviewer. However, they do provide a more relaxed atmosphere.

Organizations use three other types of interviewing techniques to a limited extent. The **stress interview** is designed to place the interviewee under pressure. In the stress interview, the interviewer assumes a hostile and antagonistic attitude toward the interviewee. The purpose of this type of interview is to detect the highly emotional person. In **board or panel interviews**, two or more interviewers conduct a single interview with the applicant. **Group interviews**, in which several job applicants are questioned together in a group discussion, are also sometimes used. Panel interviews and group interviews can involve either a structured or an unstructured format.

Problems in Conducting Interviews
Although interviews have widespread use in selection procedures, a host of problems exist. The first and certainly one of the most significant problems is that interviews are subject to the same legal requirements of validity and reliability as other steps in the selection process. However, research has indicated that the validity and reliability of most interviews are very questionable. Overgeneralizing is another common problem. An interviewee may not behave exactly the same way on the job as during the interview. For example, the interviewer must remember that the interviewee is under pressure during the interview and that some people just naturally become very nervous during an interview.

Conducting Effective Interviews
The problems associated with interviews can be partially overcome through careful planning. The following suggestions are offered to increase the effectiveness of the interviewing process.12

1. Give careful attention to the selection and training of interviewers. Interviewers should be outgoing and emotionally well-adjusted persons. Interviewing skills can be learned, and
the persons responsible for conducting interviews should be thoroughly trained in these skills.

2. The plan for the interview should include an outline specifying the information to be obtained and the questions to be asked. The plan should include room arrangements. Privacy and some degree of comfort are important. If a private room is not available, the interview should be conducted in a place where other applicants are not within hearing distance.

3. The interviewer should attempt to put the applicant at ease. He or she should not argue with the applicant or put the applicant on the spot. A brief conversation about a general topic of interest or offering the applicant a cup of coffee can help ease the tension. The applicant should be encouraged to talk. However, the interviewer must maintain control and remember the primary goal of the interview is to gain information that will aid in the selection decision.

4. The facts obtained in the interview should be recorded in writing immediately after the interview.

5. Finally, evaluate the effectiveness of the interviewing process. One way to evaluate effectiveness is to compare the performance appraisals of hired individuals to assessments made during the interview. This cross-check can serve to evaluate the effectiveness of individual interviewers as well as of the total interviewing program.

Reference checking can take place either before or after the second interview. Many organizations realize the importance of reference checking and provide space on the application form for listing references. Most prospective employers contact individuals from one or more of the three following categories: personal, school, or past employment references. For the most part, personal references have limited value because generally no applicant will list someone who will not give a positive recommendation. Contacting individuals who have taught the applicant in school, college, or university may be of limited value for similar reasons. Previous employers are clearly the most often used source and are in a position to supply the most objective information.

Reference checking is most frequently conducted by telephoning previous employers. However, many organizations will not answer questions about a previous employee unless the questions are put in writing. The amount and type of information a previous employer is willing to divulge varies from organization to organization. The least that normally can be accomplished is to verify the information given on the application form. However, most employers are hesitant to answer questions about previous employees because of the threat of defamation lawsuits.

Government legislation has significantly influenced the process of reference checking. The Privacy Act of 1974 prevents government agencies from making their employment records available to other organizations without the consent of the individual involved. The Fair Credit and Reporting Act (FCRA) of 1971 requires private organizations to give job applicants access to information obtained from a reporting service. It is also mandatory that an applicant be made aware that a check is being made on him or her. Because of these laws, most employment application forms now contain statements, which must be signed by the applicant, authorizing the employer to check references and conduct investigations. HRM in Action 8.3 describes the problems one company encountered by failing to check references adequately.

The physical examination is normally required only for the individual who is offered the job, and the job offer is often contingent on the individual passing the physical examination. The exam is given to determine not only whether the applicant is physically capable of performing the job but also his or her eligibility for group life, health, and disability insurance. Because of the expense, physical examinations are normally one of the last steps in the selection process. The expense of physical examinations has also caused many organizations to have applicants complete a health questionnaire when they fill out their application form. If no serious medical problems are indicated on the medical questionnaire, the applicant usually is not required to have a physical examination.

The Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 have also caused many employers to reexamine the physical requirements for many jobs. These acts do
not prohibit employers from giving medical exams. However, they do encourage employers to make medical inquiries directly related to the applicant’s ability to perform job-related functions and require employers to make reasonable accommodations to help handicapped people to perform the job. Furthermore, the Americans with Disabilities Act requires that a physical exam cannot be conducted until after a job offer has been extended to a job candidate.

Often the lapse occurs as a result of a life change, such as taking time off to raise children or go back to school. Some employers discover, however, that the applicant spent the missing time in prison. One applicant told the recruiter that he had spent a two-year period in a computer school—and reluctantly admitted that the school was in the state prison system.

Without finding out where the employee spent any time during unexplained lapses in a work history, the employer will not be able to investigate the employee’s activities during that time period. For example, the person may have been in another country, and without knowing which country, a firm doing a background check may be unable to perform a complete investigation.


Making the Final Selection Decision

The final step in the selection process is choosing one individual for the job. The assumption made at this point is that there will be more than one qualified person. If this is true, a value judgment based on all of the information gathered in the previous steps must be made to select the most qualified individual. If the previous steps have been performed properly, the chances of making a successful judgment improve dramatically.

The responsibility for making the final selection decision is assigned to different levels of management in different organizations. In many organizations, the human resource department handles the completion of application forms, conducts preliminary interviews, testing, and reference checking, and arranges for physical exams. The diagnostic interview and final selection decision are usually left to the manager of the department with the job opening. Such a system relieves the manager of the time-consuming responsibilities of screening out unqualified and uninterested applicants.

In other organizations, the human resource department handles all of the steps up to the final decision. Under this system, the human resource department gives the manager with a job opening a list of three to five qualified applicants. The manager then chooses the individual he or she believes will be the best employee based on all the information provided by the human resource department. Many organizations leave the final choice to the manager with the job opening, subject to the approval of those at higher levels of management.

In some organizations, the human resource department handles all of the steps in the selection process, including the final decision. In small organizations, the owner often makes the final choice.

An alternative approach is to involve peers in the final selection decision. Peer involvement has been used primarily in the selection of upper-level managers and professional employees. Peer involvement naturally facilitates the acceptance of the new employee by the work group.

In the selection of managers and supervisors, assessment centers are also sometimes used. An assessment center utilizes a formal procedure involving interviews, tests, and individual and group exercises aimed at evaluating an individual’s potential as a manager/supervisor and determining his or her developmental needs. Chapter 10 describes assessment centers at length.
Validation of Selection Procedures

The selection decision requires the decision maker to know what distinguishes successful performance from unsuccessful performance in the available job and to forecast a person’s future performance in that job. Therefore, job analysis is essential in the development of a successful selection system. As discussed in Chapter 5, both job descriptions and job specifications are developed through job analysis. A job description facilitates determining how successful performance of the job is to be measured. These measures are called criteria of job success. Possible criteria of job success include performance appraisals, production data (such as quantity of work produced), and personnel data (such as rates of absenteeism and tardiness).

A job specification facilitates identifying the factors that can be used to predict successful performance of the job. These factors are called criterion predictors. Possible criterion predictors include education, previous work experience, scores on tests, data from application blanks, previous performance appraisals or evaluations, and results of interviews.

Validity refers to how accurately a predictor actually predicts the criteria of job success. For example, a job applicant for a typist position who types 120 words per minute should be able to perform well in the job if typing speed is a valid criterion for job success. Any predictor used in a selection decision must be valid. Figure 8.2 shows the relationship between job analysis and validity.

Some criteria, such as performance appraisals, can be used as both predictors and criteria of job success. For example, if past performance appraisals are used to forecast how successfully an individual will perform a different job, the performance appraisals are predictors. Thus, how the criterion is used determines whether it is a predictor or a criterion of job success.

**FIGURE 8.2**
Relationship between Job Analysis and Validity
Validity is an extremely important concept in human resource management. Validity in selection decisions can be demonstrated using criterion-related content and construct methods. Each of these methods is discussed in the following sections.

Criterion-Related Validity

Criterion-related validity is established by collecting data and using correlation analysis (a statistical method used to measure the relationship between two sets of data) to determine the relationship between predictor and the criteria of job success. The degree of validity for a particular predictor is indicated by the magnitude of the coefficient of correlation ($r$), which can range from $+1$ to $-1$. Both $+1$ and $-1$ represent perfect correlation. Zero represents total lack of correlation or validity. A positive sign (+) on the coefficient of correlation means the two sets of data are moving in the same direction, whereas a negative (–) sign means the two sets of data are moving in opposite directions.

A predictor never correlates perfectly with a criterion of job success. Thus, a significant issue in validity is the degree of correlation required between the predictor and the criterion of job success in order to establish validity. The “Uniform Guidelines on Employee Selection Procedures” (more commonly referred to as “Uniform Guidelines”), which are described later in this chapter, take the position that no minimum correlation coefficient is applicable to all employment situations. The American Psychological Association’s Division of Organizational and Industrial Psychology has provided the following guidelines on the significance of correlation coefficients: Correlations rarely exceed 0.50; a correlation of 0.40 is ordinarily considered very good, and most personnel research workers are usually pleased with a correlation of 0.30. Generally, it is safe to say that predictors having a correlation coefficient of under 0.30 would not be accepted as valid.

Two primary methods for establishing criterion-related validity are predictive validity and concurrent validity.

**Predictive Validity**

Predictive validity is established by identifying a predictor such as a test, administering the test to the entire pool of job applicants, and then hiring people to fill the available jobs without regard to their test scores. At a later date, the test scores are correlated with the criteria of job success to see whether those people with high test scores performed substantially better than those with low test scores.

For example, suppose a company wants to determine the validity of a test for predicting future performance of production workers. In this example, test scores would be the predictor. Further suppose the company maintains records on the quantity of output of individual workers and that quantity of output is to be used as the criterion of job success. In a predictive-validation study, the test would be administered to the entire pool of job applicants, but people would be hired without regard to their test scores. The new employees would be given the same basic orientation and training. Some time later (e.g., one year), the test scores would be correlated to quantity of output. If an acceptable correlation exists, the test is shown to be valid and can be used for selection of future employees. Figure 8.3 summarizes the steps in performing a predictive-validation study.

Predictive validation is used infrequently because it is costly and slow. To use this method, a large number of new employees must be hired at the same time without regard to their test scores. Potentially, an organization may hire both good and bad employees. Furthermore, for criteria to be predictive, all new employees must have equivalent orientation and training.

**Concurrent Validity**

Concurrent validity is determined by identifying a predictor such as a test, administering the test to present employees, and correlating the test scores with the present employees’ performance on the job. If an acceptable correlation exists, the test can be used for selection of future employees. Figure 8.4 summarizes the concurrent-validation process.

One disadvantage of concurrent validation is that in situations in which either racial or sexual discrimination has been practiced in the past, minorities and women will not be adequately represented. Another potential drawback is that among present employees in a partic-
ular job, the poorer performers are more likely to have been discharged or quit and the best performers have frequently been promoted. Obviously, a correlation coefficient obtained under these conditions can be misleading.

Criterion-related validation procedures (either predictive or concurrent) are preferred by the Equal Employment Opportunity Commission (EEOC) in validation studies. However, because of the cost and difficulties associated with criterion-related validation, other methods are frequently used. These validation methods are also accepted by the EEOC.

Two other methods of validation are content validity and construct validity. Content validity refers to whether the content of a selection procedure or selection instrument such as a test is representative of important aspects of performance on the job. Thus, a typing test is content validity.
valid for hiring secretaries, although it does not cover all of the skills required to be a good secretary. Content validity is especially useful in those situations where the number of employees is not large enough to justify the use of empirical validation methods. To use content validity, an employer must determine the exact performance requirements of a specific job and develop a selection procedure or selection instrument around an actual sample of the work that is to be performed.

Construct validity refers to the extent to which a selection procedure or instrument measures the degree to which job candidates have identifiable characteristics that have been determined to be important for successful job performance. Examples of job-related constructs might include verbal ability, space visualization, and perceptual speed. For example, if a job requires blueprint reading, a test of space visualization might be construct valid for use in employment decisions.

Both of the nonempirical methods of validation are dependent on judgment. However, in many validation situations, they may be the only available options.

Reilability

Another important consideration for a selection system is reliability. Reliability refers to the reproducibility of results with a predictor. For example, a test is reliable to the extent that the same person working under the same conditions produces approximately the same test results at different time periods. A test is not reliable if a person fails it on one day but makes an A in taking it again a week later (assuming, of course, that no learning has taken place in the meantime).

Three methods can be used to demonstrate the reliability of a predictor. Suppose a given test is used. One method of showing the reliability of the test is test-retest. This involves testing a group and giving the same group the same test at a later time.

parallel forms
A method of showing a test’s reliability; involves giving two separate but similar forms of the test at the same time.

split halves
A method of showing a test’s reliability; involves dividing the test into halves to determine whether performance is similar on both halves.

Uniform Guidelines on Employee Selection Procedures

The EEOC, the Office of Personnel Management, the Department of Justice, and the Department of Labor have adopted and published a document entitled “Uniform Guidelines on Employee Selection Procedures,” more commonly referred to as “Uniform Guidelines.” The “Uniform Guidelines” are designed to provide the framework for determining the proper use of tests and other selection procedures used for any employment decision. Employment decisions include but are not limited to hiring, promotion, demotion, membership (e.g., in a labor organization), referral, retention, licensing and certification, selection for training, and transfers.

The “Uniform Guidelines on Employee Selection Procedures” also contain technical standards and documentation requirements for the validation of selection procedures. The guidelines broadly define selection procedures to include not only hiring but also promotion decisions, selection for training programs, and virtually every selection decision made by an organization. The guidelines are intended to be consistent with generally accepted professional standards for evaluating selection procedures, such as those described in the Standards...
Adverse (or Disparate) Impact

adverse impact
Condition that occurs when the selection rate for minorities or women is less than 80 percent of the selection rate for the majority group in hiring, promotions, transfers, demotions, or any selection decision.

4/5ths or 80 percent rule
A limit used to determine whether or not there are serious discrepancies in hiring decisions and other employment practices affecting women or minorities.

The fundamental principle underlying the “Uniform Guidelines” is that employment policies and practices that have an adverse impact are illegal unless justified by a demonstration of job relatedness. A selection procedure that has no adverse impact is generally considered to be legal. If adverse impact exists, however, it must be justified on the basis of job relatedness. Normally this means by validation that demonstrates the relationship between the selection procedure and performance on the job.

The “Uniform Guidelines” adopt a rule of thumb as a practical means of determining adverse impact. This rule is known as the 4/5ths or 80 percent rule. This rule is not a legal definition of discrimination but a practical device for determining serious discrepancies in hiring, promoting, or other employment decisions. For example, suppose an employer is doing business in an area where the labor force is 25 percent African-Americans. Further, suppose that the employer has 1,000 employees and 100 (10 percent) of the employees are African-Americans. Adverse impact exists because 4/5ths of 25 percent equals 20 percent and African-Americans make up only 10 percent of the employer’s work force. (See Figure 8.5.)

Figure 8.6 illustrates how adverse impact can be assessed in an employer’s hiring decisions. Suppose 25 men have applied for a job opening and 15 of the men were hired. Suppose only 20 women applied and 5 were hired. Adverse impact exists because 4/5ths of 60 percent equals 48 percent, and a selection rate for women below 48 percent indicates adverse impact.
After it has been established that adverse impact exists, what steps do the “Uniform Guidelines” require? First, the employer has the option to modify or eliminate the procedure that produces the adverse impact. If the employer does not do so, it must justify the use of the procedure on the grounds of job relatedness. This normally means showing a clear relation between performance on the selection procedure and performance on the job. In the language of industrial psychology, the employer must validate the selection procedure.

1. Outline the steps in the selection process.
The steps in the selection process are the application form, the preliminary interview, formal testing, the follow-up interview, reference checking, the physical examination, and making the final selection decision.

2. Describe aptitude, psychomotor, job knowledge, proficiency, interest, and personality test.
Aptitude tests measure a person’s capacity or potential ability to learn and perform a job. Psychomotor tests measure a person’s strength, dexterity, and coordination. Job knowledge tests measure the job-related knowledge possessed by a job applicant. Proficiency tests measure how well the applicant can do a sample of the work required in the position. Interest tests are designed to determine how a person’s interests compare with the interests of successful people in a specific job. Personality tests attempt to measure personality characteristics.

3. Explain a polygraph test.
The polygraph records physical changes in the body as the test subject answers a series of questions. The operator makes a judgment on whether the subject’s response was truthful or deceptive by studying the physiological measurements recorded as the questions were answered.

4. Describe structured and unstructured interviews.
The structured interview is conducted using a predetermined outline. Unstructured interviews are conducted without a predetermined check list of questions.

5. Define validity.
Validity refers to how well a predictor actually predicts the criteria of job success.

Predictive validity is established by identifying a predictor such as a test, administering
the test to the entire pool of job applicants, and hiring people to fill the available jobs without regard to their test scores. At a later date, the test scores are correlated with the criteria of job success to see whether those people with high test scores performed substantially better than those with low test scores.

7. **Explain concurrent validity.**
   Concurrent validity is established by identifying a predictor such as a test, administering the test to present employees, and correlating the test scores with the present employee's performances on the job.

8. **Describe content validity.**
   Content validity refers to whether the content of a selection procedure or selection instrument, such as a test, is representative of important aspects of performance on the job.

9. **Discuss construct validity.**
   Construct validity refers to the extent to which a selection procedure or instrument measures the degree to which job candidates have identifiable characteristics that have been determined to be important for successful job performance. Job-related constructs might include verbal ability, space visualization, and perceptual speed.

10. **Define reliability.**
    Reliability refers to the reproducibility of results with a predictor.

11. **Define adverse (or disparate) impact.**
    Adverse impact is a condition that occurs when the selection rate for minorities or women is less than 80 percent of the selection rate for the majority group in hiring, promotions, transfers, demotions, or other employment decisions.

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**Review Questions**

1. Outline the steps in the selection process.
2. Describe some preemployment inquiries that should be eliminated or carefully reviewed to ensure their job relatedness.
3. What is a weighted application form?
4. How is an applicant flow record used?
5. Outline and briefly describe five categories of tests.
6. What is a polygraph test?
7. What is graphology?
8. What is reference checking?
9. Briefly describe some of the procedures organizations use in making the final decision.
10. Define the following terms:
    b. Predictor.
    c. Validity.
    d. Reliability.
11. Describe the following methods of validation:
    a. Predictive.
    b. Concurrent.
    c. Content.
    d. Construct.
12. What is adverse (or disparate) impact?
13. Describe the 4/5ths rule.

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**Discussion Questions**

1. “Tests often do not reflect an individual’s true ability.” What are your views on this statement?
2. “Organizations should be able to hire employees without government interference.” Do you agree or disagree? What do you think would happen if organizations could do this?
3. “Reference checking is a waste of time.” Do you agree or disagree? Why?
4. How do you feel about the establishment of minimum entrance scores on national tests for acceptance to a college or university?

Incident 8-1

Promotions at OMG

Old Money Group (OMG) is a mutual fund management company based in Seattle. It operates four separate funds, each with a different goal: one each for income growth and income interest production, one for a combination or balance of growth and production, and one for dealing in short-term securities (a money market fund). OMG was formed in early 1990 as a financial management firm. By the end of 1994, OMG had almost $47 million under its management. Over this time period, the company had slightly outperformed the Standard & Poor’s 500 average and done slightly better than the stock market as a whole.

The Keogh Act permits self-employed individuals to set up retirement plans. All contributions to and earnings from the plans are tax-exempt until the money is withdrawn by the individual on retirement.

OMG recognized the great potential of using Keogh plans to help market shares in its mutual funds. It launched an aggressive marketing program aimed at persuading those with Keogh plans to buy into the fund. This was very successful. As a result, OMG found it necessary to establish a separate department to handle only Keogh plans. This new department was placed in the corporate account division under division vice president Ralph Simpson. The Keogh department grew rapidly and by the end of 1997 was managing approximately 3,000 separate Keogh plans. The department was responsible for all correspondence, personal contact, and problem-solving involved with these accounts.

John Baker, who had graduated from college the previous fall with a degree in history, joined OMG in February 1997. In his interview, John had impressed the human resource department as having managerial potential. The human resource department wanted to place him in an area where he could move into such a position, but at that time none were available.

A job that could be used as a stepping stone to more responsible positions opened up in the Keogh department. In April, John became assistant to the administrator of the department. He was told that if he handled this position well, he would be considered for a job as plan administrator when an opening occurred. This was communicated to John both by the human resource department and by the head of the Keogh department.

Over the next six months, it became apparent that John was not working out well. He seemed to show little interest in his work and did only what he had to do to get by; at times, his work was unsatisfactory. He appeared to be unhappy and not suited to the job. John let it be known that he had been looking for another position.

In October, Roy Johnson, head of the Keogh department, gave John his six-month review. Knowing that John was looking for another job, Roy decided to take the easy way out. Instead of giving John a bad review and facing the possibility of having to fire him, he gave John a satisfactory performance review. He hoped John would find another job so the problem would go away.

In early December, one of the plan administrators said she would be leaving OMG in late December. Roy faced the task of selecting someone to fill her position. Of those who had expressed an interest in the job, Fran Jenkins appeared the best suited for it. Fran was secretary to the head of the corporate division. She had become familiar with the plan administrators’ work because she had helped them during their peak periods for the past three years. The only problem was Fran’s lack of a college degree, which was stipulated as a requirement in the job description. Although she was currently taking night courses, she had completed only two and one-half years of college. After Roy discussed the problem with the head of the human resource department, this requirement was waived. Roy then announced that Fran would assume the position of plan administrator in December.
Two weeks later, John Baker informed the head of the human resource department that he had talked to his lawyer. He felt he had been discriminated against and believed he should have gotten the position of plan administrator.

QUESTIONS
1. Do you think John has a legitimate point?
2. What went wrong in this selection process?

Incident 8-2
The Pole Climbers

Ringing Bell Telephone Company has implemented an affirmative action plan in compliance with the Equal Employment Opportunity Commission. Under the current plan, to eliminate discrimination based on sex, women must be placed in jobs traditionally held by men. Therefore, the human resource department has emphasized recruiting and hiring women for such positions. Women who apply for craft positions are encouraged to try for outdoor craft jobs, such as those titled installer-repairer and line worker.

All employees hired as outside technicians must first pass basic installation school, which includes a week of training for pole climbing. During this week, employees are taught to climb 30-foot telephone poles. At the end of the week, they must demonstrate the strength and skills necessary to climb the pole and perform exercises while on it, such as lifting heavy tools and using a pulley to lift a bucket. Only those who pass this first week of training are allowed to advance to the segment dealing with installation.

Records have been maintained on the rates of success or failure for employees who attend the training school. For men, the failure rate has remained fairly constant at 30 percent. However, it has averaged 70 percent for women.

The human resource department has become concerned because hiring and training employees who must resign at the end of one week is a tremendous expense. In addition, the goal of placing women in outdoor craft positions is not being reached.

As a first step in solving the problem, the human resource department has started interviewing the women who have failed the first week of training. Each employee is asked her reasons for seeking the position and encouraged to discuss probable causes for failure. Interviews over the last two months disclosed that employees were motivated to accept the job because of their wishes to work outdoors, work without close supervision, obtain challenging work, meet the public, have variety in their jobs, and obtain a type of job unusual for women. Reasons for failure were physical inability to climb the pole, fear of height while on it, an accident during training such as a fall from the pole, and a change of mind about the job after learning that strenuous work was involved.

In many instances, the women who mentioned physical reasons also stated they were not physically ready to undertake the training; many had no idea it would be so difficult. Even though they still wanted the job, they could not pass the physical strength test at the end of one week.

Some stated that they felt “influenced” by their interviewer from the human resource department to take the job; others said they had accepted it because it was the only job available with the company at the time.

QUESTIONS
1. What factors would you keep in mind in designing an effective selection process for the position of outdoor craft technician?
2. What would you recommend to help Ringing Bell reduce the failure rate among women trainees?
EXERCISE
Developing a Test
You will be given one minute to copy the letter T on a blank sheet of paper as many times as possible. The exercise is timed, and exactly one minute is permitted. A frequency distribution will then be developed by your instructor (or the class) to show how well the class performed.

1. What is the shape of the distribution?
2. Why is the distribution shaped in this manner?
3. Could this test be used as a selection device for certain jobs? If so, what types of jobs?
4. How would you demonstrate the validity of this test?

Notes and Additional Readings

14. Amicus Curiae, Brief of the Executive Committee of the Division of Industrial and Or-
Sample Online Application for Employment

This On the Job example illustrates the types of information normally asked on an application for employment and an applicant flow record. The application form in Exhibit A8.1 provides basic employment information to determine the applicant’s qualifications in relation to the requirements of the available jobs and to screen out unqualified applicants. As can be seen, the applicant can also volunteer information that might be viewed as discriminatory. These data can then be used to provide statistical reports to the EEOC regarding recruitment and selection of women and minorities. Duke Energy is a public utility that services customers in the western part of North and South Carolina.

EXHIBIT A8.1

Welcome To Careers

we generate futures

At Duke Energy, more than 25,000 employees around the world work together to create superior value for our customers, communities and investors.

We share ideas and talents to develop solutions. We value differences in people and perspectives. We demonstrate courage and creativity to shape the future.

We generate real results by doing the right things the right way.

If you want to turn ideas into action in a collaborative environment to generate real results, you’ll want to consider joining Duke Energy.

Take a look at our Job Search section to learn more about how you might help shape the dynamic energy industry.

Duke Energy is a diversified multinational energy company with an integrated network of energy assets and expertise. The company manages a dynamic portfolio of natural gas and electric supply, delivery and trading businesses — meeting the energy needs of customers throughout North America and its key markets around the world. Duke Energy, headquartered in Charlotte, N.C., is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK.

Duke Energy is an Equal Opportunity Employer
Welcome to Duke Energy’s Online Job Interest Form. Utilizing a currently supported Internet Browser (IE 5.0-6.0 or Netscape 4.7.2-4.7.8), please apply for an open position as follows:

- Select "Internet Recruiting" from the Source Category "Please Select a Source"
- Select the desired "Job Applying For"
- Select the corresponding job source code from the "Please Select a Specific Source" dropdowns.
- Click on the "Submit Resume" button following completion of the form. You will receive an electronic confirmation immediately after you submit your information.

Since your resume is searchable in a company-wide accessible database, you need only submit ONE resume. Due to the number of interest forms we receive, we are unable to respond to all inquiries. We will, however, contact you if you are selected for an interview or if we need additional information to make decisions regarding your interest. Thank you for your interest in Duke Energy.

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Last Name:
Home Phone:
Work Phone:
Cell/Mobile Phone:
Payer Number:
Email: (Enter 00@00.00 if you do not have an email address.)
Video Case

Selection, Motivation, and Performance at Nucor Steel

Managers need to understand the basic properties of selection, and the common selection methods to effectively fill the positions of tomorrow’s leading organizations. Selection techniques vary within industries and companies. But whatever method is used, it’s important that the method be reliable and valid.

Reliability is defined as the degree to which a measure is free from random error. If a measure is reliable, then a score a person receives based on that measure will be consistent over time and over different contexts. The more reliable the measure, the more it can be trusted as a basis for decision making.

Validity is the extent to which performance on a measure is related to performance on the job. If what is being measured isn’t related to performance on the job, then the test isn’t valid.

HRM professionals apply standards to reliability and validity to various common selection methods, including interviews, references, biographical data, personality inventories, work samples, and physical and cognitive abilities tests.

Nucor has a very lean corporate structure which requires flexibility and multitasking for every job description. This unique environment keeps everyone employed and busy even
during down time. Their bonus structure, based on team output of quality steel, ranges as high as 150% of base pay. As a result, Nucor employees are some of the highest paid in the industry.

When recruiting began, Nucor managers needed to find people who would be motivated by the incentive pay structure, and who could work within this flexible new environment. HRM manager Vincent Schiavoni said, “We have a pretty unique structure here. We’re looking to get people who are used to working in team environments.”

Tracy L. Shellabarger, Nucor’s controller, commented on the company’s hiring practices: “When we got started, the central feature to us was that we didn’t have any job descriptions to work from. We were looking more for general types of skills and the ability for someone to be motivated by the types of things that we offered, for example, our incentive pay system. We also were looking for multitalented kinds of people because cross-training is very important in a lean environment like ours. We placed an ad in the paper and we advertised for a four-hour period, 8 A.M. to noon. In that four-hour time period we accepted just a little over 900 applications. Of those 900 people we were looking for 40 to 50 initial employees. So any department manager that was looking to fill positions would look through those applications and bring in whoever they thought was the best qualified from that group.

“Once the employee was brought in, then we would have that person interviewed by generally one or two supervisors in the work area where they would be going to work. At the same time that they did those interviews they would also allow that potential employee to take some basic tests—aptitude, personality skills—to see if they fit into the mold of the person they were looking for. Once a person had passed both the interview and the test, then we would take the best of those people and send them to psychologists for further interviews.”

Nucor wasn’t always so efficient with its hiring practices. Lewis Kirven, Nucor’s hot mill supervisor, said, “The way we used to do it was kind of like Russian roulette. Now I guess we probably have got it where we can hit. I’m guessing 90% good people coming on board.”

CRITICAL THINKING QUESTIONS

1. In the context of selection methods, define “reliability” and “validity.” Could a selection technique be reliable but not valid? Explain.
2. Nucor has combined high-tech steel making with careful employee selection. Do you think that employee selection is more important at Nucor than at a traditional steel plant?
3. What trends over the last several decades have made employee selection critical for manufacturers?
Chapter 9

Orientation and Employee Training

Learning objectives  After studying this chapter, you should be able to:
1. Define orientation.
2. Describe an orientation kit.
3. Define training.
4. Describe needs assessment.
5. Outline three categories of training objectives.
6. Describe job rotation.
7. Explain apprenticeship training.
8. Outline the seven principles of learning.
9. List the four areas of training evaluation.