chapter 2

Business and Staffing Strategies

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Summary

Learning Objectives

After studying this chapter, you should be able to:

- Describe the resource-based view of the firm and how staffing can contribute to a company's sustainable competitive advantage.
- Explain how different staffing strategies support different business strategies.
- Explain when an organization would use talent-oriented rather than job-oriented staffing.
- Describe human capital advantage and human process advantage and the differences between them.
- Describe the strategic staffing decisions any organization must make.
- Explain what influences our decision to consistently make ethical decisions.
- Describe the difference between staffing metrics and staffing analytics.
- Describe how staffing technology helps organizations improve staffing system performance.

Staffing Challenge

Staffing Strategy at Starbucks

Starbucks, the Seattle-based premium coffee company named after the first mate in Herman Melville's *Moby Dick,* has expanded from just 84 stores in 1990 to over 30,000 in 2021.[1] Starbucks's ability to get high prices for its coffee drinks depends on the firm hiring the right employees able to provide high-quality customer service. Reflecting its focus on its employees, Starbucks refers to all employees as "partners." Starbucks even calls its human resource function "Partner Resources."[2]

Another guiding principle at Starbucks is to develop enthusiastically satisfied customers. More than coffee, Starbucks sells an experience—and that experience is completely dependent on the partners who greet and serve tens of millions of customers around the world every day.[3] The challenge facing Starbucks as it pursues its aggressive global growth strategy is to find enough qualified and desirable candidates to increase its current U.S. workforce and open more new stores around the world.[4] Because Starbucks depends on the skills and personalities of its people, it is a daunting challenge for it to continue to successfully recruit and staff its global workforce. As Jim Donald, Starbucks's president, states, "My biggest fear isn't the competition, although I respect it. It's having a robust pipeline of people to open and manage the stores who will also be able to take their next steps with the company."[5]

How can Starbucks use staffing to pursue its growth strategy and maintain its competitive advantage? What kind of staffing strategy would you recommend Starbucks pursue to help it continue to hire the right people? After reading this chapter, you should have some good ideas to share with the company.

Why does one company succeed, and another company fail? Most people believe a company must focus on its strategic, financial, and technological capabilities to compete successfully. We now know that these important capabilities must be supplemented with organizational capabilities generated by attracting, retaining, motivating, and developing talented employees. Therefore, staffing plays a central role in creating and enhancing any organization's competitive advantage. As Steve Ballmer, the former CEO of Microsoft, once said, "You may have a technology or a product that gives you an edge, but your people determine whether you develop the next winning technology or product."[6]

Organizations that pursue different competitive strategies require different staffing strategies to execute them. For example, companies such as Proctor & Gamble (P&G), which must continually introduce new and improved products such as innovative nasal swabs and sanitizing sprays to stay competitive, need to foster creativity and risk taking among product development employees. By contrast, companies that focus on delivering the best quality or value to customers need to focus more on operations, improving their work processes and streamlining their supply chains to reduce costs and improve product quality. These companies are more likely to need team players who are trainable and able to follow standardized procedures.

Acquiring, developing, and retaining the right talent helps businesses create the organizational capability and intellectual capital driving their strategy execution. This potential is well known by companies such as Time, Inc., the world's largest magazine publisher. As Kerry Bessey, Time's former senior vice president of human resources (HR), described, "HR's mission is building capability for Time's business. . . . Our executives view us as management partners because we recognize this business is about talent—it's what drives the quality of products that connect to readers."[7] At QVC, business strategies are so closely aligned with staffing strategy that every project or capital plan has an accompanying talent plan.[8] Research has found that selective staffing also benefits an organization's postrecession recovery by creating talent resources that enable organizational flexibility and adaptation.[9]

This chapter first describes the resource-based view of the firm and then explains how a firm's business strategy and competitive advantage affect its staffing needs. We describe what we mean by an organization's "talent philosophy" and discuss how talent philosophies influence human resource strategy and staffing strategy. We also discuss nine strategic staffing decisions all firms must make, staffing ethics, and analytics related to staffing strategy. We conclude with a discussion of how staffing technology helps organizations execute their strategic staffing strategies. After reading this chapter, you should understand the role staffing plays in terms of creating and sustaining a competitive advantage for the firm as it attempts to execute different types of business strategies.

A Resource-Based View of the Firm

Most organizations recognize that a large budget and state-of-the-art facilities do not guarantee success. Success really depends on employees' motivations, competencies, and skills. The resource-based view of the firm describes how employees' motivations, competencies, and skills can help it create a sustained competitive advantage.

What Is the Resource-Based View of the Firm?

The **resource-based view of the firm** proposes that a company's resources and competencies can produce a sustained competitive advantage by creating value for customers by lowering costs, providing something of unique value, or some combination of the two.[10] To create value, an organization's hiring policies and practices must either lower the costs its products or services, enhance the differentiation of its products or services in the eyes of customers, or both. To the extent that staffing influences who has the opportunity and the desire to pursue an employment relationship with the organization, staffing serves as a "gatekeeper" by influencing the level and composition of an organization's talent. In short, the resource-based view of the firm focuses attention on the quality of the skills of a company's workforce at various levels and on the quality of the motivational climate created by management.[11]

resource-based view of the firm

proposes that a company's resources and competencies can produce a sustained competitive advantage by creating value for customers by lowering costs, providing something of unique value, or some combination of the two

Requirements of a Competitive Advantage

A resource must meet five criteria (shown in Table 2–1) to provide an organization with a sustainable competitive advantage.[12] Research shows that various resources including a firm's employees meet the criteria when they add value to the firm, are rare, cannot be imitated, and cannot easily be substituted with other things. The company must also be organized in a way that enables the resource to be exploited.[13] Companies cannot necessarily replicate another firm's capabilities just by imitating the competitor's human resource practices. Thus, good human resource management is valued not only for its ability to *implement* a given competitive strategy but also for its ability to *generate* strategic capabilities for the firm.[14]

THE RESOURCE MUST BE VALUABLE Staffing activities create value for a firm when they help it to exploit opportunities, for example, hiring the right people to create a new product line and/or neutralize threats, such as avoiding litigation. The return on investments in staffing can be increased by rigorously evaluating the effectiveness of

TABLE 2–1 • Requirements a Resource Must Meet to Give a Firm a Competitive Advantage

1. The resource must *be valuable* to the firm by exploiting opportunities and/or neutralizing threats in an organization's environment.
2. The resource must *be rare* among the company's current and future competition.
3. The resource must *not be easily imitated* by other firms.
4. The resource must *not be easily substituted or replaced with another resource.*
5. The company must *be organized to be able to exploit the resource.*

various staffing practices and targeting staffing activities to identify and attract the best types of people for the organization's needs. Providing applicants with realistic information about the job and the organization can also help reduce employee turnover, cut overall labor costs, and improve productivity.[15] Hiring people who are successful at their job and preventing the hiring of employees who would be poor performers or who would create a legal liability for the firm are also ways that staffing investments create value.

The potential of strategic staffing to create value and a sustainable competitive advantage for an organization has been recognized by investors. A study by a global consulting firm found that an institutional investor's decision to buy a company's stock is based in part on the company's ability to attract and retain talent. When the quality of a company's staffing practices can differentiate it to investors,[16] staffing meets the value requirement of creating a competitive advantage.

THE RESOURCE MUST BE RARE Value creation alone is not enough to produce a sustainable competitive advantage. For a company to outperform competitors, its staffing practices must also result in a set of workforce attributes that are rare. The ability to identify and attract rare talent varies across organizations. For example, some organizations, such as Google and the warehouse club Costco, hire and retain the best talent at a greater rate than their competitors. Strategic staffing practices are what allow firms such as these to meet the rarity requirement for gaining a competitive advantage.[17] They have the potential to create organizations that are more intelligent and flexible than their competitors and exhibit superior levels of cooperation and performance as well.[18]

THE RESOURCE MUST NOT BE EASILY IMITATED If an organization's strategic staffing practices can be easily copied by a competitor, the organization's resulting talent will not be distinct from the talent of its competitors, but this is not always easy to do. A firm's staffing competencies are, in part, determined by the unique or rare talent attributes available in the labor market and the firm's ability to identify staffing practices that contribute to the acquisition of this talent. However, the competencies are also due, in part, to the company's deeply ingrained social relationships and its recruiting networks (such as the relationship it has with its employees, customers, and the community that can provide it with candidates) as well as its long-standing relationships with its talent sources, such as employment agencies, universities, and professional recruiters.

An organization's unique history and resulting reputation and culture can also influence competitors' abilities to copy an organization's staffing practices.[19] Imagine if an established company highly respected for its integrity and community philanthropy simply passed out business cards at a community function that read, "We're Hiring!" and provided an Internet address for people to go to for further information. The organization is likely to receive a more favorable response to such a recruiting initiative than would a start-up company that job seekers have never heard of. In other words, companies that try the same staffing initiative may not experience the same response. To the extent that many interrelated factors contribute to the success of an organization's staffing effort, it will be difficult for a competitor to copy all of them exactly. Thus, staffing can meet the inimitability requirement for providing a competitive advantage.

THE RESOURCE MUST NOT BE EASILY SUBSTITUTED A staffing practice should have minimal substitutability. In other words, for it to provide a competitive advantage, there can be no good substitute for it.[20] If one company successfully recruits students via text messages from a university known for its technological capabilities, but a competitor can effectively reach the same students by handing out recruiting brochures to them on campus, then neither company will experience a staffing advantage relative to the other.

Similarly, if a competitor can find a substitute for the type of talent another organization has acquired, neither organization will realize a competitive advantage. Although robots may be able to do some jobs, technology is unlikely to serve as a substitute for all the talents employees contribute. Why? Because no machine can duplicate the intelligence, judgment, and innovation humans bring to their jobs. Thus, superior staffing can meet the competitive advantage criteria of nonsubstitutability as well.[21]

THE COMPANY MUST BE ORGANIZED TO EXPLOIT THE RESOURCE For talent to be a source of a sustained competitive advantage, a company must be organized to take advantage of the value-creating, rare, and inimitable talent it employs.[22] For example, if a firm's human resource activities—its hiring, performance management, compensation, and training systems—are disorganized or inconsistent with one another, the firm won't be able to fully leverage its talent. To illustrate, suppose an organization recruits and selects the top candidates it is pursuing but can offer them only a below-market rate of pay. If this is the case, it is unlikely the firm will be able to hire or retain them despite the success of its recruiting and selection functions. Likewise, if an organization successfully hires lower-skilled people with the intention of training them in the necessary job skills but the training program is poor, the organization won't be fully able to capitalize on its effective staffing system. This is why a firm's staffing practices must be integrated with the company's human resource and other functions as well as be consistent with its policies and practices.

The Firm's Business Strategy

A company's **business strategy** reflects how the firm will compete in its marketplace.[23] The strategy should leverage the firm's competitive advantage and reflect what the organization's customers want, what the firm wants, and what the firm can cost effectively deliver. Business strategies are likely to differ across multiple business units in a diversified corporation. P&G, IBM, and General Electric take different strategic approaches to ensure the success of their various business lines. This involves making different choices about which products and services to offer and which strategies to pursue to gain a competitive advantage. Both, of course, will hinge on a company's capabilities, strengths, and weaknesses in relation to its competitors. In other words, for a company to execute its business strategy, not only must its human resource management policies and practices fit with its strategy, but its business strategy must also square with the firm's competitive environment and the business conditions it faces.[24]

business strategy

how a company will compete in its marketplace

Because it is an organization's *people* who are responsible for gaining and keeping a competitive advantage, hiring and retaining the right people are critical to business strategy execution. There are many sources of competitive advantage, including having the best-made or cheapest product, being more convenient to buy from, and having a well-known brand name.[25] Warehouse retailer Costco's strong and loyal customer base, access to a broad range of high-quality products for a low price, and committed employees give it a competitive advantage over smaller and lesser known retailers. Although Costco pays its employees substantially more than its closest competitor, Sam's Club, it has similar financial returns on its labor costs due to lower turnover and higher levels of employee productivity.[26] This, in turn, results in a better-qualified workforce and a higher-quality customer experience. To have a competitive advantage, a company must ultimately be able to give customers *superior value for their money* (a combination of quality, service, and acceptable price)—a better product that is worth a premium price or a good product at a lower price can both be a source of competitive advantage.[27] Table 2–2 lists some possible sources of competitive advantage, all of which are created by the firm's employees.

TABLE 2–2 • **Sources of a Competitive Advantage**

Innovation: Develop new products, services, and markets and improve current ones.	
Cost: Be the lowest-cost provider.	
Service: Provide the best customer support before, during, or after the sale.	
Quality: Provide the highest-quality product or service.	
Branding: Develop the most positive image.	
Distribution: Dominate distribution channels to block competition.	
Speed: Excel at getting your product or service to consumers quickly.	
Convenience: Be the easiest for customers to do business with.	
First to market: Introduce products and services before competitors.	

Types of Business Strategies

A company can create value based on price, technological leadership, customer service, or some combination of these and other factors. Its business strategy not only involves the issue of how to compete but also encompasses the following:

- The strategies of different functional areas in the firm.
- How changing industry conditions, such as deregulation, product market maturity, and changing customer demographics, will be addressed.
- How the firm will address the range of strategic issues and choices it faces.

Business strategies are partially planned and partially reactive to changing circumstances. Many possible strategies exist for any organization, and an organization may pursue different strategies in different business units. Companies may also pursue more than one strategy at a time. Businesses can compete successfully by being the cheapest producer, by making unique products valued by consumers, or by applying its expertise in a narrow market segment to meet that segment's particular product or service needs.[28] Companies can also make a strategic choice to grow their market share. Next, we discuss each of these strategies and their implications for what is required of the staffing function.

cost-leadership strategy

be the lowest cost producer for a particular level of product quality

A COST-LEADERSHIP STRATEGY Firms pursuing a **cost-leadership strategy** strive to be the lowest-cost producer in an industry for a particular level of product quality. These firms, such as Walmart, are typically good at efficiency (e.g., designing products with a minimum number of parts needing assembly) and at engineering manufacturing and distribution processes that keep production costs and customer prices low.

operational excellence

maximizing the efficiency of the manufacturing or product development process to minimize costs

Because organizations pursuing a cost-leadership strategy focus on keeping costs and prices low, they try to develop a competitive advantage based on **operational excellence**. Employees in these firms need to identify and follow efficient processes and engage in continuous improvement practices. Manufacturing and transportation companies frequently adopt this approach. These organizations continually look for ways to reduce their costs and lower their prices while offering a desirable product that competes successfully with competitors' products. Dell Computers, FedEx, and Walmart are good examples of companies whose competitive advantage is based on operational excellence.

Most firms striving for operational excellence want trainable and flexible employees who are able to focus on shorter-term production objectives, avoid waste, and lower the company's costs. Because organizations pursuing this strategy operate with tight margins and tend to rely more on work teams, it is not as helpful to pay the high price required to attract top talent.[29] The return on this investment is not high enough, and the resulting pay disparity among employees can hurt teamwork. Instead, the staffing goals for such an organization's core production workforce are likely to include hiring people who are adaptable, efficiency oriented, team oriented, trainable, and willing to follow standardized procedures.

A DIFFERENTIATION STRATEGY When a firm pursues a **differentiation strategy** it attempts to develop products or services that have unique characteristics that customers value and for which the firm may be able to charge a premium price. The dimensions along which a firm can differentiate include the image of the firm's products (Rolex watches), product durability (Carter's children's clothing), quality (Lexus automobiles), safety (the Volvo brand name), and usability (Apple Computers). As we mentioned earlier, companies can pursue more than one strategy at a time. Southwest Airlines is both a cost leader and a differentiator. In addition to being a low-cost, no-frills airline, Southwest Airlines differentiates itself from its competitors by creating an unconventional atmosphere for customers.

differentiation strategy

developing a product or service that has unique characteristics valued by customers and for which the firm may be able to charge a premium price

Organizations pursuing a differentiation strategy often try to develop a competitive advantage based on **product innovation**. This requires employees to continually develop new products and services to create an organization's advantage in the market. These companies maintain an environment that encourages employees to bring new ideas into the company and then listens to and considers these ideas. For these companies, the frequent introduction of new products is key to staying competitive. This strategy is common in technology and pharmaceutical companies. Johnson & Johnson, Nike, and 3M are good examples of organizations whose competitive advantage is based on product innovation.

product innovation

develop new products and services

Product innovators recruit, hire, and train employees to fit their innovative culture. That means that instead of selecting job candidates based only on their related experience and skills, they also evaluate whether a candidate can work cooperatively in teams and be open-minded and creative.[30] An organization with a product innovation competitive advantage would likely seek a core workforce of research and development employees who have an entrepreneurial mind-set, longer-term focus, high tolerance for ambiguity, and an interest in learning and discovery. Employees who need stability and predictability would not fit in as well. For example, P&G, which relies on innovation to create new products and develop new markets, looks for curious, creative people who work well with others and welcome change. Firms pursuing a differentiation strategy based on innovation would likely make greater investments in their human resources and focus on hiring highly skilled workers for key research positions compared to companies pursuing a cost-leadership strategy.

Being first to market with the best new products is usually the highest priority of product innovators, and the value of a new product can be substantial. As a result, cost is less of a barrier when it comes to acquiring top talent for the firm's key research and development positions. Individual contributions are important for this type of organization. Consequently, new hires who are motivated by pay-for-performance systems and who accept that pay disparities will exist among employees depending upon their contributions to new product development are likely to be good employees. Innovative organizations also need employees with a wider range of aptitudes and abilities than do organizations pursuing low-cost strategies in relatively stable markets.[31]

A SPECIALIZATION STRATEGY Businesses pursuing a **specialization strategy** focus on a narrow market segment or niche—a single product, a particular end use, or buyers with special needs—and pursue either a differentiation or cost-leadership strategy within that market segment. Successful businesses following a specialist strategy know their market segment very well and often enjoy a high degree of customer loyalty. This strategy can be successful if it results in either lower costs than competitors serving the same niche or an ability to offer customers something other competitors cannot, say,

specialization strategy

focusing on a narrow market segment or niche and pursuing either a differentiation or cost-leadership strategy within that market segment nonstandard products, for example. Sports clothing retailer Under Armour, eyewear company Luxottica Group, and toymaker LEGO are examples of companies pursuing a specialization strategy.

customer intimacy

delivering unique and customizable products or services that better meet customers' needs and increase customer loyalty

Organizations pursuing a specialization strategy often try to develop a competitive advantage based on **customer intimacy** and try to deliver unique and customizable products or services to meet their customers' needs and increase their loyalty. This approach involves dividing markets into segments or niches and then tailoring the company's offerings to meet the demands of those niches. Creating customer loyalty requires flexible employees with detailed knowledge about what their customers want so they can respond quickly to meet their needs, from customizing products to fulfilling special requests. Consulting, retail, and banking organizations often pursue customer intimacy strategies. High-end retailer Nordstrom is known for the high-quality customer service it provides customers. Jobs that put employees in primary contact with customers would likely receive particular staffing attention due to their key role in serving customers.

Most service-quality experts say that hiring is not only the first but also the most critical step in building a customer-oriented company.[32] Hiring active learners with good customer relations skills and emotional resilience under pressure would complement a firm's customer intimacy competitive advantage. It would also help ensure that the organization continually enhances its ability to deliver on promises to customers.[33] Employee cooperation and collaboration are important to developing customer intimacy, so firms pursuing this strategy should focus on identifying and attracting adaptable team players with good people skills.

Starbucks can command a high price for a cup of coffee because it focuses on its relationship with customers. But imagine if Starbucks replaced its workforce with cheaper labor, including people who don't enjoy interacting with customers or who have weak communication skills. Soon Starbucks's competitive advantage would erode, and its brand would lose its luster. Starbucks would have to reduce the price of its coffee to keep customers coming back. Eventually, Starbucks could find itself pursuing a cost-leadership strategy rather than a specialization strategy because it failed to recruit and hire the right types of people.

growth strategy

a strategy to expand the company either organically or via acquisitions

organic

expanding a business by opening new factories or stores

A GROWTH STRATEGY A **growth strategy** involves expanding the company to either increase the firm's sales or allow the company to achieve economies of scale. The success of a growth strategy depends on the firm's ability to find and retain the right number and types of employees to sustain its intended growth. The growth can be ***organic***, happening as the organization expands from within by opening new factories or stores rather than by acquiring other companies. Organic growth requires an investment in acquiring the right people to expand the company's operations. During the COVID-19 pandemic, as people started ordering even more products from Amazon, the company experienced explosive growth. Between July and November 2020, the company hired approximately 350,000 employees, or 2,800 a day, increasing its workforce almost 50 percent from the previous year in just a few months. The closest comparisons to this pace of employee growth are the hiring that industries such as shipbuilding executed in the early years of World War II or home building after soldiers returned.[34]

Firms can also pursue inorganic growth through mergers with and acquisitions of other companies, which have been a common way for organizations to expand internationally. In addition to expanding the organization's business, mergers and acquisitions can also be a way for an organization to acquire the quality and amount of talent needed to execute its business strategy.

For example, an organization whose growth strategy requires it to hire thousands of additional experienced information technology consulting specialists may seek to acquire a company that already employs this talent. It is not unusual for organizations to acquire other companies solely for their talent and subsequently discontinue the business the acquired company was initially in. Fast-growing technology companies Google, Facebook, and online and mobile game company Electronic Arts frequently buy startups to acquire their engineers and founders and then jettison their products.[35] Employees not needed by the merged organization are separated or reassigned, and the targeted talent is incorporated into the acquiring company's ranks. Assuming the targeted employees stay with the merged organization, which is not guaranteed, this strategy can be effective in expanding an organization's talent base. It is important to consider the match between organizational cultures, values, talent philosophy, and human resource practices when using mergers and acquisitions to implement a growth strategy. Mismatches between merged or acquired organizations can result in the loss of talented employees. Mergers and acquisitions often fail because of people issues rather than technical or financial issues. For example, a culture clash prevented the Amazon and Whole Foods merger from achieving the anticipated synergies.[36]

Table 2–3 illustrates the staffing implications of the different sources of competitive advantage.

TABLE 2–3 • Staffing Implications of the Different Sources of Competitive Advantage

Source of Competitive Advantage	Description	Staffing Implications

Operational Excellence (Low Cost)	• Focus is on the efficient production and delivery of products and/or services.
	• Objective is to lead industry in both price and convenience.
		• Employee characteristics:
		  • Efficiency
		  • Adaptable
		  • Trainable
		  • Willing to follow standardized procedures
		• Focus on top manufacturing and supply chain talent

Product Leadership (Innovation)	• Provide a continuous stream of new cutting-edge products and services.
	• Objective is the fast commercialization of new ideas.
		• Employee characteristics:
		  • Top research talent
		  • Creativity
		  • High ambiguity tolerance
		  • Interested in and motivated by learning and discovery
		• Focus on research and development, marketing, advertising, and sales talent

Customer Intimacy (Customization)	• Tailor and shape products and services to fit each customer's needs.
	• Objective is long-term customer loyalty and long-term customer profitability.
		• Employee characteristics:
		  • Adaptable
		  • Learning oriented
		  • Strong networking skills
		  • Strong customer relations skills
		  • Emotional resilience
		  • Networking skills
		• Focus on sales and customer service positions

Growth	• Expand the company to either increase the firm's sales or allow the company to achieve economies of scale.	• Employee characteristics:
		  • Fit with company culture
		  • Future oriented
		  • Flexible
		  • Willing to take controlled risks
		• Focus on employee adaptability and willingness and ability to fill multiple roles

Making Changes to the Firm's Business Strategy—and Staffing

One of the largest large-scale organizational changes required by strategy implementation and strategic change may be the nature of the competencies, values, and experiences required of employees. Depending on the nature of a strategic change, some employees are likely to lack the willingness or even the ability to support the new strategy. Targeting the staffing effort to hire people who will be willing and able to implement a new strategy helps the strategy to take hold and ultimately influences its effectiveness.

Imagine an organization currently manufacturing semiconductor chips. The competitive environment is such that the organization must compete on cost. The organization is focused on operational efficiencies to control expenses and tries to hire the best manufacturing labor it can at the lowest wages possible. Its focus is on keeping hiring and training costs contained, and the organization promotes from within, when possible, to help achieve these goals. Now consider what would change if the organization identifies a better competitive position by specializing in designing new and innovative computer chips and outsourcing their production. The organization's recruiting focus would now be on identifying and attracting the best and brightest research and development talent to join the organization, and the cost of doing so would be less of a factor. External hires would be more prevalent despite their higher cost because the need for the top chip design skills would require the firm to invest in new, more expensive talent. The return on the larger staffing investment would be much greater than under the old low-cost producer strategy. Intel went through this type of transformation in the early 1970s when it moved from being a producer of semiconductor memory chips to programmable microprocessor chips.

Because staffing influences the skills, motivations, and interests of the organization's employees, unintended strategies may emerge in an organization as employees exercise their interests and skills. These emergent strategies can create new market opportunities for the firm and influence future business strategy. For example, an organization intending to become a leader in pharmaceutical drug research and development may alter its course toward genomics research because it finds that many of the scientists it has hired to do traditional research have skills and expertise in this area as well.

The Firm's Talent Philosophy

talent philosophy
a system of beliefs about how a firm's employees should be treated

An organization's **talent philosophy** is a system of beliefs about how its employees should be treated. Typically shaped by its founders, it reflects how an organization thinks about its employees. For example, some organizations view employees as partners and key stakeholders in the company, whereas others view employees as more expendable and easily replaceable. A company's business strategy can also influence how a company interacts with its employees, which then affects how it decides to manage the movement of people into, through, and out of the company.

human resource strategy
the linkage of the entire human resource function with the company's business strategy

A firm's **human resource strategy** links the entire human resource function with the firm's business strategy. Strategic human resource management aligns a company's values and goals with the behaviors, values, and goals of employees and influences the substrategies of each of the firm's human resource functions, including its staffing, performance management, training, and compensation functions. The alignment of these separate functions creates an integrated human resource management system supporting the execution of the business strategy, guided by the talent philosophy of the organization.

It is important that human resource management and staffing professionals understand the business their employer is in and how the organization makes money. Putting the business first and understanding how each part of the company adds value enables more effective staffing and talent related decisions. It is also important to recognize that almost everything that you will need to do will get done through or in partnership with others in the organization, including supervisors, employees, and higher-level managers as well as your human resource management colleagues. Effective communication, influencing, and relationship skills as well as effective coaching and advising skills are therefore very important to a staffing professional's effectiveness.

An organization's overall **staffing strategy** is the constellation of priorities, policies, and behaviors used to manage the flow of talent into, through, and out of an organization over time. An organization's talent strategy thus encompasses its approaches to acquiring, deploying, and retaining its talent and the choice of jobs to which it devotes greater or lesser resources. A firm's staffing strategy ultimately reflects its business strategy, human resource strategy, and talent philosophy. We next look more closely at how a company's talent philosophy shapes its staffing strategy.

staffing strategy

the constellation of priorities, policies, and behaviors used to manage the flow of talent into, through, and out of an organization over time

If not created intentionally, a firm's talent philosophy evolves on its own as the personal values of high-level managers are expressed in their hiring and talent management decisions and actions. Over time, these values and perspectives become those of the organization. Johnson & Johnson's articulates its talent philosophy as part of the company credo.[37]

The four core questions to answer in developing a talent philosophy are summarized in Table 2–4. We will discuss each of the questions next.

Filling Vacancies or Hiring for Long-Term Careers

An organization's talent philosophy can focus on a short- or long-term horizon. Some organizations fill open positions with people able to do the open job without also considering their likelihood of advancement. The only concern is getting a qualified person in the vacant job as soon as possible. Other organizations, including Bank of America and Sonoco, believe in hiring people with the ability to both fill the vacant job successfully as well as move into other positions in the organization over time. Google is famous for hiring top talent even when it doesn't have any openings as much to keep this talent from competitors as to build its own capabilities.[38]

If a company's talent philosophy is to hire employees for long-term careers, it should focus on hiring people with both the potential and the desire to eventually be promoted. This increases the likelihood that employees will be able to take advantage of the training and career advancement opportunities the organization makes available. Such a company should also invest more heavily in the staffing system for its entry-level positions, as this is also the source of the company's future leaders. P&G hires less than one-half of 1 percent of the 400,000 people who apply each year for its entry-level management positions, placing strong emphasis on candidates' values, empathy, and leadership and innovation skills.[39] The company's staffing investment is worth it as 95 percent of its talent starts at the entry level and progresses throughout the organization.[40] In fact, P&G creates more

TABLE 2–4 • Questions Addressed by an Organization's Talent Philosophy

1. Do we want people to contribute to the company over long-term careers, or do we want to focus on filling vacancies in the short term?
2. Do we value the ideas and contributions of people with diverse ideas and perspectives?
3. Do we see our employees as assets to be managed or employees as investors who choose where to allocate their time and efforts?
4. What are our ethical principles when it comes to our employees?

future senior corporate leaders than any other company in the world. Greater than 99 percent of P&G senior leaders are produced within the company.[41]

If a company has high turnover, a better strategic choice might be to focus on filling vacancies quickly and hiring people who can hit the ground running. Why? Because any training costs are unlikely to be recovered if a new hire leaves quickly. If turnover is low and the company invests a lot of money and time developing employees, then the better strategic choice might be to hire employees for long-term careers. Similarly, if the company's business involves long-term projects, or higher-level managers need a substantial amount of knowledge about how the company works to be effective, then hiring employees for long-term careers makes sense.

The Firm's Commitment to Diversity

Another component of an organization's talent philosophy is its commitment to diversity. A firm can proactively recruit a diverse mix of people and strive to incorporate diversity into its workplace. Alternatively, the company can more passively let diversity "happen on its own" to the extent that it occurs. In light of the many laws and regulations we will cover in Chapter 3, actively managing diversity through staffing is usually the better strategic choice.

Diversity is important for more than legal reasons. Years of research have shown that well-managed, heterogeneous groups will generally outperform homogeneous groups in problem solving, innovation, and creative solution building, which are critical to business success in today's fast-paced global marketplace. Organizations also benefit from diversity because their customers are diverse. In the United States today, Black Americans, Hispanics, Asian Americans, and Native Americans have the fastest growing buying power.[42] Diverse employees may also be better able to understand and negotiate with different suppliers and customers and develop products and services that better appeal to different people.

An organization's staffing strategy reflects its commitment to diversity. For example, 3M values diversity, innovation, and long-term commitment on the part of its employees. Consequently, it focuses on attracting and hiring intelligent and intellectually curious individuals. As stated on its website, "At 3M, our recruiting efforts are first and foremost dedicated to identifying talent. With that goal in mind, we look for individuals from all walks of life that share our commitment to innovation and excellence."[43]

An organization proactively seeking diversity is likely to establish relationships with recruiting sources of diverse people and actively create a culture of inclusion. For example, Goldman Sachs diversity recruiting programs include hosting women's leadership camps for undergraduate and MBA students to explore career opportunities, Employ-Ability internships to give students with disabilities the opportunity to gain work experience, and a Pride Summit to introduce undergraduates identifying as lesbian, gay, bisexual, and transgender, queer, or another sexual identity (LGBTQ+) to the company.[44]

This chapter's Develop Your Staffing Skills feature will help you to assess your organization's climate for diversity.

Develop Your Staffing Skills

MEASURING YOUR FIRM'S CLIMATE FOR DIVERSITY[45]

If you want to reinforce your firm's commitment to diversity and enhance your appeal to diverse job applicants, it's helpful to understand your organization's current diversity climate. The following is a scale you can use to assess the climate for diversity in your organization:

Please indicate the extent to which you agree or disagree that your organization has the following characteristics. Write the number from 1 to 7 that corresponds to your answer in the space to the left of each item number.

1	2	3	4	5	6	7
Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree

_______**1.** A shared commitment to organizational goals
_______**2.** A demonstrated commitment to continuous learning
_______**3.** Organizational flexibility, responsiveness, and agility
_______**4.** A focus on innovation and creativity
_______**5.** A collaborative conflict resolution process
_______**6.** Team, interdependence, or collaborative work environments
_______**7.** Participatory work systems and employee involvement
_______**8.** 360-degree communication and information sharing
_______**9.** Fair treatment for all internal and external stakeholders
______**10.** Power sharing
______**11.** Equitable systems for recognition, acknowledgment, and reward
______**12.** A demonstrated commitment to community relationships
______**13.** Equal access to opportunity for all employees
______**14.** Shared accountability and responsibility
______**15.** A commitment to diversity on the part of the organization's leaders
______**16.** A demonstrated commitment to diversity
______**17.** A representation of different demographic groups at all levels of the organization
_____**18.** Diversity-focused mission, goals, and strategies
_____**19.** Diversity education and training
_____**20.** A representation of different demographic groups among internal and external stakeholder groups

Scoring: Add up your scores. Possible scores range from 20 to 140. Scores above 110 reflect a more positive diversity climate.

Applicants and Employees as Either Assets or Investors

Another important way organizations differ in their talent philosophies is in viewing their job applicants and employees as either **assets** (i.e., "human capital") to be impersonally managed like other organizational assets including money, machines, or buildings or as **investors** who choose to work for an employer and have discretion over the amount of effort they put into their work. Importantly, it is the workers who own the "assets" they bring to work in the form of their time, talent, creativity, and motivation, not the employer. If applicants and employees are thought of as assets, the staffing focus is on managing the cost of employees and tightly controlling them (as is the case with managing other assets, such as land, equipment, or steel). As a result, the goal tends to focus on the acquisition and deployment of labor as cheaply and quickly as possible.

By contrast, if applicants and employees are thought of as investors, the focus is on establishing a mutually beneficial relationship in which employees are recognized as choosing to invest their resources (time, talents, energy, and so forth) in the organization in exchange for a return on that investment (a supportive culture, good pay and benefits,

assets

a resource with economic value (i.e., "human capital") that the employer controls

investors

someone who commits something of value (typically an employee's time and effort) with the expectation of getting something of value in return professional development, opportunities, and so on). Because talented employees (as investors) can decide to not invest in the company (by not applying for or accepting a job) or to discontinue their investment in the organization (by leaving) at any time, an organization with this philosophy does its best to be as attractive as possible to potential and current employees. When viewing applicants and employees as investors, the goal is to give them a return on their personal investment in the organization.

An organization's staffing strategy reflects whether it looks at its employees as assets or investors. Viewing employees as an asset to be managed generally leads to a low-cost approach to staffing. A dominant staffing goal of an organization such as this would be to acquire employees who can perform the duties of a job as quickly and cheaply as possible. Recruiting sources and selection methods requiring the firm to invest a large amount of time or money would be less likely to be used. Although an asset-based talent philosophy is unlikely to generate a high degree of employee commitment,[46] it can be an effective approach for organizations pursuing a low-cost strategy in which high levels of skill are not required, and high levels of turnover are not disruptive or prohibitively expensive.

By contrast, organizations that rely on the development of new products are likely to find that the commitment and efforts of its employees are key drivers of their success. Organizations such as Corning, Pfizer, Whirlpool, and Genentech, for example, may find themselves handicapped if they embrace an asset-based philosophy of talent. An asset-based philosophy will make it harder for them to attract top talent, retain good employees, and inspire their best performance.

The Firm's Commitment to Ethical Behavior

Ethics can be hazardous to your career if you are unable to effectively identify, analyze, and resolve ethical dilemmas or if your employer does not support ethical behavior or encourages misconduct. It is important to understand that anyone can engage in unethical conduct under the right circumstances. Social and organizational forces are strong, and our psychological weaknesses make us vulnerable to transgressions. Although things can and should be done to improve the ethical decisions and actions of both organizations and the individuals who work in them, the dangers cannot be eliminated entirely.[47]

An organization's philosophy toward ethical issues including fairness, honesty, and integrity should be communicated in its talent philosophy and staffing strategy. A firm with a talent philosophy focused on maintaining high ethical standards is more likely to explain to applicants its hiring process—that is, how the firm will make its hiring decision and the reasoning behind the assessment methods it uses to evaluate job candidates. Communications with candidates are likely to be more frequent and delays minimized. By contrast, firms whose staffing philosophies are less focused on ethics will be more prone to emphasizing hiring expediency and low hiring costs at the expense of building trust with job applicants and employees. Beverage and snack maker PepsiCo applies its core ethical values to its staffing and other HR practices, even explaining its hiring process and providing interview tips on its careers site.[48]

Organizations with a strong ethical culture and commitment to ethical employee behavior often provide regular ethics training for employees. Every other year, employees at global IT solutions and services provider Dimension Data participate in a half-day ethics program in which they discuss how they would respond to different workplace scenarios.[49] Intuitive Research and Technology Corporation requires new employees to attend a session with the company's co-founder and president in which he discusses specific examples of ethical decisions that employees will face and how important their actions are to the company.[50] Southern Company runs contests, makes videos, and uses internal social media to keep its 25,000 employees engaged and attentive to ethics issues.[51]

Numerous government agencies and professional organizations and societies have developed guidelines to help organizations establish good standards for staffing and address many of the ethical issues and the gray areas of the law related to it. Some of the best sources for staffing-related standards and ethical guidelines include the following:

- *The American Psychological Association (APA)*
  - Publishes a document that describes test takers' rights and responsibilities. (Available online at www.apa.org/science/ttrr.html.)
  - Publishes the *Standards for Educational and Psychological Testing* (2014) along with the American Educational Research Association, American Psychological Association, and the National Council on Measurement in Education. (Available for purchase online at www.apa.org/science/standards.html.)
  - Publishes reports to address emerging staffing issues, such as the APA's position on good and ethical Internet testing practice[52] and test user qualifications.[53] (Many of these reports are free on the APA's website located at www.apa.org/science/testing.html.)
  - Publishes ethical guidelines to help staffing experts. (Available online at https://www.apa.org/ethics/code/ethics-code-2017.pdf)
- *The Society for Industrial and Organizational Psychology*
  - Publishes *The Principles for the Validation and Use of Personnel Selection Procedures* (2003; 2018). (Available online at http://www.siop.org/Portals/84/Principles/Principles5.pdf?ver=2019-05-01-134850-927
  - Publishes a report on record keeping and defining job applicants.[54]
- *The Uniform Guidelines on Employee Selection Procedures* (1978)—although this publication doesn't cover Internet-related staffing issues, it provides a uniform set of legal standards governing the use of employee selection procedures and validation standards generally accepted by the psychological profession. (Available online at http://www.uniformguidelines.com/
- *The Society for Human Resource Management (SHRM)* represents over 200,000 human resource practitioners. The organization provides numerous resources and publications on its website (www.shrm.org). SHRM's code of ethics for its members is also available online at https://www.shrm.org/about-shrm/pages/code-of-ethics.aspx
- *Academy of Management*—founded in 1936, the organization is a leading professional association for scholars dedicated to creating and disseminating knowledge about management and organizations. The code of ethics for members can be found at http://aom.org/About-AOM/AOM-Code-of-Ethics.aspx.

Table 2-5 offers some examples of how a firm's talent philosophy affects its human resource and staffing strategies.

TABLE 2–5 • How a Firm's Talent Philosophy Affects Its Human Resource Strategy and Staffing Strategy

Talent Philosophy	Human Resource Strategy Examples	Staffing Strategy Examples
Wants employees to contribute to the firm over long-term careers.	Acquires, develops, and retains talent able to contribute to the firm over time.	*Hiring:* Recruits and hires talent able to perform now and in future jobs. *Deploying:* Uses succession planning, career planning, and career development to take advantage of employees' potential over time. *Retaining:* Retains top performers and high-potential employees.
Values the ideas and contributions of people with diverse ideas and perspectives.	Acquires and retains a diverse workforce; creates and maintains a culture of inclusion and respect to leverage diversity.	*Hiring:* Recruits and hires diverse people. *Deploying:* Creates mentoring programs. *Retaining:* Rewards and promotes diversity "champions."

(*continued*)

TABLE 2–5 • How a Firm's Talent Philosophy Affects Its Human Resource Strategy and Staffing Strategy (*continued*)

Talent Philosophy	Human Resource Strategy Examples	Staffing Strategy Examples
Views applicants and employees as investors of their time and effort.	Develops mutually beneficial relationships with its employees; respects applicants and employees.	*Hiring:* Attracts and hires employees who fit the firm's culture and values; responds quickly to applicant inquiries. *Deploying:* Puts employees in jobs that match their interests and abilities. *Retaining:* Allows flexible work arrangements to meet employees' needs.
Has high ethical standards regarding the treatment of its applicants and employees.	Treats applicants and employees with fairness, honesty, and integrity.	*Hiring:* Explains the hiring decision-making process and the uses of all assessment methods; hires based on merit; complies with laws. *Deploying:* Gives honest performance feedback. *Retaining:* Promotes based on merit.

Deriving the Firm's Staffing Strategy

Having an appropriate and high-potential strategy is useless unless it is executed properly. This usually poses the biggest strategic challenge for organizations. For example, when Ron Johnson became CEO of embattled department store chain JC Penney, employees as well as customers resisted the changes he tried to implement. Johnson found that his biggest challenge was not deciding which direction to take the company but figuring out how to effectively execute the new strategy.[55]

Because the success of a firm's business strategy depends on employees' willingness and ability to execute it, staffing is an important part of strategic execution. Leaders with a talent mind-set generally share former Allied Signal CEO Larry Bossidy's conviction that "At the end of the day, we bet on people, not strategies."[56] Leaders like Bossidy believe that because building their talent pool leads to a competitive advantage in and of itself, it is an important part of their job.

An organization's staffing strategy should be derived from and clearly support its human resource strategy, which, as we have said, links the entire human resource function to the execution of the organization's overall business strategy.[57] It addresses the question, "how will the organization's talent acquisition and retention, training, compensation, and performance management functions contribute to the organization's competitive advantage and help it successfully compete." As we have noted, there are many ethical issues related to staffing that human resource professionals have to consider. We will continue to discuss them throughout the book.

RMB Holdings is the holding company of some of South Africa's leading financial services companies. RMB's human resource strategy is to "recruit, build and retain the best people from South Africa's diverse population base. In particular, it seeks people with an entrepreneurial attitude and encourages an owner-manager culture. People are empowered, held accountable for their actions, and are rewarded appropriately."[58] The primary staffing strategy for RMB Holdings was derived from their broader human resource strategy.

As explained earlier, if a business wishes to pursue a low-cost strategy, it will need to focus on controlling labor costs, reducing expensive turnover, and hiring people willing to work for market or below market wages. Its training programs will likely be streamlined and focus narrowly on currently needed behaviors and skills, and rather than rewarding innovation, the company's performance management system is likely to reward performance. This, in turn, directly affects its recruiting and staffing functions. As will be covered extensively in Chapter 4, consistently doing a job analysis will translate every position in the organization into a set of employee competencies, styles, and traits to which applicants can be matched. The goal is to hire people who have the talents necessary to execute the business strategy. To do this, managers need to determine: (1) the investment that needs to be made to staff each job; (2) whether to recruit people for only the present job opening or future, advanced openings; and (3) the skill levels needed by new hires. Identifying these and other goals establishes a critical link between the organization's business strategy and its HR (and staffing) function. At a minimum, an organization's business strategy is likely to influence (1) its talent philosophy, (2) the type of people the organization recruits, (3) the type of information communicated during the hiring process, (4) the type of recruiter used, and (5) the type of recruitment media used to publicize openings.[59]

Starbucks pursues a specialization strategy focused on a customer intimacy competitive advantage and wants to create a warm, positive, and inclusive experience for every customer. To make this possible, its talent philosophy promotes long-term, diverse employees, called "partners," who are treated as investors rather than assets. Partners are extensively trained to maximize the customer experience as well as make a variety of coffee drinks. Accordingly, Starbucks puts a lot of time into hiring the right baristas as they are the employees who create the customer experience. The focus of Starbucks' job application is personality, particularly traits that relate to customer service skills. Job interview questions focus on how the candidate has behaved with difficult coworkers or what they would do if a customer reacts angrily to assess how well they will execute the customer intimacy strategy. By tying its business strategy, talent philosophy, and staffing strategies together, Starbucks has been able to consistently perform well and outperform its competitors.

Because staffing activities are not the only human resource activities an organization undertakes, it is also important that the strategies of each functional area of human resources complement each other as well as the organization's higher-level human resource strategy. For example, a staffing strategy of hiring people with the potential to fill higher-level positions over time would be unlikely to work without well-designed and implemented training and development systems. A broad understanding of the role of the organization's human resource systems and functions that support the business strategy guides the development of more specific strategies for each of the functional areas.

How the Organizational Life Cycle Affects Staffing

The organizational and product life cycle can also influence a firm's choice of strategy. As a firm or a product ages, it grows, matures, declines, and dies. A firm's strategies often change to adjust to the different stages in the life cycle. During the **introduction life cycle stage** when a company is forming and still relatively new, attracting top technical and professional talent is often a priority, often requiring the company to meet or exceed market compensation rates. Firms that lack the resources they need to attract the talent they require to get off the ground sometimes offer applicants ownership in the company (company stock, generally). Employees at this stage typically need to fill many roles and be familiar with multiple aspects of the business.

introduction life cycle stage
when a company is forming and still relatively new

During the **growth life cycle stage**, new companies or products begin to expand and set themselves apart from competitors to gain customers and market share by pursuing innovation or differentiation strategies. Because they are less established and thus higher-risk employers, they often need to invest more money and resources in staffing to attract the talent they need to grow. They usually lack a large and strong internal talent pool, and they need to hire new employees externally as they grow. Because of their rapid growth, employees are likely to be promoted or transferred to other positions faster than during the other stages of an organization's life cycle. At this stage, there is often the creation of more managerial positions as the number of employees increases, increasing the need for leadership skills among employees.

growth life cycle stage
new companies begin to expand and set themselves apart from competitors to gain customers and market share

maturity life cycle stage

the company's products or services have fully evolved, and their market share has been established

During the **maturity life cycle stage** of the life cycle, the firm's products or services have fully evolved, and their market share has become established. The company's focus then shifts to maintaining or obtaining further market share via a cost-leadership strategy. Companies achieve this by streamlining operations and focusing on efficiency. Because mature companies have a larger pool of internal talent from which to draw, the talent focus becomes more internal during this stage, and promotion opportunities can decrease unless the turnover of lower performers is managed carefully. Many companies also restructure during their mature years, which requires employees to be more adaptable and mobile as the company's needs for workers and skills change. At this stage, employees are often much more specialized and perform more narrow roles in the company. Succession planning and career development become more important, as well as targeted retention programs to retain key talent.

decline life cycle stage

markets for the firm's products and services are shrinking, and the company's performance is falling

Companies in **decline life cycle stage** are facing shrinking markets and weaker business performance. A company in decline can pursue a cost-leadership strategy and allow the decline to continue until the business is no longer profitable. Alternatively, it can try to make changes to revive its product or service. If it chooses to try to change its product or service, the firm typically adopts a specialization or differentiation strategy. Large-scale employee separations are more common during this stage, and it can be more challenging to hire and retain top talent as the company's performance falls.

Up to this point, we have discussed how a firm's business strategy shapes its staffing needs and influences the characteristics it looks for in its new hires. A firm's human resource strategy and its talent philosophy influence a company's staffing strategy as well. We discuss this next.

The Firm's Strategic Staffing Decisions

As explained earlier, a company's talent philosophy reflects how it thinks about its employees and influences its staffing strategy. Organizations must make several decisions when it comes to developing and executing their staffing strategies. The nine decisions that influence a company's staffing strategy are summarized in Table 2–6 and will be discussed in greater detail next.

Should We Establish a Core or Flexible Workforce?

core workforce

longer-term, regular employees

An organization's **core workforce** consists of people who are perceived by the organization to be regular employees who are central to what the organization does or produces. These

TABLE 2–6 • Nine Strategic Staffing Decisions

1. Do we want a core or flexible workforce?
2. Do we prefer to hire internally or externally?
3. Do we want to hire for or train and develop needed skills?
4. Do we want to replace or retain our talent?
5. What levels of which skills do we need where?
6. Will we staff proactively or reactively?
7. Which jobs should we focus on?
8. Is staffing treated as an investment or a cost?
9. Will staffing be centralized or decentralized?

workers are important, longer-term contributors to the company. Therefore, the company tries to retain them for longer periods.

contingent workers

workers employed for shorter periods by firms as needed

Contingent workers, or flexible workers, have less job security than the firm's core workforce. These people may be temporary, leased, part-time, or contract workers. Typically, they have a formal contract with the organization that specifies the nature of their relationship. When a firm's business slows down, flexible workers are usually let go before core workers. When the firm's business expands, flexible workers are added sometimes to the workforce before core workers are until it's clear the expansion will be permanent. In other words, a flexible workforce also allows a company to adjust quickly to volatile changes in demand for its products or services, thereby decreasing the likelihood it will have to lay off its core workforce when demand shifts again later. Table 2–7 summarizes different types of contingent work arrangements.

Talent scarcity, technological advances, cost-reduction strategies, and both employers and employees seeking greater flexibility have increased the prevalence of flexible workers. The contingent workforce has expanded from 10 percent of the workforce in 2010 to over 40 percent of the workforce in 2020.[60] A 2016 study found that from 2005 to 2015, 94 percent of the net employment growth in the U.S. economy likely occurred in alternative work, including temporary workers, on-call workers, and independent contractors.[61]

TABLE 2–7 • Types of Contingent Work Arrangements[62]

Interns	Perform work for an organization while receiving on-the-job training for a limited time. Interns are often being screened for full-time positions while they work as interns.
Temporary employees	Can be hired directly or through an outside agency that continues to supervise them. They can quickly provide needed skills for a limited time.
Part-time employees	Work less than a full work week and may or may not receive benefits. Can be long-term or short-term employees.
Seasonal employees	Hired for a short time to do seasonal work. When UPS hires more workers during the busy holiday season, and when growers hire laborers to harvest fruit, they are hiring seasonal workers.
On-call workers	Employed by a company but only report to work on an as-needed basis.
"Gig" workers	Contingent work that is transacted on a digital marketplace (e.g., Uber or Mechanical Turk).
Consultants	Typically hired through a consulting firm or contract, they are typically hired for a specific project.
Independent contractors	Typically, sole proprietors who work similarly to consultants on an hourly or project basis.
Leased workers	Paid and managed by a third-party firm that is the formal employer of the worker. Usually work for a longer term than temporary workers.
Outsourced work	Contracting with an outside firm to assume complete responsibility for a specific contracted service—not just to supply workers (e.g., payroll, landscaping, and food service).
Offshore workers	These can be company employees or the employees of a third-party outsourcing firm. They can be temporary, part-time, consulting, or independent contractors or occur as a result of a joint venture or partnership.

Companies including Kelly Services, Accountemps, and Manpower provide temporary workers on an as-needed basis to help a firm adjust its workforce to its production needs. Eighty percent of employers use some form of nontraditional staffing arrangement, and many use more than one.[63] 3M uses a wide range of contingent workers to meet its varying workforce needs and to create a feeder pool for future hires.[64] Mail-order companies and shipping companies such as UPS and FedEx regularly use temporary workers to ramp up for busy holiday periods. Thumbtack Inc.'s business model has always involved utilizing contract labor to write and edit content and conduct data entry and research for the hundreds of thousands of local service professional profiles on its website, which consumers use to book them for jobs and evaluate their work. Thumbtack uses a lot of contractors in the Philippines because English fluency and education levels are high, costs are relatively low, and there is a good supply of people interested in this type of work. Even though all its employees are technically freelancers, the company treats them like they are part of the team and lets them know that the company cares about them. Each contractor's project history is tracked in the company's human resource information system, so the company knows what their skills are and with which future projects they will fit well. This relationship has led to high retention and helps in recruiting other high-performing workers to join the team.[65]

Flexible arrangements can also be used to help meet a company's workforce needs. Flexible job arrangements that allow people to work outside of the traditional nine-to-five schedule include job sharing, allowing employees to work part-time or work from home, and taking extended periods of time off to, say, attend school or raise children. Some flexible workers would prefer to be core workers and have greater job stability—especially if their companies offer better health, retirement, and vacation benefits to core workers. Other flexible workers like the arrangement, believing it helps them better balance their work and nonwork responsibilities, such as school and family life. In fact, in recent surveys, most working women say working part-time would be the ideal employment arrangement for them.[66] Moreover, some people would be unable to work at all if their schedules weren't flexible. Thus, having a flexible workforce can help an organization tap underutilized, high-quality talent.

Organizations need to determine which jobs are best for core workers, flexible workers, and the appropriate mix of each. Traditionally, firms have been more willing to allow flexible arrangements for employees in supporting functions than those in jobs more central to the organization's strategic execution. However, this may be changing—especially as employers search for talent worldwide to become more globally competitive. As one IBM executive said about his company's employees, who often work from home: "We don't care where and how you get your work done. We care that you get your work done."[67]

Should Our Talent Focus Be Internal or External?

internal talent focus

a preference for developing employees and promoting from within to fill job openings

external talent focus

a preference for filling jobs with new employees hired from outside the organization

One aspect of an organization's talent philosophy concerns its preference for developing, retaining, and promoting employees, which is an **internal talent focus**, versus hiring new employees for higher-level jobs, which is an **external talent focus**. Which is the better choice? The answer depends on the organization's business strategy; talent philosophy; the quality of its employee assessment, training, and development programs; and the quality and cost of talent available in the labor market. On the one hand, a video game producer might be constantly looking for new talent representative of its customers' current tastes. This type of company would be less focused on recruiting internally. Focusing on hiring people from outside the company would help it continually acquire fresh talent with skills in the most recent technologies and trends. On the other hand, a firm with a customer service strategy might need to retain long-term employees who have developed relationships with customers and understand how the company can best meet their needs. An external talent focus could undermine such a strategy. For example, if the firm always looked externally to fill advanced positions, it would likely lead to high turnover among its customer service representatives and hamper its ability to create and maintain quality relationships with its customers.

Indeed, some organizations focus solely on developing their own talent via succession planning and career development rather than hiring new employees for higher-level jobs. P&G's build-from-within talent strategy focuses on building a strong talent pipeline by investing heavily in candidate assessment to make the best hires and then in leadership development to build its next generation of business leaders. P&G understands that executing this strategy means controlling attrition that would disrupt its talent pipeline.[68] Bruce Halle, founder and president of Discount Tires, said, "I will not go out and hire some MBA graduate from whatever college," adding that if he hired an outsider who did not work their way up through the company, he might as well "drive around to 700 stores and slap every one of my guys in the face—that's literally what I've done to them."[69]

Both approaches can be effective depending on the organization's strategies and needs. Most companies use a mixed strategy that includes both internal and external hiring. Many companies consider internal candidates first. If they cannot find suitable internal candidates, then they look externally. Alternatively, a firm can conduct internal and external searches simultaneously, giving preference to internal candidates.

An internal talent focus requires hiring people with the capability to perform well in currently open positions, who have the capability to perform well in the organization's training and development programs, and who have the potential to assume leadership positions in the organization later. It also requires a firm to invest in training and employee development to ensure it has a sufficient pool of qualified internal job candidates available. An external talent focus often requires paying a premium to acquire talent with the existing skills and experience to perform well in the organization's currently open positions. If the firm cannot find appropriate talent outside the firm, it will have to develop and promote from within, find a way to substitute technology for the scarce skills, or do without those skills. Table 2–8 summarizes reasons organizations pursue each focus.

Should We Hire People with the Skills We Need or Train Them to Develop Those Skills?

Another strategic staffing decision is whether an organization should prefer hiring people who already possess the desired skills and competencies or whether it should hire people without those skills and train them instead. McDonald's founder Ray Kroc once said, "If we are going to go anywhere, we've got to have talent. And, I'm going to put my money in talent."[70] Supporting this philosophy, McDonald's created a worldwide management training center called Hamburger University, which has trained over 300,000 McDonald's managers since its founding in 1961.[71]

Companies unable to pay competitive wages and, therefore, attract skilled workers might find it necessary to hire people willing and able to learn the job and train them instead. For jobs that are unique to an organization, skilled workers may not exist, which would make it necessary to hire people and put them through a company-developed training program. If a company does not have an appropriate training budget or program, if there is no time to train new hires, or if the job needs to be filled immediately, the better decision would be to hire people already able to do the job who can hit the ground running.

One factor increasing organizations' need to increasingly train workers is the skills shortage facing many industries. In the United Kingdom, to address a supply and demand

TABLE 2–8 • Internal and External Talent Focuses

Why Organizations Prefer to Hire Internally:
• Internal hiring sends employees the message that loyalty and good performance can be rewarded with a promotion, thereby enhancing their motivation and retention levels. • One promotion could generate the opportunity for others to be promoted to fill the jobs left vacant. • Greater information is known about candidates who already work for the organization, so a more accurate assessment about their fit with the job can be made. • Internal hires are likely to get up to speed in their new jobs faster because they are already familiar with the organization. • Jobs can be filled faster. • The return on the company's investment in terms of training lower-level employees can be increased when more of them are ultimately promoted. • The higher training and development expenses associated with internal hiring can be offset by lower turnover, recruiting, and hiring expenses. • Smaller or lesser-known organizations sometimes have a more difficult time attracting external talent they desire. • Organizations with a strong, positive organizational culture sometimes find that internal hires reinforce and strengthen their existing cultures more than external hires do.
Why Organizations Prefer to Hire Externally:
• The firm lacks qualified internal candidates. • External hiring can enhance an organization's diversity. • Focusing on external hires can increase the size and quality of the candidate pool. • External hires can inject new ideas and perspectives into the organization. • The firm's cost of developing and maintaining internal training and development programs is greater than its cost of hiring externally. • Internal promotions can be disruptive because they lead to other open positions that must be filled (creating additional promotion opportunities can also be a desirable outcome as listed previously). • Too much internal movement can create instability and cause delays in the completion of projects.

mismatch in the area of digital skills, Amazon is training military veterans, reservists, and their spouses through its re:Start program.[72] Training options include an employee teaming up with someone with the needed skills on the job, attending formal training sessions, or even being sent by the company to earn a degree in the needed area. Depending on the skills needed, any of these options could be less expensive than hiring a new employee. In 2020, the Wisconsin Department of Workforce Development awarded over $2.5 million to 18 employers to help them recruit and train new hires.[73]

Should Talent Be Replaced or Retained?

Organizations can choose to try to minimize their turnover or accept whatever turnover occurs and hire replacements as openings occur. The advantages of letting turnover occur include receiving a more frequent infusion of new ideas and talent, which can be useful for companies in fast-changing industries. For example, some biotechnology or computer software companies may find that their employees' talents are obsolete within a few years. Unless they are willing to invest in retraining their employees, it might be beneficial to encourage them to leave after a few years and replace them with new graduates trained in the latest technology. When there is an abundant supply of people with the qualifications a firm seeks, replacing employees might also be less expensive than retaining current employees for certain jobs. The advantages of retaining workers include a more loyal and committed workforce with a better understanding of the company's products, services, and processes, and decreased staffing costs. If a position is of particular importance to the running of the company, or if the talent needed by a particular position is difficult to find, focusing on retention can help to ensure that the position is rarely vacant.

Which Skills and What Level of Them Should We Seek?

One of the most critical staffing decisions concerns the types of skills a new hire should possess and the appropriate level of those skills. Although hiring managers often request "top talent," most jobs do not require top skills in all areas. Objectively analyzing the job to determine exactly what is required for an incumbent to perform well is key to making this determination. This process is called job analysis and is described in more detail in Chapter 4.

Some organizations' staffing goal is to hire only the highest-ability individuals. To do this, the organization must first be able to recruit high-ability individuals and then be able to identify and hire the highest-ability applicants. Because there is a limited number of high-ability people, for many organizations, this is an extremely difficult goal. Although this approach can be very appropriate for some organizations, such as top consulting firms or other businesses relying on knowledge workers to create new products, for many organizations, it is not the best approach.

It is often more strategic to try to identify attributes that are difficult to change through training, and that effectively differentiate among applicants, and to hire people who already possess them. For example, technology services company EDS has a saying that they "hire the traits and train the skills."[74] Indeed, in a rapidly changing business environment like the one firms face today, focusing on applicants' current skills is often insufficient. Employees need to also learn quickly, adapt to change, communicate effectively, and work well with others. Some jobs stay the same for long periods, and others change rapidly. Even clerical jobs, which we often do not think of as rapidly changing, went through a period of rapid change in the 1980s and 1990s, when computers and word processing became mainstream. During this time, for many organizations, hiring an office assistant skilled only at manual typing would not have been as strategic as hiring an office assistant able to use both a typewriter and a computer.

Should We Pursue Proactive or Reactive Staffing?

Proactive staffing is done before situations or issues come up, rather than in response to them, as is the case with **reactive staffing**. An organization can staff its positions proactively or reactively in regard to diversity as well as talent quality. Proactive diversity decisions would include recruiting from sources known to be diverse, tracking the diversity of hires produced by each recruiting source, and constantly monitoring the firm's progress toward its diversity goals. This is generally better than making reactive staffing decisions following a specific event, such as being sued for hiring discrimination. Reactive organizations take a more "wait-and-see" approach to staffing, while proactive organizations try to identify practices or situations that could be problematic and work to improve them before they become problems.

Organizations typically recruit when they need to fill a specific job opening, which is **job-oriented staffing**. However, when labor markets are tight and good recruits are hard to find, organizations must pursue **talent-oriented staffing** and pursue scarce talent constantly—not just when a vacancy occurs. This alternative philosophy encourages people within the firm to identify where its future skill gaps are going to be well in advance of its actual needs. This way the firm can inject a continuous stream of talent into the staffing pipeline to ensure there are always qualified people in various stages of the hiring process. For example, in the previous chapter, Mike, a human resource professional with Soles, kept two job finalists in the pipeline for future openings. Similarly, because of the

proactive staffing
done before situations or issues arise

reactive staffing
done in response to situations or issues

job-oriented staffing
hiring to fill a specific job opening

talent-oriented staffing
recruiting and even hiring without a specific job opening

nursing shortage in many areas of the country, some hospitals are partnering with local high schools to encourage students to go into nursing.

idiosyncratic jobs

a job created around a current or new employee's unique experience, knowledge, skills, interests, and abilities

Some firms create unique or **idiosyncratic jobs** for people with talents the organization can use. Idiosyncratic jobs are created around a current or new employee's unique experience, knowledge, skills, interests, and abilities.[75] Rather than focusing on whether there is currently an opening before evaluating available talent, the person is hired and then a job is created to exploit the individual's strengths. For example, when someone steps down from a position in the White House, it is common for a consulting or lobbying firm to hire them in a "consulting" role to take advantage of the person's connections.

An additional advantage of a talent-oriented philosophy is that it can speed up the hiring process and decrease the amount of time jobs stay unfilled. With qualified job candidates already in the advanced stages of the hiring process, hiring will be faster when a position opens. Because more time is taken to generate qualified job candidates, a deeper pool of candidates is usually created as well. This approach to filling jobs can be a better strategic choice than the traditional approach of waiting for a position to open. In fact, at The Container Store, store managers are required to invest two to three hours per week interviewing job candidates. Prescreened job candidates exist before the next job opening even occurs. By maintaining a roster of qualified candidates to call on, even when seasonal employees need to be hired, the home office's two-person recruiting staff does not need to get involved.[76]

Whether an organization's talent philosophy is talent-oriented or job-oriented influences its staffing strategy. A talent-oriented philosophy often requires organizations to recruit regionally or nationally and to assess how candidates can meaningfully contribute to the company rather than evaluating candidates against predefined job requirements. A job-oriented philosophy has a better chance of attracting the active, local job seeker who is considering a job change or is currently unemployed than attracting top talent who could really add value to the organization but who perhaps is already employed or would have to relocate.[77]

Whether a firm's staffing is proactive or reactive will also depend on the degree to which staffing is considered an important contributor to the company's business strategy. If the firm develops its business strategy without considering the staffing issues related to it, the staffing is reactive. If the firm considers its staffing issues in conjunction with its business strategy, then the staffing decisions are proactive and strategic.

On Which Jobs Should We Focus?

Another aspect of a successful talent strategy involves identifying key jobs on which to focus additional attention and resources because of their importance to the company's performance and execution of its business strategy. Not all jobs warrant equal investment in recruitment or staffing activities. A company's key jobs are those that in some way create value for the organization by contributing to the generation or retention of clients' business or the creation of new capabilities or products for the organization. Whenever there is performance variability among people working in the same position, there is the potential to improve that position's contribution to the organization by raising the average performance level of those employees. For example, if some salespeople sell substantially more of a company's product than do others, staffing improvements may be identified that result in the hiring of a greater number of higher-performing salespeople and fewer lower-performing salespeople.

The company must identify which jobs and roles are critical to obtaining its competitive advantage. Focusing on better staffing the identified positions should help the company execute its business strategy and enhance its competitive advantage. Because they are the employees who interact with customers and overcome daily disruptions and challenges to ensure that FedEx or UPS meet their service commitments, their frontline employees are essential to these companies' performance. This illustrates the fact that it is not necessarily the employees who are paid the most money who deserve the most attention—it is the employees who are a key component of value creation.

Imagine a group of Dell Computer customer service representatives responsible for answering customers' questions about the company's products and solving product problems. This is a key position because the people in it are responsible for marketing the company's products and keeping customers satisfied with their purchases. Some of the customer service representatives are extremely effective at communicating with callers to understand their issues, and they provide clear and correct answers and solutions. Other customer service representatives are much less effective, taking much longer to understand callers' questions and problems, and sometimes providing them with incorrect or ineffective answers and solutions. Callers to these lower-performing customer service representatives are unhappy with the company's inability to address their needs and are less likely to buy the product again or recommend it to others than are callers speaking to the higher-performing representatives.

Because employees in this position create wealth for Dell by retaining its customers and selling them additional products, the staffing practices related to the job are worth in the investment. If Dell can improve its staffing system to recruit and select better customer service representatives who will be more effective, the firm is even more likely to retain its customers, experience better word-of-mouth advertising, and generate additional business. If the average productivity of the customer service representatives also increases because of the new staffing system, fewer customer service representatives may be needed.

Is Staffing an Investment or a Cost?

It is common for an organization's average cost per hire to be many thousands of dollars. A recent survey of 5,000 technology leaders found that it took an average of 45 days to fill an open technology role.[78] Staffing activities can be expensive. However, it's a mistake to view the expense purely as a cost to be minimized. The investments made in recruiting, staffing, and retaining employees can lead to financial returns in terms of higher performance and productivity for the firm, stronger future leaders, lower training costs, and lower recruiting and staffing expenditures due to fewer vacancies. Just as effective investments in marketing and advertising can lead to a larger and more profitable customer base, investments in sourcing and recruiting can generate a greater number of higher-quality job applicants who are interested in joining and contributing to the company.

If there can be meaningful performance differences among workers in the same job, staffing is a good investment. The best software developer at Apple is at least nine times as productive as the average software engineer at other technology companies. Nordstrom's best sales associates sell at least eight times as much as the average sales associate at other department stores. Even the best blackjack dealer at Caesar's Palace in Las Vegas keeps players playing at least five times as long as the average strip dealer.[79] Investing in finding and hiring above-average talent for these positions can result in a sizeable return on investment, even if a company needs to pay them above the market average. Even in jobs of medium complexity, top performers have been found to be 12 times more productive than lower performers and 85 percent more productive than an average performer. In some of the most complex jobs—the jobs insurance salespeople and account managers hold, for example—a top performer is 127 percent more productive than an average performer.[80] These are not pie-in-the-sky numbers. Other research has shown that higher-quality employees can generate even larger dollar value differences in performance than in our illustration.[81]

In addition to boosting productivity, staffing systems also have the potential to enhance employee retention.[82] Thus, any benefits from better staffing last over the longer tenure of the new hires' employment with the firm, further increasing the company's return on its staffing investment. For most companies, investing a little more money recruiting, hiring, and retaining better employees is likely to lead to a good return if the new system results in the consistent hiring of star employees.

This is not to say that staffing costs are unimportant. Organizations must strike a balance between making a long-run investment and achieving their short-term cost goals. Most companies, particularly smaller ones, cannot pay unlimited amounts for optimal staffing systems. To illustrate the possible return on investment for a staffing system, assume an organization must hire 1,000 salespeople in the next year, and it has a choice of two different staffing systems. Both systems have similar, but not identical, capabilities. One system costs $900,000, while another costs $1.3 million. Because human resource expenditures are treated typically as a cost, many managers and businesses would opt for the cheaper system. But which system is the better strategic choice? Assume the latter system generates employees who average $10,000 more in sales per employee per year than the cheaper system, and 30 percent of those sales is profit. In the very first year, the $400,000 investment in the more expensive staffing system would yield $3 million more in profit ($\$10{,}000 \times 0.3 \times 1{,}000$), before taxes. This simple example illustrates how decisions may differ when viewing staffing as an investment rather than as an expense.

Technology and a looser labor market can reduce the average hiring cost for an organization. However, the costs still amount to a considerable investment for most companies. That said, the cost of the system is not what is most important. The most important issue is to determine the return on investment, which we just did with our previous calculations. Unfortunately, many companies don't take the time to quantify the cost–benefit trade-offs when it comes to their staffing decisions. Maximizing the company's return on that investment requires the staffing function to prioritize its goals and make appropriate trade-offs among them.

Should Our Staffing Function Be Centralized or Decentralized?

Who should manage the staffing process? This is a key aspect of a firm's staffing philosophy. A staffing function is *centralized* when an organization that has multiple business units has one staffing unit responsible for meeting at least some of the needs of all the company's business units. Each business informs the centralized staffing function when it needs to hire, and the staffing unit then sources, recruits, and prescreens candidates. The local business unit is still responsible for making a final hiring decision from the group of candidates or finalists sent to it by the staffing unit.

centralized staffing

a situation in which all an organization's staffing activities are channeled through one unit

Centralized staffing is a situation in which all an organization's staffing activities are channeled through one unit. Sometimes called *shared services staffing*, it allows for greater economies of scale. Multiple positions can be filled from the same candidate pool, and optimal hiring practices can be leveraged across the organization. By centralizing its staffing, a firm can quickly reallocate its resources to meet the company's changing business priorities. Centralized staffing also tends to result in policies and procedures that provide some level of uniformity for the organization. The firm can "brand" its image as an employer by ensuring consistency in how the organization presents itself and its job opportunities.

decentralized staffing

the different business units of a company each house their own staffing functions

Decentralized staffing occurs when the different business units of a company each house their own staffing functions. Decentralized staffing gives units more localized control over their recruiting and staffing activities. Given local control, a recruiter can improve their understanding of what type of person will be most successful in a particular unit. The structure also gives recruiters greater flexibility to source and recruit in the best way for their location and labor markets. A decentralized staffing function is also more responsive to the needs of hiring managers because the staffing specialists report directly to them versus someone at the company's headquarters. However, with decentralized staffing, the firm's staffing metrics are less likely to be tracked or consolidated. This can result in the units duplicating the company's staffing efforts and result in higher costs. For example, a good applicant who ultimately isn't hired by one unit might never be considered by another unit of the company despite being a great fit.

Some organizations use a combination of centralized and decentralized approaches. Some areas of the staffing function are shared, and others are decentralized and tailored to meet the needs of each business unit or region. The **combined approach** (also called the hub-and-spoke approach) can maximize each business unit's flexibility as well as standardize the staffing metrics used throughout the company, minimize redundancies, and leverage technology and best practices. A combined approach can also help staffing personnel build a more credible and productive relationship with the firm's hiring managers by giving them more hiring discretion than they would have under a centralized structure.

combined approach

a combination of centralized and decentralized staffing

Organizations are increasingly outsourcing different sourcing and recruiting functions to outside vendors able to best provide different services at a better cost. This approach can increase staffing flexibility and enable the organization to respond to different or changing needs in different countries or regions. The increased use of local expertise can also help a company better understand and recruit from global labor markets. For example, in Mexico, business is often conducted through personal relationships. Candidates are often hired by a recruiter whom they already know. In China, recruiters must fully understand the business, company values, and the position as well as be able to handle recruiting challenges, including finding talent in a rural area. Local recruiters' established local networks, familiarity with cultural nuances, and experience with local laws can make them an invaluable staffing resource.[83]

Achieving a Competitive Talent Advantage

An organization's talent can create a competitive advantage by influencing the quality of the organization's stock of talent or the superiority of its work processes.[84] Resource stock and process capabilities reflect the difference between human capital advantage and human process advantage. The organization can generate **human capital advantage** by hiring and retaining outstanding people and producing a stock of exceptional talent.

human capital advantage

acquiring a stock of quality talent that creates a competitive advantage

A **human process advantage** is obtained when the firm's work gets done in a superior way. The phenomenon can be thought of as a function of complex processes that evolve over time because of learning, cooperation, and innovation on the part of employees. Human process advantages are very difficult to imitate.[85] For example, a firm might have very smart and capable managers (high-quality talent stock) but fail to fully utilize their talents—perhaps because the politicking and infighting between the firm's departments are excessive (poor work processes). Thus, an organization achieves a competitive talent advantage if it has a better stock of employees working with better processes. As Phil Knight, chairman emeritus of the board and cofounder of Nike, explained, "It's not a single product model, nor a single manager, nor one ad, nor a single celebrity, not even a single innovation that is key to Nike. It is the people of Nike and their unique and creative way of working together.[86]

human process advantage

superior work processes that create a competitive advantage

Given that any competitive advantage erodes over time, an organization must do what it can to defend its current position by regularly undertaking new strategic initiatives. These initiatives can include broadening the company's product line or customer support (e.g., offering free or low-cost training to product users), patenting alternative technologies, further reducing costs and prices, and acquiring talent ahead of the company's present needs to keep them from being hired by potential competitors. Indeed, getting the right people on board *before* they are needed can defensively prevent them from being hired by the competition and offensively ensure they will be available when the organization needs them. For example, Praxair, a worldwide provider of industrial gasses, believed that it could not afford to wait for the firm's future growth to finance its human resources. Knowing the talent had to be in place before the company could be successful, it made acquiring new talent and developing employees a top spending priority.[87] An economic downturn is often an excellent time for organizations to build up their talent reserves because the looser labor market makes it easier to hire good people at an affordable cost. When an industry is in an upswing, the labor pool becomes tighter, and the competition for talent heats up.

Ethics

Having discussed the importance of a firm's commitment to ethical behavior and the importance of incorporating ethics in the talent philosophy and staffing strategy as well as sources of staffing-related standards and ethical guidelines earlier in this chapter, we now turn our attention to the ethical decision-making process at the individual level. After we identify an ethical component in a staffing decision or situation as a result of our attentiveness to the situation and the effectiveness of our schema in recognizing the ethical issue(s) involved, a **moral judgment** occurs in which we identify what is the "right" and "wrong" course of action.[88] Our personal moral principles and emotions come into play during this stage, but laws and organizational rules often determine what is the morally "right" thing to do.[89] For example, terminating a well-liked employee who has a baby on the way for violating a company policy or during a company restructuring is not always an easy thing to do, but it is sometimes the right thing to do.

moral judgment

identifying the "right" and "wrong" course of action

After a judgment is made about the correct behavior, we develop a **moral intent** that reflects our commitment to this identified action.[90] Situational pressures including organizational goals, incentives, and hiring manager pressure can influence our moral intent and weaken our commitment to the behavior. For example, if a recruiter must fill 50 positions a month to receive a performance bonus, if the goal is not met near the end of the month, then a recruiter may feel pressure to lower their hiring standards to avoid missing the target and losing out on the bonus. The lower our personal ethical sensitivity and ethical standards, the greater our susceptibility to pressures to not engage in what we previously identified as the best moral course of action. This is why many "good" people sometimes do "bad" things—it is not easy to always behave ethically. To the extent that we have an accurate and ethical schema, have good moral judgment through our understanding of laws, rules, organizational culture, and organizational expectations, and want to behave morally, we will more consistently engage in ethical behavior.

moral intent

our commitment to the identified moral course of action

Some guidelines for helping you consistently develop an accurate judgment about the most ethical course of action as a staffing professional and follow it through to implementation include:

1. *Remember that you represent the organization:* As an agent of the organization, a staffing professional is responsible for representing the organization's interests, following the Society for Human Resource Management Code of Ethics guideline, "Regardless of personal interests, support decisions made by our organizations that are both ethical and legal."[91]
2. *Understand the existing ethical climate of the organization:* Some firms have ethics climates that raise or lower ethical standards and expectations.[92]
3. *Know relevant laws and ethical standards:* Be aware of and follow the organization's staffing policies and procedures and don't be afraid to involve legal experts in analyzing and understanding situations.
4. *Understand the reward system:* Because people do what they are rewarded for doing, ensure that compensation and incentive systems do not create any unintended ethical consequences or pressures to behave unethically.

5. *Be aware of conflicts of interest:* Avoid putting your personal interests, or those of a friend or family member, above those of the organization.
6. *Leverage research to shape practice:* A substantial body of research has been done on staffing system effectiveness that can inform staffing practice and staffing-related decisions, much of which is summarized throughout this book.
7. *Seek qualified advice when necessary:* There are so many ethical staffing situations and dilemmas that it is virtually impossible for an individual to be prepared to best handle all of them; utilize your supervisor, colleagues, ethics officer, legal experts, consultants, professional organizations, and others to manage ethical issues rather than going it alone.

With your future professional role in mind, it is important to understand the types of ethical issues you are likely to face in both your industry and your organization to increase the likelihood that you will be able to identify ethical situations when they arise. Although scenario-based ethics training is especially valuable in sharpening ethical sensitivity,[93] ethics codes and training programs are insufficient to ensure consistent ethical employee behavior. Company leadership and managers must consistently model ethical behavior and decision making, and ethics expectations must be consistent with the broader organizational culture. If managers throughout a company do not conduct themselves with integrity, no amount of training is likely to overcome the negative effects of that behavior on subordinates' commitment to ethical behavior. Because leaders are held to higher standards than others, they must be attentive not only to their actions but to how others might interpret their behaviors.[94] Similarly, as the ethical stewards for many organizations, it is important that all human resource management and staffing professionals consistently engage in ethical conduct.[95]

It is also important to realize that sometimes a job just isn't for you. Your employer might not be willing to prevent or respond to unethical employee behavior, or some behavior may be counter to your personal morals. In this type of situation, if you are unable to switch to a better-fitting department, the best thing to do might be to find another employer.

Corporate social responsibility is closely related to ethical behavior. The World Business Council of Sustainable Development defines corporate social responsibility as "ethical behaviour of the company towards society . . . (involving) management acting responsibly in its relationships with all stakeholders who have a legitimate interest in the business."[96] This global, CEO-led organization of over 200 global companies with over $8.5 trillion in combined revenues is working together to make the member companies more successful and sustainable to realize the maximum positive impact for shareholders, the environment, and societies.[97] In this chapter's Staffing Ethics feature, you will have a chance to assess how important you believe ethics and social responsibility should be to organizations.

Staffing Ethics

THE PERCEIVED IMPORTANCE OF ETHICS AND SOCIAL RESPONSIBILITY[98]

This series of questions will help you to better understand your beliefs about the role ethics and social responsibility should play in companies. Please use the following scale in responding to the 10 questions below. When you are finished, follow the scoring instructions at the bottom to calculate your score. Then read more about what your score means.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

_______**1.** If the stockholders are unhappy, nothing else matters.
_______**2.** Being ethical and socially responsible are the most important things a firm can do.
_______**3.** Efficiency is much more important to a firm than whether or not the firm is seen as ethical or socially responsible.
_______**4.** Business has a social responsibility beyond making a profit.
_______**5.** To remain competitive in a global environment, business firms will have to disregard ethics and social responsibility.
_______**6.** Business ethics and social responsibility are critical to the survival of a business enterprise.
_______**7.** The ethics and social responsibility of a firm is essential to its long-term profitability.
_______**8.** The overall effectiveness of a business can be determined by the degree to which it is ethical and socially responsible.
_______**9.** The most important concern for a firm is making a profit, even if it means bending or breaking the rules.
_______**10.** If the survival of a business enterprise is at stake, then you must forget about ethics and social responsibility.

Scoring:
For some questions, a higher number reflects lower perceived importance of ethics and social responsibility—reversing these scores will make a higher score on all questions reflective of greater perceived importance of ethics and social responsibility. *For questions 1, 3, 5, 9, and 10, subtract your rating from 6, which should change your score as follows: 1=5; 2=4; 3 stays a 3; 4=2; 5=1.* Cross out your old rating so you don't get confused. Now add up your responses to identify your perceived importance of ethics and social responsibility score.

Interpretation:
If your score is *between 10 and 20*, you tend to place a higher value on performance than on social responsibility and business ethics. This could create challenges for you in balancing what is right with what you feel you need to do to succeed. Following a company's code of conduct and code of ethics will be important to your future success. You may not be happiest working in an organization that places a high value on social responsibility and employee ethics.

If your score is *between 21 and 35*, you tend to strike a balance between performance and social responsibility and business ethics. This is not inherently good or bad, but it is important for you to think about your ethical principles and fully evaluate the impacts of your decisions. You probably don't have a particularly strong need to work for a company that stresses social responsibility, but you likely wouldn't be unhappy in one either.

If your score is *between 36 and 50*, you realize that high moral and ethical standards are in the best long-run interest of profits and shareholders. It is important to realize that you may need to prepare yourself for handling pressure to lower your standards to meet short-term shareholder demands. You are likely to be happiest in an organization with strong ethics and social responsibility values.

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Analytics

The effective use of staffing analytics requires linking the analytics effort to important business problems and outcomes. For example, if you learned that your company's turnover rate was 11 percent, is that good or bad? If the people leaving were among your company's lowest performers, the interpretation would be much different than if it was your top 11 percent who were leaving. **Staffing metrics** are operational measures about how efficient, effective, or impactful an organization's staffing practices are. For example, cost per hire, time to fill, and turnover rates are relevant staffing metrics. Staffing analytics leverages this data to help us understand or predict how changes in one or more metrics will affect a meaningful business outcome. For example, understanding that once a new hire reaches a certain level of job proficiency they are more likely to quit can help you identify and address the dynamic causing the turnover spike. As one HR analytics expert put it, "Metrics are about getting the numbers right, and analytics are about finding answers in the data."[99]

staffing metrics

operational measures about how efficient, effective, or impactful an organization's staffing practices are

Although the key to effective analytics is in asking the right questions and then accurately measuring the metrics needed to ask them, the effectiveness of staffing analytics also depends on accurate metrics. Table 2–9 summarizes some of the key metrics used in staffing analytics efforts.

TABLE 2–9 • Commonly Used Metrics in Staffing Analytics

1. Average time to hire	Tracking how quickly positions are filled helps identify the best recruiting sources and practices for future hiring efforts.
2. Absenteeism	Absenteeism rates help analyze the quality of different recruiting sources and selection methods and are an indicator of employee engagement and satisfaction.
3. Average cost per hire	Tracking the average cost per hire improves the efficiency of the staffing process and can help identify the best recruiting sources for future hiring efforts. The American National Standards Institute (ANSI) and the Society for Human Resource Management adopted a cost-per-hire standard that allows employers to compare their recruiting efficiency to other organizations.100
4. Engagement	Tracking the degree to which people like their job and the employer helps optimize the choice of recruiting sources, increase new hires' job success, and decrease turnover.
5. First-year turnover rate	The percentage of new hires leaving within one year of hire.
6. Hiring manager interview satisfaction	How satisfied the hiring manager is with the quality of the people she or he interviews.
7. Hiring manager interviews per hire	The number of hiring manager interviews conducted per job offer made. If high, it may suggest that a hiring manager is being too picky or is looking for characteristics not being adequately pre-screened.
8. Hiring yield	The number of job applicants per hire helps evaluate how selective the organization is and helps estimate how many applicants will be needed in future hiring efforts.
9. Job application completion rate	The percentage of job applications submitted compared to the number completed.

(*continued*)

TABLE 2–9 • Commonly Used Metrics in Staffing Analytics (*continued*)

10. Job offer acceptance rate	The percentage of job offers accepted. If low, it could suggest that there is competition for the firm's top candidates, that the starting salary is too low, or something else.
11. Quality of hire	This can include a variety of metrics including objective or supervisor job performance and other job success ratings, cultural fit, leadership abilities, engagement, and other indicators of a new hire's quality.
12. Recruiting source	Tracking where applicants and new hires originated helps identify the best recruiting sources for future hiring efforts.
13. Return on investment	The financial return on the money spent on one or more staffing initiatives.
14. Staffing yields	Tracking how many candidates advance at each hiring stage helps evaluate the quality of different recruiting sources and evaluation methods and helps identify potential trouble spots in the assessment process.
15. Tenure	The average length of time employees stay with the employer.
16. Time to productivity	Tracking how quickly new hires reach a level of proficiency helps to assess the quality of different recruiting sources and can increase the return on investment.
17. Time to promotion	Time to promotion can help assess a recruiting source's quality and value in supplying leadership talent.

Technology

applicant tracking systems

electronically manage recruitment data and processes

human resource information system

software or a cloud-based solution for human resource and staffing data entry, data tracking, and human resource analytics efforts

Applicant tracking systems electronically manage recruitment data and processes and can instantly transfer job applicant information to the employee database when job offers are accepted, saving time and improving data accuracy. A **human resource information system** (HRIS) is software or a cloud-based solution for human resource data entry, data tracking, and human resource analytics efforts. Manager services and employee self-services features even enable managers and employees to independently complete HR-related transactions and keep records updated. HRIS systems can track numerous types of metrics and data, including employee's sources of hire, job success, skill profiles, promotion readiness, compensation, attendance, and demographic characteristics.

In addition to increasing efficiency by automating tasks, analyzing data, and creating reports, HRIS systems and other staffing technologies help organizations improve the performance of their staffing systems. By analyzing applicant sources and quality indicators, applicant tracking and HRIS systems help organizations focus their recruitment efforts on the best sources for the goals of a hiring effort. By analyzing the predictors of promotions, job success, job failure, turnover, and other job success indicators, HRIS systems help identify where the best leverage points are for investments to improve new hire quality, and by tracking the diversity of hires, bias in the pass rates of different assessment methods, and even interview scores, the fairness and accuracy of hiring practices can be improved. Staffing technology has improved staffing process efficiencies and been a great enabler of staffing analytics initiatives as well.

There are numerous HRIS systems, many of which are customizable to meet a company's specific data tracking, analyzing, and reporting needs. PeopleSoft, Oracle, SAP, and ADP are among the top HRIS vendors, and most now offer customizable, cloud-based human management solutions. By enabling faster analytics calculations and even automated reporting, staffing technology including HRIS and applicant tracking systems have transformed what organizations are able to do in their staffing analytics and legal reporting efforts.

Staffing Challenge Response

Staffing Strategy at Starbucks

How can Starbucks use staffing to pursue its growth and differentiation strategies and maintain its competitive advantage? Starbucks needs to offer premium service if it is to command premium prices for its products. Maintaining a high level of customer service while the company expands and opens hundreds of new stores is a big challenge. Because the quality of its customer service depends on the efforts of its employees, who it calls "partners," Starbucks tries to hire people who are adaptable, self-motivated, passionate, and creative team players.[101]

To keep them committed, Starbucks treats its partners as investors by also investing in them, which helps it to retain its valued talent. The company's strong mission and values statement emphasizes creating a respectful and positive work environment, which also helps keep its partners satisfied. Even though two-thirds of its employees work part-time,[102] Starbucks's frequent appearance on the list of *Fortune*'s Best Places to Work reflects its reputation as an employer that cares about its people.[103] This, too, helps it continue to recruit good people. Starbucks offers competitive wages and good benefits, including comprehensive health benefits for full- and part-time employees, tuition reimbursement, vacation, a 401(k) plan, and stock options. The generous benefits reflect its philosophy of creating a respectful and positive work environment, help keep turnover low, and generate a ready pool of experienced employees who can assist in its expansion efforts.

In addition to having a reputation for treating employees well, Starbucks is also known for its social responsibility initiatives, including outreach programs into communities both where stores operate and where its coffee is grown. Dave Pace, executive vice president for partner resources, explains, "We do it because it's the right thing to do. . . . But from my perspective it's also a terrific recruiting and retention tool."[104] By living its values and mission statement, Starbucks is able to attract people who share its values.

To bring in new partners, Starbucks has implemented a staffing strategy that is both centralized and decentralized. According to Sheri Southern, vice president of partner resources for Starbucks North America, Starbucks's staffing strategy is, "To have the right people hiring the right people." Experienced store managers often make initial contact with potential recruits in the stores and at job fairs. Word-of-mouth and the company's website also generate leads. Hiring managers receive hiring guidelines containing questions that help reveal whether recruits have the core competencies necessary for the job. The company also encourages recruits to self-select out of the hiring process by clearly stating in its hiring advertisements and on its website that it wants people who are adaptable, dependable, passionate team players. Starbucks also maintains a database of hundreds of thousands of online candidates who have answered preliminary informational and skills-based questions. This gives the company a head start on the hiring process, allowing it to staff more quickly.[105]

SUMMARY

A firm's talent philosophy and business strategy influence the human resource strategy that guides its staffing strategy. Its talent philosophy reflects how it thinks about its employees. Its business strategies are created to leverage the firm's resources and capabilities in ways that result in superior value creation compared to their competitors. Its competitive advantage depends on its ability to leverage the resources and capabilities that derive from the talent it can hire and retain. How it positions itself to compete in the marketplace determines the competitive advantage it needs to create and the staffing strategies it needs to pursue to acquire and retain the appropriate talent. A company's choice and execution of its staffing strategy influence the number and types of people it hires and, thus, its ability to maintain a competitive talent advantage because of its human capital and processes. There are numerous HRIS systems, including applicant tracking systems, many of which are customizable to meet a company's specific data tracking, analyzing, and reporting needs.

After we identify an ethical component in a staffing decision or situation because of our attentiveness to the situation and the effectiveness of our schema in recognizing the ethical issue(s) involved, a moral judgment occurs in which we identify what is the "right" and "wrong" course of action. Our personal moral principles and emotions come into play during this stage, but laws and organizational rules often determine what is the morally "right" thing to do.[106] For example, terminating a well-liked employee who has a baby on the way for violating a company policy or for sustained poor performance is not always an easy thing to do, but it is the right thing to do. After a judgment is made about the correct behavior, we develop a moral intent that reflects our commitment to this identified action. Situational pressures including organizational goals, incentives, and hiring manager pressure can influence our moral intent and weaken our commitment to the behavior. The lower our personal ethical sensitivity and ethical standards, the greater our susceptibility to pressures to not engage in what we previously identified as the best moral course of action. This is why many "good" people sometimes do "bad" things—it is not easy to always behave ethically. To the extent that we have an accurate and ethical schema, have good moral judgment through our understanding of laws, rules, organizational culture, and organizational expectations, and want to behave morally, we will more consistently engage in ethical behavior.

TAKEAWAY POINTS

1. The resource-based view of the firm proposes that a company's resources and competencies can produce a sustained competitive advantage by creating value for customers by lowering costs, providing something of unique value, or some combination of the two. Because the talent resources created by staffing can be valuable, rare, inimitable, and nonsubstitutable, staffing has the potential to create a competitive advantage for a firm. Acquiring the right talent is not enough, however. The company must be appropriately organized to take full advantage of its talent resources.
2. If a firm seeks to achieve a competitive advantage, its staffing strategy should support its business strategy. Different strategies require different types of employees. A cost-leadership strategy requires trainable and flexible employees who can focus on shorter-term production objectives and avoid waste, and who are concerned about production costs. The goal in this case is to develop a competitive advantage based on operational excellence. A differentiation strategy based on innovation requires employees who fit the firm's innovative culture. A company pursuing a specialization strategy based on customer intimacy would need to hire adaptable, active learners with good people and customer relations skills, and emotional resilience under pressure.
3. An organization would use job-oriented staffing when it needs to fill a specific job opening. It would pursue talent-oriented staffing when labor markets are tight and good recruits are hard to find, or to address anticipated skill gaps in advance of actual needs.
4. A firm can achieve a human capital advantage by hiring a stock of quality talent and retaining outstanding people. A human process advantage occurs when the firm's work gets done in a superior way because of effective processes that evolve over time, such as learning, cooperation, and innovation on the part of its employees. Human process advantages are very difficult to imitate.
5. Strategic staffing decisions include whether to have an internal or external talent focus, establish a core or flexible workforce, hire people with the skills the firm needs or train them to develop those skills, replace or retain talent, and pursue proactive or reactive staffing. It is also important to address what levels of which skills should be sought and which jobs should be focused on, as well as whether staffing should be viewed as an investment or a cost and should be centralized or decentralized.
6. To the extent that we have an accurate and ethical schema, have good moral judgment through our understanding of laws, rules, organizational culture, and organizational expectations, and want to behave morally, we will more consistently engage in ethical behavior.
7. Staffing metrics are operational measures about how efficient, effective, or impactful an organization's staffing practices are. Staffing analytics leverages these metrics to help us understand or predict how changes in a metric will affect a meaningful business outcome.
8. Staffing technology helps organizations improve staffing system performance by improving staffing process efficiencies and enabling staffing analytics initiatives.

DISCUSSION QUESTIONS

1. What are the three most important ethical principles that you feel organizations should adhere to in terms of their staffing philosophies? Why?
2. What is the difference between treating employees as assets and as investors? When is it appropriate for an organization to treat employees as investors? When is it appropriate for an organization to treat job applicants and employees as assets?
3. Suppose you oversaw the process for recruiting and staffing the software engineers who would work for Google. Do you think that a company like Google should hire software engineers with the skills it needs or train them to develop those skills? Why?
4. In what situations would position-oriented staffing be preferable to talent-oriented staffing?
5. List the costs and benefits of having an internal staffing focus. Then list the cost and benefits of having an external staffing focus. What are the trade-offs between the two approaches?
6. What helps us resist pressure to make unethical staffing decisions even when we know the best moral course of action?
7. Explain how staffing technology helps organizations better engage in staffing analytics.

EXERCISES

STAFFING STRATEGY

1. *Strategy: Staffing a New Business*

   Form a small group of four to five students. Identify a business that you could start. What type of business would you propose? What business strategy would you follow? What staffing strategies would you use and why? How does the resource-based view inform your thinking?

2. *Staffing Challenge:* Starbucks Staffing Strategy

   Working individually or in a small group, reread the chapter vignette on Starbucks and address the following questions. Be prepared to share your answers with the class after 20 minutes.

   a. What staffing issues would create the biggest obstacles to Starbucks's ability to execute its growth and specialization strategies?

   b. What would you recommend Starbucks do to overcome the obstacles you identified?

DEVELOPING YOUR STAFFING SKILLS

3. *Develop Your Staffing Skills:* Climate for Diversity

   Think of an organization that you currently work for or have worked for in the past as you complete the "Measuring Your Firm's Climate for Diversity" assessment in the Develop Your Staffing Skills feature. How well do you think the organization's climate-for-diversity score reflects its talent philosophy?

4. *Staffing Ethics:* What Created These Ethical Situations?

   Read the stories that follow and think about what might have created the outcome described in each one. Working alone or in small groups, address these two questions for the four situations and be prepared to share your answers with the class:

   a. What were the pressures that likely led to the unethical decisions that were made—why did the decision maker make the choice that she or he did?

   b. What can an organization do to prevent or eliminate these pressures in the future?

   1. Recruiters at Apple, Google, and Intel in Silicon Valley agreed to not hire each other's employees to enable the companies to better retain their scarce engineers.[107]
   2. An employee whose spouse has an expensive, chronic medical condition is terminated under the false pretense of low performance so that the employer can avoid these healthcare costs.
   3. A company decides to hire contingent workers to fill positions so that the company can pay less in total compensation and avoid paying health benefits costs.[108]
   4. A White male manager resists participating in a diversity initiative aimed at mentoring more employees from underrepresented groups to better prepare them for promotion because he feels that doing so would undermine his own chances for promotion because he is not a member of an underrepresented group.

5. *Analytics*: Which Metrics Are Needed to Address These Staffing Questions?

   For each of these questions, identify how you would address the question and the metrics you would need to do so.

   a. Which recruiting sources are generating the most successful hires?

   b. What call center worker characteristics are related to the highest customer satisfaction ratings?

   c. Is our job candidate assessment process discriminating against veterans?

CASE STUDY

Integrating McDonald's Business, Human Resource, and Staffing Strategies

People are McDonald's most important asset. The company's success depends on the satisfaction of its customers, which begins with workers who have the attitudes and abilities required to work efficiently and provide good customer service. To execute its growth strategy, McDonald's has identified people as one of its three global corporate strategies. McDonald's claims that as an employer, it wants "to be the best employer in each community around the world."[109] It also makes a "people promise" to its employees that "we value you, your growth, and your contributions."[110] Its five "people principles" reflected by its human resource strategy are respect and recognition; values and leadership behaviors; competitive pay and benefits; learning, development, and personal growth; and ensuring that employees have the resources needed to get the job done.[111]

McDonald's has executed its operational excellence strategy well by tracking key indicators of product and service quality, speed, and accuracy. The company has also identified its people practices and approaches that substantially impact the firm's turnover, productivity, customer satisfaction, sales, and profitability. This has allowed it to develop a business model that emphasizes not only financial and operational factors but also people factors that improve the company's results by improving employee commitment, retention, productivity, and customer loyalty.[112]

Because its business strategy relies on providing customers quality, cleanliness, quick service, and value, McDonald's works hard at hiring people who want to excel in delivering outstanding service. Many of its restaurant employees are teenagers, and McDonald's is their first employer. The company tries to recruit and hire the best people, retain them by offering them ongoing training, and then promote from within to fill its managerial positions. To ensure that it is recruiting the right people, the company has identified important skills and behaviors that it looks for in applicants.

McDonald's has found that the best way of hiring quality crew members is to advertise inside the restaurant and attract local people and/or friends of existing employees. McDonald's also recruits at local job centers and career fairs, using hiring material with a clear message targeted at its intended audience. As McDonald's CEO Steve Easterbrook says, "If you get the people part right, the rest will follow."[113]

Questions

1. How would you describe McDonald's business strategy? What are the foundations of its competitive advantage (what are the sources of its success)?
2. How has McDonald's aligned its business, human resource, and staffing strategies?
3. What are some possible talent-related threats that could eat away at McDonald's competitive advantage? Would higher turnover or a tight labor market in which it is difficult to find talented people be a problem? What would you recommend the company do to maintain its competitive advantage over the next five years?

SEMESTER-LONG ACTIVE LEARNING PROJECT

You should have a list of jobs and companies that your team will have access to for the project. You now need to decide which job and organization to use for the semester project and begin collecting information on the company, its business strategy and competitive advantage, and how it currently sources, recruits, and selects for the position you identified. You also need to identify how the position is strategic for the company in some way. Before the next class, you should confirm that you will have access to one or two job experts and solidify the job and organization your team will use for the project.

Specifically, you need to include the following in your report:

1. A brief summary of the organization, its business strategy, and its culture.
2. An explanation of why the position you chose is strategic for the company. (Why should attention be given to improving how it is staffed? What are the implications of having low versus high performers in the job?) Describe the strategic context of your future proposal for recruiting and selecting for this job—what must future hires be able to do to help the company execute its business strategy?
3. Responses to each of the nine strategic staffing decisions presented in Table 2–6 (on page 49) and a justification for each of your recommendations.

It is a good idea to read the applied case assignments for the rest of the chapters to guide your research and identify how your job experts might provide useful information for future sections of the project.

CASE STUDY ASSIGNMENT: STRATEGIC STAFFING AT CHERN'S

All Chern's materials and a summary of the Chern's assignments for all of the chapters are in the Appendix of this book." This chapter's Chern's assignment is to:

a. Develop a formal talent philosophy, HR strategy, and specific staffing strategy for Chern's sales associates.

b. Address each of the nine strategic staffing decisions for this important position.

c. Explain each of your recommendations for the nine decisions.

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