EMPLOYEE RECRUITMENT AND RETENTION

Northeast Wisconsin Technical College

Employee Recruitment and Retention (NWTC)

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TABLE OF CONTENTS

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CHAPTER OVERVIEW

1: Recruitment

1.1: The Recruitment Process

Learning Objectives

1. Discuss the need for forecasting human resource needs and techniques for forecasting.
2. Be able to explain the steps to an effective recruitment strategy.
3. Be able to develop a job analysis and job description.

The recruitment process is an important part of human resource management (HRM). It isn't done without proper strategic planning. Recruitment is defined as a process that provides the organization with a pool of qualified job candidates from which to choose. Before companies recruit, they must implement proper staffing plans and forecasting to determine how many people they will need. The basis of the forecast will be the annual budget of the organization and the short- to long-term plans of the organization—for example, the possibility of expansion. In addition to this, the organizational life cycle will be a factor. Forecasting is based on both internal and external factors. Internal factors include the following:

1. Budget constraints
2. Expected or trend of employee separations
3. Production levels
4. Sales increases or decreases
5. Global expansion plans

External factors might include the following:

1. Changes in technology
2. Changes in laws
3. Unemployment rates
4. Shifts in population
5. Shifts in urban, suburban, and rural areas
6. Competition

Once the forecasting data are gathered and analyzed, the HR professional can see where gaps exist and then begin to recruit individuals with the right skills, education, and backgrounds. This section will discuss this step in HR planning.

Recruitment Strategy

Although it might seem easy, recruitment of the right talent, at the right place and at the right time, takes skill and practice, but more importantly, it takes strategic planning. An understanding of the labor market and the factors determining the relevant aspects of the labor market is key to being strategic about your recruiting processes.

Based on this information, when a job opening occurs, the HRM professional should be ready to fill that position. Here are the aspects of developing a recruitment strategy:

1. Refer to a staffing plan. This is discussed in Chapter 2.
2. Confirm the job analysis is correct through questionnaires.
3. Write the job description and job specifications.
4. Have a bidding system to recruit and review internal candidate qualifications for possible promotions.
5. Determine the best recruitment strategies for the position.
6. Implement a recruiting strategy.

The first step in the recruitment process is acknowledgment of a job opening. At this time, the manager and/or the HRM look at the job description for the job opening (assuming it isn't a new job). We discuss how to write a job analysis and job description later within the course.

Assuming the job analysis and job description are ready, an organization may decide to look at internal candidates' qualifications first. Internal candidates are people who are already working for the company. If an internal candidate meets the qualifications, this person might be encouraged to apply for the job, and the job opening may not be published. Many organizations have formal job posting procedures and bidding systems in place for internal candidates. For example, job postings may be sent to a listserv or other avenue so all employees have access to them. However, the advantage of publishing open positions to everyone in and outside the company is to ensure the organization is diverse.

Then the best recruiting strategies for the type of position are determined. For example, for a high-level executive position, it may be decided to hire an outside head-hunting firm. For an entry-level position, advertising on social networking websites might be the best strategy. Most organizations will use a variety of methods to obtain the best results.

Another consideration is how the recruiting process will be managed under constraining circumstances such as a short deadline or a low number of applications. In addition, establishing a protocol for how applications and résumés will be processed will save time later. For example, some HRM professionals may use software such as Microsoft Excel to communicate the time line of the hiring process to key managers.

Once these tasks are accomplished, the hope is that you will have a diverse group of people to interview (called the selection process). Before this is done, though, it is important to have information to ensure the right people are recruited. This is where the job analysis and job description come in.

Job Analysis and Job Descriptions

The job analysis is a formal system developed to determine what tasks people actually perform in their jobs. The purpose of a job analysis is to ensure creation of the right fit between the job and the employee and to determine how employee performance will be assessed. A major part of the job analysis includes research, which may mean reviewing job responsibilities of current employees, researching job descriptions for similar jobs with competitors, and analyzing any new responsibilities that need to be accomplished by the person with the position. According to research by Hackman and Oldham (Hackman & Oldham, 1976), a job diagnostic survey should be used to diagnose job characteristics prior to any redesign of a job.

To start writing a job analysis, data need to be gathered and analyzed, keeping in mind Hackman and Oldham's model. The Figure below shows the process of writing a job analysis. Please note, though, that a job analysis is different from a job design. Job design refers to how a job can be modified or changed to be more effective—for example, changing tasks as new technology becomes available.

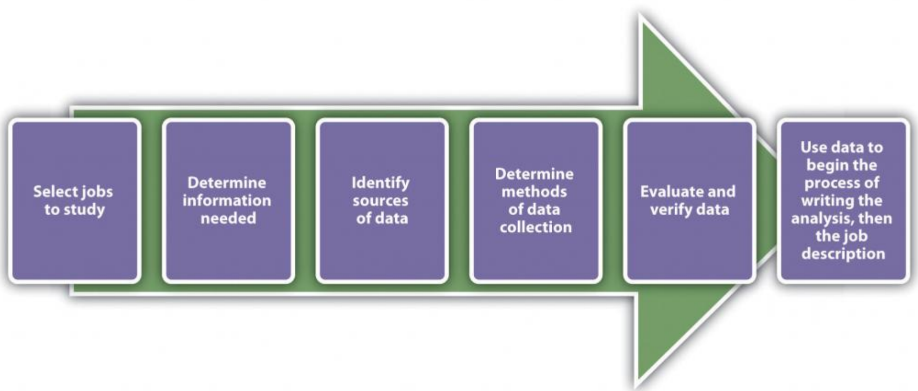
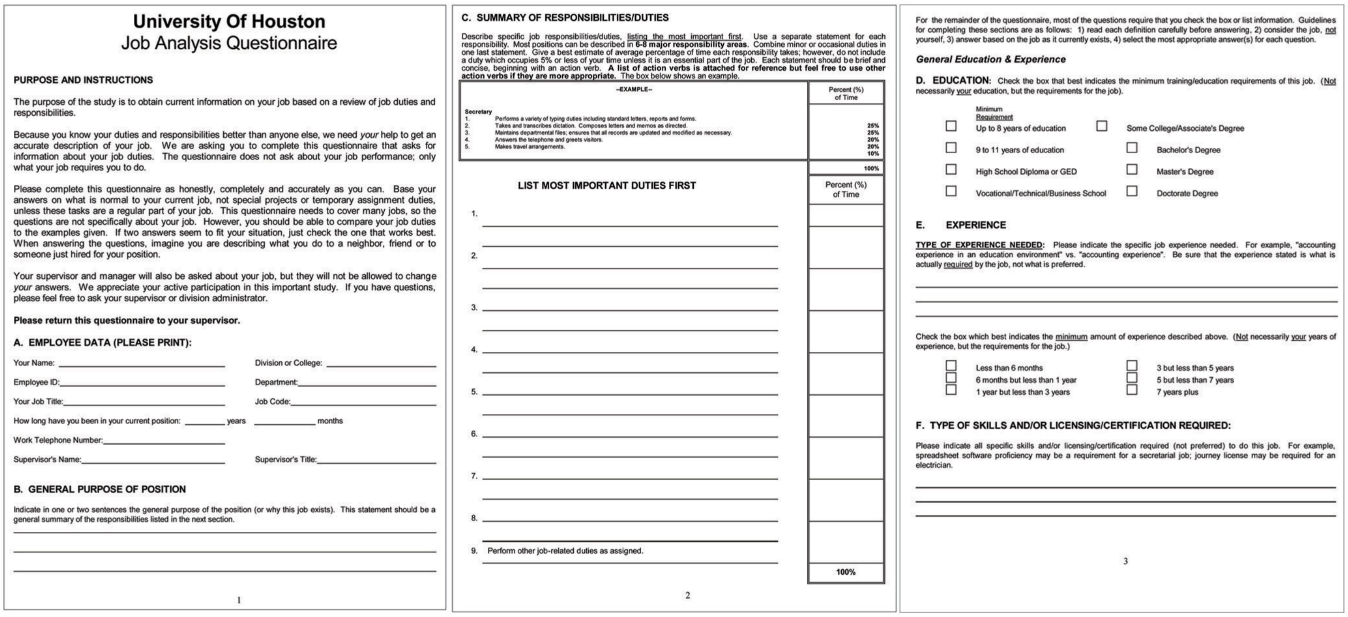


Figure: Process for Writing the Job Analysis. (CC-BY-NC-SA This work)

The information gathered from the job analysis is used to develop both the job description and the job specifications. A job description is a list of tasks, duties, and responsibilities of a job. Job specifications, on the other hand, discuss the skills and abilities the person must have to perform the job. The two are tied together, as job descriptions are usually written to include job specifications. A job analysis must be performed first, and then based on that data, we can successfully write the job description and job specifications. Think of the analysis as "everything an employee is required and expected to do."



University Of Houston
Job Analysis Questionnaire

PURPOSE AND INSTRUCTIONS

The purpose of the study is to obtain current information on your job based on a review of job duties and responsibilities.

Because you know your duties and responsibilities better than anyone else, we need *your* help to get an accurate description of your job. We are asking you to complete this questionnaire that asks for information about your job duties. The questionnaire does not ask about your job performance; only what your job requires you to do.

Please complete this questionnaire as honestly, completely and accurately as you can. Base your answers on what is normal to your current job, not special projects or temporary assignment duties, unless these tasks are a regular part of your job. This questionnaire needs to cover many jobs, so the questions are not specifically about your job. However, you should be able to compare your job duties to the examples given. If two answers seem to fit your situation, just check the one that works best. When answering the questions, imagine you are describing what you do to a neighbor, friend or to someone just hired for your position.

Your supervisor and manager will also be asked about your job, but they will not be allowed to change *your* answers. We appreciate your active participation in this important study. If you have questions, please feel free to ask your supervisor or division administrator.

Please return this questionnaire to your supervisor.

A. EMPLOYEE DATA (PLEASE PRINT):

Your Name: ____________ Division or College: ____________

Employee ID: ____________ Department: ____________

Your Job Title: ____________ Job Code: ____________

How long have you been in your current position: ______ years ______ months

Work Telephone Number: ____________

Supervisor's Name: ____________ Supervisor's Title: ____________

B. GENERAL PURPOSE OF POSITION

Indicate in one or two sentences the general purpose of the position (or why this job exists). This statement should be a general summary of the responsibilities listed in the next section.

1

C. SUMMARY OF RESPONSIBILITIES/DUTIES

Describe specific job responsibilities/duties, listing the most important first. Use a separate statement for each responsibility. Most positions can be described in **6-8 major responsibility areas**. Combine minor or occasional duties in one last statement. Give a best estimate of average percentage of time each responsibility takes; however, do not include a duty which occupies 5% or less of your time unless it is an essential part of the job. Each statement should be brief and concise, beginning with an action verb. **A list of action verbs is attached for reference but feel free to use other action verbs if they are more appropriate.** The box below shows an example.

--EXAMPLE--	Percent (%) of Time
Secretary	
1. Performs a variety of typing duties including standard letters, reports and forms.	25%
2. Takes and transcribes dictation. Composes letters and memos as directed.	25%
3. Maintains departmental files; ensures that all records are updated and modified as necessary.	20%
4. Answers the telephone and greets visitors.	20%
5. Makes travel arrangements.	10%
	100%

LIST MOST IMPORTANT DUTIES FIRST	Percent (%) of Time
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9. Perform other job-related duties as assigned.	
	100%

2

For the remainder of the questionnaire, most of the questions require that you check the box or list information. Guidelines for completing these sections are as follows: 1) read each definition carefully before answering, 2) consider the job, not yourself, 3) answer based on the job as it currently exists, 4) select the most appropriate answer(s) for each question.

General Education & Experience

D. EDUCATION: Check the box that best indicates the minimum training/education requirements of this job. (Not necessarily your education, but the requirements for the job).

Minimum Requirement

- ☐ Up to 8 years of education
- ☐ 9 to 11 years of education
- ☐ High School Diploma or GED
- ☐ Vocational/Technical/Business School
- ☐ Some College/Associate's Degree
- ☐ Bachelor's Degree
- ☐ Master's Degree
- ☐ Doctorate Degree

E. EXPERIENCE

TYPE OF EXPERIENCE NEEDED: Please indicate the specific job experience needed. For example, "accounting experience in an education environment" vs. "accounting experience". Be sure that the experience stated is what is actually required by the job, not what is preferred.

Check the box which best indicates the minimum amount of experience described above. (Not necessarily your years of experience, but the requirements for the job.)

- ☐ Less than 6 months
- ☐ 6 months but less than 1 year
- ☐ 1 year but less than 3 years
- ☐ 3 but less than 5 years
- ☐ 5 but less than 7 years
- ☐ 7 years plus

F. TYPE OF SKILLS AND/OR LICENSING/CERTIFICATION REQUIRED:

Please indicate all specific skills and/or licensing/certification required (not preferred) to do this job. For example, spreadsheet software proficiency may be a requirement for a secretarial job; journey license may be required for an electrician.

3

Figure: Sample Job Analysis Questionnaire. (CC-BY-NC-SA This work)

This questionnaire shows how an HR professional might gather data for a job analysis. Questionnaires can be completed on paper or online.

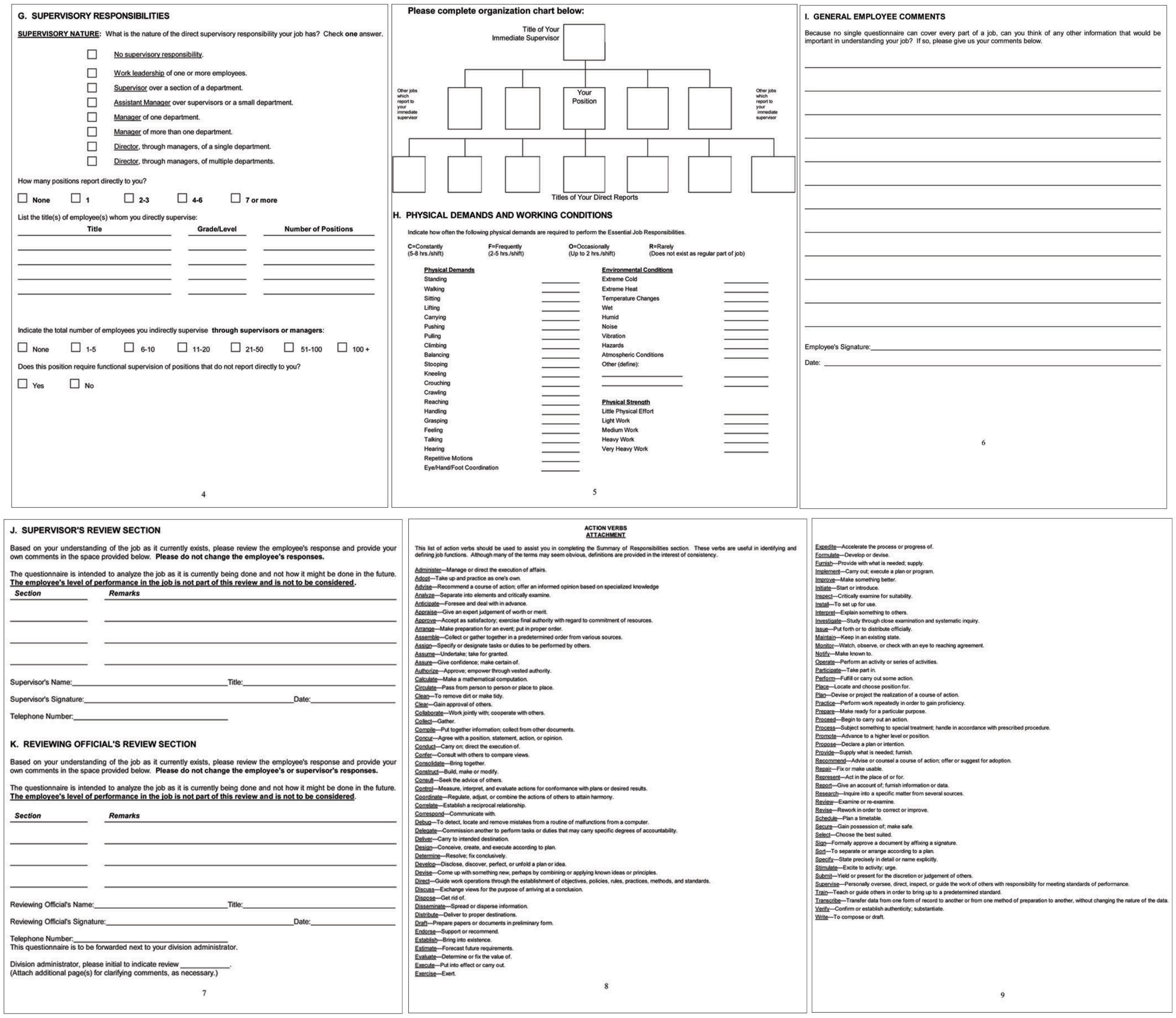


Figure: Questionaire continued (CC-BY-NC-SA This work)

Two types of job analyses can be performed: a task-based analysis and a competency- or skills-based analysis. A task-based analysis focuses on the duties of the job, as opposed to a competency-based analysis, which focuses on the specific knowledge and abilities an employee must have to perform the job. An example of a task-based analysis might include information on the following:

1. Write performance evaluations for employees.
2. Prepare reports.
3. Answer incoming phone calls.
4. Assist customers with product questions.
5. Cold-call three customers a day.

With task job analysis, the specific tasks are listed and it is clear. With competency based, it is less clear and more objective. However, competency-based analysis might be more appropriate for specific, high-level positions. For example, a competency-based analysis might include the following:

1. Able to utilize data analysis tools
2. Able to work within teams
3. Adaptable
4. Innovative

You can clearly see the difference between the two. The focus of task-based analyses is the job duties required, while the focus of competency-based analyses is on how a person can apply their skills to perform the job. One is not better than the other but is simply used for different purposes and different types of jobs. For example, a task-based analysis might be used for a receptionist, while a competency-based analysis might be used for a vice president of sales position. Consider the legal implications, however, of which job analysis is used. Because a competency-based job analysis is more subjective, it might be more difficult to tell whether someone has met the criteria.

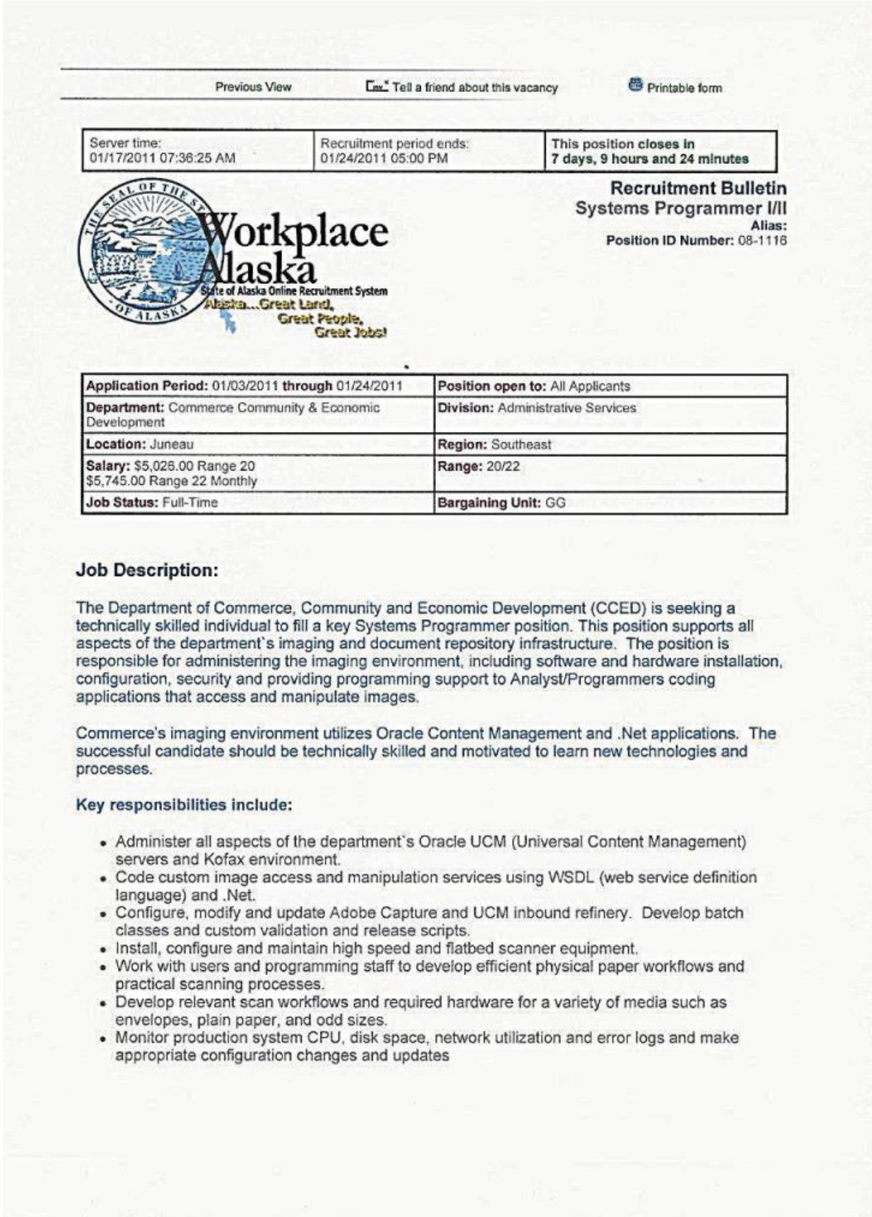
Once you have decided if a competency-based or task-based analysis is more appropriate for the job, you can prepare to write the job analysis. Of course, this isn't something that should be done alone. Feedback from managers should be taken into consideration to make this task useful in all levels of the organization. Organization is a key component to preparing for your job analysis. For example, will you perform an analysis on all jobs in the organization or just focus on one department? Once you have determined how you will conduct the analysis, a tool to conduct the analysis should be chosen. Most organizations use questionnaires (online or hard copy) to determine the duties of each job title. Some organizations will use face-to-face interviews to perform this task, depending on time constraints and the size of the organization. A job analysis questionnaire usually includes the following types of questions, obviously depending on the type of industry:

1. Employee information such as job title, how long in position, education level, how many years of experience in the industry
2. Key tasks and responsibilities
3. Decision making and problem solving: this section asks employees to list situations in which problems needed to be solved and the types of decisions made or solutions provided.
4. Level of contact with colleagues, managers, outside vendors, and customers
5. Physical demands of the job, such as the amount of heavy lifting or ability to see, hear, or walk
6. Personal abilities required to do the job—that is, personal characteristics needed to perform well in this position
7. Specific skills required to do the job—for example, the ability to run a particular computer program
8. Certifications to perform the job

Once all employees (or the ones you have identified) have completed the questionnaire, you can organize the data, which is helpful in creating job descriptions. If there is more than one person completing a questionnaire for one job title, the data should be combined to create one job analysis for one job title. There are a number of software packages available to help human resources perform this task, such as AutoGOJA.

Once the job analysis has been completed, it is time to write the job description and specifications, using the data you collected. Job descriptions should always include the following components:

1. Job functions (the tasks the employee performs)
2. Knowledge, skills, and abilities (what an employee is expected to know and be able to do, as well as personal attributes)
3. Education and experience required
4. Physical requirements of the job (ability to lift, see, or hear, for example)



Previous View | Tell a friend about this vacancy | Printable form

Server time: 01/17/2011 07:36:25 AM	Recruitment period ends: 01/24/2011 05:00 PM	**This position closes in 7 days, 9 hours and 24 minutes**

Recruitment Bulletin
Systems Programmer I/II
Alias:
Position ID Number: 08-1116

Application Period: 01/03/2011 **through** 01/24/2011	**Position open to:** All Applicants
Department: Commerce Community & Economic Development	**Division:** Administrative Services
Location: Juneau	**Region:** Southeast
Salary: $5,026.00 Range 20 $5,745.00 Range 22 Monthly	**Range:** 20/22
Job Status: Full-Time	**Bargaining Unit:** GG

Job Description:

The Department of Commerce, Community and Economic Development (CCED) is seeking a technically skilled individual to fill a key Systems Programmer position. This position supports all aspects of the department's imaging and document repository infrastructure. The position is responsible for administering the imaging environment, including software and hardware installation, configuration, security and providing programming support to Analyst/Programmers coding applications that access and manipulate images.

Commerce's imaging environment utilizes Oracle Content Management and .Net applications. The successful candidate should be technically skilled and motivated to learn new technologies and processes.

Key responsibilities include:

- Administer all aspects of the department's Oracle UCM (Universal Content Management) servers and Kofax environment.
- Code custom image access and manipulation services using WSDL (web service definition language) and .Net.
- Configure, modify and update Adobe Capture and UCM inbound refinery. Develop batch classes and custom validation and release scripts.
- Install, configure and maintain high speed and flatbed scanner equipment.
- Work with users and programming staff to develop efficient physical paper workflows and practical scanning processes.
- Develop relevant scan workflows and required hardware for a variety of media such as envelopes, plain paper, and odd sizes.
- Monitor production system CPU, disk space, network utilization and error logs and make appropriate configuration changes and updates

Figure: Sample Job Description. Notice how the job description includes the job function; knowledge, skills, and abilities required to do the job; education and experience required; and the physical requirements of the job. (CC-BY-NC-SA This work)

Once the job description has been written, obtaining approval from the hiring manager is the next step. Then the HR professional can begin to recruit for the position. Before we discuss specific recruitment strategies, we should address the law and how it relates to hiring.

Tips to Writing a Good Job Description

- Be sure to include the pertinent information:
  - Title
  - Department
  - Reports to
  - Duties and responsibilities
  - terms of employment
  - qualifications needed
- Think of the job description as a snapshot of the job.

- Communicate clearly and concisely.
- Make sure the job description is interesting to the right candidate applying for the job.
- Avoid acronyms.
- Don’t try to fit all job aspects into the job description.
- Proofread the job description.

Writing a Job Description

A short video on how to write an effective job description, with examples.

Human Resource Recall

Does your current job or past job have a job description? Did it closely match the tasks you actually performed?

Key Takeaways

- The *recruitment process* provides the organization with a pool of qualified applicants.
- Some companies choose to hire *internal candidates*—that is, candidates who are already working for the organization. However, diversity is a consideration here as well.
- A *job analysis* is a systematic approach to determine what a person actually does in his or her job. This process might involve a questionnaire to all employees. Based on this analysis, an accurate *job description* and *job specifications* can be written. A job description lists the components of the job, while job specifications list the requirements to perform the job.

Exercises 1.1.1

1. Do an Internet search for “job description.” Review three different job descriptions and then answer the following questions for each of the jobs:
    1. What are the job specifications?
    2. Are the physical demands mentioned?
    3. Is the job description task based or competency based?
    4. How might you change this job description to obtain more qualified candidates?
2. Why do the five steps of the recruitment process require input from other parts of the organization? How might you handle a situation in which the employees or management are reluctant to complete a job analysis?

References

Hackman J. R. and Greg R. Oldham, “Motivation through the Design of Work: Test of a Theory,” *Organizational Behavior and Human Performance* 16, no. 2 (August 1976): 250–79.

1.2: The Law and Recruitment

Learning Objectives

1. Explain the Immigration Reform and Control Act (IRCA), Patriot Act, and equal employment opportunity (EEO) laws and how they relate to recruiting.

One of the most important parts of HRM is to know and apply the law in all activities the HR department handles. Specifically with hiring processes, the law is very clear on a fair hiring that is inclusive to all individuals applying for a job. The laws discussed here are applied specifically to the recruiting of new employees.

Immigration Reform and Control Act

The Immigration Reform and Control Act (IRCA) was adopted by Congress in 1986[1]. This law requires employers to attest to their employees' immigration status. It also makes it illegal to hire or recruit illegal immigrants. The purpose of this law is to preserve jobs for those who have legal documentation to work in the United States. The implications for human resources lie in the recruitment process, because before entering employees into the selection process (interviewing, for example), it is important to know they are eligible to work in the United States. This is why many application forms ask, "Are you legally able to work in the United States?" Dealing with the IRCA is a balancing act, however, because organizations cannot discriminate against legal aliens seeking work in the United States.

The IRCA relates not only to workers you hire but also to subcontractors. In a subcontractor situation (e.g., your organization hires an outside firm to clean the building after hours), your organization can still be held liable if it is determined your organization exercises control over how and when the subcontractors perform their jobs. In 2005, undocumented janitorial workers sued Walmart, arguing that the contracting company they worked for didn't pay them a minimum wage[2]. Because the retailer controlled many of the details of their work, Walmart was considered to be a coemployer, and as a result, Walmart was held responsible not only for back wages but for the fact their subcontractor had hired undocumented workers.

HR professionals must verify both the identity and employment eligibility of all employees, even if they are temporary employees. The INS I-9 form (Employment Eligibility Verification form) is the reporting form that determines the identity and legal work status of a worker.

If an audit is performed on your company, you would be required to show I-9 forms for all your workers. If an employer hires temporary workers, it is important to manage data on when work visas are to expire, to ensure compliance. Organizations that hire illegal workers can be penalized $100 to $1,000 per hire. There is a software solution for management of this process, such as HR Data Manager. Once all data about workers are inputted, the manager is sent reminders if work authorization visas are about to expire. Employers are required to have the employee fill out the I-9 form on their first day of work, and the second section must be filled out within three days after the first day of employment. The documentation must be kept on file three years after the date of hire or for one year after termination. Some states, though, require the I-9 form be kept on file for as long as the person is employed with the organization.

In 2010, new rules about the electronic storage of forms were developed. The US Department of Homeland Security said that employees can have these forms electronically signed and stored.

Patriot Act

In response to the September 11, 2001, terrorist attacks against the United States, the Patriot Act was signed, introducing legislative changes to enhance the federal government's ability to conduct domestic and international investigations and surveillance activities. As a result, employers needed to implement new procedures to maintain employee privacy rights while also creating a system that allowed for release of information requested by the government.

The act also amended the Electronic Communications Privacy Act, allowing the federal government easier access to electronic communications. For example, only a search warrant is required for the government to access voice mail and e-mail messages.

The act also amended the Foreign Intelligence Surveillance Act. The government is allowed to view communications if an employee is suspected of terrorism, and the government does not have to reveal this surveillance to the employer.

It is prudent for HR professionals and managers to let potential employees know of these new requirements, before the hiring process begins.

? How Would You Handle This? - Wrong Job Description

Aimee, a highly motivated salesperson, has come to you with a complaint. She states that she had her performance evaluation, but all the items on her evaluation didn't relate to her actual job. In the past two years, she explains, her job has changed because of the increase of new business development using technology. How would you handle this?

EEO Set of Laws

EEO laws are often discussed within HR classes, but they are worth mentioning again here in relation to the recruitment process. The Equal Employment Opportunity Commission (EEOC) is a federal agency charged with the task of enforcing federal employment discrimination laws. While there are restrictions on the type of company covered (companies with at least fifteen employees), the EEOC requires collection of data and investigates discrimination claims, again, for organizations with more than fifteen employees.

Under EEO law related to the recruitment process, employers cannot discriminate based on age (forty years or older), disability, genetic information, national origin, sex, pregnancy, race, and religion. In a job announcement, organizations usually have an EEO statement. Here are some examples:

1. (Company name) is fully committed to Equal Employment Opportunity and to attracting, retaining, developing, and promoting the most qualified employees without regard to their race, gender, color, religion, sexual orientation, national origin, age, physical or mental disability, citizenship status, veteran status, or any other characteristic prohibited by state or local law. We are dedicated to providing a work environment free from discrimination and harassment, and where employees are treated with respect and dignity.
2. (Company name) does not unlawfully discriminate on the basis of race, color, religion, national origin, age, height, weight, marital status, familial status, handicap/disability, sexual orientation, or veteran status in employment or the provision of services, and provides, upon request, reasonable accommodation including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.
3. It is the policy of (college name), in full accordance with the law, not to discriminate in employment, student admissions, and student services on the basis of race, color, religion, age, political affiliation or belief, sex, national origin, ancestry, disability, place of birth, general education development certification (GED), marital status, sexual orientation, gender identity or expression, veteran status, or any other legally protected classification. (College name) recognizes its responsibility to promote the principles of equal opportunity for employment, student admissions, and student services taking active steps to recruit minorities and women.
4. (Company name) will not discriminate against or harass any employee or applicant for employment on the basis of race, color, creed, religion, national origin, sex, sexual orientation, disability, age, marital status, or status with regard to public assistance. (Company name) will take affirmative action to ensure that all practices are free of such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, selection, layoff, disciplinary action, termination, rates of pay or other forms of compensation, and selection for training.

In addition to including the EEO policy in the job announcement, HR is required to post notices of EEOC policies in a visible part of the work environment (such as the break room).

Although the EEOC laws in hiring are clear about discrimination, an exception may occur, called the bona fide occupational qualification (BFOQ). BFOQ is a quality or attribute that is reasonably necessary to the normal operation of the business and that can be used when considering applicants. To obtain a BFOQ exception, a company must prove that a particular person could not perform the job duties because of sex, age, religion, disability, and national origin. Examples of BFOQ exceptions might include the following:

1. A private religious school may require a faculty member to be of the same denomination.
2. Mandatory retirement is required for airline pilots at a certain age.
3. A clothing store that sells male clothing is allowed to hire only male models.
4. If an essence of a restaurant relies on one sex versus another (e.g., Hooters), they may not be required to hire male servers.

However, many arguments for BFOQ would not be considered valid. For example, race has never been a BFOQ, nor has customers' having a preference for a particular gender. Generally speaking, when going through the recruitment process and writing job descriptions, assuming a BFOQ would apply might be a mistake. Seeking legal council before writing a job description would be prudent.

Other aspects to consider in the development of the job description are disparate impact and disparate treatment. These are the two ways to classify employment discrimination cases. Disparate impact occurs when an organization discriminates through the use of a process, affecting a protected group as a whole, rather than consciously intending to discriminate. Some examples of disparate impact might include the following:

1. Requirement of a high school diploma, which may not be important to employment, could discriminate against racial groups
2. A height requirement, which could limit the ability of women or persons of certain races to apply for the position
3. Written tests that do not relate directly to the job
4. Awarding of pay raises on the basis of, say, fewer than five years of experience, which could discriminate against people older than forty

Disparate treatment, when one person is intentionally treated differently than another, does not necessarily impact the larger protected group as a whole, as in disparate impact. The challenge in these cases is to determine if someone was treated differently because of their race or gender or if there was another reason for the different treatment. Here are two examples:

1. Both a male and a female miss work, and the female is fired but the male is not.
2. A company does not hire people of a certain race or gender, without a BFOQ.

Human Resource Recall

Can you think of other examples of disparate impact that might affect a certain protected group of people under EEOC?

The Concept of Disparate Impact

- JM Gordon explains the concept of disparate impact.

Key Takeaways

- *IRCA* stands for *Immigration and Reform Act*. This law requires all employers to determine eligibility of an employee to work in the United States. The reporting form is called an I-9 and must be completed and kept on file (paper or electronic) for at least three years, but some states require this documentation to be kept on file for the duration of the employee's period of employment.
- The *Patriot Act* allows the government access to data that would normally be considered private—for example, an employee's records and work voice mails and e-mails (without the company's consent). The HR professional might consider letting employees know of the compliance with this law.
- The *EEOC* is a federal agency charged with ensuring discrimination does not occur in the workplace. They oversee the equal employment opportunity (EEO) set of laws. Organizations must post EEO laws in a visible location at their workplace and also include them on job announcements.

- Related to the EEOC, the *bona fide occupational qualification (BFOQ)* makes it legal to discriminate in hiring based on special circumstances—for example, requiring the retirement of airline pilots at a certain age due to safety concerns.
- *Disparate impact* refers to a policy that may limit a protected EEO group from receiving fair treatment. Disparate impact might include a test or requirement that negatively impacts someone based on protected group status. An example is requiring a high school diploma, which may not directly impact the job. *Disparate treatment* refers to discrimination against an individual, such as the hiring of one person over another based on race or gender.

Exercises 1.2.1

1. Describe the difference between disparate treatment and disparate impact.
2. Explain a situation (other than the ones described in this section) in which a BFOQ might be appropriate. Then research to see if in the past this reasoning has been accepted as a BFOQ.

[1]U.S. Citizenship and Immigration Services website. Accessed January 17, 2011. www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextchannel=b328194d3e88d010VgnVCM10000048f3d6a1RCRD&vgnextoid=04a295c4f635f010VgnVCM1000000ecd190aRCRD.

[2]Zavala v. Wal-Mart, No. 03-5309, DC NJ (2005).

1.3: Recruitment Strategies

Learning Objectives

1. Explain the various strategies that can be used in recruitment.

Now that we have discussed development of the job analysis, job description, and job specifications, and you are aware of the laws relating to recruitment, it is time to start recruiting. It is important to mention, though, that a recruitment plan should be in place. This plan can be informal, but you should outline where you plan to recruit and your expected time lines. For example, if one of your methods is to submit an ad to a trade publication website, you should know their deadlines. Also of consideration is to ensure you are recruiting from a variety of sources to ensure diversity. Lastly, consider the economic situation of the country. With high unemployment, you may receive hundreds of applications for one job. In an up economy, you may not receive many applications and should consider using a variety of sources.

Some companies, such as Southwest Airlines, are known for their innovative recruitment methods. Southwest looks for “the right kind of people” and are less focused on the skills than on the personality of the individual (Carey, 2011). When Southwest recruits, it looks for positive team players that match the underdog, quirky company culture. Applicants are observed in group interviews, and those who exhibit encouragement for their fellow applicants are usually those who continue with the recruitment process. This section will discuss some of the ways Southwest and many other *Fortune* 500 companies find this kind of talent.

Recruitment Videos at Zappos

Zappos has developed and posted a series of YouTube videos called “Why Do I Like Working at Zappos?” The videos show the culture of the organization and provide a great tool for recruitment.

Recruiters

Some organizations choose to have specific individuals working for them who focus solely on the recruiting function of HR. Recruiters use similar sources to recruit individuals, such as professional organizations, websites, and other methods discussed in this chapter. Recruiters are excellent at networking and usually attend many events where possible candidates will be present. Recruiters keep a constant pipeline of possible candidates in case a position should arise that would be a good match. There are three main types of recruiters:

A contingent recruiter is paid only when the recruiter starts working, which is often the case with temporary recruitment or staffing firms. A retained recruiter gets paid up front (in full or a portion of the fee) to perform a specific search for a company.

While the HR professional, when using recruiters, may not be responsible for the details of managing the search process, he or she is still responsible for managing the process and the recruiters. The job analysis, job description, and job specifications still need to be developed and candidates will still need to be interviewed.

Fortune 500 Focus

In 2009, when Amazon purchased Zappos for 10 million shares of Amazon stock (roughly $900 million in 2009), the strategic move for Amazon didn't change the hiring and recruiting culture of Zappos. Zappos, again voted one of the best one hundred companies to work for by CNN Money (Sowa, 2011) believes it all starts with the people they hire. The recruiting staff always asks, "On a scale of 1–10, how weird do you think you are?" This question ties directly to the company's strategic plan and core value number three, which is "create fun and a little weirdness." Zappos recruits people who not only have the technical abilities for the job but also are a good culture fit for the organization. Once hired, new employees go through two weeks of training. At the end of the training, newly hired employees are given "the offer." The offer is $2,000 to quit on the spot. This ensures Zappos has committed people who have the desire to work with the organization, which all begins with the recruiting process.

1. **Executive search firm.** These companies are focused on high-level positions, such as management and CEO roles. They typically charge 10–20 percent of the first year salary, so they can be quite expensive. However, they do much of the upfront work, sending candidates who meet the qualifications.
2. **Temporary recruitment or staffing firm.** Suppose your receptionist is going on medical leave and you need to hire somebody to replace him, but you don't want a long-term hire. You can utilize the services of a temporary recruitment firm to send you qualified candidates who are willing to work shorter contracts. Usually, the firm pays the salary of the employee and the company pays the recruitment firm, so you don't have to add this person to your payroll. If the person does a good job, there may be opportunities for you to offer him or her a full-time, permanent position. Kelly Services, Manpower, and Snelling Staffing Services are examples of staffing firms.
3. **Corporate recruiter.** A corporate recruiter is an employee within a company who focuses entirely on recruiting for his or her company. Corporate recruiters are employed by the company for which they are recruiting. This type of recruiter may be focused on a specific area, such as technical recruiting.

Campus Recruiting

Colleges and universities can be excellent sources of new candidates, usually at entry-level positions. Consider technical colleges that teach cooking, automotive technology, or cosmetology. These can be great sources of people with specialized training in a specific area. Universities can provide people that may lack actual experience but have formal training in a specific field. Many organizations use their campus recruiting programs to develop new talent, who will eventually develop into managers.

For this type of program to work, it requires the establishment of relationships with campus communities, such as campus career services departments. It can also require time to attend campus events, such as job fairs. IBM, for example, has an excellent campus recruiting program. For IBM, recruiting out of college ensures a large number of people to grow with the organization[1].

Setting up a formal internship program might also be a way to utilize college and university contacts. Walgreens, for example, partners with Apollo College to recruit interns; this can result in full-time employment for the motivated intern and money saved for Walgreens by having a constant flow of talent.

Professional Associations

Professional associations are usually nonprofit organizations whose goal is to further a particular profession. Almost every profession has its own professional organization. For example, in the field of human resources, the Society for Human Resource Management allows companies to post jobs relating to HR. The American Marketing Association, also a professional organization, allows job postings as well. Usually, there is a fee involved, and membership in this association may be required to post jobs. Here are some examples of professional associations:

1. Professional Nursing Association
2. Society of Women Engineers
3. International Federation of Accountants
4. Institute of Management Consultants
5. United Professional Sales Association
6. National Lawyers Guild
7. National Organization of Minority Architects
8. International Federation of Journalists (union)

9. International Metalworkers Federation (union)
10. Association of Flight Attendants (union)

Labor unions can also be excellent sources of candidates, and some unions also allow job postings on their website. The key to using this as a successful recruitment strategy is to identify the organizations that relate to your business and to develop relationships with members in these organizations. This type of networking can help introduce you to people in your industry who may be looking for a job or know of someone who needs a job.

Human Resource Recall

What do you think is the best way to determine the right set of recruitment methods for your organization? What methods would be best for your current job?

Figure: Overview of the Steps to the Recruitment Process. (CC-BY-NC-SA This work)

Websites

If you have ever had to look for a job, you know there are numerous websites to help you do that. From the HR perspective, there are many options to place an ad, most of which are inexpensive. The downside to this method is the immense number of résumés you may receive from these websites, all of which may or may not be qualified. Many organizations, to combat this, implement software that searches for keywords in résumés, which can help combat this problem. Some examples of websites might include the following:

- Your own company website
- Yahoo HotJobs
- Monster
- CareerBuilder
- JobCentral

Social Media

Facebook, Twitter, LinkedIn, and YouTube are excellent places to obtain a media presence to attract a variety of workers. In 2007, Sodexo, which provides services such as food service and facilities management, started using social media to help spread the word about their company culture. Since then, they have saved $300,000 on traditional recruiting methods (Sodexo, 2011). Sodexo's fifty recruiters share updates on Twitter about their excellent company culture. Use of this media has driven traffic to the careers page on Sodexo's website, from 52,000 to 181,000.

The goal of using social media as a recruiting tool is to create a buzz about your organization, share stories of successful employees, and tout an interesting culture. Even smaller companies can utilize this technology by posting job openings as their status updates. This technique is relatively inexpensive, but there are some things to consider. For example, tweeting about a job opening might spark interest in some candidates, but the trick is to show your personality as an employer early on. According to Bruce Morton of Allegis Group Services, using social media is about getting engaged and having conversations with people before they're even thinking about you as an employer (Lindow, 2011). Debbie Fisher, an HR manager for a large advertising agency, Campbell Mithun, says that while tweeting may be a good way to recruit people who can be open about their job hunt, using tools such as LinkedIn might be a better way to obtain more seasoned candidates who cannot be open about their search for a new job, because of their current employment situation. She says that LinkedIn has given people permission to put their résumé online without fear of retribution from current employers.

Creativity with a social media campaign also counts. Campbell Mithun hired thirteen interns over the summer using a unique twist on social media. They asked interested candidates to submit thirteen tweets over thirteen days and chose the interns based on their creativity.

Many organizations, including Zappos, use YouTube videos to promote the company. Within the videos is a link that directs viewers to the company's website to apply for a position in the company.

Facebook allows free job postings in Facebook Marketplace, and the company Facebook page can also be used as a recruiting tool. Some organizations decide to use Facebook ads, which are paid on a "per click" or per impression (how many people potentially see the ad) basis. Facebook ad technology allows specific regions and Facebook keywords to be targeted (Black, 2011). Some individuals even use their personal Facebook page to post status updates listing job opportunities and asking people to respond privately if they are interested.

Events

Many organizations, such as Microsoft, hold events annually to allow people to network and learn about new technologies. Microsoft's Professional Developer Conference (PDC), usually held in July, hosts thousands of web developers and other professionals looking to update their skills and meet new people.

Some organizations, such as Choice Career Fairs, host job fairs all over the country; participating in this type of job fair may be an excellent way to meet a large variety of candidates. Other events may not be specifically for recruiting, but attending these events may allow you to meet people who could possibly fill a position or future position. For example, in the world of fashion, Fashion Group International (FGI) hosts events internationally on a weekly basis, which may allow the opportunity to meet qualified candidates.

Special/Specific Interest Groups (SIGs)

Special/specific interest groups (SIGs), which may require membership of individuals, focus on specific topics for members. Often SIGs will have areas for job posting, or a variety of discussion boards where jobs can be posted. For example, the Women in

Project Management SIG provides news on project management and also has a place for job advertisements. Other examples of SIGs might include the following:

Recruiting using SIGs can be a great way to target a specific group of people who are trained in a specific area or who have a certain specialty.

- Oracle Developer SIG
- African American Medical Librarians Alliance SIG
- American Marketing Association Global Marketing SIG
- Special Interest Group for Accounting Information Systems (SIG-ASYS)
- Junior Lawyer SIG

Referrals

Most recruiting plans include asking current employees, “Who do you know?” The quality of referred applicants is usually high, since most people would not recommend someone they thought incapable of doing the job. E-mailing a job opening to current employees and offering incentives to refer a friend can be a quick way of recruiting individuals. Due to the success of most formalized referral programs, it is suggested that a program be part of the overall HRM strategic plan and recruitment strategy. However, be wary of using referrals as the only method for recruitment, as this can lead to lack of diversity in a workplace. Nepotism means a preference for hiring relatives of current employees, which can also lead to lack of diversity and management issues in the workplace.

For example, the University of Washington offers $1,200 any time a current employee successfully refers a friend to work at their medical centers. Usually, most incentives require the new employee to be hired and stay a specified period of time. Some examples of incentives that can be used to refer a friend might include the following:

- A gift card to the employee
- A financial incentive
- Raffles for most referrals

These types of programs are called employee referral programs (ERPs) and tend to generate one of the highest returns on investment per hire (Lefkow, 2002). To make an ERP program effective, some key components should be put into place:

1. Communicate the program to existing employees.
2. Track the success of the program using metrics of successful hires.
3. Be aware of the administrative aspect and the time it takes to implement the program effectively.
4. Set measureable goals up front for a specialized program.

Accenture recently won the ERE Media Award for one of the most innovative ERPs. Its program has increased new hires from referrals from 14 percent to 32 percent, and employee awareness of the program jumped from just 20 percent to 99 percent (Sullivan, 2009). The uniqueness of their program lies with the reward the employee receives. Instead of offering personal financial compensation, Accenture makes a donation to the charity of the employee’s choice, such as a local elementary school. Their program also seeks to decrease casual referrals, so the employee is asked to fill out an online form to explain the skills of the individual they are referring. The company has also developed a website where current employees can go to track the progress of referrals. In addition, employee referral applications are flagged online and fast-tracked through the process—in fact, every referral is acted upon. As you can see, Accenture has made their ERP a success through the use of strategic planning in the recruitment process.

Table: Advantages and Disadvantages of Recruiting Methods

Recruitment Method	Advantages	Disadvantages
Outside recruiters, executive search firms, and temporary employment agencies	Can be time saving	Expensive Less control over final candidates to be interviewed
Campus recruiting/educational institutions	Can hire people to grow with the organization	Time consuming

Recruitment Method	Advantages	Disadvantages
	Plentiful source of talent	Only appropriate for certain types of experience levels
Professional organizations and associations	Industry specific	May be a fee to place an ad
	Networking	May be time-consuming to network
Websites/Internet recruiting	Diversity friendly	Could be too broad
	Low cost	Be prepared to deal with hundreds of résumés
	Quick	
Social media	Inexpensive	Time consuming
		Overwhelming response
Events	Access to specific target markets of candidates	Can be expensive
		May not be the right target market
SIG	Industry specific	Research required for specific SIGS tied to jobs
Referrals	Higher quality people	Concern for lack of diversity
	Retention	Nepotism
Unsolicited résumés and applications	Inexpensive, especially with time-saving keyword résumé search software	Time consuming
Internet and/or traditional advertisements	Can target a specific audience	Can be expensive
Employee leasing	For smaller organizations, it means someone does not have to administer compensation and benefits, as this is handled by leasing company	Possible costs
	Can be a good alternative to temporary employment if the job is permanent	Less control of who interviews for the position
Public employment agencies	The potential ability to recruit a more diverse workforce	May receive many résumés, which can be time-consuming
	No cost, since it’s a government agency	
	2,300 points of service nationwide	
Labor unions	Access to specialized skills	May not apply to some jobs or industries
		Builds relationship with the union

Costs of Recruitment

Part of recruitment planning includes budgeting the cost of finding applicants. For example, let’s say you have three positions you need to fill, with one being a temporary hire. You have determined your advertising costs will be $400, and your temporary agency costs will be approximately $700 for the month. You expect at least one of the two positions will be recruited as a referral, so you will pay a referral bonus of $500. Here is how you can calculate the cost of recruitment for the month:

cost per hire = advertising costs + recruiter costs + referral costs + social media costs + event costs.

$400 + $700 + $500 = $1600/3 = $533 recruitment cost per hire.

In addition, when we look at how effective our recruiting methods are, we can look at a figure called the yield ratio. A yield ratio is the percentage of applicants from one source who make it to the next stage in the selection process (e.g., they get an interview). For example, if you received two hundred résumés from a professional organization ad you placed, and fifty-two of those make it to the interview state, this means a 26 percent yield (52/200). By using these calculations, we can determine the best place to recruit for a particular position. Note, too, that some yield ratios may vary for particular jobs, and a higher yield ratio must also consider the cost of that method, too. For an entry-level job, campus recruiting may yield a better ratio than, say, a corporate recruiter, but the corporate recruiter may have higher cost per hires.

After we have finished the recruiting process, we can begin the selection process.

Key Takeaways

- HR professionals must have a recruiting plan before posting any job description. The plan should outline where the job announcements will be posted and how the management of candidate materials, such as résumés, will occur. Part of the plan should also include the expected cost of recruitment.
- Many organizations use recruiters. Recruiters can be executive recruiters, which means an outside firm performs the search. For temporary positions, a temporary or staffing firm such as Kelly Services might be used. Corporate recruiters work for the organization and function as a part of the HR team.
- Campus recruiting can be an effective way of recruiting for entry-level positions. This type of recruiting may require considerable effort in developing relationships with college campuses.
- Almost every profession has at least one professional association. Posting announcements on their websites can be an effective way of targeting for a specific job.
- Most companies will also use their own website for job postings, as well as other websites such as Monster and CareerBuilder.
- Social media is also a popular way to recruit. Usage of websites such as Twitter and Facebook can get the word out about a specific job opening, or give information about the company, which can result in more traffic being directed to the company's website.
- Recruiting at special events such as job fairs is another option. Some organizations have specific job fairs for their company, depending on the size. Others may attend industry or job-specific fairs to recruit specific individuals.
- SIGs, or special/specific interest groups, are usually very specialized. For example, female project managers may have an interest group that includes a discussion board for posting of job announcements.
- Employee referrals can be a great way to get interest for a posted position. Usually, incentives are offered to the employee for referring people they know. However, diversity can be an issue, as can *nepotism*.
- Our last consideration in the recruitment process is recruitment costs. We can determine this by looking at the total amount we have spent on all recruiting efforts compared to the number of hires. A *yield ratio* is used to determine how effective recruiting efforts are in one area. For example, we can look at the number of total applicants received from a particular form of media, and divide that by the number of those applicants who make it to the next step in the process (e.g., they receive an interview).

Exercises 1.3.1

1. Perform an Internet search on professional associations for your particular career choice. List at least three associations, and discuss recruiting options listed on their websites (e.g., do they have discussion boards or job advertisements links?).
2. Have you ever experienced nepotism in the workplace? If yes, describe the experience. What do you think are the upsides and downsides to asking current employees to refer someone they know?

[1]"University Students," IBM, n.d., accessed January 17, 2011, www-03.ibm.com/employment/start_university.html.

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CHAPTER OVERVIEW

2: Selection

2.1: Introduction

The Interview

Many of us have or will sit in a waiting room with our best clothes on awaiting a job (or school) interview. You can feel your palms sweat and thoughts race as you wait for your name to be called. You look around at the office environment and imagine yourself walking through those doors everyday. People walk by and smile, and overall, you have a really good first impression of the organization. You hope they like you. You tell yourself to remember to smile, while recalling all your experience that makes you the perfect person for this job. A moment of self-doubt may occur, as you wonder about the abilities of the other people being interviewed and hope you have more experience and make a better impression than they do. You hear your name, stand up, and give a firm handshake to the HR manager. The interview has begun.

As she walks you back to a conference room, you think you see encouraging smiles as you pass by people. She asks you to take a chair and then tells you what the interview process will be like. She then asks the first question, “Tell me about yourself.” As you start discussing your experience, you feel yourself relax, just a little bit. After the interview finishes, she asks you to take a quick cognitive test, which you feel good about. She tells you she will be doing reference checks and will let you know by early next week.

To get to this point, the hiring manager may have reviewed hundreds of résumés and developed criteria she would use for selection of the right person for the job. She has probably planned a time line for hiring, developed hiring criteria, determined a compensation package for the job, and enlisted help of other managers to interview candidates. She may have even performed a number of phone interviews before bringing only a few of the best candidates in for interviews. It is likely she has certain qualities in mind that she is hoping you or another candidate will possess. Much work goes into the process of hiring someone, with selection being an important step in that process. A hiring process done correctly is time-consuming and precise. The interviewer should already have questions determined and should be ready to sell the organization to the candidate as well. This chapter will discuss the main components to the selection process.

2.2: The Selection Process

Learning Objectives

1. Be able to name and discuss the steps in the selection process.

Once you have developed your recruitment plan, recruited people, and now have plenty of people to choose from, you can begin the selection process. The selection process refers to the steps involved in choosing people who have the right qualifications to fill a current or future job opening. Usually, managers and supervisors will be ultimately responsible for the hiring of individuals, but the role of human resource management (HRM) is to define and guide managers in this process. Similar to the recruitment process discussed in Chapter 4 “Recruitment”, the selection process is expensive. The time for all involved in the hiring process to review résumés, weight the applications, and interview the best candidates takes away time (and costs money) that those individuals could spend on other activities. In addition, there are the costs of testing candidates and bringing them in from out of town for interviews. In fact, the US Department of Labor and Statistics estimates the combined direct and indirect cost of hiring someone new can reach upwards of $40,000 (Hamm, 2011). Because of the high cost, it is important to hire the right person from the beginning and ensure a fair selection process. For example, the Austin, Texas, fire department calculated it would cost $150,000 to reinterview candidates, after the interview questions were leaked to the public, giving some candidates possibly unfair advantages in the interview process[1].

Figure: Interviews can be nerve wracking. In this chapter, we will discuss what goes into making the best hiring decision. Alan Cleaver – Interview – CC BY 2.0.

The selection process consists of five distinct aspects:

1. **Criteria development.** All individuals involved in the hiring process should be properly trained on the steps for interviewing, including developing criteria, reviewing résumés, developing interview questions, and weighting the candidates.

   The first aspect to selection is planning the interview process, which includes criteria development. Criteria development means determining which sources of information will be used and how those sources will be scored during the interview. The criteria should be related directly to the job analysis and the job specifications. This is discussed in Chapter 4 “Recruitment”. In fact, some aspects of the job analysis and job specifications may be the actual criteria. In addition to this, include things like personality or cultural fit, which would also be part of criteria development. This process usually involves discussing which skills, abilities, and personal characteristics are required to be successful at any given job. By developing the criteria before reviewing any résumés, the HR manager or manager can be sure he or she is being fair in selecting people to interview. Some organizations may need to develop an application or a biographical information sheet. Most of these are completed online and should include information about the candidate, education, and previous job experience.

2. **Application and résumé review.** Once the criteria have been developed (step one), applications can be reviewed. People have different methods of going through this process, but there are also computer programs that can search for keywords in résumés and narrow down the number of résumés that must be looked at and reviewed.

3. **Interviewing.** After the HR manager and/or manager have determined which applications meet the minimum criteria, he or she must select those people to be interviewed. Most people do not have time to review twenty or thirty candidates, so the field is sometimes narrowed even further with a phone interview. This is discussed in “Types of Interviews”.
4. **Test administration.** Any number of tests may be administered before a hiring decision is made. These include drug tests, physical tests, personality tests, and cognitive tests. Some organizations also perform reference checks, credit report checks, and background checks. Types of tests are discussed in Section 5.4.1 “Testing”. Once the field of candidates has been narrowed down, tests can be administered.
5. **Making the offer.** The last step in the selection process is to offer a position to the chosen candidate. Development of an offer via e-mail or letter is sometimes a more formal part of this process. Compensation and benefits will be defined in an offer. We discuss this in Chapter 6 “Compensation and Benefits”.

Figure The Selection Process at a Glance

Criteria Development	• Understand KSAOs • Determine sources of KSAO information such as testing, interviews • Develop scoring system for each of the sources of information • Create an interview plan
Application and Resume Review	• Should be based on criteria developed in step one • Consider internal versus external candidates
Interview	• Determine types of interview(s) • Write interview questions • Be aware of interview bias
Test Administration	• Perform testing as outlined in criteria development; could include reviewing work samples, drug testing or written cognitive and personality tests
Selection	• Determine which selection method will be used • Compare selection method criteria
Making the Offer	• Use negotiation techniques • Write the offer letter or employment agreement

We will discuss each of these aspects in detail in this chapter.

Fortune 500 Focus

In a 2010 interview (Bryant, 2010), Robert Selander, then CEO of MasterCard, cited presence as one of the most important aspects to acing an interview. He describes how, in any large organization, an employee will be expected to engage with a variety of stakeholders, from a member of Congress to a contractor replacing the carpet in the building. He says that a good employee—at any level of the organization—should be able to communicate well but also be able to communicate to a variety of stakeholders. We discuss communication in Chapter 9 “Successful Employee Communication”. Selander also says he will always ask the candidate about his or her weaknesses, but more importantly, how the candidate plans to address those weaknesses to make sure they do not become a barrier to success. He always asks the question “What can you do for us?” When asked if he could pose only one interview question, what would it be, his answer was, “Share with me two situations, work related that you are proud of, where something was achieved based on your own personal initiative and the other where the achievement was a result of the team getting something done that you could not have done alone.” In other words, Selander is looking for not only personal ability but the ability to work within a team to accomplish tasks. Selander offers advice to new college grads: try to find an organization where you can be involved and see all aspects of the business and be provided training to help you with certain skills that will be needed.

Human Resource Recall

When was the last time you interviewed for a job? Did the process seem to flow smoothly? Why or why not?

Key Takeaways

- The *selection process* refers to the steps involved in choosing someone who has the right qualifications to fill a current or future job opening.
- There are five main steps in the selection process. First, criteria are developed to determine how the person will be chosen. Second is a review of the applications and résumés, often done via a computer program that can find keywords. Next is interviewing the employee. The last steps involve testing, such as a personality test or drug test, and then finally, making the offer to the right candidate.

Exercise 2.2.1

1. What components are included in the selection process? Which one do you think is the most important?

[1]KVUE News, "Re-Interview Process to Cost $150,000," June 23, 2011, accessed August 2, 2011, www.kvue.com/news/local/AFD–124452379.html.

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2.3: Criteria Development and Résumé Review

Learning Objectives

1. Be able to explain why criteria development is an important part of the selection process.
2. Give examples of types of criteria that can be developed.
3. Describe the advantages and disadvantages of internal and external candidates.

Before we begin to review résumés and applications, we must have a clear idea of the person we want to hire for the position. Obviously, the job specifications will help us know the minimum qualifications, such as education level and years of experience. However, additional criteria might include the attitude of the potential hire, the ability to take initiative, and other important personal characteristics and professional abilities that may not always be demonstrated in an application or résumé. A specific score on a personality test, quality of work samples, and other tools to determine qualifications should be included as part of the criteria. In other words, knowing exactly what you want before you even begin the process of looking through résumés will make this process much easier. In human resources, this is called KSAOs, or knowledge, skills, abilities, and other personal characteristics that make a person successful on the job. Some organizations, such as the United States Department of Veterans Affairs, require applicants to address each one of the KSAOs listed in the job position within their cover letter[1].

Criteria Development Considerations

Many HR professionals and managers develop the criteria for hiring, as well as the interview questions, before reviewing any résumés. This allows for a streamlined process with specific guidelines already set before reviewing a résumé. For example, criteria for a project management job might include the following:

1. Two years of experience managing a $2 million or more project budget
2. A bachelor's degree in business or closely related field
3. Ability to work on multiple projects at once
4. Problem-solving ability
5. Conflict-management ability
6. Ability to manage a team of five to six diverse workers
7. Score of at least a 70 on cognitive ability test
8. Score of excellent from most recent employer

By setting criteria ahead of time, the hiring team has a clear picture of exactly what qualifications they are looking for. As a result, it is easier to determine who should move forward in the selection process. For example, if someone does not have a bachelor's degree, given this is a criterion, their application materials can be filed away, perhaps for another job opening. Likewise, the HR manager can include those résumés with two or more years of experience and bachelor's degree in the interview pile and then develop interview questions that show the candidates' problem-solving, multitasking, and conflict-management abilities.

Résumé parsing or résumé scanning software is readily available and can make the initial screening easier. For example, Sovren software allows the HR manager to include keywords such as *bachelor's degree* or *management*. This software scans all received résumés and selects the ones that have the keywords. While it still may be necessary to review résumés, this type of software can save time having to look through résumés that obviously do not meet the minimum qualifications.

Validity and Reliablity

The validity refers to how useful the tool is to measure a person's attributes for a specific job opening. A tool may include any and all of the following:

1. Résumé-scanning software
2. Reference checks
3. Cognitive ability tests
4. Work samples
5. Credit reports
6. Biographical information blanks
7. Weighted application forms

8. Personality tests
9. Interview questions

Biographical information blanks (BIBs) are a useful part of the application process. A BIB is a series of questions about a person's history that may have shaped his or her behavior. The BIB can be scored in the same way as an interview or a résumé, assuming the organization knows which types of answers are predictable for success in a given job. Similarly, a weighted application form involves selecting an employee characteristic to be measured and then identifying which questions on the application predict the desired behavior. Then scores are assigned to each predictor. Of course, the development of the scoring should be determined before any résumés and application forms have been reviewed. In other words, any tool you use to determine someone's qualifications for a job should have validity to determine they are the right fit for the job.

Reliability refers to the degree in which other selection techniques yield similar data over time. For example, if you ask the same interview question of every applicant for the project management position, and the "right" answer always yields similar, positive results, such as the hiring of a successful employee every time, the question would be considered reliable. An example of an unreliable test might occur with reference checks. Most candidates would not include a reference on their résumé who might give them a poor review, making this a less reliable method for determining skills and abilities of applicants.

Fit Issues

Fit includes not only the right technical expertise, education, and experience but also fit in company culture and team culture. For example, at Facebook headquarters in Palo Alto, California, engineers are selected based on their willingness to take risks, as risk taking is nurtured at Facebook (McGirt, 2010). In addition to this component of their company culture, the company looks for the "hacker" personality, because a hacker is someone who finds ways around the constraints placed upon a system. At Zappos, profiled in Chapter 4 "Recruitment", the company culture is one focused on customer service and the willingness of people to provide the best customer service in all aspects of the business. At Amazon, the huge online retailer, a core value in their company culture is a focus on developing leaders to grow with the organization. If a potential candidate is not interested in long-term career growth, he or she might not be deemed an appropriate strategic fit with the organization. In today's organizations, most people are required to work within teams. As a result, fit within a team is as important as company culture fit. Microsoft, for example, does an immense amount of teamwork. The company is structured so that there are marketers, accountants, developers, and many others working on one product at a time. As a result, Microsoft looks for not only company culture fit but also fit with other team members.

Reviewing Résumés

Once we have developed our criteria for a specific job, we can begin the review process. Everyone prefers to perform this differently. For example, all the hiring decision makers may review all résumés, list the people they would like to meet in person, and then compare the lists. Another method might be to rate each candidate and interview only those above a certain score. This is discussed in Section 5.4.2 "Selection Methods". Obviously, much of the process will depend on the organization's size and the type of job. None of this process can be done fairly without first setting criteria for the job.

When looking at résumés to determine whom to interview, a manager should be concerned with the concepts of disparate impact and disparate treatment. This is discussed in Chapter 4 "Recruitment". Disparate impact is unintended discrimination against a protected group as a whole through the use of a particular requirement. Disparate impact may be present in the interviewing process, as well as other employment-related processes such as pay raises and promotions. For example, a requirement of being able to lift 110 pounds might be considered as having disparate impact on women, unless the job requires this ability. Every criteria developed should be closely considered to see if it might have disparate impact on a protected group of individuals. For example, the requirement of a certain credit score might have a negative impact on immigrants, who may not have a well-developed credit rating. However, if being able to manage money is an important requirement of the job, this requirement might not be discriminatory.

Disparate treatment in hiring might include not interviewing a candidate because of one's perception about the candidate's age, race, or gender.

The last consideration is the hiring of internal versus external candidates. An internal candidate is someone who already works within the organization, while an external candidate is someone who works outside the organization. A bidding process may occur to notify internal candidates of open positions. This is discussed in Chapter 4 "Recruitment". Generally speaking, it is best to go through a formal interview process with all candidates, even if they work within the organization. This way, an HR professional can be assured that disparate treatment does not occur because of favoritism. For example, a senior executive of your organization just left, and you believe the manager in that department is qualified to take over the position. Suppose, though, that the manager has been lobbying you for the job for some time and has even taken you out to lunch to talk about the job. While this person has maintained high visibility and lobbied for the promotion, there may be equally qualified internal candidates who did not use the same lobbying techniques. Automatically offering the position to this internal candidate might undermine others who are equally qualified. So while hiring internally can be a motivator, making assumptions about a particular person may not be a motivator to others. This is why it is best, even if you hire internally, to post a formal job announcement listing the job description and job qualifications, so everyone in the organization can have an equal opportunity to apply for the job.

Once you have completed the criteria for the particular job and narrowed down the field, you can begin the interview process. We discuss this in Section 5.3 “Interviewing”.

Table 5.1 Possible Advantages and Disadvantages of Hiring an Internal versus an External Candidate

	Advantages	Disadvantages
Internal Candidates	Rewards contributions of current staff	Can produce “inbreeding,” which may reduce diversity and difference perspectives
	Can be cost effective, as opposed to using a traditional recruitment strategy	May cause political infighting between people to obtain the promotions
	Can improve morale	Can create bad feelings if an internal candidate applies for a job and doesn’t get it
	Knowing the past performance of the candidate can assist in knowing if they meet the criteria	
External Candidates	Brings new talent into the company	Implementation of recruitment strategy can be expensive
	Can help an organization obtain diversity goals	Can cause morale problems for internal candidates
	New ideas and insight brought into the company	Can take longer for training and orientation

How Would You Handle This?

Poor Interviewer

As the assistant to the HR manager, one of your jobs is to help managers get ready to interview candidates. When you offer help to Johnathan, he says he has interviewed hundreds of people and doesn’t need your help in planning the interview process. When you sit in the interview with him, he asks inappropriate questions that you don’t feel really assess the abilities of a candidate. How would you handle this?

Key Takeaways

- The first step in selection is to begin reviewing résumés. Even before you do this, though, it is important to develop criteria that each candidate will be measured against. This can come from the job description as well as the job qualifications.
- Other tools, such as cognitive ability tests, credit checks, and personality tests, can be used to determine qualifications. When developing your criteria for interviewing, determine the level the applicant needs to meet to meet the minimum criteria, for example, a minimum score on a personality test.
- We should be concerned with validity and reliability of measurement tools. *Validity* refers to how valid the test is, that is, how well a test measures a candidate’s abilities to do a job. *Reliability* refers to which selection techniques yield similar data or results over time. It is important to choose the right measurement tool used to determine whether the candidate meets the criteria.
- Setting criteria before the interview process starts ensures that *disparate impact* or *disparate treatment* does not occur in the interview process.

- When hiring, there is the option of internal and external candidates. Each has its own set of advantages and disadvantages. Internal candidates may be able to "hit the ground running," but external candidates may come in with new perspectives. Even if an internal candidate seems to be the best hire, it is best to still perform the process of posting the job and interviewing, since other less vocal employees might be qualified internal candidates as well. In other words, don't assume one person is the obvious choice for the promotion.

? Exercises 2.3.1

1. Develop criteria for the position of a retail salesperson working in teams.
2. Describe the advantages and disadvantages of hiring an internal and external candidate. Give an example of when you don't think an external candidate should be considered for a position.
3. How can development of criteria or minimum standards help in a case of disparate treatment accusations?

[1]"What Are KSAs?" US Department of Veterans Affairs, accessed August 2, 2011, http://www.va.gov/jobs/hiring/apply/ksa.asp.

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2.4: Interviewing

Learning Objectives

1. Explain the various types of interviews and interview questions.
2. Discuss interview methods and potential mistakes in interviewing candidates.
3. Explain the interview process.

Interviewing people costs money. As a result, after candidates are selected, good use of time is critical to making sure the interview process allows for selection of the right candidate. In an unstructured interview, questions are changed to match the specific applicant; for example, questions about the candidate's background in relation to their résumé might be used. In a structured interview, there is a set of standardized questions based on the job analysis, not on individual candidates' résumés. While a structured interview might seem the best option to find out about a particular candidate, the bigger concern is that the interview revolves around the specific job for which the candidate is interviewing. In a structured interview, the expected or desired answers are determined ahead of time, which allows the interviewer to rate responses as the candidate provides answers. This allows for a fair interview process, according to the US Office of Personnel Management[1]. For purposes of this section, we will assume that all interviews you perform will be structured, unless otherwise noted.

Types of Interviews

Interview processes can be time-consuming, so it makes sense to choose the right type of interview(s) for the individual job. Some jobs, for example, may necessitate only one interview, while another may necessitate a telephone interview and at least one or two traditional interviews. Keep in mind, though, that there will likely be other methods with which to evaluate a candidate's potential, such as testing. Testing is discussed in Section "Testing". Here are different types of interviews:

1. **Traditional interview.** This type of interview normally takes place in the office. It consists of the interviewer and the candidate, and a series of questions are asked and answered.
2. **Telephone interview.** A telephone interview is often used to narrow the list of people receiving a traditional interview. It can be used to determine salary requirements or other data that might automatically rule out giving someone a traditional interview. For example, if you receive two hundred résumés and narrow these down to twenty-five, it is still unrealistic to interview twenty-five people in person. At this point, you may decide to conduct phone interviews of those twenty-five, which could narrow the in-person interviews to a more manageable ten or so people.
3. **Panel interview.** A panel interview occurs when several people are interviewing one candidate at the same time. While this type of interview can be nerve racking for the candidate, it can also be a more effective use of time. Consider some companies who require three to four people to interview candidates for a job. It would be unrealistic to ask the candidate to come in for three or four interviews, so it makes sense for them to be interviewed by everyone at once.
4. **Information interview.** Informational interviews are usually used when there is no specific job opening, but the candidate is exploring possibilities in a given career field. The advantage to conducting these types of interviews is the ability to find great people ahead of a job opening.
5. **Meal interviews.** Many organizations offer to take the candidate to lunch or dinner for the interview. This can allow for a more casual meeting where, as the interviewer, you might be able to gather more information about the person, such as their manners and treatment of waitstaff. This type of interview might be considered an unstructured interview, since it would tend to be more of a conversation as opposed to a session consisting of specific questions and answers.
6. **Group interview.** In a group interview, two or more candidates interview at the same time. This type of interview can be an excellent source of information if you need to know how they may relate to other people in their job.
7. **Video interviews.** Video interviews are the same as traditional interviews, except that video technology is used. This can be cost saving if one or more of your candidates are from out of town. Skype, for example, allows free video calls. An interview may not feel the same as a traditional interview, but the same information can be gathered about the candidate.
8. **Nondirective interview (sometimes called an unstructured interview).** In a nondirective interview, the candidate essentially leads the discussion. Some very general questions that are planned ahead of time may be asked, but the candidate spends more time talking than the interviewer. The questions may be more open ended; for example, instead of asking, "Do you like working with customers?" you may ask, "What did you like best about your last job?" The advantage of this type of interview is that it can give candidates a good chance to show their abilities; however, the downside is that it may be hard to compare potential candidates, since questions are not set in advance. It relies on more of a "gut feeling" approach.

It is likely you may use one or more of these types of interviews. For example, you may conduct phone interviews, then do a meal interview, and follow up with a traditional interview, depending on the type of job.

Interview Questions

Most interviews consist of many types of questions, but they usually lean toward situational interviews or behavior description interviews. A situational interview is one in which the candidate is given a sample situation and is asked how he or she might deal with the situation. In a behavior description interview, the candidate is asked questions about what he or she actually did in a variety of given situations. The assumption in this type of interview is that someone's past experience or actions are an indicator of future behavior. These types of questions, as opposed to the old "tell me about yourself" questions, tend to assist the interviewer in knowing how a person would handle or has handled situations. These interview styles also use a structured method and provide a better basis for decision making. Examples of situational interview questions might include the following:

1. If you saw someone stealing from the company, what would you do?
2. One of your employees is performing poorly, but you know he has some personal home issues he is dealing with. How would you handle complaints from his colleagues about lack of performance?
3. A coworker has told you she called in sick three days last week because she actually decided to take a vacation. What would you do?
4. You are rolling out a new sales plan on Tuesday, which is really important to ensure success in your organization. When you present it, the team is lukewarm on the plan. What would you do?
5. You disagree with your supervisor on her handling of a situation. What would you do?

Examples of behavior description interview questions might include the following:

1. Tell me about a time you had to make a hard decision. How did you handle this process?
2. Give an example of how you handled an angry customer.
3. Do you show leadership in your current or past job? What would be an example of a situation in which you did this?
4. What accomplishments have given you the most pride and why?
5. What plans have you made to achieve your career goals?

Top 36 Interview Questions and Answers

" href="http://www.youtube.com/watch?v=3L3V5hg4QDE" class="replaced-iframe">(click to see video)

Examples of how to answer those difficult interview questions.

As you already know, there are many types of interview questions that would be considered illegal. Here are some examples:

1. **National origin.** You cannot ask seemingly innocent questions such as "That's a beautiful name, where is your family from?" This could indicate national origin, which could result in bias. You also cannot ask questions about citizenship, except by asking if a candidate is legally allowed to work in the United States. Questions about the first language of the candidate shouldn't be asked, either. However, asking "Do you have any language abilities that would be helpful in this job?" or "Are you authorized to work in the United States?" would be acceptable.
2. **Age.** You cannot ask someone how old they are, and it is best to avoid questions that might indicate age, such as "When did you graduate from high school?" However, asking "Are you over 18?" is acceptable.
3. **Marital status.** You can't ask direct questions about marital status or ages of children. An alternative may be to ask, "Do you have any restrictions on your ability to travel, since this job requires 50 percent travel?"
4. **Religion.** It's illegal to ask candidates about their religious affiliation or to ask questions that may indicate a religion-affiliated school or university.
5. **Disabilities.** You may not directly ask if the person has disabilities or recent illnesses. You can ask if the candidate is able to perform the functions of the job with or without reasonable accommodations.
6. **Criminal record.** While it is fine to perform a criminal record check, asking a candidate if they have ever been arrested is not appropriate; however, questions about convictions and guilty pleadings are acceptable.
7. **Personal questions.** Avoid asking personal questions, such as questions about social organizations or clubs, unless they relate to the job.

Besides these questions, any specific questions about weight, height, gender, and arrest record (as opposed to allowable questions about criminal convictions) should be avoided.

HR professionals and managers should be aware of their own body language in an interview. Some habits, such as nodding, can make the candidate think they are on the right track when answering a question. Also, be aware of a halo effect or reverse halo effect. This occurs when an interviewer becomes biased because of one positive or negative trait a candidate possesses. Interview bias can occur in almost any interview situation. Interview bias is when an interviewer makes assumptions about the candidate that may not be accurate (Lipschultz, 2010). These assumptions can be detrimental to an interview process. Contrast bias is a type of bias that occurs when comparing one candidate to others. It can result in one person looking particularly strong in an area, when in fact they look strong compared to the other candidates. A gut feeling bias is when an interviewer relies on an intuitive feeling about a candidate. Generalization bias can occur when an interviewer assumes that how someone behaves in an interview is how they always behave. For example, if a candidate is very nervous and stutters while talking, an assumption may be made that he or she always stutters. Another important bias called cultural noise bias occurs when a candidate thinks he or she knows what the interviewer wants to hear and answers the questions based on that assumption. Nonverbal behavior bias occurs when an interviewer likes an answer and smiles and nods, sending the wrong signal to the candidate. A similar to me bias (which could be considered discriminatory) results when an interviewer has a preference for a candidate because he or she views that person as having similar attributes as themselves. Finally, recency bias occurs when the interviewer remembers candidates interviewed most recently more so than the other candidates.

? Human Resource Recall

What are the dangers of a reverse halo effect?

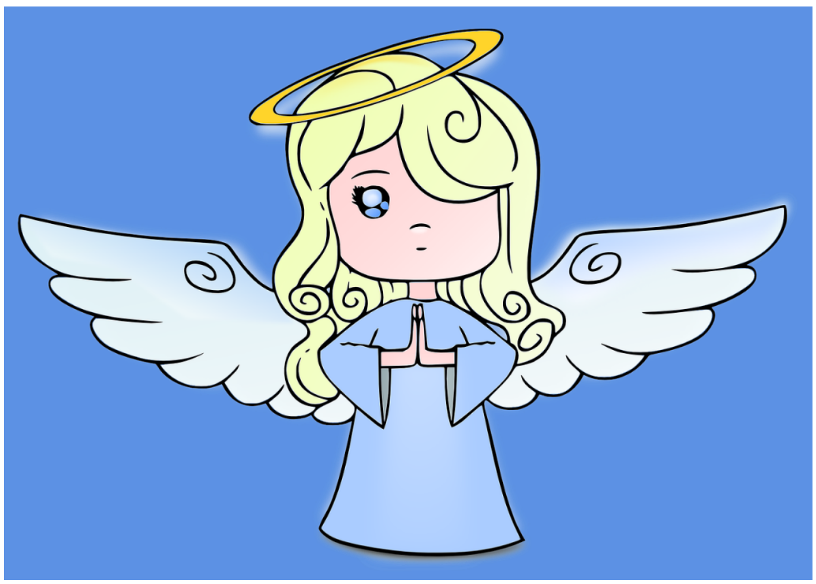

Figure: A halo effect occurs when a desirable trait makes us believe all traits possessed by the candidate are desirable. This can be a major danger in interviewing candidates. OpenClipartVectors – Pixabay – CC0 Public Domain.

Interview Process

Once the criteria have been selected and interview questions developed, it is time to start interviewing people. Your interviewing plan can determine the direction and process that should be followed:

1. Recruit new candidates.
2. Establish criteria for which candidates will be rated.
3. Develop interview questions based on the analysis.
4. Set a time line for interviewing and decision making.
5. Connect schedules with others involved in the interview process.
6. Set up the interviews with candidates and set up any testing procedures.
7. Interview the candidates and perform any necessary testing.
8. Once all results are back, meet with the hiring team to discuss each candidate and make a decision based on the established criteria.
9. Put together an offer for the candidate.

As you can see, a large part of the interviewing process is planning. For example, consider the hiring manager who doesn't know exactly the type of person and skills she is looking to hire but sets up interviews anyway. It is difficult, if not impossible, to determine who should be hired if you don't know what you are looking for in the first place. In addition, utilizing time lines for interviewing can help keep everyone involved on track and ensure the chosen candidate starts work in a timely manner. Here are some tips to consider when working with the interview process:

1. Make sure everyone is trained on the interviewing process. Allowing someone who has poor interviewing skills to conduct the interview will likely not result in the best candidate. In a worst-case scenario, someone could ask an illegal question, and once hired, the candidate can sue the organization. UCLA researchers (Hanricks, 2011) calculated that plaintiffs win about half of hiring discrimination cases that go to trial, sometimes because of interviewers asking illegal questions. For example, "I see you speak Spanish, where did you study it?" is a seemingly harmless question that could be indirectly asking a candidate his or her ethnic background. To avoid such issues, it's important to train managers in the proper interviewing process.
2. Listen to the candidate and try to develop a rapport with them. Understand how nervous they must be and try to put them at ease.
3. Be realistic about the job. Do not try to paint a "rosy" picture of all aspects of the job. Being honest up front helps a candidate know exactly what they will be in for when they begin their job.
4. Be aware of your own stereotypes and do not let them affect how you view a potential candidate.
5. Watch your own body language during the interview and that of the candidate. Body language is a powerful tool in seeing if someone is the right fit for a job. For example, Scott Simmons, vice president at Crist|Kolder, interviewed someone for a CFO position. The candidate had a great résumé, but during the interview, he offered a dead-fish handshake, slouched, and fidgeted in his chair. The candidate didn't make eye contact and mumbled responses, and, of course, he didn't get the job (Reeves, 2006), because his body language did not portray the expectations for the job position.
6. Stick to your criteria for hiring. Do not ask questions that have not been predetermined in your criteria.
7. Learn to manage disagreement and determine a fair process if not everyone on the interviewing team agrees on who should be hired. Handling these types of disagreements is discussed further in Chapter 9 "Successful Employee Communication".

Once you have successfully managed the interview process, it is time to make the decision. Section 5.4.1 "Testing" discusses some of the tools we can use to determine the best candidate for the job.

Human Resource Recall

Can you think of a time when the interviewer was not properly trained? What were the results?

Silly Job Interview—*Monty Python*

" href="http://www.youtube.com/watch?v=zP0sqRMzkwo" class="replaced-iframe">(click to see video)

An exaggerated and funny example of an untrained interviewer.

Key Takeaways

- Traditional, telephone, panel, informational, meal, group, and video are types of interviews. A combination of several of these may be used to determine the best candidate for the job. A *structured interview* format means the questions are determined ahead of time, and *unstructured* means the questions are based on the individual applicant. The advantage of a structured interview is that all candidates are rated on the same criteria. Before interviewing occurs, criteria and questions for a structured interview should be developed.
- Interview questions can revolve around *situational questions* or *behavioral questions*. Situational questions focus on asking someone what they would do in a given situation, while behavioral questions ask candidates what they have done in certain situations.
  - Interview questions about national origin, marital status, age, religion, and disabilities are illegal. To avoid any legal issues, it is important for interviewers to be trained on which questions cannot be asked. The *halo effect*, which assumes that one desirable trait means all traits are desirable, should also be avoided.
  - The process involved in interviewing a person includes the following steps: recruit new candidates; establish criteria for which candidates will be rated; develop interview questions based on the analysis; set a time line for interviewing and decision making; connect schedules with others involved in the interview process; set up interviews with candidates and set up any testing procedures; interview the candidates and perform any necessary testing; and once all results are back,

meet with the hiring team to discuss each candidate and make a decision based on the established criteria; then finally, put together an offer for the candidate.
- Developing a rapport, being honest, and managing the interview process are tips to having a successful interview.

Exercises 2.4.1

1. With a partner, develop a list of five examples (not already given in the chapter) of situational and behavioral interview questions.
2. Why is it important to determine criteria and interview questions before bringing someone in for an interview?
3. Visit Monster.com and find two examples of job postings that ask those with criminal records not to apply. Do you think, given the type of job, this is a reasonable criteria?

[1]"Structured Interviews: A Practical Guide," US Office of Personnel Management, September 2008, accessed January 25, 2011, https://apps.opm.gov/ADT/ContentFiles/SIGuide09.08.08.pdf.

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2.5: Testing and Selecting

Learning Objectives

1. Explain the types of tests that can be administered as part of the selection process.
2. Be able to discuss the types of selection models.

Besides the interview, we can also look at several other aspects that may predict success on the job. If any test is to be criteria for measuring a candidate, this should be communicated to each person interviewing, and criteria should be developed on specific test scores and expectations before interviewing and testing begins.

Testing

A variety of tests may be given upon successful completion of an interview. These employment tests can gauge a person's KSAOs in relation to another candidate. The major categories of tests include the following:

1. Cognitive ability tests
2. Personality tests
3. Physical ability tests
4. Job knowledge tests
5. Work sample

A number of written tests can be administered. A cognitive ability test can measure reasoning skills, math skills, and verbal skills. An aptitude test measures a person's ability to learn new skills, while an achievement test measures someone's current knowledge. Depending on the type of job, one or both will be better suited.

A cognitive ability test measures intelligences, such as numerical ability and reasoning. The Scholastic Aptitude Test (SAT) is an example of a cognitive ability test. It is important to note that some cognitive ability tests can have disparate impact. For example, in *EEOC v. Ford Motor Co. and United Automobile Workers of America*, African Americans were rejected from an apprentice program after taking a cognitive test known as the Apprenticeship Training Selection System (ATSS)[1]. The test showed significant disparate impact on African Americans, and it was then replaced by a different selection procedure, after costing Ford $8.55 million. Some sample test categories might include the following:

1. Reasoning questions
2. Mathematical questions and calculations
3. Verbal and/or vocabulary skills

Aptitude tests can measure things such as mechanical aptitude and clerical aptitude (e.g., speed of typing or ability to use a particular computer program). Usually, an aptitude test asks specific questions related to the requirements of the job. To become a New York City police offer, for example, an aptitude test is required before an application will be considered. The written exam is given as a computerized test at a computerized testing center in the city. The test measures cognitive skills and observational skills (aptitude test) required for the job[2].

Personality tests such as Meyers-Briggs and the "Big Five" personality factors may be measured and then compared with successful employee scores. For example, The University of Missouri Health Care system recently launched a patient satisfaction initiative as part of its strategic plan. The plan includes training for current employees and personality testing for nursing, managerial, and physician candidates (Silvey, 2011). The goal of the test is to assess talent and to see if the candidate has the potential to meet the expectations of patients. They hired a private company, Talent Plus, who conducts the test via phone interviews. However, many companies administer tests themselves, and some tests are free and can be administered online.

The Big Five personality test looks at extroversion, agreeableness, conscientiousness, neuroticism, and openness. Self-assessment statements might include the following:

1. I have an assertive personality.
2. I am generally trusting.
3. I am not always confident in my abilities.
4. I have a hard time dealing with change.

Some institutions also require physical ability tests; for example, to earn a position in a fire department, you may have to be able to carry one hundred pounds up three flights of stairs. If you use tests in your hiring processes, the key to making them useful is to determine a minimum standard or expectation, specifically related to the requirements of the job. An HR manager should also consider the legality of such tests. In the *EEOC v. Dial Corp.* case[1], women were disproportionately rejected for entry-level positions. Prior to the test, 46 percent of hires were women, but after implementation of the test, only 15 percent of the new hires were women. The Equal Employment Opportunity Commission (EEOC) established that the test was considerably more difficult than the job, resulting in disparate impact. Physical ability tests need to show direct correlation with the job duties.

A job knowledge test measures the candidate's level of understanding about a particular job. For example, a job knowledge test may require an engineer to write code in a given period of time or may ask candidates to solve a case study problem related to the job.

Work sample tests ask candidates to show examples of work they have already done. In the advertising business, this may include a portfolio of designs, or for a project manager, this can include past project plans or budgets. When applying for a pharmaceutical representative position, a "brag book" might be required (Hansen, 2011). A brag book is a list of recommendation letters, awards, and achievements that the candidate shares with the interviewer. Work sample tests can be a useful way to test for KSAOs. These work samples can often be a good indicator of someone's abilities in a specific area. As always, before looking at samples, the interviewer should have specific criteria or expectations developed so each candidate can be measured fairly.

Once the interview is completed and testing occurs, other methods of checking KSAOs, including checking references, driving records, and credit history, can be performed. Some companies even use Facebook as a way of gauging the candidate's professionalism.

Reference checking is essential to verify a candidate's background. It is an added assurance that the candidate's abilities are parallel with what you were told in the interview. While employment dates and job titles can be verified with previous employers, many employers will not verify more than what can be verified in the employment record because of privacy laws. However, if you do find someone who is willing to discuss more than just dates and job titles, a list of questions is appropriate. Some of these questions might include the following:

1. What was the title and responsibilities of the position the candidate had while at your company?
2. Do you think the candidate was qualified to assume those responsibilities?
3. Does this person show up on time and have good attendance?
4. Would you consider this person a team player?
5. What are the three strongest and weakest characteristics of this candidate?
6. Would you rehire this person?

If a candidate will be driving a company car or vehicle, such as a UPS truck, driving records may be checked. Criminal background checks may also be used if the position will include interaction with the public. If the position requires handling of money, a credit check may be required, although a written notice is required to be given to the candidate before the credit check is carried out. In addition, written permission must be provided to the credit agency, and the applicants must receive a copy of the report and a copy of their rights under the Consumer Credit Reporting Reform Act (CCRRA). All these types of tests can be used to determine if someone has been honest about their past employment.

Some companies require drug testing, which causes some debate. While some organizations say this is a safety issue (and pay lower insurance premiums), others say it is an invasion of privacy. As long as drug tests are administered for a defensible reason (safety), many organizations will continue to require them. Some organizations will also require physical examinations to ensure the candidate can perform the tasks required. A final form of testing is the honesty test. A number of "what would you do" questions are asked. The challenge with this type of test is that many people know the "right" answer but may not be honest in their responses.

Table Reasons Why Employers Acted upon Data Found on Social Networking Sites

Provocative or inappropriate photos or info	53%
Drinking or drug use	44%
Badmouthing previous employer, colleague, or client	35%
Poor communication skills	29%

Discriminatory comments	26%
Lied about qualifications	24%
Leaked confidential information about previous job	20%

Source: Kit Eaton "If You're Applying for a Job, Censor Your Facebook Page," *Fast Company*, August 19, 2009, accessed January 27, 2011, www.fastcompany.com/blog/kit-eaton/technomix/if-youre-applying-job-censor-your-facebook-page.

Forty-five percent of organizations use social networking such as Facebook, Twitter, or LinkedIn to gather information about potential candidates (Eaton, 2009). See Table "Reasons Why Employers Acted upon Data Found on Social Networking Sites" for the types of data found on social networking sites that disqualified candidates, according to an article by *Fast Company*. This can be an effective method to see the kind of image the candidate portrays in his or her personal time.

Selection Methods

Tell Me about Yourself

How to answer that famous "tell me about yourself" question in an interview.

A clinical selection approach is probably the most common selection method, and it involves all who will be making the decision to hire a candidate. The decision makers review the data and, based on what they learn from the candidate and the information available to them, decide who should be hired for a job. Because interviewers have a different perception about the strengths of a candidate, this method leaves room for error. One consideration is disparate treatment, in which one's biases may result in not hiring candidates based on their age, race, or gender. One way to handle this and limit the personal stereotypes and perceptions of the interviewers is to use a statistical method in hiring.

In the statistical method, a selection model is developed that assigns scores and gives more weight to specific factors, if necessary. For example, for some jobs, the ability to work in a team might be more important, while in others, knowledge of a specific computer program is more important. In this case, a weight can be assigned to each of the job criteria listed. For example, if the job is a project manager, ability to work with the client might be more important than how someone dresses for the interview. So, in the example shown in Figure 5.4 "Sample Selection Model, with Sample Scores and Weighting Filled In", dress is weighted 1, while being able to give bad news to a client is weighted 5. In the example, the rating is multiplied by the weight to get the score for the particular job criteria. This method allows for a fairer process and can limit disparate treatment, although it may not limit disparate impact. A statistical method may work like this: you and the hiring team review the job analysis and job description and then determine the criteria for the job. You assign weights for each area and score ranges for each aspect of the criteria, rate candidates on each area as they interview, and then score tests or examine work samples. Once each hiring manager has scored each candidate, the hiring team can compare scores in each area and hopefully hire the best person in the best way. A sample candidate selection model is included in Figure 5.4 "Sample Selection Model, with Sample Scores and Weighting Filled In".

With the statistical approach, there is more objectivity than with the clinical approach. Statistical approaches include the compensatory model, multiple cutoff model, and the multiple hurdle model. In the compensatory model, a similar method of scoring is used as the weighted model but permits a high score in an important area to make up for a lower score in another area. In our Figure 5.4 “Sample Selection Model, with Sample Scores and Weighting Filled In” example, ability to give bad news to a client might outweigh a test score. These decisions would be made before the interviews happen.

A multiple cutoff model requires that a candidate has a minimum score level on all selection criteria. In our Figure 5.4 “Sample Selection Model, with Sample Scores and Weighting Filled In” example, the candidate may be required to have a score of at least 2 out of 5 on each criteria. If this was the case, the candidate in Figure 5.4 “Sample Selection Model, with Sample Scores and Weighting Filled In” scored low on “bad news to a client,” meaning he or she wouldn’t get the job in a multiple cutoff model. In the multiple hurdle model, only candidates with high (preset) scores go to the next stages of the selection process. For example, the expectations might be to score a 4 on at least three of the items in Figure 5.4 “Sample Selection Model, with Sample Scores and Weighting Filled In”. If this were the case, this candidate might make it to the next level of the selection process, since he or she scored at least a 4 on three criteria areas.

Once the discussion on whom to hire has occurred and a person has been selected, the final phase of the process is to make an offer to the candidate. This is discussed in Section 5.5 “Making the Offer”.

Figure 5.4 Sample Selection Model, with Sample Scores and Weighting Filled In

Job Criteria	Rating*	Weight**	Total	Comments
Dress	4	1	4	*Candidate dressed appropriately.*
Personality	2	5	10	*Did not seem excited about the job.*
Interview questions				
Give an example of a time you showed leadership.	3	3	9	*Descriptive but didn’t seem to have experience required.*
Give an example of when you had to give bad news to a client.	0	5	0	*Has never had to do this.*
Tell us how you have worked well in a team	5	4	20	*Great example of teamwork given.*
Score on cognitive ability test.	78	5	390	*Meets minimum required score of 70*
			458	

***Rating system of 1-5, with 5 being the highest**

****Weighting of 1-5, with 5 being the most important**

Key Takeaways

- Once the interview process is complete, some companies use other means of measuring candidates. For example, work samples are an excellent way of seeing how someone might perform at your company.
- An *aptitude test* or *achievement test* can be given. An aptitude test measures how well someone might be able to do something, while an achievement test measures what the candidate already knows. Tests that measure cognitive ability and personality are examples.
- Some organizations also perform drug tests and physical tests. A physical test might consist of being able to lift a certain amount of weight, if required for the job. Honesty tests are also given; these measure the honesty level of the candidate. However, these tests may not be reliable, since someone can guess the “right” answer.
- Facebook, Twitter, and other social networking websites are also used to gather information about a candidate. Calling references is another option.
- Every person interviewing the candidate should have a selection model; this method utilizes a *statistical approach* as opposed to a *clinical approach*. The selection table lists the criteria on the left and asks interviewers to provide a rating for each. This method can allow for a more consistent way of measuring candidates.

Exercises 2.5.1

1. Develop a sample candidate selection for your current job.
2. Visit your or another person's Facebook page. Consider the content from an interviewer's point of view. Should anything be removed or changed?

[1]"Employment Tests and Selection Procedures," US Equal Employment Opportunity Commission, accessed August 2, 2011, http://www.eeoc.gov/policy/docs/factemployment_procedures.html.

[2]"Exam Schedule," New York Police Department, accessed August 2, 2011, www.nypdrecruit.com/exam-center/exam-overview.

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2.6: Making the Offer

Learning Objectives

1. Explain the steps in making the offer to the candidate.

Oftentimes once the decision is made to hire a candidate, HR professionals feel their job is finished. But making the offer to the chosen candidate can be equally as important as the interview process. If the offer is not handled properly, you can lose the candidate, or if the candidates takes the job, he or she could start off on the wrong foot.

According to Paul Falcone, vice president for human resources at the *Fortune* 500 company Time Warner, detailed information should be asked of the candidate before the offer is even made (Falcone, 2011). He says that as soon as the offer is made, power is shifted to the candidate. To handle this, he suggests asking salary questions in the interview, including the following:

1. **“If we were to make a job offer today, when would you be in a position to accept or reject the offer?”** If the candidate answers “right now,” this indicates they do not have other job offers on the table or if they do, you are their first choice.
2. **“At what point, dollar wise, would you accept our job offer and at what point, dollar wise would you reject the offer?”** The advantage of using this strategy is that it gets to the point of understanding the candidate’s expectations. If the interviewee does not respond right away, you can clarify by asking, “I am asking this question because I would like to gauge your interest level. Share with me the ideal salary offer versus at what point you would be willing to walk away from this opportunity.”

Asking these questions can assist in qualifying candidates, based on salary expectations. For example, if a candidate requests 20 percent more than you are able to pay for the job, this discussion can be had before the offer is even made, perhaps making this candidate no longer viable.

Once you have determined in the interview process that the salary expectation is in the range of what you can offer, the first step is to make the offer as soon as the decision is made. In a tight labor market, waiting a week or two may impact your ability to hire your first choice. You probably already have a salary range in mind and can begin to narrow down the offer based on the individual’s KSAOs. Based on the range of salary you can offer, consider the following questions when making the offer to a candidate:

- What is the scarcity of the particular skills set?
- What are the “going” wages in your geographic area?
- What are the current economic conditions?
- What is the current pay for similar positions in your organization?
- What is your organizational compensation strategy?
- What is the fair market value of the job?
- What is the level of the job within the organization?
- What are your budget constraints?
- How soon will the employee be productive in the organization?
- Are there other candidates equally qualified that might have lower salary expectations?
- What are the national and regional unemployment rates?
- If you cannot pay more, can you offer other perks such as a signing bonus or flexible work schedule?

Once the offer has been made, it is reasonable to give the candidate some time to decide, but not too long, as this can result in losing other candidates should this candidate reject the job offer. It is likely the candidate may come back and ask for higher salary or benefits. Some tips to successfully negotiate are included below and in the following Video:

1. Be prepared. Know exactly what you can and can’t offer.
2. Explain the career growth the organization can provide.
3. Address the benefits of the candidate’s joining the organization.
4. Discuss the entire offer, including other benefits offered to the employee.
5. View the negotiation as a win-win situation.
6. Be able to provide salary research of similar positions and competitors for the same job title.
7. Use the trading technique. For example, “I cannot offer you the salary you are requesting right now, but what if we were able to review salary at your six-month performance review, assuming ____ objectives are met?”

Once the phone call is made and the candidate accepts the offer, an e-mail or formal letter should follow, outlining details of the employment agreement. The employment agreement or offer letter should include the following:

1. Job title
2. Salary
3. Other compensation, such as bonuses or stock options
4. Benefits, such as health-care coverage, 401(k)
5. Vacation time/paid holidays
6. Start date
7. Noncompete agreement expectations
8. Additional considerations such as relocation expenses

Once the pay and benefits package has been successfully negotiated and the offer letter (or e-mail) sent, you should clarify acceptance details in writing and receive confirmation of the start date. It is not unusual for people in higher-level positions to need a month or even two to transition from their old jobs. During this period, make sure to stay in touch and even complete the new hire paperwork in the meantime.

Pirates of the Caribbean Negotiation Analysis

This lively video, using the movie *Pirates of the Caribbean*, offers great analysis and tips on how to successfully negotiate just about anything.

Key Takeaways

- The HR professional's job isn't finished once the selection is made. The next step is to actually make the offer. This step is important, because if it isn't done properly, you could lose the candidate or have ill feelings at the onset of the employment relationship.
- Once you have made the decision to hire someone, make the offer to the candidate right away. Normally this is done through a phone call and a follow-up e-mail, outlining the details of the offer.
- It is not unusual for someone to negotiate salary or benefits. Know how far you can negotiate and also be aware of how your current employees will be affected if you offer this person a higher salary.
- If you are having trouble coming to an agreement, be creative in what you can offer; for example, offer flextime instead of higher pay.

Exercise 2.6.1

1. Research "salary negotiation" on the Internet. What tips are provided for job seekers? Do you think these same tips could apply to the HR professional? Why or why not?

References

Falcone, P., "The New Hire: Five Questions to Ask before Making the Job Offer," n.d., Monster.com, accessed July 13, 2011, http://hiring.monster.com/hr/hr-best-practices/recruiting-hiring-advice/acquiring-job-candidates/making-a-job-offer.aspx.

2.7: Cases and Problems

Chapter Summary

- The *selection process* refers to the steps involved in choosing someone who has the right qualifications to fill a current or future job opening.
- There are five main steps in the selection process. First, criteria should be developed to determine how the person will be chosen. Second, a review of the applications and résumés is conducted, often via a computer program that can find keywords. Next, interview the employee. The last steps involve administering tests, such as a personality test or drug test, and making the offer to the right candidate.
- The first step in selection is to review résumés. Even before you do this, though, it is important to develop criteria against which each candidate will be measured. Criteria can come from the job description as well as the job qualifications.
- Other tools, such as cognitive ability tests, credit checks, or personality tests, can be used to determine qualifications. When developing your criteria for interviewing, determine the level the applicant needs to meet to meet the minimum criteria—for example, a minimum score for a personality test.
- We should be concerned with validity and reliability of measurement tools. *Validity* refers to how valid the test is—that is, how well a test measures a candidate's abilities to do a job. *Reliability* refers to which selection techniques yield similar data or results over time. It is important to choose the right measurement tool used to determine whether the candidate meets the criteria.
- Use of criteria before the interview process starts is also important to make sure *disparate impact* or *disparate treatment* do not occur in the interview process.
- When hiring, there is the option of internal and external candidates. Each has its own set of advantages and disadvantages. Internal candidates may be able to "hit the ground running" but external candidates may come in with new perspectives. Even if an internal candidate seems to be the best hire, it is best to still perform the process of posting the job and interviewing, since other less vocal employees might be qualified internal candidates as well. In other words, don't assume one person is the obvious choice for the promotion.
- Traditional, telephone, panel, informational, meal, group, and video are types of interviews. A combination of several of these may be used to determine the best candidate for the job. A *structured interview* format means the questions are determined ahead of time, and *unstructured* means the questions are based on the individual applicant. The advantage of a structured interview is that all candidates are rated on the same criteria. Before interviewing occurs, criteria and questions for a structured interview should be developed.
- Interview questions can revolve around *situational questions* or *behavioral questions*. Situational questions focus on asking someone what they would do in a given situation, while behavioral questions ask candidates what they would have done in certain situations.
- Interview questions about national origin, marital status, age, religion, and disabilities are illegal. To avoid any legal issues, it is important for interviewers to be trained on which questions cannot be asked. The *halo effect*, which assumes that one desirable trait means all traits are desirable, should also be avoided.
- The process involved in interviewing a person includes the following steps: recruit new candidates; establish criteria for which candidates will be rated; develop interview questions based on the analysis; set a time line for interviewing and decision making; connect schedules with others involved in the interview process; set up interviews with candidates and set up any testing procedures; interview the candidates and perform any necessary testing; and once all results are back, meet with the hiring team to discuss each candidate and make a decision based on the established criteria. Finally, put together an offer for the candidate.
- Developing a rapport, being honest, and managing the interview process are tips to having a successful interview.
- Once the interview process is complete, some companies use other means of measuring candidates. For example, work samples are an excellent way of seeing how someone might perform at your company.
- An *aptitude test* or *achievement test* can be given. An aptitude test measures how well someone might be able to do something, while an achievement test measures what the candidate already knows. Tests that measure cognitive ability and personality are examples.
- Some organizations also perform drug tests and physical tests. A physical test might consist of being able to lift a certain amount of weight, if required for the job. Honesty tests are also given, which measure the honesty level of the candidate. However, these tests may not be reliable, since someone can guess the "right" answer.

- Facebook, Twitter, and other social networking websites are used to gather information about a candidate. Calling references is another option.
- Every person interviewing the candidate should have a selection model; this method utilizes a *statistical approach* as opposed to a *clinical approach*. The selection table lists the criteria on the left and asks interviewers to provide a rating for each. This method can allow for a more consistent way of measuring candidates.
- The job of the HR professional isn't finished once the selection is made. The next step is to make the offer. This step is important, because if it isn't done properly, you could lose the candidate or have ill feelings at the onset of the employment relationship.
- Once you have made the decision to hire someone, make the offer to the candidate right away. Normally this is done through a phone call and a follow-up e-mail, outlining the details of the offer.
- It is not unusual for someone to negotiate salary or benefits. Know how far you can negotiate, and also be aware of how your current employees will be affected if you offer this person a higher salary.
- If you are having trouble coming to an agreement, be creative in what you can offer; for example, offer flextime instead of higher pay.

Chapter Case

The Four-Fifths Rule

The four-fifths rule is a way of measuring adverse impact in selection processes of organizations. It works like this: assume your organization requires a cognitive test for employment. You set a test score of 70 as the required pass rate for the candidate to be considered for an interview. Based on our numbers, if 50 percent of men passed this test with a score of 70, then four-fifths or 40 percent of women should also be able to pass the test. You might calculate it like this:

Gender	Total who scored 70 or above	Total who took the test	Percent
Male	52	62	83.8 or 84% passed
Female	36	58	62.07 or 62%

If you divide the total of who scored above 70 by the total number who took the test, it shows the percentage of 84 percent passed the test. If you divide the number of women who passed by the total number of women who took the test, you come up with 62 percent. Then divide 62 percent by 84 percent (62/84 = 73.8%). The resulting 74 percent means that it is below the 80 percent or the four-fifths rule, and this test could be considered to have disparate impact.

52/62 = 84% of men who took the test passed the test
36/58 = 62% of women who took the test passed the test
62/84 = 73.8%, less than 80%, which could show disparate impact

This is only an indicator as to how the selection process works for the organization, and other factors, such as sample size, can impact the reliability of this test. Using the tables below, please calculate possible disparate impact and then answer the questions that follow.

National Origin	Passing Test Score	Total Number Taking the Test	Percent
Caucasians	56	89	
Minority groups	48	62	

Age	Passing Test Score	Total Number Taking the Test	Percent
People under 40	28	52	
People over 40	23	61	

Gender	Passing Test Score	Total Number Taking the Test	Percent
Male	71	82	

Gender	Passing Test Score	Total Number Taking the Test	Percent
Female	64	85	

1. Please calculate the above numbers using the four-fifths rule. Based on your calculation:
    1. Which group or groups might be affected negatively by this test?
    2. What would be your considerations before changing any selection tools based on this data?
    3. How might you change your selection process to ensure disparate impact isn't occurring at your organization?

Team Activity

1. In a team of two, take the Big Five personality test online (http://www.outofservice.com/bigfive/) and compare scores.
2. Assume you are hiring a retail salesperson and plan to administer the same Big Five personality test you took above. In your team, develop minimum percentile scores for each of the five areas that would be acceptable for your new hire.

CHAPTER OVERVIEW

3: Retention and Motivation

3.1: Introduction

Dissatisfaction Isn't Always about Pay

As an HR consultant, your job normally involves reviewing HR strategic plans and systems of small to medium size companies, then making recommendations on how to improve. Most of the companies you work with do not have large HR departments, and they find it less expensive to hire you than to hire a full-time person.

Your current client, Pacific Books, is a small online retailer with forty-seven employees. Pacific Books has had some challenges, and as the economy has improved, several employees have quit. They want you to look into this issue and provide a plan to improve retention.

Pacific Books currently has just one person managing payroll and benefits. The individual managers in the organization are the ones who handle other HR aspects, such as recruiting and developing compensation plans. As you speak with the managers and the payroll and benefits manager, it is clear employees are not happy working for this organization. You are concerned that if the company does not improve its employee retention, they will spend an excessive amount of time trying to recruit and train new people, so retention of the current employees is important.

As with most HR issues, rather than just guessing what employees want, you develop a survey to send to all employees, including management. You developed the survey on SurveyMonkey and asked employee satisfaction questions surrounding pay and benefits. However, you know that there are many other things that can cause someone to be unhappy at work, so to take this survey a step further, you decide to ask questions about the type of work employees are doing, management style, and work-life balance. Then you send out a link to all employees, giving them one week to take the survey.

When the results come in, they are astounding. Out of the forty-seven employees, forty-three selected "dissatisfied" on at least four or more areas of the five-question survey. While some employees are not happy with pay and benefits, the results say that other areas of the organization are actually what are causing the dissatisfaction. Employees are feeling micromanaged and do not have freedom over their time. There are also questions of favoritism by some managers for some employees, who always seem to get the "best" projects. When you sit down with the CEO to discuss the survey results, at first she defends the organization by saying the company offers the highest salaries and best benefits in the industry, and she doesn't understand how someone can be dissatisfied. You explain to her that employee retention and motivation is partly about pay and benefits, but it includes other aspects of the employee's job, too. She listens intently and then asks you to develop a retention and motivation plan that can improve the organization.

3.2: The Costs of Turnover

Learning Objectives

1. Be able identify the difference between direct and indirect turnover costs.
2. Describe some of the reasons why employees leave.
3. Explain the components of a retention plan.

According to the book *Keeping the People Who Keep You in Business* by Leigh Branham (Branham, 2000), the cost of losing an employee can range from 25 percent to 200 percent of that employee's salary. Some of the costs cited revolve around customer service disruption and loss of morale among other employees, burnout of other employees, and the costs of hiring someone new. Losing an employee is called turnover.

There are two types of turnover, voluntary turnover and involuntary turnover. Voluntary turnover is the type of turnover that is initiated by the employee for many different reasons. Voluntary turnover can be somewhat predicted and addressed in HR, the focus of this chapter. Involuntary turnover is where the employee has no choice in their termination—for example, employer-initiated due to nonperformance. This is discussed further in Chapter 9.

It has been suggested that replacement of an employee who is paid $8 per hour can range upwards of $4,000 (Paiement, 2009). Turnover can be calculated by

separations during the time period (month)/total number of employees midmonth × 100 = the percentage of turnover.

For example, let's assume there were three separations during the month of August and 115 employees midmonth. We can calculate turnover in this scenario by

3/115 × 100 = 2.6% turnover rate.

This gives us the overall turnover rate for our organization. We may want to calculate turnover rates based on region or department to gather more specific data. For example, let's say of the three separations, two were in the accounting department. We have ten people in the accounting department. We can calculate that by

accounting: 2/10 × 100 = 20% turnover rate.

The turnover rate in accounting is alarmingly high compared to our company turnover rate. There may be something happening in this department to cause unusual turnover. Some of the possible reasons are discussed in "Reasons for Voluntary Turnover".

In HR, we can separate the costs associated with turnover into indirect costs and direct costs. Direct turnover costs include the cost of leaving, replacement costs, and transition costs, while indirect turnover costs include the loss of production and reduced performance. The following are some examples of turnover costs (Maertz & Campion, 1998):

- Recruitment of replacements
- Administrative hiring costs
- Lost productivity associated with the time between the loss of the employee and hiring of replacement
- Lost productivity due to a new employee learning the job
- Lost productivity associated with coworkers helping the new employee
- Costs of training
- Costs associated with the employee's lack of motivation prior to leaving
- Sometimes, the costs of trade secrets and proprietary information shared by the employee who leaves
- Public relations costs

To avoid these costs, development of retention plans is an important function of the HR strategic plan. Retention plans outline the strategies the organization will use to reduce turnover and address employee motivation.

Table Turnover Costs

Direct	Indirect
Recruitment costs	Lost knowledge
Advertising costs for new position	Loss of productivity while new employee is brought up to speed

Direct	Indirect
Orientation and training of new employee	Cost associated with lack of motivation prior to leaving
Severance costs	Cost associated with loss of trade secrets
Testing costs	
Time to interview new replacements	
Time to recruit and train new hires	

Costs of Turnover

This video provides an overview of the cost of employee turnover.

Reasons for Voluntary Turnover

Before we discuss specific details on retention planning, it is important to address the reasons why people choose to leave an organization to begin with. One mistake HR professionals and managers make is to assume people leave solely on the basis of their unhappiness with their compensation packages. Many factors can cause demotivated employees, which we discuss in “Theories on Job Dissatisfaction”.

Once we find out what can cause voluntary turnover, we can develop retention strategies to reduce turnover. Some of the common reasons employees leave organizations can include the following:

1. **A poor match between the job and the skills of the employee.** This issue is directly related to the recruitment process. When a poor match occurs, it can cause frustration for the employee and for the manager. Ensuring the recruitment phase is viable and sound is a first step to making sure the right match between job and skills occurs.
2. **Lack of growth.** Some employees feel “stuck” in their job and don’t see a way to have upward mobility in the organization. Implementing a training plan and developing a clearly defined path to job growth is a way to combat this reason for leaving.
3. **Internal pay equity.** Some employees, while they may not feel dissatisfied with their own pay initially, may feel dissatisfaction when comparing their pay with others. Remember the pay equity theory discussed in Chapter 6? This theory relates to one reason why people leave.
4. **Management.** Many employees cite management as their reason for leaving. This can be attributed to overmanaging (micromanaging) people, managers not being fair or playing favorites, lack of or poor communication by managers, and unrealistic expectations of managers.
5. **Workload.** Some employees feel their workloads are too heavy, resulting in employees being spread thin and lacking satisfaction from their jobs, and possibly, lack of work-life balance as a result.

We know that some people will move or perhaps their family situation changes. This type of turnover is normal and expected. Figure $3.2.1$ shows other examples of why people leave organizations.

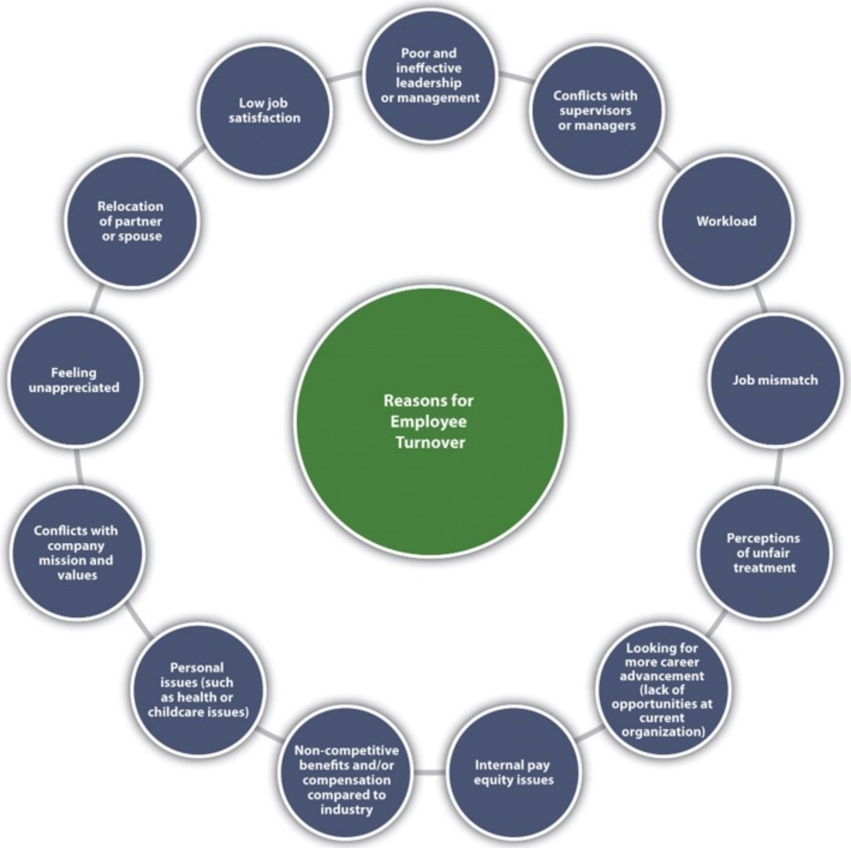

Figure: Common Reasons for Employee Turnover

Figure: Cost of employee turnover can be high for both the bottom line and employee morale. Jacklee – Frustrated man at desk – CC BY-SA 3.0.

As HR professionals and managers, we want to be sure we have plans in place to keep our best people. One such plan is the retention plan, which we will discuss in "Retention Plans".

Human Resource Recall

Do you feel your current or past organization did a good job of reducing turnover? Why or why not?

Key Takeaways

- Retaining employees is an important component to a healthy organization. Losing an employee is called *turnover*. Turnover can be very expensive to an organization, which is why it is important to develop retention plans to manage turnover.
- *Voluntary turnover* is turnover that is initiated by the employee, while *involuntary turnover* is initiated by the organization for various reasons such as nonperformance.
- *Direct turnover costs* and *indirect turnover costs* can include the costs associated with employee replacement, declining employee morale, or lost customers.
- Some of the reasons why employees leave can include a poor match between job and skills, no growth potential, pay inequity among employees, the fairness and communication style of management, and heavy workloads.

Exercise 3.2.1

1. Perform an Internet search of average employee turnover cost and report findings from at least three different industries or companies.

References

Branham, L., *Keeping the People Who Keep You in Business* (New York: American Management Association, 2000), 6.

Maertz, C. P. Jr. and M. A. Campion, "25 Years of Voluntary Turnover Research: A Review and Critique," in *International Review of Industrial and Organizational Psychology*, vol. 13, ed. Cary L. Cooper and Ivan T. Robertson (London: John Wiley, 1998), 49–86.

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3.3: Retention Plans

Learning Objectives

1. Be able to discuss some of the theories on job satisfaction and dissatisfaction.
2. Explain the components of a retention plan.

Effective high-performance work systems (HPWS) is the name given to a set of systematic HR practices that create an environment where the employee has greater involvement and responsibility for the success of the organization. A high-performance work system is a strategic approach to many of the things we do in HR, including retention. Generally speaking, a HPWS gets employees involved in conceiving, designing, and implementing processes that are better for the company and better for the employee, which increases retention. The Figure below gives an example of HR's part in creating these systems.

Figure: HR Components of a HPWS. (CC-BY-NC-SA This work)

Keeping HPWS in mind, we can begin to develop retention plans. The first step in this process is to understand some of the theories on job satisfaction and dissatisfaction. Next, we can gather data as to the satisfaction level of our current employees. Then we can begin to implement specific strategies for employee retention.

Theories on Job Dissatisfaction

There are a number of theories that attempt to describe what makes a satisfied employee versus an unsatisfied employee. While you may have learned about these theories in another class, such as organizational behavior, they are worth a review here to help us better understand employee satisfaction from an HR perspective.

Progression of Job Withdrawal

The first step to developing a retention plan is understanding some of the theories surrounding job satisfaction. One of the basic theories is the progression of job withdrawal theory, developed by Dan Farrell and James Petersen (Farrell & Petersen, 1984). It says that people develop a set of behaviors in succession to avoid their work situation. These behaviors include behavior change, physical withdrawal, and psychological withdrawal.

Within the behavior change area, an employee will first try to change the situation that is causing the dissatisfaction. For example, if the employee is unhappy with the management style, he or she might consider asking for a department move. In the physical withdrawal phase, the employee does one of the following:

- Leaves the job
- Takes an internal transfer
- Starts to become absent or tardy

If an employee is unable to leave the job situation, he or she will experience psychological withdrawal. They will become disengaged and may show less job involvement and commitment to the organization, which can create large costs to the organization, such as dissatisfied customers.

Table: Process of Job Withdrawal

Employee becomes dissatisfied	• For any number of reasons discussed earlier in this chapter
Behavior change	• If unionized, increased grievances • Whistle-blowing • Change of conditions, such as applying for other jobs
Physical withdrawal	• Leave the job • Internal transfer • Absenteeism • Tardiness
Psychological withdrawal	• Disengagement in job and/or with team members • Less organizational commitment • Become less productive

Hawthorne Studies

Between 1927 and 1932, a series of experiments were conducted by Elton Mayo in the Western Electric Hawthorne Works company in Illinois (Mayo, 1949; 2007). Mayo developed these experiments to see how the physical and environmental factors of the workplace, such as lighting and break times, would affect employee motivation.

This was some of the first research performed that looked at human motivation at work. His results were surprising, as he found that no matter which experiments were performed, worker output improved. His conclusion and explanation for this was the simple fact the workers were happy to receive attention from researchers who expressed interest in them. As a result, these experiments, scheduled to last one year, extended to five years to increase the knowledge base about human motivation.

The implication of this research applies to HR and managers even today. It tells us that our retention plans must include training and other activities that make the employee feel valued.

Maslow’s Hierarchy of Needs

In 1943, Abraham Maslow developed what was known as the theory of human motivation (Maslow, 1999). His theory was developed in an attempt to explain human motivation. According to Maslow, there is a hierarchy of five needs, and as one level of need is satisfied, it will no longer be a motivator. In other words, people start at the bottom of the hierarchy and work their way up. Maslow’s hierarchy consists of the following:

- Self-actualization needs
- Esteem needs
- Social needs
- Safety needs
- Physiological needs

Physiological needs are our most basic needs, including food, water, and shelter. Safety needs at work might include feeling safe in the actual physical environment, or job security. As humans, we have the basic need to spend time with others. Esteem needs refer to the need we have to feel good about ourselves. Finally, self-actualization needs are the needs we have to better ourselves.

The implications of his research tell us, for example, that as long as an employee's physiological needs are met, increased pay may not be a motivator. Likewise, employees should be motivated at work by having all needs met. Needs might include, for example, fair pay, safety standards at work, opportunities to socialize, compliments to help raise our esteem, and training opportunities to further develop ourselves.

Herzberg Two-Factor Theory

In 1959, Frederick Herzberg published *The Motivation to Work* (Herzberg, et. al., 1993), which described his studies to determine which aspects in a work environment caused satisfaction or dissatisfaction. He performed interviews in which employees were asked what pleased and displeased them about their work. From his research, he developed the motivation-hygiene theory to explain these results.

The things that satisfied the employees were motivators, while the dissatisfiers were the hygiene factors. He further said the hygiene factors were not necessarily motivators, but if not present in the work environment, they would actually cause demotivation. In other words, the hygiene factors are expected and assumed, while they may not necessarily motivate.

His research showed the following as the top six **motivation factors**:

1. Achievement
2. Recognition
3. The work itself
4. Responsibility
5. Advancement
6. Growth

The following were the top six **hygiene factors**:

1. Company policies
2. Supervision
3. Relationship with manager
4. Work conditions
5. Salary
6. Relationship with peers

The implication of this research is clear. Salary, for example, is on the hygiene factor list. Fair pay is expected, but it doesn't actually motivate someone to do a better job. On the other hand, programs to further develop employees, such as management training programs, would be considered a motivator. Therefore, our retention plans should be focused on the area of fair salary of course, but if they take the direction of Herzberg's motivational factors, the actual motivators tend to be the work and recognition surrounding the work performed.

McGregor

Douglas McGregor proposed the X-Y theory in his 1960 book called *The Human Side of Enterprise* (McGregor, 2006). McGregor's theory gives us a starting point to understanding how management style can impact the retention of employees. His theory suggests two fundamental approaches to managing people. **Theory X managers**, who have an authoritarian management style, have the following fundamental management beliefs:

- The average person dislikes work and will avoid it.
- Most people need to be threatened with punishment to work toward company goals.
- The average person needs to be directed.
- Most workers will avoid responsibility.

Theory Y managers, on the other hand, have the following beliefs:

- Most people want to make an effort at work.
- People will apply self-control and self-direction in pursuit of company objectives.
- Commitment to objectives is a function of expected rewards received.
- People usually accept and actually welcome responsibility.
- Most workers will use imagination and ingenuity in solving company problems.

As you can see, these two belief systems have a large variance, and managers who manage under the X theory may have a more difficult time retaining workers and may see higher turnover rates. As a result, it is our job in HR to provide training opportunities in the area of management, so our managers can help motivate the employees. Training is a large part of the retention plan. This will be addressed in more detail in "Implementing Retention Strategies".

Human Resource Recall

What are the disadvantages of taking a theory X approach with your employees?

Carrot and Stick

It is unknown for sure where this term was first used, although some believe it was coined in the 1700s during the Seven Years' War. In business today, the stick approach refers to "poking and prodding" to get employees to do something. The carrot approach refers to the offering of some reward or incentive to motivate employees. Many companies use the stick approach, as in the following examples:

- If you don't increase your sales by 10 percent, you will be fired.
- Everyone will have to take a pay cut if we don't produce 15 percent more than we are currently producing.

As you can see, the stick approach takes a punitive look at retention, and we know this may motivate for a short period of time, but not in the long term.

The carrot approach might include the following:

- If you increase sales by 10 percent, you will receive a bonus.
- If production increases by 15 percent, the entire team will receive an extra day off next month.

The carrot approach takes a much more positive approach to employee motivation but still may not be effective. For example, this approach can actually demotivate employees if they do not feel the goal is achievable. Also, if organizations use this as the only motivational technique, ignoring physiological rewards such as career growth, this could be a detriment as well. This approach is used as a retention method, usually as part of a compensation plan.

Figure: The carrot approach normally means some incentive will occur if expectations are met. The expectations should be attainable and shouldn't be the only method used in retention planning and turnover reduction. Bruce Thomton – Carrot and stick – CC BY-NC-SA 2.0.

All the employee satisfaction theories we have discussed have implications for the development of our retention plans and reduction of turnover. These theories can be intertwined into the specific retention strategies we will implement.

Sources of Employee Satisfaction Data

After we have an understanding of why employees leave and employee satisfaction theories, research is our next step in developing a retention plan that will work for your organization. There isn't a "one size fits all" approach to retention planning, so the research component is essential to formulate a plan that will make a difference in turnover rates.

Research can be performed in two ways. First, exit interviews of employees who are leaving the organization can provide important retention information. An **exit interview** is an interview performed by HR or a manager that seeks information as to what the employee liked at the organization and what they see should be improved. Exit interviews can be a valuable way to gather information about employee satisfaction and can serve as a starting point for determining any retention issues that may exist in the organization. However, the exit survey data should be reviewed over longer periods of time with several employees, so we can be sure we are not making retention plans based on the feedback of only a few people.

Sample Exit Interview Questions

1. What is your primary reason for leaving?
2. What did you like most about your job?
3. What did you like least about your job?
4. Did you feel there was room for growth in your job?
5. What incentives did you utilize while at our company?
6. Which incentives would you change and why?
7. Did you have enough training to do your job effectively?

The second way to perform research is through employee satisfaction surveys. A standardized and widely used measure of job satisfaction is the **job descriptive index (JDI)** survey. While JDI was initially developed in 1969 at Bowling Green State University, it has gone through extensive revisions, the most recent one in 2009. JDI looks at five aspects of job satisfaction, including present job, present pay, opportunities for promotion, supervision, and coworkers[1]. Each of the five facets contains nine or eighteen questions; the survey can be given in whole or measure only one facet. The value of the scale is that an HR manager can measure job satisfaction over a period of time and compare current results to past results and even compare job satisfaction at their company versus their industry. This allows the HR manager to consider changes in the organization, such as a change in compensation structure, and see how job satisfaction is impacted by the change.

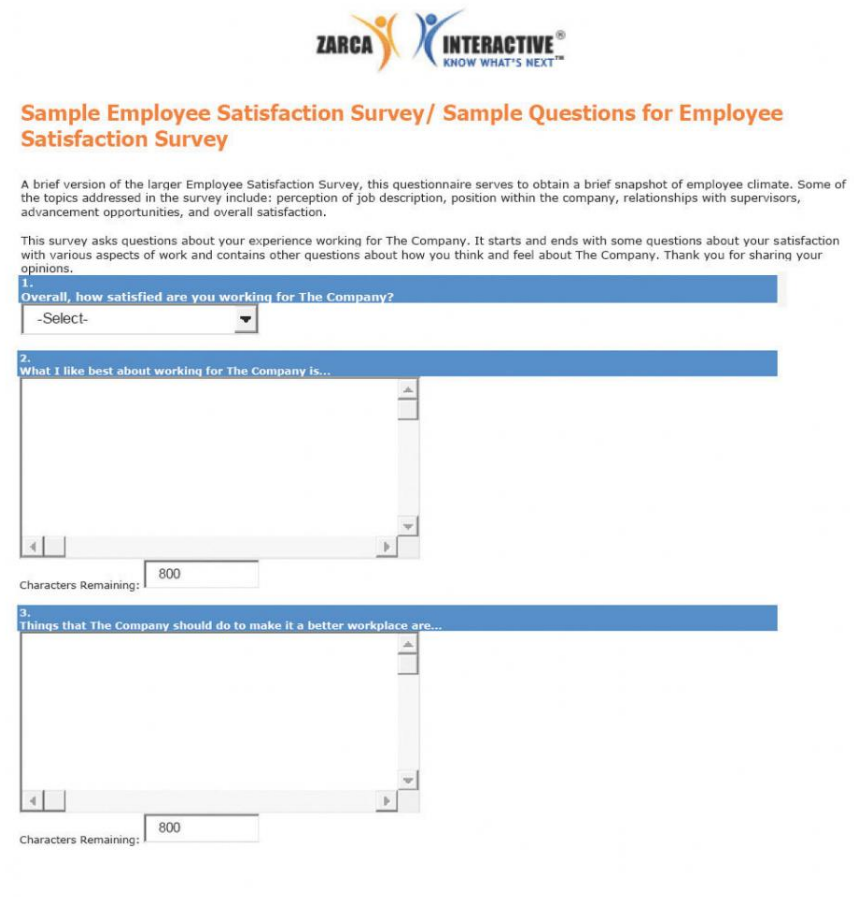
Any type of survey can provide information on the employee's satisfaction with their manager, workload, and other satisfaction and motivational issues. An example of a general employee satisfaction survey is shown in Figure $3.3.3$. However, a few things should be considered when developing an employee satisfaction survey:

1. Communicate the purpose and goal of the survey.
2. Once the survey is complete, communicate what changes have been made as a result of the survey.
3. Assure employees their responses will be anonymous and private.
4. Involve management and leadership in the survey development.
5. Ask clear, concise questions that get at the root of morale issues.

Once data have been gathered and analyzed, we can formulate our retention plans. Our plan should always be tied to the strategic goals of the organization and the HPWS previously developed, and awareness of motivational theories should be coupled with the plans. Here are the components of a retention plan:

1. JDI survey results, other survey results, and exit interview findings
2. Current retention plans, strengths, and weaknesses
3. Goals of a retention plan (e.g., reduce turnover by 10 percent)
4. Individual strategies to meet retention and turnover reduction goals.
5. Budgeting. An understanding of how your retention plans will impact the payroll budget is important. See Video 7.2 for an example on how to calculate turnover costs and compare those to costs saved with an effective retention strategy.

In "Implementing Retention Strategies", we will discuss the implementation of specific retention strategies.


ZARCA INTERACTIVE® KNOW WHAT'S NEXT™

Sample Employee Satisfaction Survey/ Sample Questions for Employee Satisfaction Survey

A brief version of the larger Employee Satisfaction Survey, this questionnaire serves to obtain a brief snapshot of employee climate. Some of the topics addressed in the survey include: perception of job description, position within the company, relationships with supervisors, advancement opportunities, and overall satisfaction.

This survey asks questions about your experience working for The Company. It starts and ends with some questions about your satisfaction with various aspects of work and contains other questions about how you think and feel about The Company. Thank you for sharing your opinions.

1.
Overall, how satisfied are you working for The Company?

-Select-

2.
What I like best about working for The Company is...

Characters Remaining: 800

3.
Things that The Company should do to make it a better workplace are...

Characters Remaining: 800

Figure: A Sample Employee Satisfaction Survey Source: "Sample Employee Satisfaction Surveys," Zarca Interactive, accessed August 18, 2011, http://www.zarca.com/Online-Surveys-Employee/sample-employee-surveys.html.

4.
Please indicate the extent to which you agree with the following statements:

	Disagree Completely	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Agree Completely
(a) The company clearly conveys its mission to its employees.							
(b) There is good communication from managers to employees.							
(c) I have the tools and resources I need to do my job.							
(d) I have the training I need to do my job							
(e) I feel underutilized in my job.							
(f) The amount of work expected of me is reasonable.							
(g) It is easy to get along with my colleagues.							
(h) The morale in my department is high							

5.
Please indicate the extent to which you agree with the following statements.

	Disagree Completely	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Agree Completely
(a) Overall, my supervisor does a good job.							
(b) My supervisor promotes an atmosphere of teamwork.							
(c) My supervisor provides me with actionable suggestions on what I can do to improve.							
(d) When I have questions or concerns, my supervisor is able to address them.							

6.
How satisfied are you with...

	Completely Dissatisfied	Very Dissatisfied	Somewhat Dissatisfied	Neutral	Somewhat Satisfied	Very Satisfied	Completely Satisfied
(a) your pay?							
(b) your career progression at The Company thus far?							
(c) benefits offered by The Company?							
(d) the process used to determine annual raises?							

7.
What is your current position?

- Position 1
- Position 2
- Position 3
- Position 4
- Position 5

8.
In which department do you work?

- Department 1
- Department 2
- Department 3
- Department 4
- Department 5

9.
How many years have you been with The Company?

- Less than a year
- 1 - 3 years
- 4 - 6 years
- More than six years

Key Takeaways

- A *high-performance work system (HPWS)* is a set of systematic HR practices that create an environment where the employee has greater involvement and responsibility for the success of the organization. The overall company strategy should impact the HPWS HR develops in regard to retention.
- *Retention plans* are developed to address employee turnover, resulting in a more effective organization.
- The first step in developing a retention plan is to use exit interviews and/or surveys to find out the satisfaction level of employees. Once you have the data, you can begin to write the plan, making sure it is tied to the organizational objectives.
- A standardized and widely used measure of job satisfaction is the JDI survey, or the *Job Descriptive Index*. While JDI was initially developed in 1969 at Bowling Green State University, it has gone through extensive revisions, the most recent one in 2009. JDI looks at five aspects of job satisfaction, including present job, present pay, opportunities for promotion, supervision, and coworkers[1].
- A retention plan normally consists of survey and exit interview analysis, any current plans and strengths and weaknesses of those plans, the goal of the retention plan, and finally, the specific strategies to be implemented.

- There are many motivation theories that attempt to explain people's motivation or lack of motivation at work.
- The Hawthorne studies were a series of studies beginning in 1927 that initially looked at physical environments but found that people tended to be more motivated when they felt cared about. The implications to retention are clear, in that employees should feel cared about and developed within the organization.
- Maslow's theory on motivation says that if someone already has a need met, giving them something to meet more of that need will no longer motivate. Maslow divided the needs into physiological, safety, social, esteem, and self-actualization needs. Many companies only motivate based on the low-level needs, such as pay. Development of training opportunities, for example, can motivate employees on high-level self-actualization needs.
- Herzberg developed motivational theories based on actual motivation factors and hygiene factors. Hygiene factors are those things that are expected in the workplace and will demotivate employees when absent but will not actually motivate when present. If managers try to motivate only on the basis of hygiene factors, turnover can be high. Motivation on both of his factors is key to a good retention plan.
- McGregor's theory on motivation looked at managers' attitudes toward employees. He found that theory X managers had more of a negative view of employees, while theory Y managers had a more positive view. Providing training to the managers in our organization can be a key retention strategy based on McGregor's theory.
- The carrot-and-stick approach means you can get someone to do something by prodding or by offering some incentive to motivate them to do the work. This theory implies these are the only two methods to motivate, which of course, we know isn't true. The implication of this in our retention plan is such that we must utilize a variety of methods to retain employees.

? Exercises 3.3.1

1. What types of things will motivate you in your career? Name at least five things. Where would these fit on Maslow's hierarchy of needs and Herzberg's two-factor theory?
2. How can you apply each of these motivation techniques to motivation theories?
   1. Training
   2. Employee recognition programs
   3. Bonuses
   4. Management training for your current managers
   5. Profit sharing

[1]"Job Descriptive Index," JDI Research Group, Bowling Green State University, accessed July 29, 2011, www.bgsu.edu/departments/psych/io/jdi/page54706.html.

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3.4: Implementing Retention Strategies

Learning Objectives

1. Explain the strategies and considerations in development of a retention plan.

As we have addressed so far in this chapter, retention and reduction of turnover is paramount to a healthy organization. Performing research, such as calculating turnover rates, doing exit interviews, and surveying employees' satisfaction, are the first steps. Once this is done, understanding motivational theories and the application of them in the retention plan can help reduce turnover. Next, we can apply specific retention strategies to include in our plans, while keeping our budget in mind. Some of the retention strategies discussed have already or will be discussed in their own chapters, but they are certainly worth a mention here as part of the overall plan.

Salaries and Benefits

As we know from Chapter 6 “Compensation and Benefits”, a comprehensive compensation plan that includes not only pay but things such as health benefits and paid time off (PTO) is the first retention strategy that should be addressed. The compensation plan should not only help in recruitment of the right people but also help retain employees. Utilizing a pay banding system, in which the levels of compensation for jobs are clearly defined, is one way to ensure fairness exists within internal pay structures.

As we know from this chapter, compensation is not everything. An employee can be well paid and have great benefits but still not be satisfied with the organization. Some of the considerations surrounding pay as a way to retain employees include the following:

1. **Instituting a standard process.** Many organizations do not have set pay plans, which can result in unfairness when onboarding (the process of bringing someone “on board” with the company, including discussion and negotiation of compensation) or offering pay increases. Make sure the process for receiving pay raises is fair and defensible, so as not to appear to be discriminatory. This can be addressed in both your compensation planning process as well as your retention plan.
2. **A pay communication strategy.** Employees deserve to know how their pay rates are being determined. Transparency in the process of how raises are given and then communicating the process can help in your retention planning process[1].
3. **Paid time off.** Is your organization offering competitive PTO? Consider implementing a PTO system that is based on the amount of hours an employee works. For example, rather than developing a policy based on hours worked for the company, consider revising the policy so that for every X number of hours worked, PTO is earned. This can create fairness for the salaried employee, especially for those employees who may work more than the required forty hours.

Please refer to Chapter 6 “Compensation and Benefits” for more information on pay and benefits, and analyze how your compensation plans could be negatively affecting your retention.

Training and Development

To meet our higher level needs, humans need to experience self-growth. HR professionals and managers can help this process by offering training programs within the organization and paying for employees to attend career skill seminars and programs. In addition, many companies offer tuition reimbursement programs to help the employee earn a degree. Dick's Drive-In, a local fast food restaurant in Seattle, Washington, offers $18,000 in scholarships over four years to employees working twenty hours per week. There is a six-month waiting period, and the employee must continue to work twenty hours per week. In a high turnover industry, Dick's Drive-In boasts one of the highest retention rates around.

How Would You Handle This?

You work for a small organization in the HR department. One of your web developers schedules a meeting with you, and during the meeting she says that she doesn't see any career growth for her in the organization. As a result, she confides that she is planning to leave the organization as soon as she can find another job. She is one of the best developers you have and you would hate to lose her.

Performance Appraisals

The performance appraisal is a formalized process to assess how well an employee does his or her job. The effectiveness of this process can contribute to employee retention, in that employees can gain constructive feedback on their job performance, and it can be an opportunity for the manager to work with the employee to set goals within the organization. This process can help ensure the employee’s upper level self-actualization needs are met, but it also can address some of the motivational factors discussed by Herzberg, such as achievement, recognition, and responsibility.

> **? Human Resource Recall**
>
> How important is PTO to you? How do you think the amount of PTO would affect your likelihood to accept one job over another?

Succession Planning

Succession planning is a process of identifying and developing internal people who have the potential for filling positions. As we know, many people leave organizations because they do not see career growth or potential. One way we can combat this in our retention plan is to make sure we have a clear succession planning process that is communicated to employees. Succession planning is sometimes called the talent bench, because successful companies always have talented people “on the bench” or ready to do the job should a key position become vacant. The goals of most succession plans include the following (Rothwell & Kazanas, 1999):

- Identify high-potential employees capable of advancing to positions of higher responsibility.
- Ensure the development of these individuals to help them be “ready” to earn a promotion into a new position.
- Ensure diversity in the talent bench by creating a formal succession planning process.

Succession planning must be just that: planned. This allows clear communication to the employees on how they can further develop within the organization, and it helps them see what skills they should master before that time comes. Chapter 8 “Training and Development” will provide more information on how to develop and implement a succession plan.

Examples of Retention Strategies at Michels Corporation

" href="http://www.youtube.com/watch?v=rsO8CwFiFxw" class="replaced-iframe">(click to see video)

This video addresses some “real world” retention strategies used at Michels Corporation, a utility contractor services company.

Flextime, Telecommuting, and Sabbaticals

According to a Salary.com survey, the ability to work from home and flexible work schedules are benefits that would entice an employee to stay in their job[2]. The ability to implement this type of retention strategy might be difficult, depending on the type of business. For example, a retailer may not be able to implement this, since the sales associate must be in the store to assist customers. However, for many professions, it is a viable option, worth including in the retention plan and part of work-life balance, which we will discuss in Section 7.3.10 “Work-Life Balance”.

Some companies, such as Recreational Equipment Incorporated, based in Seattle, offer twelve weeks of unpaid leave per year (beyond the twelve weeks required under the Family and Medical Leave Act) for the employee to pursue volunteering or traveling opportunities. In addition, with fifteen years of service with the company, paid sabbaticals are offered, which include four weeks plus already earned vacation time.

Management Training

As we discuss in Section “Reasons for Voluntary Turnover”, a manager can affect an employee’s willingness to stay on the job. In a recent Gallup poll of one million workers, a poor supervisor or manager is the number one reason why people leave their jobs[3]. Managers who bully, use the theory X approach, communicate poorly, or are incompetent may find it difficult to motivate employees to stay within the organization. While in HR we cannot control a manager’s behavior, we can provide training to create better management. Training of managers to be better communicators and motivators is a way to handle this retention issue. We will discuss training further in Chapter 8 “Training and Development”.

Conflict Management and Fairness

Perceptions on fairness and how organizations handle conflict can be a contributing factor to retention. Outcome fairness refers to the judgment that people make with respect to the outcomes they receive versus the outcomes received by others with whom they associate with. When people are deciding if something is fair, they will likely look at procedural justice, or the process used to determine the outcomes received. There are six main areas employees will use to determine the outcome fairness of a conflict:

1. **Consistency.** The employee will determine if the procedures are applied consistently to other persons and throughout periods of time.
2. **Bias suppression.** The employee perceives the person making the decision does not have bias or vested interest in the outcome.
3. **Information accuracy.** The decision made is based on correct information.
4. **Correctability.** The decision is able to be appealed and mistakes in the decision process can be corrected.
5. **Representativeness.** The employee feels the concerns of all stakeholders involved have been taken into account.
6. **Ethicality.** The decision is in line with moral societal standards.

For example, let's suppose JoAnn just received a bonus and recognition at the company party for her contributions to an important company project. Another employee, Sam, might compare his inputs and outputs and determine it was unfair that JoAnn was recognized because he had worked on bigger projects and not received the same recognition or bonus. When we look at how our retention strategies are developed, we want to be sure they can apply to everyone in the organization; otherwise it may cause retention problems. Some of the procedures questioned could include the following:

- How time off is requested
- How assignments of the "best" projects are given
- Division of work
- Promotion processes
- Pay processes

While some of these policies may seem minor, they can make a big difference in retention. Besides development of fair policies, we should be sure that the policies are clearly communicated and any processes are communicated as well. These types of policies should be revisited yearly and addressed in the retention plan if it appears they are causing employee dissatisfaction.

In addition to a sense of fairness within the organization, there should be a specific way (process) of managing conflict. If the organization is unionized, it is likely a grievance process is already in place to handle many types of conflicts. We will discuss this process in greater detail in Chapter 12 "Working with Labor Unions". There are four basic steps to handle conflict. First, the individuals in conflict should try to handle the conflict by discussing the problem with one another. If this doesn't work, a panel of representatives from the organization should hear both sides of the dispute and make a recommendation. If this doesn't work, the organization may want to consider mediation and, in extreme cases, arbitration. In mediation, a neutral third party from outside the organization hears both sides of a dispute and tries to get the parties to come to a resolution, while in arbitration, an outside person hears both sides and makes a specific decision about how things should proceed.

Fortune 500 Focus

With over nineteen thousand employees in sixty countries, Google has seen its share of retention problems[4]. In late 2010, Googlers left the organization en masse to work for Facebook or Twitter (Popper, 2010). Many who left were looking for pre–initial public offering (IPO) organizations to work with, something that Google couldn't compete with, since it went IPO in April 2004. As a result of the high turnover, Google put its mathematical algorithms to work to determine which employees were most likely to leave, allowing HR to determine what departments to focus on in their retention plans. In 2011, Google gave every employee a 10 percent pay raise, and it continues to offer a variety of new and old perks, such as free food in any of its cafeterias, 20 percent of time to work on personal projects, and $175 peer spot bonuses. Google also offers free laundry services, climbing walls, tuition reimbursement, child-care centers, financial planning classes, and matching funds (up to $3,000 per employee) to nonprofit organizations. For all this, Google ranked number four on *Fortune* magazine's list of 100 best companies to work for in 2011[5]. Some say it isn't the perks, high pay, or bonuses but the company culture that Google creates. A weekly all-hands meeting with the founders, where people are encouraged to ask the founders questions, and a team focus meeting where everyone shares ideas are examples of the company culture Google creates. Google exemplifies the importance of culture in retention of employees.

Job Design, Job Enlargement, and Empowerment

As we have discussed previously, one of the reasons for job dissatisfaction is the job itself. Ensuring we are appropriately matching skills with the job when we do our initial hiring is important. Revisiting the recruitment plan and selection process should be a consideration.

Job enrichment means to enhance a job by adding more meaningful tasks to make the employee's work more rewarding. For example, if a retail salesperson is good at creating eye-catching displays, allow him or her to practice this skill and assign tasks revolving around this. Job enrichment can fulfill the higher level of human needs while creating job satisfaction at the same time.

In fact, research in this area by Richard Hackman and Greg Oldham (Ford, 1969; Paul, et. al., 1969) found that employees need the following to achieve job satisfaction:

- Skill variety, or many different activities as part of the job
- Task identity, or being able to complete one task from beginning to end
- Task significance, or the degree to which the job has impact on others, internally or externally
- Autonomy, or freedom to make decisions within the job
- Feedback, or clear information about performance

In addition, job enlargement, defined as the adding of new challenges or responsibilities to a current job, can create job satisfaction. Assigning employees to a special project or task is an example of job enlargement. Be cautioned, though, that some employees may resent additional work, and job enlargement could actually be a demotivator. Otherwise, knowing the employee and his or her goals and adding work that can be an end to these goals is the best way to achieve retention through job enlargement.

Figure: Some companies offer unique benefits to reduce turnover. An on-site yoga class is an example of a unique, although expensive, benefit to consider including in a retention plan. Edson Hong – Beauty Orange County Yoga – CC BY-NC-ND 2.0.

Employee empowerment involves employees in their work by allowing them to make decisions and act upon those decisions, with the support of the organization. Employees who are not micromanaged and who have the power to determine the sequence of their own work day, for example, tend to be more satisfied than those who are not empowered. Empowerment can include the following:

- Encourage innovation or new ways of doing things.
- Make sure employees have the information they need to do their jobs; for example, they are not dependent on managers for information in decision making.
- Use management styles that allow for participation, feedback, and ideas from employees.

Pay-for-Performance Strategies

In "Compensation and Benefits", we discussed several pay-for-performance strategies we can implement to motivate our employees. A pay-for-performance strategy means that employees are rewarded for meeting preset objectives within the organization. For example, in a merit-based pay system, the employee is rewarded for meeting or exceeding performance during a given time period. Rather than a set pay increase every year, the increase is based on performance. Some organizations offer bonuses to employees for meeting objectives, while some organizations offer team incentive pay if a team achieves a specific, predetermined outcome. For example, each player on the winning team of the 2010 NFL Super Bowl earned a team bonus of $83,000 (Rovell, 2011), while the losing team of the Super Bowl took home $42,000. Players also earn money for each wild card game and payoff game. Some organizations also offer profit sharing, which is tied to a company's overall performance. Gain sharing, different from profit sharing, focuses on improvement of productivity within the organization. For example, the city of Loveland in Colorado implemented a gain-sharing program that defined three criteria that needed to be met for employees to be given extra compensation. The city revenues had to exceed expenses, expenses had to be equal to or less than the previous year's expenses, and a citizen satisfaction survey had to meet minimum requirements.

To make sure a pay-for-performance system works, the organization needs to ensure the following:

- Standards are specific and measureable.
- The system is applied fairly to all employees.
- The system is communicated clearly to employees.
- The best work from everyone in the organization is encouraged.
- Rewards are given to performers versus nonperformers.
- The system is updated as the business climate changes.
- There are substantial rewards for high performers.

As we have already addressed, pay isn't everything, but it certainly can be an important part of the employee retention plan and strategy.

Pay for Performance: Teachers

" href="http://www.youtube.com/watch?v=FBzBPlh-K30" class="replaced-iframe">(click to see video)

This video shows an example of a new pay-for-performance plan for teachers in South Carolina.

Work-Life Balance

Work-life balance discussions originated during the 1960s and 1970s and pertained mostly to working mothers' meeting the demands of family and work. During the 1980s, the realization that meeting a work-life balance is important (for all, not just working mothers) resulted in companies such as IBM implementing flextime and home-based work solutions. The growing awareness of the work-life balance problem continued into the 1990s, when policies were developed and implemented but not acted upon by managers and employees, according to Jim Bird in *Employment Relations Today* (Bird, 2006). Today, work-life balance is considered an important topic, so much so that the World at Work Society offers special certifications in this area. The World at Work certification programs focus on creation of successful programs to attract, retain, and motivate employees.

Karol Rose, author of *Work Life Effectiveness* (Rose, 2006), says that most companies look at a systems approach of work-life balance, instead of a systems and individual approach. The systems approach to work-life balance includes policies and procedures that allow people flexibility, such as telecommuting and flextime options.

According to Rose, looking at the individual differences is equally as important as the systems approach. Brad Harrington, the director of Boston College's Center for Work and Family, stresses this issue: "Work-life balance comes down, not to an organizational strategy, but to an individual strategy." For example, a single parent has a different work-life balance need than someone without children. In other words, as HR professionals, we can create work-life balance systems, but we should also look at individual approaches. For example, at Recreational Equipment Incorporated (REI)[6], they use the systems approach perspective and offer paid time off and sabbaticals, but their employee assistance program also offers access to services, referrals, and free consulting for the individual to find his or her perfect work-life balance. For this, REI receives a number nine ranking on *Fortune*'s list of best companies to work for in the area of work-life balance.

The company culture can contribute greatly to work-life balance. Some organizations have a culture of flexibility that fares well for workers who do not want to feel tethered to an office, while some workers prefer to be in the office where more informal socializing can occur. While some companies promote work-life balance on paper, upper management needs to let employees know it is OK to take advantage of the alternatives to create a positive work-life balance. For example, companies place different levels of value on work-life options such as telecommuting. An organization may have a telecommuting option, but the employees must feel it is OK to use these options. Even in a company that has work-life balance systems, a manager who sends e-mails at 10 p.m. on Saturday night could be sending the wrong message to employees about the expectations, creating an environment in which work-life balance is not practiced in reality. O'Neill, a surf gear company in California, sends a strong message to its employees by offering half-day Fridays during the summer[7], so employees can get a head start on the weekend.

Jim Bird, in his work-life balance article in *Employment Relations Today*, suggests implementing a work-life balance training program that is dual purpose (can serve both personal interests and professional development). In other words, implement trainings in which the employee can develop both personal skills and interests that can translate into higher productivity at work.

Besides the training program, Bird suggests creating a monthly work-life newsletter as an educational tool to show the company's commitment to work-life balance. The newsletter can include interviews from respected employees and tips on how to create a work-life balance.

Finally, training managers on the importance of work-life balance and how to create a culture that embraces this is a key way to use work-life balance as a retention strategy.

Other Retention Strategies

According to *Fortune*'s "100 Best Companies to Work For,"[5] retention strategies that are more unusual might be part of your retention plan. Some strategies from the list might include the following:

- On-site daycare or daycare assistance
- Gym memberships or on-site gyms
- Concierge service to assist in party planning or dog grooming, for example
- On-site dry cleaning drop-off and pickup
- Car care, such as oil changes, on-site once a week
- On-site doggie daycare
- On-site yoga or other fitness classes
- "Summer Fridays," when all employees work half days on Fridays during the summer
- Various support groups for cancer survivors, weight loss, or support in caring for aging parents
- Allowance for fertility treatment benefits
- On-site life coaches
- Peer-to-peer employee recognition programs
- Management recognition programs

While some of these options may not work in your organization, we must remember to be creative when our goal is to retain our best employees and reduce turnover in our organizations. The bottom line is to create a plan and make sure the plan is communicated to all employees.

Key Takeaways

- Once you determine the employee's level of satisfaction through exit interviews and surveys and understand motivational theories, you can begin to develop specific retention strategies.
- Of course, salary and benefits are a major component of retention strategies. Consistent pay systems and transparent processes as to how raises occur must be included in a retention plan (and compensation strategy).
- Training and development meets the higher level needs of the individual. Many companies offer paid tuition programs, reimbursement programs, and in-house training to increase the skills and knowledge of the employee.
- *Performance appraisals* provide an avenue for feedback and goal setting. They also allow for employees to be recognized for their contributions.
- *Succession plans* allow employees to see how they can continue their career with the organization, and they clearly detail what employees need to do to achieve career growth, without leaving your organization.
- Flextime and telecommuting options are worth considering as an addition to your retention plan. These types of plans allow the employee flexibility when developing his or her schedule and some control of his or her work. Some companies also offer paid or unpaid sabbaticals after a certain number of years with the company to pursue personal interests.
- Since one of the reasons people are dissatisfied at their job is because of the relationship with their manager, providing in-house training to all management team members to help them become better communicators and better managers can trickle down to the employee level, creating better relationships and resulting in better retention and less turnover.
- Reviewing company policies to ensure they are fair can contribute to better retention. For example, how projects are assigned or the process for requesting vacation time can contribute to dissatisfaction if the employee feels the processes are not fair.
- Review the *job design* to ensure the employee is experiencing growth within their job. Changing the job through *empowerment* or *job enlargement* to help the growth of the employee can create better retention.
- Other, more unique ways of retaining employees might include offering services to make the employee's life easier, such as dry cleaning, daycare services, or on-site yoga classes.

Exercise 3.4.1

1. Research two different companies you might be interested in working for. When reviewing their list of benefits, which ones are offered that might motivate someone to stay with the organization?

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[2]"Employee Job Satisfaction and Retention Survey, 2007/2008," Salary.com, 2008, accessed February 26, 2011, www.salary.com/docs/resources/JobSatSurvey_08.pdf.

[3]"No. 1 Reason People Quit Their jobs," AOL News, Netscape, n.d., accessed July 28, 2011, webcenters.netscape.compuserve.com/whatsnew/package.jsp?name=fte/quitjobs/quitjobs&floc=wn-dx.

[4]"Our Philosophy," Google, n.d., accessed July 28, 2011, www.google.com/about/corporate/company/tenthings.html.

[5]"100 Best Companies to Work For," CNN Money, 2011, accessed July 28, 2011, http://money.cnn.com/magazines/fortune/bestcompanies/2011/snapshots/4.html.

[6]"Pay and Benefits: Total Rewards at REI," Recreational Equipment Incorporated, n.d., accessed July 29, 2011, www.rei.com/jobs/pay.html.

[7]"Vans, Quiksilver, and California Top Skate Companies Offer Dream Careers to FIDM's Graphic Design School Grads," *Fashion News*, June 4, 2011, accessed July 29, 2011, www.fashionnews.com/2011/06/04/vans-quiksilver-californias-top-skate-companies-offer-dream-careers-to-fidms-graphic -design-school-grads.

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3.5: Cases and Problems

Chapter Summary

- Retaining employees is an important component to a healthy organization. Losing an employee is called *turnover.*
- *Direct turnover costs* and *indirect turnover costs* can include the costs associated with employee replacement, declining employee morale, or lost customers.
- A *high-performance work system (HPWS)* is a set of systematic HR practices that create an environment where the employee has greater involvement and responsibility for the success of the organization. The overall company strategy should impact the HPWS HR develops in regard to retention.
- *Retention plans* are developed to address employee turnover, resulting in a more effective organization.
- Some of the reasons why employees leave can include a poor match between job and skills, no growth potential, pay inequity among employees, the fairness and communication style of management, and heavy workloads.
- The first step in developing a retention plan is to use exit interviews and/or surveys to find out the satisfaction level of employees. Once you have the data, you can begin to write the plan, making sure it is tied to the organizational objectives.
- A retention plan normally consists of survey and exit interview analysis, any current plans and strengths and weaknesses of those plans, the goal of the retention plan, and the specific strategies to be implemented.
- There are many motivation theories that attempt to explain people's motivation or lack of motivation at work.
- The Hawthorne studies were a series of studies beginning in 1927 that initially looked at physical environments but found that people tended to be more motivated when they felt cared about. The implications to retention are clear, in that employees should feel cared about and developed within the organization.
- Maslow's theory on motivation says that if someone already has a need met, giving them something to meet more of that need will no longer motivate. Maslow divided the needs into physiological, safety, social, esteem, and self-actualization needs. Many companies only motivate based on the low-level needs, such as pay. Development of training opportunities, for example, can motivate employees on high-level self-actualization needs.
- Herzberg developed motivational theories based on actual motivation factors and hygiene factors. Hygiene factors are those things that are expected in the workplace and will demotivate employees when absent but will not actually motivate when present. If managers try to motivate only on the basis of hygiene factors, turnover can be high. Motivation on both factors is key to a good retention plan.
- McGregor's theory on motivation looked at managers' attitudes toward employees. He found that theory X managers had more of a negative view of employees, while theory Y managers had a more positive view. Providing training to the managers in our organization can be a key retention strategy, based on McGregor's theory.
- The carrot-and-stick approach means you can get someone to do something by prodding or offering some incentive to motivate them to do the work. This theory implies these are the only two methods to motivate, which we know isn't true. The implication of this in our retention plan is such that we must utilize a variety of methods to retain employees.
- Once you determine the employee's level of satisfaction through exit interviews and surveys and understand motivational theories, you can develop specific retention strategies.
- Of course, salary and benefits are a major component of retention strategies. Consistent pay systems and transparent processes as to how raises occur must be included in a retention plan (and compensation strategy).
- Training and development meets the higher level needs of the individual. Many companies offer paid tuition programs, reimbursement programs, and in-house training to increase the skills and knowledge of the employee.
- *Performance appraisals* provide an avenue for feedback and goal setting. They also allow for employees to be recognized for their contributions.
- *Succession plans* allow employees to see how they can continue their career with the organization, and they clearly detail what employees need to do to achieve career growth-without leaving your organization.
- Flextime and telecommuting options are worth considering as an addition to your retention plan. These types of plans allow the employee flexibility when developing his or her schedule and some control of his or her work. Some companies also offer paid or unpaid sabbaticals after a certain number of years with the company to pursue personal interests.
- Since one of the reasons people are dissatisfied at their job is because of the relationship with their manager, providing in-house training to all management team members to help them become better communicators and better managers can trickle down to the employee level, creating better relationships and resulting in better retention and less turnover.

- Reviewing company policies to ensure they are fair can contribute to better retention. For example, how projects are assigned or the process for requesting vacation time can contribute to dissatisfaction if the employee feels the processes are not fair.
- Review the *job design* to ensure the employee is experiencing growth within their job. Changing the job through *empowerment* or *job enlargement* to help the growth of the employee can create better retention.
- Other, more unique ways of retaining employees might include offering services to make the employee's life easier, such as dry cleaning, daycare services, or on-site yoga classes.

Chapter Case

Turnover Analysis

You recently completed your company's new compensation plan. You are happy with the results but know there is more to retaining the employees than just pay, and you don't currently have a retention plan. Your organization is a large staffing firm, consisting of several offices on the West Coast. The majority of employees are staffing recruiters, and they fill full-time and temporary positions for a variety of clients. One of the challenges you face is a difference in geographical areas, and as a result, there are differences in what may motivate employees.

As you initially look at turnover numbers, you have the sense that turnover has increased over the last six months. Your initial thoughts are the need for a better retention strategy, utilizing a bonus structure as well as other methods of retention. Currently, your organization pays a straight salary to employees, does not offer flextime or telecommuting options, focuses on individual performance (number of staffing placements) rather than team performance, and provides five days of vacation for every two years with the organization.

Month	Separated Employees	Total Number of Employees Midmonth
March	12	552
April	14	541
May	16	539
June	20	548
July	22	545

1. Calculate monthly turnover for the past six months.
2. What are the possible reasons for turnover in your organization and other organizations?
3. What steps would you take to remedy the situation?

? Team Activity

1. Following is a list of some possible retention strategies. Rank each one in order of importance to you as an employee (1 being the most important), then share your rankings with classmates:
    1. Salary
    2. Opportunity for bonuses, profit sharing
    3. Benefits
    4. Opportunity to grow professionally with the organization
    5. Team bonuses
    6. More paid time off
    7. Option to telecommute
    8. Flextime scheduling
    9. Sense of empowerment
    10. Tuition reimbursement
    11. Job satisfaction

CHAPTER OVERVIEW

4: Manager's Ethics- Getting, Promoting, and Firing Workers

Chapter 4 examines some ethical decisions facing managers. It considers the values that underlie and guide the hiring, promoting, and firing of workers.

4.1: Hiring

Learning Objectives

1. Locate ethical tensions affecting the breadth of a hiring search.
2. Define applicant screening and mark its ethical boundaries.
3. Define applicant testing and consider what makes an appropriate test.
4. Draw the lines of an ethical interview process.

Help Wanted, but from Whom?

The Central Intelligence Agency's hiring practices are widely known and well depicted in the movie *The Recruit*. After discretely scouting the special capabilities of a young bartender played by Colin Ferrell, Al Pacino catches him at work, orders a drink, carries on a one-sided and cryptic conversation, performs a magic trick with a ripped newspaper, announces that "things are never quite as they appear," and finally admits that he's actually a job recruiter.

Ferrell seems annoyed by the man's presence.

Pacino returns to the newspaper, pulls out a page covered by an ad announcing "Two Day Specials." He circles the letters *c*, *i*, and *a* in "Specials" and walks out. Colin Ferrell follows. R. Donaldson (director), *The Recruit* (Burbank, CA: Touchstone Pictures, 2003), film.

Actually, that's not true. The CIA doesn't hire that way. They advertise on CareerBuilder just like any other company. You can understand, though, why they wouldn't mind scouting out their applicants even before allowing people to apply; they don't want to end up hiring double agents.

Something like that happened soon after Procter & Gamble grew jealous of a competitor's hair-care products. Salon Selectives, Finesse, and Thermasilk were all doing so well for Unilever that P&G contracted people to get hired over at Unilever and bring back secrets of their success. The corporate espionage—which P&G executives characterized as a "rogue operation"—led to a multimillion-dollar settlement between the companies and left behind the lesson that when you're the boss and you're hiring, you've got to make sure that the people you bring in will be loyal to the company. "Fortune: P&G Admits Spying on Hair Competitors," *Business Courier*, August 30, 2001, accessed May 24, 2011, http://cincinnati.bizjournals.com/cincinnati/stories/2001/08/27/daily43.html.

The problem is you've also got to make sure that they're going to do good work, the best work possible.

Between the two requirements there's a tension stretching through every decision to hire a new worker. On one side, you want to limit the people you even consider to those few who, for one reason or another, you know won't be a total disaster. On the other side, no company can survive playing it safe all the time; generally, the corporations able to hire the best talent will win over the long run. And one way to get the best talent is to cast as large a net as possible, let a maximum number know that a position is available, and work through the applications carefully no matter how many pour in.

Conclusion. Hiring employees can be safe or risky depending on how broadly you announce a job opening.

Three Strategies for Announcing a Job Opening: Nepotism, Internal Public Announcement, Mass Public Announcement

Start on the safe side of hiring. **Nepotism** is granting favored status to family members. In the case of hiring, it means circulating information about open jobs only to your relatives. Naturally this happens at many small businesses. A sales representative at a small firm importing auto accessories meets a woman at work. She's also a rep. Marriage follows. A year later he decides to quit his job and strike out on his own with a new website project that reviews and sells the same kind of car products. Things go well, page hits climb, sales increase, and soon he needs help so he hires…his wife. They've worked together before, and they both know the field. Most important, the risk is minimal. Since he's waking up with her in the morning he can figure she's not going to skip out on work just because it's a nice spring day. And is she going to steal office supplies? A little money from the payroll? An important client? Probably not. This is a case where nepotism makes sense.

But what about the other way? What if the husband's solo venture flops, and at the same time, his wife's career flourishes. Now he needs a job, and she's got the power to hire. A job opens up. Probably, she's got junior staff ready for the post, but can she push them aside and bring her husband in?

There *is* some justification: she's worked with him before, and she knows he performs well. Plus, as a boss of his own (failed) business, he's obviously got leadership experience and he has demonstrated initiative. All that counts for something. But if she goes with him she's going to breed resentment in her group. You can hear it:

"Hey, what do you need to get a promotion around here?"

"A last name."

And

Now you might be asking why nepotism bugs me so much. It's the presumption. It's the attitude. It's just one more example of how life isn't fair. Am I jealous? I don't know. I guess I take advantage of the company in other ways…LOL. What can I learn from this? That life is good if you're born into the right family? That I need to control my attitude and stop letting petty crap drive me to drink? Marti's Musings, "Nepotism Sucks," August 30, 2004, accessed May 24, 2011, businessethicsworkshop.com/Chapter_8/Nepotism_sucks.html.

That last paragraph comes from a blog entry titled "Nepotism Sucks." It does for his company too: few firms can be successful with employees musing about how they "take advantage of the company" while they're punctuating comments about their work with LOL. As for the central issue, he's right. Basic fairness isn't being honored: people are getting considered for a job because of who they're related to, and it's not this blogger's fault that his last name is wrong.

On the other hand, "Is Nepotism So Bad?" titles an article on Forbes.com that compiles a list of large companies—including *Forbes*—where nepotism has been the norm…and successful. According to the article, experts estimate that executive-level nepotism works out about 40 percent of the time. What are the advantages to bringing in your own? Familiarity with the business and trust are noted. Another advantage is also underlined: frequently, relatives don't want to let their own relatives down. Sons work harder for fathers, cousins for cousins, brothers for sisters. There's a productivity advantage in nepotism. Arguably, that factor weighs more heavily than the bitterness arising when deserving workers already employed don't get a chance to apply for a job because it already went to the boss's sister-in-law. Klaus Kneale, "Is Nepotism So Bad?," *Forbes*, June 20, 2009, accessed May 24, 2011, http://www.forbes.com/2009/06/19/ceo-executive-hiring-ceonewtork-leadership-nepotism.html.

Finally, at least theoretically, there's a creative solution to the bitterness caused by nepotism: make virtually every post a nepotism-first position. Oil-Dri, a producer of absorbent materials, celebrated its fiftieth anniversary with a party for all employees. "Would everyone," the group was asked at one point, "who is related to someone else in the company please stand up?" Of the seven hundred employees, about five hundred left their seats.

Internal public job announcements occupy a middle spot on the continuum between playing it safe (only letting selected people you're *certain* will be loyal and at least moderately capable know when a job is available) and going for the best talent (broadcasting the post as broadly as possible and accepting applications from anyone).

An example of an internal public job announcement comes from the *National Review*, a political magazine and website run by the kind of people who wear suits and ties to baseball games. Their blog is called *The Corner*, and the magazine's editors fill it with thoughts and arguments about the day's political debates in Washington, DC. There's also a bit of insider humor, provocation, and satire tossed back and forth between posters. If you keep reading for a few weeks, you'll start to sense an intellectual soap opera developing along with the libertarian-conservative politics; there's an undercurrent of shifting alliances, snarkiness, and thoughtful jabs.

You'll also notice that *National Review* places job announcements on *The Corner* blog. There aren't a lot of openings, but every couple of weeks a little announcement appears between posts.

The National Review Online is seeking an editor with web capabilities. Send applications to ____@nationalreview.com.

It's pretty ingenious. The *only* people who are going to be reading *The Corner* are

- *sincerely* interested in the wonkish subjects these guys publish about;
- not out there just looking for *any* job (at the time they see the announcement, they're not looking for a job at all because it's not a job site);
- compatible on a personal level with the *National Review* crew. The posters let personalities shine through, and if you don't have chemistry with their style of humor and talk, you're simply not going to be reading them.

What an internal public job announcement seeks to do is get the most applications in the hopper as possible, and so the announcement is published on a free Internet page that anyone can see. That's the public part. *But* because the page is only commonly followed by people who are *already inside* the world of public policy defining the employees at *National Review*, the bosses don't need to worry about the wrong kind of people sending in résumés. That's the "internal" part. Recruiters can get a lot of applicants—increasing their chances of finding really talented people—without worrying too much about a bunch of lefties who really prefer websites like *Daily Kos* trying to fake their way into the organization.

Mass public job announcements are just what they sound like. You need someone and you post the position at Monster, CareerBuilder, TheLadders. Here you're giving up confidence that applicants will fit into the organization naturally, and you're even risking corporate spying moles like those that infested Unilever. In exchange, however, you're getting the broadest selection possible of people to toss their hat into the ring, which maximizes your chances of finding stellar work performance.

Beyond the advantage of many applicants, there are good ethical arguments for mass public job announcements. The simplest is *fair play*: everyone should get an equal opportunity to take a run at any job. Just past that, there are concerns about discrimination that are eased by mass announcements. While there's no reason to launch charges of inherent racism at nepotistic hiring practices, it might well be true that if a small business is initiated by an Asian family, and they start hiring relatives, the result at the end of the day is a racial imbalance in the company. Again, no one is equating nepotism with racism, but the *appearance* can develop fairly easily whenever job announcements are not publicized as widely as possible. The parallel case can be made with respect to internal public job announcements. If 90 percent of the people who come in contact with the "help wanted" message happen to be women, sooner or later, there's going to be some guy out there who complains. So, one argument in favor of mass announcements is the stand it helps take against illegal and unethical discrimination.

Another argument for mass announcements is *reciprocity*. If a company is trying to sell a product to the general public, to anyone who's willing to pay money for it, then shouldn't they allow everyone a shot at becoming an employee? It doesn't seem quite right to profit from anyone—to try to sell, say, a car to anyone who walks in the door—and then turn around and not give all those consumers a decent chance at earning a living there at the dealership.

Conclusion. Announcing a job opening is not automatic. You can announce the spot more publicly or less so. There are advantages and disadvantages to the various approaches, but there's always an ethical responsibility to clearly account for the reasons why one approach is selected over another.

Ethical Perils of Job Announcements

Ethical perils of job announcements include

1. describing a position in ways that don't correspond with the reality,
2. announcing a post to people who really have no chance for the job.

Once you've identified the demographic pool you'd like to recruit from, it's easy to oversell the job in the announcement you post. The most blatant cases—*You can earn $300 per hour working from home!*—are obvious frauds, but even sincere attempts can cause misunderstandings. Say a job requires "occasional travel." Fine, but does that mean occasionally during the year or occasionally during the month?

The much more severe case of insincerity in job announcements is posting one before an audience that has no reasonable chance of getting the job. When Hooters posts a "server wanted" sign, we all know what they're looking for just like when the rough bar next door advertises for a bouncer. But what if it's a formal restaurant advertising for a waiter? If the place is across town, you can't just drop in to check out the kind of people they hire. So maybe you go through the application process and make the telephone calls and finally go in for the interview. As you walk through the door, the first thing they check out is your weight profile. Then your jawline, haircut, eyes, and the rest. They want to see how you compare with the other waiters who all look like they model on the side.

If you're lucky, you see yourself fitting right in, but if you're like most of us, you know the interview's over before it started; the whole thing has been a huge waste of time.

Now put yourself on the other side. As the restaurant manager trying to fill the position, you know you *should* put the requirement that applicants be devastatingly handsome into the ad. The duty to be honest requires it. The duty to treat others as an end and not a means requires it. The idea that our acts should be guided by the imperative to bring the greatest good to the greatest number requires it. Almost every mainstream ethical theory recommends that you tell the truth about what you're looking for when you announce a job. That way you don't waste peoples' time, and you spare them the humiliation of being treated as irrelevant. So you should want to put in the ad something about how only potential movie stars need apply.

But the law virtually requires that you *don't* put the line in. If you explicitly say you'll *only* consider exceptionally attractive men for your job, you open yourself to a slew of lawsuits for unfair and discriminatory hiring practices. In fact, even Hooters isn't safe. In 2009 the chain was sued by a Texas man named Nikolai Grushevski because they refused to hire servers who looked, well, like him. When it gets to that point—when hairy guys can get away with calling lawyers because they aren't hired to serve food in short shorts and halter tops—you can understand why restaurants don't want to publicly admit exactly what they're looking for. "Texas Man Settles Discrimination Lawsuit Against Hooters for Not Hiring Male Waiters," *Fox News*, April 21, 2009, accessed May 24, 2011, www.foxnews.com/story/0,2933,517334,00.html.

Bottom line: if Hooters just comes out and states what it is that makes their kind of employee, they can get sued. So they're much better off just making the announcement ambiguous. That way, when it turns out that no hairy guys ever seem to get hired, they can always say it's because they didn't seem so adept at dodging tables while shooting around with trays of beers and sandwiches. Or whatever. One lie is as good as another so long as it keeps the restaurant out of the courtroom.

For managers, this is a tight spot. They're caught between what's right and the law. In ethical terms, they're stretched between two conflicting duties: to tell the truth and to get the famous Hooters Girls into the restaurant.

Screening

Reducing a large pool of applicants to a manageable selection of people for serious consideration is **applicant screening**, sometimes referred to as filtering. Screening begins with the job announcement. Requirements like "three or more years of experience" and "willingness to work the night shift" go a long way toward eliminating applicants.

It's impossible, though, to completely define the perfect applicant beforehand, and even if you could, there's almost always going to be someone like Nikolai Grushevski who shows up. So screening continues as the preliminary review of applications and applicants to see who can be quickly crossed off the list without any serious consideration.

Legally, who can be crossed out? The default response is no one. In its broadest form, civil rights employment law guarantees equal opportunity. *All* applicants deserve to be considered and evaluated *solely* on their ability to do the job, and the federal government's Equal Employment Opportunity Commission is stocked with lawyers who are out there doing their best to make sure the rules are upheld. For managers, that means they've got to take all applicants seriously; they've got to pursue interview questions about ability, training, experience, and similar. Now, this is where a guy like Grushevski can come in the door and say, "Look, I can deliver a round of burgers and beer as well as any woman." He's probably right. Still, he's not the right person for the job; there's no reason for a manager to lose valuable time dealing with him.

Similarly, a wheelchair-bound man shouldn't be a beach lifeguard; an eighty-year-old shouldn't be flying commercial jetliners; the seven foot one and 330-pound Shaquille O'Neil isn't going to be a horse jockey. There is a legal way for companies to summarily screen out inappropriate applicants: by appealing to **bona fide occupational qualifications (BFOQs)**. BFOQs are exceptions granted to equal opportunity requirements. A form of legalized discrimination, they let managers cross off job applicants for reasons that are normally considered unfair: gender, physical size, religious belief, and similar. (As a note, race isn't allowed to be considered a BFOQ.)

When do bosses get this easy way out? When they can show that the otherwise discriminatory practices are required because of a *business' nature*. So while it's clear that Shaquille O'Neil's intimidating size doesn't mean he'll be a bad accountant, the nature and rules of horse racing require that riders be diminutive, and that means Shaq would be a disaster. A horse owner can show that the job *requires* a physically little person to be successful. Thus size becomes a BFOQ and a legitimate way of screening applicants for that particular job.

A maker of men's clothes can reasonably screen out women from the applicant pool for models—but they can't eliminate female applicants from consideration for a *sales* position. Or they could, but *only* if they could show that maintaining a masculine public image was integral to the success of the company. For example, you could imagine a company called Manly Incorporated, which sold products based on the premise that every employee was a quality control officer.

Along similar lines, a Catholic school may screen atheists from the search for a teacher, but it's harder to justify that filter for janitors. At the airport security line women can be assigned to pat down women and men to men, but either may apply for the job to hand check the carry-on bags.

Another common screen is **education**. Imagine you have just opened a local franchise of Jan-Pro, which offers commercial cleaning services to car dealerships, gyms, banks, churches, and schools. "2011 Fastest-Growing Franchise," *Entrepreneur*, accessed May 24, 2011, http://www.entrepreneur.com/franchises/fastestgrowing/index.html. What level of education will you be looking for in potential employees? Since the job involves mixing chemicals, it seems like requiring some basic education is a fair demand, but is a college degree necessary for the work? You may have one as a manager, but that doesn't mean you should necessarily demand that much from employees. And on the other side, is it fair to screen out someone who's got *too much* education, say a master's degree in chemistry? It does seems reasonable to suspect that this kind of person will soon become bored pushing a vacuum over carpets.

Then again, do you *know* that will happen? Is it fair to screen based on what you *suspect* might occur?

Another type of screening catches **high-risk lifestyles**. Smoking is one of the most often cited, and the Humana company in Ohio is one of a growing number that's directly banning smoking—on or *off* work—by new employees. Megan Wasmund, "Humana Enforces Mandatory Stop Smoking Program," wcpo.com, June 16, 2009, accessed June 7, 2011, www2.wcpo.com/dpp/news/local_news/Humana-Enforces-Mandatory-Stop-Smoking-Program.

These healthy lifestyle policies set off firestorms of ethical debates. With respect to smoking and in broad strokes, the company has an interest in prohibiting smoking because that should mean healthier workers, fewer sick days, lower health insurance premiums, and higher productivity. In short: better working workers. On the other side, job applicants (at least the smokers) don't believe that they're less productive than everyone else, and anyway, they resent being excluded for a recreational habit pursued on their own time. In long discussion boards—there are hundreds online—the debate plays out. Here's one exchange from a typical board:

bonos_rama:	I wouldn't hire anyone that has a habit of leaving their desk every hour to stand outside for 10 minutes. Doesn't matter if it's to smoke, drink coke, or pass gas that they're leaving, it's bad for productivity.
Mother of a Dr.:	But it's OK to stand by the coffee pot and discuss sports and politics? Productivity actually improves when you get away from the computer every hour.
matt12341:	Even discounting the productivity argument, smokers tend to have more long-term health problems, leading to higher insurance premiums so companies end up paying more.
jamiewb:	What if we apply this logic to people who are overweight? What about people who have a family history of cancer? Or a higher incidence of diabetes? As long as it doesn't impact job performance, I don't think it's fair to refuse to hire smokers.
happily-retired:	I think it is a great idea to not hire smokers. Up next should be obesity, as it leads to diabetes, heart problems, joint problems, etc. Companies following that path would be demonstrating good corporate citizenship by fostering a healthier America.
Zom Zom:	Yes, the good citizenship of fascism. Now my employer has the right to dictate what I do with my body? "Land of the free," unless your boss doesn't like the choices you make. "Humana: We Won't Hire Smokers," *Newsvine.com*, June 16, 2009, http://sorrelen.newsvine.com/_news/2009/06/16/2935298-humana-we-wont-hire-smokers.

You can see that underneath the back-and-forth, this is ultimately a debate about ethical perspectives. One side tends toward a utilitarian position: the greater good in terms of health and related issues justifies the filtering of smokers in hiring decisions. The other side tends toward a fundamental rights position: what *I* do with *my* time and body is my decision only. Both sides have strong arguments.

Criminal record screening is another common filter for job applicants. Most states won't allow employers to deny someone fair consideration for a job *only* because of a prior criminal conviction. There's wiggle room, though. In New York, Article 23-A of the correction law certifies that employment *may* be denied if

- there's a direct relationship between the criminal offense committed and the employment sought,
- the applicant would pose an unreasonable risk to property or the safety or welfare of others.

Those are big loopholes. The first one means the Brinks armored car company can legally refuse to consider ex-bank robbers for a position. It may also apply to the shoplifter who wants to be a cashier or the drug dealer who wants a job in the pharmacy.

The second exception is still broader and applied in *Grafter v. New York City Civil Service Commission*.Grafter v. New York City Civil Service Commission, 1992. In that case, the Fire Department of New York refused to hire Grafter because he'd been caught drunk driving on his last job. A potentially drunken fireman *does* seem like a risk to the welfare of others. Pushing that further out, the same would probably go if he applied to be a taxi driver. In fact, the list of jobs that may seem dangerous for others if the worker is drunk extends a long way, probably everything in construction, transportation, or anything with heavy equipment. So the law *does* allow employers to resist hiring convicts across a significant range of wrongdoing.

Finally, the basic ethical tension pulls in three competing directions for any manager facing a criminal hiring decision:

1. **The ethical responsibility to recovering criminals.** Rehabilitation (via honest work) is good for ex-convicts.
2. **The manager's responsibility to the company.** Managers need to avoid problems whenever possible and keep the machine running smoothly so profits flow smoothly too.
3. **The company's responsibility to the general public.** If a taxi syndicate is hiring ex-drunk drivers, you've got to figure something's going to go wrong sooner or later, and when it does, the person who put the driver behind the wheel will be partially responsible.

Social media is another potential filter. Fifty-six percent of millennials believe that the words and pictures they put on Facebook and Twitter shouldn't be allowed to factor into hiring decisions. Wei Du, "Job Candidates Getting Tripped Up By Facebook," *MSNBC.com*, August 14, 2007, accessed May 24, 2011, http://www.msnbc.msn.com/id/20202935/page/2. Recruitment officers, they're saying, shouldn't be going through online photo albums to check out the kinds of things you and your buddies do on Friday nights.

From the employers' side, however, the argument in favor of checking the pages is simple. If an applicant is sufficiently incautious to leave pictures of massive beer funnel inhalations available for just anyone to see—and if they do that while they're trying to put their best face forward as job seekers—then God knows what kind of stuff will be circulating once they've got a job. As a manager, it's part of *your* job to protect the company's public image, which means you've got to account for clients and others maybe running the same Google and Facebook searches that you are.

It's an easy scenario to imagine: you hire someone with a flamboyant online life. Soon after, a client working with her gets nosey, does a Google image search, and what comes in at the top of the list is a picture of your new employee slamming beers, chain-smoking cigarettes, or maybe inhaling something that's not legal. This isn't good and the person who looks really bad is the supposedly mature manager who allowed the whole thing to happen by hiring her.

Of course there's always the standard but still powerful argument that what employees do after hours is their own business, but one of the realities inherent in the Internet is that there is no such thing as "after hours" anymore. Once something goes online, it's there all the time, forever. Managers need to take account of that reality, which might mean rethinking old rules about privacy.

Testing

Once an ad has been placed, and applicants have been pooled, and the pool has been screened, the real hard work of hiring begins: choosing from among apparently qualified people. One tool used in the selection process is **applicant testing**. There are various sorts of tests, but no matter the kind, for it to be legitimate, it should itself pass three tests. It ought to be

- **Valid.** The test must measure abilities connected to the specific job being filled. A prospective roadie for Metallica shouldn't be asked to demonstrate mastery of Microsoft Excel, just as there's no reason to ask an accountant to wire up his cubicle with speakers blasting 115 decibels.
- **Normalized.** The test must be fair in the sense that results are adjusted for the circumstances of the testing session. If you're checking to see how frequently applicants for the post of TV weatherman have predicted sunshine and it turned out to rain, and

one woman gets tested in Phoenix while another takes Seattle, it's pretty easy to see who's going to win in terms of raw numbers. Those numbers need to be adjusted for the divergent levels of difficulty.
- **Constant.** The results any test taker achieves over time should be similar. Just like a broken clock is right twice a day, an applicant for an interior design job who happens to be color-blind might once in a while throw together a carpet-sofa combination that doesn't clash. A good test eliminates the lucky hits, and also the unlucky ones.

Of the many kinds of hiring tests now in use, the most direct try to measure the exact skills of the job. **Skill tests** can be simple. They're also relatively easy to control for validity, normalization, and constancy. For example, applicants for a junior-level position in copyediting at a public relations firm may be given a poorly written paragraph about a fictional executive and asked to fix up the spelling and grammar.

Psychological and personality tests are murkier; it's more difficult to show a direct link between the results and job performance. On one side, you've got a test that probes your inspirations and fears, your tastes and personal demons. On the other side, the test's goal is to reveal how well you can handle plain work assignments. Here's an example of the disconnect. The following is a true-or-false question that Rent-A-Center placed on one of its employee application tests: I have no difficulty starting or holding my bowel movement.Martin Carrigan, "Pre-Employment Testing—Prediction of Employee Success and Legal Issues," *Journal of Business & Economics Research* 5, no. 8 (August 2007): 35–44.

Well, it's hard to see the link between bathroom performance and the ability to rent washer and drier sets. Rent-A-Center wouldn't be asking, though, if they didn't think the link was there. And they could be right; there may be some connection. One of the firmest sources of belief in the link between personality profile and job performance is the very interesting Minnesota Multiphasic Personality Inventory (MMPI). That specific test is the origin of the bathroom question. Other true-or-false choices on the long test include the following:

- I am very attracted to members of my own sex.
- Evil spirits possess me sometimes.

Now, the MMPI is a real test with a long and noble history. One of the things it tries to do is establish *correspondences*. That is, if we take a group of successful executives at Rent-A-Center and we discover that they nearly universally have trouble in the bathroom, then it may make sense to look for people who suffer this discomfort when looking to recruit future company leaders. As for the *why* question—as in *why is there a link between bathroom habits and success?*—that doesn't matter for a correspondence test; all that matters is that some link is there. And if it is, then you know where to look when you're hiring.

Theoretically, correspondence testing makes sense. Still, it's hard to know how *applicants* are going to react to questions about sexual attraction and evil spirits. Obviously, some are going to find the whole thing too weird and not turn in responses that actually match their profile. As for applicants and employees of Rent-A-Center, they filed a lawsuit.Karraker v. Rent-A-Center, 2005.

Inescapably, correspondence-type personality tests are vulnerable to lawsuits because they're explicitly based on the premise that no one knows *why* the results indicate who is more and less suitable for a post. The administrators only know—or at least they think they know—that the correspondence is there. It's not obvious, however, like it is with a simple skill test, so it makes sense to imagine that some are going to doubt that the test is valid; they're going to doubt that it really shows who's more and less qualified for a job.

So the problems with psychological tests include validity failure and lawsuits. Problems with constancy and normalization could also be developed. Added to that, there are invasion of privacy questions that are going to get raised whenever you start asking perspective employees about their bathroom habits and bedroom wishes.

On the other hand, it needs to keep being emphasized that the tests do happen, and that's not a coincidence. At the Universal Studios Hollywood theme park, recruiter Nathan Giles reports that the tests he administers—with true-or-false questions including "It's maddening when the court lets guilty criminals go free"—actually do produce valuable results. They correlate highly, he says, with personal interviews: if you do well on the test, you're going to do well face to face. And though the application and interpretation of these tests are expensive, in the long run they're cheaper than interviewing everyone. Finally, if that's true, then don't managers have a responsibility to use the tests no matter how heated the protests? Ariana Eunjung Cha, "Employers Relying on Personality Tests to Screen Applicants," *Washington Post*, March 27, 2005, accessed May 24, 2011, www.washingtonpost.com/wp-dyn/articles/A4010-2005Mar26.html.

Lie detectors in the Hollywood sense of wires hooked up to the fingers for yes-or-no interrogations are illegal except in highly sensitive and limited cases, usually having to do with money (bank guards) and drugs (pharmaceutical distribution). Written **honesty tests** are legal. Generally, the questions populating these exams resemble those found on psychological tests, and deciphering the results again works through correlation. Obviously, the test can't work directly since both honest and dishonest people will answer "yes" to the question "are you honest?" Here are some typical questions that do get asked:

- I could help friends steal from my company.
- I'm not an honest person and might steal.
- I return quarters I find on the street to the police station.

Medical tests are generally only considered appropriate when the specific job is labor intensive. As always, there's a difference between testing and prying, and it's your responsibility as a manager to limit the questioning to specifically work-related information. Questions about *past* physical problems are generally considered off limits as are *future* problems that may be indicated by family health history. A simple example of an appropriate medical test would be a vision examination for a truck driver.

When Michael Phelps—the thick-grinned Olympic swimming hero—got photographed pulling on a bong, he immediately failed the **drug test** with one of his employers: Kellogg's breakfast cereal. He wouldn't be hired again, the company explained, because smoking pot "is not consistent" with the company's image.

The National Organization for Reform of Marijuana Laws rushed to disagree, insisting that the problem's not that the drugs are bad; it's the *law* that's outdated and wrongheaded. They were supported, NORML claims, by the *Washington Post* and *Wall Street Journal*. Paul Armentano, "The Kellogg Company Drops Michael Phelps, The Cannabis Community Drops Kellogg's," *NORML* (blog), February 6, 2009, accessed May 24, 2011, http://blog.norml.org/2009/02/06/the-kellogg-company-drops-michael-phelps-the-cannabis-community-drops-kelloggs.

However that might be, it's seems difficult to object to Kellogg's argument. The *reason* they'd hire Michael Phelps in the first place is to brand their product with the image of beaming, young health, not zoning out in front of the TV eating Doritos. Whether it's legal or not, pot smoking is going to clash with the job description.

But what if he hadn't been caught by someone with a camera? Would Kellogg's have the right to demand a drug test before signing Phelps up as a representative? It depends where you are. Because there's no broad federal law on the subject, the rules change depending on your state, even your city. If you're looking for a job and you share a pastime with Michael Phelps, you may be in trouble in Alaska where any employer can test any applicant at any moment. In Arizona, on the other hand, you have to get written warning beforehand, which might allow for some cleanup. And if you're applying for a government job in Berkeley, California, you can party on because a local ordinance prohibits testing. American Civil Liberties Union, "Testing Chart," aclu.org, accessed May 24, 2011, http://www.aclu.org/FilesPDFs/testing_chart.pdf.

Looking at the Berkeley law allows a sense of the central ethical conflict. On one side, the employers', the obvious and strong argument is that drug use negatively affects work performance, so evaluating job prospects in terms of their future productivity implies, it almost *requires*, making sure they're not distracted or disoriented by drug habits. In contrast, the Berkeley ordinance persuasively states that mandatory drug testing fails two distinct tests:

1. It assumes guilt instead of innocence.
2. It invades the individual's privacy.

Deciding about drug tests seems to come down to deciding whose legitimate rights deserve higher billing: the employer's or the employee's.

In 1971 the US Supreme Court banned **intelligence quotient (IQ) testing** except in very limited circumstances after finding that the tests disparately affected racial minorities. Further, serious IQ tests (as opposed to seven-question Internet quizzes) are extremely expensive to apply, so even if it were legal, few employers would use the test with any frequency.

Conclusion. Tests applied by employers to job applicants include those probing skills, psychological profile, honesty, medical condition, and drug use.

Interviewing

In 1998 the Indianapolis Colts had a very good problem. Holders of the top pick in the National Football League draft, they had to choose between two exceptional players: two that everyone agreed radiated Super Bowl talent. Both were quarterbacks. Peyton Manning had a better sense of the field and smoother control of the ball; Ryan Leaf had a larger frame and more arm strength. Which would make the better employee? The call was so close that the team with the *second* choice, the San Diego Chargers, didn't care much who the Colts selected; they'd be happy with either one.

The Colts didn't have the luxury of letting the choice be made for them, and as draft day approached they studied film of the players' college games, poured over statistics, measured their size, speed, and how sharply and accurately they threw the ball. Everything. But they couldn't make a decision.

So they decided to interview both candidates. The key question came from Colts coach Jim Mora. He asked the young men, "What's the *first thing you'll do if drafted by the Colts?*" Leaf said he'd cash his signing bonus and hit Vegas with a bunch of buddies. Manning responded that he'd meet with the rest of the Colts' offense and start going over the playbook. Mora saw in Manning a mature football player ready for the challenges of the sport at its highest level. In Leaf he saw an unpredictable kid.

More than a decade later, Peyton Manning heads into another season as starting quarterback. Having won the Super Bowl, set countless team and NFL passing records, and assured himself a spot in the NFL Hall of Fame, you can understand that the Colts are happy with their selection.

Ryan Leaf has recently been indicted on burglary and drug charges in Texas. He got the news while in Canada at a rehab clinic. As for football, after a rocky first few seasons, his performance collapsed entirely. He hasn't been on a field in years.

Interviews matter. Grades, recommendation letters, past successes, and failures on the job—all those numbers and facts carry weight. But for most hiring decisions, nothing replaces the sense you get of a candidate face to face; it's the most human part of the process.

Because it's so human, it's also one of the most ethically treacherous. Two factors usually weigh heavily in deciding which questions should and shouldn't be asked:

1. Fairness
2. Pertinence

Fair questioning means asking similar questions to all applicants for a post. If the position is entry level, many candidates will be young, inexperienced, and probably easily flustered. That's normal. So too there's nothing necessarily wrong with trying to knock applicants off rhythm with a surprise or trick question. The problem comes when one candidate gets pressed while another gets softballs.

What do tough questions look like? One answer comes from Google. There are always blog entries circulating the Internet from applicants talking about the latest weird questions asked by that successful and unpredictable company:

- How many golf balls can fit in a school bus?
- You are shrunk to the height of a nickel and your mass is proportionally reduced so as to maintain your original density. You are then thrown into an empty glass blender. The blades will start moving in 60 seconds. What do you do?
- How much should you charge to wash all the windows in Seattle?
- Every man in a village of 100 married couples has cheated on his wife. Every wife in the village instantly knows when a man other than her husband has cheated, but does not know when her own husband has. The village has a law that does not allow for adultery. Any wife who can prove that her husband is unfaithful must kill him that very day. The women of the village would never disobey this law. One day, the queen of the village visits and announces that at least one husband has been unfaithful. What happens?
- Explain a database in three sentences to your eight-year-old nephew. Michael Kaplan, "Want a Job at Google? Try These Brainteasers First," *CNNMoney.com*, August 30, 2007, http://money.cnn.com/2007/08/29/technology/brain_teasers.biz2/index.htm.

We're a long way from "why do you want to work at Google?" and even further from "what was your biggest accomplishment or failure in your last job?" Those are softballs; anyone going into Google for an interview is going to have prepared answers to those. It's like reading from a script. But looking at the hard questions Google actually poses, there is no script, and you can see how things could go south quickly. You can't figure out about golf balls and school buses, and you start to get nervous. Next, the blender question seems odd and threatening, and it's all downhill from there. Some interviews just don't go well and that's it. As an applicant, you probably don't have too much to complain about as long as the next guy gets the same treatment. But if the next guy gets the softballs, the fairness test is getting failed. As a manager, you can go hard or soft, but you can't change up.

On the question of **pertinent interview questions**, the Google queries seem, on the face, to be troublesome. Is there any job that requires employees to escape from a blender? No. But there *are* many jobs that require employees to solve unfamiliar problems calmly, reasonably, and creatively. On that ground, the Google questions seem perfectly justifiable as long as it's assumed that the posts being filled require those skills. By confronting prospective employees with unexpected problems demanding creative solutions, they are, very possibly, rehearsing future job performance.

When the Colts were interviewing Peyton Manning and Ryan Leaf, something similar happened at the key moment. At first glance, it seems like the question about the first thing each player would do after draft day wouldn't reveal much about all the other days to come. But the guys probably weren't prepared for the question, and so they had to reveal how they'd face a rapidly shifting reality that they had no experience in dealing with, a reality just like the one they'd face the day after the draft when they'd go from being college students on campus to wealthy adults in the big world. *That* makes the question pertinent. And that explains why the answers that came back were telling. They distinguished a great hire from one of the sports world's monumental bungles.

On the other side, what kinds of questions reveal employees' personalities but *not* their job skills? Interview consultants typically warn managers to avoid asking about these subjects:

- Sex life
- Opinions about homosexuality
- Beliefs about contraception
- Personal finances
- Religious faith
- Political affiliations

Except in special circumstances (a job is with a church, a political party, or similar), these kinds of questions fall under the category of privacy invasion.

Finally, there are legal red lines to respect. While managers should ensure that applicants are old enough to work and so can confirm that people are, say, eighteen or older, it's discriminatory in the legal sense to hire one person instead of another because of an age difference. This means asking "how old are you?" is an off-limits question. It's also illegal to ask about citizenship, though you can ask whether applicants are legally authorized to work in the United States. It's illegal to ask about disabilities, except as they relate directly to the job. It's illegal to ask about *past* drug and alcohol use, though you may ask applicants whether they are *now* alcoholics or drug addicts.

The interviewer's fundamental responsibility is to choose the best applicant for the job while giving everyone a fair shot. Being fair isn't difficult; all you need to do is just ask everyone the standard questions: Why do you want to work for our company? What are your strengths? How do you work with others? Do you stay cool under pressure? The problem here, though, is that it's easy to get gamed. It's too easy for applicants to say, "I love your company, I'm a team player, and I never get mad." Since everyone knows the questions and answers, there's a risk that everything will be fake. And that makes identifying the *best* applicant nearly impossible.

One response to this is to junk the standard questions and come up with surprising and (seemingly) crazy questions like they do at Google. Another strategy is a different *kind* of interview. A situational or **behavioral interview** asks candidates to *show* how they work instead of talking about it.

Here's how it goes. Instead of asking an applicant, "Do you stay cool under pressure?" (the correct response is "yes"), the question gets sharpened this way:

You know how jobs are when you need to deal with the general public: you're always going to get the lady who had too much coffee, the guy who didn't sleep last night and he comes in angry and ends up getting madder and madder…at *you*. Tell me about a time when something like this actually happened to you. What happened? How did you deal with it?

It's harder to fake this. Try it yourself, try inventing a story. Unless you're a real good liar, you're going to hear the slipperiness in your own voice, the uncertainty and stammering that goes with making things up. Probably, most people who get hit with situational questions are going to opt for the easiest route, which is tell the truth and see how it goes. So the advantage to this kind of interview is that it helps sort out qualified candidates by giving an unvarnished look at how they confront problems. On the other side, however, there's also a disadvantage here, one coming from the fairness side. If candidate A has spent years at the counter of Hertz and candidates B through G have all been working in the Hertz back office, of course the counter person is going to do better.

Key Takeaways

- In publicizing a job opening, a tension exists between limiting the job announcement to ensure that applicants are appropriate, and widely publicizing the announcement to ensure that applicants include highly qualified individuals.
- Decisions about how broadly to publicize a job opening can be implemented through nepotism, internal public job announcements, and mass public job announcements.
- Screening job applicants makes the hiring process more efficient but raises ethical concerns.
- Common screening techniques involve BFOQs, educational requirements, high-risk lifestyles, criminal record, and an applicant's social media history.
- Testing allows applicants' suitability for a post to be measured but raises ethical concerns.
- Common tests include skill tests, psychological and personality tests, honesty tests, medical tests, and drug tests.
- Applicant interviewing provides valuable information for evaluating job candidates, but questions ought to be fair and pertinent to job-related concerns.

Exercises 4.1.1

1. Why might an employer opt for nepotism when hiring?
2. What is an advantage of a mass public job announcement?
3. Invent a job description that would allow applicants to be screened by a BFOQ.
4. Why might an applicant pool be screened for use of social media?
5. List the three requirements for a fair and legitimate job-applicant test.
6. How do psychological and personality tests work through correspondence?
7. Imagine a job and then an interview question for applicants that would *not* be pertinent and one that would be pertinent.
8. Why might a behavioral interview be used?

4.2: Wages

Learning Objectives

1. Explore the limits of wage confidentiality.
2. Delineate the uses and ethics of wages as a work incentive.

Two Salary Issues Facing Managers

Two salary issues facing managers are wage confidentiality and the use of wages as a work incentive. Starting with **wage confidentiality**, in the private sector it's frequently difficult to discover what an organization's workers are paid. Because of freedom of information laws, many salaries in government operations and contracting are available for public viewing, but in the private sector, there are no laws requiring disclosure except in very specific circumstances.

The main ethical reason for keeping wage information concealed is the right to privacy: agreements struck between specific workers and their company are personal matters and will likely stay that way. Still, ethical arguments can be mounted in favor of general disclosure. One reason is to defend against managerial abuse. In a law firm, two paralegals may have similar experience, responsibilities, and abilities. But Jane is single and living in a downtown apartment while John has just purchased a home where his wife is living and caring for their newborn. Any boss worth his salt is going to see that Jane's got no local commitments and, who knows, she may just up and decide to spend a few months traveling, and then make a run at living in some different city. Maybe she likes skiing and a few years in Denver doesn't sound bad. John, on the other hand, is tied down; he can't just walk away from his job. He can always get a new one, of course, but if money's tight and a recession is on, there's an incentive to raise Jane's salary to keep her and not worry so much about John who probably won't be going anywhere anyway. That seems to be taking unfair advantage of John's personal situation, and it also seems like paying someone for something beyond the quality of the work they actually do. But if no one knows what anyone else is making, the boss may well get away with it.

Stronger, the boss may actually have an *obligation* to try to get away with it given his responsibility to help the company maximize its success.

Another argument against confidentiality is the general stand in favor of transparency, and in this case, it's transparency as a way of guaranteeing that ethical standards of equality are being met. Since the signing of the Equal Pay Act in 1963, the ideal of "equal pay for equal work" has become a central business ethics imperative in the United States. But it's hard to know whether the equality is really happening when no one knows how much anyone else is making.

Of course, workers *do* frequently know how much other people are getting. In an extreme case, if you're laboring in a union shop, it's probable that your wage scale will be set identically to those of your companions. Even if you're not unionized, though, people still talk at the water cooler. The result is, in practice, that some wage transparency is achieved in most places. From there, arguments can be mounted for the expansion of that transparency, but in most cases, the weight of privacy concerns will carry the day.

Another wage issue concerns its use to provide a **work incentive**. Many sales positions have the incentive explicitly built in as the employees receive a percentage of the revenue they generate. (That's why salespeople at some department stores stick so close after helping you choose a pair of pants; they want to be sure *they* get credit for the sale at checkout.) In other jobs, generating a motivation to work well isn't tremendously important. The late-night checkout guy at 7-Eleven isn't going to get you out of the store with cigarettes and a liter of Coke any faster just because his salary has been hiked a dollar an hour. Between the two extremes, however, there are significant questions.

Probably, the main issue involving the use of wages as a carrot in the workplace involves clarity. It's quite common, of course, for managers to promise an employee or a team of workers a pay hike if they win a certain account or meet productivity goals. Inevitably, the moment of the promise is warm and fuzzy—everyone's looking forward to getting something they want, and no one wants to sour things by overbearingly demanding specifics. The problems come afterward, though, if the terms of the agreement have been misunderstood and it begins to look like there's an attempt to worm out of a promised salary increase. It is management's responsibility as the proposers of the accord to be sure the terms are clearly stated and grasped all around:

- What, exactly, needs to be accomplished?
- How much, exactly, is the wage hike?

The mirror image of promised wage hikes to encourage improved worker performance is the **bonus** paid at year's end to employees marking a job well done. In a letter to the editor of the Greensboro *News-Record* in North Carolina, a teacher cuts to the central ethical problem of the bonus: on the basis of what do some employees receive one while others don't? Some teachers, the writer states, "at schools with high 'at-risk' populations and students coming from homes where education is just not valued, work themselves into a tizzy every year, but because of the clientele they serve, will never see that bonus money. Inversely, schools with middle-class clienteles have teachers who work hard, but also others who merely go through the motions but usually can count on that bonus because their students come from homes that think education matters. Where is the justice in this?" Bill Toth, "Entire State ABC Bonus System Unfair," *News-Record.com*, Letters to the Editor, August 19, 2008, accessed May 24, 2011, blog.news-record.com/opinion/letters/archives/2008/08/.

It's not clear where the justice is, but there's no doubt that bonuses aren't serving their purpose. The problem here isn't a lack of clarity. No one disputes that the rules for assigning a bonus are clear. The problem is that the rules don't seem to account for divergent working conditions and challenges.

The important point, finally, is that even though a bonus is extra money outside the basic salary structure, that doesn't mean it escapes the question, "Where's the justice in this?," coming with every decision about who gets how much.

Key Takeaways

- Wage confidentiality pits the right to privacy against the desire for, and benefits of, transparency.
- Wages and bonuses are used to provide a work incentive, but problems arise when the pay increments don't obviously align well with promises or with job performance.

Exercise 4.2.1

1. Why might a company want to maintain wage confidentiality?
2. What is an example of a payment bonus becoming disconnected from work performance?

4.3: Promoting Employees

Learning Objectives

1. Distinguish criteria for promoting employees.
2. Locate and define ethical issues relating to promotion.

The Drinking Strategy

If you want a promotion, does going out for drinks with the crew from work help the cause? Here's a blog post; it's about two uncles—one who goes drinking with the crew and one who doesn't—and you'll see why the answer might be yes:

Look at my uncles, they both work for Ford and one has been in his position for 10-plus years and still doesn't have a company car, while my other uncle has a company car, increase salary, paid training. Even though he comes home to my auntie blinded drunk in the end it's all worth it if you want to be noticed. Maya, "Alcohol: Income Booster?," *Monster* (blog), September 20, 2006, accessed May 24, 2011, monster.typepad.com/monsterblog/2006/09/alcohol_ income_.html.

Get hammered to get promoted! Too good to be true? Probably.

But not entirely, the Reason Foundation commissioned a report on the question of whether drinkers earn more money than nondrinkers. Bethany L. Peters and Edward Stringham, "No Booze? You May Lose," Reason Foundation, September 1, 2006, accessed May 24, 2011, http://reason.org/news/show/127594.html. The title "No Booze? You May Lose" pretty much tells what the study concluded about the link between social drinking with workmates and promotions. A few things should be noted, though. Drinking doesn't mean coming home blind drunk every night; it just means taking down alcohol in some amount. And the payoff isn't huge, but it *is* respectable: about 10 percent pay advantage goes to the wet bunch compared to those workers who stay dry. The really interesting result, though, is that guys who *drink in bars* at least once a month get another 7 percent pay advantage on top of the 10 percent. The bad news for drinking women is that for them, going to the bars doesn't seem to help.

So there are two findings. First, just drinking is better than not drinking for your wallet. Second, at least for men, drinking socially at bars is even better. One of the study's authors, Edward Stringham, an economics professor at San José State University, comments on the second result: "Social drinking builds social capital. Social drinkers are networking, building relationships, and adding contacts to their Blackberries that result in bigger paychecks." Bethany L. Peters and Edward Stringham, "No Booze? You May Lose," Reason Foundation, September 1, 2006, accessed May 24, 2011, http://reason.org/news/show/127594.html.

Now, going back to the blog comment about the drunken uncle, isn't this more or less what the blogger sees too? Here are the next lines from the entry:

No senior management wants to promote a boring old fart. They want outgoing people, in and outside of work. They want social people. If you can display your social abilities to them, it means that you want more than the 9am to 5pm, thank God, time to go home. They want people who enjoy working with the company and the people who they work for. Maya, "Alcohol: Income Booster?," *Monster* (blog), September 20, 2006, accessed May 24, 2011, monster.typepad.com/monsterblog/2006/09/alcohol_ income_.html.

That sounds reasonable, and it may explain why there's some serious scientific evidence that partying with the workmates does, in fact, lead to promotions in the company.

The link between lifting a glass and moving up may be solid, but is it *right*? From the worker's side, there's not a lot you can do about the situation so you may want to leave some Thursday and Friday evenings available for happy hour regardless of whether you think that's the way promotions ought to be arranged. From management side, however, there *is* a stark issue here. When you sit down to look at two candidates in your company for one promotion, do you have a right to consider how well they mix after hours? Do you have a *duty* or *responsibility* to consider it?

There are two issues:

1. Should you consider a worker's party aptitude?
2. If you do, how should you manage it?

The reasons for *not* considering party ability are many. Two stand out. First, workers are being paid for what they do from nine to five. That's the job. If you're going to start considering other things, then why stop at parties? You could give the promotion to the better player on the company softball team, or the one who's got curlier hair, or whatever. Second, workers may not have an equal opportunity to party. The guy who lives closer to work and isn't married obviously holds an advantage over the guy who has diabetes when gin and tonics become job qualifications.

On the other hand, when workmates gather after work to drink, what do they talk about? Well, work. That's why people say a new advertising campaign or a fresh product idea got scratched onto a napkin. It's not a metaphor. Further, the ability to labor together with others—teamwork—that's a real job qualification, and it's reasonable to suppose that people who get along well drinking will carry the camaraderie over to the next morning's breakfast meeting (where coffee and tea are served). This explains why companies including Deloitte Consulting encourage and even to some extent *pressure* employees to socialize outside the office. *Deloitte Consulting: WetFeet Insider Guide* (San Francisco: WetFeet), accessed May 24, 2011, www.wellesley.edu/Activities/homepage/consultingclub/wetfeet%20-%20deloitte_consulting.pdf.

Finally, it's a hard call—there are reasonable arguments to be made on both sides. It's also difficult to be absolutely certain how the party qualification should be managed *if* it's included in the performance evaluation. On one hand, a strong case can be made for transparency and openness, for simply stating that after-hours socializing is, in fact, a part of the job. To *not* inform workers, the argument goes, that hanging out is a job requirement is really a form of lying: it's dishonest because the default understanding typical employees are going to have is that what counts in determining the quality of work *is* the work, period. Whether the assigned task got outlined in a cubicle or on a bar stool is irrelevant. Therefore, any manager who secretly totes up the social aptitude of the workers is not being honest about the way workers are graded. It's the equivalent of a college teacher assigning grades partially based on class participation without listing that in the syllabus.

On the other hand, all teachers know that listing class participation as part of a student's grade can lead to brown nosing, and there's a similar threat in the workplace: if employees are told to party, then at least a few are going to tag along for drinks even when they really don't want to go and end up souring the evening for everyone. If you as a manager believe in honesty above all, then you may accept that cost. On the other hand, if your vision of corporate responsibility dovetails more closely with profit maximization, you may be able to build an ethical case around the idea that in the name of evaluating employees as perfectly as possible some elements of that evaluation may have to remain close to the vest.

Three Considerations for Promotion: Work Performance, Seniority, Projected Work Performance

When managing a promotion, there are three fundamental considerations; **work performance** is the most obvious. The person most deserving to step up to a higher level of responsibility is the one who's best managed current responsibilities. This may be measured by accounts won, contributions to a larger group, or some other work-related factor, but the key is that the measured performance be related with the job.

The problem comes in determining exactly what that word *related* means. When read narrowly, it means that the employee who looks best on paper—the one who's written the best reports, achieved the highest sales, won the most cases—will be the most deserving. When read broadly, however, the range of considerations can expand dramatically to include contributions having to do with personality, chemistry, and other characteristics tangential to nine-to-five tasks. This is where questions about going out for drinks after work start to gain traction and importance. Finally, it's not clear that after-hours socializing should be considered part of work performance, but the fact that it *can* be included shows how broad this category is.

The second consideration when weighing a promotion is **seniority**. Seniority is preference for promotion granted to the person who's been with the company the longest. A *strong* or *pure* seniority system simply reduces the choice to comparisons of time with the firm: the promotion goes to the longest-serving employee. There's a taste of fairness here since no one will be overlooked for a job because of a personal conflict with the boss, or because he doesn't smile enough at work, or because her skirt is too short or his necktie too absurd or whatever. More, there's an inherent tranquility in the fact that all employees know exactly where they stand. The connected problem, obviously, is that good work is not directly rewarded. This explains why the seniority system seems especially suited to production line jobs or any kind of labor where experience is more important than analytic skills, high-level training, or creativity. If it's true that experience is what matters on a job, then a seniority system should produce promotions that more or less dovetail with expertise and the ability to do a good job.

A weak seniority system considers time with the company as a positive element, but only as one component in evaluating candidates for a promotion. The advantage of this kind of system is the encouraging of worker loyalty. The retention of good workers is nearly the highest human resources priority of any company, and rewarding seniority plus performance gives good workers a reason to stick around. Equally important, it helps retain good, loyal workers without forcing the company to promote old-timers who've never really learned to get the job done well.

The third promotion consideration is **projected performance**, which evaluates candidates in terms of what they'll be able to do in the future. A tool used by companies to groom young people for future leadership roles, the escalation normally goes to highly qualified individuals currently working at a level beneath their ability. For example, a health insurance company may hire a college graduate with a strong premed profile and hope to keep that person out of medical school by pulling her up the career ladder at a crisp rate. She simply doesn't have the experience, however (no one does), to just *start* near the top. In order for her to play a leadership role in the future, she does need to be familiar with how the company works at every level, including the lowest. That means spending some time on the front lines, say, manning telephones, answering questions from (frequently frustrated or angry) customers. Of course it's difficult to really stand out in this kind of work, so if she's going to move up, it's going to have to be because she's expected to stand out at something more demanding later on.

Other employees are going to be tempted to resent the rapid ascension since many of them have done just as well at the same job for a longer time. Within the narrow view of performance evaluation (your job performance equals how well you do the work) their resentment is justified. The rule of equal treatment is being severely broken. But if you're in management, you have a responsibility to the company (and to shareholders if the company is public) to be successful. And you need to face the problem that highly educated and qualified young people have options. Arguably, retaining them is a higher priority—not just financially but also ethically—than keeping more replaceable talent content.

Key Takeaways

- Work performance is defined in diverse ways, and managers may have a right to consider after-hours activities as part of that definition.
- Three common criteria for awarding promotions are seniority, work performance, and projected performance. Each contains specific ethical tensions.

Exercises 4.3.1

1. Why might someone's social skills be considered a factor in receiving a promotion?
2. What are some advantages and disadvantages of seniority promotion?
3. Why might a promotion be based on projected performance?

4.4: Firing

Learning Objectives

1. Define legal guidelines on firing employees.
2. Elaborate justifiable reasons for deciding to fire.
3. Set standards for the actual firing process.
4. Consider ways of limiting the need to terminate employees.

Optimal Level Firing

A study funded by the CATO Institute and titled "The Federal Government Should Increase Firing Rate" concludes this way: "The rate of 'involuntary separations' is only about one-fourth as high in the federal government as in the private sector. No doubt private-sector firing *is below optimal* as well since firms are under threat of expensive wrongful discharge lawsuits." Chris Edwards and Tad DeHaven, "Federal Government Should Increase Firing Rate," Cato Institute, *Tax and Budget*, no. 10 (November 2002), accessed May 24, 2011, http://www.cato.org/pubs/tbb/tbb-0211-10.pdf.

There is, in other words, an *optimal level* for firing, and in both the public and private sectors it's not being met. People aren't being fired enough.

The strictly economic question here is, "What *is* the optimal firing level?" No matter the answer, there's an ethical implication for the workplace: firing workers is a positive skill. For managers to perform well—for them to serve the interest of their enterprise by maximizing workplace performance—the skills of discharging employees must be honed and applied just like those of hiring and promoting.

On the ethical front, these are the basic questions:

- When *can* an employee be fired?
- When *should* an employee be fired?
- *How* should an employee be fired once the decision's been made?
- What steps can management take to support workers in a world where firing is inevitable?

When *Can* an Employee Be Fired?

In the world of for-profit companies, most work contracts offer **at-will employment**. Within this scheme, a clause is written into the contract offering employment only as long as the employer desires. Stated more aggressively, managers may discharge an employee whenever they wish and for whatever reason. Here's a standard version of the contractual language:

This is an "At Will" employment agreement. Nothing in Employer's policies, actions, or this document shall be construed to alter the "At Will" nature of Employee's status with Employer, and Employee understands that Employer may terminate his/her employment at any time for any reason or for no reason, provided it is not terminated in violation of state or federal law.

The legal parameters for firing seem clear.

Things blur, however, once reality hits. As the Cato study authors note, simply the fear of a possible lawsuit does impinge to some extent on the freedom to fire, especially when the discharged worker fits into a protected group. This means older workers, foreigners, or disabled workers may protest that no matter what reasons are *given* for termination—assuming some are given—the *real* reason is their age, nationality, or disability. Further, gender protection may be claimed by women fired from largely male companies and vice versa.

Another round of blurring occurs on the state level where legislation sometimes adds specific employee protections, and so curtails employers' rights. In Minnesota, for example, firing may not be based on a worker's participation in union activities or the performance of jury duty.

These varied and frequently changing legal protections are the reason managers are typically instructed to keep detailed records of employee performance. If those can be produced to show a pattern of incompetence or simply inadequate results, they can justify a dismissal before a judge, if it ever comes to that.

Even though legal complexities mean managers are well advised to be careful about firing workers, and it's prudent to be sure that there are directly work-related reasons for the dismissal, none of that changes the fact that at-will hiring gives wide latitude to the company, and fired workers are typically left with few good avenues of protest. One way to see how tilted the table is toward the employer and away from the employee is to compare the American at-will firing system with the European model, where a reasonable cause for termination must be demonstrated. In the United States, employers may more or less fire anyone for any reason, and the burden of showing the termination was illegal or unfair falls entirely on the worker. In Europe, by contrast, the legal burden falls largely on the *employer*. Instead of the worker having to show the firing was wrong, now the company has to show the firing was right. This is a big deal. It's like the difference between innocent until proven guilty and guilty until proven innocent. **Just cause firing** means the company holds the burden of proof: it must demonstrate that the worker wasn't holding up his or her end of the employment contract. That's a lot harder to do than just producing some work evaluations to buttress the claim that she wasn't fired because she's Jewish or he wasn't let go because he's Asian. As opposed to the European reality, the conclusion is, employees in the United States hired at will have few recourses against a company that wants them out.

Finally, it's worth noting that elements of just cause law have been working their way into the American legal system in recent years.

When *Should* an Employee Be Fired?

Because the legal footing is usually more or less solid for American managers, the real hard questions about terminating employees aren't legal ones about what can't be done but ethical ones about what should be done.

Sometimes firing is unavoidable. **Economic slowdowns** frequently bring furloughs and terminations. When the company's books turn red, and after all the easy cost cutting has been done, people need to be cut. Who? There are three broad philosophies:

1. Inverted seniority
2. Workload
3. Recovery preparation

Inverted Seniority occurs when the last worker hired is the first released. This works especially well for assembly-line-type labor where one worker can replace another easily. As long as replacement *is* possible, dismissing the most recently hired allows clear and impersonal rules to make downsizing orderly.

Workload firings focus the pain of job cuts on that part of the company suffering most directly from a falloff in business. An office furniture supply company may find its line of hospital products unaffected by an economic downturn (people keep getting sick even if they don't have a job) so layoffs are taken from other divisions. This may mean losing workers with higher seniority or better job performance, but it minimizes cash-flow disruption.

Recovery preparation takes the long view on an economic slowdown: firings and layoffs are executed not so much to compensate for the present downturn but to sharpen the company for success when the economy bounces back. Staying with the office furniture supply company, the owner may see better long-term opportunities for profits in the nonhospital units, so the downsizing may occur across the board. The idea is to keep those slow-moving units at least minimally prepared to meet new demand when it eventually comes.

Sometimes economic slowdowns don't reflect a problem with the larger economy, they're the result of **fundamental changes in the market**, frequently brought on by technological advance. For example, the popularization of digital photography has shrunk the market for old fashioned film. Seeing this coming, what can a company like Kodak do? They're probably going to let workers from the old film side go to create room for new hires in the digital division. This is potentially unfair to terminated workers because they may be doing exemplary work. Still, it would be unfair—and financially disastrous—to the company as a whole to not change with the times.

Rank and yank is a management philosophy promoted by former General Electric Company CEO Jack Welch. Every year, he counsels, the entire workforce should be ranked and the bottom 10 percent ("There's no way to sugarcoat this," he says) should be fired to make room for new employees who may be able to perform at a higher level. Here, the responsibility to the company is being weighed far heavier than the one to the employee because, theoretically at least, those in the bottom 10 percent may be doing fine on the job—fulfilling their responsibilities adequately—it's just that others out there who could be hired to replace them *may* do it better. In the hope they will, workers who've done nothing wrong are sacrificed. Allan Murray, "Should I Rank My Employees?," *Wall Street Journal*, accessed May 24, 2011, http://guides.wsj.com/management/recruiting-hiring-and-firing/should-i- rank-my-employees.

There are two main criticisms of this practice. First, it's a betrayal of employees who are fulfilling their contractual obligations (they're just not overperforming as well as others). Second, it's counterproductive because it lowers morale by drowning workers in the fear that even though they're doing what's being asked, they may end up in that dreaded bottom 10 percent.

Employee misbehavior is the least controversial reason to fire a worker. Here, the ethics are relatively clear. Employees aren't being mistreated when they're dismissed because it's their own actions that lead to their end. Standard definitions of misbehavior include

- rudeness toward clients or customers,
- drinking or drugs on the job,
- theft of company property or using company property for personal business,
- frequent and unexplained absences from work,
- entering false information on records,
- gross insubordination,
- fighting or other physical aggression,
- harassment of others (sexual, sexual orientation, religious, racial, and similar).

How Should an Employee Be Fired Once the Decision's Been Made?

At the Friday all-staff meeting the office manager stands up to announce, "The good news is the following people have *not* been fired!" He reads a list of seventeen names. There are nineteen people at the meeting.

That's from a (perhaps unemployed) comic's stand-up routine. Unfortunately, people have written into the *CNNMoney.com* with real stories that aren't so far removed:

- An employee received news of her firing in a curt letter delivered to her home by FedEx.
- A man tells of being halted at the building door by security and being humiliatingly sent away.
- People report that they arrived at their office to find the lock changed and their stuff thrown in a box sitting on the floor. "Worst Ways to Get Fired," *CNNMoney.com*, September 6, 2006, accessed May 24, 2011, http://money.cnn.com/blogs/yourturn/2006/09/worst-ways-to-get-fired.html.

All these are inhumane firings in the sense that no flesh and blood person took the trouble to present the bad news.

It's easy to understand why inhumane firings occur: not many people enjoy sitting down with someone and telling them they're out. So it's tempting to yield to cowardice. Instead of facing the worker you've fired, just drop a note, change the lock, talk to security. On the ethical level, however, firing an employee is no different from working with an employee: as a manager, you must balance your duties to the company and the worker.

How can the **manager's duty to the organization** be satisfied when terminating a worker? First, to the extent possible, the fired person should leave with a positive impression of the organization. That means treating the employee with respect. No mailed notices of termination, no embarrassing lockouts, just a direct, eye-to-eye explanation is probably the most reliable rule of thumb.

Second, the terminated employee should not be allowed to disrupt the continued work of those who remain. If deemed necessary, security personnel should be present to ensure the ex-worker leaves the premises promptly. Also, if the worker is involved in larger projects, a time for severance should be found when their contribution is minimal so that other members of the team will be able to carry on near normally. (It may be recommendable to arrange the termination to coincide with the finishing of a larger project so that everyone may start fresh with the new, substitute employee.)

Third, the financial costs of the termination should be minimized. This means having clear reasons for the termination and documents (pertaining to worker performance or behavior) supporting the reasons to guard against lawsuits. Also, there should be clear understandings and prompt payment of wages for work done, as well as reimbursements for travel expenses and the full satisfaction of all monetary obligations to the employee. This will allow the human resources department to close the file.

With duties to the company covered, how can the **manager's duty to the employee** be satisfied? Consultants—both legal and ethical—typically share some bullet-point answers. First, the employee should be addressed honestly and directly with a clear explanation for termination. Speak firmly, the advice is; don't waver or provide any kind of false hope. Further, the termination should not come as a total surprise. Previous and clear indications should have been given concerning employee performance along with specific directions as to what areas require improvement. Many companies institute a structure of written warnings that clearly explain what the employee's job is and why their work is not meeting expectations.

Second, getting fired is embarrassing, and steps should be taken to minimize the humiliation. The employee should be the first to know about the discharge. Also, the severance should occur in a private meeting, not in view of other workers. To the extent possible, the employee should have an opportunity to say good-bye to workmates or, if this is the preference, to leave discreetly. For this reason, a meeting late in the day may be chosen as the appropriate time for notice to be given.

Third, to the extent possible and within the boundaries of the truth, an offer should be extended to provide a recommendation for another job.

Fourth, make sure the employee gets all the money coming for work done, without having to jump through hoops.

What Steps Can Management Take to Support Workers in a World Where Firing Is Inevitable?

One response to the inescapable reality that firing happens is preemptive; it's to reduce the moral uncertainty and hardship *before* they arise. Two strategies serve this purpose: actions can be implemented to minimize the occasions when firing will be necessary, and steps can be taken to reduce the severity of the firing experience for employees when it happens.

In her book *Men and Women of the Corporation*, Rosabeth Moss Kanter generates a list of measures that corporations use to diminish firings, and reduce the professional impact for those who are let go. Here's an abbreviated selection of her recommendations, along with a few additions:

- Recruit for the potential to increase competence, not simply for narrow skills to fill today's slots.
- Rotate assignments: allow workers to expand their competence.
- Retrain employees instead of firing them.
- Offer learning opportunities and seminars in work-related fields.
- Subsidize employee trips to work-related conferences and meetings.
- Provide educational sabbaticals for employees who want to return to school.
- Encourage independence and entrepreneurship: turn every employee into a self-guided professional.
- Keep employees informed of management decisions concerning the direction of the company: What units are more and less profitable? Which ones will grow? Which may shrink?
- Ensure that pensions and benefits are portable.List adapted from Rosabeth Moss Kanter, *Men and Women of the Corporation* (New York: Basic Books, 1993), 330–31.

Key Takeaways

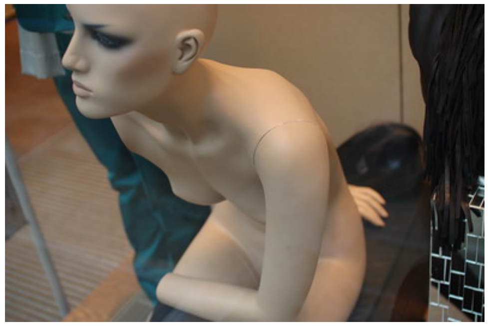
- At-will firing grants employers broad legal latitude to discharge employees, but it does not erase ethical concerns.
- Justifiable worker firings include cases where workers bear none, some, or all of the blame for the discharge.
- The act of firing a worker requires managers to weigh responsibilities to the organization and to the ex-employee.
- Steps can be taken to limit the need for, and effects of, employee discharge.

Exercises 4.4.1

1. What's the difference between at-will and just cause firing?
2. How might fundamental changes in the marketplace require a company to fire workers?
3. What is *rank and yank*?
4. When managers fire employees, what duties do they hold to the organization, and what are the duties to the dismissed worker?
5. What are some steps organizations can take to protect their workers from the effects of discharge if firing becomes necessary?

4.5: Case Studies

Fashionable



Source: Photo courtesy of Ralph Aichinger, http://www.flickr.com/photos/sooperkuh/3275153928/.

In her blog *Love This*, MJ (full name not provided) relates that she's been an aspiring clothes designer since she started sewing tops for her Barbie dolls. Things weren't going well, though, as she tries to break into the industry. One thing she notices is that there aren't a lot of female fashion designers out there—Vera Wang, Betsey Johnson, and a few more. Not many. So she starts trying to figure it out with questions like these:

- Do women want straight guy designers to dress them because they dress to please the men? It could make sense: what that designer likes, the man in her life is going to love too.
- Do women prefer gay men to dress them because gay men are their new girlfriends? Gay men are usually more receptive to trends and physical appearances too.
- Do women prefer women designers because she knows a woman's body better?
- Do men have the same issue? Do some men prefer a lesbian designer? Would they balk at being dressed by a gay designer? "Sexual Orientation in the Fashion Industry," *Love This!* (blog), accessed May 24, 2011, lovethis.wordpress.com/2007/07/28/sexual-orientation-in-the-fashion-industry.

? Exercise 4.5.1

1. Assume MJ is right when she hypothesizes that most women like straight male designers because straight guys are the ones they're trying to impress, so they want clothes straight guys like. Now imagine you've been put in charge of a new line of women's clothes. Your number one task: sales success. You've got five applicants for the job of designing the line. Of course you could just ask them all about their sexual orientation(s), but that might leave you open to a discrimination lawsuit. So could you devise a test for new applicants that's fair—that gives everyone an equal chance—but still meets your requirement of finding someone who produces clothes that straight guys get excited about?
2. Four standard filters for job applicants are
    - education level,
    - high-risk lifestyle,
    - criminal record,
    - flamboyant presence in social media.

    Which of these might be used to winnow out applications for a job as a clothes designer? Explain in ethical terms.
3. MJ wonders whether women might prefer women designers because she knows a woman's body better. Is there a bona fide occupational qualification for a women's fashion company to hire only women designers? Is there a difference between a BFOQ based on sex and one based on sexual orientation?
4. MJ asks, "Do women prefer gay men to dress them because gay men are their new girlfriends?" Assume you think there's something to this. Could you design a few behavioral interview questions that test the applicants' ability to become girlfriends (in the sense that MJ means it) with their clients? Would these be ethically acceptable interviews, or do you believe there's something wrong and unfair about them?

God at Work

Source: Photo courtesy of Geoff Stearns, http://www.flickr.com/photos/tensafefrogs/1523795/.

The University of Charleston is a private, nonreligious institution with a very particular job opening: the Herchiel and Elizabeth Sims "In God We Trust" Chair in Ethics. According to the job description, the successful candidate for this job as a professor "must embrace a belief in God and present moral and ethical values from a God-centered perspective." Rob Capriccioso, "Divinely Inspired Bias?," *Higher Ed*, March 1, 2006, accessed May 24, 2011, http://www.insidehighered.com/news/2006/03/01/charleston.

Exercise 4.5.2

1. You're in charge of getting applicants for this post and you've got a small advertising budget. What ethical responsibilities should you consider when determining where to place the ad? How broadly should you advertise the position?
2. According to Erwin Chemerinsky, a law professor at Duke University, "The description that 'candidates must embrace a belief in God and present moral and ethical values from a God-centered perspective,' violates the Civil Rights Act as religious discrimination in employment." Rob Capriccioso, "Divinely Inspired Bias?," *Higher Ed*, March 1, 2006, accessed May 24, 2011, http://www.insidehighered.com/news/2006/03/01/charleston. Imagine you're in charge of every step of the process of filling this job. How could you respond in terms of
   - bona fide occupational qualifications (BFOQs),
   - testing,
   - interviewing?
3. You're the university president. The person who currently holds the In God We Trust Professorship has, by all accounts, been doing a mediocre to poor (but not directly unacceptable) job. One day you happen to trip across the person's blog page and notice that your professor claims to be a sadist and practices a mild form of devil worship (also, the prof's favorite movie is *The Omen*). Right now the In God We Trust Professor of ethics is down the hall lecturing to seventy-five undergrads. You sneak to the door and listen from outside. The professor sounds just like always: dull and passionless, but the talk is about the Bible, and nothing's being said that seems out of line with the job description. Still, you decide to terminate the relationship.
   - In a pure at-will working environment, you can just fire the professor. But imagine you want to demonstrate just cause. How does this change the way you approach the situation? What would your just causes be?
   - The professor's classes are passionless because he doesn't believe in what he's teaching. Still, his teachings are not directly *wrong*. Does this case show why a manager may be ethically required in certain situations to implement a strategy of *rank and yank*? Explain.

Testing Baseball Players' DNA

Source: Photo courtesy of katkimchee, http://www.flickr.com/photos/midwestkimchee/206762729/.

The *New York Times* reports that there's a "huge difference between sixteen and nineteen years old," when you're talking about prospects for professional baseball. A kid whose skills knock your socks off for a sixteen-year-old just looks modestly good when he practices with nineteen-year-olds.Michael S. Schmidt and Alan Schwarz, "Baseball's Use of DNA Raises Questions," *New York Times*, July 21, 2009, accessed May 24, 2011, http://www.nytimes.com/2009/07/22/sports/baseball/22dna.html?hp.

This is a significant problem in the Dominican Republic, which produces excellent baseball players but little in the way of reliable paperwork proving who people really are and when they were born. The Cleveland Indians learned all about that when they gave a $575,000 bonus to a seventeen-year-old Dominican named Jose Ozoria, only to later find out he was actually a twenty-year-old named Wally Bryan.

This and similar cases of misidentification explain why baseball teams are starting to apply genetic tests to the prospects they're scouting. Typically, the player is invited to provide a DNA sample from himself and his parents to confirm that he's no older than he claims. The player pays for the test and is reimbursed if the results show he was telling the truth.

Exercise 4.5.3

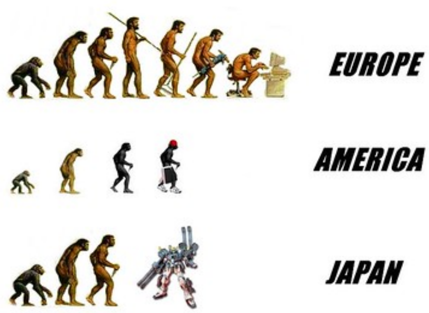
1. Many experts in genetics consider testing an unethical violation of personal privacy.
   - What does it mean to "violate personal privacy"?
   - Can a utilitarian argument (the greatest good for the greatest number should be sought) in favor of DNA testing in the Dominican Republic be mounted? What could it look like?
2. In the baseball world, other tests that clearly *are* allowed as part of the hiring process include testing a player's strength and speed. Is there anything in the fair application of these tests that may ethically allow—even require—that baseball teams extract DNA to confirm the age?
3. Assume you accept that testing a prospect's age is a bona fide occupational qualification (after all, the job is to be a *prospect*: a developing player, not an adult one). Once you accept that, how do you draw the line? Couldn't teams be tempted to use DNA facts for other purposes? The *Times* article interviews a coach who puts it this way:

   I know [the baseball teams taking the DNA samples] are looking into trying to figure out susceptibility to injuries, things like that. If they come up with a test that shows someone's connective tissue is at a high risk of not holding up, can that be used? I don't know. Michael S. Schmidt and Alan Schwarz, "Baseball's Use of DNA Raises Questions," *New York Times*, July 21, 2009, accessed May 24, 2011, http://www.nytimes.com/2009/07/22/sports/baseball/22dna.html?hp.

   Can you formulate an ethical argument in favor of teams secretly using DNA tests to do just that, check for as many yellow and red flags as possible in the young prospect's genetic code?
4. Baseball scouting—the job of hiring excellent future players and screening out mediocre ones—is very competitive. Those who do it well are paid well; those who don't are cycled out quickly to make room for someone else. You have the job, you have the DNA sample. What do you do? Why?
5. You decide to do the test in question four. The problem is people aren't trees; you can't age them just by counting genetic rings—you also need to do some cross-testing with the parents' DNA. You do that and run into a surprise: it turns out that the young prospect's father who's so proud of his athletic son isn't the biological dad. Now what?
   - Is there an argument here against DNA testing, period? What is it?
   - Remember, the family paid for the test. Do you have a responsibility to give them these results? Explain.

6. Lou Gehrig was the first athlete ever to appear on a box of Wheaties. From 1925 to 1939 he played for the Yankees in every game: 2,130 straight appearances, a record that lasted more than fifty years. He was voted into the baseball Hall of Fame in 1939. He died in 1941 from a genetic disorder—yes, Lou Gehrig's disease—that today's DNA tests would identify. Is there an ethical argument here against DNA testing of prospects or one in favor? Or is the argument about this more theoretical—should the rules be decided regardless of what has actually happened at some time or place? Explain.
7. In a different sport, the sprinter Caster Semenya won the world eight-hundred-meter challenge in 2009 with a time that few men could equal. She looked, in fact, vaguely like a man, which led the International Athletics Federation to run a genetic gender test. She is, it turns out, neither a woman nor a man; she's a hermaphrodite: a little bit of both. Does the fact that genetic tests don't always return clean, black-and-white results make their use less advisable from an ethical perspective? Why or why not?

Windfall at Goldman



Source: Photo courtesy of Manuel Cernuda, http://www.flickr.com/photos/melkorcete/180238980/.

Goldman Sachs is an expansive financial services company. Many clients are institutional: private companies and government organizations wanting to raise cash seek Goldman's help in packaging and then selling stock or bonds. On the other side, private investors—wealthy individuals wanting to multiply their riches—receive a hearty welcome at Goldman because they have the cash to purchase those stocks and bonds. Ultimately, Goldman Sachs is a hub where large companies, governmental powers, and wealthy people come and do business together.

Executives at Goldman Sachs are among the world's highest paid. According to a *New York Times* article, "At the center of Goldman's lucrative compensation program is the partnership. Goldman's partners are its highest executives and its biggest stars. Yet while Goldman is required to report compensation for its top officers, it releases very little information about this broader group, remaining tightlipped about even basic information like who is currently a partner." Susanne Craig and Eric Dash, "Study Points to Windfall for Goldman Partners," *New York Times*, January 18, 2011, accessed May 24, 2011, dealbook.nytimes.com/2011/01/18/study-points-to-windfall-for-goldman-partners/?hp.

The rest of the article investigates this shadowy partnership. The conclusions: "Goldman has almost 860 current and former partners. In the last 12 years, they have cashed out more than $20 billion in Goldman shares and currently hold more than $10 billion in Goldman stock."

This tally of accumulated wealth in Goldman stock doesn't even include the standard salary and cash bonuses the partners receive, but leaving that aside, here's the math: $30 billion divided by 860 divided by 12 should give some sense of the wealth each of these corporate stars is accumulating over the course of a year. To give a provisional idea of how large the number of dollars is here, when you try plugging $30 billion into an iPhone calculator, you find the screen can't even hold a number that long. Using a different calculator yields this result: $2.9 million per partner every year.

The 2.9 million can be compared with the salary earned by the average American: $50,000 a year. The Goldman partner gets that in less than a week. This huge money explains the clawing fight that goes on inside Goldman to become a partner. The odds are long. Each time the books are opened to admit a new class, only 1 of 330 Goldman employees makes the cut. It is, in the words of one former partner, "a very Darwinian, survival-of-the-fittest firm."

In the public comments section of the *New York Times* story about Goldman, a person identified as GHP picks up on the firm's characterization as a "Darwinian, survival-of-the-fittest" place. He wrote, "The French revolution was also very Darwinian, let's give that a try." During the French Revolution, the wealthy and powerful were rewarded with a trip to the guillotine.

Probably, GHP isn't just annoyed about how much money executives at Goldman make, he, like a lot of people, is peeved by the fact that the company was bailed out by the federal government during the 2008–9 financial crisis. Had the taxpayers (people making $50,000) not kicked in, Goldman might've gone bankrupt, and all that money its partners accumulated in stock would've vanished. As it happens, the US government's bailout was masterminded by US Treasury Secretary Henry Paulson. His previous job was CEO (and partner) at Goldman.

Exercise 4.5.4

1. Goldman is dominated by a "Darwinian, survival-of-the-fittest" mentality. What does that mean?
    - In ethical terms, how can this mentality be justified?
    - Would a company dominated by this mentality, whether it's Goldman or not, be more likely to announce job openings to a limited public, or as a massive public announcement? Why?
2. Describe the advantages of a "behavioral interview." If you were in charge of hiring for a company seeking employees who flourish in a survival-of-the-fittest environment, what kind of question might you ask in a behavioral interview? Why?
3. One contributor to the *New York Times* comments section writes, "There are sure to be lots of pointed, angry posts about how unfair it is that these guys make so much money etc. But if we are honest, there is a fair amount of envy and pure remorse that we weren't bright enough to go down that path! And these guys are very bright."

    How could these comments be construed to explain why high wages and big bonuses are used by Goldman to motivate its workers? What is it that makes big money (or the possibility of big money) function as a powerful motivator to encourage employees to work hard and well? Ethically, how can this use of big money be justified?
4. One difference between offering an employee a wage increase and offering a bonus is that the latter doesn't come automatically the next year. The employee has to earn it from scratch all over again.
    - Why might managers at Goldman award their best workers with a bonus instead of a wage increase?
    - By appeal to an ethical theory, could you make the case that, in general, employees should be paid mainly through a bonus system? How would the theory work at two extremes: wealthy Goldman executives and waitresses at a corner diner?
5. Given the kind of work that's done at Goldman—bringing wealthy people and powerful organizations together to make deals—why might party aptitude (the ability to mix socially after hours) be considered when deciding who does and who doesn't make partner at Goldman? How could that decision be justified ethically? How could it be criticized ethically?
6. Make the case that in theoretical terms, managers at Goldman have an ethical responsibility to institute the process of rank and yank.

The Five O'Clock Club

Source: Photo courtesy of C.P. Storm, http://www.flickr.com/photos/cpstorm/140115572/.

A *Washington Post* story about firing employees relates that some companies use "the surgical method: terminations that last about 15 seconds, after which former employees are ushered off company property." Eli Saslow, "The Art of Letting Employees Go," *Washington Post*, August 9, 2009, accessed May 24, 2011, www.washingtonpost.com/wp-dyn/content/article/2009/08/08/AR2009080802659.html?hpid=topnews.

It doesn't have to be that way, though. For about $2,000 per fired employee, the outplacement company Five O'Clock Club will help employers manage the actual termination moment more compassionately. Later on, the fired worker receives a year of career coaching to help get back on track.

What does the Five O'Clock Club recommend managers do at the critical moment when giving the bad news? To answer, according to the *Post*, they offer a booklet titled *How to Terminate Employees While Respecting Human Dignity*, which "asks managers to approach layoffs with the understanding that, 'unlike facilities and equipment, humans have an intrinsic worth beyond their contribution to the organization.' "Eli Saslow, "The Art of Letting Employees Go," *Washington Post*, August 9, 2009, accessed May 24, 2011, www.washingtonpost.com/wp-dyn/content/article/2009/08/08/AR2009080802659.html?hpid=topnews.

Then some catchphrases are provided for managers to use:

- George, you've been a trooper. I'm sorry that this organization has moved in a different direction.
- George, you have made many good friends here. We hope those friendships will continue.
- George, you have made considerable and long-lasting contributions and they are acknowledged and appreciated. Eli Saslow, "The Art of Letting Employees Go," *Washington Post*, August 9, 2009, accessed May 24, 2011, www.washingtonpost.com/wp-dyn/content/article/2009/08/08/AR2009080802659.html?hpid=topnews.

Five O'Clock Club vice president Kim Hall—who downs a lot of Tylenol and coffee on the job—relates several other phrases that may be helpful:

- I know this is hard, but you'll get back on your feet.
- The timing could actually work in your favor. A lot of people take vacation in the summer. There's no competition for job hunters.
- Maybe this is a chance to begin your dream career. Follow your heart. Eli Saslow, "The Art of Letting Employees Go," *Washington Post*, August 9, 2009, accessed May 24, 2011, www.washingtonpost.com/wp-dyn/content/article/2009/08/08/AR2009080802659.html?hpid=topnews.

In sum, the Five O'Clock Club helps workers feel better when they're fired, and helps them get on with their lives. Meanwhile, employers get a hedge against lawsuits. The outplacement service, according to the Five O'Clock Club literature, "can redirect anger or anxiety away from the organization and…encourage the newly-fired to sign their severance agreements so they can get on with their lives." Eli Saslow, "The Art of Letting Employees Go," *Washington Post*, August 9, 2009, accessed May 24, 2011, www.washingtonpost.com/wp-dyn/content/article/2009/08/08/AR2009080802659.html?hpid=topnews.

? Exercise 4.5.5

1. The Five O'Clock Club charges $2,000 per firing. If you were fired, would you prefer to receive the compassionate end the Five O'Clock Club provides, or just get shown the door but also get to keep that $2,000 for yourself?
   - If you're the boss, do you have the right to decide this for the fired employee? Why or why not?
   - If you're the boss, do you have the *responsibility* to decide this for the fired employee? Why or why not?
2. According to the Five O'Clock Club, "Unlike facilities and equipment, humans have an intrinsic worth beyond their contribution to the organization."
   - Does this sound like utilitarian ethical thinking to you, or is it more in line with the notion of an ethics guided by basic duties and rights? Why?
   - Probably, everyone agrees that humans aren't just machines that can be installed and replaced. But can an ethical argument be made to *treat people in the workplace as machines*—that is, to abruptly hire them when they're useful and fire them when they're not? What ethical theory (or theories) could help you make the case?
3. In general terms, here are three firing situations:
   - an economic downturn (good workers are sacked because the company can't afford to keep them)
   - rank and yank (workers are fulfilling their duties but not as well as most of the others)
   - misbehavior (a worker is fired directly because of something done or not done)

   Looking at these three contexts and the Five O'Clock Club, do you think their services should be hired in all three situations? Do the ethics of firing change depending on *why* the person is being fired? Explain.

4. Recall some of the Five O’Clock Club’s prepacked firing sentences:
    - George, you've been a trooper. I'm sorry that this organization has moved in a different direction.
    - George, you have made many good friends here. We hope….
    - George, you…are acknowledged and appreciated.
    - Maybe this is a chance to begin your dream career. Follow your heart.

    The contrasting method of firing employees—the surgical method—is to look the person in the eye, say you’re fired, and have security march the ex-employee out the door, all in less than a minute.

    - Is it possible to make the case that the surgical method is actually more compassionate and respectful?
    - Is there a place for compassion in business? From a manager’s perspective, how should compassion be defined within a business context?
5. Maybe the Five O’Clock Club gets hired because a company really wants to help and support fired employees. *Or* maybe the company doesn’t really care about them; all they want is to avoid wrongful termination lawsuits. Ethically, does it matter *why* the company contracts the Five O’Clock Club? Explain.

CHAPTER OVERVIEW

5: Recruiting and Selecting New Employees

5.1: Asking Questions

Learning Objectives

- Discuss how to come up with effective questions for an interview.

For best results—and to avoid litigation—interview questions should relevant to the position and reflect the realities of both the position and the operating environment. To be specific, questions should focus on the job duties, relevant skills and qualifications, and related success factors. A key point to keep in mind is that questions represent not only the position but the company's values. Understand that an interview is a two-way assessment; that is, a candidate is also evaluating interview questions, assessments, and interactions with company representatives to determine believability and "fit."

There are two types of interviews: unstructured and structured. In an **unstructured interview**, the interviewer may ask different questions of each different candidate. One candidate might be asked about her career goals and another might be asked about his previous work experience. In an unstructured interview, the questions are often, though not always, unspecified beforehand. In an unstructured interview the responses to questions asked are generally not scored using a standard system. This type of interview can be particularly useful when interviewing for a new (and possibly still nebulously defined) position. As you interview candidates, their expertise and knowledge of the field will help flesh out the new position.

Figure 1. Studies of job interviews show that they are more effective at predicting future job performance when they are structured.

In a **structured interview**, the interviewer asks the same questions of every candidate, the questions are prepared in advance, and the interviewer uses a standardized rating system for each response. With this approach, the interviewer can accurately compare two candidates' interviews. In a meta-analysis of studies examining the effectiveness of various types of job interviews, McDaniel, Whetzel, Schmidt & Maurer (1994) found that structured interviews were more effective at predicting subsequent job performance of the job candidate.

What You Should Ask

Interview questions will be different for each job; after all, it takes very different skills to create a product than it does to sell the product. The job advertisement can be a good source for interview questions. After all, it contains a good summary of the required skills and knowledge needed for the position.

Often you'll find that you have several equally talented candidates if you simply ask about the specific knowledge, skills, and abilities needed for the job. Once you've established your pool of top contenders, you can start looking at individuals to evaluate their fit in the company.

So how do you come up with these questions? First Round's interview with Koru Co-Founder and CEO Kristen Hamilton provides perspective on getting at the person behind the resume. The opening sentence is an admission: "Hiring the right people is hard."[1] In order to improve the odds of success, Hamilton recommends focusing on skill sets and mindsets instead of metrics such as GPA. Based on extensive employer research and reverse engineering exceptional performers, Hamilton identified seven core characteristics that in combination translate into job success or, as she phrases it, "someone killing it at their job":[2]

- **Grit.** In today's fast-paced working environment, employees need to be resilient, able to work through difficult or boring projects. You may ask candidates to talk about lengthy projects they've completed, and ask about how they persevered.

- **Rigor.** Employees need to use data they have at hand or gather data to make good decisions. You may ask candidates about a time they made a difficult decision at work, and how they arrived at that conclusion.
- **Impact.** Teams work better when each member is working together to achieve the company's goals. You may ask candidates about efforts they've made in the past that either helped their previous company's mission or that are related to your company's mission.
- **Teamwork**. Speaking of teams working together, this is an essential trait in almost any employee. Even individuals who mostly do solitary work need to at least talk to their managers to report how things are going. Questions for this will vary depending on how much teamwork is needed for the position. You may ask candidates about their work in teams in the past.
- **Ownership.** Employees need to have personal responsibility for their positions. In order for a company to run smoothly, employees need to rely on each other to own their role and make things work. You may ask candidates to talk about a project they either ran or participated in, and how they overcame challenges in the process.
- **Curiosity.** Companies can only flourish if they change and adapt to the market. In order to achieve this adaptation, employees must be curious and creative and willing to push the boundaries to make change. You may ask candidates about the last thing they learned and why they chose to pursue that knowledge. If employees are curious in their personal lives, they'll likely be curious in the workplace as well.
- **Polish.** The way candidates presents themselves can say a lot. As you interview, take note of how candidates dress, how they speak, and how they put together resumes, cover letters, and sample work products. If they don't provide polished work during the interview process, it's likely they won't in their job either.

Read More

First Round's compilation, "The Best Interview Questions We've Ever Published" is an excellent source of not only interview questions but perspective on candidate evaluation (and, for those who are interviewing, the intent behind questions).

What You Shouldn't Ask

Perhaps the first step in developing effective interview questions—both in forming questions and in coaching inexperienced interviewees—is to know what's off limits. As advised in a SHRM article, you need to be aware of both state and federal laws when considering interview questions and procedures[3]. For perspective, California Department of Fair Employment & Housing guidelines recommend that "employers limit requests for information during the pre-employment process to those details essential to determining a person's qualifications to do the job (with or without reasonable accommodations)."[4]

The best policy is to consider questions that relate to protected categories—that is, those that reference a candidate's age, race, gender, religion, sexual orientation, etc.—off limits. Even if they're not illegal per se in a particular state, they may be seen as a discriminatory hiring practice that negatively impacts the employer's brand and recruiting efforts.

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1. "Hire a Top Performer Every Time with These Interview Questions." *First Round Review*. Web. 10 July 2018. ↵
2. Ibid. ↵
3. Onley, Dawn. "These Interview Questions Could Get HR in Trouble." *SHRM*. 19 June 2017. Web. 10 July 2018. ↵
4. The Department of Fair Employment and Housing. "Employment Inquiries: What Can Employers Ask Applicants and Employees." Web. 10 July 2018. ↵

5.2: Phone Interviewing

Learning Objective

- Discuss the process of effective phone interviews

Quite a few job applicants look "good on paper," meaning that their resumes are impressive. Once you actually speak with them, however, it may become obvious that they don't really meet the requirements of the job. Alternatively, a moderately attractive applicant might turn out to have personal qualities and abilities that are better than they appeared on paper.

A phone interview is a second level of screening used to reduce the pool of qualified candidates to a manageable number that will be invited in for a face-to-face interview. A phone interview can be voice only or voice and video, using technologies such as Skype. For both interviewee and candidate, the preparation is similar to preparing for a live interview. The basic 5-step process (from the interviewer's perspective) is as follows:

1. Review the job description and job specifications
2. Prepare and validate a set of questions (for candidates: anticipate & prepare for questions)
3. Review submitted materials, including application form, cover letter and resume
4. Conduct the interview
    1. Open the interview
    2. Ask your prepared questions and any follow-up questions based on the candidate's responses
    3. Invite candidate questions
    4. Close interview
5. Summarize the interview. For the interviewer, that involves writing a candidate evaluation. For the candidate, that involves summarizing notes and writing a follow-up.

Keep in mind that active listening and effective interpretation and note-taking are essential interview skills. This is especially true when interviewing a large number of candidates—it can get tricky remembering who said what. Keeping notes will help you make a final decision as you weigh candidates against one another.

If there will be a video element to the phone interview, there's an additional level of planning and coordination, including exchanging user names, issuing and accepting connections and testing technology. (See Module 9: Communicating Through Technology for further assistance.)

Learn More

For perspective on how to conduct a phone interview, view this U.S. Department of Labor Recruiter Training video. In this video, you'll hear an abbreviated (six minute) interview with a West Virginia University Journalism major. The video illustrates the primary interview steps and interpersonal interactions, including introduction, setting the agenda, inviting questions, and establishing next steps.

View More

University of Hartford Barney School of Business staging of a mock phone interview with student evaluation:

A YouTube element has been excluded from this version of the text. You can view it online here: http://pb.libretexts.org/bcsfm/?p=682

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5.3: Face-to-Face Interviewing

Learning Objective

- Discuss the process of effective face-to-face interviews

A face-to-face interview is generally the final step in the interview process. In theory, a candidate who has made it this far is qualified—perhaps highly qualified—on paper. From the standpoint of the interviewer, the objective is to determine which one of a short list of candidates is the best choice.

After preliminary interviews are completed, HR can provide the hiring manager with a set of promising applicants who have the skills, credentials, and background to fit the manager's needs. Now the hiring manager can sit down with each candidate and get to know her through a personal interview. Often, hiring managers will conduct a second interview after narrowing down their options to just a few candidates. They may also include other team members in the interviewing process and/or conduct tests to determine whether candidates have the level of technical skill they need for the job.

It takes some skill and knowledge to interview a job applicant effectively. It's important to do the job right, though, because the costs of hiring someone are substantial, and many hires leave within one year. Some effective interviewing techniques include the following:

- **Planning and preparation.** Before starting an interview, it's important for a manager to have read the applicant's resume, prepared questions, and know what he wants to learn during the interview. It's also helpful to set a time limit for the interview.
- **Understanding the job.** In some cases, managers don't have direct experience doing the job for which they're hiring. When that happens, it's important for the manager to talk with people who are doing the job now as well as direct supervisors and teammates. What are the most important qualities, skills, and qualifications required for the job? Are there specific situations for which the new hire should be prepared? Knowing about the job makes it easier to ask the right questions.
- **Connecting with the applicant.** Most people are nervous at job interviews, and it's important to set the applicant at ease so she can put her best foot forward. Instead of just saying "Don't be nervous," good managers spend some time chatting with the candidate and explaining the interview process.
- **Active listening.** Managers want to learn about the candidate, so active listening is very important. Managers need to show that they're interested by nodding, asking follow-up questions, smiling, or otherwise using body language to encourage the candidate to share more information.

Mock Interview

Listen to the following mock interview for perspective on how to conduct an interview. The interviewer's comments are a teaching aid for both interviewer and candidate, providing a format to follow and insight into the objective of the question and how to interpret the responses. Human Resource professional Richard Mercer deconstructs a mock interview with Radford University senior Noell Lee:

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The key takeaway from this video is to attempt to discover what makes a candidate unique and compelling. The elevator speech point Mercer makes is good coaching for a candidate and something to listen for an interviewer.

For tips on how to prepare for an interview as a candidate, watch Harvard Office of Career Services Assistant Director Linda Spenser's "How to Ace an Interview" video:

//plugin.3playmedia.com/show?ad_autoplay=1&ad_default_source_volume_control=1&ad_source_volume_control=0&itx_collapse_on_load=0&itx_collapsible=1&itx_downloadable=0&itx_highlight_by_caption_frames=0&itx_keywords=1&itx_light_scroll=0&itx_multi_text_track=0&itx_progress_bar=1&itx_progressive_tracking=1&mf=2775031&p=20361&pt=5&video_id=DHDrj0_bMQ0&video_target=tpm-plugin-wls6iq69-DHDrj0_bMQ0

For a specific example of a interview evaluation form, see Society for Human Resource Management's (SHRM) Candidate Evaluation Form, with scoring based on 12 categories and ratings on a scale of 1 (Unsatisfactory) to 5 (Exceptional).

5.4: Introduction to Selecting a Candidate

In the following sections, you will learn how to identify the key steps in selecting a new employee.

As *Business News Daily* B2B Staff Writer Sammi Caramela notes "The hiring process is more complex than choosing the right person for the job; it's attracting and securing the best candidates, whose values align with your company's mission and principles[1]." In this section, we'll discuss common perception errors and decision mindset tips and review job offer formats and considerations.

1. https://www.businessnewsdaily.com/5827-employer-hiring-mistakes.html ↵

5.5: Selection

Learning Objective

- Discuss methods of selecting the best candidate.

When reviewing a final slate of candidates, it's important to be aware of the potential for perception errors on the part of both interviewer and candidate. The onus is on the interviewer to check his or her assumptions and make sure a candidate understands the position, culture and operating dynamics.

Implicit or unconscious bias, covered in depth in Module 13: Social Diversity in the Workplace, is a factor in the selection process as well. Briefly stated, implicit bias reflects the fact that we are often unaware of the divergence between our conscious attitudes and our unconscious beliefs. This divergence is a blind spot that can distort our perceptions of candidates. Key perspective point: it's not always a matter of how we perceive those who are different from us. For example, research at Yale found that both male and female scientists rated "female" lab scientist applicants significantly lower than the "male" candidates in competence, hireability, and whether the scientist would be willing to mentor the student. The catch: the resume in both cases was the same; the only difference was the name: male or female[1]. The takeaway is that we all have internalized cultural stereotypes and need to cultivate an awareness of potential gender, ethnic, or other biases to avoid having those stereotypes distort our judgments.

Research also suggests that we tend to put too much faith in our ability to evaluate others. A common mistake is judging candidates based on a first impression or "likeability." As IBM Smarter Workforce business development executive Jason Berkowitz notes: "It's so easy to assume that a firm handshake and good eye contact means someone is competent across the board."

Because the process can be complicated, it's important to have very concrete reasons for choosing one candidate over another. For example, saying "Mary fits into the team better than Sally" is likely to lead to Sally's feeling that she has lost a popularity contest. A better option is to have a checklist of qualifications that can be shared with job candidates. If you can show Sally that Mary has stronger IT skills, more management experience, and important marketing knowledge, it will help Sally understand why Mary really is the better person for the job.

Here are a few additional tips to improve evaluation effectiveness:

- Focus evaluations on the job criteria to avoid being distracted by superficial factors
- Seek candidate evaluation input from multiple people; compare notes and discuss observations
- Be aware of any attempts to cater to interviewer interests and preferences or leverage common ground
- Be aware of making conclusions—either favorable or unfavorable—based on factors that aren't related to job performance, i.e., application, resume, or GPA
- Related point: question assumptions about what factors (accomplishments and characteristics) correlate with employee success

Discussion of how to select the best candidate also has to factor in the candidate's perceptions and potential perception errors. Given that, the final action item is doing a reality check; that is, providing the candidate with a realistic job preview. Failing to do this is a common hiring error that B2B Staff Writer Sammi Caramela refers to as "lacking in transparency." In a series of posts on retail industry interview questions, Workforce management support provider Deputy emphasizes the importance of clarifying expectations, noting that a candidate's attributes and enthusiasm are only part of the equation. Tip: "If the job involves a variety of shifts and incentive-based pay, it's best to address that up-front."[2] Sample questions:

- What type of schedule are you interested in?
- Would you be available to work extra shifts?
- Do you have any classes or other part-time jobs or commitments that may affect your work availability?
- Are you willing to work nights, weekends, and the occasional overnight inventory shift if necessary?

The upside of transparency: Research cited in *Fundamentals of Human Resource Management* indicates that providing candidates with a realistic job preview prior to extending a job reducers turnover without impacting acceptance rates.

1. https://blogs.scientificamerican.com/unofficial-prognosis/study-shows-gender-bias-in-science-is-real-heres-why-it-matters/ ↵
2. https://www.deputy.com/blog/77-retail-interview-questions-to-hire-the-right-candidate#suitability ↵

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5.6: The Job Offer

> **Learning Objective**
>
> - Describe how to complete a job offer.

Once the hiring manager decides who she'd like to hire, the HR department makes an offer. Typically, a job offer includes information about salary and benefits as well as details about the job requirements. If the candidate is interested, he will need to sign a contract or otherwise accept in writing before taking the job—usually a letter or email is acceptable until the employee's first day.

Making the Offer

If the recruitment and selection process has been conducted with integrity and transparency on both sides, the final step is almost a formality. That said, a job offer is a contractual document and it's important to cover the bases. The Society for Human Resource Management (SHRM) provides the following checklist of details to include in an offer, with comments drawn from attorney Joshua Mates' "14 Things Your Job Offer Letter Must Have to Be Effective" article[1] for SHRM:

- Job title
- Department, manager's name
- Start date
- Hours of work/schedule
    - Indicate whether the position is full- or part-time and specify the expected work schedule.
- Status (full time, part time, regular, temporary, specific duration)
- Exempt vs. nonexempt status
    - Employees need to be properly classified as either exempt or nonexempt from federal and state overtime requirements to avoid penalties or claims for unpaid wages.
- Rate of pay (hourly, weekly, or by pay period) and pay period frequency
- Offer contingencies
    - Identify any offer contingencies such as a background check, drug testing, reference check, and satisfactory proof of the employee's right to work in the U.S., as required by law.
- Paid leave benefits
- Eligibility for health/welfare benefits plans
- Work location
- If travel is involved, approximate percent of travel required
- At-will employment statement
    - State that either the employee or the company can terminate the relationship at any time, with or without cause or advance notice. Avoid language that could be interpreted to form a long-term commitment, including "soft statements" such as "looking forward to a long relationship."

SHRM also proposes attaching the following if/as relevant:

- Benefits overview/summaries
- Job description
- Blank Form I-9 (bring on start date for completion) with supporting documents
- An employment agreement, non-compete or other restrictive covenants (bring on start date for completion)
- Self-identification form (bring on start date for completion)
- Emergency contact form (bring completed on start date)
- If travel is involved, summary of company's reimbursement processes

Learn More

To view sample offer letters (and access a range of Human Resource-related resources), visit the SHRM website and click on the Resources & Tools tab.

The offer process itself is straightforward: either a Human Resource representative or the hiring manager will extend an offer of employment. If communicated verbally, this will be followed by a written offer of employment. The candidate will be given a set amount of time to respond—either to accept, reject, or negotiate—the offer. In practice, negotiations are often conducted prior to issuing a formal job offer.

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1. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/offer-letters-effective-employment-agreements.aspx ↩

5.7: Putting It Together- Recruiting and Selecting Employees

The essence of recruiting is expressed in researcher, advisor and bestselling author Jim Collin's classic recommendation: "Get the right people on the bus." This analogy, presented in his 2001 bestseller, *Good to Great*, reflects the realities of operating in a dynamic and disruptive environment. In the years since, this insight has been widely recognized as a critical business success factor. Indeed, our environment has become even more of a chaos or opportunity situation, with trends and technology developments favoring companies that find and hire the "right" people. The key question, then, is how do you identify the "right" people? Organizational design consultant Karen Wunderland provides this summary of Collins' five discovery questions:

1. Does the person share your organization's core values?
2. Does this person "get it" so they don't need tight management?
3. Does this person have exceptional ability—the potential to be one of the best in his or her field?
4. Does this person understand the difference between having a job and holding a responsibility? You want folks who think three steps ahead, feel a sense of responsibility—and if they see a hole, they fix it.
5. Can you answer "yes" to this question: Knowing everything you now know about this person, would you hire them again?[1]

Perhaps one of the most powerful lessons is not to make a hiring decision based on hope. As expressed in the Callibrain video review: "When in doubt, don't hire. Keep looking." The candidate equivalent was expressed by former Apple & Pixar Animation Studios CEO Steve Jobs in his legendary Stanford commencement address:

"Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle."

As Psychology Professor, researcher, and author Angela Duckworth demonstrated in *Grit: The Power of Passion and Perseverance*, this passion is what translates into grit and sustains the commitment to succeed despite setback or failure. Indeed, it's this passion that builds successful organizations and meaningful lives. As Collins noted:

"People are not your most important asset…the right people are."

For a 5 minute distillation of *Good to Great*, watch Callibrain's sketchnote video review:

//plugin.3playmedia.com/show?ad_autoplay=1&ad_default_source_volume_control=1&ad_source_volume_control=0&itx_collapse_on_load=0&itx_collapsible=1&itx_downloadable=0&itx_highlight_by_caption_frames=0&itx_keywords=1&itx_light_scroll=0&itx_multi_text_track=0&itx_progress_bar=1&itx_progressive_tracking=1&mf=2775032&p=20361&pt=5&video_id=Yk7bzZjOXaM&video_target=tpm-plugin-34co4o6i-Yk7bzZjOXaM

Angela Duckworth's Grit Test: https://angeladuckworth.com/grit-scale/

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1. http://wunderlin.com/get-the-right-people-on-the-bus-2/#.WwnQqlMvwb2 ↵

5.8: Assignment- Recruiting and Selecting New Employees

You are a store manager at a natural beauty supply store, NatureU, a small chain that has three locations within 25 miles of one another. One of your day-shift managers, Rochelle, has just let you know she was accepted into medical school and will be moving in July.

Part 1: The Job Advertisement

Your task is to write an appealing job advertisement. As such a small company, NatureU does not have any standard language for job advertisements, but they did provide the following list of company values:

- We're dedicated to providing our customers with products they know are cruelty-free and eco-friendly.
- We're dedicated to helping our customers find the products that best suit their needs and help them display their natural beauty.
- We're dedicated to helping our employees grow and achieve their life and career goals.
- We're dedicated to enriching our local community by working with local providers and providing unique products.

Given these, write a job advertisement for a part-time day-shift manager position.

Part 2: The Interview

Your advertisement has brought in several candidates, and you've narrowed down the pool to a final three candidates to interview one on one. You want to ensure you evaluate the candidate fairly, so you've decided to have structured interviews, asking from a pre-established list of questions. Your task is to write a list of questions to be asked in each interview.

Submit your job description and your list of interview questions to your instructor as an email attachment.

Grading Rubric

Criteria	Not Evident	Developing	Proficient	Exemplary	Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**

Criteria	Not Evident	Developing	Proficient	Exemplary	Points
Content	**2 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**3 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**4 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**5 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**5 pts**
Development – Critical Thinking	**4 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**6 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not support conclusions drawn.	**8 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**10 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**10 pts**

Criteria	Not Evident	Developing	Proficient	Exemplary	Points
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	**25 pts**

5.9: Assignment- Additional Assignments for Job Candidates

Learning Objective

- Discuss the usefulness of creating additional assignments for potential candidates to complete

Have you ever had to complete a test or demonstrate your skills as part of the hiring process? Have you been a manager who required one of these skill assessments of your job applicants?

Using your cell phone or any other recording device, create a short video advising a fellow student who shares your time management style. You don't have to edit or create a professional-grade film. You've most likely have done this type of recording already on social media, so feel free to use the same informal conversational tone.

Do an internet search for a job posting website, such as Indeed, and read about their skills tests. Think of your audience as fellow students who are interested to learn about these skills assessments as fellow managers. In your video, you can address the following:

- How would these tests help you determine a candidate's knowledge, skills, and abilities?
- How might these tests inhibit your ability as a manager to find the best candidate?
- If you have had experience with these tests, and you feel comfortable sharing your experience, tell your audience what worked or didn't work for you.

5.10: Why It Matters- Recruiting and Selecting New Employees

Why does recruiting matter?

Recruiting and selecting new employees can make or break a company. An employee represents, in the financial sense, a very high risk investment. A company's personnel costs may be a business' single largest expense.

According to the Society for Human Resource Management, salaries alone can account for 18 to 52 percent of your operating budget[1]. Add in payroll and unemployment insurance taxes, workers compensation, overtime, benefits, reimbursements, leave and holiday pay, and the full cost of salaries and benefits could be in the forty to eighty percent of gross revenue range[2].

No wonder a famous saying in business reminds us that people are a company's greatest asset.Choose well, and your employees can be a source of competitive advantage. On the other hand, a poor choice can represent a critical liability.

Let's elaborate on the downside risk. The U.S. Department of Labor estimates that the average cost of a bad hiring decision is thirty percent of the employee's first year projected earnings[3]. Note, however, that number represents only a fraction of the organizational impact. Chief financial officers surveyed by global staffing firm Robert Half ranked morale (39 percent) and productivity (34 percent) effects of a bad hire greater than the monetary (25 percent) cost.

In this module, we'll learn how to choose well—from attraction phase through the selection phase—and how to avoid related legal liabilities.

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1. Deeb, Carol. "Percent of a Business Budget for Salary." *Chron*. Web. 26 June 2018. ↵
2. Ferguson, Grace. "What Percentage of the Budget Should Be Spent on Payroll?" *Chron*. Web. 26 June 2018. ↵
3. Cardenas, Rebekah. "What's the Real Cost of a Bad Hire?" *HR Exchange*, 02 Apr 2014. Web. 26 June 2018. ↵

5.11: Introduction to Finding Qualified Job Applicants

In this next section, you will learn how to describe effective strategies for recruiting qualified job applications.

Recruiting is the art of attraction, a process that requires a clear understanding of what makes the company unique as well as what type of person a company wants to attract. Recruiting is often a process of discovery and evaluation for both company and candidate.

The reality is there's no one best place to work. In the retail space alone, candidates can choose from cult brands including Apple, IKEA, and Lululemon as well as a number of beloved regional brands. With so many "Best of" and "Great Place to Work" options and the unemployment rate at historic lows, the market for talent is competitive.

Read More

Take a look at these reviews on great places to work:

- Great Places to Work
- Business Insider's "The 10 best retail companies to work for in 2017, according to employees"

In this section, we'll discuss effective strategies for identifying, attracting and recruiting qualified candidates, including equal opportunity laws to be aware of throughout the hiring process.

5.12: Writing a Job Advertisement

Learning Objective

- Create a compelling job advertisement.

Managers know more than anyone else about what a particular position involves and what kinds of skills an employee needs to do the job effectively. They may be the one to request the creation of a new position in the first place. They are very likely to be asked to help define an existing job or a new job. They, with the help of HR professionals, will describe the tasks and responsibilities of the position as well as the qualifications required.

When you read job advertisements, do you ever wonder how the company comes up with the job advertisement?

Company Brand

Creating a compelling job advertisement is similar to writing a compelling marketing pitch. The first step in the process is attraction, defined as “a quality or feature of something or someone that evokes interest, liking, or desire.” It’s no surprise then that one of the best practices for recruiting is for an organization to cultivate a strong employment brand.

In a recruiting best practices perspective post[1], Wood Personnel asks: “How is a new job with your company like a new car? ‘Brand’ matters.” The post goes on to explain that “job seekers . . . treat new job searches the same way they treat major purchase decisions. They use digital tools to conduct extensive brand research before making a final choice.” In order to attract the best candidates, hiring managers need to clearly define their employment brand. Here are a few specific recommendations to help you do so:

- Clarify your corporate culture
- Understand your market position
- Set performance expectations
- Help candidates determine whether they would be a good fit before they even apply

Perspective Point

A clear and compelling employer value proposition not only tells candidates why they want to work for you, but it also reminds current employees why they’re there.

Job Analysis

In order to advertise a job, you first have to understand what that job entails (at least to best current knowledge, as jobs are often shifting in their scope). Job analysis is often done with the help of Industrial and Organizational (I-O) psychologists. There are two related but different approaches to job analysis—you may be familiar with the results of each as they often appear on the same job advertisement. The first approach is task-oriented and lists in detail the tasks that will be performed for the job. Each task is typically rated on scales for how frequently it is performed, how difficult it is, and how important it is to the job. The second approach is worker-oriented. This approach describes the characteristics required of the worker to successfully perform the job. This second approach has been called job specification (Dierdorff & Wilson, 2003). For job specification, the knowledge, skills, and abilities (KSAs) that the job requires are identified.

Observation, surveys, and interviews are used to obtain the information required for both types of job analysis. It is possible to observe someone who is proficient in a position and analyze what skills are apparent. Another approach used is to interview people presently holding that position, their peers, and their supervisors to get a consensus of what they believe are the requirements of the job.

How accurate and reliable is a job analysis?

Research suggests that it can depend on the nature of the descriptions and the source for the job analysis. For example, Dierdorff & Wilson (2003) found that job analyses developed from descriptions provided by people holding the job themselves were the least reliable; however, they did not study or speculate why this was the case.

Learn More

The United States Department of Labor maintains a database of previously compiled job analyses for different jobs and occupations. This allows the I-O psychologist to access previous analyses for nearly any type of occupation. This system is called **O*Net** (accessible at www.online.onetcenter.org). The site is open and you can see the KSAs that are listed for your own position or one you might be curious about. Each occupation lists the tasks, knowledge, skills, abilities, work context, work activities, education requirements, interests, personality requirements, and work styles that are deemed necessary for success in that position. You can also see data on average earnings and projected job growth in that industry.

The O*Net database describes the skills, knowledge, and education required for occupations, as well as what personality types and work styles are best suited to the role. See what it has to say about being a food server in a restaurant or an elementary school teacher or an industrial-organizational psychologist.

Selling the Job

With the employer brand clarified and the job defined, we can move on to selling the job. What differentiates a compelling ad from one that isn't noticed, or worse, rejected, is emotion. That is, in order to make a job advertisement compelling, you must make an emotional connection.

Brand and Marketing Strategist Alex Honeysett's recommendations for writing a compelling blog post also apply to writing a compelling job ad: "Now more than ever, people want to connect with brands in a human way."[2] And candidates are seeking that same humanity in potential employers. Her two key recommendations: share a story and write with a specific person in mind. The rationale for the latter point: "By writing with one person in mind, your tone, story, and message will be much more focused and detailed than if you're writing to a nameless, faceless group of people. And your readers will connect to that focus and detail."[3]

The following nine-step job ad development process is a combination of Honeysett's recommendations and Betterteam's job posting template[4]:

1. Write a compelling headline
2. Craft a compelling hook
3. Write with a specific person in mind
4. Pitch the position with emotion as well as the key facts
5. Tell the company's story—and invite the candidate to be part of it
6. Sell the area
7. Summarize, selling the package
8. Close with a call to action
9. Have a member of the target audience read and comment

Read more: CareerBuilder's 5 Best Practices for Defining Your Employer Brand: https://resources.careerbuilder.com/...ployment-brand

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1. https://www.woodpersonnel.com/2012/10/30/recruiting-in-nashville-what-does-your-companys-employment-brand-really-convey-to-job-candidates/ ↵
2. https://www.themuse.com/advice/the-1-tip-for-writing-a-compelling-makespeoplewanttoshareit-blog-post ↵
3. Ibid. ↵
4. https://www.betterteam.com/job-posting-template ↵

5.13: Finding Potential Employees

> **Learning Objective**
>
> - Identify methods for finding qualified potential employees.

CareerBuilder's advice for building an employer brand is equally applicable to getting the word out about a job opportunity—specifically: "be everywhere."[1] As noted above, job candidates search for jobs essentially the same way they make purchase decisions, managing multiple points of contact including college and company career pages, job boards, and social media sites as well as attending live events. If the possibilities seem overwhelming, use the candidate research you conducted to narrow the options. That is, if you have a clear understanding of who your ideal candidate is—a specific person in mind—you can use that information to inform your choice of touch points.

So how do you find the perfect candidate for a job opening? There are several techniques. Advertising in newspapers and trade publications can be effective. Most recruiters also use online sources to find job candidates. For example, sites such as Indeed, Monster, and CareerBuilder are very popular. Employers can list jobs on these sites and can search through resumes to find potential employees.

Is Social Media a Good Idea?

Is Facebook, Instagram or Twitter a better means of connecting with potential employees? Pew Research Center social media use data can inform that decision. A few excerpts from their Social Media Use 2018 findings:

- Americans ages 18 to 24 are substantially more likely to use platforms such as Snapchat, Instagram and Twitter even when compared with those in their mid- to late-20s.
- Pinterest remains substantially more popular with women (41 percent of whom say they use the site) than with men (16 percent).
- LinkedIn remains especially popular among college graduates and those in high-income households. Some 50 percent of Americans with a college degree use LinkedIn, compared with just 9 percent of those with a high school diploma or less.
- The messaging service WhatsApp is popular in Latin America, and this popularity also extends to Latinos in the United States—49 percent of Hispanics report that they are WhatsApp users, compared with 14 percent of white Americans and 21 percent of black Americans.

In hiring, you should also consider candidates suggested by existing employees, talk to people who walk in to inquire about jobs, reach out through college recruitment events and job fairs, and contact individuals who have received certification through programs such as Udacity. Another option is to work through recruiters called "Headhunters" who find individuals with the right skills and invite them to apply for a particular position.

In many cases, jobs are opened up to internal candidates before they are advertised to the wider world. When that happens, jobs are advertised through company newsletters and bulletin boards and candidates go to HR to apply for the job.

To that point, employee referrals are one of the best sources of qualified candidates. In Fundamentals of Human Resource Management, the authors state that

"Employee referrals tend to be more acceptable applicants, who are more likely to accept an offer and, once employed, have a higher job survival rate."

Three caveats to be aware of with regards to employee referrals:

1. An employee might mistakenly assume job performance competence based on friendship.
2. Employee referrals may lead to nepotism or hiring individuals who are related to persons already employed by the company.

3. Employee referrals may reinforce the status quo rather than advance a diversification objective.

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1. https://resources.careerbuilder.com/employer-blog/5-best-practices-defining-employment-brand ↵

5.14: Bias and Protections in Hiring

Learning Objective

- Describe the laws designed to prevent bias and discrimination in hiring.

Equal opportunity is one of our nation's core values and should be a core company policy. Seeking out diverse candidates is a Human Resource best practice. Having a policy of recruiting diverse candidates reflects an awareness of demographic and socio-cultural trends as well as allowing your company to tap into the broadest range of expertise, skills, and global and cultural insight—factors that drive growth and innovation.

However, we still live in a society where individuals that belong to a majority group often benefit from a system that places minority groups at a disadvantage. There are several laws in place that seek to deter this type of discrimination.

As an SHRM article emphasizes: "Discrimination costs employers millions of dollars every year, not to mention the countless hours of lost work time, employee stress and the negative public image that goes along with a discrimination lawsuit." Equal employment opportunity isn't just the right thing to do, it's the law. Specifically, it's a series of federal laws and Executive Orders designed to eliminate employment discrimination. Illegal discrimination is the practice of making employment decisions such as hiring, compensation, scheduling, performance evaluation, promotion, and firing based on factors unrelated to performance. There are currently seven categories protected under federal law: age, disability, genetic information, national origin, pregnancy, race and color, religion and sex.

Some hiring criteria may be related to a particular group an applicant belongs to and not individual abilities. Unless membership in that group directly affects potential job performance, a decision based on group membership is discriminatory (Figure 1). For instance, some jobs may require the employee to perform a physical task, such as lifting and carrying heavy objects; in such cases the physical capabilities of applicants may be considered. However, most office jobs do not have such physical requirements, so it is discriminatory to ask about physical capabilities.

To combat hiring discrimination, in the United States there are numerous city, state, and federal laws that prevent hiring (or not hiring) based on various group-membership criteria. For example, did you know it is illegal for a potential employer to ask your age in an interview? Did you know that an employer cannot ask you whether you are married, a U.S. citizen, have disabilities, or what your race or religion is? They cannot even ask questions that might shed some light on these attributes, such as where you were born or who you live with. These are only a few of the restrictions that are in place to prevent discrimination in hiring. In the United States, federal anti-discrimination laws are administered by the U.S. Equal Employment Opportunity Commission (EEOC).

(a) (b) (c)

Figure 1. (a) Pregnancy, (b) religion, and (c) age are some of the criteria on which hiring decisions cannot legally be made. (credit a: modification of work by Sean McGrath; credit b: modification of work by Ze'ev Barkan; credit c: modification of work by David Hodgson)

The EEOC's mission is to stop and remedy unlawful employment discrimination. Specifically, the EEOC is charged with "enforcing protections against employment discrimination on the bases of race, color, national origin, religion, and sex." Congress has expanded the agency's jurisdiction over the years and the EEOC is now responsible for enforcing the Equal Pay Act of 1963 (APA), the Age Discrimination in Employment Act of 1967 (ADEA), Section 501 of the Rehabilitation Act of 1973, Titles I and V of the Americans with Disabilities Act of 1990 (ADA), and Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA). In 1972, Congress expanded Title VII protections to include federal government employees and granted the EEOC authority to pursue independent litigation against private employers under Title VII.

Note that state and local laws may provide broader discrimination protections. If in doubt, contact your state department of labor for clarification. Note as well that laws are subject to interpretation. For example, an EEOC notice[1] emphasizes that their interpretation of the Title VII reference to "sex" is broadly applicable to gender, gender identity, and sexual orientation. And, further, that "these protections apply regardless of any contrary state or local laws."

In summary, avoiding discrimination is not only the right thing to do, it's the best thing to do from a Human Resource and risk prevention standpoint. Complying with the law reduces a company's legal risk and an equal opportunity environment may increase employee productivity, retention and morale. Businesses may also be eligible for tax benefits associated with making your business accessible to or hiring individuals with disabilities. For additional information, refer to Appendix A of the EEOC's "ADA Primer for Small Business."

More Resources Online

- EEOC's Digest of Equal Employment Opportunity Law: This publication includes feature articles on timely issues in equal employment opportunity law, as well as summaries of recent Commission decisions and federal court cases, as they affect Federal government employees.
- EEOC Publications, Including discrimination fact sheets

1. https://www.eeoc.gov/eeoc/newsroom/wysk/enforcement_protections_lgbt_workers.cfm ↩

5.15: Screening Applicants

Learning Objective

- Describe techniques to help screen a potential employee.

The objective of using various screening techniques and levels of screening is to filter out candidates that either don't meet the stated minimum requirements or aren't a good fit for cultural or other reasons (i.e., job realities or salary expectations). Screening is simply a process of elimination. The goal is to ensure that those candidates who are invited to participate in a face-to-face interview are, in fact, highly qualified.

There are five primary techniques for helping to screen potential candidates that also represent phases in the screening process:

1. **Evaluation by Association:** Use the posting location—i.e., an industry or professional association-specific job site—as an initial screen.
2. **Application:** Conduct an initial assessment based on review of a candidate's cover letter, resume and application. This may also include review of a candidate's business (i.e., LinkedIn) and/or social networking (i.e., Facebook or Twitter) profiles. To avoid investing time assessing a candidate that isn't viable, incorporate pre-screening questions that require the candidate to attest that he or she meets the stated minimum criteria. In this phase, the objective is to eliminate candidates that don't meet the basic requirements for the position based on fundamental factors including minimum experience and education, salary expectations and/or willingness to relocate or meet work schedule requirements, if applicable.
3. **Assessment:** Conduct a preliminary assessment of skills. This can be done in conjunction with or subsequent to the application review process. Depending on position requirements, a more in-depth assessment of a candidate's level of skill and aptitude may be appropriate.
4. **Screening Interview:** An initial telephone interview is a second level of active screening that's used to assess the candidate's objective and motivation, relevant education and experience and to get a sense for the candidate as a person. In the course of approximately twenty to thirty minutes, an interviewer can confirm application and resume details and assess a range of soft skills—for example, active listening and communication—as well as engagement and overall level of poise and professionalism. The objective is to eliminate candidates that don't warrant the time and cost of an in-person interview or in-depth skills assessment.
5. External Verification: Verify stated educational qualifications and check references.

Using these techniques in combination with an online application system allows companies to reduce the time and costs of a paper-based recruiting and screening process and may reduce liability associated with compliance reporting and record retention.

Learn More

Check out SHRM's Guide to Application Tracking Systems.

5.16: Portfolios, Practice Projects, Etc.

Learning Objective

- Discuss the usefulness of creating additional assignments for potential candidates to complete.

Regardless of an interviewer's (or interview panel's) experience, judgement, or relevant expertise, an interview is largely a matter of faith. That is, the interviewers have to trust in the candidate's statements and resume. If position dynamics require a new employee to hit the ground running, it makes sense to assess a candidate's level of skill and knowledge relative to the stated job requirements.

What are the best way to assess a potential employee's skills? Read the following case study to consider the role of tests in the hiring process.

WHAT DO YOU THINK? USING CUTOFF SCORES TO DETERMINE JOB SELECTION

Many positions require applicants to take tests as part of the selection process. These can include IQ tests, job-specific skills tests, or personality tests. The organization may set cutoff scores (i.e., a score below which a candidate will not move forward) for each test to determine whether the applicant moves on to the next stage. For example, there was a case of Robert Jordan, a 49-year-old college graduate who applied for a position with the police force in New London, Connecticut. As part of the selection process, Jordan took the Wonderlic Personnel Test (WPT), a test designed to measure cognitive ability, or his ability to problem-solve.

Jordan did not make it to the interview stage because his WPT score of 33, equivalent to an IQ score of 125 (100 is the average IQ score), was too high.

The New London Police department policy is to not interview anyone who has a WPT score over 27 because they believe anyone who scores higher would be bored with police work. The average score for police officers nationwide is the equivalent of an IQ score of 104 (*Jordan v. New London*, 2000; ABC News, 2000).

Jordan sued the police department alleging that his rejection was discrimination and his civil rights were violated because he was denied equal protection under the law. The 2nd U.S. Circuit Court of Appeals upheld a lower court's decision that the city of New London did not discriminate against him because the same standards were applied to everyone who took the exam (*New York Times*, 1999).

What do you think? When might universal cutoff scores make sense in a hiring decision? When might they eliminate otherwise potentially strong employees?

There are three broad categories of job-specific testing that we'll discuss: work samples and simulations, cognitive ability tests, and personality tests.

Work Samples & Simulations

Work samples and simulation tests are used during the candidate evaluation process as a way for employers to evaluate job-specific skills and aptitude. A work sample consists of having a candidate perform a work-related task or subset of job tasks, generally in the actual workplace using the requisite equipment, processes and procedures. A work sample allows the employer to "preview" the candidate's performance and also gives the candidate a realistic job preview.

In a simulation, the candidate would engage in a highly structured role-play designed to represent broad aspects of a the job, for example, assessing an applicant's problem solving, communication, and interpersonal skills. OPM notes that performance should be evaluated "by trained assessors who observe the applicant's behavior and/or by measuring task outcomes (e.g., the degree of interpersonal skills demonstrated or the number of errors made in transcribing an internal memo[1])." When administered and evaluated correctly, this assessment technique is one of the strongest predictors of job performance.

Cognitive Ability Tests

The McQuaig Institute describes a a cognitive ability or mental agility test as "a tool to measure aspects of general intelligence, such as mental agility and speed of thought, analytical thinking, the ability to learn quickly, and verbal reasoning skills." Psychological research indicates that cognitive ability is one of the most accurate predictors of job performance and the tests are significantly more accurate predictors of job performance than interviews or experience. To be precise, the correlation between cognitive ability and job success is 0.51 (1.0 would be a perfect or 100% predictor). This compares to a correlation of 0.36 for reference checks, 0.18 for years of experience and 0.18 for unstructured interviews[2]. An example of a Cognitive ability test is a general aptitude test (GAT). A limitation of this approach, as with any test, practice and using test strategies can decrease the validity of the test. Also, researchers have noted the racial differences in test results, with validity (as a predictor of performance) lower for blacks and hispanics[3]. To avoid the risk of discrimination, use this test in combination with other evaluation methods.

Personality Tests

Personality assessments such as the Big Five or Myers-Briggs Type Indicator (MBTI) can provide insight into a candidate's personality and whether he or she would be successful in a particular role or prospective company culture. As described by the U.S. Office of Personnel Management (OPM), the Federal Government's chief human resources agency, "Personality tests are designed to systematically elicit information about a person's motivations, preferences, interests, emotional make-up, and style of interacting with people and situations. This information is used to generate a profile used to predict job performance or satisfaction with certain aspects of the work." According to the OPM, "personality tests have been shown to be valid predictors of job performance in numerous settings and for a wide range of criterion types (e.g., overall performance, customer service, team work), but tend to be less valid than other types of predictors such as cognitive ability tests, assessment centers and work samples and simulations[4]."

One caveat to keep in mind in the hiring process. As a self-reported test, the effectiveness of personality tests is dependent on a candidate's commitment to test accuracy. Some individuals people may attempt to "game" the test, providing what they think is the "right" answer rather than an accurate response. For best results, verify that a test is designed to identify misrepresentations.

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1. https://www.opm.gov/policy-data-oversight/assessment-and-selection/other-assessment-methods/work-samples-and-simulations/ ↩
2. http://blog.mcquaig.com/cognitive-ability-tests ↩
3. https://www.ncbi.nlm.nih.gov/pubmed/24188390 ↩
4. https://www.opm.gov/policy-data-oversight/assessment-and-selection/other-assessment-methods/personality-tests/ ↩

5.17: Introduction to Interviewing

In the next section, you'll learn how to discuss the key elements of a successful interview.

While the prior section focused on developing a pool of qualified candidates, the objective of the interview process is to identify the "right" person. In order to ensure a successful outcome, a company has to consider who will be involved in interviewing, what questions to ask, and how to prepare for and conduct an interview. Whether you're on the hiring or job search side of the table, this section will prepare you to ace the interview.

5.18: Who’s in an Interview

Learning Objective

- Identify who should be present at an interview.

The question of who should be participate in an interview is function of a number of factors such as culture, Human Resource and/or position-specific experience, and expertise and business or industry practice.

In general, **one-on-one interviews**, conducted by a Human Resource representative or the hiring manager, are the most common.

A second type of interview is a **series interview**, where a candidate is evaluated in a series of one-on-one interviews with multiple interviewers. These interviewers usually include a Human Resource representative and the hiring manager as well as representatives from the teams the position is a part of and works with. Each interviewer will have a unique perspective and ask questions unique to their understanding of the job and its function within the company. Typically interviewers will all discuss their observations and evaluations with the hiring manager, who will make the final decision.

A third type of interview that is standard practice in academia and common in business is the **panel interview**. In a panel interview, a committee of several interviewers meets with the candidate at the same time. When using this format, interviewers generally ask an established set of questions in order, taking notes and, in some environments, filling out a corresponding evaluation form. The evaluation form is similar to a grading rubric, with individual questions weighted like evaluation criteria and totaling to 100 percent. After the interview, participants compare their observations and evaluations. Potential benefits of a panel interview include a broader and more reliable evaluation of a candidate’s abilities and greater ownership of the results, which may also extend to greater support for the successful candidate during the onboarding process and beyond.

There are, however, some potential drawbacks of a panel interview:

- If a member of the interviewing team feels a particular candidate is a competitive threat, he or she may use the evaluation to sabotage the candidate.
- If an interviewer resents the position or feels it should be filled by a friend or colleague, results will be skewed.
- If an individual interviewer or the interview committee make a hiring recommendation that’s overruled by management, there may be resentment toward the successful candidate and a decrease in the individual or committee members’ engagement or motivation.

Regardless of the format used, those involved in the selection process should be trained in effective interviewing techniques and briefed on what questions are off-limits for both legal and candidate (employer brand) perception purposes.

Index

Glossary

Sample Word 1 | Sample Definition 1

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  - 5: Recruiting and Selecting New Employees - *CC BY-SA 4.0*
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    - 5.2: Phone Interviewing - *CC BY-SA 4.0*
    - 5.3: Face-to-Face Interviewing - *CC BY-SA 4.0*
    - 5.4: Introduction to Selecting a Candidate - *CC BY-SA 4.0*
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    - 5.14: Bias and Protections in Hiring - *CC BY-SA 4.0*
    - 5.15: Screening Applicants - *CC BY-SA 4.0*
    - 5.16: Portfolios, Practice Projects, Etc. - *CC BY-SA 4.0*
    - 5.17: Introduction to Interviewing - *CC BY-SA 4.0*
    - 5.18: Who’s in an Interview - *CC BY-SA 4.0*
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    - 5.16: Portfolios, Practice Projects, Etc. - *CC BY-SA 4.0*
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