CHAPTER 6: STAFFING DECISIONS

# Learning Objectives

## Module 6.1

Describe the impact of staffing practices on firm performance.

Identify the various stakeholders in the staffing process.

Understand the challenges faced in multinational staffing.

## Module 6.2

Describe the three major ways in which staffing outcomes can be evaluated.

Understand the errors and correct decisions that can be made during the staffing process.

Describe the two general approaches that can be used to establish cut scores.

Explain the considerations that go into determining the utility of staffing decisions.

## Module 6.3

Understand the practical issues that affect staffing including how to combine information in making a staffing decision.

Understand the purpose of score banding and how it might be used.

Describe subgroup norming and its current legal status.

## Module 6.4

Identify the types of discrimination cases in which I-O psychologists are typically involved.

Describe the theories of discrimination that the law and the courts recognize.

Understand how to calculate adverse impact using the 4/5ths rule.

# Chapter Outline

## Module 6.1 Conceptual Issues in Staffing

An Introduction to the Staffing Process

The Impact of Staffing Practices on Firm Performance

Stakeholders in the Staffing Process

Line Managers

Co-workers

Applicants

Staffing from the International Perspective

## Module 6.2 Evaluation of Staffing Outcomes

Validity

Selection Ratios

Prediction Errors and Cut Scores

Establishing Cut Scores

Utility

Fairness

## Module 6.3 Practical Issues in Staffing

A Staffing Model

Comprehensive Selection Systems

Compensatory Selection Systems

Combining Information

Statistical versus Clinical Decision Making

The Hurdle System of Combining Scores

Combining Scores by Regression (The Compensatory Approach)

Score Banding

Subgroup Norming

Deselection

Number of Decisions to Be Made

Large Staffing Projects

Small Staffing Projects

## Module 6.4 Legal Issues in Staffing Decisions

Charges of Employment Discrimination

Employment Discrimination Outside of the United States

Theories of Discrimination

Intentional Discrimination or Adverse Treatment

Unintentional Discrimination or Adverse Impact

# Glossary Terms for Chapter 6

This list of key terms and important concepts from Chapter 6 can be used in conjunction with reviewing the material in the textbook. After reviewing Chapter 6 in the textbook, define each of the following key terms and important concepts fully. Check your answers with the textbook, and review terms with which you have difficulty. Good luck!

## Module 6.1

staffing decisions

high-performance work practices

multinational staffing

## Module 6.2

validity

criterion-related validity

selection ratio (SR)

false positive

false negative

true negative

true positive

cut score

criterion-referenced cut score

norm-referenced cut score

Uniform Guidelines on Employee Selection Procedures

utility analysis

base rate

## Module 6.3

comprehensive staffing model

clinical decision making

statistical decision making

compensatory system

hurdle system

multiple hurdle system

multiple regression analysis

cross-validation

score banding

standard error of measurement (SEM)

subgroup norming

termination for cause

layoff

## Module 6.4

expert witness

adverse (or disparate) treatment

adverse impact

80%” or “4/5ths rule”

adverse impact ratio

discovery

class certification

deposition

settlement discussions

# Practice Questions for Chapter 6

Multiple Choice Items: Please choose the correct answer to the following questions. Answers are shown at the end of the chapter in this Study Guide.

1. Which of the following is *least* likely to be a high performance work practice?

a. Use of formal job analyses

b. Merit based promotions

c. Use of clinical decision making to hire for line jobs

d. Use of formal assessment devices for selection

2. What is the relationship called between the number of individuals actually hired and the number assessed?

a. Selection ratio

b. Assessment ratio

c. Correlate ratio

d. Applicant ratio

3. Dana was recently hired by Solar Company after going through its staffing process. Her test results placed her above the cut score. Unfortunately, her performance has been less than satisfactory and Dana’s manager is beginning to think that the wrong person was hired. Dana’s case might be an example of what type of error?

a. False negative

b. True negative

c. False positive

d. True positive

4. What is one consequence of increasing a cut score?

a. Fewer hires will be above average performers

b. Fewer candidates need be assessed

c. More false positive errors

d. More false negative errors

5. An organization is looking to hire individuals to fill 8 positions. So far, 20 people have applied for these jobs. What is the selection ratio?

a. .40

b. .44

c. 2.25

d. 2.50

6. In \_\_\_\_\_\_\_\_\_\_ decision making, information is combined according to a mathematical formula. In \_\_\_\_\_\_\_\_\_ decision making, the relative value of one candidate versus another is weighed in the decision maker’s head.

a. statistical; actuarial

b. actuarial; statistical

c. clinical; statistical

d. statistical; clinical

7. The staffing system at Modular Company involves a process whereby a candidate must successfully pass a cognitive ability test before being allowed to take the physical ability test. This is an example of a

a. compensatory system.

b. hurdle system.

c. multiple hurdle system.

d. paired system.

8. There are three different strategies for achieving an optimal fit between an applicant and a job opening. They include all of the following except:

a. Fill each job with the most qualified person.

b. Fill each job with candidates that get along with current employees.

c. Place candidates according to their best talents.

d. Place workers so that all jobs are filled with adequate talent.

9. An industrial plant has just been sued for racial discrimination in promotion decisions by a group of Hispanic workers. They allege that White workers have been promoted at a higher rate than Hispanic workers. Which one of the following, based on the 80% rule, would indicate that there is adverse impact against the Hispanic workers?

a. Hispanic promotion rate: 19%, White promotion rate: 20%

b. Hispanic promotion rate: 30%, White promotion rate: 35%

c. Hispanic promotion rate: 20%, White promotion rate: 30%

d. Hispanic promotion rate: 75%, White promotion rate: 85%

10. A company administered a test to a group of job candidates two months ago. In examining the data, an HR representative discovered that a protected group tended not to do as well on the test as the majority group. This might be an example of what type of discrimination?

a. Intentional discrimination

b. Adverse treatment

c. Adverse impact

d. This does not qualify as discrimination.

# Chapter 6 Exercises

**Exercise 6.1**. An important exception to the Civil Rights Act of 1964 Title VII requirements is a Bona Fide Occupational Qualification (BFOQ). In essence, managers and human resource professionals are allowed to use a demographic characteristic to make selection and other decisions, but only if the demographic characteristic is determined to be a BFOQ. The courts have accepted the BFOQ exception only in very narrow circumstances. For example, for safety purposes, guards for female prisoners may be only female. An interesting test of the BFOQ exception occurred in the Pan Am vs. Diaz case in the 1970s. The ruling in this case stated that gender could not be used as a BFOQ for flight attendants, despite the fact that male business travelers, who were the majority of passengers back then, preferred that flight attendants were female.

In the 1990s, the Hooters restaurant chain used the BFOQ defense in arguing that they should have only female waitstaff. Lawyers for Hooters argued that gender was a BFOQ because having attractive female waitresses was of business necessity; that is, it was the only thing that set this restaurants apart from similar restaurants. Ultimately, the EEOC backed down from its stance of requiring male waiters at Hooters, but Hooters restaurant chain did agree to hire men for other positions such as manager and cook.

In 2003, Hooters Airline was launched in a very competitive airline industry. Hooters Air appears to fall right in between the Pan Am vs. Diaz case (which did not support the use of gender as a BFOQ) and the Hooters vs. EEOC case (in which gender was allowed as a BFOQ). Do you think that Hooters Airline will run into legal problems if they only hire female stewardesses? How might this airline increase the likelihood that they will not run into the same problems that were raised in the Pan Am vs. Diaz lawsuit?

**Exercise 6.2**. As an external I-O consultant, you are asked by a manager in the Human Resources department of a large organization to calculate whether there is adverse impact in a selection system that has been used over the last year. You are provided with the following data:

# of majority group members that applied: 300

# job offers to majority group members: 100

# minority group members that applied: 75

# job offers to minority group members: 15

What is the adverse impact ratio? Given what you found, is there evidence of adverse impact? If there is adverse impact, what would you recommend in terms of next steps that the organization takes?

**Exercise 6.3**. Follow up on the exercise in Chapter 4 in which you searched O\*NET (http://online.onetcenter.org/) for “Industrial-Organizational Psychologist.” After going to the Details Report and identifying the top 3 KSAs that are required for successful performance as an Industrial-Organizational Psychologist, identify 3-4 predictors that you would recommend be used in a selection system that is hiring entry-level I-O psychology consultants.

# Answer Key for Multiple Choice Questions for Chapter 6

1. c

2. a

3. c

4. d

5. a

6. d

7. b

8. b

9. c

10. c