Human Resource Management and Selection

After studying this chapter, you should be able to:

1. Define the managerial function of staffing.
2. Describe the systems approach to human resource management.
3. Explain the management inventory and the factors in the external and internal environments affecting staffing.
4. Explain the policy of open competition and ways to make staffing more effective.
5. Summarize important aspects of the systems approach to manager selection.
6. Analyze position requirements, important characteristics of job design, and personal characteristics needed in managers.
7. Describe the process of matching manager qualifications with position requirements.
8. Discuss the orientation and socialization process for new employees.
Few executives would argue with the fact that people are vital for the effective operation of a company. Managers often say that people are their most important asset. Yet the "human assets" are virtually never shown on the balance sheet as a distinct category, although a great deal of money is invested in the recruitment, selection, and training of people. It is for this reason that the late Rensis Likert and his colleagues suggested maintaining accounts of the valuable human assets. They refer to this process as "human resource accounting." This approach is not without its problems, and there is even conflict among management experts, between the proponents of human resource accounting and the financial people who have to develop the system for measuring human assets. What is important here is the recognition that staffing is a crucial function of managers, one that may well determine the success or failure of an enterprise.

This chapter begins with a definition of the managerial function of staffing and an explanation of the role of the manager in this function. It then provides an overview of the systems approach to human resource management before concluding with a discussion of the various aspects of selecting the right person.

**Definition of Staffing**

The managerial function of staffing is defined as filling, and keeping filled, positions in the organization structure. Staffing done by identifying workforce requirements, inventorying the people available, and recruiting, selecting, placing, promoting, appraising, planning the careers, compensating, and training or otherwise developing both candidates and current jobholders so that they can accomplish their tasks effectively and efficiently. It is clear that staffing must be closely linked to organizing, that is, the setting up of intentional structures of roles and positions.

Many writers on management theory discuss staffing as a phase of organizing. In this book, however, staffing is identified as a separate managerial function for several reasons. First, the staffing of organizational positions includes knowledge and approaches not usually recognized by practicing managers, who often think of organizing as just setting up a
structure of roles and give little attention to filling these roles. Second, making staffing a separate function facilitates placing an even greater emphasis on the human element in personnel selection, appraisal, career planning, and manager development. Third, an important body of knowledge and experience has been developed in the area of staffing. The fourth reason for separating staffing is that managers often overlook the fact that staffing is their responsibility—not that of the personnel department. To be sure, this department provides valuable assistance, but it is the job of managers to fill the positions in their organization and to keep them filled with qualified people.


Figure 11-1 shows how the managerial function of staffing relates to the total management system. Specifically, enterprise plans become the basis for organization plans, which are necessary in order to achieve enterprise objectives. The present and projected organization structures determine the number and kinds of managers required. These demands are compared with available talent through the management inventory. On the basis of this analysis, external and internal sources are utilized in the processes of recruitment, selection, placement, promotion, and separation. Other essential aspects of staffing are appraisal, career strategy, and training and development of managers.

Staffing, as seen in the model, affects leading and controlling. For instance, well-trained managers create an environment in which people, working together in groups, can achieve enterprise objectives and at the same time accomplish personal goals. In other words, proper staffing facilitates leading. Similarly, selecting quality managers affects controlling, for example, by preventing many undesirable deviations from becoming major problems.

Staffing requires an open-system approach. It is carried out within the enterprise, which in turn is linked to the external environment. Therefore, internal factors of the firm—such as personnel policies, the organizational climate, and the reward system—must be taken into account. Clearly, without adequate rewards it is impossible to attract and keep quality managers. The external environment cannot be ignored either: high technology demands well-trained, well-educated, and highly skilled managers. Inability to meet the demand for such managers may well prevent an enterprise from growing at a desired rate.
The figure is an overview of the staffing function. The variables not discussed in Part 4, but which also affect staffing, are enclosed with broken lines. Enterprise plans are discussed in Part 2, organization plans in Part 3, and leading and controlling in parts 5 and 6.
Factors Affecting the Number and Kinds of Managers Required

The number of managers needed in an enterprise depends not only on its size but also on the complexity of the organization structure, the plans for expansion, and the turnover rate of managerial personnel. The ratio between the number of managers and the number of employees does not follow any law. It is possible, by expanding or contracting the delegation of authority, to modify a structure so that the number of managers in a given instance will increase or decrease regardless of the size of an operation.

Although the need for determining the number of managers required has been stressed here, it is clear that numbers are only part of the picture. Specifically, the qualifications for individual positions must be identified so that the best-suited managers can be chosen. This kind of detailed analysis of position requirements will be discussed later in this chapter.

Determination of Available Managerial Resources: The Management Inventory

It is common for any business, as well as for most nonbusiness enterprises, to keep an inventory of raw materials and goods on hand to enable it to carry on its operation. It is far less common for enterprises to keep an inventory of available human resources, particularly managers, despite the fact that the required number of competent managers is a vital requirement for success. Keeping abreast of the management potential within a firm can be done by the use of an inventory chart (also called management replacement chart), which is simply an organization chart of a unit with managerial positions indicated and keyed as to the promotability of each incumbent.

Figure 11-2 depicts a typical manager inventory chart. At a glance, the controller can see where he or she stands with respect to the staffing function. The controller's successor is probably the manager of general accounting, and this person in turn has a successor ready for promotion. Supporting that person, in turn, is a subordinate who will be ready for promotion in a year, but below that position are one person who does not have potential and two newly hired employees.
Analysis of the Need for Managers: External and Internal Information Sources

As shown in Figure 11-1, the need for managers is determined by enterprise and organization plans and, more specifically, by an analysis of the number of managers required and the number available as identified through the management inventory. But there are other factors, internal and external, that influence the demand for and supply of managers. The external forces include economic, technological, social, political, and legal factors (which were discussed in chapters 2 and 3). For example, economic growth may result in increased demand for a product, which in turn requires an expansion of the workforce, thus increasing the demand for managers. At the same time, competing companies may also expand and recruit from a common labor pool, thus reducing the supply of managers. One must also consider the trends in the labor market, the demographics, and the composition of the community with respect to knowledge and skills of the labor pool and the attitude toward the company. Information about the long-term trends in the labor market may be obtained from several sources. The U.S. government, for example, publishes the *Monthly Labor Review* and the annual *Manpower Report of the President*, which makes long-term projections. Some trade associations and unions also project the demand for labor.

The need for and the availability of personnel give rise to four demand and supply situations, each requiring a different emphasis in personnel actions.
The demand for and supply of labor must not be viewed from a national or even local, perspective only. On a global scale, we find the imbalance of demand and supply increasing. In the past, labor was very much a fixed factor of production. But in several developing countries, such as Taiwan, South Korea, Poland, and Hungary, the demand for qualified labor and managers has increased with their rapid economic development, resulting in labor shortages. The educational level of the global work force is also changing, with the proportion of college graduates rising in developing countries such as China and Brazil.

Other Important Aspects in the Systems Approach to Staffing

After the need for managerial personnel has been determined, amount of candidates may have to be recruited (see Figure 11-1). This involves attracting qualified candidates to fill organizational roles. From these managers or potential managers are selected; this is the process of choosing from among the candidates the most suitable ones. The aim is to place people in positions that allow them to utilize their personal strengths and, perhaps, overcome their weaknesses by getting experience or training in those skills in which they need improvement. Finally, placing a manager within the enterprise in a new position often means a promotion, which normally involves more responsibility. Since recruitment, selection, placement, and promotion are complex processes, they will be discussed in greater detail later in this chapter. Similarly, appraisal, career strategy, training, and development will be discussed in the following staffing chapters. The reference to leading and controlling in Figure 11-1 indicates that effective staffing influences these functions.

Situational Factors Affecting Staffing

The actual process of staffing shown in Figure 11-1 is affected by many environmental factors. Specifically, external factors include the level of education, the prevailing attitudes in society (such as the attitude toward work), the many laws and regulations that directly affect staffing, the economic conditions, and the supply of and demand for managers outside the enterprise.

There are also many internal factors that affect staffing. They included organizational goals, tasks, technology, organization structure, the kinds of people employed by the enterprise, the demand for and the supply of managers within the enterprise, the reward system, and various kinds of...
policies. Some organizations are highly structured; others are not. For some positions, such as that of a sales manager, skill in human relations may be of vital importance, while the same skill may be less critical for a research scientist working fairly independently in the laboratory. Effective staffing, then, requires recognition of many external and internal situational factors, but the focus here is on those that have a particular relevance to staffing.

The External Environment

Factors in the external environment do affect staffing to various degrees. These influences can be grouped into educational, sociocultural, legal-political, and economic constraints or opportunities. For example, the high technology used in many industries requires extensive and intensive education. Similarly, managers in the sociocultural environment in the
United States generally do not accept orders blindly but would want to become active participants in the decision-making process. Furthermore, now and in the future, managers will have to be more oriented toward the public than they have been in the past, responding to the public's legitimate needs and adhering to high ethical standards.

The economic environment, including the competitive situation, determines the external supply of and the demand for managers. Legal and political constraints require that organizations follow laws and guidelines issued by various levels of government. As examples, Table 11-1 summarizes major U.S. federal laws relating to fair employment that influence the staffing function. The following discussion focuses on equal employment opportunity and the role of women in management, as well as on the staffing of international businesses.

**Equal employment opportunity**

Several laws have been passed in the United States that provide for equal employment opportunity. They prohibit employment practices that discriminate on the basis of race, color, religion, national origin, sex, or age (in specified age ranges). These laws impact on staffing, as recruitment and selection for promotion must be in compliance with them. This means that managers making decisions in these areas must be knowledgeable about these laws and the way they apply to the staffing function.

**Women in management**

In the last decade or so, women have made significant progress in obtaining responsible positions in organizations. Among the reasons for this development are laws governing fair employment practices, changing societal attitudes toward women in the workplace, and the desire of companies to project a favorable image by placing qualified women in managerial positions.

**Staffing in the international environment**

One must look beyond the immediate external environment and recognize the worldwide changes brought about primarily by advanced communication technology and by the existence of multinational corporations. It is not unusual for large international firms to have top management teams composed of managers of many different nationalities. The geocentric attitude is the basis for viewing the organization as a worldwide entity engaged in global decision making, including staffing decisions.

Companies have three sources for staffing the positions in international operations: (1) managers from the home country of the firm, (2) managers from the host country, and (3) managers from third countries. In the early stages of the development of an international business, managers are often selected from the home country. Some of the reasons include the managers' experience at the head office and their familiarity with products, personnel, enterprise goals and policies, and so on. This facilitates not only planning but also control. On the other hand, the home-country national may be unfamiliar with the language or the environment of the foreign country. Moreover, it is usually more expensive to send managers and their families abroad, and the family often find it difficult to adjust to the new environment of a foreign country. Also, host countries may pressure the parent firm to employ host-country managers.
Managers who are host-country nationals speak the local language and are familiar with their country's environment. Employing them is generally less costly, and it may not require relocating them and their families. The problem is that those managers may not be familiar with the firm's products and operations, and thus control may be more difficult.

The other alternative is to employ third-country nationals, who often are international career managers. Still, the host country may prefer to have its own nationals in the positions of power. One has to be also cautious in selecting managers from countries that had political conflicts in the past. There are of course many other factors that have to be taken into account when operating abroad.

The Internal Environment
The internal factors selected for this discussion concern staffing managerial positions — with personnel from within the firm as well as from the outside — and determining the responsibility for staffing.

Promotion from within
Originally, promotion from within implied that workers proceeded into first-line supervisory positions and then upward through the organization structure. Thus, a firm was pictured as receiving a flow of nonmanagerial employees from which future managers emerged. As used to be said in the railroad industry, "When a president retires or dies, we hire a new office worker."

As long as the matter is considered in general terms, there is little doubt that employees overwhelmingly favor a policy of promotion from within. The banning of outsiders reduces competition for positions and gives employees an established monopoly on managerial openings. Employees come to doubt the wisdom of the policy, however, when they are confronted with a specific case of selection of one of their own for promotion. This feeling is present at all levels of the organization, largely because of jealousy or because of rivalry for promotion. The difficulty becomes most evident when a general manager is being selected from among the sales, production, finance, or engineering managers. Top managers are often inclined to choose the easy way and avoid problems by selecting an outsider.

Promoting from within the enterprise not only has positive values relating to morale, employees' long-run commitment to the company,
and the firm's reputation, but it also allows the enterprise to take advantage of the presence of potentially fine managers among its employees. However, although these positive but unmeasurable values are important, executives should not be blind to the dangers of either overemphasizing this source or relying on it exclusively.

A danger presented by a policy of exclusively promoting from within is that it may lead to the selection of persons who have, perhaps, only imitated their superiors. This is not necessarily a fault, especially if only the best methods, routines, and viewpoints are cultivated, but this is likely to be an unapproachable ideal. The fact is that enterprises often need people from the outside to introduce new ideas and practices. Consequently, there is good reason to avoid a policy of exclusive promotion from within.

Promotion from within in large companies

On the other hand, a policy of promotion from within may be quite suitable for very large companies such as Sears, Du Pont, or General Motors. Large business and nonbusiness organizations usually have so many qualified people that promotion from within actually approaches a condition similar to an open-competition policy. Even in these large companies, however, it may be necessary to go outside, as General Motors did when it hired a university professor as vice president to head its environmental control staff.
**The policy of open competition**

Managers must decide whether the benefits of a policy of promotion from within outweigh its shortcomings. There are clear-cut reasons for implementing the principle of open competition by opening vacant positions to the best-qualified persons available, whether inside or outside the enterprise. It gives the firm, in the final analysis, the opportunity to secure the services of the best-suited candidates. It counters the shortcomings of a policy of exclusive promotion from within, permits a firm to adopt the best techniques in recruiting managers, and motivates the complacent “heir apparent.” To exchange these advantages for the morale advantages attributed to internal promotion would appear questionable.

A policy of open competition is a better and more honest means of ensuring managerial competence than is obligatory promotion from within. However, it does put the managers who use it under a special obligation. If morale is to be protected in applying an open-competition policy, the enterprise must have fair and objective methods of appraising and selecting its people. It should also do everything possible to help them develop so that they can qualify for promotion.

When these requirements are met, it would be expected that every manager making an appointment to a vacancy or a new position would have available a roster of qualified candidates within the entire enterprise. If people know that their qualifications are being considered, if they have been fairly appraised and have been given opportunities for development they are far less likely to feel a sense of injustice if an opening goes to an outsider. Other things being equal, present employees should be able to compete with outsiders. If a person has the ability for a position, he or she has the considerable advantage of knowing the enterprise and its personnel history, problems, policies, and objectives. For the superior candidate, the policy of open competition should be a challenge and not a hindrance to advancement.

**Responsibility for staffing**

While responsibility for staffing should rest with every manager at every level, the ultimate responsibility is with the CEO and the policy-making group of top executives. They have the duty of developing policy, assigning its execution to subordinates, and ensuring its proper application. Policy considerations include decisions about the development of a staffing program, the desirability of promoting from within or securing managers from the outside, the sources of candidates, the selection procedure to follow, the kind of appraisal program to use, the nature of manager and organization development, and the promotion and retirement policies to follow.

Line managers should certainly make use of the services of staff members, usually from the personnel department, in recruiting, selecting, placing, promoting, appraising, and training people. In the final analysis, however, it is the manager's responsibility to fill positions with the best-qualified persons.

**Selection: Matching the Person with the Job**

Plant, equipment, materials, and people do not make a business any more than airplanes, tanks, ships, and people make an effective military force. One other element is indispensable: effective managers. The quality of managers is one of the most important factors determining the continuing success of any organization. It necessarily follows, therefore, that the selection of
managers is one of the most critical steps in the entire process of managing. Selection is the process of choosing from among candidates, from within the organization or from the outside, the most suitable person for the current position or for future positions.

**The Systems Approach to Selection: An Overview**

Since qualified managers are critical to the success of an enterprise, a systematic approach is essential to manager selection and to the assessment of present and future needs for managerial personnel. An overview of the systems approach to selection is illustrated in Figure 11-4. The managerial requirements plan is based on the firm's objectives, forecasts, plans, and strategies. This plan is translated into position requirements and job design, which are matched with such individual characteristics as intelligence, knowledge, skills, attitudes, and experience. To meet organizational requirements, managers recruit, select, place, and promote people. This, of course, must be done with due consideration for the internal environment (e.g., company policies, manager supply and demand, and the organizational climate) and the external environment (laws, regulations, availability of managers). After people have been selected and placed in positions, they must be introduced to the new job. This orientation involves learning about the company, its operation, and its social aspects.

The newly placed managers then carry out their managerial and nonmanagerial functions (such as marketing), and the resulting managerial performance will eventually determines enterprise performance. Subsequently, managerial performance is appraised, and managers who meet their performance goals are rewarded (see Chapter 12). On the basis of this evaluation, manager and organization development is initiated (Chapter 13). Finally, appraisal may also become the basis for promotion, demotion, replacement, and retirement decisions.

That is the selection model in brief; now each major variable in the model will receive closer attention.
Position Requirements and Job Design

Selecting a manager effectively requires a clear understanding of the nature and purpose of the position that is to be filled. An objective analysis of position requirements must be made and, as far as possible, the job must be designed to meet organizational and individual needs. In addition, positions must be evaluated and compared so that the incumbents can be treated equitably. Among other factors to consider are the skills required, since they vary with the level in the organizational hierarchy, and the personal characteristics desired in managers.

Identifying Job Requirements

In identifying job requirements, firms must answer questions such as these: What has to be done in this job? How is it done? What background knowledge, attitudes, and skills are required? Since positions are not static, additional questions may have to be considered: Can the job be done differently? If so, what are the new requirements? Finding answers to these and similar questions requires that the job be analyzed. This can be done through observation, interviews, questionnaires, or even a systems analysis. Thus, a job description, based on job analysis, usually lists important duties, authority-responsibility, and the relationship to other positions. Many firms also include objectives and expected results in job descriptions.

There is of course no foolproof rule for designing managerial jobs. Nevertheless, firms can avoid mistakes by following some guidelines.

Appropriate scope of the job

A job too narrowly defined provides no challenge, no opportunity for growth, and no sense of accomplishment. Consequently, good managers will be bored and dissatisfied. On the other hand, a job must not be so broad that it cannot be effectively handled. The result will be stress, frustration, and loss of control.

Meeting managerial skills required by job design

Generally, the design of the job should start with the tasks to be accomplished. The design is usually broad enough to accommodate people's needs and desires. But some writers on management suggest that it may be necessary to design the job to fit the leadership style of a particular person. It may be especially appropriate to design jobs for exceptional
persons in order to utilize their potential. The problem, of course, is that such a position would probably have to be restructured every time a new manager occupies it. The job description, then, must provide a clear idea of the performance requirements for a person in a particular position but must also allow some flexibility so that the employer can take advantage of individual characteristics and abilities.

Any position description is contingent on the particular job and the organization. For example, in a bureaucratic and fairly stable organizational environment, a position may be described in relatively specific terms. In contrast, in a dynamic organization with an unstable, fast-changing environment, a job description may have to be more general and most likely will have to be reviewed more frequently. A situational approach to job description and job design is called for.

**Job Design**

People spend a great deal of time on the job, and it is therefore important to design jobs so that individuals feel good about their work. This requires an appropriate job structure in terms of content, function, and relationships.

Design of jobs for individuals and work teams

The focus of job design can be on the individual position or on work groups. First, individual jobs can be enriched by grouping tasks into natural work units. This means putting tasks that are related into one category and assigning an individual to carry out the tasks. A second related approach is to combine several tasks into one job. For example, rather than having the tasks of assembling a water pump carried out by several persons on the assembly line, workstations can be established with individuals doing the whole task of putting the unit together and even testing it. A third way of enriching the job is to establish direct relationships with the customer or client. Rather than reporting to his or her superior, who would then make the recommendations to top management, a systems analyst may present findings and recommendations directly to the managers involved in the systems change. Fourth, prompt and specific feedback should be built into the system whenever appropriate. In one retail store, for example, salespersons received sales figures for each day and summary figures for each month. Fifth, individual jobs can be enriched through vertical job loading, which means increasing individuals' responsibility for planning, doing, and controlling their job.
Similar arguments can be made for improving the design of jobs for work teams. Jobs should be designed so that groups have a complete task to perform. Moreover, teams may be given a great deal of autonomy in the form of authority and freedom to decide how well the jobs shall be performed. Within the team, individuals can often be trained so that they can rotate to different jobs within the group. Finally, rewards may be administered on the basis of group performance, which tends to induce cooperation rather than competition among team members.

Factors influencing job design

In designing jobs, the requirements of the enterprise have to be taken into account. But other factors must also be considered in order to realize maximum benefits; they include individual differences, the technology involved, the costs associated with restructuring the jobs, the organization structure, and the internal climate.

People have different needs. Those with unused capabilities and a need for growth and development usually want to have their job enriched and to assume greater responsibility. While some people prefer to work by themselves, others with social needs usually work well in groups. The nature of the task and the technology related to the job must also be considered. While it may be possible for work teams to assemble automobiles, as it was done at a Volvo plant in Sweden, it may not be efficient to use the same work design for the high production runs at General Motors in the United States. The costs of changing to new job designs must also be considered. It makes a great deal of difference whether a plant is newly designed or an old plant has to be redesigned and changed to accommodate new job design concepts.

The organization structure must also be taken into account. Individual jobs must fit the overall structure. Autonomous work groups, for example, may work well in a decentralized organization, but they may be inappropriate in a centralized structure. Similarly, the organizational climate influences job design. Groups may function well in an atmosphere that encourages participation, job enrichment, and autonomous work, while they may not fit into an enterprise with an autocratic, top-down approach to managerial leadership.

Skills and Personal Characteristics Needed in Managers

To be effective, managers need various skills: technical, human, conceptual, and design. The relative importance of these skills varies according to the
level in the organization, as discussed in Chapter 1. In addition, analytical and problem-solving abilities and certain personal characteristics are sought in managers.

**Analytical and Problem-solving Abilities**

One of the frequently mentioned skills desired of managers is analytical and problem-solving ability. As Alan Stoneman, former president of Purex Corporation, used to say, "We have no problems here; all are opportunities; all a problem should be is an opportunity." In other words, managers must be able to identify problems, analyze complex situations, and, by solving the problems encountered, exploit the opportunities presented. They must scan the environment and identify, through a rational process, those factors that stand in the way of opportunities. Thus, analytical skills should be used to find the needs of present customers—or potential ones—and then to satisfy those needs with a product or service. It has been amply demonstrated that this opportunity-seeking approach can mean corporate success. For example, Edwin H. Land of Polaroid filled the needs of people who wanted instant photographs. But problem identification and analysis are not enough. Managers also need the will to implement the solutions; they must recognize the emotions, needs, and motivations of the people involved in initiating the required change as well as of those who resist change.

**Personal Characteristics Needed in Managers**

In addition to the various skills that effective managers need, several personal characteristics are also important. They are a desire to manage; the ability to communicate with empathy; integrity and honesty; and experience as manager, which is a very significant characteristic.

**Desire to manage**

The successful manager has a strong desire to manage, to influence others, and to get results through the team efforts of subordinates. To be sure, many people want the privileges of managerial positions, which include high status and salary, but they lack the basic motivation to achieve results by creating an environment in which people work together toward common aims. The desire to manage requires effort, time, energy, and, usually, long hours of work.

**Communication skills and empathy**

Another important characteristic of managers is the ability to communicate through written reports, letters, speeches, and discussions. Communication demands clarity, but, even more, it demands empathy. This is the ability to understand the feelings of another person and to deal with the emotional aspects of communication. Communication skills are important for effective intragroup communication, that is, communication with people in the same organizational unit. As one moves up in the organization, however, intergroup communication becomes increasingly important. This is communication not only with other departments but also with groups outside the enterprise: customers, suppliers, governments, the community, and the stockholders in business enterprises.
Integrity and honesty

Managers must be morally sound and worthy of trust. Integrity in managers includes honesty in money matters and in dealing with others, adherence to the full truth, strength of character, and behavior in accordance with ethical standards.

Many of these qualities, and others, have been cited by top executives of major companies. For example, Henry Ford II, former chairman of Ford Motor Company, considers as appealing qualities honesty, candor, and openness.

Past performance as manager

Another very important characteristic for selection is past performance as a manager. It is probably the most reliable forecast of a manager’s future performance. Of course, an assessment of managerial experience is not possible in selecting first-line supervisors from the ranks since they have not had such experience. But past accomplishments are important considerations in the selection of middle- and upper-level managers.

Matching Qualifications with Position Requirements

After the positions are identified, managers are obtained through recruitment, selection, placement, and promotion (see Figure 11-4). There are basically two sources of managerial personnel: (1) promotion or transfer of people from within the enterprise and (2) hiring from the outside. For internal promotions, a computerized information system may help identify
qualified candidates. It can be used in conjunction with a comprehensive human resource plan. Specifically, it can be utilized to anticipate staff requirements, new openings, attritions, development needs, and career planning.

There are several external sources available, and the enterprise may use different channels to find qualified managers. Many employment agencies—public and private—and executive recruiters (sometimes called headhunters) locate suitable candidates for positions. Other sources of managers are professional associations, educational institutions, referrals from people within the enterprise, and unsolicited applications from persons interested in the firm.

Recruitment of Managers

Recruiting involves attracting candidates to fill the positions in the organization structure. Before recruiting begins, the position's requirements, which should relate directly to the task, must be clearly identified to facilitate recruitment from the outside. Enterprises with a favorable public image find it easier to attract qualified candidates. A company such as Sony has a well-recognized image, while small firms—which frequently offer excellent growth and development opportunities—may have to make great efforts to communicate to applicants the kind of business they do and the opportunities they offer.

Selection, Placement, and Promotion

Selecting a manager is choosing from among the candidates the one who best meets the position requirements. Since the selection may be for a specific job opening or for future managerial requirements, there are two approaches to filling organizational positions. In the selection approach, applicants are sought to fill a position with rather specific requirements; while in the placement approach, the strengths and weaknesses of the individual are evaluated, and a suitable position is found or even designed. Promotion is a move within the organization to a higher position that has greater responsibilities and requires more advanced skills. It usually involves a raise in status and in pay. The various facets of selection generally apply also to promotion, which may be a reward for outstanding performance or a result of the firm's desire to better utilize an individual's skills and abilities. Promotions may be a reward for past performance, but only if there is evidence of potential competency; otherwise, the persons may be promoted to a level at which they are incompetent.
The Peter Principle

Errors in selection are possible, perhaps even common. According to Laurence J. Peter and Raymond Hall, authors of *The Peter Principle*, managers tend to be promoted to the level of their incompetence. Specifically, if a manager succeeds in a position, this very success may lead to promotion to a higher position, often one requiring skills that the person does not possess. Such a promotion may involve work that is over the manager's head. While the possibility of individual growth must not be overlooked, the Peter Principle can serve as a warning not to take the selection and promotion process lightly.

Selection Process, Techniques, and Instruments

This section presents an overview of the selection process, followed by a discussion of a number of selection instruments and techniques, including interviews, tests, and the assessment center approach. For good selection, the information about the applicant should be both valid and reliable. When people ask if data are valid, they are asking if the data are measuring what they are supposed to be measuring. In selection, validity is the degree to which the data predict the candidate's success as a manager. The information should also have a high degree of reliability, a term that refers to the accuracy and consistency of the measurement. For example, a reliable test, if repeated under the same conditions, would give essentially the same results.

The Selection Process

There are some variations of the specific steps in the selection process. For example, the interview of a candidate for a first-line supervisory position may be relatively simple when compared with the rigorous interviews for a top-level executive. Nevertheless, the following broad outline is indicative of the typical process.

First, the selection criteria are established, usually on the basis of current, and sometimes future, job requirements. These criteria include such items as education, knowledge, skills, and experience. The candidate is then requested to complete an application form (this step may be omitted if the candidate is from within the organization). A screening interview follows to identify the more promising candidates. Additional information may be obtained by testing the candidate's qualifications for the position. Formal interviews are then conducted by the manager, his or her superior, and
other persons within the organization. The information provided by the candidate is checked and verified. A physical examination may be required. Finally, on the basis of the information gathered, the candidate is either offered the job or informed that he or she has not been selected for the position. Let us examine some parts of the selection process in greater detail.

**Interviews**

Virtually every manager hired or promoted by a company is interviewed by one or more people. Despite its general use, the interview is considerably distrusted as a reliable and valid means for selecting managers. Different interviewers may weigh or interpret the gathered information differently. Interviewers often do not ask the right questions. They may be influenced by the interviewee's general appearance, which may have little bearing on job performance. They also frequently make up their minds early in the interview, before they have all the information necessary to make a fair judgment.

Several techniques can be used to improve the interviewing process and overcome some of these weaknesses. First, interviewers should be trained so that they know what to look for. For example, in interviewing people from within the enterprise, they should analyze and discuss past records. They should study the results achieved as well as the way key managerial activities were performed. Chapter 12, on performance appraisal, shows in greater detail how this can be done. When selecting managers from outside the firm, these data are more difficult to obtain, and interviewers usually get them by checking with the listed references.

Second, interviewers should be prepared to ask the right questions. There are structured, semistructured, and unstructured interviews. In an unstructured interview, an interviewer may say something like "Tell me about your last job." In the semistructured interview, the interviewer follows an interview guide but may also ask other questions. In a structured interview, the interviewer asks a set of prepared questions.

A third way to improve selection is to conduct multiple interviews utilizing different interviewers. Thus, several people can compare then evaluations and perceptions. However, not all interviewers should vote in selecting a candidate; rather, their role is to provide additional information for the manager who will be responsible for the final decision.

Fourth, the interview is just one aspect of the selection process. It should be supplemented by data from the application form, the results of tests,
and the information obtained from persons listed as references. Reference checks and letters of recommendation may be necessary to verify the information given by the applicant. For a reference to be useful, the person must know the applicant well and give a truthful and complete assessment of the applicant. Many people are reluctant to provide information that may jeopardize an applicant's chances, and so the applicant's strong points are often overemphasized while shortcomings may be omitted or glossed over. In the United States, the Privacy Act of 1974 and related legislation and judicial rulings have made it even more difficult to obtain objective references. Under the Privacy Act, the applicant has a legal right to inspect letters of reference, unless this right is waived. This is one of the reasons that teachers are sometimes reluctant to make objective and accurate job referrals for their students.

**Tests**

The primary aim of testing is to obtain data about applicants that help predict their probable success as managers. Some of the benefits from testing include finding the best person for the job, obtaining a high degree of job satisfaction for the applicant, and reducing turnover. Some of the commonly used tests can be classified as follows:

- **Intelligence tests** are designed to measure mental capacity and to test memory, speed of thought, and ability to see relationships in complex problem situations.
- **Proficiency and aptitude tests** are constructed to discover interests, existing skills, and potential for acquiring skills.
- **Vocational tests** are designed to indicate a candidate's most suitable occupation or the areas in which the candidate's interests match the interests of people working in those areas.
- **Personality tests** are designed to reveal a candidate's personal characteristics and the way the candidate may interact with others, thereby giving a measure of leadership potential.

Tests have a number of limitations, however. First, competent industrial psychologists agree that tests are not accurate enough to be used as the sole measure of candidates' characteristics but must be interpreted in light of each individual's entire history. Second, the test user must know what tests do and what their limitations are. One of the major limitations is uncertainty about whether tests are really applicable; even psychologists are not highly confident that present-day tests are effective in measuring
managerial abilities and potentials. Third, before any test is widely used, it should be tried out, if possible on existing personnel, to see whether it is valid for employees whose managerial abilities are already known. Fourth, it is also important that tests be administered and interpreted by experts in the field. Finally, tests should not discriminate unfairly and should be consistent with laws and government guidelines.

Assessment Centers

The assessment center is not a location but a technique for selecting and promoting managers. This approach may be used in combination with training. Assessment centers were first used for selecting and promoting lower-level supervisors, but now they are applied to middle-level managers as well. They seem, however, to be inappropriate for top executives. The assessment center technique is not new. It was used by the German and British military in World War II and the American Office of Strategic Services. But its first corporate use in the United States is generally attributed to the American Telephone and Telegraph Company in the 1950s.

Intended to measure how a potential manager will act in typical managerial situations, the usual center approach is to have candidates take part in a series of exercises. During this period, they are observed and assessed by psychologists or experienced managers. A typical assessment center will have the candidates do the following: take various psychological tests; engage in management games in small groups; engage in "in-basket" exercises, in which they are asked to handle a variety of matters that they might face in a managerial job; participate in a leaderless group discussion of some problem; give a brief oral presentation on a particular topic or theme, usually recommending a course of desirable action to a mythical superior; and engage in various other exercises, such as preparing a written report.

During these exercises, the candidates are observed by their evaluators, who also interview them from time to time. At the end of the assessment center period, the assessors summarize their own appraisal of each candidate's performance; then they compare their evaluations, come to conclusions concerning each candidate's managerial potential, and write a summary report on each candidate. These reports are made available to appointing managers for their guidance. They are also often used as guides for management development. In many cases, candidates are given feedback on their evaluation; in other cases, feedback is given only when candidates request it. Sometimes the overall evaluation as to promotability
remains confidential, even though candidates may be informed by assessors about their performance in the various exercises.

Evidence of the usefulness of the assessment center approach, although not conclusive, is encouraging. On the other hand, there is controversy over to whom, by whom, and under what circumstances this and other tests should be administered and as to who should receive the test results.

Assessment centers do present some problems. First, they are costly in terms of time, especially since many effective programs extend over a five-day period. Second, training assessors is a problem, particularly in companies that believe, with some justification, that the best assessors are likely to be experienced line managers rather than trained psychologists. Third, although a number of different exercises are used to cover the kinds of things a manager does, questions have been raised as to whether these exercises are the best criteria for evaluation. An even greater problem exists in determining which evaluation measures should be applied to each exercise. Most assessment centers, being highly oriented to individual and interpersonal behavior under various circumstances, may be overlooking the most important element in selecting managers, especially those about to enter the managerial ranks for the first time. That element is motivation—whether or not a person truly wants to be a manager. To be so motivated, candidates must know what managing is, what it involves, and what is required to be a successful manager. Obviously, motivation is a difficult quality to evaluate. However, by making clear to a candidate what managing involves and requires and then asking the candidate to think this over, the interviewer can give the candidate a good basis on which to determine whether he or she really wants to be a manager.

**Limitations of the Selection Process**

The diversity of selection approaches and tests indicates that there is no one perfect way to select managers. Experience has shown that even carefully chosen selection criteria are still imperfect in predicting performance. Furthermore, there is a distinction between what persons can do—that is, their ability to perform—and what they will do, which relates to motivation. The latter is a function of the individual and the environment. For example, a person's needs may be different at various times. The organizational environment also changes. The climate of an enterprise may change from one that encourages initiative to one that restricts it because a new top management introduces a different managerial philosophy. Therefore, selection techniques and instruments are not a sure
way to predict what people will do, even though they may have the ability to do it.

Testing itself, especially psychological testing, has limitations. Specifically, the seeking of certain information may be considered an invasion of privacy. In addition, it has been charged that some tests unfairly discriminate against women or members of minority groups. These complex issues are not easily resolved, yet they cannot be ignored when an enterprise is selecting managers.

Still other concerns in selection and hiring are the time and costs involved, including advertising, agency fees, tests, interviews, reference checks, medical examinations, relocation, orientation, and startup time required for the new manager to get acquainted with the job. When recruiting costs are recognized, it becomes evident that turnover can be very expensive to an enterprise.

**Orienting and Socializing New Employees**

The selection of the best person for the job is only the first step in building an effective management team. Even companies that make great efforts in the recruitment and selection process often ignore the needs of new managers after they have been hired. Yet the first few days and weeks can be crucial for integrating the new person into the organization.

**Orientation** involves the introduction of new employees to the enterprise—its functions, tasks, and people. Large firms usually have a formal orientation program that explains these features of the company: history, products and services, general policies and practices, organization (divisions, departments, and geographic locations), benefits (insurance, retirement, vacations), requirements for confidentiality and secrecy (especially with regard to defense contracts), as well as safety and other regulations. These may be further described in detail in a company booklet, but the orientation meeting provides new employees with an opportunity to ask questions. Although staff from the personnel department usually conduct these formal programs, the primary responsibility for orienting the new manager still rests with the superior.
There is another and perhaps even more important aspect of orientation: the socialization of new managers. Organizational socialization is defined in several different ways. A global view includes three aspects: acquisition of work skills and abilities, adoption of appropriate role behaviors, and adjustment to the norms and values of the work group. So, in addition to meeting the specific requirements of the job, new managers will usually encounter new values, new personal relationships, and new modes of behavior. They do not know whom they can ask for advice, they do not know how the organization works, and they have a fear of failing in the new job. All this uncertainty can cause a great deal of anxiety for a new employee, especially a management trainee. Because the initial experience in an enterprise can be very important for future management behavior, the first contact of trainees should be with the best superiors in the enterprise, people who can serve as models for future behavior.

**Summary**

Staffing means filling positions in the organization structure. It involves identifying work-force requirements, inventorying the people available.
and recruiting, selecting, placing, promoting, appraising, planning the careers of, compensating, and training people.

In the systems approach to staffing, enterprise and organization plans become important inputs for staffing tasks. The number and quality of managers required to carry out crucial tasks depend on many different factors. One major step in staffing is to determine the people available by making a management inventory, which can be done in the form of an inventory chart.

Staffing does not take place in a vacuum; one must consider many situational factors, both internal and external. Staffing requires adherence to equal employment opportunity laws so that practices do not discriminate, for example, against minorities of women. Also, one must evaluate the pros and cons of promoting people from within the organization or selecting people from the outside.

In the systems model for selection, the comprehensive managerial requirements plan is the basis for position requirements. In designing jobs, the enterprise must see that the job has an appropriate scope, is challenging, and reflects required skills. The job structure must be appropriate in terms of content, function, and relationships. Jobs can be designed for individuals or work teams. The importance of technical, human, conceptual, and design skills varies with the level in the organizational hierarchy. The position requirements have to be matched with the various skills and personal characteristics of individuals. The matching is important in recruitment, selection, placement, and promotion.

Errors in selection can lead to actualization of the Peter Principle, which states that managers tend to be promoted to the level of their incompetence. Although the advice of several people should be sought, the selection decision should generally rest with the immediate superior of the candidate for the position.

The selection process may include interviews, various tests, and the use of assessment centers. To avoid dissatisfaction and employee turnover, companies must ensure that new employees are introduced to and integrated with other persons in the organization.

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**KEY IDEAS AND CONCEPTS FOR REVIEW**

| Staffing | Management inventory Situational factors affecting staffing Equal employment opportunity |
| Systems approach to human resource management | |

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FOR DISCUSSION

1. Why is the function of staffing seldom approached logically? Briefly describe the systems approach to staffing. How is staffing related to other managerial functions and activities?

2. List and evaluate external factors affecting staffing. Which ones are most critical today? Explain.

3. What are the dangers and difficulties in applying a policy of promotion from within? What is meant by a policy of open competition? Do you favor such a policy? Why or why not?

4. What is the systems approach to selection of managers? Why is it called a systems approach? How does it differ from other approaches?

5. What are some of the factors that are important in designing individual jobs and jobs for work teams? Which ones seem most important to you? Why?

6. The Peter Principle has been widely quoted in management circles. What do you think of it? Do you think that it could ever apply to you? Does it mean that all chief executives are incompetent? Explain.

7. What is an assessment center? How does it work? Would you like to participate in such a center? Why or why not?

EXERCISES/ACTION STEPS

1. Select an organization that you know and evaluate the effectiveness of its recruitment and selection of people. How systematically are these and other staffing activities carried out?

2. Go to the library and research the background of successful CEOs. You may begin by looking at Fortune magazine or reading the biography of a CEO. What makes the CEOs successful?

INTERNET RESEARCH

1. Use one of the popular search engines to search for "workforce.com." What are some of the current topics human resource managers are concerned about?

2. What does equal employment opportunity mean? Search the Web, then select a topic and present it to the class.