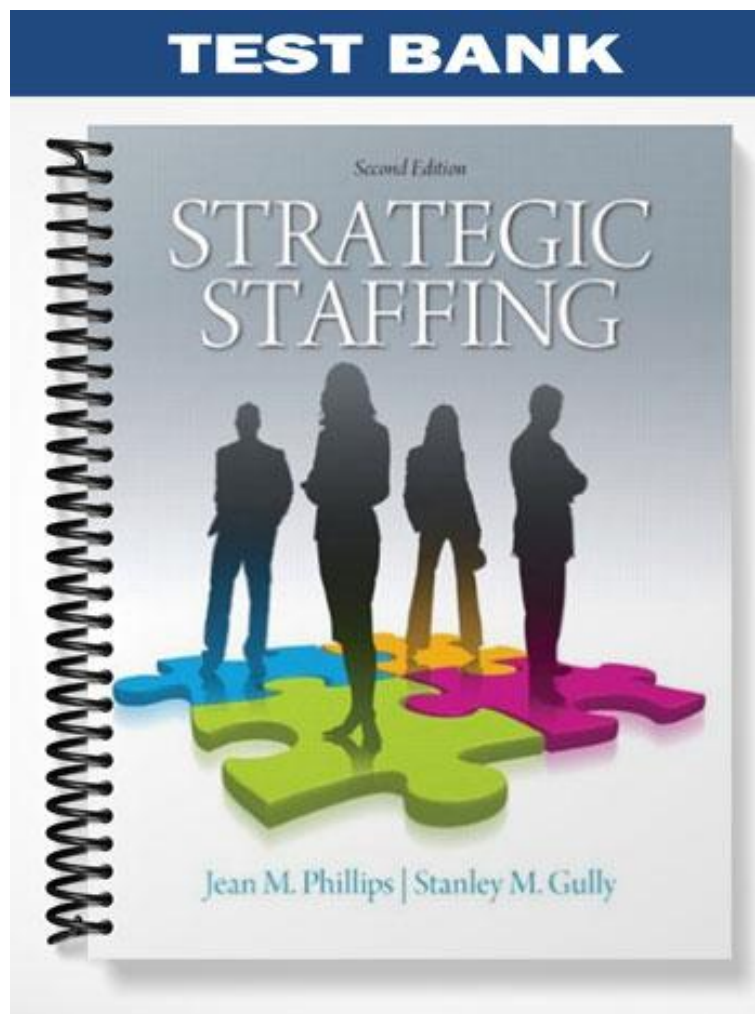Second Edition

STRATEGIC STAFFING

Jean M. Phillips | Stanley M. Gully

TRUE/FALSE.   Write 'T' if the statement is true and 'F' if the statement is false.

1) Most companies can easily replicate a competitor's capabilities by imitating the competitor's staffing practices.

1) _____

2) Companies that use the same recruiting techniques are likely to experience similar results.

2) _____

3) A company pursuing a low-cost strategy is least likely to embrace an asset-based philosophy.

3) _____

4) Innovative organizations that rely on new product development and organizational flexibility require employees with a narrower range of aptitudes and abilities, while organizations in narrow, relatively stable markets rely on a low-cost strategy.

4) _____

5) If a company has high turnover, it should focus on filling vacancies quickly and hiring people who can hit the ground running.

5) _____

6) Viewing employees as an asset to be managed generally leads to a low-cost approach to staffing.

6) _____

7) Valuing the ideas and contributions of people with diverse ideas and perspectives is a possible component of a company's talent philosophy.

7) _____

8) When business slows down, flexible workers are dismissed before core workers.

8) _____

9) An internal talent focus requires a firm to invest in employee training and development.

9) _____

10) Organizations prefer to hire internally to enhance employee motivation and retention levels.

10) _____

11) External hiring reduces organizational diversity.

11) _____

12) Proactive staffing is done in response to situations or issues.

12) _____

13) An organization evaluating its staffing practices in response to a hiring discrimination lawsuit is an example of proactive staffing.

13) _____

14) When labor markets are tight and good recruits are hard to find, organizations must pursue talent-oriented staffing.

14) _____

15) A staffing function is centralized when an organization that has multiple business units has one staffing unit that is responsible for meeting at least some of the needs of all of the company's business units.

15) _____

MULTIPLE CHOICE.   Choose the one alternative that best completes the statement or answers the question.

16) According to the resource-based view of the firm, in order to create value, staffing practices must _____.

16) _____

    A) enhance the differentiation of the firm's products
    B) rapidly create new products or services
    C) imitate the practices followed by competitors
    D) maximize the number of applicants who are hired

17) Which of the following, if true, would uphold a company's sustainable competitive advantage in front of rival firms?

17) _____

    A) Staffing practices have maximum substitutability.

B) Workforce attributes encouraged by staffing practices are commonplace.

C) The firm should take care not to exploit staffing practices.

D) It is difficult to imitate the strategic staffing practices of the firm.

18) A company is able to successfully recruit engineers by handing out flyers during community events near a university which is highly rated for its engineering program. The company's competitor effectively reaches the same audience by hanging banners at similar event. This is an example of _____.
    18) _____
   A) value addition   B) refutability   C) substitutability   D) inimitability

19) Hiring people who are efficient, trainable, and willing to follow standardized procedures would support a(n) _____ competitive advantage.
    19) _____
   A) customer intimacy   B) training and development
   C) operational excellence   D) product leadership

20) Axis Auto tries to keep its operational spending as low as possible so that it can pass its savings on to customers in the form of lower prices. This is known as a _____ strategy.
    20) _____
   A) specialization   B) growth   C) cost-leadership   D) differentiation

21) For organizations relying on new product innovation and for which the commitment and efforts of employees are key drivers of organizational performance, which of the following talent philosophies would be most appropriate?
    21) _____
   A) viewing employees as investors
   B) keeping salaries as low as possible to control costs
   C) hiring as many people as possible
   D) viewing employees as assets

22) With which of the following competitive advantages is cost less of a barrier in attracting top talent for companies?
    22) _____
   A) product innovation   B) maturity
   C) growth   D) cost leadership

23) Independent bookstore Signature Books has been struggling to survive as sales declined sharply in the past year. Its main competitors are the large chain stores that have a much wider range of books and can afford to sell books at a discount, but online retailers are also eating into Signature's market. Signature Books opts for a specialization strategy, focusing on foreign-language books and learning materials. Which of the following, if true, will support Signature's decision?
    23) _____
   A) Chain stores are the cost leaders in the category, as bulk buying and publisher discounts keep prices down.
   B) Online retailers have negligible operational costs as well as the price advantages of large chain stores.
   C) Chain stores invest heavily in developing a customer-friendly style and atmosphere.
   D) Chain stores stock mainly books of general interest, such as books by popular authors and self-help books.

24) Organic growth takes place when an organization _____.
    24) _____
   A) focuses on just one specific line of production
   B) branches into producing numerous other unrelated goods
   C) acquires those companies with which it used to compete
   D) expands from within by opening new factories or stores

25) When a firm pursues a differentiation strategy, it is attempting to _____.　　25) _____
    A) be the lowest-cost producer for a particular level of product quality
    B) expand the company to increase the firm's sales
    C) develop products that have unique characteristics
    D) achieve the efficient production and delivery of products

26) Hiring people who are learning-oriented, and who have good networking skills would support a　　26) _____
_____ competitive advantage.
    A) product leadership   B) training and development
    C) customer intimacy   D) operational excellence

27) Hiring people who are entrepreneurial, creative, and have a high tolerance for ambiguity would　　27) _____
support a _____ competitive advantage.
    A) product leadership   B) operational excellence
    C) training and development   D) customer intimacy

28) Promotions are likely to be fastest in organizations in the _____ stage of their life cycle.　　28) _____
    A) decline   B) growth   C) maturity   D) introduction

29) When viewing employees as assets, the staffing focus is on managing _____.　　29) _____
    A) hiring strategies   B) costs
    C) performance   D) existing employees

30) A software company has a high turnover rate. What staffing strategy would be most　　30) _____
appropriate?
    A) filling vacancies quickly with people who are able to perform with minimal job training
    B) slowing down the hiring process to try to find better recruits
    C) hiring people with the potential to be promoted over a period of years
    D) hiring people quickly even if their skills are not as high as required

31) Compstar Limited establishes a mutually beneficial relationship in which employees are　　31) _____
recognized as investing their resources, such as time or energy, in exchange for pay and benefits
and an opportunity to develop their skills. This is an example of _____.
    A) viewing employees as investors   B) viewing employees as assets
    C) an innovation strategy   D) a competitive disadvantage

32) When viewing applicants and employees as investors, the goal is to _____.　　32) _____
    A) ensure that the revenue generated by a new hire exceeds the new hire's total compensation
      level
    B) give applicants and employees a return on their personal contributions in the organization
    C) be as selective as possible in choosing whom to hire
    D) terminate the bottom performing 10% of employees every year

33) Which of the following, if true, would require a company to respectfully and honestly explain　　33) _____
the hiring process to all applicants?
    A) The company is committed to practicing ethical behavior.
    B) The company views employees as assets.
    C) The company is solely interested in profit-making.
    D) The company views employees as investors.

34) Taking the time to explain the hiring process and making every effort to follow up with　　34) _____
candidates and minimize delays is an example of _____.

A) viewing applicants as assets   B) hiring for long-term careers

C) a commitment to diversity   D) a commitment to ethical behavior

35) In which of the following cases would a company opt for a short-term staffing strategy?   35) _____

     A) Employee skill sets need to be developed through intensive training.

     B) competitive advantage

     C) Employee turnover is high.

     D) Higher-level managers need a substantial amount of knowledge about how the company
       works.

36) Bella Vista Inc. needs to hire a new marketing manager after the former manager retired. The   36) _____
company recruited James Anderson, who was employed in Webster & Co., and offered him the
job of manager. This is an example of _____.

     A) external talent focus   B) growth focus

     C) competitive advantage   D) internal talent focus

37) Which of the following is compromised when retaining workers?   37) _____

     A) decreasing staffing costs

     B) creating a workforce that has a better understanding of the company's processes

     C) creating a more loyal and committed workforce

     D) a regular infusion of new ideas and perspectives

38) Jen is the Human Resources manager for Bailey's, a large department store. A competitor,   38) _____
ShopWell, is scheduled to open nearby in a few months and Jen is afraid that some of her staff
may quit and join ShopWell. To prevent this, Jen introduces a performance incentive program
that will reward Bailey's highest-performing employees at the end of the year. This is an
example of _____.

     A) reactive staffing   B) replacement charting

     C) proactive staffing   D) idiosyncratic staffing

39) Idiosyncratic jobs are _____.   39) _____

     A) created around a current or new employee's unique skills

     B) created to fill an immediate hiring need

     C) jobs that are at the entry-level only

     D) jobs that have been in an organization for over 20 years

40) To hire technical skills a company expects to need in six months, it would engage in _____.   40) _____

     A) idiosyncratic staffing   B) reactive staffing

     C) job-oriented staffing   D) talent-oriented staffing

41) Ed Waters is a former CEO who was responsible for the dramatic turnaround of a food   41) _____
company. When Ed retired, Phil, the CEO of a travel agency, invited him to be a business
consultant for the travel company, hoping that Ed's unusual strategies could work the same
magic twice. Phil created a new designation and position in the company especially for Ed. This
is an example of _____.

     A) reactive staffing   B) talent-oriented staffing

     C) idiosyncratic staffing   D) job-oriented staffing

42) A company that lets each of its business units staff in whatever way they choose and house their   42) _____
own staffing function, is an example of _____.

     A) strategic staffing   B) delegation

     C) decentralized staffing   D) centralized staffing

43) When a firm has a superior level of cooperation and innovation among its research team that   43) _____
allows it to design a new product two days faster than its competitors it has created a _____.
    A) human process advantage   B) human resource strategy
    C) human capital advantage   D) talent maximization strategy

44) Which of the following is true about external hiring?   44) _____
    A) It can enhance organizational diversity.
    B) External hires reinforce the organization's culture more than do internal hires.
    C) It sends employees the message that good performance can be rewarded with a promotion.
    D) Jobs can be filled faster than through internal hiring.

45) Skylark Corporations produces apparel for women. The firm experienced a boom in the   45) _____
introduction phase of its life cycle due to the high-quality talent of its middle and top-level
executives. Which of the following would help Skylark retain its competitive advantage in the
present economic downturn?
    A) Repeating the old strategies that enabled the company to rise.
    B) Opening its doors to a flood of new employees as labor is cheap.
    C) Changing its process-related advantages for new strategies.
    D) Keeping existing employees satisfied and recruiting top talent.

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

46) Describe the resource-based view of the firm and how staffing can contribute to a company's sustainable competitive advantage.

47) Describe the organizational and product life-cycle and explain how it can influence a firm's choice of strategy.

48) What is a firm's talent philosophy and how is it important to staffing?

49) Explain when an organization would use talent-oriented rather than job-oriented staffing.

50) How should firms identify key jobs on which to focus additional attention and resources during the staffing effort?

1) FALSE
2) FALSE
3) FALSE
4) FALSE
5) TRUE
6) TRUE
7) TRUE
8) TRUE
9) TRUE
10) TRUE
11) FALSE
12) FALSE
13) FALSE
14) TRUE
15) TRUE
16) A
17) D
18) C
19) C
20) C
21) B
22) A
23) D
24) B
25) C
26) C
27) A
28) B
29) B
30) A
31) A
32) B
33) A
34) D
35) D
36) A
37) D
38) C
39) A
40) D
41) C
42) C
43) A
44) A
45) D
46) Because it is an organization's people who are responsible for gaining and keeping a competitive advantage, hiring and retaining the right people are critical to business strategy execution. The resource-based view of the firm proposes that a company's resources and competencies can produce a sustained competitive advantage by creating value for customers by lowering costs, providing something of unique value, or some combination of the two. To create value, the hiring programs, policies and practices of an organization must either lower the costs of the organization's products or services; enhance the differentiation of the organization's products or services in the eyes

of customers, or both. Staffing serves as a gatekeeper in influencing the level and composition of an organization's talent. This can add value to the organization through employees' competency levels, experience, judgment, social relationships, etc.

Human resources can be a source of competitive advantage because they meet the criteria for being a source of sustainable competitive advantage: they add value to the firm, are rare, cannot be imitated, and cannot easily be substituted with other things.

The resource-based view of the firm focuses attention on the quality of the skills of a company's workforce at various levels, and on the quality of the motivational climate created by management.

47) During the growth stage, new companies or products must set themselves apart from competitors to gain customers and market share. Growth companies often pursue innovation or differentiation strategies to distinguish themselves from their competition. Because they are less established and thus higher-risk employers, they often need to invest more money and resources in staffing to attract the talent they need to grow. Because they lack a large and strong internal talent pool and they need to add new employees as they grow, they frequently need to hire from outside the organization and tend to have an external talent focus.

During the maturity stage of a firm's life cycle, products and services have fully evolved, and the product's market share has become established. The focus now shifts to maintaining or obtaining further market share through cost leadership, often by streamlining operations and focusing on efficiency. Because mature companies have a larger pool of internal talent from which to draw, the talent focus becomes more internal.

Companies in decline are facing shrinking markets and weaker business performance. A company in decline can pursue a cost-leadership strategy and allow the decline to continue until the business is no longer profitable or it can try to make changes to revive the product or service. If it chooses to try to change its product or service, the firm typically adopts a specialization or differentiation strategy.

48) An organization's talent philosophy is a system of beliefs about how its employees should be treated. A talent philosophy reflects how an organization thinks about its employees, and is typically shaped by its founders. For example, some organizations view employees as partners and key stakeholders in the company, while others view employees as more expendable and easily replaceable. A company's business strategy and talent philosophy jointly influence how a company interacts with its employees, which then affects how it decides to manage the movement of people into, through, and out of the company. A firm's staffing strategy ultimately reflects both its business strategy and its talent philosophy. If not created intentionally, a firm's talent philosophy develops on its own as the personal values of high-level managers are expressed in their hiring and talent management decisions and actions. Over time, these values and perspectives become those of the organization.

49) An organization would use job-oriented staffing when it needs to fill a specific job opening. It would pursue talent-oriented staffing when labor markets are tight and good recruits are hard to find, or to address anticipated skill gaps in advance of actual needs. This alternative philosophy encourages people within the firm to identify where its future skill gaps are going to be well in advance of its actual needs. This way the firm can inject a continuous stream of talent into the staffing pipeline to ensure there are always qualified people in various stages of the hiring process.

50) All jobs do not warrant equal investment in recruitment or staffing activities. A company's key jobs are those that in some way create value for the organization by contributing to the generation or retention of clients' business or generating new capabilities or products for the organization. Whenever there is performance variability across people working in the same position there is the potential to improve that position's contribution to the organization by raising the average performance level of those employees. For example, if some salespeople sell substantially more of a company's product than do others, staffing (as well as training) improvements may be identified that result in the hiring of a greater number of higher performing salespeople and fewer lower performing salespeople.

Firms must identify which capabilities are the most critical to establishing and maintaining a competitive advantage. An organization's capabilities include human resources, manufacturing, engineering, research and development, marketing, and management information systems. It must then identify which jobs and roles are

critical to its competitive advantage. Focusing on better staffing the identified positions should help the company execute its business strategy and enhance its competitive advantage.