

Course Book



PERSONNEL PSYCHOLOGY

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INTERNATIONAL
UNIVERSITY OF
APPLIED SCIENCES

LEARNING OBJECTIVES

In this course, we will explore the tasks and challenges of **Personnel Psychology**, which is a branch of psychology that focuses on the study of human behavior in the workplace.

Personnel psychology is a fascinating and important field that plays a crucial role in the success of organizations. Personnel psychologists are responsible for a wide range of tasks, including job analysis, which involves the systematic study of job duties and requirements in order to identify the knowledge, skills, abilities, and other characteristics (KSAOs) that are necessary for successful job performance. They also play a key role in recruitment and selection, helping organizations to attract and select the most qualified candidates for job openings. In addition to these tasks, personnel psychologists may also be involved in onboarding new employees, helping them to become integrated and productive members of the team. They may also be responsible for competency management and personnel development, identifying and developing the skills and knowledge of employees in order to enhance their performance and prepare them for leadership roles. Performance appraisal is another important aspect of personnel psychology, involving the evaluation and feedback of employee performance in order to improve organizational effectiveness. Finally, personnel psychologists must be aware of and comply with various legal aspects, including employment laws and regulations that ensure fair and equitable treatment of employees.

Throughout this course, you will have the opportunity to apply what you have learned through various exercises and self-check questions. By the end of the course, you should have a strong understanding of the key concepts and techniques of personnel psychology and be able to apply them in a professional setting.



UNIT 1

TASKS AND CHALLENGES OF PERSONNEL PSYCHOLOGY

STUDY GOALS

On completion of this unit, you will be able to ...

- identify the tasks and responsibilities of a personnel psychologist.
- understand what internal and external factors influence organizations and its development.
- explain current challenges personnel psychology faces.
- identify modern types of organizational structures.

1. TASKS AND CHALLENGES OF PERSONNEL PSYCHOLOGY

Case Study

Imagine you start working as a recent university graduate in the human resource (HR) department of a large, global corporation. As you enter the tallest skyscraper in the city, you are faced with numerous businesspeople rushing through the halls in all directions. They all seem busy and focused on their tasks, and they hardly speak to each other. When they do, they use language that is difficult to understand, as they use many special words that only they (or their company) can understand. As a recent graduate, you have learned that you are dealing with a corporate culture, but you do not know what to do next or how to act. You are also interested in finding out what brought this organization to this stage and what influenced its evolution. This unit focuses on identifying and explaining the most important aspects of the work of personnel psychologists. In addition, special attention will be given to elaborating on various internal and external factors that influence the development of an organization from the perspective of personnel psychology.



Introduction to Personnel Psychology

~~Organizational and work~~ (often called industrial) psychology is an applied branch of psychology that deals with human behavior in the workplace, organizations, and productivity (Cascio, 2001). Organizational and industrial (O/I) psychologists help employees do their jobs and help organizations achieve their goals by

- helping employers treat their employees fairly.
- ensuring interesting and satisfying workplaces.
- helping employees increase their productivity.

Psychologists provide such support by motivating employees to perform, building teams that work well together, ensuring fair treatment of people from diverse backgrounds, selecting people for jobs, providing training that evaluates performance, creating safe work environments, and bringing diverse talent together. Although there is no consistent classification of I/O psychology in the literature, several authors (Anderson et al., 2001; Furnham, 1997; Rothmann & Cooper, 2022) support the thesis that this department of psychology consists of two branches: **organizational psychology** and **work** (sometimes called industrial or personnel) psychology.



Organizational psychology

focused on the molar approach, or large units in the work environment

Work psychology

focused on the molecular approach, or small units in the work environment

The table below summarizes key areas that organizational psychology and work psychology cover (Rothmann & Cooper, 2022). This course book will focus on a part of psychology related to individual differences and personnel topics (which can be found in the right column of the table below).

Table 1: Fields of Organizational and Work Psychology

	Organizational psychology	Work psychology
Key focus	The evaluation of behavior in the work situation	Areas usually covered in the human resource management literature
Focus areas	<ul style="list-style-type: none">• Individual differences and diversity management• Motivation• Communication• Leadership• Group dynamics• Health, safety, and well-being; organizational design; and development	<ul style="list-style-type: none">• Human resources planning• Job analysis, description, and job specifications• Recruitment and selection• Induction and training• Career development• Job evaluation and compensation• Performance appraisal

Source: Lucija Veličan Marković (2023).



Influential Theories

Over the years, the field of organizational and work psychology has changed as various influences have affected its development and current state. Some of the major theories that have shaped the development of work and personnel psychology are introduced here.

Early stages

The Industrial Revolution focused attention on issues such as efficiency and labor output. At that time, the focus was on the work that was done, rather than on who was doing the work. This era brought many technological changes, and people began to voluntarily work together in relationships between supervisors and subordinates. Therefore, it is not surprising that the topics of organizational and industrial psychology were predominantly concerned with increasing the efficiency of work (Rothmann & Cooper, 2022).

Scientific management

Frederick Winslow Taylor is a founder of the scientific approach to management. He advocated for an approach in which work is thoroughly evaluated in order to specify the movements that constitute the entire work process. In his opinion, such an analysis is necessary to create a more rational, objective, and effective method of performing the work. For this approach to produce positive results, employees should have been carefully selected and trained to perform these tasks. Motivation to perform a particular job is also important. The scientific management approach influenced business practices of the time, as it facilitated specialization of work and mass production (Benjamin & Perloff, 1982).

The Hawthorne studies

The Hawthorne studies (Hsueh, 2002) were originally conducted to examine the effects of different lighting levels on productivity. These studies found that the observed workers in the experimental group performed better than those in a control group, regardless of lighting level. The Hawthorne effect refers to the fact that people change their behavior simply because they are being observed.

The human relations movement



Douglas McGregor is the most prominent representative of this movement. He introduced the concepts of Theory X and Theory Y in organizational and work psychology. According to McGregor (1946), Theory Y refers to a benevolent view of human nature that assumes people are motivated to work for intrinsic reasons and represents the core of the human relations movement. This movement places human needs, attitudes, motives, and relationships at the center of interest for researchers of the time. In contrast, Theory X takes a much more negative and pessimistic view of human nature, assuming that workers are motivated by extrinsic reasons.

Contingency theory

The contingency theory emphasizes the fit between the individual and the characteristics of the situation. According to this theory, there is no absolute fit; rather, the fit depends on the characteristics of the situation in which the organization finds itself. Several names (Burns & Stalker, 1961; Mintzberg, 1983) are associated with contingency theory because they have all contributed to the development of various aspects of fit, such as leadership, environment, group dynamics, and power relations.

New developments

More recently, researchers (Doll et al., 2020; Hartnell et al., 2019) have begun to explore new concepts (or new perspectives) relevant to work design. Thus, relevant research areas include the studies of

- organizational transformation,
- organizational culture,
- learning organization,
- teams and teamwork, and
- total quality management.

Positive psychology

Seligman (2002) describes that the goal of positive psychology is to understand and promote happiness and subjective well-being. Positive psychology is concerned with the constructs of well-being, contentment, and satisfaction; hope and optimism; and flow and happiness.

Tasks of Personnel Psychology



According to Rothmann & Cooper (2022), the tasks of today's organizational and work psychologists can be divided into four categories, as shown below.

1. Explaining the behavior of individuals, groups, and organizations

Psychologists base their work on research findings, theories, and models to explain the constructs underlying the functioning of individuals, groups, or organizations

2. Measure behavior and predict potential

A very important aspect of the work of an organizational and work psychologist is the use of various tests to assess behavior and predict possible future outcomes of that behavior in the work environment. Testing involves the use of standardized measures of ability, performance, intelligence, personality, social behavior, language, perception, and motor skills to ensure reliable, valid, equivalent, and unbiased processes in the work environment.

3. Contribute to organizational development

Psychologists should work to understand and measure organizational effectiveness. Organizational effectiveness consists of efficiency and equity (fairness).

4. Translate research findings and empower their potential users

Although researchers continue to bring new insights to the field of organizational and work psychology, not much is translated into practice due to the overall (still) inadequate linkage between research and practice. However, one of the most important goals of psychologists working in the field of organizational and work psychology is to ensure that the latest research findings are implemented in the fields in which they work.



Challenges of Personnel Psychology

In today's ever-changing world and fast-paced environment, every industry faces greater challenges and must adapt more than ever. Personnel psychology (and the professionals working in this field) are no exception. However, the most common challenges fall into the following categories.

Resistance to change

Because the structure of a psychologist's work relates to supporting and enabling growth (of the individual, team, or organization), most personnel psychologists face resistance to change in the organizations they work for. Both employers and employees may resist change. The reasons for this resistance may be that they used to work in a different way and still survived, or that they are reluctant to embrace new technologies or new ways of working, but it is very often fundamentally due to a fear of change. Such fears can be conscious or unconscious, and it is usually the job of the HR personnel to find the reason for the fear that is preventing a person or an organization from moving forward (Cooper et al., 2013).

Communication

Personnel psychologists work closely with different types of people in the organizations they serve. Therefore, it can be challenging to adapt communication style to a different type of interlocutor. In addition, because the field of organizational psychology is quite complex and contains a lot of specialized terminology, it can be difficult to communicate in a language that all groups of interlocutors understand (Vrgović et al., 2022).

Globalization

As the world of work becomes increasingly global, there is a need for greater awareness of cross-cultural issues in the workplace. Coupled with globalization and the increasing percentage of employees working remotely, there is an additional challenge for the personnel psychologist to address the challenges of communication and collaboration and to promote teamwork (Krumm et al., 2013).

Sexual harassment

Quick and McFadyen (2017) have identified sexual harassment in the workplace as the current top trend. Although the prevalence (and awareness) of such challenges varies across countries, personnel psychologists provide the organizational viewpoint needed to work on developing policies, training, and programs to address such issues.

Automation and new technologies



Technology allows people to stop focusing on repetitive tasks, and it is able to perform increasingly complex activities over the years (Diaz & Young, 2022). However, such a strong technological influence may affect the structure of the workforce needed in the future. The role of the personnel psychologists will therefore be to create awareness concerning the need for training relevant to communicating with technological tools, but also to emphasize the importance of keeping employee morale at an appropriate level, addressing ethical issues that may arise, and evaluating whether and how people build relationships with new technologies used in the work environment (such as artificial intelligence [AI]).

Work-life balance and employee health

Although addressing the issue of work-life balance appropriately should be beneficial to both the employee and the employer, personnel psychologists must consider various privacy implications and other issues when considering the issue of work-life balance and employee health (Wallis et al., 2021).

1.1 Market and Technology Dynamics

In the current economic environment, businesses are increasingly relying on various technologies to impact performance, outperform the competition, or simply survive. At the same time, business has never been as global as it is today – in business, physical barriers or the territorial structure of the world no longer matter as much. For some, this means an opportunity to grow their business and reach markets they could not before; for others, it means greater or more difficult competition in the markets in which they operate. One thing is certain: The current market dynamics are more vibrant than ever. Such an environment brings with it several new influences and challenges that have arisen in the workplace, which are briefly discussed here.

Telecommuting

Since COVID-19 began affecting the world, telecommuting has enjoyed great popularity and has had an impact on performance, work-life balance, and the social aspects of work. A recent study (Elbaz et al., 2022) stated that telecommuting increases overall performance and job satisfaction, as well as employees' sense of commitment to a company. People who work from home tend to experience less work stress or exhaustion. Despite this, telecommuters may also experience negative effects on their well-being and overall work performance. Another study (Andel et al., 2021) has shown that full-time telecommuters are likely to experience higher levels of social isolation than employees working in hybrid or office-based environments. In addition, telecommuters may lack physical and psychological separation between the two, which may prevent them from disengaging from work after hours. Employers generally perceive these outcomes as positive, interpreting them as higher productivity and better social engagement in the workplace.

Automation

In recent years, the influence of new technologies has become visible in almost all areas of work and in almost all industries. While the introduction of new technologies has brought improvements in working and living conditions, it can also create anxiety and stress among workers. Various automation tools are used to assist employees and managers in their daily tasks and are commonly used in different areas of personnel psychology, such as recruitment and selection, onboarding, training, and development, and even as a support system for performance appraisal systems. Although research consistently reports that the use of automation tools in various areas of work increases employee productivity (Bernier et al., 1988), researchers (Devaraj & Jiang, 2019) assert that it is important to consider the psychological aspects of implementing such tools. Recent findings suggest that employees are more likely to respond positively to the use of automation tools and express higher levels of satisfaction when they serve as a support for the human decision-making process than in scenarios where automation tools entirely replace the human decision-making process (Langer et al., 2020).

Algorithmic management

One of the new technologies that potentially has the greatest impact on the psychological aspect of work is the introduction of AI-based algorithms in the work environment. Today, they are being used to manage, evaluate, and discipline workers. The role of a personnel psychologist, therefore, is to look at this situation and try to understand how workers respond to these forms of algorithmic management. A recent study has shown that workers tend to differ in terms of the strength of the psychological contract they make with the type of organizational/algorithmic agents versus those influenced by humans (Tomprou & Lee, 2019). Research shows that employees generally respond more positively when they form a relationship with a human-influenced agent in most HR management activities (recruitment, onboarding, or training) than in situations where the interaction was led by an algorithmically influenced agent.

1.2 Organizational Dynamics and Value Dynamics

Organizations are living mechanisms in which different people work together to achieve common goals. In order to achieve the goals in the fastest and easiest way, it is important to consider how the organization should be structured and according to which internal rules it should work to ensure results and the continuity of the organization. In this case, we are talking about the concept of organizational design. According to Baron and Greenberg (1990), organizational design refers to the formal system of communication, authority, and responsibility adopted by an organization that defines its internal structure. Every organization has a specific structure that defines how individuals work within it, which is usually visually represented by an organizational chart (also called an organigram). There are four dimensions that characterize organizational structure (Furnham, 1997).

1. Hierarchy of authority

Levels of authority in an organization can be delegated in different ways. Therefore, organizations can vary from centralized to decentralized. In decentralized organizations, more power and authority is delegated to employees at different levels of the organization, while in centralized organizations, more authority and decision-making power is vested in top managers.

2. Division of labor

To arrange related work activities into manageable units, departmentalization is used. Work may be divided according to functional similarities, or jobs with similar goals and requirements may be grouped into one department. In large organizations, more specialization occurs. Departmentalization can be based on functions, customers, geographic areas, or projects.

3. Spans of control

This refers to the number of people reporting to a particular manager and can vary from narrow to wide. Depending on the complexity of the task, the efficiency of the staff, and the nature of the environment in which the organization operates, a narrower or wider span of control may be applied. Both offer certain advantages and disadvantages. A narrow span of control is suitable for scenarios in which the work is complex or jobs are interdependent and when the organization operates in an unstable environment. However, such a setup is more expensive because it requires additional layers of management. Conversely, a wide span of control lowers administrative costs and is more suitable for scenarios where tasks are routine or repetitive in nature.

4. Line and staff positions

In organizations, there are usually line and staff positions. Line positions are usually responsible for direct supervision of workers on their teams and are intimately familiar with the tasks that need to be accomplished within the team. Staff positions, alternately, are familiar with work and team dynamics and focus on optimizing the work environment. Because the two types of positions typically have different perspectives on the work and the employees who perform that work, it is important to consider the types of relationships formed between line and staff positions based on the type of organizational structure chosen.

From the perspective of personnel psychology, each of these four dimensions of organizational structure is important to consider because they determine what type of employees the company will employ and develop. Based on the organizational structure, other smaller and more fragmented HR actions and initiatives are defined, such as job analysis and job description, recruitment and selection activities, induction and training, career development, job evaluation, and performance appraisal.

Organizations can vary according to the way they are organized, which is synthesized in the organizational structure. According to Rothmann and Cooper (2022), the most common organizational structures are as follows:

- **Mechanistic** organizations have less flexible and more stable organizational structures. In such organizations, decisions are made based on policies, procedures, and rules, and activities are specialized to well-defined jobs and tasks.
- **Organic** organizations have a more flexible organizational structure and can adapt quickly to change. In this type of organizational structure, workers are more involved in decision-making, and there is less emphasis on job description and specialization.
- **Matrix** organizations have a dual hierarchy (i.e., a functional hierarchy and a product hierarchy). Such organizations are a good option for scenarios where resources in the organization are limited and can therefore be used by reallocating between products and projects. However, such a structure can also have disadvantages, as dual reporting lines can lead to frustration, anxiety, and stress.

The choice of the type of the organizational structure depends on various aspects, such as the culture in a country and organization, as well as the personalities and values of the workers (Rothmann & Cooper, 2022). In addition, each of the organizational structures will attract, value, and develop its employees in different ways. For example, a young, extro-

verted, proactive, and experience-seeking individual might be less interested in working for an organization with a mechanistic structure. A company with such a structure might also be less interested in such a candidate. Therefore, a mechanistic company may target its employer branding activities and selection process to a different type of candidate than the one described above.

Organizational Culture



Organizational culture
It describes how things are done in an organization.

In the literature, **organizational culture** is often referred to as “the way things are done around here” (Schein, 2010). Organizational culture is not just about the observable behaviors in the organization, nor is it just about the beliefs employees hold or the value system they follow in making workplace decisions. Organizational culture is a complex and enduring process of forming collective experiences that have shaped the organization over time and in light of the external factors that have influenced the organization’s development over that period. According to Drennan (1992), organizational culture consists of the following four components:

1. Assumptions: They describe what is important and how problems are solved in organizations. Although they are very important for shaping organizational culture, employees are usually not aware of these assumptions.
2. Values and beliefs: Values represent the things that are important to organizational members. Although employees are also less aware of their values and beliefs, both can be measured to understand how organizational culture is shaped.
3. Behavioral norms: These represent unwritten behavioral rules. Employees may be aware of them because they prescribe how to behave in certain situations.
4. Artifacts: They represent the highest level of cultural awareness and usually represent the observable behavior of employees, dress, structures, systems, policies, procedures, rules, records, annual reports, and the physical design of the organization. Although they are easy to capture, artifacts are difficult to assess accurately.

Again, the context of organizational culture is important for personnel psychologists because it determines how employees will interact with each other, how they will be inducted into their new jobs, and how they will advance in the organization. Organizational culture also affects practices related to performance appraisal because organizational culture influences what management and supervisors view as relevant to reward and advancement in the organization (Drennan, 1992; Rothmann & Cooper, 2022; Schein, 2010). Since both people and processes are responsible for forming and shaping the dynamics in an organization, all organizational characteristics (both structural and cultural) affect the overall organizational dynamics present in a given organization.



SUMMARY

Personnel psychologists are responsible for (a) explaining the behavior of individuals, groups, and organizations; (b) measuring behavior and predicting performance; (c) contributing to organizational development; and (d) implementing research findings and empowering their potential users. Today, personnel psychology is strongly influenced by various

internal and external factors, such as communication challenges, ensuring fair and equal treatment by employers, the impact of technology and globalization, and the introduction of new ways of work, among other things. Therefore, personnel psychologists need to be more attentive than ever to the organizational dynamics that form around the employees that make up the organization.

UNIT 2

JOB ANALYSIS

STUDY GOALS

On completion of this unit, you will be able to ...

- understand the relevance of the job analysis process and its implications to other human resources activities and interventions.
- decide which job analysis method to use.
- evaluate relevant behaviors and competencies that may affect job performance in a particular workplace.
- apply various job analysis methods and procedures to create relevant and meaningful job descriptions.

2. JOB ANALYSIS

Case Study

Imagine you recently joined a newly founded startup company in the role of Human Resources (HR) Generalist. The company currently consists of 20 people. However, due to a recent tremendous financial investment, the company plans to scale significantly and hire 250 new employees in a short period of time. You would like to help the company grow quickly; unfortunately, there is no documentation on how the jobs or tasks are performed in the organization and you cannot prepare yourself for hiring activities or onboarding new employees because no one knows what the organization expects from its employees, nor who is responsible for what execution.

In this unit, the relevance of the job analysis process and its implications to other HR activities and interventions will be discussed. Additionally, the process of conducting the job analysis as a baseline for creating comprehensive job descriptions will be described.

2.1 Definition and Goals

Job analysis

This is the process of gathering and evaluating information relevant to a particular job.

Job analysis represents a process of collecting, evaluating, and defining tasks, responsibilities and outcomes of someone's work, which is defined by a specific job position in the organization (Prien et al., 2009). Although the process of job analysis is a complex and lengthy one, it is very important because it represents a foundation for most of the other HR initiatives in the organization (Sackett et al., 2013). Without a quality job analysis, it is not possible to create a job description.

The job description is a comprehensive document that contains information about the employee's job duties, as well as information about the knowledge, skills, and abilities required to successfully perform the tasks that a particular position requires (Harvey et al., 2015). In HR, competencies are a common formulation of knowledge, skills, and abilities. Job descriptions are often used as a basic document for various initiatives and interventions in organizations – without a job description, it is almost impossible to hire a suitable person for a specific position, as the job description should specify exactly what characteristics the ideal candidate should possess, provide the potential new employee with information about how their work will be structured, and describe what is expected of them. In addition, job descriptions are important for the onboarding process, as they indicate the tasks an employee should be familiarized with, as well as what training should be provided. The same document is commonly used in performance management as a basic framework for defining performance-related expectations for the job (Prien et al., 2009).

However, many organizations still struggle with writing and updating job descriptions. This could be because they do not adequately understand their importance, they do not know how to analyze jobs (especially those that do not yet exist in the organization), or they do not understand how they affect other aspects of the employee life cycle in the

organization. In fact, the proper definition, design, and expectation of each job in the organization greatly impacts the employee and the organization as a whole – impacting job satisfaction; role identification; job engagement; work engagement; and, ultimately, work outcomes or work-related results.

Therefore, job analysis is the first and most fundamental process that must be conducted and from which all other human resources initiatives follow (from hiring to onboarding, training and development, and performance evaluation). Job analysis is a process of gaining a comprehensive understanding of the work an employee does in the organization at a particular job (Prien et al., 2009). The result of job analysis is a document called a job description (Sackett & Laczko, 2003).

Although job analysis shares some similarities with competency modeling, the two differ in their focus and purpose for implementation. Job analysis focuses more on the individual job and the behaviors that are likely to lead to successful performance. Competency modeling refers to a set of personal characteristics that are applicable to many jobs in the organization and are used to distinguish outstanding from average employees. Both competency modeling and job analysis address individual differences that contribute to success in the workplace (Rothmann & Cooper, 2022). According to Prien et al. (2009), the job analysis process consists of the following four components:

1. Work activity: the explanation of the tasks and activities involved in performing the job
2. Competencies: the description of the knowledge, skills, and abilities required to perform a job
3. Work performance: information about the range of possible results of the work and work performance
4. Workplace: the description of the characteristics of the work environment

The data collected under the four components serve as the basis for creating a job description, a narrative document that summarizes all relevant aspects that could help describe what is required to successfully perform a particular job.

According to Rothmann and Cooper (2022), there are many objectives of job analysis that may differ depending on the stage of the employee journey in the organization. The most obvious use of job analysis is related to the creation of job descriptions, which are described in detail in the next sections. Another common use is to create job specifications that describe the individual traits and characteristics needed to perform the job well. Because job analysis provides information about tasks and responsibilities, it can be used to organize and integrate the entire workforce based on these categories (tasks and responsibilities).

The job analysis can serve as a basis for staffing, helping recruiters to understand job requirements and identify individuals who meet those requirements. In addition, the job analysis can help determine selection techniques and establish criteria for the selection process. Information gathered during job analysis can help determine training needs, training content, and training methods that can be used.

Additionally, job analysis can serve as a basis for job evaluation, as well as a relevant starting point for performance appraisal. Without a proper job analysis, it is difficult to make an assessment of one's work and evaluate performance. Career development also depends on job analysis, as it provides an employee with information about what knowledge, skills, abilities, and other attributes a person must possess and express in order to obtain a particular preferred job in the future. Last but not least, job analysis is important for improving working conditions and safety in the workplace.

2.2 Methods and Procedures

Although different authors indicate different methods for collecting data for job analysis (Harvey et al., 2015; Prien et al., 2009; Sackett et al., 2013), the following methods are commonly observed in practice: (a) self-reports, (b) direct observations, (c) interviews, (d) document review, and (e) questionnaires and surveys.

Self-Reports

One of the most commonly used methods of job analysis is self-reporting (Prién et al., 2009). In this method, a person who already holds a particular job is asked to report on the structure of their work. Although such a method is the easiest to use and certain information about the characteristics of the job can be obtained quite easily, it is questionable how useful the information collected by such a method is. Employees who already hold a job that is the subject of the job analysis do not need to know what job characteristics affect the success of their work, nor do they need to know how to perform well on the job. Therefore, their insights may not be very useful in conducting the job analysis. In addition, such a method is not possible when new jobs are created in the company and the current employees are not familiar with the job to be performed.

Direct Observations

Another way to conduct job analysis is to directly observe an employee performing their job. Such a method could be done with the actual observer, or by installing a video camera to observe the employee's work. Video-based data collection was introduced to eliminate the effect of the observer – in situations where another person is observing an employee's work (shadowing), the physical presence of another person could influence the performance of an employee's work. Similar to self-reports, direct observations are a simple method to conduct, but of limited value for conducting an in-depth job analysis. Such methods can provide relevant information about job tasks in jobs that consist of physical activities. In situations where jobs consist of cognitive tasks, such methods can provide limited results. In addition, direct observations provide little information about the requirements needed for successful work or about the level of job performance.

Interviews

Another method commonly used in organizations to conduct job analysis is an interview. Job analysis interviews should be conducted by a trained interviewer who has some understanding of the job being analyzed. Interviews can be conducted as individual or group interviews.

Individual interviews can be conducted with different groups of people, for different purposes, and at different stages of the job analysis process. Information may be obtained from a variety of individuals in the organization: (a) individuals currently working in the job that is the subject of the job analysis, (b) their supervisors (individuals who know the structure of the job that is the subject of the analysis and its performance implications), and (c) **subject matter experts** (SMEs). Each reference group can provide useful information during an interview. The job of a trained interviewer is to collect, combine, and evaluate the information gathered from various interviewees while conducting a job analysis. The structure of the interview may also vary depending on the stage of the job analysis process at which it is used. In the early stages of job analysis, interviews may be semi-structured (or even unstructured) to allow the interviewer to gain a deeper understanding of the aspect of the job being assessed. In the later stages, when the interviewer has gained knowledge of the job relevant to the job analysis, the interviews may be more structured or even conducted using an interview protocol.

Group interviews are generally used in the later stages of the job analysis process. They usually consist of five to six people who are familiar with the job that is the subject of the job analysis – usually people who already execute that job, SMEs, and supervisors. The most commonly used method in group interviews is the **focus group method** (Prien et al., 2009). Such a method requires an interviewer who acts as a moderator – seeking to understand the aspects of the job that lead to success in the workplace and allowing all participants in the interview to reveal as much relevant information as possible to help the interviewer capture relevant aspects of the job. One of the most commonly used techniques for understanding the different levels of job performance is the **critical incident technique** (Harvey et al., 2015). When using this technique, participants are asked to describe critical incidents that occurred in a particular workplace, what highly effective job performance would look like, and what highly ineffective job performance would look like. The following technique provides useful information about workplace performance levels, as well as a deeper understanding of the consequences of certain workplace behaviors. Several studies confirm that the critical incident technique is a useful and comprehensive method for obtaining information about behaviors and traits that lead to successful performance (Andersson & Nilsson, 1964; Butterfield et al., 2005; Ronan & Latham, 1974).

Document Reviews

Another source for collecting relevant information about job analysis is the analysis of data from various documents. Companies usually have a variety of data and documents collected for different purposes – time sheets, accident reports, medical records, performance appraisals, reports from internal or external consultants or audits, records of customer complaints, documents about unusual events or difficulties, etc. All these documents and data sources provide relevant information about the job that is the subject of

Subject matter experts

These are individuals in the organization who already hold the job that is the subject of the job analysis and are recognized as having the highest level of competence developed to properly perform the job.

Focus group method

A moderated group interview technique

Critical incidents technique

In this method, employees are asked to report critical incidents in their work behavior that are effective or ineffective in reaching their job objectives.

the job analysis. These documents can provide information about which behaviors are positively or negatively attributed to the specific job, how the job was previously performed, what prior conditions existed for a particular job performance, and what environmental aspects are relevant to the performance of the job (Prien et al., 2009).

Questionnaires and Surveys

To minimize the risk of free interpretation of data collected by interviewers, a common method for job analysis is using various structured questionnaires and surveys. HR professionals can use commercially available questionnaires or develop their own. Some examples of commercially available job analysis questionnaires are the Fleishman Job Analysis Survey (Fleishman, 1996) and the Position Analysis Questionnaire (McCormick et al., 1977).

Each option has its advantages and disadvantages. Using already developed questionnaires saves a lot of time in the job analysis process; however, the predefined list of statements or questions may not apply to all jobs to be evaluated. Alternatively, significant resources and knowledge are required to create and evaluate a specific questionnaire to be used for the purpose of the job analysis. However, such questionnaires can provide relevant information about the preconditions for success in a particular job that might not be collected in any other way.

In practice, experienced HR professionals combine interviews and questionnaires as methods for conducting an in-depth job analysis. In the initial, exploratory stages of job analysis, semi-structured interviews are conducted with focus groups. Here, the goal is to understand the antecedents of the job and to capture relevant competencies and behaviors that are likely to affect job performance. In a later phase, questionnaires are used to measure and assess how important a particular behavior or competency is to workplace success. Below is a summary of the most common advantages and disadvantages of the various job analysis methods:

Table 2

Method	Advantages	Disadvantages
Direct observation	<ul style="list-style-type: none"> • Firsthand information • Simple to use • Verifies data from other sources • Useful for manual and psychomotor tasks 	<ul style="list-style-type: none"> • Time consuming • May bias worker performance • Small sample size • Requires skilled observer • Validity and reliability may be problematic • Not useful for jobs consisting of mostly mental tasks
Interview	<ul style="list-style-type: none"> • Incumbent describes work • Can yield data about cognitive and psychomotor processes difficult to observe • Qualitative data can be examined. • Works well for jobs with long job cycles 	<ul style="list-style-type: none"> • Requires experienced interviewer and well-designed questions • Difficult to combine data from disparate interviews • Data gathered are subjective and should be verified. • May elicit extraneous data

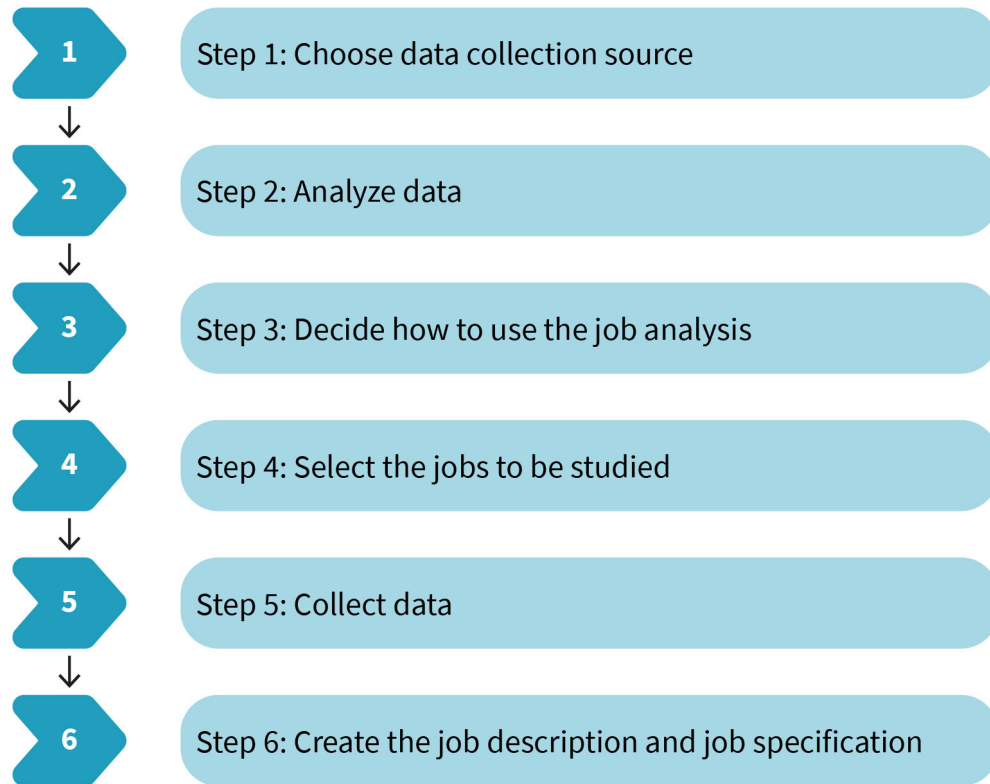
Method	Advantages	Disadvantages
Critical incident technique	<ul style="list-style-type: none"> • Analysis is based on concrete behavior. 	<ul style="list-style-type: none"> • Scales require some expertise to develop.
Self-reports	<ul style="list-style-type: none"> • Inexpensive • Easy to administer • Allows employee participation 	<ul style="list-style-type: none"> • May not include all important aspects of work • Highly dependable on incumbent's perspective on the importance of certain aspects of job
Questionnaires and surveys	<ul style="list-style-type: none"> • Does not require trained interviewer • Relatively less expensive • Can reach more workers • Data are standardized (structured). • Allows employee participation 	<ul style="list-style-type: none"> • May be difficult to construct • May have low response rate • Responses may be incomplete. • Responses may be difficult to interpret (open-ended).
Document reviews	<ul style="list-style-type: none"> • Certain data are almost always available. • Can provide comprehensive information for a certain job 	<ul style="list-style-type: none"> • Might be difficult to interpret • Might not provide critical/relevant information for job analysis • Might be outdated

Source: Lucija Veličan Marković (2023) based on Rothmann & Cooper (2022).

Job Analysis Procedure

To perform a job analysis, the flow process typically includes predefined and similar steps aimed at ensuring traceability and transparency in the data collection process. Below are the steps that HR representatives and executives follow to conduct a job analysis. A typical job analysis flow process includes the following steps, portrayed in the graphic below (Rothmann & Cooper, 2022).

Figure 1: Job Analysis Procedure



Source: Lucija Veličan Marković (2022), based on Rothman and Cooper (2022, p. 124).

Step 1: Choose data collection source

Choose the person who will perform the job analysis. An organization may outsource this step or assign an internal employee to conduct the job analysis. There is also the option of collecting relevant job analysis data from supervisors, job holders, or a combination of both. The person collecting the data should have a deep understanding of the people, jobs, and overall organizational structure.

Step 2: Analyze data

Analyze the overall structure and fit of each job. In this step, organizational and process diagrams can be used to understand how each job fits into the overall organizational structure.

Step 3: Decide how to use the job analysis

Depending on the intended use, a different approach may be best. More detailed information on how to use job analysis is described earlier in the text. In addition, a comprehensive overview of the different approaches to job analysis is provided below.

Step 4: Select the jobs to be studied

A representative sample must be selected because it is usually too expensive and time-consuming to analyze every job. It is necessary to contact the management of the respective department and discuss the objectives of the process with them. Their cooperation is critical. Because job analysis is critical to effective HR management, it should be conducted whenever a new job is created or when the primary duties of an existing job change.

Step 5: Collect data using one of the job analysis methods

Step 6: Create the job description and job specification



2.3 Job Descriptions

The result of the job analysis process should be a well-structured **job description**. The job description should be presented as a systematically written document that summarizes all previously collected data about the job in a form that can be used for a variety of HR purposes (e.g., hiring, onboarding, training and development, performance appraisals, and litigation protection).

Job description
a comprehensive document that summarizes the relevant aspects of the job and the job requirements

A comprehensive job description should summarize the four assessed components of the job analysis: (1) work activity, (2) competencies, (3) job performance, and (4) workplace characteristics (Prien et al., 2009). The “work activity” component should list all behaviors and tasks relevant to the position. When listing relevant work aspects, it is important to highlight the frequency of a particular behavior and its importance to the overall performance. Some examples of tasks and work behaviors for a merchandiser position include the following:

- tasks: greet new customers politely, pay for merchandise at the cash register, stock the shelves daily
- work behaviors: type on the cash register, smile and talk to customers, put items on the shelves

The term “competencies” is often used by HR professionals and reflects work-related behavior that is influenced and shaped by an individual’s combination of knowledge, skills, and abilities (KSA). Knowledge refers to prior education or training relevant to performing the assessed job. Knowledge is typically not directly observed and is not in the form of an action or behavior. Rather, it is a formal requirement for a particular job. Skills refer to the ability to perform a particular task or group of tasks. Skills are usually measured directly, through specific behaviors or actions. Ability refers to a capacity to perform a job by applying previously acquired knowledge and skills. For more complex tasks, the influence of ability is more significant than for simple or less demanding tasks (Rothmann & Cooper, 2022). Some examples of KSA for a merchandiser position include the following:

- knowledge: high school degree, knowledge of working at the cash register
- skills: skills in dexterous transfer of items, performing simple mathematical operations
- abilities: ability to type on a cash register, establish social interaction

However, because the concept of KSA is sometimes difficult to identify, measure, and develop, HR professionals have recently introduced the form of competencies to replace and standardize KSA categories (Prien et al., 2009). In addition to competencies, a comprehensive job description sometimes includes a separate category of preferred personality traits. Some examples of the preferred personality characteristics for a merchandiser position include being a precise and detail-oriented person and conscientiousness in performing tasks.

After defining and stating the characteristics of the employee, a job description should state what is expected of a person in terms of the level of job performance (in other words, what is expected as adequate job performance). Some examples of the level of job performance for a merchandiser position include ensuring that there is no shortage of items on the shelves and the absence of customer complaints.

Since humans do not exist in a vacuum, job descriptions should also describe the environment in which work tasks are to be performed. In addition to describing the organizational culture and climate, environmental factors could include other characteristics as well (often cited as KSAO; where “O” stands for “other”). The following are examples of other characteristics:

- supervisory responsibilities (if any)
- physical demands of the work environment
- the expected hours of work
- position type
- the percentage of travel time expected for the position

HR professionals need to know the process and methods used to conduct a job analysis and create comprehensive job descriptions. However, it is also possible to use predefined templates available in one of the richest occupational information networks called O* NET (Peterson et al., 2001). O*NET program is the main resource for occupational information. Hundreds of standardized and occupation-specific descriptions are listed in the O*NET database. By conducting surveys of a wide range of workers from each occupation, the database is continuously updated. O*NET is used by businesses and HR specialists to rapidly and simply create effective job descriptions (Sanchez & Levine, 2010).

SUMMARY

Job analysis is a process of collecting relevant data on job characteristics and expected work outcomes. It serves as a prerequisite for all future HR practices and activities (hiring, induction, development, performance appraisal). The result of the job analysis is a job description – a document that summarizes information about the tasks and activities

involved in performing a particular job, the competencies required to perform the tasks, the information about the possible work outcomes, and the description of the characteristics of the work environment.

The job analysis process can be conducted in a variety of ways – by interviewing an employee to describe their job, observing an individual's behavior, extracting information from various historical documents, or providing questionnaires to employees to solicit their input. Regardless of the method used to gather information about the structure of a particular job, a job description should include detailed information about all aspects of the position that are being evaluated.

UNIT 3

EMPLOYEE RECRUITMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- understand various recruitment methods.
- evaluate the usefulness of a particular recruitment method.
- describe the typical structure of the recruitment process.
- create the outline of a recruitment process for different jobs.

3. EMPLOYEE RECRUITMENT

Case Study

Imagine you are working as a human resources (HR) professional for a newly established company. This is the first time your company has had a need for additional team members, and you have been asked to help the company build its teams. There are no internal databases of potential candidates. You will need to think about how to target different people for different departments – from interns to senior managers. For active job seekers (e.g., interns), job postings may be an appropriate approach, but how do you target passive job seekers?

This unit discusses the typical methods of recruiting and approaching the job market. The typical structure of a recruitment process will be described, as well as the effectiveness of various recruitment methods.

3.1 Definition and Methods of Address

In today's global economy, individuals and companies have the possibility to choose who they want to work for. As a result, both job seekers and companies pay close attention to the choices they make during the hiring process. According to the attraction-selection-attrition model (ASA; Alavuo, 2020), individuals who have similar values, interests, and personality are naturally attracted to the company that exhibits these characteristics. In turn, companies are likely to select and hire individuals who are consistent with their corporate culture. Finally, individuals who deviate from the matching characteristics are likely to leave the company. Although there are many options in the labor market, both individuals and companies choose to hire (or engage) those who have the highest congruence with the job and the company.

A job description is a document that summarizes all relevant aspects of a particular job position. When properly prepared, job descriptions should serve as a basis for understanding hiring needs and formulating hiring strategy. However, researchers point out that organizations often fail to create relevant and meaningful job descriptions due to several factors, the most common of which are related to: (a) inadequate knowledge of how to conduct a job analysis or (b) a lack of understanding of the importance of an appropriate job analysis process (Breaguh, 2016, 2017; Furnham & Palaiou, 2017). When a job description is created for hiring and onboarding, it should include information relevant to the hiring process (e.g., details on the knowledge, skills, abilities, and other characteristics [KSAOs], as well as relevant organizational and environmental aspects of the job). Unfortunately, in practice, many companies still overlook the importance of a comprehensive job description and ultimately fail to figure out what to focus on in the hiring process and who to target and attract with hiring activities. Once the relevant KSAOs for a particular job are properly identified, it is possible to direct recruitment activities to target the individuals who are most likely to possess the KSAOs required for the job and to perform

well in the job if hired. The match between individual characteristics (personality traits, values, interests, skills, and abilities) and organizational characteristics (e.g., the nature of the organizational culture; the match of personality traits, values, and interests with other employees in the organization; the mission of the organization; and the work ethic) is often referred to as **person-organization (PO) fit** (Alavuo, 2020). According to person-organization fit theory (Furnham & Palaïou, 2017), the extent of congruence between individual and organizational characteristics has implications for commitment and alignment with organizational goals, job satisfaction, engagement rates, and a negative correlation with voluntary turnover (Sekiguchi & Yang, 2021). Person-organization fit is a complex theory consisting of several subcategories. The underlying concept of PO fit theory is related to the concept of need satisfaction. It represents a complementary view of fit, in which fit is described by the degree to which the person's needs are met by the organizational environment or the organization's needs are met by the individual's capabilities.

Person-organization (PO) fit

This theory describes the congruence between the characteristics of the applicant and the organization.

Person-environment fit (PE) refers to the degree of fit between a person and their environment. There are several forms and dimensions, including

- person-job fit (PJ). For instance, an employee who has a personality (such as extraversion) and value structure that is considered important and preferred for a particular job (such as sales) has a higher PJ fit than an introverted employee for a sales position.
- person-organization fit (PO). An employee who is more efficient when working as an individual rather than as part of a team has a higher PO fit for a job that emphasizes individual tasks.
- person-group fit (PG). An employee who has a similar value system to other team members has a higher PG fit than a person with a different, opposite value system to other team members.
- person-person fit (PP). This refers to an employee who has similar characteristics to their peer or supervisor, meaning they a higher PP fit than an employee with opposite characteristics to their peer or supervisor.

Research asserts that person-environment fit impacts employee outcomes related to attitudes (e.g., satisfaction and commitment), well-being (e.g., stress and burnout), and work-related performance (e.g., task performance and organizational behavior; Edwards, 1996; Kristof, 1996; Sekiguchi & Yang, 2021; Verquer et al., 2003). Fit can be viewed as a dynamic construct, changing over time as the characteristics of one (or both) sides change.

A properly defined **recruitment process** should target individuals who are likely to be the best fit for the organization. Some authors believe that the easiest way to find individuals with such characteristics is to get referrals from current employees (Breaugh, 2017; Furnham & Palaïou, 2017). Breaugh (2017) believes that employees who are likely to recommend someone for hire have already pre-selected them by assessing the likelihood that a new employee will fit the organization and work well with other team members in the organization.

Employee recruitment process

a predefined and structured process of approaching individuals who are most likely to fit into the organization

By just defining the ideal candidate persona and targeting the relevant audience, the effort to recruit the best available candidate is not complete. Literature states that a successful recruitment process should include the following steps (Alavuo, 2020; Breaugh, 2017):

1. Establish recruitment objectives.
2. Develop a recruitment strategy.
3. Carry out recruitment activities.
4. Measure and evaluate recruitment results.

Establishing Recruitment Objectives

Before a recruitment process is initiated, the relevant people in the organization (e.g., the recruiter, senior management, HR, hiring manager, or a member of the talent acquisition team) must agree on the goals of the recruitment process and the metrics for the goals that the recruitment process is intended to achieve. For example, some organizations believe it is important to focus on the number of new hires in a given time period, while others may want to focus more on the types of candidates sought or the expected retention rate for new hires. Hiring goals guide all other hiring initiatives and actions and should align with the company's strategy. For example, an expanding company might focus on increasing headcount, and it might be important to consider whether recruitment processes could impact the appropriate number of candidates that could be hired. Conversely, a company hiring for critical, complex positions might be looking to minimize hiring risks and turnover rates. Therefore, their goal in the recruiting process might be to focus on the retention rate of new hires.

Developing a Recruitment Strategy

After establishing recruitment goals, a recruitment strategy should address defining the ideal candidate persona and how to target individuals in the labor market who have the highest potential KSAOs needed to succeed in the job and who are likely to be motivated for the vacancy (and willing to accept the job offer).

Carry Out Recruitment Activities

Once the path to approaching relevant individuals for the recruitment process is identified, the specific recruitment activities consist of the actions recruiters take to attract individuals to the recruitment process. These activities can range from posting jobs on the company's website to using external recruiters. The different types of recruitment activities and methods are discussed in detail in the next section.

Measure and Evaluate Recruitment Results

The final stage of the recruitment process involves evaluating the data collected and the actions taken as part of the recruitment process. The purpose of such a step is to gain an understanding of activities and practices that are likely to affect success in future recruitment processes, but also to become aware of actions and activities that need to be revised to improve the effectiveness of future recruitment efforts.



3.2 Sources and Ways of Addressing

In instances where the gap between job supply and demand is wider than normal, the question of how to reach the people you want is a hot topic in the recruitment industry. Although companies are trying to be as creative as possible in developing new methods of recruiting employees, the literature identifies six main methods of recruitment (Alavuo, 2020; Breugh, 2017):

1. Employee referrals
2. Organization's website
3. Job boards
4. College recruitment
5. Social networking sites
6. Other channels

Employee Referrals

Literature states that employee referrals are among the most efficient recruitment methods, in addition to being the most frequently used method in companies (Breugh, 2017). This can be explained by the fact that current employees are highly likely to recommend individuals for a position who they believe have the KSAOs relevant to the desired position. Therefore, in a sense, current employees serve as pre-screeners in the hiring process. Furthermore, current employees are more capable of providing a realistic overview of the position, which will likely result in new employees having better and more appropriate expectations for the new position.

Organization's Website

A website could be a cost-effective means of reaching out to potential applicants and engaging them in the hiring process. A website may be a useful channel in cases where the company (and its website) is already known to potential applicants. However, in other cases, even the most beautiful and useful website will not affect hiring results if potential applicants are not aware of it. To use websites effectively, companies need to ensure that all technological requirements are met, that the website is easy to navigate, and that the experience of applying for a job is engaging.

Job Boards

Some companies (and for some types of jobs) still use job boards to fill their positions. Job boards fall into the following categories:

- geographic focus (local versus national)
- specificity (general versus industry or position specific)
- salary level (open versus minimum salary)

Each category of job boards has its advantages and disadvantages, depending on the type of position a company is looking to hire for. Although job boards as a recruitment method are still predominantly used for mass recruitment of workers, for some positions, such a recruitment method is less likely to contaminate results and reach candidate profiles of interest to the employer. For example, if there is a Senior Information Technology (IT) Manager position to be filled, it is less likely that a job posting will reach the preferred candidate group, such as experienced IT Managers, who are less likely to be on an active job search, no matter where they are located.

College Recruitment

College recruits are often presented as a relevant method of recruiting undergraduate or graduate students. If colleges are chosen wisely, such a method can save time and result in the recruitment and retention of employees without experience. When selecting a college to conduct recruitment activities, recruiters must consider which colleges offer relevant and sufficient knowledge for the desired position and whether they can produce enough potential applicants. In addition, the skills of recruiters matter more in such hiring methods than in hiring experienced employees. When hiring recent graduates, it is likely that they will value the recruiter's information about the company because they usually do not have additional reference points.

Social Networking Sites

The use of social networking sites for hiring purposes has changed the way hiring is done. In recent years, LinkedIn has been cited as the most commonly used site for hiring purposes (Alavuo, 2020). Social networking sites have gradually changed the relationship between employers and applicants in the hiring process. This is advantageous, as applicants' expectations have changed, and they now expect a more personalized approach and comprehensive information about the company and jobs while participating in the hiring process. In addition, applicants no longer need to be actively looking for a job to participate in the recruitment market. Additionally, the use of social networking sites in recruitment allows employers to personalize the messages they want to share with specific audiences, but they also have the opportunity to build connections and relationships with potential candidates much earlier, even before they have a concrete hiring need.

Although such a method is used for most recruitment processes today, social networking sites cannot always pollute satisfactory results when used for mass recruitment, recruitment of specific, hard-to-reach target groups, and recruitment of passive job seekers. Although social media is widely used by organizations today to gather information and make personnel decisions, researchers suggest that there is not enough research-based evidence to date to understand and explain the impact of using social media reviews for personnel decisions (Roth et al., 2016). Therefore, further research should be conducted to determine the full understanding of the impact of social media reviews on hiring practices.

The vast majority of companies today use LinkedIn as a screening and selection tool for hiring. Although it is a popular tool, it has only recently come into the focus of recruitment researchers. Roulin and Levashina (2019) investigated whether LinkedIn as a selection tool meets relevant selection criteria, such as reliability, validity, and legitimacy. Although limi-

ted, research findings suggest that LinkedIn-based assessments correlate to some degree with self-reports for more visible skills (e.g., leadership, communication, and planning) and personality traits (such as extraversion), as well as for cognitive skills. LinkedIn-based hiring recommendations have been shown to be positively related to indicators of career success. Further research needs to be conducted to gain deeper insight into the effectiveness of LinkedIn as a screening tool in the hiring process.

Seeking Job Applicants via Other Channels

When the above methods fail to find enough qualified applicants for a position, an employer must consider other approaches to meet its hiring needs. Some employers opt for creative ways to target applicants (e.g., posting job openings on billboards, radio, television, and posters), or they may outsource part or the entire recruiting process to companies that specialize in conducting recruiting or headhunting activities.



SUMMARY

In the hiring process, both employees and employers try to find the complementary party who has similar characteristics to them. The purpose of the recruitment process is to target individuals in the labor market who are most likely to have similar characteristics to those already employed by the company. To achieve this goal, recruiters must align their recruiting efforts with the goals an organization is trying to achieve by conducting recruiting activities (e.g., when hiring for a critical position, the focus should be on ensuring employee retention and minimizing hiring errors, while when hiring for an entry-level position, the focus should be on time to hire).

Recruitment activities can be conducted through a variety of methods, such as employee referrals; posting jobs on the company website; posting jobs on job boards; recruiting interns through college recruiting; recruiting through social networking sites, such as LinkedIn or Xing; or utilizing other recruiting channels, ranging from creative recruiting efforts (e.g., billboards, radio, and television advertising) to outsourcing recruitment efforts to outside recruiting or headhunting agencies.

UNIT 4

PERSONNEL MARKETING AND EMPLOYER BRANDING

STUDY GOALS

On completion of this unit, you will be able to ...

- understand the process of developing an employer brand.
- differentiate recruitment marketing and employer branding.
- identify challenges in recruiting top talent.
- explain the importance of employer branding for companies.

4. PERSONNEL MARKETING AND EMPLOYER BRANDING

Case Study

The company you work for is a decent one – you have an interesting job in the logistics department, your job is secure so you do not have to worry about the stability of your career, your colleagues are nice and friendly people who occasionally visit you on Sundays, and your supervisor is a fun person who understands that it is sometimes difficult to juggle an overloaded work schedule and two young children at home, so they occasionally let you go home early to spend time with kids and family.

You enjoy spending time with your colleagues and at work, even though you have heard that other people make more than you for the same work. But even if someone offered you a better salary, you are not sure you'd still be interested in changing employers. Why is that? You ask yourself this question sometimes, too, and you are not sure you know the answer. All you know is that you generally like belonging to the company you work for. However, when you talk to your friends outside of the company you work for, they are impressed when they hear what it's like to work for your employer because they have never heard about it before. Therefore, most of them have the impression that it is not such a good place to work, as the salaries are not as high as in competing companies.

This case study touched on several aspects of employer branding strategy. In this unit, the focus will be on gaining a more comprehensive understanding of the relevance and use of employer branding in a business context.

4.1 Definition, Goals, and Personnel Marketing Mix

Employer brand
a promise of a particular
work experience

Although various definitions of **employer brand** can be found in the literature (Barrow & Mosley 2011; Mosley, 2014), most of them have in common that employer brand represents a promise of a certain type of employment experience and applies to those who have a stake in the organization. It can be closely related to the reputation of the organization and a desired image as an employer.

Although such definitions may imply that certain companies have an employer brand and those that have not invested resources in these activities do not, this assumption is false. All companies have an employer brand because it is represented by thoughts and feelings that people associate with a particular company. These thoughts and feelings can run across the spectrum from positive to negative, true or untrue, or arise from direct experience and observation or from unintentional communication (Mosley, 2014). Every employer has an employer brand, but companies differ in their awareness of their

employer brand, its strength, and the actions they take to create or manage it. The complex process that companies undertake to build and develop a company's reputation (employer brand) is often referred to as employer branding (Barrow & Mosley, 2011).

By defining and understanding the concept of employer brand through perceptions and values, organizations can communicate the key aspects that their environment should offer their employees. This is usually done through the employee value proposition (EVP). The EVP represents the key benefits the organization offers to its employees in exchange for their talent, skills, and experience (Padhi & Joshi, 2022). In a sense, EVP serves as a guide for companies on how they want to be perceived as an employer. EVP describes a list of key qualities with which one is most likely to be associated as an employer. A well-defined EVP helps companies sharpen their identity and culture, and facilitates various activities and goals of human resources (HR). In the case study at the beginning of this unit, EVP is described as a stable and predictable work environment with job security and long-term careers, with well-connected employees who share similar interests. The main benefits that such an employer could offer to its employees are no overtime, low stress levels in the workplace, occasional teambuilding activities, voluntary health insurance, and a pension fund. According to Eser and Tuzun (2022), a properly defined EVP and an adequately managed employer brand strategy helps companies

- reduce recruitment costs,
- differentiate the company from the competition,
- onboard employees more effectively,
- improve employee engagement,
- increase the effectiveness of communication and change management,
- improve employee retention, and
- build brand engagement.

Mitigating Challenges

By creating a strong employer brand, companies are trying to mitigate the challenges of recruiting top talent (Dzhulai, 2022).

Hiring costs

Every new hire requires certain human, financial, and time resources to be invested in the hiring process, whether the hiring process is done internally or involves staffing agencies. To reduce these costs, companies seek to create a strong employer brand that helps them attract and hire top talent for their teams in a timely manner when they have a hiring need.

Awareness funnel

Companies with a strong employer brand are more likely to attract top talent because they are aware of its existence and are more likely to pursue the company's hiring needs.

Recruiting funnel

A strong employer brand ensures that companies can convert active job seekers into potential candidates for their company in a short period of time. In other words, a strong employer brand helps employers get “on the radar” of top talent when they decide to make a career move.

Quality applicants

A strong employer brand and a clear EVP help both companies and employers align their expectations for potential future collaboration. A clear EVP helps candidates better understand what it's like to work for a particular company, and they can more easily decide if such an environment aligns with their value system, career aspirations, and job expectations. This saves both recruiters and applicants time, as they only apply to jobs and companies that are likely to match their expectations.

4.2 Differentiation Between Personnel Marketing and Employer Branding

Employer brand
a company's reputation
among applicants and
employees

Recruitment marketing
the process of promoting
a company's employer
brand to the right audi-
ence

Since the **employer brand** represents the reputation that a particular company enjoys among applicants in the labor market and its employees, it is often associated with another relevant term – **recruitment marketing**. Although it is sometimes misunderstood and confused with employer branding, recruitment marketing is a process of promoting a company's employer brand and delivering the right message to the right candidates at the right time (Saini et al., 2022). Without a properly defined employer brand, recruitment marketing can only deliver poor results and not help spread the EVP to the target audience. As a result, it cannot help the employer improve its reputation in the labor market.

Although both terms, employer branding and recruitment marketing, play an important role in the same process (i.e., the recruitment process), they consist of different components and activities and pursue different goals in the recruitment process.

Because employer branding focuses on building a company's reputation, its primary goal is to create the image of a desirable employer. To achieve this, an employer must first identify its mission and vision statements and underlying core values and highlight its individuality or uniqueness relative to its competitors. Defining the EVP helps an employer summarize and highlight the benefits, perks, rewards, culture, career development opportunities, and leadership, among other things, that its employees can expect while working for the company. In addition, the employer branding process involves defining key characteristics that an ideal candidate (or prospective employee) should possess. These insights are usually listed in the “candidate persona” (Styvén et al., 2022). In short, employer branding focuses on applicants and on making a good impression on them by providing them with relevant information about the company.

Recruitment marketing focuses on attracting talent and retaining the candidate pool closely attuned to the company (Alashmawy & Yazdanifard, 2019). Recruitment marketing activities include

- promoting candidate engagement by communicating with them through various channels (e.g., social media, job portals, website, and email).
- promoting new job openings by creating attractive job advertisements. In these activities, recruitment marketing focuses on increasing the potential candidate pool.
- creating engaging content and awareness of the employer to promote the company's employer brand.

As indicated, one of the main differences between these two terms is that employer branding focuses on the process of defining the employer brand, while recruitment marketing focuses on promoting it. In addition, the employer brand is likely to remain constant over time because it is based on the company's mission, vision, and values. Conversely, recruitment marketing activities should change as new trends and standards emerge in the recruitment industry. The two constructs are closely related and interdependent, as recruitment marketing builds on the strategy defined by employer branding.

4.3 Building an Employer Brand

For an employer brand to have an impact on employees and the labor market, it should be closely aligned with the values and purpose of the corporate brand. The root of the employer branding strategy lies in the company's vision, mission, and underlying values. When properly defined, these constructs help identify a compelling corporate ideology that serves as a foundational statement of "who we are as a company and what we stand for" (Saini et al., 2022). Many companies fail to create a meaningful corporate ideology because they tend to impose corporate goals on the corporate ideology rather than focusing on a higher purpose when defining the corporate ideology. Corporate values play an important role in shaping and defining the ideology, as they should serve as guiding principles for employees' daily behavior (Rothmann & Cooper, 2022). Some practitioners believe that corporate values must be different from those of other companies. However, the truth is that values only serve as a basis for establishing standards for responsible corporate behavior and not as a differentiator between organizations (Dzhulai, 2022). Once corporate values have been identified, they should be translated into the work context, which should be done by creating the EVP. The EVP helps to clarify the value that the employer offers to its employees by highlighting the aspects of brand ideology, culture, and future aspirations that employees and applicants would value most (Padhi & Joshi, 2022).

Although the employer brand is focused on people (current and potential future employees), it should not be separated from the overall corporate brand strategy. Moreover, it should be only one aspect of it. In the case study example, the EVP described earlier would be part of a broader employer brand strategy aimed at attracting and communicating the brand's vision for the type of employees (and applicants) they are interested in. When aligned with the employer branding strategy and the overall branding strategy, the

corporate branding strategy would represent an even more comprehensive approach to positioning a company as a reliable and trusted partner to its customers and partners. In such a constellation, advertising and communication activities would serve to attract a specific type of person (potential future employees, but also potential customers and partners) who fit the general corporate brand strategy and the employer brand strategy.

Marketing and HR professionals typically devote considerable attention to creating and maintaining a strong and positive employer brand. However, the literature has shown that the most successful and strongest employer brands are those owned by the entire leadership team, not just the marketing, HR or communications teams (Barrow & Mosley 2011; Rothmann & Cooper, 2022; Styvén et al., 2022). In these examples, brand management focuses on the entire brand experience, not just advertising and communications. As a result, HR/talent management teams are the ones in the strongest position to shape and influence the entire candidate and employee experience (Alashmawy & Yazdanifard, 2019).

Although employer branding activities have a significant impact on attracting and retaining talent in general, the main goal of employer branding is to hire the right talent and strengthen their capabilities. To achieve this, the employer brand must be aligned with the overall corporate strategy. Therefore, the greatest impact can be achieved by systematically developing and implementing relevant employer branding activities, rather than focusing only on individual or occasional initiatives (Styvén et al., 2022).

Defining and promoting core values is not only important for a company's reputation. It is also important for understanding what qualities to look for when hiring applicants. Most companies focus on general qualities, such as expertise, knowledge, or cognitive ability. However, it is important to evaluate the extent to which each of these qualities contributes to the company's desired competitive advantage. Various studies (Alashmawy & Yazdanifard, 2019; Saini et al., 2022; Styvén et al., 2022) support the thesis that the most common cause of poor performance rarely has to do with a lack of skills, but rather with attitude. Therefore, employers should place great emphasis on how they design their selection processes.

One way to assess the strength and incorporation of an employer brand is to evaluate employee engagement. Employee engagement refers to the strength of the mental and emotional connection employees feel for their work, their teams, and their company (Rothmann & Cooper, 2022). As the definition indicates, commitment to the company and its goals is one of the most important aspects of employee engagement. The same things that make for engaged work are what make the employer brand attractive – meaningfulness, challenging but achievable goals, freedom to act, learning and growth, mutual care and respect, and rewards for one's efforts. There are several ways to assess and evaluate a company's employer brand (Rothmann & Cooper, 2022):

- **Employee engagement surveys** (among current employees) can provide important information about internal perceptions of the employer brand.
- **External benchmarking** is a method of assessing the perception of a company's employer brand in the labor market to determine the extent to which the company differs from its competitors ("points of difference") and the extent to which it is similar to them ("points of parity").

- **Turnover rates** provide clear information about the strength of an employee brand. Research asserts that positive relationships with supervisors and trust in managers are important for employee retention (Padhi & Joshi, 2022).
- **Focus groups** provide a qualitative and in-depth understanding of the company's culture.

A fully engaged workforce is the best sign of a strong and healthy employer brand (Barrow & Mosley, 2011).

4.4 Importance of Employer Branding and Employer Branding Strategy

The identification of an employer brand and the definition of an employer branding strategy can be considered as strategically important decisions for the employer. The literature often points out that employer brand management is a long-term investment in a company's prosperity (Alashmawy & Yazdanifard, 2019). It may take some time to define the right roots, and the most valuable benefits will become apparent over time. In general, a strong employer brand is likely to have several positive and beneficial effects on the company (Rothmann & Cooper, 2022).

Benefits of Strong Employer Brand

Reinforce senior management commitment

When the employer branding strategy is clearly defined, it helps ensure that key internal partners (employees) understand, collaborate with, and are committed to implementing the branding strategy on a day-to-day basis.

Reduce cost per hire and reduce attrition costs

When the EVP is clearly communicated, job candidates are more likely to understand what it is like to work for a company. Those who can identify with the company's values are more likely to apply for open positions within the company if they want to make a career change. With a clear EVP and a well-managed employer brand, current employees also have clear ideas about their career development opportunities within the company. As a result, those who resonate with the employee brand are less likely to leave the employer.

Save money by focusing marketing activities on the right target group

By clearly defining candidate personas, an employer can focus its marketing and talent acquisition efforts on its target audience, rather than communicating the EVP to the general labor market and potentially missing out on disseminating relevant messages to candidates in the labor market who are likely to become successful employees of the employer. In addition, such an approach can help an employer speak to a larger, but targeted, candidate pool and help the employer hire great employees for less.

Contributes to better business results

The literature states that companies with strong employer brands generally perform better than companies with weakly defined employer brands (Padhi & Joshi, 2022). In addition to a clear definition, the literature suggests that engagement and performance factors should be embedded in a company's EVP because they can lead to higher levels of customer satisfaction and revenue than high engagement alone.

Increases commitment and performance

With clearly defined expectations, employer branding helps employees identify with shared goals at the company, leading to greater commitment to the employer and higher job performance.



SUMMARY

Employer branding plays an important role in attracting and retaining employees. It gives prospective and current employees the promise of a specific work experience they can expect when they join the company. The specific benefits the company offers its employees in exchange for their talent, skills, and expertise are summarized in the construct of the employee value proposition (EVP). Since employer branding is about reputation, recruitment marketing is a supporting mechanism designed to promote the company's employer brand to its target audience. The relevance and strength of an employer brand can be assessed in a variety of ways, including employee engagement surveys, external benchmarking turnover rates, and focus groups. A strong employer brand can help employers reduce labor costs; increase employee engagement; save money; and, ultimately, achieve greater business impact and better business results.

UNIT 5

PERSONNEL SELECTION

STUDY GOALS

On completion of this unit, you will be able to ...

- understand the purpose and key components of personnel selection process.
- evaluate how to structure the personnel selection process.
- analyze criteria relevant for successful job performance.
- apply various personnel selection measures and procedures to a concrete hiring process.

5. PERSONNEL SELECTION

Case Study

Imagine you are working as a human resources (HR) professional in a multinational company. You are being introduced to a new department that has significant hiring needs due to expansion into new markets. You are not familiar with the job requirements and work structure in the new department, yet recruiters expect you to advise them on how to select the best candidates and how to minimize the risk of a mishire. Any mishire is extremely costly to a company, and you cannot afford to make poor hiring decisions.

Would you choose a more experienced candidate who is less motivated to change employers or a younger candidate who lacks relevant skills for the job but shows great motivation for your company? Is motivation or experience more important? Can enthusiasm trump skills? Could it be that some people are simply better at their jobs than others? How can you be sure a new employee will not steal office supplies?

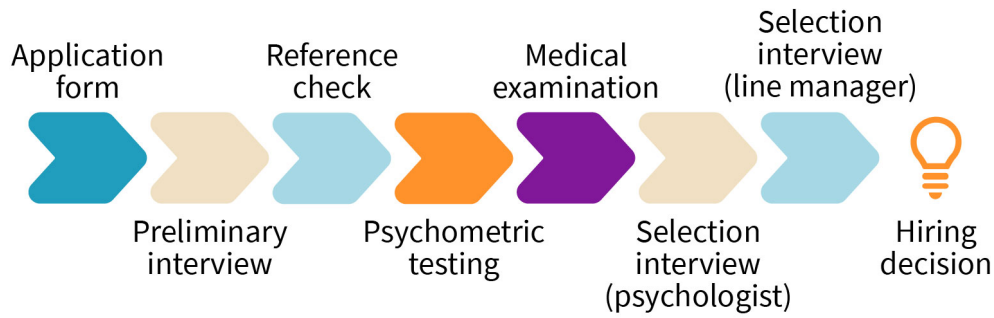
These are all questions that arise in personnel selection. Professional personnel selection aims to answer all these questions and concerns with scientifically validated findings from psychological literature. This unit describes various selection methods and procedures that HR professionals can use in a work setting to reduce the risks of hiring errors and identify individuals who are suitable for their hiring needs and can perform well on the job.

5.1 Personnel Selection Process

Personnel selection
This is a structured process in which the suitability of applicants for the company is evaluated and hiring decisions are made.

In simple terms, the **personnel selection** process is a series of activities that HR professionals perform to assess whether an applicant meets hiring requirements and preferences and whether or not a person will be hired (Borden & Sharf, 2015). The selection process consists of a series of activities that have their roots in job analysis. The job description is a document that is created based on a job analysis. All personnel selection activities are based on the expectations listed in the job description for a particular position. It can be concluded that the personnel selection process is valid if a clear relationship can be established between the job itself and the results of the personnel selection process. The main objective of the personnel selection process is to make hiring decisions and predict the future performance of an applicant. It can be concluded that the purpose of the personnel selection process is both quantitative and qualitative. The figure below illustrates an example of the selection process (Rothmann & Cooper, 2022).

Figure 2: Selection Process Structure



Source: Lucija Veličan Marković (2023), based on Rothman & Cooper (2022, p. 144).



Application form

The first step consists of questions designed to provide information about the applicant's general suitability for the position sought. The questions relate to the applicant's educational background, previous work experience, health status, and other areas that may be useful in assessing the applicant's suitability for a particular position

Preliminary interview

This is typically used to provide the interviewer with information about an applicant's suitability for a job and a company and to provide the applicant with information about the job and the company.

Reference checks

These may come from educational institutions or previous employers, or they can be testimonials. They serve as a source of information about the applicant's quality and quantity of work, experience, education, involvement, personality traits, initiative, and interpersonal relationships.

Psychometric testing

This is a systematic, standardized, and objective procedure for observing a sample of a person's behavior and quantifying it on a scale. An applicant is usually required to complete various tests (ability tests, personality questionnaires, interest questionnaires, etc.).

Medical examination

In some cases, an applicant's physical condition should be known at the time of hiring, or it may be necessary to determine if the applicant is physically capable of performing the job.

Selection interview (psychologist and line manager)

Sometimes the two representatives of the employer organize an interview at which they are both present. The purpose of the selection interview is to assess the competencies relevant to a particular job and to predict the likelihood that an applicant will perform well in the job.

5.2 Quality Criteria

To decide which parameters to base our selection decisions on, we must first determine which individual characteristics will be associated with a person's job performance. Therefore, a HR professional should gather information from the hiring manager about the structure of the job and the daily tasks, their purpose, and the conditions under which the work is performed. To answer these questions, an HR professional should conduct a job analysis and determine what behaviors, actions, and work outcomes of the employee are considered important. In other words, it is important to determine what quality criteria can lead to desirable job performance.

At the stage where the individual characteristics likely to affect performance are identified, an HR professional can work to understand how the two are related and how the individual characteristics will affect performance. Here, the selection process is being executed to assess those individual characteristics – all to increase the likelihood that the selected candidate will have the greatest chance of performing well in the job.

Meta-analytic results suggest that the combined effect of certain personality traits (such as conscientiousness), the use of structural interviewing, and general mental ability scores best predict job performance (see Le et al., 2007). Other research suggests that such findings are, in general, valid across job positions with different complexity and hierarchy (Hough & Oswald, 2000; Robertshon & Smith, 2001; Sackett & Lievens, 2008; Schmitt, 2007). In other words, regardless of the seniority level in the organization (if the hiring was for a junior or a management role) or the industry in which the hire was made, the combination of high conscientiousness, use of structural interviewing, and general intellectual ability best predicted performance.

Researchers also recently focused their attention on examining applicants' reactions to selection processes (McCarthy et al., 2017). Although this view has been somewhat overrated in research circles for some time due to the smaller supply-demand mismatch in recruitment, in recent years, researchers have reevaluated the importance of applicant reactions to selection processes. Meta-analytic data show that studying, understanding, and incorporating applicant reactions into the selection process can increase offer acceptance rates, contribute to the overall perception of a positive employer brand, and increase future placement success rates, among other positives (Anderson et al., 2010).

5.3 Types of Personnel Selection Procedures

Individual traits are various psychological, behavioral, or innate characteristics by which individuals can be distinguished. These characteristics must be identified as important for differences in job performance among individuals. In the selection process, these characteristics can be assessed using various measures and procedures. For example, a person's creative potential can be measured using a questionnaire, interview, assessment center, or using certain biodata. However, each assessment measure and procedure has its own advantages and disadvantages. Here, we introduce the most commonly used measures and procedures in the selection processes. The relative impact of each procedure on job performance is also discussed (De Corte et al., 2010).

Ability and Aptitude Tests

Ability and aptitude tests are a group of measurement procedures aimed at measuring a person's cognitive abilities. Such tests may focus on measuring only one general cognitive ability or several specific cognitive abilities (such as verbal, spatial, and/or numerical). Several studies have shown that general cognitive ability is one of the most valid predictors of job performance (Arthur & Villado, 2008; De Corte et al., 2010). Thus, it is reasonable to expect that individuals who score well on a general cognitive ability test will perform better in the workplace than individuals who score poorly on a general cognitive ability test. Nowadays, ability and aptitude tests are frequently used in selection procedures, especially for complex or highly error-prone jobs.

Ability and aptitude tests
psychometric tests designed to measure a person's cognitive abilities

Physical, Psychomotor, and Perceptual Ability Tests

In addition to cognitive abilities, there are three other types of abilities according to Fleishman's taxonomy: (1) psychomotor, (2) perceptual, and (3) physical (Schmitt et al., 2003). While cognitive abilities are relevant to performance in most occupations, the other three types of abilities are critical only in a limited number of occupations, for example, dentists, security guards, firefighters, or police officers. Although such tests are very valuable for certain professions, they are not widely used in selection procedures worldwide.

Personality Scales

One of the purposes of personality assessment in the selection process is to accurately describe how a person is likely to behave in most life situations. Personality questionnaires for general purposes have been developed for this purpose. Some examples of such questionnaires are NEO-PI -R, 16PF, and BIP. However, specific **personality scales** have been developed to predict behavior in the workplace (i.e., to describe and predict how a person will behave in a work-related environment). They have usually had a specific purpose (e.g., predicting the likelihood of drug and alcohol abuse in the workplace, theft, customer service ratings, workplace violence, or stress tolerance) or have been developed for a specific occupational group (e.g., salespeople, managers, or clerks). Examples of such scales include integrity tests, violence scales, drug and alcohol scales, sales potential

Personality scales
psychometric questionnaires designed to measure a person's personality traits

scales, and leadership potential scales. In general, the use of personality assessments in the selection process is increasing worldwide, although such assessments are still more commonly used for managerial positions than for non-managerial positions.

One of the most widely accepted and validated personality models is the Big Five model, which assumes a five-factor structure of personality. According to this model, personality consists of the following five major dimensions: (1) extraversion, (2) agreeableness, (3) conscientiousness, (4) emotional stability, and (5) openness to experience. Of these dimensions, conscientiousness has been shown to have the strongest influence on job performance. That is, individuals who score high on the conscientiousness scale are more likely to have better work-related outcomes in most occupations and predict the absence of delinquency and counterproductivity in the workplace. Literature suggests that integrity tests are another good predictor of job performance and counterproductive behavior (Russell & Peterson, 2015). Research results show that integrity tests can predict job performance and counterproductive behaviors at work, such as theft, disciplinary problems, and absenteeism (Ones et al., 1993). In addition to conscientiousness, integrity tests also measure agreeableness and emotional stability. The results of such tests show that the better the integrity test score, the better the job performance, and the less likely counterproductive behavior is to occur in the workplace (such as absenteeism, theft, or disciplinary problems).

Training and Experience

Most selection procedures require some assessment of applicants' training (formal and informal) and work experience. Although these data can provide insight into the nature of the applicant's tasks and work environment, research suggests that training and experience as a selection tool can only partially explain an applicant's success in their future work environment (McDaniel et al., 1988). Research has also shown that the effect of education and experience on job performance was greatest in situations where the job requirements involved a low level of work experience and was least in selection situations with an experienced applicant pool.

Job Knowledge Tests

Vocational knowledge tests are a selection procedure that can be conducted for various purposes in the selection process. In general, three types of tests are distinguished that aim to measure professional knowledge:

1. Occupational knowledge tests
2. Tacit knowledge tests
3. Situational assessment tests

Although job knowledge tests are generally used in selection procedures for complex and error-prone jobs, research evaluating the relevance of such selection criteria has yielded mixed results. In practice, it is advisable to use job knowledge tests in the selection process when the job that an applicant will perform in the future is similar to the specific tasks

in the job knowledge test. In other words, the greater the similarity of the tasks, the better the tests are for determining occupational success. Moreover, such selection measures become less important over time.

Work Sample Tests and Simulations

A more sophisticated version of occupational knowledge tests are work sample tests and simulations, as they can take into account the physical and psychological aspects of the workplace. Work sample tests and simulations, sometimes called “simulation exercises,” ask the applicant to perform a series of tasks similar to those that might be expected in the workplace (Roth et al., 2008). Although such a selection method can provide valuable insight into an applicant’s potential future work and predict their performance to a reasonable extent, not many companies use them because developing and applying such a selection method can be time and resource consuming, but also requires skilled work sample creators. Therefore, such a selection method can hardly be used for selection processes for which the company lacks knowledge and expertise. Although for years it was assumed that work sample tests were among the best predictors of job performance, recent meta-analytic data suggest that the relationship between work sample test scores and actual job performance can be characterized as rather weak (Roth et al., 2008). Therefore, the results of the work sample assessment criteria in the selection process should be interpreted with great caution and sensitivity to potential moderators (such as cognitive ability) that influenced work sample test scores. Some examples of work sample testing and simulation are video-based testing and the use of virtual reality technology (VRT) to create simulations.

Interviews

Interviews are certainly the most frequently used procedure in the selection process. There is almost no company that would claim to have never used an interview as one of the selection procedures. Although it may seem that interviews are the easiest method to conduct in the hiring process, their importance in the decision-making process can vary greatly depending on the skills and competencies of the interviewer.

In general, job interviews can be divided into two types: conventional and behavioral. Conventional interviews tend to be less structured and may focus on measuring various aspects of the selection process (from personality to cognitive skills, values, and interests, to knowledge and person–organization [PO] fit). In contrast, behavioral interviews more often focus on assessing behaviors that are (or should be) critical to career success. When using interviews as a selection process, it is important to consider various biases that may potentially occur during the interview. Some examples of interview bias include race, gender, age, the attractiveness of the interviewer or interviewee, the interaction between the interviewees, and the characteristics of the interviewer. They can all lead to poor hiring decisions if not considered.

Biodata

The use of biodata in an organizational context is still hardly visible in practice. Although biodata could provide relevant qualitative insights into an individual's functioning and explain the reasons for their behavior, only a small percent of companies worldwide consciously and systematically use such information in their selection processes. However, Schmitt et al. (2003) claim that biodata is one of the most valid predictors for personnel selection and that its validity can be generalized across organizations, occupations, and samples.

Assessment Centers

Assessment center (AC) is a selection method in which individuals are placed in various scenarios that simulate complex situations that may occur in the work environment. Individuals are then asked to consider how they would resolve these situations. Based on their responses, a person's future ability to perform a particular task is evaluated. Although such a selection method can be used to evaluate various aspects of an individual's functioning in the workplace, ACs are typically used to evaluate candidates for management positions. Because of the significant resources required to prepare and conduct AC, the method is not commonly used in practice, although it could provide valuable qualitative information about how an individual would respond in specific or complex work-related situations.

Despite its high face validity, the literature points out that ACs as selection procedures do not provide additional relevant information about a person's success in the workplace that cannot be obtained through other, more easily administered selection procedures (such as interviews, personality, or ability tests; Schmitt et al., 2003). However, recent meta-analytic data suggest that the use of assessment centers in the selection process can, to some extent, explain the expected performance of a new employee (Arthur et al., 2003). Although other selection criteria, such as general cognitive ability, certain personality traits, and the use of structured interviews, can explain future job performance to a greater extent, the use of assessment centers is useful for some (e.g., very complex, difficult-to-observe) jobs to predict future job performance.

Another study examined whether the findings of Arthur et al. (2003) actually suggest that assessment centers can explain the additional part of the variance in job performance that cannot be explained by the use of personality assessments and the assessment of general cognitive abilities (Meriac et al., 2008). The research findings suggest that assessment centers do indeed provide little, though still relevant, additional information about an individual's job performance to the predictions based on the cognitive and personality assessments.

Other Predictors

In addition to the aforementioned measures and procedures used in selection processes, HR practitioners may use various other methods to predict a person's job performance and suitability for the position and the company. These procedures and methods may include reference and background checks, letters of recommendation, polygraph tests,

graphological or handwriting analysis, the use of grades, and drug testing (e.g., urinalysis, blood tests, hair tests). Reference checking is a widely used method in the organizational setting. Although it is relatively easy to conduct and administer reference check, one problem with this method is that most recommendations have a positive tone, and it is difficult to base a selection decision on them. Some researchers have attempted to evaluate the usefulness of reference checks by categorizing the information described in various letters of recommendation and concluded that reference checks could be a good complement to other selection procedures and that the information collected can be linked to qualitative descriptions of an applicant that are included in the hiring process (e.g., a qualitative description of personality; Borden & Sharf, 2015; De Corte et al., 2010).

Other predictors, such as drug testing, are still used for specific jobs and provide meaningful predictions about an applicant's absenteeism, work injuries, and turnover. However, grade point average (GPA) is still used as a method for evaluating the relevance of school grades to career success in organizations for selecting various positions, even though it offers limited insight into predicting a person's future functioning in the workplace. The researchers found that GPA is only relevant for predicting promotions, supervisor evaluations, and trainability. Handwriting analysis and lie detector tests are rarely used in organizational contexts (Borden & Sharf, 2015; De Corte et al., 2010).

Finally, the organizational context provides several methods for assessing individuals in the hiring process. When conducting selection activities, HR professionals should consider which selection method is most appropriate for the type of position that is the subject of the selection process and what organizational behaviors are targeted by the selection process.



SUMMARY

The personnel selection process is a series of events aimed at predicting future success in the workplace and making hiring decisions. Personnel selection processes can be conducted using various methods and procedures, such as assessing cognitive abilities, personality, values, interests, and knowledge. All these psychological traits can be assessed by different procedures – interview, assessment center, solving a test or filling a questionnaire, etc. It should be noted that the different methods and procedures have different relevance for predicting a person's job performance. Cognitive abilities are considered the characteristic most likely to explain future job performance. In addition to general cognitive abilities, some aspects of personality (e.g., the conscientiousness dimension or the integrity test score) may also contribute to predicting success on the job.

UNIT 6

ONBOARDING – INTEGRATION OF NEW EMPLOYEES

STUDY GOALS

On completion of this unit, you will be able to ...

- understand the importance of the onboarding process for both the employer and the employee.
- describe the structure of the onboarding process.
- explain the goals and benefits of the onboarding process.
- identify measures related to the onboarding process.

6. ONBOARDING – INTEGRATION OF NEW EMPLOYEES

Case Study

The company you work for recently opened a new location. More than 100 new employees were hired in a very short time. You work as a human resources (HR) professional in this company and are responsible for ensuring that the new employees are accepted and familiarized with the company. At the same time, management expects the new employees to become productive in a short period of time and that the company will be able to achieve its business goals faster now that it has 100 more employees than before. You ask yourself questions like: How do I know if someone feels accepted in the new environment? Or: How can I ensure that each employee receives adequate training for their role?

You may also feel discouraged by the fact that one person has to take care of 100 other people who you do not know (yet). You may also wonder what their expectations are when they start working with the company. All of these questions and concerns exist in any onboarding process. In this unit, we will try to demystify the onboarding process and provide information about its structure and goals.

6.1 Goals and Benefits

Onboarding
the process of familiarizing a new employee to the organization, work unit, and job

Onboarding, often called induction or work orientation, is a process of the introduction of new employees to the organization, work unit, and job (Rothmann & Cooper, 2022). It is a learning process that begins during the recruitment process (when an applicant is introduced to the operations of the organization) and continues after hiring. Most of the literature (Hillman & Noel-Levitz, 2010; Maksymiuk, 2017; Rothmann & Cooper, 2022; Williams & Reeve Davis, 2021) categorizes onboarding activities as part of the training and development process, although the main goal of onboarding activities is to ensure that a new employee “fits in” with the way the company operates. In other words, new team members should fit into the existing structure. The goals of the onboarding process fall into three categories (Rothmann & Cooper, 2022):

1. Learning work procedures: One of the most obvious goals of the onboarding process is to teach an employee how to perform their tasks and what is expected of them in the workplace.
2. Building relationships: Establish meaningful connections with colleagues and adapt to the employer’s way of working.
3. Creating a sense of belonging: With a well-structured and managed onboarding process, a new employee should develop a deeper understanding of how their job relates to and fits into the company as a whole.

Incorporating an onboarding program into HR-related practices offers numerous benefits. A well-structured and properly executed onboarding process leads an employee to develop realistic job expectations and a positive attitude toward the employer (Caldwell & Peters, 2018). In addition, the onboarding process shortens the time it takes for a new employee to be productive. New employees do not have to learn from their own mistakes in order to understand how to perform their assigned tasks. Instead, they can be told what to look for when performing tasks. This makes it less likely that a new employee will show signs of restlessness, anxiety, or uncertainty related to the new environment or the new tasks they will be faced with. Since it is known that new employees are particularly prone to leaving a company within the first few months if they have not properly acclimated, an onboarding program serves to prevent early turnover after joining a company. By including new employees in the onboarding program, employees can gain the impression that the employer is interested in them as people and treats them with dignity. The following are key benefits of an onboarding process for an employee:

- realistic job expectations
- positive attitude towards the employer
- shortened time to become productive
- lack of signs of restlessness, anxiety, or uncertainty related to the new environment or the new tasks
- preventing early turnover
- employees feel valued

Although it is sometimes difficult to determine who is responsible for the onboarding process, in many companies, the responsibility for onboarding a new employee is shared. Usually, representatives of the HR department participate in the onboarding process along with the new employee's supervisor. In such a constellation, the HR representative is responsible for imparting general, company, and culture-related knowledge to the new employee, while the supervisor is responsible for imparting concrete, job-related knowledge (Maksymiuk, 2017; Rothmann & Cooper, 2022). However, there is no clear-cut answer to the question of who should be responsible for the onboarding process, as the answer to this question depends on the size of the company, the industry, the personnel capacities, and the available knowledge in the company, among other things.

The Outline of the Onboarding Process

Since the purpose of the onboarding process is to familiarize a new employee with the company, it is unreasonable to expect onboarding processes to look the same in all companies. It is each company's responsibility to create a program that fits its needs and how it operates. In practice, however, many companies follow a similar scheme to ensure that new employees are familiarized with the company's key rules and policies (Maksymiuk, 2017). Most employers incorporate what is known as an "orientation" into the onboarding process. In such a kit, the employee will find information about the organizational chart, a map of the company, a list of holidays, benefits, details about the company's policies or procedures manual, performance evaluation forms, etc. Some companies even ask their new employees to sign a form acknowledging that they have received the kit and have been familiarized with its contents to protect the company and ensure that the new employees are aware of certain company policies and procedures.

6.2 Theoretical Bases and Measures

When digging deeper into the goals of the onboarding process, it can be concluded that a properly defined onboarding process is not just likely to reduce the overall turnover, but, more precisely, to reduce the “regrettable loss.” Regrettable loss refers to losing recently-hired employees in the onboarding process who could eventually be good performers, but decide to leave the company because of poor onboarding (Stein & Christiansen, 2010). In the short run, the loss of “non-regrettable” employees may cause issues with day-to-day operations, while in the long run, it prevents the “regrettable losses” or losing employees who are able to make a difference in the company in the long run. Therefore, it is important to structure the onboarding process strategically, to impact such findings, and to assure that the employer does not invest its resources on training and development of the individuals who are not likely to pollute results for the company.

For newly hired employees, an onboarding process can seem too complex to manage. While employers often focus on providing benefits, such as a new phone or laptop, or materials on internal rules and procedures, the onboarding process is intended to familiarize new employees with the company. The literature recommends ensuring that the onboarding program includes the following elements to overcome initial challenges (Rothmann & Cooper, 2022; Stein & Christiansen, 2010):

- assistance in learning the company culture and performance values
- assistance in developing an interpersonal network
- assistance in building a career
- immersion in strategy and orientation

In addition to structuring the program itself, it is the responsibility of the employer and the individuals leading the onboarding process to ensure meaningful follow-up activities. While it is important to show a new employee how to perform a particular task, it is also important to understand how the new employee processed all the new information they acquired. Therefore, some form of feedback is necessary. Most employers conduct follow-up and onboarding assessment activities in the form of

- anonymous questionnaires,
- in-depth interviews, or
- group discussions with new employees.

Common to all techniques is that they are intended to provide information about how useful and effective an onboarding program was for a new employee, but they can also serve as a basis for future corrections to the onboarding program (Rothmann & Cooper, 2022).

There are numerous measures that can be used as a basis for evaluating the effectiveness of the onboarding program (Maksymiuk, 2017; Sibisi & Kappers, 2022; Stein & Christiansen, 2010). Measures can range from short-term to long-term, depending on a company’s goals. Metrics and measures can also be more qualitative or quantitative in nature. Again, this depends on what is expected from the onboarding assessment. Some of the commonly used metrics for onboarding effectiveness are as follows:

Table 3: Short- and Long-Term Metrics for Onboarding Effectiveness

<p>Short-term metrics</p>	<ul style="list-style-type: none"> • Terminations after 90 and 180 days • Total cost of new hires • Participant satisfaction with the onboarding program • Onboarding participants' impression of the organization • Types of participant questions not answered during the onboarding program • Average time spent with online onboarding content • Participant ratings of program quality, content, and relevance of the online onboarding program • Completion rate of online onboarding walkthroughs or courses • Ratings of the usability of the online onboarding program • Application of specific content from the online onboarding program in the workplace • Survey results and feedback from new employees and employees who have taken on a new role
<p>Long-term metrics</p>	<ul style="list-style-type: none"> • Cultural fit of employees who stay versus those who leave • Employee retention, including resignations and layoffs • Time it takes for a participant to improve their skills, compared to the team average • Results of interviews with managers after 90 and 180 days, focusing on how onboarding contributed to the program participant's decision to stay with the company • Turnover rate • Cost of employee turnover changes in the number of employee-referred candidates who receive an offer • Employee productivity • Engagement of the new employee • Role-related business outcomes, such as customer complaints, product conversion rates, and quality issues • Results of exit interviews with employees leaving the company to determine if onboarding prepared them for their role • 360-degree assessments • Program return on investment (ROI)

Regardless of which option an organization chooses, it is important to be responsive to onboarding effectiveness results, as these metrics are primarily used by management and HR to pivot HR-related activities accordingly.

Source: Lucija Veličan Marković (2023).



SUMMARY

Onboarding helps new employees integrate into their new work environment. The goal of the onboarding process is to ensure that the new employee learns new procedures, builds relationships, and develops a sense of belonging. A properly defined onboarding process has many benefits for the employee, but it can also help the employer better utilize a new employee in the organization. A variety of measures can be

used to evaluate the effectiveness of the onboarding program. The key consideration is that each measure evaluated must be designed to achieve or lead to a common business outcome.

UNIT 7

COMPETENCY MANAGEMENT AND PERSONNEL DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- explain the concept of competency management.
- identify benefits of the competency management.
- describe the structure of a typical training structure.
- understand the importance of knowledge transfer in organizations.

7. COMPETENCY MANAGEMENT AND PERSONNEL DEVELOPMENT

Case Study

Your colleague has been working in the same company as you for 20 years. In a conversation with him over lunch, you learned that he began his career with the company as an accountant. Over the years, he's switched tasks and responsibilities and worked in various departments – from finance to administration, human resources (HR) to legal, and even sales. As a recent graduate, you may be wondering how he managed to switch positions in different departments. If he knows accounting, how can he work in sales? Don't you've to have different skills and knowledge in sales? And why did he stay at the company for so long in the first place?

The answer to these questions is given in this unit. Training and development measures form the backbone of HR management in companies and help companies to adapt to changes in their environment.

7.1 Subject Areas and Tools of Competency Management

In order to keep track of how its employees are developing professionally within the company, the employer needs to know how much and what kind of training is required. **Competency** is a psychological construct that represents a person's combination of knowledge, skills, and abilities that determine their performance (Rothmann & Cooper, 2022). For example, a person with a moderately developed swimming competence may have moderate results in competitions with other swimmers. However, a person's swimming competence is saturated with knowledge (awareness and fiscal information about how to position the hands to swim), skills (hours spent in the pool training to swim), and abilities (in this case, physical constitution, abilities, and endurance).

In the world of work, there are numerous examples of competencies. For example, leadership competency may consist of knowledge of various leadership theories and the ability to practice leadership by leading subordinates over time and engaging in feedback, coaching, or mentoring with them. Overall leadership performance can be saturated by a person's cognitive skills or emotional intelligence. From the examples given, it can be concluded that competencies can be developed, and a person can actively influence their job performance by mastering them. Therefore, one of the priorities of HR is to work on the development of employees' competencies to ensure an increase in work performance.

Competency

This refers to the combined knowledge, skills, and abilities that defines person's performance.

The process of identifying, managing, and developing employees' competencies is called **competency management** (Rothmann & Cooper, 2022). The goal of competency management is to align the skills and behaviors of employees with the goals of the organization. The competency management process helps employees develop the skills, knowledge, and behaviors needed to excel in the workplace (Kondratova et al., 2017). The key benefits of competency management are as follows (Rothmann & Cooper, 2022):

Competency management
It is the process of assessing and building employees' competencies.

- **workforce optimization:** With competency management, it is possible to assess and capture the competencies required for a specific job. Therefore, employers can identify and plan for what competencies exist or are needed in the organization and ensure that employees are improving the skills needed to succeed in the business
- **leadership development:** Competency management can be used to identify and develop employees who are most likely to succeed in leadership positions
- **succession planning:** In the long term, competency management gives employers a tool to identify which skills and knowledge will be needed or lacking after a certain period of time in the company. This allows the employer to focus on filling those gaps and developing employees for more responsible positions over time
- **business continuity planning:** Current competency management systems can provide a ready catalog of employee skills so that the employer can quickly analyze, always have an overview of the organization, and develop actionable responses to various challenges or crisis situations.

7.2 Diagnosis of the Development Needs

Many workers join a particular organization because of the promise of development opportunities, but few can describe what these are and how to develop employees in the work environment. An important part of the development process is training. Training is a process of acquiring knowledge, skills, and attitudes to improve employee performance (Warr, 2002). It differs from education, which has a broader scope and implies formal education in school (Preissler et al., 2020). Although training programs are often implemented in organizations without a systematic and strategic approach, training can be used to achieve organizational and employee goals. Some of the most common reasons why organizations incorporate training into their environments are as follows (Rothmann & Cooper, 2022):

- to give employees direction in their work environment
- to become more productive and to become productive more quickly
- to increase employee loyalty
- to increase employee morale
- to improve the quality or quantity of their own work or the results of the organization
- to reduce costs

Training Cycle

A typical training cycle consists of three phases.

1. Identification of training and development needs

First, training must be organized to achieve a specific organizational goal. To identify training needs, both the long- and short-term goals of the organization must be assessed. The needs assessment process is usually conducted by collecting data from employee supervisors and experts and usually involves the use of one or more of the following methods: interviews, questionnaires, observation, focus groups, or document review. In this process, the organization's financial, social, HR, growth, and market objectives must be aligned with its human talent, structure, climate, and effectiveness.

For training to be effective, it must improve individual performance. To improve performance, (a) the employee must lack the knowledge or skills to do the job, (b) the low performance must not be due to lack of practice, and (c) the low performance must not be due to other causes (Rothmann & Cooper, 2022). The result of the needs analysis is a performance analysis.

2. Training and development

Once training needs are identified, effective training objectives should be established that indicate what the organization, department, or individual is expected to achieve upon completion of the training. Training objectives can be divided into the following categories:

- **instructional objectives**, or those related to the principles and concepts to be learned
- **organizational and departmental objectives**, or those related to the nature of the impact of training on organizational or departmental outcomes
- **individual performance and growth objectives**, or those related to the impact of training on the individual participating in the training program

Training methods are usually divided into on-site and off-site methods, as shown in the table below.

Table 4: Examples of On-Site and Off-Site Training Methods

On-site methods	<ul style="list-style-type: none">• On-the-job training• Apprentice training• Vestibule training• Coaching and counseling• Computer-based training• Job rotation
Off-site methods	<ul style="list-style-type: none">• Lectures• Conferences• Audio, video, and teleconferencing• Programmed instruction• Learning-by-doing

Source: Lucija Veličan Marković (2023).

3. Evaluation of training and development program

Training programs need to be evaluated to replace or revise those that have received negative feedback. In addition, evaluating training provides valuable information to save time and effort for future training. The most common approach to training program evaluation is Kirkpatrick's evaluation model (Kirkpatrick, 1994). According to this approach, there are four key levels for evaluating a training program:

1. **Reaction** answers the question of how participants liked the program and is usually evaluated immediately after the training. The problem with assessing reaction is that trainees' enthusiasm may not be evidence of improved skills and performance (Warr, 2002).
2. **Learning** answers the question of what was learned in the program. Paper-and-pencil or skill tests can be used to assess learning. To get an accurate picture of what was learned, trainees should be tested before and after the training program (Latham & Wexley, 1991).
3. **Behavior** answers the question of whether a trainee's work behavior has changed as a result of the training intervention. This level requires a more complex approach to evaluating the usability of a training program. Evaluation is usually conducted as a systematic assessment of on-the-job performance and before-after basis
4. **Results** answer the question of how the program is performing in terms of cost and productivity.

7.3 Development Measures

When designing an employee development program, it is important to consider not only the desired outcomes but also how those outcomes will be measured. Otherwise, the company could lose financial resources without achieving the goals established by an employee development program. The introduction of measures for the employee development program is important for several reasons.

Employee Satisfaction

Acquiring new knowledge or developing new skills affects employee satisfaction (Chung et al., 2022). One of the most common reasons employees leave a company is the feeling of a lack of development opportunities, which is related to participation in training and development programs. Simply by participating in a development program, it is possible to measure the difference (possibly the increase) in the employee's satisfaction level, which, in turn, correlates with employee retention.



ROI Assessment

Companies are investing more and more money (and other resources) in training and development programs as the demands of ever-changing environmental conditions become greater. As a result, companies need to pay attention to the return on investment (ROI; i.e., the value or business results they are creating with their investments) in employee training and development programs.

Program Improvement

Sometimes the employees or the employer are not satisfied with the training and development program because it did not produce the expected results. For this reason, it is important that measures are put in place for the training and development program to ensure that the program is improved in the future to meet the expectations of the employer or employee.

Over the years, learning and development practitioners have developed several models for evaluating the effectiveness of training and development programs. The most used evaluation models are listed here (Rothmann & Cooper, 2022):

- Anderson's Model of Learning Evaluation: a three-stage learning evaluation cycle designed to align the training objective with the organization's strategic goals
- The CIRO Model: a model for evaluating the effectiveness of management training
- Kaufman's Five Levels of Evaluation: a training evaluation model based on the Kirkpatrick model that is considered more practical than the Kirkpatrick model (Kaufman's model consists of five levels, and divides Kirkpatrick's Level 1 [reaction] into two sections [input and process])
- Kirkpatrick's Four-level Training Evaluation Model: a globally recognized method of evaluating the results of training and learning programs
- The Phillips ROI Model: a training evaluation model that answers the question: What's the ROI from this program behind every dollar spent?

A common challenge for all of these models is that they are complicated to implement and difficult to maintain. An effective training and development program must impact an employee's hard and soft skills, knowledge, and performance. To address these issues, consider two steps: Establish goals and objectives so that end results can be identified and evaluated, and evaluate these goals and objectives before, during, and after training.

7.4 Transfer of Training

After implementing a particular training program in an organizational setting, it is important to evaluate whether it worked and how it affected the employees who participated in it. Therefore, interest is placed on evaluating training transfer. **Transfer of training** refers to the application of knowledge and skills acquired during training to a specific job or role (Baldwin et al., 2017). In other words, it indicates the extent to which what was learned is

Transfer of training
the utilization of knowledge gained during training

reapplied in the workplace. For example, after completing a safety course, training transfer occurs when the employee applies the safety behaviors learned in their work environment.

Training transfer can result in positive, negative, or zero performance outcomes of a training program (Blume et al., 2010; Huang et al., 2017). The goal of most training programs is to achieve positive transfer, which is an outcome in which training increases performance in the targeted job. Negative transfer, conversely, means that training decreases performance in the targeted job. Zero transfer means that training neither increased nor decreased performance in the targeted job. The literature states that there are various influences on positive transfer, such as trainee characteristics, work environment, and training strategies (Baldwin et al., 2017; Blume et al., 2010; Huang et al., 2017). Trainee characteristics that are often associated with positive training transfer include

- cognitive abilities;
- certain personality traits, such as conscientiousness;
- self-efficacy;
- motivation; and
- perceptions of utility (Adams, 1987; Blume, 2010).

Higher general cognitive abilities tend to lead to greater generalization of learning and higher retention levels. That is, individuals with higher cognitive abilities are more likely to apply knowledge and skills learned in training to other, similar work situations and are more likely to apply what they learned in training over a longer period of time. Individuals who score high on a conscientiousness scale are also more likely to apply the knowledge and skills learned in training to work situations. Motivated individuals who feel that the training was useful and individuals who score high on the self-efficacy scale are more likely to apply the knowledge and skills acquired in the training in work-related situations.

The work environment also plays an important role in how employees apply what they learn in training at work. Factors frequently cited as influencing the work environment include

- transfer climate,
- performance opportunities,
- support, and
- regular checks (Barnett & Ceci, 2002; Huang et al., 2017).

In other words, positive transfer is more likely to occur in environments where participants have frequent reminders of what they have learned, frequent reviews of the training material, opportunities to apply what they have learned in practice, and support from their peers or supervisors in putting what they have learned into practice.

The manner in which the training was delivered may also contribute to positive training transfer. Training strategies commonly identified as those that contribute to better use of learned material are as follows (Bass & Vaughan, 1966):

- similarity: The extent to which the training material resembles real work situations is likely to increase positive transfer.
- active learning: This is the opportunity to have hands-on experience with the learning material during training.
- behavioral modeling: This technique of providing participants with explanations, demonstrations, active learning, feedback, and reinforcement helps them to better understand the subject matter; positive transfer is more likely in situations where both correct and incorrect behavioral examples are offered during training.
- collaboration: Collaboration between participants and trainers during training is likely to increase positive transfer.
- goal setting: Training that has clearly defined goals and expectations is likely to increase positive transfer.
- assessments: Situations in which participants are asked to evaluate their knowledge gained during training are likely to increase positive transfer.

Although there are many models that attempt to explain and predict transfer, one of the most commonly used and promising models to explain training outcomes is the “dynamic model of training” (Blume et al., 2019). The dynamic model of training includes transfer intentions, initial attempts, and integration of feedback. In other words, the dynamic model of training implies that in order to maximize the effects of training on work behavior and performance, the training participant must (a) be encouraged to use the training shortly after acquiring knowledge, (b) have the opportunity to apply the newly acquired knowledge in practice, and (c) receive feedback after the transfer attempt and integrate it into future attempts. In summary, training transfer provides companies with a method for evaluating the effectiveness of training and identifying areas where training can be improved.

SUMMARY

Competency management is used by organizations to align the skills and behaviors of employees with the goals of the organization. Employers can use competency management for a variety of purposes, including workforce optimization, leadership development, succession planning, and business continuity planning. A variety of training can be provided to identify development needs and close the gap between employees’ developed competencies and business needs or current employee performance. A typical training cycle consists of three phases. The training cycle begins with the identification of needs, which serves as the basis for implementing various training methods. The most important part of the training cycle is the evaluation, which aims to assess the usefulness of the training program implemented. The usefulness of the training can be evaluated by different measures, depending on the measurement objectives established in advance. The essence of the training evaluation process is to set objectives so that the end results can be identified and evaluated and to evaluate these objectives before, during, and after the training. Transfer of training indicates how

likely it is that the knowledge and skills acquired in training can be reused in the workplace. It helps companies evaluate the effectiveness of training and identify opportunities for improvement.

UNIT 8

PERFORMANCE APPRAISAL

STUDY GOALS

On completion of this unit, you will be able to ...

- describe different performance appraisal methods.
- understand relevance and usage of a particular performance appraisal method.
- understand the purpose of the usage of performance appraisal systems.
- explain what considerations to have in mind when conducting a performance review.

8. PERFORMANCE APPRAISAL

Case Study

The company you work for has 200 employees in the sales department. Each of them claims to be doing their best to achieve the department's business goals. As a representative of human resources (HR), in frequent conversations with hiring managers, you realize that not all of them contribute equally to the achievement of the company's goals. For this reason, your employer is considering implementing a specific system to determine who is performing better and why the underperformers are performing the way they are. Is it due to lack of knowledge, skills, or motivation? Your company's management hopes that such a system will solve all of the company's problems related to performance differences among employees. This unit is about exploring different ways of evaluating individual performance in the workplace and the implications of using them.

8.1 Behavioral Assessment and Feedback Culture

Organizations employ people to perform certain tasks. However, the management of the organization is also interested in understanding how successful the employees are in performing their tasks. It is in this context that the concept of performance appraisal is introduced. **Performance appraisal** is an HR activity used to assess the extent to which an employee is performing their job effectively (Arvey & Murphy, 1998; Rothmann & Cooper, 2022).

Performance appraisal
a process for evaluating
employee's performance

The Role of Performance Appraisal

Such a system is important for both an employee and the organization. Employees find it important because they want to know their strengths and weaknesses and assess whether they are making progress. Organizations find it important because they can make various organizational decisions based on the results of performance appraisals, such as allocating rewards effectively, setting training and development programs, or basing certain actions (such as firing an employee) on them.

In general, the literature states that the most common purposes of having a performance appraisal system in the organization are the following (Rothmann & Cooper, 2022; Vuong & Nguyen, 2022):

- developmental purposes: A performance appraisal system can be used to assess which employees need more training, and it provides information about an employee's strengths and weaknesses.
- reward purposes: It helps the company decide who deserves a raise and a promotion.

- motivational purposes: When a system is implemented, it has a motivational effect on employees, as they receive feedback on their performance.
- human resource planning purposes: Using the information from the performance appraisal, the company's management can oversee how many employees (and with what skill level) the company needs to achieve certain business goals.
- communication purposes: Such a system enables communication between management and employees on work-related matters.

Although performance appraisals are an important and helpful process for both employees and employers, employees may have ambivalent feelings about them (Morris et al., 2015). While employees are interested in learning where their strengths and weaknesses lie and how they are doing on a particular job, it can be demotivating to be confronted with negative feedback or information about what needs to be changed to achieve better performance. Therefore, employees may find themselves conflicted between the company's goals and the individual's goals when it comes to performance appraisals.

Implementation of performance appraisal

In order to successfully implement performance appraisal in a company, several conditions must be met. Otherwise, the implementation of such a system will remain only a system with procedures that will not serve the organization and its employees, and it will not allow progress and change in employees and the organization. Before implementing such a system, the employer must ensure that performance appraisal is not perceived as an isolated process or activity of the HR function. Instead, the entire organization (especially management) must be involved in performance appraisal, and activities should be linked to business strategy to create a meaningful system (Vuong & Nguyen, 2022). In addition, all stakeholders must be committed to continuously assessing performance in order to create a performance-based culture. Initially, the focus should be on creating a system for developing employees and later on rewarding them.

Performance criteria and standards

Performance appraisals should be based on the specific tasks the employee is performing or fails to accomplish (Moon, 2019; Rothmann & Cooper, 2022). Performance standards can be identified with the job analysis or job description and should be narrow in scope and focused on the job. Performance standards and performance dimensions are important because they should be included in job descriptions and should provide an employee with information about what is expected of them on the job in terms of performance (DeNisi & Murphy, 2017; Moon, 2019). The performance dimensions against which an employee is evaluated are called the **criteria of evaluation** (Rothmann & Cooper, 2022). These can be the quality, quantity, and the cost of the work. The following is a summary of the criteria commonly used in organizations for performance appraisals:

Criteria of evaluation
These are standards used to assess an employee's performance in various dimensions of their job.

- **Trait criteria** are an observable dimension of personality (e.g., initiative, teamwork, friendliness). Although commonly used, trait criteria are not a strong performance indicator because they do not directly report on performance.
- **Behavioral criteria** measure the behavior exhibited by the employee (e.g., the number of calls made). Behavioral criteria are generally useful performance appraisal criteria because they provide specific information about what needs to be done differently to achieve the performance goal. Therefore, they are often used to identify training and development needs.
- **Output criteria** refer to the results of the work (e.g., the number of customers acquired). Such criteria clearly state how the employee contributed to the achievement of the company's goal. Output criteria are objective and create little bias when an employee is evaluated against such criteria. However, such criteria are not useful for developmental purposes because they provide little information on how to improve performance. According to the literature, the closer the relationship between a supervisor and an employee's performance (and the outcome of that performance), the easier it is to invent output criteria (Moon, 2019). The problem with output criteria is that they can be saturated with situational factors (such as the quality of available equipment) that can alienate the performance outcome.

Therefore, it is advisable not to use performance criteria exclusively in performance appraisals (Rothmann & Cooper, 2022). Otherwise, this could have negative effects on performance, such as a short-term orientation, a "results at any cost" mentality, and lower employee engagement in achieving goals.

Performance appraisal methods

For a performance appraisal system to motivate people, it should be designed to collect reliable and accurate data (Sutton et al., 2013). Otherwise, employees may feel discouraged or dissatisfied with the use of this system. Therefore, the following requirements must be met to ensure that the use of the performance appraisal system is relevant to employees (Rothmann & Cooper, 2022):

- A system must be valid: It must measure what it intends to measure.
- A system must be reliable: It must measure things accurately.
- A system must be objective: It must use clear procedures.
- A system must be standardized: It must use the same items or activities for each employee.
- A system must be practical: For employees and managers, the system must be easy to use and easy to manage.

An employee's performance can be evaluated in several ways (Fletcher, 2001; Rothman & Cooper, 2022; Rynes et al., 2005). It can be evaluated against (a) common performance standards (e.g., the company sets what is acceptable to them in terms of minimum or preferred performance), (b) individualized performance standards (e.g., the company sets goals that are then distributed and shared among departments and team members), or (c) other employees (e.g., the company compares the two employees in the same department).

Performance Appraisal Methods

The evaluation against common performance standard consists of the following performance appraisal methods (Rothmann & Cooper, 2022).

Graphic rating scales

These involve evaluating an employee's performance using a numerical scale that ranges from low to high. The manager assesses the employee's performance based on specific characteristics, actions, or outputs and then combines these ratings to obtain an overall performance score for each category. The final result is a comprehensive evaluation of the employee's overall performance.

Checklists

Although similar to graphic rating scales, checklists use behavioral descriptions as performance criteria. Checklists are based on job analysis and use the critical incident method to create the items for the scale. The rater is asked to indicate their agreement or disagreement with the behavioral statements.

Behavioral rating scales

These are also called behaviorally anchored rating scales (BARS). Although they resemble graphic scales, BARS are developed based on the critical incident method and use job analysis as the basis for creating the scales. The scales allow overall performance to be assessed by summing the scores obtained for each performance category. They also allow identification of strengths and weaknesses in performance.

Evaluation against individualized performance standards, also called results-oriented or output-oriented systems of performance management, consists of the following performance appraisal methods (Vuong & Nguyen, 2022).

Direct index method

It is associated with global outcomes of job performance. Global performance standards (e.g., sales increase) are established based on required work performance (e.g., number of calls made, number of customers won) and may be set by the supervisor or negotiated between an employee and the supervisor

Management by objectives (MBO)

This is a goal-setting approach in which specific, measurable, attainable, relevant, and time-bound (SMART) goals are established for a particular period of time. Achieving these goals is crucial for the short-term effectiveness of the department. The MBO process involves three explicit steps: (1) setting performance goals for a specific time frame, (2) involving both the supervisor and the employee in the goal-setting process, and (3) providing feedback on performance. Evaluation against others consists of the following performance appraisal methods (Rothmann & Cooper, 2022; Tran et al., 2021).

Simple ranking

A supervisor is asked to rank employees according to a specific criterion. For example, they might be asked to rank their team members in order of most productive to least productive. In this case, the criterion for ranking would be productivity. Other possible criteria for simple ranking might include teamwork, customer service skills, or problem-solving ability.

Paired comparison ranking

A supervisor compares each possible pair of employees in terms of overall performance or against certain standards. This can be done using a specific form or matrix that requires the supervisor to compare each employee to every other employee and indicate which one performs better in each comparison. For example, a supervisor might be asked to compare each team member's customer service skills and indicate which employee is better in each comparison. The results of the paired comparison ranking can then be used to determine the overall performance of each employee.

Forced distribution

This method requires the supervisor to place the employees being evaluated into specific performance categories. This might involve placing employees into categories such as "outstanding," "exceeds expectations," "meets expectations," "below expectations," and "unacceptable." For example, a supervisor might be asked to evaluate their team members using a forced distribution system and place each employee into one of the above categories based on their performance. The results of the forced distribution evaluation can then be used to determine the overall performance of each employee and identify areas for improvement.

All methods that base performance appraisals on ratings relative to other employees are commonly used when organizations need to base employee-related decisions on a specific method (Rynes et al., 2005; Tran et al., 2021; Vuong & Nguyen, 2022). In promotion situations, for example, such methods are used because they can provide information about how employees rank against each other. In development situations, however, such methods are not very useful because they only provide information about who is the best and who is the worst, but it is difficult to determine the performance positions of the people in between.

Selecting a Performance Appraisal Method

The methods listed above are those most commonly used in business, and each method has its uses and advantages (Rynes et al., 2005; Tran et al., 2021; Vuong & Nguyen, 2022). Performance evaluation techniques are used in the workplace to assess employee performance and identify areas for improvement. One common method is the graphic rating scale, which involves evaluating an employee's performance on a numerical scale ranging from low to high (Vuong & Nguyen, 2022). Another technique is management by objectives, which involves setting specific, measurable goals for a specific period of time and involves both the supervisor and the employee in the goal-setting process (Rothmann &

Cooper, 2022). This method is often considered more suitable for evaluating the performance of managers, professionals, and technical employees rather than production or office staff. Behaviorally-anchored rating scales, which measure observable behavior, have been found to be effective in defining tasks more clearly and improving task performance (Rynes et al., 2005).

Despite the targeted benefits that a particular method brings, all methods, when used properly, can lead to better individual and organizational outcomes (Vuong & Nguyen, 2022). Thus, the challenge in selecting a performance appraisal method lies with the individuals who will implement and use the system, not with the structure of the system itself. The organization's management and leaders are responsible for creating a feedback culture in which information about performance is continuously provided to improve work results. Open and transparent communication should also be encouraged to create a relationship of trust between employees and their managers. Only then will employees feel that they are allowed to make mistakes and that negative feedback on performance results can also serve as a development opportunity by clearly stating what aspects need to be changed, how they should be changed, and what the desired work result should be.

8.2 Performance Review

Although the task of evaluating performance and helping team members develop is part of the core work of supervisors and managers, not many of them know how to perform these activities, nor are they adequately trained on these topics (Moon, 2019). One of the most important tasks supervisors and managers have in the performance appraisal process is conducting a performance appraisal interview. To conduct it properly, supervisors and managers must receive adequate training on how to conduct such an interview, but they must also have the opportunity to practice conducting such a conversation and evaluating their employees' performance (Rothmann & Cooper, 2022). Otherwise, various problems may arise, such as evaluation errors, an ineffective performance appraisal system, or unmotivated employees, among others. (Moon, 2019). Appraisals can involve supervisors, peers, subordinates, and the employees themselves. The following is a list of the most commonly used sources for appraisal (Latham & Mann, 2006):

- supervisors: Although such a source of evaluation could be very useful for an employee, in practice, supervisors spend little time evaluating their subordinates. As a result, supervisors are not fully aware of their subordinates' performance and cannot properly manage their further development. However, in situations where such appraisals are properly conducted, subordinates' performance tends to increase in the years in which performance appraisals take place.
- peers: They are considered a reliable source of information, even though colleagues usually place more emphasis on interpersonal relations and motivation than on task performance. In combination with BARS, such a source of information can be useful.

- self-appraisals: Although commonly used, self-evaluations are not very useful as a source of information for performance appraisals because employees tend to rate their performance higher than their supervisors. In addition, there is little correlation between self and peer appraisals (Farh et al., 1988). Therefore, it is important to use this source of information judiciously.
- subordinates: This source of information can help improve performance if used properly. Literature states that anonymous feedback from subordinates is likely to lead to positive changes in supervisor behavior and performance (Rothmann & Cooper, 2022).

The Performance Appraisal Interview

To have a positive impact on the employee and their performance, the performance appraisal interview (also commonly referred to as a **performance review**) must be carefully planned and conducted. If the supervisor does not conduct the interview properly, the following negative effects may occur (Rynes et al., 2005):

- Employees feel more insecure after the interview than before the interview.
- Many employees rate their supervisors less favorably after the interview (compared to before).
- The interview is sometimes conducted in an authoritarian manner, which is inconsistent with democratic values.
- The interview does not lead to a constructive change in behavior.

Therefore, the supervisor must adapt their communication and feedback style to the employee and should prepare thoroughly for the interview. A recent study looked at how well supervisors and employees communicate during annual performance evaluations (Meinecke et al., 2017). The researchers found that when supervisors used certain types of language, employees were more likely to speak up and share their thoughts. This led to better evaluations overall. The study also found that when employees disagreed with their supervisors during the evaluation, it was not always a good thing and could lead to lower ratings of the supervisor. Thorough preparation means becoming familiar with the performance appraisal format, the employee's performance, and also one's own strengths and weaknesses in handling the performance appraisal interview. The following is a list of behaviors that can lead to an effective performance appraisal interview (Moon, 2019):

- A supervisor must provide structure and control over the interview. The purpose and expectations of the conversation must be clearly articulated at the beginning of the interview.
- A supervisor must create an open and honest climate during the interview. The employee must not feel threatened, and the supervisor must be able to address the employee's emotional needs during the conversation.
- A supervisor must ask appropriate questions and ensure that meaningful topics and issues are discussed.
- A supervisor should provide evidence-based feedback, meaning they should provide relevant information about the employee's performance results rather than feedback based on personal opinions.
- A supervisor should be able to resolve conflicts during the interview in a constructive manner when necessary.

Performance review

This is an interview between an employee and their supervisor aimed to measure and discuss employee's performance results.

- A supervisor should assist the employee in determining their personal development plan, indicate development needs, and recommend development activities.
- A supervisor should be able to motivate the employee to stay with the company and perform effectively.



SUMMARY

Performance appraisal is a complex process that must be conducted continuously and involve the entire organization in order to improve employee work results. When carried out systematically, performance appraisal can be a useful tool to monitor, guide, and develop employees toward common company goals, as well as to motivate and align the workforce with company objectives. Performance appraisal can be carried out in the company using various methods that differ depending on the type of positions present in the company, the expected results and appraisal objectives, or the structure of the workforce, among other factors.

UNIT 9



LEGAL ASPECTS

STUDY GOALS

On completion of this unit, you will be able to ...

- understand the importance of equal opportunities and fair treatment across human resources (HR) practices.
- explain various types of discrimination and adverse impact in the workplace.
- identify legal issues related to the reference check process.
- learn what employers and HR professionals can do to prevent and minimize adverse impact.

9. LEGAL ASPECTS

Case Study

Imagine you work as a recruiter in a retail company. In the recent hiring process, you worked on, a visually impaired person applied for a merchandiser position. The company you work for has a predefined selection process that consists of, among other things, a visual perception test. After completing earlier stages of the hiring process, a visually impaired candidate performed well, and you would like to continue the hiring process with that candidate. However, the company you work for has no previous experience hiring and evaluating visually impaired individuals for selection purposes. As a HR professional with knowledge of industrial and organizational (I/O) psychology, you are interested in this particular situation in order to redefine and improve the internal processes to avoid any kind of prejudice or discrimination against applicants or employees through the HR processes. What actions do you need to take? Is your company in violation of any law? How do you treat visually impaired people in the selection process or as employees? And how should the visual perception test be addressed in this selection process? The answers to these questions and many others related to the legal aspects of equal opportunities and fair treatment, but also the prevention of discrimination, will be covered in this unit.



IMPORTANT NOTE:



Within this course book, general practices and regulations that apply nationwide and worldwide are shared and discussed. Note that certain countries may have specific regulations and laws on a particular topic discussed later in the text. These country- or culture-specific regulations are not reflected in the structure of this course book. The most common aspects where legal issues arise are discussed below.

9.1 Termination and Dissolution

With the intention of gaining and maintaining a competitive advantage in the market, companies (and their leaders) do their best to build a winning team. The way they assemble the teams best suited to meet their business goals is shaped by their knowledge of what makes an individual or team successful, but also by their assumptions about what the correlates of success are. In this complex process, employers may base their decisions on incorrect or vague assumptions, which can lead them to face various ethical, legal, and diversity issues related to their personnel or potential job candidates (Vodanovich & Piotrowski, 2011).

As part of such organizations, HR professionals and I/O psychologists must consider the potential negative impact of such situations for both the employer and the employee. To avoid any type of ethical, legal, and diversity issues, I/O psychologists must adhere to the “code of ethics” in their work. Psychology associations across the globe have developed their own codes of ethics, which provide guidelines on how to act in a professional environment. One commonly used example across global business environment in I/O Psychology is the American Psychological Association (APA) Code of Ethics (APA, 2002). Another example is the Code of Ethics and Conduct (British Psychological Society, 2021). The APA’s code of ethics contains ten standards covering competence, human relations, public statements, record keeping, education and training, therapy, ethics, privacy and confidentiality, research and publication, and assessment (APA, 2002).

Aside from being relevant and beneficial to business, all HR practices must be fair, legally defensible, and appropriately applied in hiring, training, promotion, compensation, and related decisions (Society for Industrial and Organizational Psychology, 2018). The legal issues mentioned here can arise in any situation in the work environment and can be related to any work-related issue. However, literature indicates that the most common scenarios and aspects in which legal issues arise in the work environment are

- age discrimination,
- retaliation in the workplace,
- disability discrimination,
- employment testing, and
- unequal pay (McCord et al., 2018; Vodanovich & Piotrowski, 2011).

All of these issues are usually related to the termination of contracts between employees and employers or unfair treatment in hiring and the inability to compete fairly in the labor market. These are the examples of **discriminatory practices**. Discriminatory practices are activities that treat different groups of people unfairly or adversely because of race, gender, sexual orientation, age, religion, color, ancestry, disability status, marital status, or arrest and criminal history (McCord et al., 2018). Discriminatory practices can be categorized by disparate impact and disparate treatment. Disparate impact refers to unintentional discrimination, while disparate treatment refers to intentional discrimination. Disparate impact is used when discussing situations in which seemingly neutral policies, practices, rules, or other systems disproportionately affect a protected group. (Tomova, Shakur & Phillips, 2022); for example, using norms for certain psychological assessment instruments developed in one group’s population and applying those standards to the general population or another type of group. Such a practice systematically discriminates against a particular candidate group that differs from the reference group. As mentioned, disparate treatment constitutes intentional discrimination. In hiring situations, it could relate to the fact that a particular skill is tested only on a certain minority of applicants. In such situations, the employer has intentionally discriminated against the applicants who were not tested and has therefore not provided equal evaluation opportunities.

Discriminatory practices
activities that treat different groups of people unfairly or adversely because of various criteria

The responsibility for discrimination is placed on anyone who discriminates against someone in the workplace (McCord et al., 2018). Employers, as businesses, are not exempt. They too can be responsible for discrimination. For example, if some employees discrimi-

nate against others at work, the employer can be held responsible. This is called vicarious liability. Vicarious liability refers to a situation where one party is held partially responsible for the unlawful actions of a third party (Tomova Shakur & Phillips, 2022).

Age Discrimination

Countries around the world have a law against age discrimination in their labor laws (Wiener & Farnum, 2013). The purpose of this law is generally to ensure equal treatment of individuals with respect to their age but also to encourage the employment of older individuals based on their abilities, rather than age (Wiener & Farnum, 2016). However, in many cases, employers base their hiring, promotion, training, development, or termination decisions on the age of the applicant or employee. It is not the case that age may not be considered as a criterion if it is relevant to a particular business or employee-related decision; however, in discrimination cases, age has been inappropriately evaluated as a relevant criterion for a particular employee-related decision. An age limit may be established by law for protected employees only if age can be shown to be a *bona fide* occupational qualification (BFOQ) reasonably necessary for the normal operation of the particular business (Wiener & Farnum, 2013). Stereotyping and discrimination based on age is also referred to as ageism (Wiener & Farnum, 2016).

Workplace Retaliation

If an employee suspects that their supervisor is treating them unfairly or inappropriately, they may believe this is an act of workplace retaliation (Vodanovich & Piotrowski, 2014). Workplace retaliation occurs when an employer or manager takes adverse action against an employee who files a formal complaint of discrimination or harassment in the workplace (Liang et al., 2022). There are broad legal protections for employees who are discriminated against by their employers. It is important to know that it is illegal for companies to take adverse employment action against workers who oppose a company practice or file a formal complaint against them (Hershcovis & Bhatnagar, 2017). Some of the most common examples of workplace retaliation include the following (Vodanovich & Piotrowski, 2014):

- making the employee feel that their work environment is unsafe or uncomfortable
- limiting the number of hours the employee can work
- preventing employees from attending meetings or other business events
- giving the employee a negative performance review
- transferring an employee to another department or work location
- withholding a salary increase or promotion from the employee

Retaliation in the workplace does not have to be particularly conspicuous; it can be more subtle, such as

- ignoring the employee in the room,
- excluding the employee from group activities
- excessive micromanagement of employees,

- excessive criticism of work that was previously acceptable, or
- managers and colleagues spreading false rumors about employees (Hershcovis & Bhatnagar, 2017).

However, employers can also do a lot to reduce or eliminate retaliation claims. According to Gutman et al. (2011), some of these preventative measures include the following:

- the introduction of an anti-retaliation policy in the company
- putting an immediate stop to retaliation
- keeping records of employee complaints of retaliation and of actions taken by the organization
- creating a system for handling complaints of retaliation
- training supervisors and employees about the nature and consequences (legal and otherwise) of retaliation

An interesting study on the workplace retaliation investigated how fairness in the workplace can impact when employees take negative actions against their employer (Skarlicki & Folger, 1997). The researchers looked at a group of 240 manufacturing employees and found that when employees felt like they were treated unfairly in terms of how rewards were given out, how decisions were made, and how they were treated, they were more likely to take negative actions against their employer. The results showed that when one of these areas of fairness was low, the negative actions were more likely to happen. When all of these areas of fairness were low, the negative actions were even more likely to occur.

Disability Discrimination

A **disability** is defined as a mental or physical impairment that substantially limits a major life activity (McCord et al., 2018). Disability discrimination legislation protects individuals with disabilities from being treated unfairly by employers or service providers. It prohibits employers from discriminating against job seekers and employees with disabilities, and prohibits service providers from discriminating against service users with disabilities (Tomova Shakur & Phillips, 2022; Vodanovich & Piotrowski, 2011). Discrimination on the basis of disability means treating individuals differently in employment because of their disability, perceived disability, or association with a disabled person. Some examples of disability discrimination are as follows (Tomova Shakur & Phillips, 2022):

- discrimination on the basis of physical or mental disability in various aspects of employment, including recruitment, discharge, hiring, training, job assignment, promotion, pay, benefits, layoff, leave, and all other employment-related activities
- harassing an employee because of their disability
- asking job applicants questions about their past or present medical condition or requiring job applicants to submit to a medical examination
- creating or maintaining a workplace that contains significant physical barriers to the movement of people with physical disabilities
- refusing to provide reasonable accommodations to employees with physical or mental disabilities that would enable them to work

Employers are required to make reasonable accommodations for people with disabilities. These help them overcome barriers they may face in entering and remaining in employment. However, it is not always easy to determine what condition is considered a disability and what constitutes an impairment (Tomova Shakur & Phillips, 2022). Thus, in order to decide whether a particular individual has a qualifying disability, one must assess the duration and severity of the impairment in question, as well as its impact on daily living. The relevant test is as follows (Balogun-Mwangi et al., 2022):

- It must be a physical or mental impairment that substantially and on a long-term basis impairs the person's ability to perform normal daily activities.
- In this context, "long-term" means that the significant adverse effects of the impairment have lasted or are expected to last for at least 12 months.
- Normal activities of daily living simply means the things that people generally do every day, such as walking to the bus stop, shopping, doing household chores, talking on the telephone, or reading the newspaper.

Consequently, it is critical that companies define (and document) the essential functions of each job within their organization. To this end, a systematic job analysis that assesses the importance of tasks is highly recommended (Vodanovich & Piotrowski, 2011).

Employment Testing

Adverse impact refers to employment practices that appear neutral but have a discriminatory effect on a protected group (Koch et al., 2015). Adverse impact can occur in hiring, promotion, training and development, transfer, discharge, and even performance appraisals. It can occur in an overall process or in any step of the process. A test or selection process can be an effective management tool, but no test or selection process should be implemented without a thorough understanding of its effectiveness and limitations for the organization, its suitability for a particular job, and whether it can be appropriately administered and evaluated (Roth et al., 2006). HR must ensure that the hiring process (including educational requirements, aptitude tests, and other factors) avoids intentional discrimination and unintentional discrimination.

An interesting study evaluated the influence of implicit biases on hiring practices and decisions. Agerström and Rooth (2011) looked at whether the unconscious biases people have about obesity (as measured by the implicit association test) can predict discrimination in hiring. The researchers sent job applications to real job openings and varied the weight of the applicants. They focused on how likely the hiring managers were to invite average weight versus obese applicants for an interview. A few months later, the hiring managers took a test to measure their unconscious biases about obesity and answered questions about their hiring preferences. The results showed that only the unconscious bias scores were related to the interview decisions. Specifically, hiring managers with more negative unconscious biases about obesity were less likely to invite an obese applicant for an interview. This is the first study to show that unconscious biases can predict discrimination in hiring against obese individuals.

There is a high risk of discrimination in recruitment and selection due to unequal treatment, especially in global or international recruitment. To prevent and eliminate discrimination in recruitment and selection practices, employers can do a lot to assess the quality and relevance of their practices (Roth et al., 2006). For example, employers are prohibited from using an individual's race, color, national origin, sex, religion, age (40 or older), or disability as a factor in administering tests and other selection procedures (Roth et al., 2006).

In addition, it is important for employers to validate these tests and procedures to ensure that they are relevant to the job and produce results that align with the employer's purpose. While test providers may offer documentation to support the validity of their tests, employers are ultimately responsible for verifying the validity of the tests they use. If a selection process disproportionately affects a protected group, the employer should consider whether there is an alternative selection process that is equally effective but has a less negative impact. For instance, if the selection process is a test that disproportionately excludes a protected group, the employer should consider whether there is another test that can predict job performance without disproportionately impacting that group. If such an alternative selection process exists, the employer should use it. To ensure that a test or selection procedure continues to predict success in a job, employers should keep abreast of changes in job requirements and update test specifications or selection procedures accordingly (Roth et al., 2006).

Employers should ensure that tests and selection procedures are not simply adopted by managers who know little about these processes. A test or selection process can be an effective management tool, but no test or selection process should be implemented without knowing how effective it is and what its limitations are for the organization, whether it is appropriate for a particular job, and whether it can be adequately administered and evaluated (Roth et al., 2006).

Pay Inequality

In the US, the Equal Pay Act requires that men and women in the same workplace receive equal pay for equal work (McCord et al., 2018). The jobs do not have to be identical, but they must be substantially the same. The content of the job (not the job title) determines whether the work is substantially equal. All forms of pay are covered by this law. Paying employees less because of their race, age, or religion also violates the Equal Pay Act (Vodanovich & Piotrowski, 2011). Pay discrimination means paying someone less because of their sex, race, age, or religion (Koch et al., 2015). Employers may not pay their employees less for a discriminatory reason. However, two employees doing the same job may be paid different salaries for legal reasons, such as experience or longevity.

It is important for companies to consider how they can minimize the likelihood of wage discrimination lawsuits. One simple way is to allow employees to share salary information. In this way, employees can more easily assess whether they are receiving the same pay as others doing the same work (Vodanovich & Piotrowski, 2011). In addition, basing salaries on the results of job analyses and job evaluation procedures would also be beneficial (Greenberg, 1990). Another constructive measure is to review performance appraisals



for evidence of gender bias (Gollob, 1984). Finally, companies should consider no longer using market forces and prior salary, both of which often lead to lower pay for women, in setting starting salaries (Vodanovich & Piotrowski, 2011).

The topic of pay equality is an important one in the organizational context, as it reflects what employees think about the rules governing salaries in the organization. This concept is often referred to as the perceived fairness of pay (Cohen-Charash & Spector, 2001; Mishra, 2021). To promote perceived fairness of pay, managers are encouraged to practice transparent communication of pay policies. This way, pay transparency enables employees to feel greater fairness with regard to the allocation of pay in their work environment.

9.2 Reference Checks

Another work-related situation that is prone to legal issues and abuse of rights is reference checks. Such a process is particularly sensitive because it involves employees of different companies and is aimed at providing sensitive information about another person. The third party (i.e., the company conducting the reference check) may base its decisions on the results of the reference checks. Because the decisions are of great weight – they can affect a person’s career or ruin the chance of getting a better job (or any job at all) – it is important to pay close attention to how the process works to minimize any negative impact.

Past research has shown that when reference checks are done in a structured and telephone-based format, they can be a good predictor of how well someone will do in their job (supervisory ratings; Sackett & Lievens, 2008). Giving the people who do the evaluations (assessors) special training can also help make their evaluations more accurate, even if it doesn’t affect how well the evaluations predict job performance.

Legislation in different countries varies in terms of what questions may be asked when reviewing employment references and what employment-related information should be treated as sensitive or classified (Kangas & Calvert, 2014; Srouf & Py, 2022). In addition, companies around the world have their own policies on how certain employment-related information is handled, as well as what may and may not be shared outside the company. Legal provisions on reference checks are primarily concerned with preventing and resolving discrimination and defamation (Kangas & Calvert, 2014). In the US and many other countries, the following criteria apply to a discriminatory reference: It is unlawful for an employer to issue (or refuse to issue) a negative or false reference based on race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age (40 years or older), disability, or genetic information (Kangas & Calvert, 2014). Some of the most common legal issues that arise in reference checking are listed below.

Discrimination in Reference Checking

As in any other job-related process, discrimination can occur in reference checking. Therefore, it is important to be alert to possible biases or discriminatory findings that may occur when gathering information. It is also important to ensure that information that is consid-

ered “protected class” is not revealed during reference checks and that it does not influence the hiring decision (Srouer & Py, 2022). The following categories of applicant information are considered protected class and may not play a role in the final hiring decision (Hedricks et al., 2019; Kangas & Calvert, 2014):

- race
- height and weight
- financial information
- unemployed status
- religious affiliation or belief
- nationality
- marital status
- number of children
- gender
- disability
- medical questions and examinations

Disorganized or Unstructured Reference Checking

An unorganized or unstructured reference checking process means that the references the candidates submit are not asked for in an organized and standardized manner (Hedricks et al., 2019). An unorganized or unstructured reference checking process not only reduces the usefulness of the data collected, but also puts a company at risk of missing important candidate information. While missing some candidate information may cause to overlook a great candidate, missing other information may lead to believe that a poor or even dangerous candidate is qualified for the job.

Negligent Hiring and Referrals

On the other side of the question of the legality of employment references are negligent hiring and negligent referrals. A **negligent hiring** is one in which information that reasonably should have been uncovered to disqualify the candidate was not discovered or properly considered (Hedricks et al., 2019). For example, a negligent hiring would be a hiring without reference checks or background checks. A negligent referral, on the other hand, occurs when an applicant’s previous employer fails to disclose information that would have disqualified an applicant from employment (Hedricks et al., 2019; Srouer & Py, 2022). For example, a negligent referral would be when a former employer fails to disclose that an employee was discharged for sexual harassment or workplace violence.

Negligent hiring
hiring in which disqualifying information for the hiring process was not revealed



SUMMARY

In the workplace, there are many situations that can give rise to ethical, legal, and diversity issues. Some examples of common scenarios that may lead to legal issues include: (a) age discrimination, (b) retaliation in the workplace, (c) disability discrimination, (d) employment testing, and (e) unequal pay.

One area that requires special attention when it comes to evaluating ethical and legal issues is the reference check process. This process involves the handling of sensitive and potentially confidential information about the employment and work environment by both the employer and candidates. It is important to ensure that this information is handled in a manner that is fair, ethical, and in compliance with relevant laws and regulations.