**Module 3: Evaluating Staffing Policies, Procedures, and Practices**

*The first part of the case below is a repeat of the case for module 2. Many of the situations set out in this part of the HSS case apply to HR planning, recruitment, and selection. You may also want to refer to the beginning of the case in module 1 for a complete background on the situation in the case.*

In your role as the new human resources manager for Human Solutions Software (HSS), you have been informally talking to many of the employees at HSS. There are several issues that have come up in your discussions.

When HSS first started more than two years ago, the hiring practices were haphazard. The main method of recruiting new employees was to ask current HSS employees if they knew anyone who had the qualifications that HSS needed. It was common practice to hire family members and friends of established employees. Those practices are still being used today and have been institutionalized by providing bonuses to employees who refer people to apply for positions at the organization, who are eventually hired. In some cases, jobs appear to have been created to fit with the qualifications of people whom some of the founders wanted to hire.

You have also been struck by the demographic characteristics of the employees. There are roughly an equal number of men and women working for HSS, but men fill most of the higher-level positions. Two of the founders are women, but there is a great deal of tension between these two women and the other three founders. This tension seems to be based on the two women wanting to set up a corporate structure that the men see as taking power from the founders. It seems that the new HR department is one of the changes that is in contention.

There is also a lack of minority employees. The two African American and three Hispanic employees are working in lower-level positions.

**In-Depth Scenario 1**

Two of the founders have asked you to meet with them in the conference room. When you arrive at the agreed-upon time, the head of accounting and the chief of operations are also at the conference table.

As you sit down, one of the founders starts to explain to you that HSS has recently been turned down for a major contract because HSS has been unable to fill several key positions in the software development team. The main reason for this is that there is a shortage of people with the required skills in this geographic region. The founders have appointed the four people around the table as a committee to look into how to deal with the problem so they will not lose any more contracts. Because you are the HR manager and would be able to enlighten the committee on human resources matters, the founders want you to be a nonvoting member of the committee. It appears that some of the founders did not want to appoint you to the committee at all. You are also curious about the absence of the head of software development on the committee.

As you listen to the discussion around the table, it occurs to you that HSS has not researched the labor situation pertaining to skills that are vital to the company's success. There has also been no attempt to project the organization's future labor needs.

Since you started in this position six weeks ago, you have been frustrated by the lack of job analyses, the lack of a strategic plan, the lack of legal knowledge of human resources requirements, and the lack of a plan for future human resources needs at HSS. It strikes you that HSS is a classic case of an organization in the growth stage of the maturity cycle. You also remember that many organizations fail at this stage because of lack of planning for the organization's human resources needs.

After you quietly listen to the discussion around the table for 20 minutes, one of the founders turns to you and asks if you can help them come up with a solution to the problem of hiring people with the skills HSS needs. You contemplate what you will say for a few seconds and then you tell the committee that you think the problem is much more serious than hiring for a few key positions. You point out the lack of planning HSS has done and you indicate that the information for that planning has not been gathered. You tell the committee that, without that planning, HSS will not be able to meet many of their obligations to their customers in the long run because HSS will always be behind in hiring for important new technological skills.

After you finish speaking, there is silence around the table. The chief of operations and the head of accounting are slowly nodding their heads in agreement, and one of the founders seems to be lost in thought. The other founder finally speaks up and confides in you that several founders and senior people at HSS have advocated for more planning, but there has been resistance from two of the founders because they are afraid of losing control to the organization's managers. The founder goes on to tell you that HSS has been fighting just to keep growing and has not given much thought to administrative matters such as planning.

The chief of operations chimes in to say that he totally agrees with you and that he has tried to implement some planning in several of his departments, but his people are so busy that they have not had the time to devote to planning. He also says that he does not have the budget to give his people time to do the planning.

You explain to the committee that it is normal for a new organization to go through a fast-growth stage, during which there is little time to plan and set up administrative functions. To advance to a more mature stage, however, the organization must learn to project its needs so it can get and keep contracts in the future. You go on to assert that without planning, the company will be less and less competitive and may not survive. The committee grimly adjourns and agrees to meet again in a few days.

When the committee meets again, the two founders ask you to write a report for presentation to the board (the five founders) that will outline the information and resources you would need to come up with a human resources plan for HSS. This plan should include any expansion that would be needed in the HR department for you to be able to complete and implement this plan. The founders on the committee ask you to keep your presentation quiet because there is opposition on the board and among many of the department heads to any more administrative overhead and to expect opposition when you make your presentation to the board.

You leave the meeting excited about the possible opportunity to get HSS on the right planning track, but you are worried that the board will not want to hear what you have to say. You know that your human resources plan will need job analyses and a strategic plan for the human resources plan to be meaningful. To conduct this analysis and planning "from scratch" will involve a lot of manpower and require cooperation from the other managers at HSS.

Develop a presentation in which you justify the expenditure in money and time for developing a human resources plan. In this presentation show how there must be a strategic plan for HSS, and job analyses for the positions at HSS, for the human resources plan to be successful. Develop PowerPoint slides with talking points and information sources for the information HSS will need to develop a human resources plan. Show the founders how the human resources plan and the accompanying strategic plan will be cost-effective in the long run. Use graphs and charts when appropriate. Basically, you must justify the expenditure and effort that will be needed to develop a human resources plan.

**In-Depth Scenario 2**

You have been thinking a lot about the way HSS hires people—mostly through referrals from employees and acquaintances of HSS. This thinking began a couple of weeks ago when you discussed, with the chief of operations, the difficulty that he had had in hiring network engineers to keep the internal and external computer networks in HSS running smoothly.

The problem caused a crisis just before your discussion with the chief of operations, when the networks at HSS were down for a day and a half. The one internal network engineer that HSS hired was unable to handle the problems because he is inadequately qualified for the position and there were no other network engineers. The network engineer is the son of one of the software developers. The problems with the network were finally resolved when HSS hired an outside firm to solve the problem. It took the outside firm only an hour and a half to resolve the problems, but it cost HSS a lot of money to hire them on short notice.

The chief of operations told you that when HSS first started two years ago, the company was like a big family, and the practice of hiring from internal referrals kept it functioning like a family. You know as a human resources manager that there are potential problems with meeting an organization's human resources needs from internal referrals. You also know that the use of internal referrals may create EEO problems for the organization.

The immediate problem seems to be recruiting enough people with the needed skills to keep HSS functioning efficiently. You know that the problem can be resolved for the short term by having a new recruitment strategy that emphasizes recruiting people from outside the organizational family.

Prepare a four- to six-page report to distribute to all the managers at HSS in which you develop general guidelines for future recruiting for HSS. Be sure to cover the techniques that you think will be most effective for HSS. Cover what part of the recruiting process the human resources department will handle and what part of the recruiting process department managers will handle. Also, explain the concepts of yield ratio and gap analysis in a way that all of the managers at HSS can understand. Tell the managers what information you will need from them to be able to help design a recruiting strategy for each department's particular requirements. Be sure your report is understandable to all managers in the organization and that it explains your clear expectations for the information you need from the managers.

**In-Depth Scenario 3**

From talking to one of the founders, you learn that one of the reasons for hiring from internal referrals is that HSS had attempted to hire its first marketing manager from outside the company in a general search a year and a half ago. One of the candidates had outstanding qualifications—degrees from top universities and 15 years of experience at a very successful firm. He had worked for two other firms for less than a year before he applied for the position at HSS.

When the founders at HSS called the candidate's last supervisor, the supervisor did not say anything directly negative about the candidate but left a negative impression of him with the founder who had talked to him. The founders did not want to believe that a candidate with such good qualifications had negatives in his background, so they called the president of the company for which the candidate had last worked. The president of the company assured the founders that there was simply "a personality conflict" between the candidate and his immediate supervisor. The founders decided to hire the candidate as the marketing manager for HSS.

The first two or three weeks that the new marketing manager worked for HSS had gone well, and he used his knowledge and experience to begin creating a good marketing plan. Then one Monday he neither showed up for work nor called HSS. HSS tried to contact him, but because he had recently moved to the local area to work for HSS, they were unable to locate him. Finally, two days later, the new marketing manager showed up for work as if nothing had happened. One of the founders questioned him but did not get an adequate explanation as to why he had not showed up to work for two days. The new marketing manager assured him that it would not happen again, but two weeks later the same thing happened.

One of the founders questioned him about his absence and the candidate became somewhat belligerent and admitted that he had been receiving treatment for a chronic illness. When asked what the illness was, the marketing manager admitted that he was an alcoholic.

The founders decided to fire the new marketing manager. When they told him they were going to "let him go," he threatened to sue them under the Americans with Disabilities Act. The marketing manager subsequently hired an attorney and started the process of bringing a lawsuit against HSS. HSS hired an attorney to deal with the situation. In his investigation the attorney learned that the marketing manager had had similar problems with his previous firm and had initiated a lawsuit against them, but when he had been hired by HSS he had dropped the lawsuit against the other firm. The attorney recommended that HSS attempt to settle the case for a sum that was about the same as one year's salary. The attorney believed that HSS would prevail if the case went to court, but that it would cost HSS more to contest the case than it would cost to settle the case. So HSS had settled the case.

The founder you talked with about this past situation is concerned that if HSS starts hiring from outside the organization, similar situations will occur. This founder also realizes that HSS must start to hire from outside the organization but is a little scared because of the past negative experience.

Develop a four- to six-page-long internal memo that:

* addresses the mistakes HSS made in hiring the marketing director candidate described above
* develops a selection strategy that will avoid the problems HSS had previously
* addresses the possible difference between a candidate who has the best qualifications and a candidate who will be the best one for the organization
* explains to the founders how the selection process should be based on valid and reliable selection criteria
* reassures the founders that an effective selection process can be developed that will avoid the problems they had previously

**Quick Scenario 1**

Several of the software developers asked to meet with you. When you met with them, they expressed concern over the lack of promotion opportunities for women and minorities at HSS. You have been reflecting on their concerns and you realize that the way HSS has hired in the past has affected the presence of and promotion opportunities for minorities and women at HSS. Write a report that addresses how the manner in which HSS hires has affected the lack of minorities and the lower-level positions that most of the women at HSS hold. In your report, make recommendations for reforming the hiring process at HSS so it provides more opportunities for women and minorities at HSS.

**Quick Scenario 2**

There is a possibility that HSS will be getting a large new contract with a firm in the Portland, Oregon, area. This new contract will require the opening of a new facility for HSS that will require at least 30 people to fully staff the office. The founders want to know whether it will be better to move experienced people from HSS headquarters in Maryland to manage the facility or to hire new people to manage the facility in Oregon. Prepare a memo in which you address the advantages and disadvantages of both internal and external staffing of a new office that is remote from the main office. Make sure the memo has bullet points for both the pros and cons of each alternative.

**Quick Scenario 3**

The head of software development recently asked a potential candidate, in an interview for a junior software developer position, if she had any children or planned to have any children in the near future. The candidate immediately ended the interview and left HSS headquarters quickly. The head of software development came into your office and asked you how he should have reacted to "such a rude candidate." He then described exactly what had happened. Write a two- to three-page report in which you describe how you would explain to the head of software development what was wrong with his question. Be sure to address the potential costs to the organization in management and legal terms. Cite specific laws that would apply to this situation.