percentage of total costs).[3] The percentage is much greater for organizations in labor-intensive industries—the service-providing as opposed to goods-producing industries—such as retail trade, information, financial services, professional and business services, education, health care, and leisure and hospitality. Since service-providing industries now dominate our economy, matters of employee cost and whether the organization is acquiring a high-quality workforce are of considerable concern.

A shift is gradually occurring from viewing employees as just a cost of doing business to valuing employees as human capital that creates competitive advantage for the organization. Organizations that deliver superior customer service, much of which is driven by highly knowledgeable employees with fine-tuned customer service skills, have a definite and hopefully long-term leg up on their competitors. The competitive advantage derived from such human capital has important financial implications.

In addition to direct bottom-line implications, an organization's focus on creating an effective selection system also has more indirect implications for competitive advantage by enhancing employees' well-being and retention. One recent study showed that employees who perceive their company uses effective selection practices such as formal selection tests and structured job interviews (practices that we will discuss in this book) are more committed to their organizations. In turn, those higher levels of commitment lead to more helping or citizenship behaviors on the part of employees, as well as stronger intentions to remain employed, both of which ultimately contribute to an organization's bottom line.[4]

Thus, organizations are increasingly recognizing the value creation that can occur through staffing. Quotes from several organization leaders attest to this, as shown in Exhibit 1.1.

Definition of Staffing

The following definition of staffing is offered and will be used throughout this book:

> Staffing is the process of acquiring, deploying, and retaining a workforce of sufficient quantity and quality to create positive impacts on the organization's effectiveness.

This straightforward definition contains several implications which are identified and explained next.

Implications of Definition

Acquire, Deploy, Retain

An organization's staffing system must guide the acquisition, deployment, and retention of its workforce. Acquisition activities involve external staffing systems that govern the initial intake of applicants into the organization. These involve planning for the numbers and types of people needed, establishing job requirements in