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dictor. The base rate is high, the
efficient is high for the current pre-
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c for a small airline based on Nan-
won \$2 million in the New England
decided to invest his winnings in a
After weighing many investment
cream shops in the Cape Cod area.
ands are short of ice cream shops.)
had enough cash to open shops on
's Vineyard) and two shops in small

towns on the Cape (Falmouth and Buzzards Bay). Randy contracted with a local
builder and the construction/renovation of the four shops is well under way.

The task that is occupying Randy's attention now is how to staff the shops.
Two weeks ago, he placed advertisements in three area newspapers. So far, he has
received 100 applications. Randy has done some informal HR planning and figures
he needs to hire 50 employees to staff the four shops. Being a novice at this, Randy
is unsure how to select the 50 people he needs to hire. Randy consulted his friend
Mary, who owns the lunch counter at the airport. Mary told Randy that she used
interviews to get "the most knowledgeable-people possible" and recommended
it to Randy because her people had "generally worked out well." While Randy
greatly respected Mary's advice, on reflection several questions came to mind.
Does Mary's use of the interview mean that it meets Randy's requirements? How
could Randy determine whether his chosen method of selecting employees was
effective or ineffective?

Confused, Randy also sought the advice of Professor Ray Higgins, from whom
Randy took an HR management course while getting his business degree. After
learning of the situation and offering his consulting services, Professor Higgins
suggested that Randy choose one of two selection methods (after paying Professor
Higgins's consulting fees, he cannot afford to use both methods). The two methods
Professor Higgins recommended are the interview (as Mary recommended) and
a work sample test that entails scooping ice cream and serving it to a customer.
Randy estimates that it would cost \$100 to interview an applicant and \$150 per
applicant to administer the work sample. Professor Higgins told Randy that the
validity of the interview is $r = .30$ while the validity of the work sample is $r = .50$.
Professor Higgins also informed Randy that if the selection ratio is .50, the average
score on the selection measure of those applicants selected is $z = .80$ (.80 standard
deviations above the mean). Randy plans to offer employees a wage of \$6 per hour.
(Over the course of a year, this would amount to a \$12,000 salary.)

Based on the information presented above, Randy would really appreciate it if
you could help him answer the following questions:

1. How much money would Randy save using each selection method?
2. If Randy can use only one method, which should he use?
3. If the number of applicants increases to 200 (more applications are coming in
every day), how will your answers to questions 1 and 2 change?
4. What limitations are inherent in the estimates you have made?

Choosing Entrants Into a Management Training Program

Come As You Are, a convenience store chain headquartered in Fayetteville, Arkan-
sas, has developed an assessment program to promote nonexempt employees into
its management training program. The minimum entrance requirements for the

program are five years of company experience, a college degree from an accredited university, and a minimum acceptable job performance rating (3 or higher on a 1-5 scale). Anyone interested in applying for the management program can enroll in the half-day assessment program, where the following assessments are made:

1. Cognitive ability test
2. Integrity test
3. Signed permission for background test
4. Brief (30-minute) interview by various members of the management team
5. Drug test

At the Hot Springs store, 11 employees have applied for openings in the management training program. The selection information on the candidates is provided in the exhibit on the next page. (The scoring key is provided at the bottom of the exhibit.) It is estimated that three slots in the program are available for qualified candidates from the Hot Springs location. Given this information and what you know about external and internal selection, as well as staffing decision making, answer the following questions:

1. How would you go about deciding whom to select for the openings? In other words, without providing your decisions for the individual candidates, describe how you would weigh the various selection information to reach a decision.
2. Using the decision-making process from the previous question, which three applicants would you select for the training program? Explain your decision.
3. Although the data provided in the exhibit reveal that all selection measures were given to all 11 candidates, would you advise Come As You Are to continue to administer all the predictors at one time during the half-day assessment program? Or, should the predictors be given in a sequence so that a multiple hurdles or combined approach could be used? Explain your recommendation.

TANGLEWOOD STORES CASE

The cases you have considered up to this point have involved making aggregated decisions about a large number of applicants. After gathering relevant information, there is still the important task of determining how to combine this information to arrive at a set of candidates. This case combines several concepts from the chapters on selection and decision making.

EXHIBIT

Predictor Scores for 11 Applicants to Management Training Program

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 nance rating (3 or higher on a 1-5
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ibers of the management team

applied for openings in the man-
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 w to combine this information to
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EXHIBIT
 Predictor Scores for 11 Applicants to Management Training Program

Name	Company	Experience	College Degree	Performance Rating	Cognitive Ability Test	Integrity Test	Background Test	Interview Rating	Drug Test
Radhu		4	Yes	4	9	6	OK	6	P
Merv		12	Yes	3	3	6	OK	8	P
Marianne		9	Yes	4	8	5	Arrest '95	4	P
Helmut		5	Yes	4	5	5	OK	4	P
Siobhan		14	Yes	5	7	8	OK	8	P
Galina		7	No	3	3	4	OK	6	P
Raul		6	Yes	4	7	8	OK	2	P
Frank		9	Yes	5	2	5	OK	7	P
Oswaldo		10	Yes	4	10	9	OK	3	P
Byron		18	Yes	3	3	7	OK	6	P
Aletha		11	Yes	4	7	6	OK	5	P