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Teaching HRM and managerial skills with the 'living case' exercise: an evaluation

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"Teaching HRM and Managerial Skills with the 'Living Case' Exercise: An Evaluation"

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AUSTRALIA
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TEACHING HRM AND MANAGERIAL SKILLS WITH THE
‘LIVING CASE’ EXERCISE: AN EVALUATION

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TEACHING HRM AND MANAGERIAL SKILLS WITH THE 'LIVING CASE' EXERCISE: AN EVALUATION

The purpose of this paper is to describe and evaluate an innovative approach to teaching human resource management. The approach involves students working in small groups on a semester-long project in the form of an on-going case study (hereafter called the 'living case'). After setting up a simulated organisation complete with identification of strategies, structure and culture, students are required to make and defend a series of HR decisions in which they apply theory and classroom learning about HRM to their "real" organisation. The approach emphasises the context of HRM decisions and helps to develop a range of both HR specific and more general management competencies. The living case develops managerial skills which have recently been identified as critical to future success in Australian organisations.

Managerial Skills

Organisations are confronted by continuous change to their products, services, processes, markets, competition, and technology. These changes require managers to respond with new ways of thinking and behaving. Increasingly, it is recognised that the knowledge and skills of managers affect the competitive advantage of organisations (c.f. Kotter, 1988; Pedler et al., 1989). Numerous researchers have studied the managerial role and the skills required for effective performance (c.f. Katz, 1955; Mintzberg, 1975; Burgoyne and Stuart, 1976; Boyatzis, 1982). More recently, in Australia Limerick and Cunnington (1987) explored the kinds of skills and competencies required by managers; Cox and Cooper (1989) studied the abilities of successful British managers; and McCall et al. (1988) in the US developed a set of fundamental managerial skills. The main skills identified in this literature include strategic thinking (seeing the big picture, visioning,
helicopter view, setting and implementing agendas), analytical/problem solving, decision making, action orientation (getting things done), interpersonal and team skills, leadership, learning from failure (personal reflection), and personal attributes relating to maturity, temperament and personal awareness.

Government, industry, and education groups have also explored skill requirements for managers and business graduates. In Australia, the Business/Higher Education Round Table reported concerns that students have insufficient breadth of knowledge and poor capacity to apply their knowledge in business decision making and problem solving (Commissioned Report No. 2 issued by the Business/Higher Education Roundtable, 1992). As part of this research, business leaders were asked to rate the importance of desired characteristics of newly graduated professionals. The key characteristics identified were communication skills, capacity to learn new skills and procedures, capacity for cooperation and team work, capacity to make decisions and solve problems, ability to apply knowledge to the workforce, capacity to work with minimum supervision, theoretical knowledge in professional field. More recently, the Industry Task Force on Leadership and Management Skills (Karpin Committee) prepared a report for the federal government on how Australia prepares its managers for work and leadership (Enterprising Nation, 1995). The eight managerial skill areas identified by the Task Force as needing improvement by managers are soft or people skills, leadership skills, strategic skills, international orientation, entrepreneurship, broadening beyond technical specialisations, relationship building skills across organisations, and utilisation of diverse human resources.

A number of managerial skills are common to most of the above streams of research. Analytical/problem solving skills are important along with strategic thinking, decision making, team skills, communication and leadership. There is a clear need to incorporate these desired characteristics into the teaching and learning strategies employed in schools of business. If this is not done, university programs will attract continued criticism from business for their lack of relevance.
The importance of generic management skills is reinforced by examining likely changes in the HR profession. Over the past decade, management scholars have built a strong case for a shift to a more strategic and integrated approach to the management of employees (Boxall, 1994; Boxall & Dowling, 1990; Smart & Pontifex, 1993; Schuler & Jackson, 1987), and some pioneering organisations have successfully made this transition (c.f. Howes & Foley, 1993; Plevel et al. 1994). Should the strategic approach be widely adopted, the job of the HR professional will be substantially enlarged, to include roles such as business partner, strategy formulator, innovator, and change manager. The HR professional of the future will need to be able to perform these new strategic roles as well as integrate them with traditional HR knowledge and competencies (see Boxall, 1990; Dunphy & Stace, 1990; Schuler et al. 1992; Walker, 1992 for detailed discussion). Individuals studying to enter the HR profession should be equipped to undertake the enlarged role demands they may encounter. One might question the extent to which these sophisticated skills can be fully developed in the classroom, but it seems quite likely that educators can do more along these lines than is presently being done.

**The Teaching of HRM**

In most cases, the teaching of HRM at university level follows a functional orientation with emphasis on rote memorisation and recall. Students typically learn, for example, six kinds of selection methods, five types of performance rating scales, and four job evaluation techniques. In the absence of organisational experience, these topics seem unrelated and of limited relevance. The functional layout of most textbooks reinforces a compartmentalised approach to learning (Legge, 1978; Mahoney & Deckop, 1986).

In the past decade, strategic HRM has received increasing attention, but few innovative or effective ways of teaching the topic have emerged. Approaches seem to be limited to cases or a compartmentalized chapter/lecture on the topic. Teaching strategy to inexperienced students remains problematic in the absence of any first-hand "feel" for how
various organizational systems and practices interact, and building skills in analysis and
decision making in complex HR situations is considered beyond the scope of most
introductory courses. When considered in light of well documented criticisms regarding the
static, content-oriented approach to management education (see Porter & McKibbin, 1988;
Wexley & Baldwin, 1986), the traditional approaches to teaching HRM are highly
questionable. But how does the lecturer design and deliver an educational program which
recognises the complexities of a changing business environment, the demand by industry for
graduates with relevant skills, the demand by universities for academic integrity in
educational programs, and the shift in focus from solely a functional personnel perspective
to a strategic human resource and business partnership approach? The living case exercise
which was designed to address these imperatives. It aims to develop student knowledge and
skill in human resource management as well as more generic management competencies in
decision making, analysis, and team skills. The remainder of this paper describes the
exercise and reports an evaluation of its effectiveness.

The Living Case

The living case exercise been used in the introductory HRM course at both
postgraduate and undergraduate levels at the Queensland University of Technology since
1989, and at the undergraduate level at Bond University since 1991. The exercise is used in
conjunction with regular lectures and a standard textbook on human resource management.
The exercise runs the length of the semester, with students working in groups of four or
five. Students take the role of an advisory group to executive management on human
resource and labour relations issues. The groups complete a series of modules in which
they solve HR problems or develop HR policies for the organisation as a whole, or in some
cases for a critical job within the organisation. The same job and organisation are used
throughout the course, so that students must make a series of integrated decisions. For
instance, they would learn not to choose an appraisal procedure that is exclusively
developmental in nature if they wanted to adopt a merit pay system, or not to choose to promote largely from within if they are unwilling to provide management training or career planning systems.

The first module defines the organisation's industry, size, strategy, culture, environment, and so on. The second module is a job analysis of a focal job within the organization. Subsequent modules provide a series of questions which require students to make and defend a set of HR decisions with respect to the organisation or the focal job. The emphasis in the first part of each module is on action - exactly what should the organisation do? Questions in the second part of each module ask students to write a rationale for the decisions they have just made. The questions guiding the rationale encourage the students to justify their decisions in the light of prior decisions, and a mix of factors including the organisation's mission, strategy, culture, labour market conditions, and the likely agendas of various stakeholders. The rationale must also be informed by current literature. Appendix 1 and 2 contain sample modules. At present, 33 modules have been developed, on topics ranging from selection and training to smoking in the workplace and the work-family interface. During a typical semester, students would be asked to complete from 6 to 10 modules. A more complete description of the living case exercise is available in Southey et al., 1994.

Working on the modules seems to make the lecture and text material on HR come to life for students. Active learning occurs as students attempt to work with the concepts they are studying rather than merely put them into mental storage. At the same time, completing the living case modules should build generic management skills such as problem definition, analysis, and strategic thinking. Writing the rationale should develop clear and concise written communication skills, while working in a team to accomplish these objectives should enhance skills in oral communication, negotiation, consensus building, coordination, and dealing with motivation and free-riding among team members.
Evaluation

While the lecturers involved with the subject have always believed that the living case exercise develops both generic management and HR skills, only limited evaluation had been undertaken until recently. The rest of this paper reports the results of a detailed evaluation of HR and managerial skill development during the introductory HR subject using the living case. It was not possible to obtain direct measures of actual skills, so we chose to rely upon self-assessment. However, the design we employed was far more complex than the post-subject reaction questionnaire typically used to evaluate university subjects.

We set out to answer several research questions:

1. Do HR and managerial skills change from beginning to end of the subject?
2. Which types of skills change most?
3. Are skill gains equal for all students, or do some categories of students derive particular benefit from the subject using the living case exercise?

Sample. 343 undergraduate students from the Queensland University of Technology participated in the study. Four classes taking the introductory HRM subject involving two different instructors were included in the sample. Two classes met at night, so there was diversity in student ages (36% under 20 years of age, 39% 20-25, 25% 26 or older) and employment experience (40% less than one year full time work experience, 20% one to two years, 15% three to five years, 25% more than five years experience). Fifty nine percent of the sample had no previous managerial or supervisory experience. Fifty four percent were female.

Design. A "Pre, Post, Then" design was used. Students filled out the pre-measure of skills in the first week of the semester. At this time, they were asked to rate their present level of
knowledge of HR and present standing on managerial skills (measures described below).
The same classes were surveyed again in the last week of the semester. On this second
questionnaire, they responded to the skill items twice. The first time asked for a report of
their current level of skill as the subject drew to a close. The second time asked for a
retrospective report of the level of skill that students had possessed at the start of the subject.
This is called the "Then" measure - what was your skill back then. The Then measure was
collected to allow for a more sophisticated assessment of change, as explained below. Some
cases were lost due to missing data, and most analyses are based on the 270 students who
supplied full data at both time periods.

Past research has suggested that the measurement of change over time by self-report
can be complicated by respondents' changing understanding of the phenomenon being rated
(Terborg et al., 1980). Three types of change have been identified (Golembiewski et al.,
1976). Alpha change is true change in the level of some variable, measured before and after
an intervention, on a scale which retains constant meaning across administrations. Beta
change occurs when the meaning of the measurement scale's anchor points change over
time. This has also been called "response-shift" bias, and it can make Pre-Post comparisons
invalid. For instance, suppose a person rates their leadership competency as "average" on a
pre-test. After a training program on leadership, they may realise just how much they didn't
know about good and poor leadership, and redefine the meaning of the scale points. After a
substantial real increase in leadership competency, the person may rate him or herself after
the training as being an average leader, given their expanded ideas of what poor, average,
and good leadership look like. A Pre-Post design would show no change, when in fact
significant gains in competency have occurred. However, if given the chance to re-rate prior
competency retrospectively at the end of training (a Then measure), the person would now
rate their initial competency as well below average, given their changed understanding of the
construct being rated. In a case of beta change such as this, a comparison of Then to Post
measures would provide a more accurate picture of true change than a comparison of Pre to Post measures.

Howard and his colleagues have conducted a number of studies of response-shift bias, and provide strong evidence that Then measures are very useful when subjects redefine scale anchors. Differences between Then and Post measures are more strongly correlated with observer ratings and objective measures of behaviour change than are differences between Pre and Post measures (c.f. Howard & Dailey, 1979; Howard et al., 1979). Note that beta change is actually a desirable outcome in many training or organisational development situations - individuals are expected to increase their meta-knowledge and expand their understanding of what is possible as a result of the intervention.

Gamma change is more complex, and involves a change in the underlying factor structure of the constructs being measured. With increasing training and experience may come a more finely grained understanding of the constructs being rated, and a substantial change in the way scale items intercorrelate. This complicates to an unknown extent the problem of comparing Pre measures to Post measures containing the same items but perhaps not the same meaning or dimensionality to respondents. In our case, for instance, students may be relatively unfamiliar with some of the skills they are asked to rate themselves on at the beginning of the subject. After finishing the subject, students may have a more sophisticated understanding of the meaning of the skills, and they will be rating their skills with respect to a specific, salient, and recent experience rather than in the abstract. If these more precise ratings result in a different factor structure after the subject than on the Pre-test, it may be more meaningful to compare Post to Then scores, rather than Post to Pre scores.

**Measures.** Forty one items were constructed to assess knowledge and skills in the areas that we thought might be improved by an HR subject featuring the living case exercise. Items covered the following areas: HR functional and theoretical knowledge; HR strategic understanding; ability to apply HR knowledge to real problems; team skills; judgment,
problem solving and analytical skills; oral and written communication skills; and personal and professional development. Students rated their level of proficiency on each skill on a seven point scale with anchors of 1 = None, 2 = Very little, 3 = A small amount, 4 = A fair amount, 5 = Quite a lot, 6 = A great amount, 7 = A very great amount. Students provided self-ratings on these items three times, as described above. In addition, data were collected on students' age, sex, and work experience.

**Results**

**Skill Dimensions.** Principal components factor analyses with varimax rotation were conducted on the 41 skill items for each of the three sets of ratings. There were only minor differences between the Pre, Post, and Then factor structures. The analyses on the post-test self-ratings provided the clearest solution, and were used to construct subscales from the items. A five factor solution accounted for 65% of the variance, and scales were constructed using items which had rotated factor loadings greater than .50. The items and their loadings appear in Table 1. Scales were labeled: Thinking/Analysing Skills, Knowledge of HR Details, Relating HR Theory to Practice, Professional and Personal Development, and Team Skills. Coefficient alpha reliabilities for the five scales at the three administrations ranged from .76 to .95.

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**Insert Table 1 Here**

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Before proceeding to substantive analyses, it was necessary to determine whether beta change had occurred, and thus whether the most appropriate tests would be between Pre and Post, or between Post and Then measures. A repeated measures MANOVA was conducted between Pre and Then scores on the five scales, to determine whether students had changed their views of their initial skills over the course of the semester. The overall F was highly significant ($F = 182.8, \text{ df } 5, 236, \ p < .000$). Subsequent univariate repeated measures ANOVAs showed significant differences on three of the skill dimensions, and near significant differences on the other two. Students retrospectively rated their beginning
of semester skills lower at the end of the semester than they had at the beginning for Thinking/Analysing Skills (Pre mean = 4.52, Then mean = 4.20, F = 29.58, p < .000), for Knowledge of HR Details (Pre mean = 3.16, Then mean = 2.86, F = 21.84, p < .000), for Professional and Personal Development (Pre mean = 4.93, Then mean = 4.21, F = 121.99, p < .000), and for Team Skills (Pre mean = 4.18, Then mean = 4.06, F = 3.10, p < .08). Surprisingly, they rated their initial skill at Relating HR Theory to Practice slightly higher retrospectively than at the start of the semester (Pre mean = 2.69, Then mean 2.82, F = 3.17, p < .08). Perhaps they discovered application skills they hadn’t realised they possessed while working on the first few modules of the living case.

The fact that students significantly revised their estimates of initial skill following exposure to the course suggests that the most appropriate comparisons for testing hypotheses about changing skill levels are between Post and Then measures. Therefore, results of these comparisons will be shown in detail below. However, Pre to Post analyses were also conducted, and when there were differences in conclusions, these will be reported.

To answer the first research question, whether students’ skills improved during a subject in which the living case was used, a repeated measures MANOVA was conducted between Post and Then ratings on the five skill scales. It showed highly significant change from Then to Post (F = 147.4, df 5, 264, p < .000). A univariate test was then conducted for each skill dimension. Table 2 shows means and ANOVA results. Changes were significant for all five dimensions, with students reporting major improvements in all skill areas. Pre - Post analyses also found highly significant gains on all skill dimensions except Professional and Personal Development, which did not reach conventional levels of significance.

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Insert Table 2 Here
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The second research question was about which skill dimensions would be most affected. Clearly, HR skills would be the main target of a subject in HR, and in fact, it is the two HR skill scales (Knowledge of HR Details, and Relating HR Theory to Practice) which showed the largest magnitude of improvements, with mean changes of over one and one half points on a seven point scale. Presumably most HR courses would be effective in producing changes in function-specific knowledge and skills. However, the living case exercise was also expected to produce gains on general management skills, and substantial improvements on Thinking/Analysing and Team Skills were found. Improvements on Professional and Personal Development were smaller. In looking at the items on this scale, three of the four are quite general in terms of motivation to improve one’s management knowledge and skills, and these qualities were less directly targeted by both the classroom and the living case portions of the subject.

The third research question asked whether the above effects would be uniform for different categories of students. The instructors’ impressions led them to suspect that the living case was especially helpful, though particularly challenging, for younger students with little relevant work experience. More experienced students also seemed to benefit, but perhaps would be more capable of integrating and applying their learning even without the practice provided by the living case exercise. To investigate this possibility, a series of repeated measures ANOVAs was conducted in which the repeated factor was crossed with student demographic factors. Demographics investigated were student gender, years of managerial work experience (none, two years or less, 3 or more years), and age (under 20, 20-30, over 30) A significant interaction term represents differential gain as a result of the demographic factor.

None of the interaction terms in the Post-Then by demographics analyses were significant, indicating that all categories of students gained equally from the subject when the living case exercise was used. However, the results for the Pre-Post analyses paint a slightly different picture. There was a significant interaction with gender for
Thinking/Analysing Skills, with women reporting lower initial competence but catching up with their male peers by the post-test. For Knowledge of HR Details and Relating HR Theory to Practice, the interactions with age were significant. Students under 20 years old started with substantially lower skills but registered greater gains and caught up with older students by the end of the semester. A similar pattern was observed for the students with no managerial work experience on Relating HR Theory to Practice. They began with a skill level of 2.37, compared to initial levels of 3.06 and 3.30 for those with up to 2 and 3 or more years of experience, respectively. By the post-test, those with no experience had increased to 4.55, indistinguishable from those with up to two years of experience (4.57), and not far behind those with three or more years of experience (4.87). In sum, there is evidence that an HR course using the living case exercise benefits all students, and may have particular benefits for those who are younger and have less managerial work experience.

While the results are very encouraging, there are some limitations to the evaluation design which must be kept in mind. First, some of the gains in generic management skills may be the result of a semester more of maturation, or of experiences in other classes, rather than experiences in the HR subject. Second, the design reported above did not allow us to completely pull apart the effects of classroom instruction on HR and the living case exercise as distinct components of the subject. We do not have data on HR classes taught without benefit of the living case, as the exercise has been adopted for all HR classes at our institutions. Thus, we cannot be sure that similar gains would not occur via a traditional HR subject. However, an earlier evaluation study can shed some light on this issue. The previous year, a class of 105 students were surveyed on the same 41 items twice at the end of the semester. They were first asked to rate their present skill levels, then to estimate what their skill levels would have been if the subject had been taught without the living case exercise. T-tests between all 41 pairs of items were highly significant, with the living case exercise being rated as producing greater skill in every instance. Thus,
students see a subject utilizing the exercise as being very much more helpful in building their HR and generic management skills than a course without the exercise.

Discussion and Conclusion

One potentially useful product of this study is the identification of five reliable skill dimensions which may be used to assess innovations in the teaching of human resource management. The five factors (thinking/analysing skills, knowledge of HR details, relating HR theory to practice, professional and personal development, team skills) may be seen to reflect a new teaching paradigm; one which is more dynamic and strategic in orientation, focusing on both the content and process of learning human resource management. Importantly, the five factors investigated in this study correspond closely to the key management competencies recommended for inclusion in academic business programs by industry and government groups, and by academic researchers.

In contrast to traditional teaching approaches, the major features of the living case exercise include:

- working in teams (rather than individually)
- an on-going case design (as contrasted with "one-off" case studies which do not require "living" with the consequences of decisions)
- an action orientation (i.e. students are active agents in decision making rather than simply being passive learners of facts)
- making informed decisions taking into account a mix of factors such as mission, competitors, labour market conditions, and stakeholders (instead of simply examining HR functions in isolation from the business context)
- an integrated strategic and functional approach (rather than a compartmentalised functional approach)
- strong emphasis on analytical/thinking/judging skills (rather than rote learning).
All three research questions investigated in this study were answered positively with respect to the impact of the living case exercise. First, students reported substantial improvements in their skill levels on all five dimensions. These included gains in both HR related skills and in more generic management skills. A supplementary study showed that these gains were overwhelmingly attributed to the living case rather than to the traditional classroom portion of the subject. These highly encouraging results suggest that the living case approach is a powerful teaching and learning strategy. In common with more traditional content-driven approaches to teaching, students acquire the requisite HR knowledge. Moreover, the living case approach successfully challenges students to develop core management competencies which are usually considered beyond the scope of introductory level courses. It is believed that benefits of the living case will also be evident in more effective learning by students who undertake subsequent advanced level courses in HR. Ultimately, students should be more adequately prepared for the contemporary business world and the challenges confronting the human resource profession.

Turning to the second research question, learning was greatest for the HR related skills and knowledge which were the focus of the subject. Students improved in both their knowledge of HR details and in their ability to apply this knowledge and theory to solve practical problems. Gains were highly significant but of somewhat smaller magnitude for generic skills in thinking/analysis, teamwork, and personal and professional development. The latter skills may be more difficult to develop, yet are critical to many types of managerial work. Perhaps the best way to produce graduates with strong skills in these areas is to incorporate living case projects or similar activities into a large number of management subjects. For a description of an innovative team project approach to teaching organisational behaviour which has long been in use at Bond University, see Nirenberg (1994). While further research is required, it seems likely that students who are repeatedly challenged to
work in teams to solve complex and applied problems while in university will develop the skills needed to become better managers after graduation.

Results for the third research question are especially encouraging. Skill improvements appeared for all students, but there was some evidence that these improvements were greater for younger students and those with no managerial work experience, who reported much lower initial skill levels. After working on the living case, they improved to near the level attained by the most senior and experienced students. While we stop far short of suggesting that the living case is a substitute for on-the-job experience, it does seem to have some utility in bringing at least a simulation of real world problems into the classroom. In so doing, it can help compensate for the lack of personal experience among younger and less seasoned students, and better prepare them for full-time jobs in organisations.

In sum, we feel that the living case is a teaching innovation which is responsive to needs identified by bodies such as the Business/Higher Education Round Table and the Karpin Committee as well as to the needs of students. We believe that institutions which incorporate a series of similarly challenging activities throughout their academic program will be more likely to produce the type of management graduates required by businesses of the future. We further recommend comprehensive evaluations of this type of teaching innovation compared to more standard classroom presentations, both on a subject by subject basis and on an entire degree basis.
References


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<th>FACTOR 2</th>
<th>Rotated Factor Loadings</th>
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<td>Problem-Solving Skills</td>
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<td>Remember HR Activities</td>
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**FACTOR 3**

Relating HR Theory to Practice

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<td>Make HR Decisions</td>
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<td>Enthusiasm for HR</td>
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<td>Relate Theory to Practice</td>
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<td>Develop Personally</td>
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**FACTOR 5**

Team Skills

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<td>Manage Workload in Team</td>
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*Decimals omitted
Table 2. Repeated Measures ANOVA and Means for Post-test and Then Perceptions of Skill Levels

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MODULE 6 - SELECTION SYSTEM DESIGN

Part A: Decisions

The objective of this module is to develop a selection system for your focal job. As you respond to the items below, be sure to keep in mind that the methods for selecting people to work in the focal job must be reliable, valid, and help select individuals who will contribute to the overall mission of the organization.

6.1a Identify and describe the major factors (knowledge, skills, and abilities) that you need to measure in a job applicant to determine whether the applicant will be able to perform well on the focal job.

6.2a From your list of factors, indicate those that you think are most important for predicting job success.

6.3a For each of the factors you identified as being particularly important for job success, indicate one or more ways of measuring the characteristic in a job applicant.

6.4a Indicate the measures that you would actually use in selecting job applicants and describe the entire selection process from start to finish. That is, when would the applicant be measured? Would you measure all applicants on all predictors? In what sequence would the measures be used?

6.5a Describe the equal opportunity and affirmative action issues relevant to the selection process you have proposed.

Part B: Analysis of Decisions

The aim of this analysis is to convince top management that your decisions are appropriate and should be implemented. In developing an answer to each question it is recommended that, where appropriate, you refer to:

- the links with previous strategic decisions you have made (for example: organizational strategy, structure, and organizational culture) and operational decisions (for example: human resource planning activities and job analysis information)
- the implications for likely subsequent decisions (for example: orientation and training)
- the impact of any external factors such as the current labor market, and competitor action on your decision (for example: the effect of competition for job applicants with particular skills and experience), and
- relevant theory and/or research from the academic literature on selection, which supports your decision.

6.1b Justify each of the factors you have chosen as important for predicting job performance (for example, by using data from your job analysis). Are any of these factors likely to become more or less important as the tenure of an employee increases in the job? Why?
6.2b Selection systems should identify individuals who have the abilities to help the organization achieve its mission. Analyze each of your selection predictors in terms of the particular skills measured and how these skills relate to the achievement of the organization's mission. For example, if one predictor helps you select people who are highly creative and the organization's mission is to be an organization with the newest, most innovative products, then there is an obvious direct link between selection system and mission.

6.3b Using a term common in the computer world, how "user friendly" are the various methods you have identified to measure particular characteristics in a job applicant? What will be the likely reaction to the selection methods by personnel specialists, line managers, current employees, unions, and job applicants? Is the system practical and likely to be accepted? Will it result in a positive view of the organization among job applicants? Finally, describe the costs associated with the selection methods. Would the benefits gained from selecting applicants using a particular method outweigh the financial costs associated with the method? Explain.

6.4b Each predictor you have chosen to use in your selection system should be reliable and valid. Justify each of your predictors against these two criteria. What evidence do you have that the predictors are reliable and will be valid predictors of later job performance? If you do not have this type of evidence available, what sort of evidence would you have to collect to justify your use of the predictors? Also, justify the approach and sequence of selection that you have proposed to use.

6.5b Explain how your selection system complies with relevant legislation on equal employment opportunity and affirmative action.
Appendix 2
MODULE 25 - DRUG TESTING

Part A: Decisions
The purpose of this module is to allow you to grapple with the issue of whether or not organizations should drug test employees and/or applicants, and if so, how such a system could be administered as fairly and effectively as possible.

The Situation
An unfortunate accident has recently occurred in your organization, resulting in equipment damage costing over $70,000 and injury to three employees. The accident investigation report attributed the accident to the irresponsible actions of one of the injured employees. Several co-workers of this employee told the investigator that they believed the employee was a regular user of illegal drugs, sometimes drank alcohol during the lunch break, and seemed "high" just prior to the accident. No drug or alcohol tests were conducted at the time of the accident, so there is no way to tell at this point if the employee was under the influence at the time.

Despite intensified safety training, the accident rate in the organization has been increasing slowly but steadily. Because of the number of claims, insurance premiums have just risen sharply. Trainers who deal with new employees have been complaining that each successive intake seems harder to train, more careless of their appearance, and less punctual.

Taken together, these facts have started the Chief Executive thinking about some form of drug and/or alcohol testing program for job applicants and/or employees. A number of organizations have adopted such policies, with varying degrees of success. You have been asked to investigate and advise the CEO on the issue.

25.1a Should your organization adopt a drug/alcohol testing program? If yes, to whom would it apply? When would the testing take place? How would the testing program be conducted?
25.2a Prepare a policy statement on drug/alcohol use and testing in your organization.
25.3a If your organization were to adopt this policy, how would it be communicated to those who would be tested? What resistance or problems from employees or applicants might you expect as the testing program is introduced and implemented?

Part B: Analysis of Decisions
The aim of the analysis of each question is to convince top management that your decisions are appropriate and should be implemented. In analyzing each question, it is recommended that, where appropriate, you refer to:

- the links with previous strategic decisions (for example: organizational strategy, technology, and culture) and operational decisions (for example: recruiting and selection practices).
- the implications for likely subsequent decisions (for example: disciplinary discharge, union contract negotiations).
- the impact of any external factors such as the current labor market and competitor actions on your decision.
- relevant theory and/or research from the academic literature which supports your decisions.

25.1b Justify your recommendations regarding drug testing. If you have recommended some form of testing, how did you decide whom to include and when testing would occur?
25.2b Explain why you believe that this drug testing policy will be effective in dealing with the organizational problems associated with drug and alcohol use.

25.3b Evaluate the drug testing program in the context of your organization's strategy and culture, and from the perspective of various stakeholder groups.