

useful data-gathering techniques. These data, however collected, must then be combined judgmentally, mechanically, or via some mixture of both methods (Aiken & Hanges, 2017a). The resulting combination is the basis for hiring, rejecting, or placing on a waiting list every applicant who reaches the selection phase. During the selection phase, considerations of utility and cost should guide the decision maker in his or her choice of information sources and the method of combining data. For example, the interviewers' salaries, the time lost from production or supervision, and, finally, the very low predictive ability of the informal interview make it a rather expensive selection device. Tests, physical examinations, and credit and background investigations also are expensive, and it is imperative that decision makers weigh the costs of such instruments and procedures against their potential utility.

We point out the key considerations in determining payoffs, or utility, in [Chapter 13](#), but it is important at this point to stress that there is not a systematic or a one-to-one relationship between the cost of a selection procedure and its subsequent utility. That is, it is not universally true that if a selection procedure costs more, it is a more accurate predictor of later job performance. Many well-intentioned operating managers are misled by this assumption. Procedures add genuine utility to the employment process to the extent that they enable an organization to improve its current hit rate in predicting success (at an acceptable cost), however success happens to be defined in that organization. Hence, the organization must assess its present success rate, the favorableness of the selection ratio for the jobs under consideration, the predictive ability of proposed selection procedures, and the cost of adding additional predictive information; then it must weigh the alternatives and make a decision.

Applicants who accept offers are now company employees who will begin drawing paychecks. After onboarding the new employees and exposing them to company policies and procedures (Bauer & Erdogan, 2011), the organization faces another critical decision. On which jobs should these employees be placed? In many, if not most, instances, individuals are hired to fill specific jobs (so-called one-shot, selection-testing programs). In a few cases, such as the military or some very large organizations, the decision to hire is made first, and the placement decision follows at a later time. Since the latter situations are relatively rare, however, we will assume that new employees move directly from onboarding to training for a specific job or assignment.

Training and Development

Organizations can increase significantly the effectiveness of their workers and managers by employing a wide range of training and development techniques. Payoffs will be significant, however, only when training techniques accurately match individual and organizational needs (Brown, 2017; Brown & Sitzmann, 2011; Noe, 2017). Most individuals have a need to feel competent (Lawler, 1969; Ryan & Deci, 2017; White, 1959)—that is, to make use of their valued abilities, to realize their capabilities and potential. In fact, competency models often drive training curricula. A *competency* is a cluster of interrelated knowledge, abilities, skills, attitudes, or personal characteristics that are presumed to be important for successful performance on a job (Noe, 2017). Training programs designed to modify or to develop competencies range from basic skill training and development for individuals, to team training, supervisory training, executive-development programs, and cross-cultural training for employees who will work in other countries.

Employee selection and placement strategies relate closely to training and development strategies. Trade-offs are likely. For example, if the organization selects individuals with minimal qualifications and skill development, then the onus of developing capable, competent employees moves to training. By contrast, if the organization selects only those individuals who already possess the necessary abilities and skills required to perform their jobs, then the burden of further skill development is minimal. Given a choice between selection and training, however, the best strategy is to choose selection. If high-caliber employees are selected, these individuals will be able to learn more and to learn faster from subsequent training programs than will lower-caliber employees.

Earlier we emphasized the need to match training objectives accurately to job requirements. In lower-level jobs, training objectives can be specified rather rigidly and defined carefully. The situation changes markedly, however, when training programs must be designed for jobs that permit considerable individual initiative and freedom (e.g.,

selling, research and development, product design) or jobs that require incumbents to meet and deal effectively with a variety of types and modes of information, situations, or unforeseen developments (e.g., managers, detectives, engineers, astronauts). The emphasis in these jobs is on developing a broad range of skills and competencies in several areas in order to cope effectively with erratic job demands. Because training programs for these jobs are expensive and lengthy, initial qualifications and selection criteria are likely to be especially demanding.

Performance Management

In selecting and training an individual for a specific job, an organization is essentially taking a risk in the face of uncertainty. Although most of us like to pride ourselves on being logical and rational decision makers, the fact is that we are often quite fallible. Equipped with incomplete, partial information about present or past behavior, we attempt to predict future job behavior. Unfortunately, it is only after employees have been performing their jobs for a reasonable length of time that we can evaluate their performance and our predictions.

In observing, evaluating, and documenting on-the-job behavior and providing timely feedback about it to individuals or teams, we are evaluating the degree of success of the individual or team in reaching organizational objectives. Although success in some jobs can be assessed partially by objective indices (e.g., dollar volume of sales, number of errors), in most cases, judgments about performance play a significant role.

Promotions, compensation decisions, transfers, disciplinary actions—in short, individuals' livelihoods—are extraordinarily dependent on performance management. Performance management, however, is not the same as performance appraisal. The latter is typically done once or twice a year to identify and discuss the job-relevant strengths and weaknesses of individuals or teams. The objective of performance management, by contrast, is to focus on improving performance at the level of the individual or team every day. This requires a willingness and commitment on the part of managers to provide timely feedback about performance while constantly focusing attention on the ultimate objective (e.g., world-class customer service) (Aguinis, 2019; DeNisi & Murphy, 2017).

To be sure, performance appraisals are of signal importance to the ultimate success and survival of a reward system based on merit. It is, therefore, ethically and morally imperative that each individual is treated fairly. If supervisory ratings are used to evaluate employee performance and if the rating instruments themselves are poorly designed, are prone to bias and error, or focus on elements irrelevant or unimportant to effective job performance, or if the raters themselves are uncooperative or untrained, then our ideal of fairness will never be realized. Fortunately, these problems can be minimized through careful attention to the development and implementation of appraisal systems and to the thorough training of those who will use them. We have more to say about these issues in our treatment of performance management in [Chapter 5](#), but, for the present, note the important feedback loops to and from performance management in [Figure 3.3](#). All prior phases in the employment process affect and are affected by the performance management process. For example, if individuals or teams lack important, job-related competencies—for example, skill in troubleshooting problems—