

Selection and Assessment for Competitive Advantage

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Staffing in the 21st Century

Staffing should reign supreme

- New economy is dependent on human capital
- Labor/quality challenges
- Diversity

Staffing in the 21st Century

In reality, staffing is often...

- among the most ignored or misunderstood of all HR functions
- generally not seen as a source of strategic competitive advantage

Why is Staffing Ignored?

The wrong outcome (job performance)

The wrong metric (validity)

The wrong level (individual)

The wrong belief (utility)

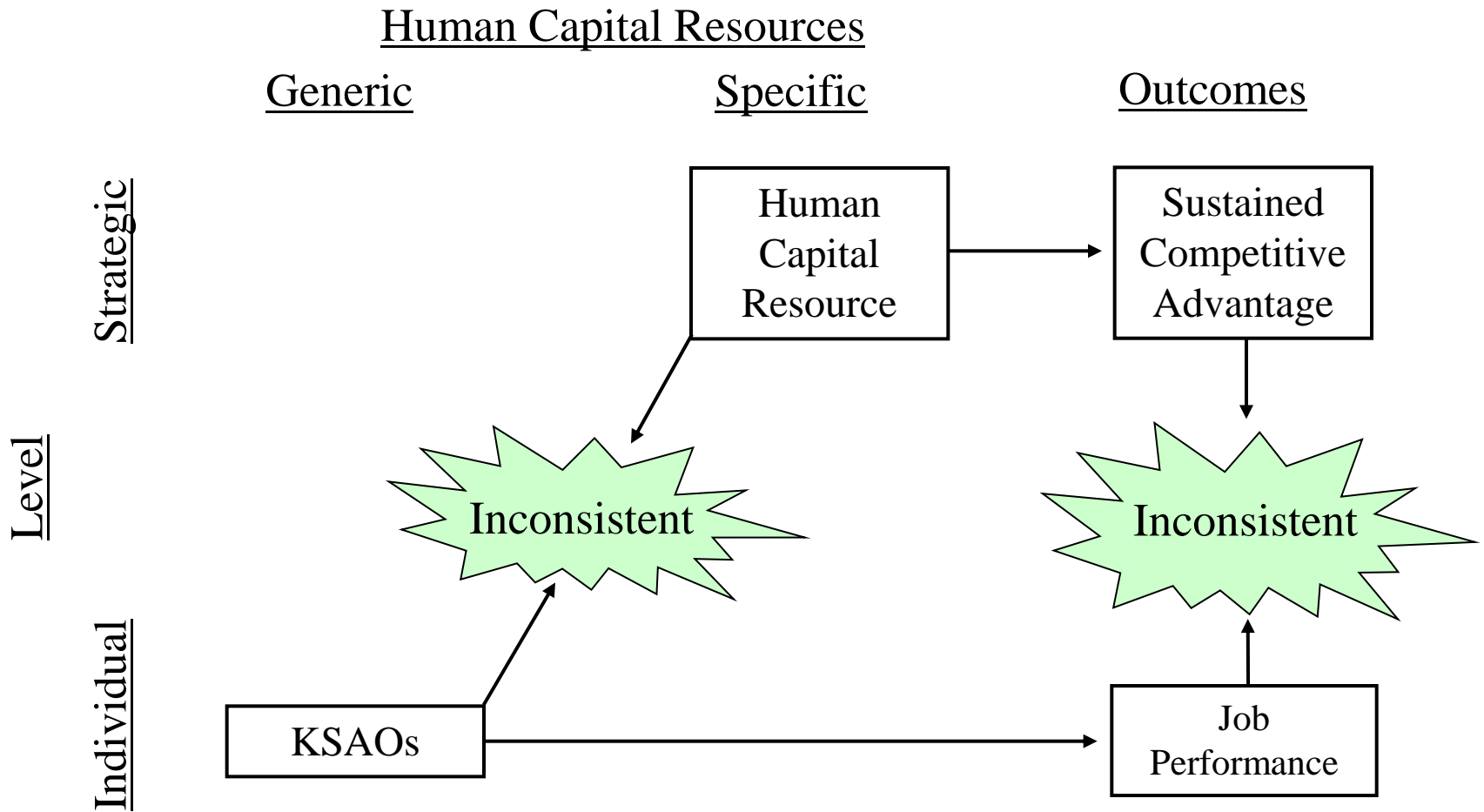
To demonstrate strategic value, the intervention must show consequences at the firm level.

Human Capital Resources Can Provide Competitive Advantage

Resources will contribute to competitive advantage when they are:

- Rare
- Valuable
- Inimitable
- Non-Substitutable

Paradox of Competitive Advantage



Ployhart (2012, *Selection Handbook* chapter)

Staffing Must Connect to Human Capital Resources

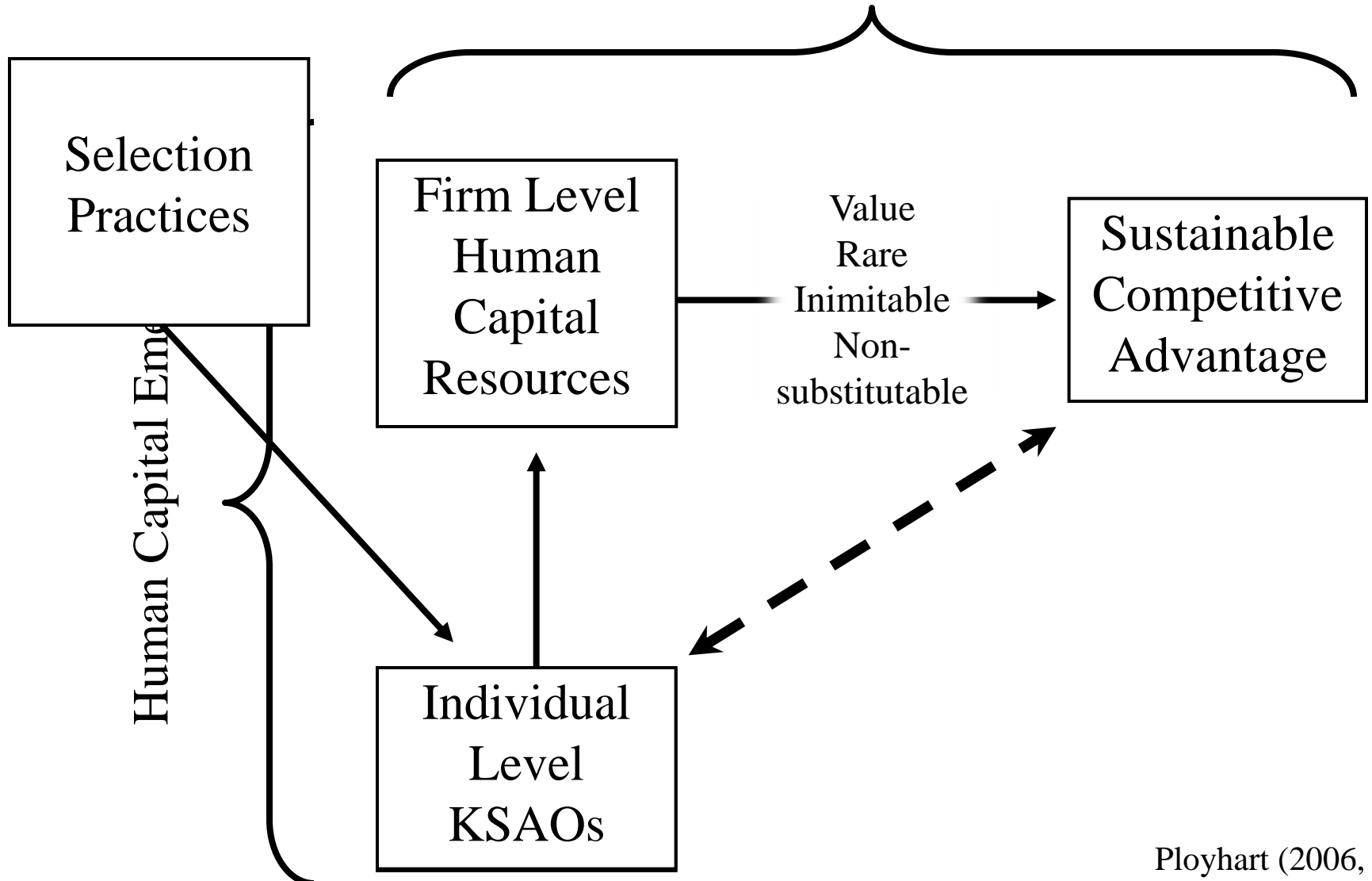
Theory

- How does hiring more capable *individuals* contribute to more effective *organizations*?

Practice

- Individual level outcomes are of little interest to organizational decision makers
- Better convey strategic value

Human Capital Advantage



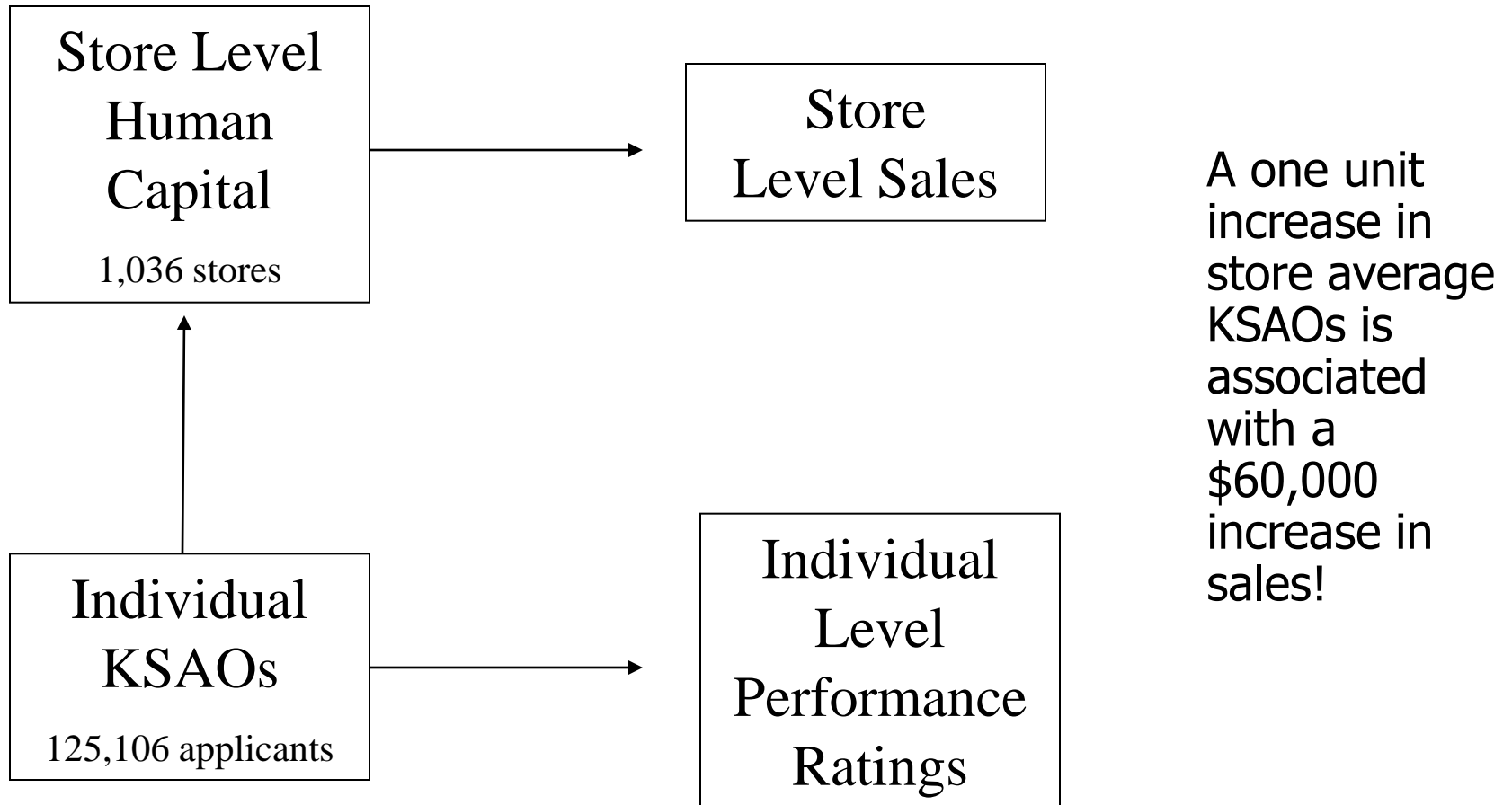
Ployhart (2006, *JOM*)

	Competitive Disadvantage	Competitive Parity	Competitive Advantage	Sustained Competitive Advantage
Staffing Practice	Not using valid selection procedures	Using selection procedures with validity similar to other firms	Using selection procedures more valid than competitors	Using selection procedures more valid than competitors, <i>and</i> the selection procedures create more valuable forms of human capital than procedures used by competitors
Human Capital Resource		Valuable	Valuable Rare	Valuable Rare Inimitable Non-substitutable

Individual Differences Contribute to Organizational Differences

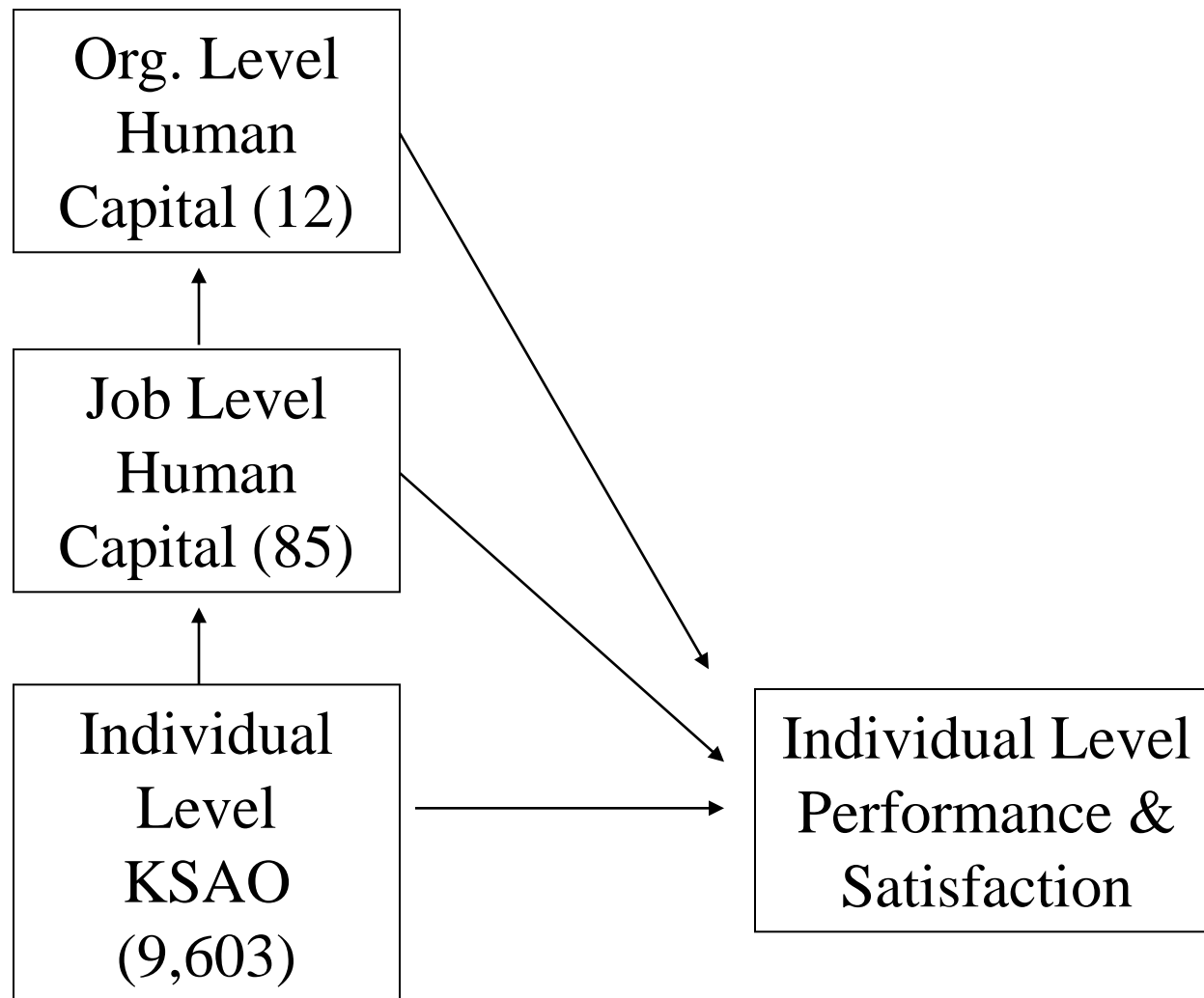
- Human capital resources → competitive advantage
 - Valuable
 - Rare
 - Inimitable
 - Nonsubstitutable
- Human capital emerges from individual KSAOs
- Selection and assessment are foundations of competitive advantage!

Example 1: Large Retailer



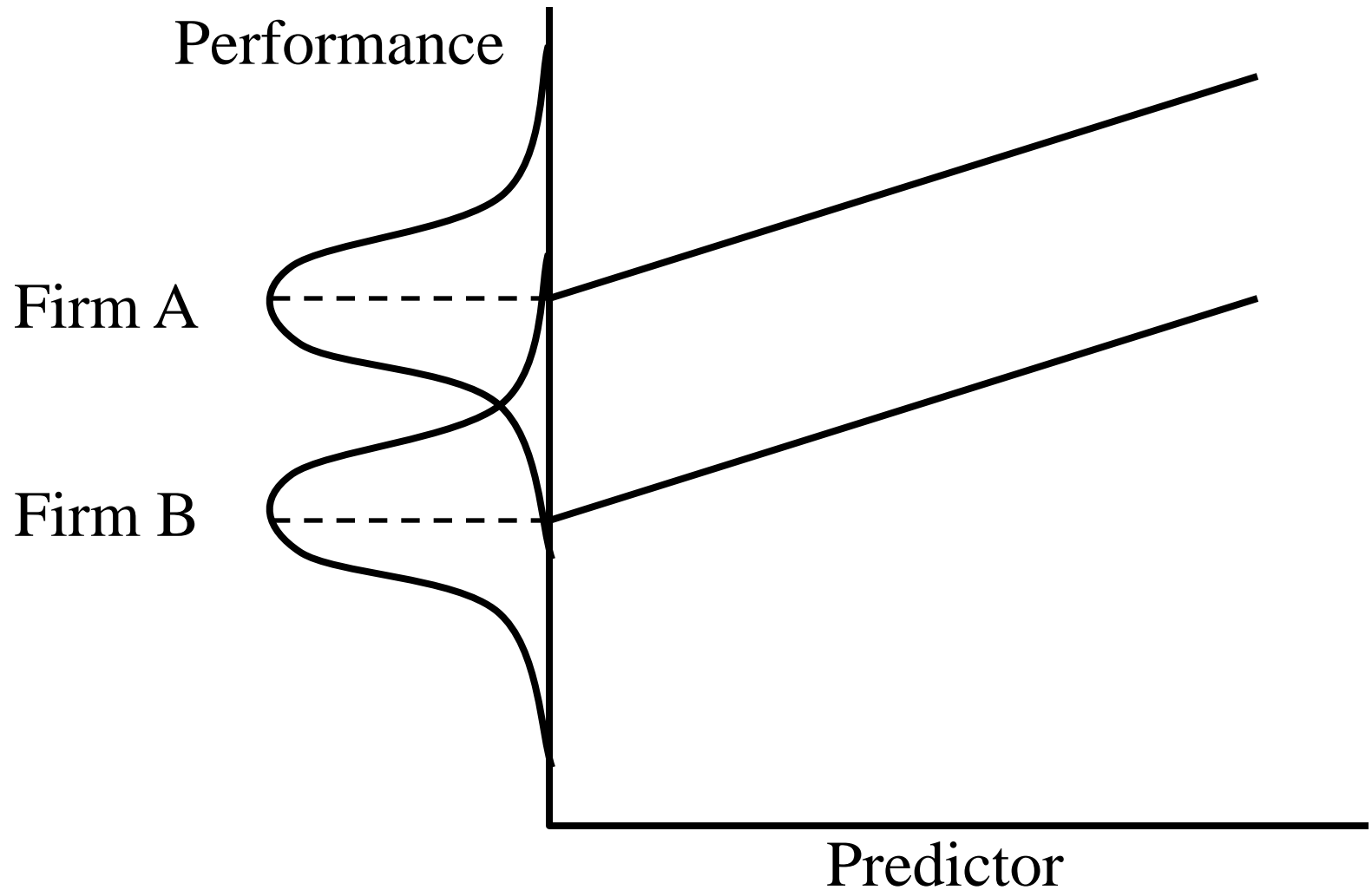
Ployhart, Weekley, & Ramsey (2009, *AMJ*)

Example 2: Study of 12 Retail Organizations

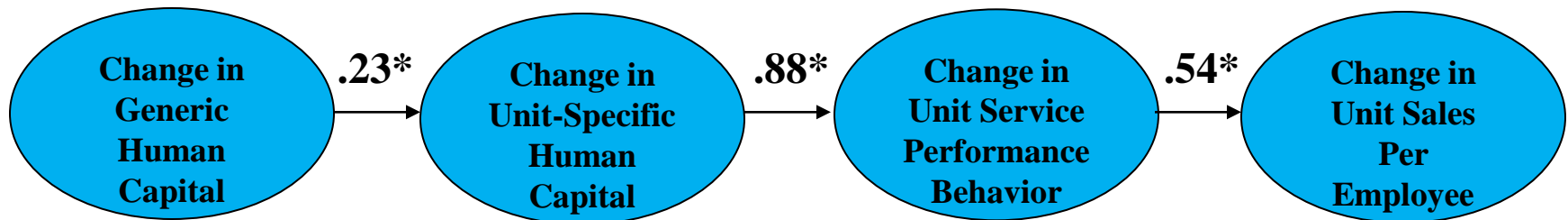


Ployhart, Weekley, & Baughman (2006, *AMJ*)

Human Capital Direct Effect



Example 3: Generic & Specific Human Capital Resources



Ployhart, Van Iddekinge, & MacKenzie (2011, *AMJ*)

Implications & Conclusions

- Selection *practices* cannot create sustainable competitive advantage—only human capital
- Firm-level “validity” may be different from individual-level validity
 - “Better” individual KSAOs may not contribute to superior organizational performance
 - Higher validity may not affect organizational performance
- HC investments help
 - Differentiate the organization
 - Contribute to above-average revenue growth
- Value lies in people *and* their relationships
 - New and different metrics to capture this

Ployhart (2012, *IOP*)

A Different Vision

- Understand how staffing creates competitive advantage
- Understand the psychology of organizational decision makers
- Demonstrate how staffing can be used to create and reinforce the firm's strategy

Questions to Consider

1. What is the organization's strategy?
2. What makes the organization profitable?
3. How is the organization differentiated from competitors?
4. How does the selection system support the organization's strategy, in a way that makes the firm profitable and distinct from competitors?
5. What metrics will be used to define the selection system's success in achieving these points?

THANK YOU!