Team staffing modes in organizations: Strategic considerations on individual and cluster hiring approaches

Timothy P. Munyon [a,*], James K. Summers [b], Gerald R. Ferris [c]

[a] West Virginia University, United States
[b] Bradley University, United States
[c] Florida State University, United States

ABSTRACT

Team-based work structures are increasingly used in organizations as a viable means of improving performance. However, there is relatively little research on the practices of staffing teams and the implications of such practices with regard to a firm's competitive advantage. In this paper, we evaluate methods of team staffing from a strategic human resource management perspective. Included in this discussion is an extrapolation of individual approaches to team staffing, which include staffing individuals to build a team, and cluster hiring, which refers to organizational efforts to acquire and fit a pre-existing team with a new role. In particular, we evaluate how individual and cluster hiring modes influence the competitive advantage of organizations, linking human resource management practices with strategic outcomes, and presenting testable propositions to guide future research and practice in team staffing.

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1. Introduction

A central tenet of strategic human resource management (HRM) is the preeminence of human capital in firm strategy and competition (Colbert, 2004). Meanwhile, a related stream of staffing research has focused on the mechanisms of successfully acquiring and deploying labor in organizations. Historically, performance outcomes in staffing have been viewed as individual or tactical phenomena, generally devoid of strategic implications. Nonetheless, staffing can enhance capabilities and advantage at multiple levels in organizations (Ployhart, 2006).

For example, Lepak and Snell (1999) were among the first to link the strategic contribution of labor to the method of acquiring that human capital, proposing that labor would be acquired through different mechanisms (i.e., employment modes) based on the anticipated strategic value and uniqueness of the human capital. The strategic value and uniqueness of resources have a direct bearing on the employment mode chosen for human capital, and on the competitive advantage firms may realize from such human capital (e.g., Newbert, 2007).

Organizations also seek competitive advantage by structuring work. For example, teams are units of two or more individuals interacting interdependently to achieve a common objective (Baker & Salas, 1997), and team-based work structures are used widely by organizations as a viable means of enhancing performance (Bell, 2007; LePine, 2003). However, despite the significant importance of teams to organizations, relatively little research has examined human resource management (HRM) practices that facilitate the effective staffing of teams (Morgeson, Reider, & Campion, 2005; Stevens & Campion, 1999).

Teams may be staffed using individuals and traditional mechanisms of recruitment and selection. However, organizations also may staff teams *en masse*, using a method called cluster hiring. Cluster hiring refers to organizational efforts to acquire and fit a pre-existing team with a new role. This approach differs from individual staffing approaches because in this approach employees

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* Corresponding author. Department of Management, College of Business and Economics, West Virginia University, PO 1601 University Ave., PO Box 6025, Morgantown, WV 26506-6025, United States. Tel.: +1 850 556 8506; fax: +1 304 293 5652.
E-mail address: tpmunyon@mail.wvu.edu (T.P. Munyon).

are attracted and selected as a unit, representing an alternative option for firms seeking to gain human capital in a team context. Unfortunately, little is known about the effects of these staffing practices on team performance.

Additionally, scholars have called for a renewed focus and consideration of implementation regarding needed future directions for research in strategic HRM (e.g., Becker & Huselid, 2006; Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). These authors have argued that the true effects of progressive human resource practices may never be fully understood until systematic consideration is given to the implementation of those practices, including staffing. Consequently, the purpose of this paper is to discuss the advantages and disadvantages of individual and cluster hiring approaches to team staffing, and the strategic ramifications of such approaches.

We begin by discussing existing research on team staffing. Second, congruent with strategic HRM literature, we draw on resource-based theory (RBT) (e.g., Barney & Wright, 1998; Newbert, 2007) to consider how each of these staffing approaches theoretically modifies the competitive contribution of teams. Finally, we conclude with a discussion and suggestions for future research.

2. Team staffing

In their seminal work, Lepak and Snell (1999) proposed that organizations seeking to gain human capital would do so through different employment modes based on the anticipated strategic value and uniqueness of that capital. In this context, strategic value refers to the ratio of strategic benefits customers derive from human capital output relative to the costs incurred from that human capital, while uniqueness reflects the degree to which labor is rare, specialized, and firm-specific (Lepak & Snell, 1999). Employment modes refer to the mechanisms used by firms to gain needed human capital, and include internal development (i.e., staffing, then training and promotion), external acquisition (i.e., staffing readily productive human capital), contracting (i.e., temporary workers), and alliances (Lepak & Snell, 1999).

Employment mode decisions reflect the strategic value and uniqueness of human capital (Lepak & Snell, 2002). For example, internal development occurs when the strategic value and uniqueness of human capital are high. External acquisition is used when the strategic value of human capital is high, but the uniqueness of that human capital is not. Contracting occurs when the strategic value and uniqueness of human capital are low. Finally, alliances are used to gain human capital when the uniqueness of human capital is high, but the strategic value of that capital is low (Lepak & Snell, 1999, 2002).

Internal development and external acquisition both rely on staffing to acquire human capital; however, they differ with regard to the timing of and responsibility for training. When firms staff labor using internal development, they hire employees who will then be trained and developed to produce for the firm. Thus, training is a responsibility borne by the hiring firm after staffing is complete. Conversely, external acquisition implies that the firm hires employees who are already trained and ready to produce for the firm. Accordingly, training has been accomplished by other organizations and institutions before the staffing process commences (see Becker (1964) for discussion).

Human capital in a team context may be gained through any of the four employment modes. However, the ramifications of staffing teams are most important for the internal development and external acquisition modes, primarily because these modes signal a lasting employment relationship with strategic implications (see for related discussion Dreher and Kendall (1995) and Ployhart (2006)).

According to Lepak and Snell (1999, 2002), firms are likely to utilize internal development when human capital is high in strategic value and uniqueness. Using this logic, teams would be developed internally by selecting employees possessing known composition factors reflective of performance (e.g., personality, team tenure, social capital, leadership; Bell, 2007; Reagans, Zuckerman, & McEvily, 2004). For example, a product development team might be formed by choosing employees with personality characteristics, such as conscientiousness, and abilities, such as engineering competence, predictive of success in such contexts. The organization would then develop the team over time to create value and idiosyncratic competencies and value for its customers.

Although internally developing employees may lead to a more committed (e.g., Lee & Bruvold, 2003) and productive (e.g., Arthur, 1994) workforce at the individual level of analysis, this approach to developing teams is fraught with difficulty (Kozlowski & Ilgen, 2006). Specifically, many of the same individual differences and contextual features that predict team performance are tacitly held by individual members, difficult to measure, and may not adequately reflect each team's unique situation (e.g., Reagans et al., 2004). Furthermore, selection efforts to quantify these factors may consume significant human resource assets (Ryan & Tippins, 2004).

Individuals also generally require socialization into the team and organization, in addition to negotiating roles and status, which impacts both members' commitment to the team, and the team's commitment to new members (Arrow, McGrath, & Berdahl, 2000; Moreland & Levine, 1982). This process of socialization is exacerbated because existing teams often exhibit unique, and potentially malleable, norms and values (e.g., Barker, 1993) that complicate effective management and design (Reagans et al., 2004).

Therefore, firms may pursue alternative employment modes when staffing teams, including external acquisition. This employment mode is likely when human capital is high in strategic value and low in uniqueness (Lepak & Snell, 1999). For example, an architectural design team would be critical for an architectural firm (i.e., strategically valuable), yet the licensure requirements and skills of architects generally are not firm-specific (i.e., not unique). Thus, this human capital may be acquired on the open market to gain readily accessible skills that save development expenses. To the extent that the market reflects an efficient price for this human capital, this mode saves organizations from further training expenses and time.

Unfortunately, this approach to acquiring team human capital is burdened by many of the same pitfalls as the internal development employment mode. Readily productive human capital may possess the needed knowledge, skills, abilities, and other characteristics to create value, but assimilation of a team still requires socialization (Chen, 2005; Chen & Klimoski, 2003) and the negotiation and formalization of roles (Arrow et al., 2000), which potentially consume training resources, including time. These