

# 01

# Introduction

## **LEARNING OBJECTIVES**

By the end of this chapter readers should be able to:

- define the terms 'resourcing' and 'talent management';
- distinguish between different kinds of organisational objectives that are met, in part, through resourcing and talent management activities;
- establish criteria against which to evaluate decision-making in the resourcing and talent management field;
- point out the different ways in which a resourcing or talent management specialist can 'add value' on behalf of an organisation;
- outline different ways of thinking about strategy in the field of resourcing and talent planning.

In addition, readers should be able to understand and explain:

- the purpose of resourcing and talent management and the contribution these make to the achievement of organisational goals;
- the importance of administrative excellence as the basis for human resources (HR) credibility and influence within an organisation;
- the contribution effective resourcing and talent management can make to long-term organisation success.

## Resourcing and talent management

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Through its ‘professional map’ and educational syllabus the Chartered Institute of Personnel and Development (CIPD/the Institute) delineates resourcing and talent management as a distinct and coherent area of human resources management (HRM). This book is intended to act as a guide to these management activities. Its aim is to introduce, explore and critically analyse them, in the process drawing readers’ attention to the most relevant published research and opinion.

The CIPD’s module outline for resourcing and talent planning sums up concisely how this field is defined for the purposes of the Institute’s Level 7 qualifications framework. This is the broad framework that we will use as the basis for the material covered in this book:

A major and fundamental objective of the HR function is the mobilisation of a workforce. Organisations can only function if they are able to assemble together teams of people with the necessary skills, attitudes and experience to meet their objectives. A further objective is then to retain effective performers for as long as possible. From time to time it is also necessary to dismiss people from organisations.

This module focuses on these activities, focusing not just on the practical aspects of recruitment, selection, employee retention and dismissal, but also on the strategic aspects. Skills can be sourced by hiring employees, but also through other means such as the employment of agency workers, subcontractors and consultants, or through outsourcing arrangements with other organisations. In order to mobilise an effective workforce organisations hire people from employment markets, which obliges them to compete for talent with other employers whenever demand for skills is greater than the available supply. Effective organisations thus develop a strategic approach to the attraction and retention of staff, analysing their key employment markets and gaining an understanding of their dynamics so as to enable them to compete more effectively both now and in the future. Indeed, planning to enable an organisation to meet its future demand for skills is an increasingly important HR role and is central to this module. As the skills that employers seek become more specialised, employment markets have tightened, leading to increased sophistication in the area of resourcing and talent planning. This is reflected in the increased use of proactive diversity management, employer branding, work–life balance initiatives and innovative approaches to job design, which are covered in this module.

The module outline goes on to set out its key aims and principal learning outcomes as follows.

Module aims:

- 1 To equip learners with the knowledge and skills required to undertake core resourcing and talent management activities to a high standard. These include human resource planning, job design, recruitment, selection, induction, succession planning and dismissal.
- 2 To enable learners to analyse the employment markets from which their organisations source people with a view to developing attraction and retention strategies which are effective, efficient and fair.
- 3 To encourage learners to appreciate the need to promote flexible working and the diverse possible ways of meeting an organisation’s demand for people.

- 4 To provide learners with knowledge and understanding about long-term developments in the UK's employment markets and demography with a view to planning to meet their organisations' likely future demand for people.
- 5 To provide learners with knowledge and understanding of major contemporary developments in the field of resourcing and talent management.

Learning outcomes:

On completion of this module learners will be able to:

- 1 Analyse the major features of the employment markets from which their organisations source their staff and ways in which these markets are evolving or changing.
- 2 Play a leading role in the development and evaluation of resourcing and talent management strategies, diversity management and flexible working initiatives.
- 3 Manage recruitment, selection and induction activities effectively, efficiently, lawfully and professionally.
- 4 Undertake long- and short-term talent planning and succession planning exercises with a view to building long-term organisational performance.
- 5 Gather and analyse information on employee turnover as the basis for developing robust staff retention strategies.
- 6 Manage retirement, redundancy and dismissal practices fairly, efficiently and in accordance with the expectations of the law and ethical and professional practice.

## What is resourcing?

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The term 'resourcing' is widely used, but has never been precisely defined. The term has long been used by the CIPD and its predecessor bodies, but its precise meaning has evolved somewhat over time. When the first edition of this book was published in 1999 it was called *Employee resourcing* and it covered not just recruitment, selection, retention, HR planning and dismissals, but also performance management, absence management and some other areas of generalist HR activity. Subsequent editions had the title *People resourcing* to reflect the increasing tendency of employers to meet their skills needs by hiring people who were not their employees. The focus thus shifted somewhat so that a greater emphasis was placed on agency workers, subcontractors and outsourcing. For the fifth edition onwards, 'resourcing' has been paired with 'talent management', two terms that are probably best thought of as having linked, but nonetheless distinct meanings.

Resourcing activities form a major part of the generalist HR role. They are activities of central relevance to all organisations that employ people because they aim to help meet six, central, HRM objectives: staffing, performance, administration, change management, reputation-building and promoting employee well-being.

### Staffing

Staffing objectives are concerned with ensuring that an organisation is able to call on the services of sufficient numbers of staff to meet its objectives. These people may be employed in a variety of different ways, but one way or another they must be able

to carry out the tasks and duties needed for the organisation to function effectively. This is often summed up in the phrase ‘securing the services of the right people, in the right place, at the right time’. To achieve this, there is a need to recruit new employees, to retain existing employees and, on occasions, to dismiss others. Increasingly we are seeing organisations taking a more strategic approach to the staffing of their organisations, reflecting the perceived need to recruit and retain more effective performers than their competitors can. Hence, as well as the emphasis on ‘talent management’ we regularly see examples of organisations seeking to become ‘employers of choice’, putting forward ‘employee value propositions’ and developing ‘employer brands’. The aim is to sell themselves as employers to would-be employees by offering them both an attractive package of terms and conditions and an employment experience that is superior and distinct to that which they could achieve elsewhere.

## **Performance**

Performance objectives pick up from the point at which the staffing objectives have been achieved. The aim here is to ensure that, once assembled, the workforce is absent as little as possible, and is well motivated and willing to perform to the best of its ability. To achieve this, there is a need first to monitor individual and group performance and then to develop means by which it can be improved. There are always two distinct areas of performance management activity. The first concerns the identification of sub-standard performance and measures taken to improve it. This can be focused either on groups of employees or on individuals. The second concerns policies and practices that have as their aim the maximisation of performance in a more general sense. In recent years the emphasis here has tended to be on managing people in such a way as to encourage them to demonstrate ‘discretionary effort’. The most successful organisations are those whose people are sufficiently committed that they are prepared to work beyond the strict requirements of their contracts in order to help achieve the organisation’s aims.

While resourcing, as defined in the CIPD professional map, does not encompass the detailed day-to-day management of employee performance, among its aims is the need to support the achievement of superior performance on the part of individuals, teams and whole organisations. This is achieved by recruiting and selecting staff who have the capacity to perform well, by retaining them and through the effective management of procedures for dismissing poor performers. In a more general sense, many resourcing activities, when managed well, serve to lift morale and commitment on the part of employees and hence contribute positively to the achievement of superior performance.

## **Administration**

Administration objectives are concerned with ensuring that the employment relationships formed are managed efficiently, as well as in accordance with the law, professional ethics and natural justice. In order to achieve these aims consistently, it is necessary to write HR policies, to develop accepted procedures and to draw up other documents relating to the employment of individuals (eg job descriptions, offer letters, contracts, and disciplinary warnings). Effective job and organisation design can also be cited as significant administrative activities. It is often argued that these kinds of activities represent a cost to organisations, amount to bureaucratic requirements and do not add value. While this is true of over-elaborate and unnecessarily unwieldy

practices, it is not the case in more general terms. The truth is that the management of every organisation includes an administrative element. Carrying out those tasks more effectively and efficiently than others is, therefore, one way in which the HRM function contributes to the achievement of competitive advantage.

## **Change**

A fourth type of objective draws on elements of the first three but is usefully treated as being distinct in nature. This ensures that proper recognition is given to the significance of change in organisations and its effective management. Increasingly it is argued that we operate in a business environment that is subject to continual change. For many businesses it is no longer a question of managing a discrete episode during which change occurs, but managing processes through which organisations progressively evolve in terms of both their structure and culture. The resourcing function can act as an important ‘change agent’ through the mechanisms whereby it attracts, retains and motivates staff.

Charles Darwin famously argued that the biological species that survive most effectively are not those that are strongest or most intelligent, but those that are best at adapting to change. The more volatile, competitive and unpredictable our business environment becomes, the more relevant this idea is to the world of employment. The organisations that develop the best capacity for flexibility are those that are best placed to seize opportunities as they arise.

## **Reputation**

In recent years developments in the media landscape, particularly the evolution of all-pervasive social media and greater competition among mainstream media outlets, have made it harder for corporations to protect and enhance their reputations. The truth is that negative stories attract public interest and it is thus in the interests of journalists and people looking to gain a bigger following on social media to place the worst possible spin on a story. The bigger a global brand, the higher the risks associated with loss of reputation. Over time, as more and more such stories are published and circulated, public trust in the ethics and good intentions of businesses has declined, and in many cases these concern HR matters either directly (eg media revelations about poor or inequitable treatment of staff) or indirectly (eg ethically questionable actions by staff). In the field of resourcing and talent management the major risk areas that need to be managed increasingly carefully to protect and enhance reputation are equality and diversity (eg dominance of senior positions by people who are ‘male and pale’), flexible working arrangements (eg bogus self-employment and zero hours contracts) and dismissal decisions (eg terminating contracts for reasons that are widely considered to be unreasonable).

## **Well-being**

For much of the past 30 years HR managers have tended to distance themselves somewhat from activities that relate to the welfare of employees. Back in the 1920s and 1930s, when our profession was first establishing itself, looking after employee welfare was acknowledged as being a major part of the role, but by the 1980s this side of HR work was often downplayed in favour of activities aimed squarely at meeting management objectives. The idea that the role of HR managers was in part

to represent employee interests to senior management fell out of fashion as the HR function sought to re-position itself as one that is both critical to organisational success and strategic in nature. Currently we are seeing a reversal of this trend. It is occurring partly because of increased concern about stress and mental health in workplaces and partly in reaction to media revelations about sexual harassment and bullying in workplaces. It was striking in 2018 to observe Members of Parliament in the United Kingdom calling for the establishment of a proper HR function in the Palace of Westminster in order that staff would have somewhere to go if they wanted to raise concerns about their treatment at work. More generally, it is being increasingly appreciated that well-being is associated with job satisfaction and hence with productivity and performance. An employer that neglects its employees' welfare is unlikely to be able to recruit and retain good performers. Looking after people is thus right back at the top of the HR agenda again. In the resourcing and talent management field this means that more attention needs to be given to employee interests when hiring and firing in particular. HR managers need both to act fairly and professionally when carrying out their activities, and to be seen to do too.



### Activity 1.1

#### What's in a name?

Read the article entitled 'No I'm not the HR director I'm the ...' by Marianne Calnan featured in *People Management* (November 2017, pages 42–4). This can be downloaded from the *People Management* archive on the CIPD's website ([www.cipd.co.uk](http://www.cipd.co.uk)).

This article discusses the different job titles that people employed in HR work are increasingly adopting. The suggestion is that over time the term 'human resource manager' is falling out of fashion.

#### Questions

- 1 Why do you think that managers who have been happy to call themselves HR officers, HR managers and directors of HR now seem to be opting for other titles?
- 2 How far do you agree that the terms 'resources' and 'resourcing' are becoming less appropriate to use in job titles? What would you prefer and why?



#### PAUSE FOR THOUGHT

In 2007 the *Harvard Business Review* published an article by Tamara Erickson and Linda Gratton entitled 'What it means to work here'. They argued that employers are most likely to recruit and retain the most talented performers when they are able to offer them 'a signature employment experience'. What do you think this might mean in practice? How far would you say that your organisation offers its staff a signature employment experience?

## What is talent management?

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As with many relatively new business terms, including the term ‘HRM’ itself, ‘talent management’ has been defined in a range of different ways (Sparrow *et al*, 2014a; Collings *et al*, 2017a). It was first coined around the turn of the 21st century by a group of HR consultants working for McKinsey & Co, since when it has become very widely used across the world. Numerous books and articles have now been published on the subject, each of which has tended to take a somewhat different perspective and hence to have adopted its own precise definition. Here are some examples:

The systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential who are of particular value to an organisation.

(CIPD, 2006)

Talent management is an integrated set of processes, programs and cultural norms in an organization designed and implemented to attract, develop, deploy and retain talent to achieve strategic objectives and meet future business needs.

(Silzer and Dowell, 2010a: 18)

At its heart, talent management is simply a matter of anticipating the need for human capital and then setting out a plan to meet it.

(Cappelli, 2008: 74)

The recruitment, development, promotion and retention of people, planned and executed in line with your organisation’s current and future business goals.

(Wellins *et al*, 2006)

Activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation.

(Collings and Mellahi, 2009: 304)

We understand talent management to be a distinctive process that focuses explicitly on those persons who have the potential to provide competitive advantage for a company by managing those people in an effective and efficient way and therefore ensuring the long-term competitiveness of a company.

(Bethke-Langenegger *et al*, 2011: 527)

While all these definitions share a sense that ‘talent management’ is essentially a strategic kind of activity, they differ in other respects. In particular, you will observe that some take a far narrower view of what ‘talent’ consists of than others. They also differ considerably in scope, in terms of the range of HRM and human resource development (HRD) activities that they see as being properly encompassed by ‘talent management’. In these two respects the diverse definitions that are used reflect quite fundamental disagreement about the philosophy that should underpin talent management as well as the basic meaning of the term.

## ***Inclusive v exclusive approaches***

There is now a well-established debate in the field of talent management relating to who exactly in an organisation should be considered to be ‘talented’ and hence on whom talent management activities need to be focused. For some, ‘talent’ is seen as being an essentially rare and highly valuable commodity that is present in only a relatively small number of employees and potential employees. Often this ‘exclusive perspective’ only really encompasses senior managers and those who have the potential to succeed them in the future, although some companies extend their notion of ‘talent’ to include some professional groups and people with good technical skills that are in short supply (Devine and Syrett, 2014: 15–16). It follows that talent management activities and strategies are very much orientated towards attracting, engaging, developing and retaining ‘queen bees’. The mass of the workforce are not seen as comprising ‘talent’.

The alternative ‘inclusive philosophy’ of talent management rejects this queen bee approach, preferring instead to regard all employees, as well as others whose skills the organisation draws on, as being part of its talent pool (Lawler, 2017: ix). Everyone has the potential to make a real contribution to the achievement of competitive advantage or the meeting of strategic objectives. The extent of the contribution may vary from individual to individual, but with the exception of very poor performers, everyone comprises a part of an organisation’s overall stock of human capital and thus needs to be covered by talent management policies and practices.

## ***Broad scope v narrow scope***

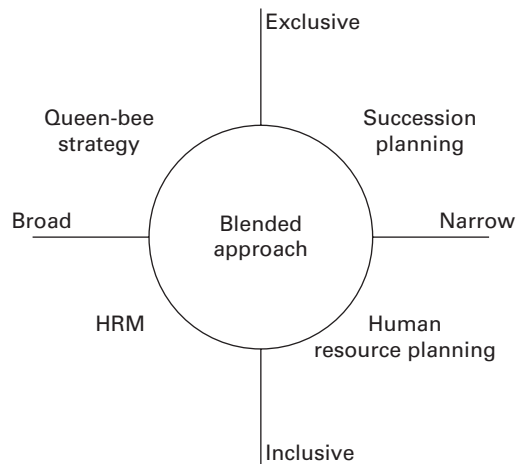
Some definitions of ‘talent management’ are so broad in their scope as to be almost indistinguishable from definitions of human resource management, perhaps shorn of the collective employee relations dimension. Pretty well everything else is included, from HR planning, through recruitment and selection, to employee engagement, performance management, career development, coaching and mentoring, employee retention and involvement. According to this conception, any organisational intervention that has a potential impact on the fostering of talent in any shape or form comes within the scope of ‘talent management’.

At the other extreme is a far narrower view of what ‘talent management’ activities consist of. The tendency here is to focus almost exclusively on workforce planning, and particularly succession planning activities. It is primarily seen as an activity concerned with ensuring that in the future an organisation is able to meet its core skills needs. Those who use the term in this way have developed a series of ‘water metaphors’ to give it meaning. They commonly make reference, for example, to ‘talent reservoirs’, ‘talent pools’, ‘talent pipelines’ and, most recently, to ‘talent waves’.

## ***A blended perspective***

In the absence of any clearly agreed definition it is best to accept that there are a range of perspectives and to think of ‘talent management’ as being a multi-dimensional concept that different organisations and writers use in rather different ways. None is right or wrong and each has something to offer the practising HR manager. As far as this book is concerned, we will therefore take the approach that is recommended in the CIPD’s ‘Talent management factsheet’ (CIPD, 2012) and follow a ‘blended



**Figure 1.1** Approaches to talent management

perspective’ that is neither too narrow in its conception of what constitutes ‘talent management activity’, nor overly exclusive in its view of who constitutes an organisation’s ‘talent’ (see Figure 1.1). In practice this is the approach that most organisations use.

## Decision-making and evaluation

If resourcing and talent management activities are to make a real, long-term contribution to the success of an organisation, it is insufficient simply to set out to achieve the above tasks and objectives. Because the environment is continually changing and developing, and because there are always other organisations with which it is necessary to compete, there is always a need to look for ways of improving the methods used to achieve our HRM objectives. In other words, there is a need regularly to review the policies and practices used in order to maximise the contribution of the resourcing and talent management function to organisational success. It is thus necessary to adjust or rethink the approaches used from time to time, with a view to meeting the requirements of new business circumstances. The objectives do not change, but over time the tools used to achieve them may do so, and to a considerable degree. Decision-making in this area is thus of long-term significance.

Organisations must also evaluate their activities, periodically if not continually, in order to establish whether or not improvements could or should be made to their policies and practices. Key skills thus include the development of a capacity for constructive criticism, as well as a knowledge and understanding of the various possible courses of action that could be taken in any given situation.

It is helpful, when formally evaluating specific resourcing policies and practices, to think about them with three basic questions in mind:

- Are we achieving our objectives as effectively as we could?
- Are we achieving them as efficiently as we could?
- Are we achieving them as fairly as we could?

These three broad criteria (effectiveness, efficiency and fairness) underpin much of the evaluative material included in this book. Where the literature indicates that a variety of different approaches is or can be used to tackle a particular set of resourcing objectives or problems, each of the major options is assessed and its merits considered against the backdrop of different environmental circumstances and with these three basic considerations in mind. Courses of action are thus evaluated not in isolation but in comparison with other possible approaches. This reflects what has to happen in practice. Perfection is rarely possible: what is important is that the best approach is taken when compared with other options. It is also often necessary to compare taking action in a particular field with the results of not taking action, or with the approaches used by competitor organisations.



### PAUSE FOR THOUGHT

Which resourcing activities does your organisation formally evaluate on a regular basis? What are the main criteria used?



### Activity 1.2

#### High potentials

Read the article by Jane Simms entitled 'Are talent programmes ageist?' featured in *People Management* (August 2015, pages 34–5). This can be downloaded from the *People Management* archive on the CIPD's website ([www.cipd.co.uk](http://www.cipd.co.uk)).

The article argues that common conceptions of talent management are not only elitist, but also inherently ageist because they are focused on younger people.

#### Questions

- 1 How far do you agree that older employees should be considered to have just as much future potential as younger colleagues?
- 2 What changes to typical talent management programmes are needed in order to include older staff effectively?

## Adding value

It is always important to remember that many organisations, including some that are large and successful, find it possible to manage quite happily without employing HR specialists. In many others, the function is responsible purely for the accomplishment of basic administrative tasks or is outsourced altogether and devoid of

any meaningful influence on the direction of organisational policy. Although we may consider that we, and our function, carry out indispensable work, other managers often see things rather differently. Unless we are perceived clearly to add value to the organisations we serve, no future existence can be assured and we rapidly find ourselves disrespected and lacking in credibility. Much of this book is thus concerned with pointing out the ways in which professionally qualified HR specialists, working through resourcing and talent management activities, can add value for their organisations. The alternative is a function that represents little more than a 'cost' on an organisation's balance sheet.

'Adding value' is a term that is used more often than it is clearly understood. What does it actually mean in practice? The answer lies in three separate types of contribution: delivering business objectives, providing an excellent administrative service and acting as a champion for effective people management.

## ***Delivering business objectives***

The most important way in which resourcing and talent management activities add value is by playing a significant role in the achievement of strategic objectives. Key business objectives change over time, often for reasons wholly outside the control of managers. An organisation that is expanding one year may find itself needing to contract substantially in the next. Indeed, many organisations nowadays find that they are both contracting and expanding at the same time as one part or area of activity prospers while another flounders. Either way, resourcing activity is central to maximising the extent to which the objectives are met effectively, efficiently and fairly. Expansion requires proficient recruitment and selection of new employees. It also requires the development of staff retention practices that minimise avoidable turnover of valuable people. It also usually requires attention to be given to job analysis and the organisation of work so as to maximise the efficiency with which staff are deployed once recruited. Resourcing practice is also central when an organisation, or part of an organisation, contracts. The aim here is to shed staff in as professional and inexpensive a way as possible, while minimising the damage done to long-term business prospects. Badly handled downsizing programmes not only cost a great deal more than is necessary (often at a time when the financial situation is tight), they also have a knock-on effect on the morale, commitment and performance of surviving staff and can have a profoundly damaging effect on an organisation's image in the wider world.

## ***Administrative excellence***

The idea of HR functions supporting the achievement of business objectives has received such prominence in recent years that readers might be forgiven for considering it to be the only way in which the profession can add value. This is not the case. Helping to achieve business objectives is an essential part of the role, but it is insufficient on its own. Resourcing and talent management specialists also have tasks to achieve that may be less glamorous and more mundane, but which are equally important.

Whether we like it or not, it is important to recognise that all organisations need to be managed. They do not and cannot run themselves. The larger and more complex the organisation, the more administrative activities of one kind or another are

necessary. Moreover, because organisations compete with others (or in the case of the public sector are answerable to taxpayers), there is an imperative to achieve these necessary administrative activities as effectively as possible and at the lowest possible cost. Because much administrative activity is the responsibility of HR people, carrying it out with maximum effectiveness and efficiency becomes a potential source of competitive advantage for the organisation. The HR function thus adds value by ensuring that these tasks are achieved to a higher standard and more cost-effectively than competitors.

There is a great deal of resourcing and talent management activity that falls into this category, the major examples being the following:

- human resource;
- planning;
- job analysis;
- developing competency frameworks;
- undertaking supply and demand forecasting;
- drawing up job descriptions, person specifications and accountability profiles;
- administering recruitment and selection procedures;
- training managers to recruit and select effectively;
- drawing up contracts of employment;
- managing induction processes;
- issuing statements of terms and conditions of employment;
- managing succession plans;
- advising line managers on matters relating to employment law;
- managing dismissal processes effectively, fairly and lawfully;
- carrying out exit interviews with leavers;
- processing documentation when someone leaves;
- managing redundancy programmes;
- handling retirements properly;
- drawing up and reviewing policy across all these areas of activity.

There is also another reason for striving towards administrative excellence. It is essential that this work is carried out professionally and competently if the function, and its managers, are to gain and maintain credibility within the organisation. If this is not achieved they will not be listened to by other managers and stand no chance whatever of gaining sufficient influence to participate in the direction of wider organisational decision-making. Administrative excellence is a prerequisite for more ambitious aims such as those described above in the context of the achievement of strategic objectives, and those discussed below.

### ***Acting as a champion for people management***

In recent years a great deal of robust research evidence has been published showing the existence of clear links between effective people management practices and business success. Writers disagree about the precise nature of these links and their

magnitude in terms of statistical significance, but most now agree with the claim that organisations that are good at managing their staff increase their chances of achieving long-term competitive advantage in their industries (see Boselie, 2013 for an excellent review of this research). However, despite the published evidence and the inherent logic underlying the proposition, it remains the case that many managers are unconvinced about its validity. Their scepticism is often hidden behind a general adherence to statements about the importance of people to organisations, but is nonetheless demonstrated in their actions. Again and again HR specialists find that their priorities are not shared by their bosses, who are more inclined to focus on short-term financial objectives and on devising means of enhancing effective management control over their organisations. This occurs not because chief executives and other senior directors are incompetent or unscrupulous, but because they are required to answer first and foremost to shareholders and government ministers whose interest is often short-term financial gain or the achievement of savings. These are matters with which HR specialists must be concerned, but they also have a particular responsibility to argue for the very real contribution that investment in effective people management can make to the achievement of financial success over the longer term.

This is not to say that all organisations, whatever their financial or labour market position, must put in place ‘gold-plated’ resourcing and talent management policies and practices. It does not make good business sense for all organisations to seek to be ‘employers of choice’ or to invest more than all their competitors in the most expensive human resource systems that the market has to offer. However, there remains a need for HR people continually to explain and demonstrate the worth of effective people management practices to a somewhat sceptical audience. If they don’t no one else will, and the result is likely to be lost opportunities and, over time, loss of competitive advantage. It is really a question of playing the role of advocate for people management and seeking to ensure that staffing considerations are taken into account when business decisions are being taken. Value is only added if HR professionals are able to remind other managers of the potential impact their actions can have on employee satisfaction, staff turnover rates, performance levels, the incidence of absence and the organisation’s reputation in its key labour markets.



#### PAUSE FOR THOUGHT

To what extent do you think the HRM function in your organisation ‘adds value’?  
How would you go about demonstrating that this was the case?

## Operations and strategy

A substantial portion of the resourcing and talent management field is concerned with necessary operational matters. It is about achieving the day-to-day, nuts-and-bolts basics of HRM as effectively as possible. This is reflected throughout this book, as many chapters deal with operational issues. You will read, for example, about:

how to develop formal human resource and succession plans; how to analyse and re-design jobs; the different methods of recruiting and selecting people; how to analyse and measure employee turnover; how to improve employee retention rates; and fair and effective methods of handling dismissals, redundancies and retirements. These are core professional activities that organisations always expect HR people to carry out efficiently, effectively and lawfully. They are, in many organisations, the prime reason that an HR function exists.

However, the book also gives attention to the development of resourcing and talent management strategy. We deal with this issue directly and fully in Chapter 19, drawing together ideas that have been developed earlier in the book and setting out some of the theories that have been advanced about strategy-making in this field. However, it is necessary at the start to introduce this subject so that you can develop your thinking about it as you study. This also allows an opportunity to introduce our first major area of debate, because there is no general agreement about what exactly constitutes ‘a resourcing strategy’, ‘a talent management strategy’ or even ‘a resourcing and talent management strategy’. There are different perspectives on this and different ways of defining the terms. Broadly it is possible to identify four distinct viewpoints: a military-type perspective; an alignment-focused perspective; a future-orientated perspective; and an employment market perspective.

### ***A military-type perspective***

At the most basic level we can define ‘resourcing and talent management strategy’ as simply meaning that a broadly strategic approach is taken to the management of the core activities outlined above. It is helpful here to use a military metaphor and to think about a battle. In order to win, an army needs to employ effective tactics, reacting to events in an appropriate way, deploying its resources effectively and generally ensuring that each soldier is both willing and able to play their designated role. These are operational matters. In addition, though, to win a battle there needs to be an effective underpinning strategy. Senior officers are charged with developing this, establishing from the start what the core aims of the exercise are, how success or failure will be measured and how the best outcome can be achieved. In developing strategy there will be major fundamental choices to be made, such as where to position different divisions, where best to attack and at what time and how to make the best use of weather and topographical conditions. Sometimes the choices about these matters will be difficult and finely balanced. In making such decisions, as far as possible, army generals step back and look at the battlefield with a cool head and from a distance. The term ‘taking a helicopter view’ is often used in this context.

A similar type of perspective can be taken about resourcing and talent planning activities, particularly when a defined project or initiative is to be planned and executed. While a ‘muddling through’ kind of approach can be adopted where there is little overall direction and no clear aim or benchmark against which to evaluate, it is preferable to take a strategic perspective. Hence if an organisation is expanding and is embarking on a recruitment drive, the most effective approach is to start by thinking through the aims. What kind of people do we want to recruit? How should they be different from those we have recruited in the past? What attributes are essential and desirable for the people we recruit to have? How much money is available to spend? Having decided on the aims, the next step is to survey the range of possible recruitment tools that are available and make a decision about which will best help

to meet those aims. A planned approach is then taken to implementing the strategy, involving the allocation of tasks to team members and ensuring that they have the equipment, resources and training required to play the allocated role. There also needs to be formal evaluation after the event so that lessons can be learned for the future.

In the same way, a strategic approach can be taken to an HR planning exercise, an employee retention initiative or the management of a redundancy programme. However, more generally and irrespective of whether or not a discrete project is identified, organisations are likely to improve their performance and achieve greater efficiency if a broadly strategic approach is taken to the management of resourcing and talent generally.

It should be possible to articulate a clear recruitment strategy, for example, an employee retention strategy and a strategy on retirement matters. The same process of addressing fundamental questions is used. What are the aims? What are the constraints? What are the different options available within our budget? What are the advantages and disadvantages associated with each? Operational decisions then flow from these.

### ***An alignment-focused perspective***

A second way of defining ‘strategy’ in respect of resourcing and talent management is to use as a starting point the organisation’s overall business strategy. This is the way that most academic researchers and consultants have tended to view HR strategy in recent years, the core idea being that it should be derived from, support and clearly align with the strategic aims of the organisation. The term ‘business model’ is sometimes used nowadays to describe the overall strategic direction an organisation takes and which differentiates it from its competitors.

So, for example, an organisation’s strategy might be to provide low-cost services to its customers at a basic level of quality. It makes only a very limited amount of profit on each sale, but has a strong financial position because of its large sales volume. This is the business model followed by fast food chains, by the low-cost airlines and by online retailers. Their appeal to the consumer is value for money. What does a resourcing and talent management strategy look like if it is aligned to such a business strategy? First and foremost there needs to be a firm lid kept on costs, so wage budgets are kept under tight control. Pay and conditions are set at the minimum level practicable in order to attract and retain competent staff. There are, in addition, centralised bureaucratic systems established, allowing little local discretion for managers in terms of how people are managed. Standard policies are followed across the organisation so that economies of scale are maximised as far as administration is concerned. An alternative is an organisation that aims to compete primarily on the basis of the quality of its services. Margins are larger, but so are customer expectations. Such a strategy requires, above all, the maintenance of high levels of customer satisfaction. So discretion is given to local managers, and to staff too, so that they are in a position to respond quickly to individual customer demands. As far as staffing is concerned the requirement is to attract and retain people of superior ability, which means following ‘best practice’ approaches to the recruitment and selection process. A range of sophisticated approaches will also typically be used to try to retain and motivate good, experienced performers. It would be appropriate, if such a strategy were followed, for the organisation to try to achieve ‘employer of choice’ status, by

which is meant an organisation that people want to work for because it is so well managed from an HR perspective.

In Chapter 19 the concept of strategic alignment is explored in greater depth, examples being examined of some of the key strategic tools and models that have been developed with a view to assisting managers to get the best out of people.

## ***A future-oriented perspective***

A third way of thinking strategically about resourcing and talent planning is to focus on the environment in which organisations operate and, particularly, on the more predictable long-term trends which have an impact on resourcing activity. This involves looking ahead and taking action in plenty of time so that your organisation is as well placed as possible to source the required skills and the number and quality of people it requires in the future.

A lot of the material in this book takes this kind of perspective, particularly Chapters 2, 5, 13 and 20. These concern long-term trends in the labour market, human resource planning, succession planning and more general debates about the likely future evolution of workplaces and HRM. Inevitably when a future focus is taken, it is impossible to be certain about what will happen. As is pointed out in Chapter 5, the unexpected has a habit of occurring and destabilising what were previously confident expectations. But this need not stop organisations from making plans. In fact, the more uncertain the environment, the more important it is to think about the future and to engage in sound, evidence-based strategic planning. The key is to think in terms of multiple scenarios and to undertake ‘what if?’ analyses based on what we know could happen and what we think probably will happen. Future planning can also be flexible, so that as time progresses plans can be adapted and redefined as necessary.

In Chapter 2 you will read about long-term labour market trends. Some aspects are predictable with some confidence, particularly demographic trends. There is no question, for example, that the UK population is ageing at a rapid rate and that we will soon face a situation in which more people are retiring each year, while fewer are coming into the labour market in their late teens and early twenties. The overall population of the country is not falling, and short of some major unforeseen geopolitical shock occurring, the world economy is going to continue growing (along with its population) for some time to come as developing countries industrialise. There is thus every reason to anticipate growing demand for labour on the part of organisations. We can therefore predict with some confidence that, all else being equal, many labour markets in the UK are going to tighten considerably over the next 20 years. This will have a serious impact on the ability of organisations to recruit and retain staff and will inevitably affect the methods they employ to do so. The tightening is likely to be made worse as a result of another predictable environmental trend, namely the rapid increase in demand for skilled staff in general and for people with specialised skills and experience in particular. The growing professions are mainly of this type, and yet the rate at which the working population is acquiring these skills is already too slow to enable supply to meet demand. The need to cut public expenditure in order to pay off the debts built up by the UK government in the first 10 years of the 21st century makes it less likely that upskilling can proceed at the same sort of rate that has been achieved in recent years. This second very predictable trend in the resourcing environment compounds the first.



At the same time as employment markets tighten, it is plausible to predict that the next 10 or 20 years will also see increased globalisation of economic activity and an acceleration of technological innovation. That has happened strongly over the past 50 years and there are no reasons to expect any change of direction over the long term. The result is increased competition for all organisations in the private sector and many in the public sector too. Consumers will become more demanding, the more choice that becomes available to them.

The result, from a resourcing and talent management perspective, is likely to be reduced budgets and a need for managers working in the field to be able to demonstrate that their activities are adding value.

## ***An employment market perspective***

The fourth and final way that we can conceptualise a resourcing and talent management strategy is to focus very much on an organisation's particular employment markets and on its capacity to recruit and retain the staff it needs. In other words we can focus entirely on the capacity of an organisation to recruit and retain effectively. In Chapter 19 you will read about this type of activity in greater detail and about models that can be used as tools to help develop strategies for competing in employment markets. For now it is just necessary to flag up this kind of thinking and to introduce it as a theme that runs through the book.

The focus here is on tight labour markets. Where there are no skills shortages of any consequence and where recruiting and retaining people is unproblematic, there is no compelling need for organisations to think strategically about how to compete for staff. It becomes an issue when the market is tight and many employers are competing with one another to attract and then to hold on to good performers, in critical roles, whose skills are relatively rare. In such circumstances resourcing and talent planning activities become central to an organisation's ability to meet its objectives, and hence a need develops to formulate and execute strategies designed to compete for people more effectively than other organisations.

The key point to appreciate is that achieving and maintaining this successfully requires sustained activity over a long period of time. The need is to build up steadily an organisation's reputation as an employer, and this is not something that can be done overnight. Furthermore, it requires an organisation to differentiate itself from its labour market competitors in clear ways, so that would-be employees have a clear idea about what it offers them over and above the offerings of others. This means that decisions about terms and conditions of employment, job design, management style and, especially, recruitment practices take on a strategic quality. They have to be managed carefully, over a period of years, in such a way as to bolster the organisation's reputation as an employer in positive ways. In Chapter 9 you will read about employer branding and about other ways that resourcing and talent management specialists can borrow techniques and ideas long used in the marketing function and apply them to the business of competing effectively for staff.

## **Integration with other HRM activities**

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It is important to remember that the term 'resourcing and talent management' is an invention of the CIPD. Its purpose is to serve as a means of delineating the

management activities described above from those covered by the other CIPD elective subjects that make up its qualifications scheme and professional map, such as employee relations, reward management, performance management and human resource development. In practice there is no real barrier between these different areas of activity and none should be created, even where each is the responsibility of a different manager. Activity in the resourcing and talent management field often has an impact on that in the other areas and vice versa. Moreover, solutions to problems are frequently to be found through the agency of 'joint actions' drawing on thinking and practice from more than one specialist area. Some examples are as follows:

- A skills shortage can be eased through resourcing activities (eg better recruitment, more effective retention, better deployment of skilled staff), but also intervention on the training and development front can be hugely beneficial.
- Activities in the development, reward and relations fields are significant in their ability to underpin job satisfaction. They thus play a major role in reducing staff turnover and making an employer a more attractive proposition for potential employees.
- The effective introduction and utilisation of talent management initiatives are also matters that affect collective employment relationships and are thus a concern of employee relations specialists.
- Poorly introduced initiatives in the resourcing field (eg changed contractual terms or redundancy programmes) often have very profound employee relations implications.
- The effectiveness of the training and development function has important implications for human resource planning and succession activity and is central to the effective induction of new employees.

Many other examples could also be cited to illustrate the futility, and indeed danger, of seeing resourcing activity as discrete or being undertaken in a theatre that is in some way distinct from the other major HR functions. In practice the lines between each are blurred. It is important to remember this when analysing the likely effectiveness of a future resourcing intervention and when evaluating existing organisational practice.