

People Resourcing Strategy

Key concepts and terms

- Bundling
- Organizational capability
- Resource capability
- Human resource planning
- The resource-based view
- Talent management

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- The objective of resourcing strategy
- Integrating business and resourcing strategies
- The strategic HRM approach to resourcing
- The components of employee resourcing strategy

Introduction

This chapter deals with people resourcing strategy, which is concerned with taking steps to ensure that the organization obtains and keeps the people it needs and employs them efficiently. It is closely associated with learning and development strategy, which sets out how the organization ensures that it has the skilled and knowledgeable workforce it needs and that a pool of talented people is created who will provide for management succession.

The objective of people resourcing strategy

The concept that the strategic capability of a firm depends on its resource capability in the shape of people (the resource-based view) provides the rationale for resourcing strategy. As explained by Grant (1991):

The firm's most important resources and capabilities are those which are durable, difficult to identify and understand, imperfectly transferable, not easily replicated, and in which the firm possesses clear ownership and control. These are the firm's 'crown jewels' and need to be protected; and they play a pivotal role in the competitive strategy which the firm pursues. The essence of strategy formulation, then, is to design a strategy that makes the most effective use of these core resources and capabilities.

The aim of this strategy is to ensure that a firm achieves competitive advantage by attracting and retaining more capable people than its rivals and employing them more effectively. These people will have a wider and deeper range of skills and will behave in ways that will maximize their contribution. The organization attracts such people by being 'the employer of choice'. It retains them by providing better opportunities and rewards than others and by developing a positive psychological contract that increases commitment and creates mutual trust. Furthermore, the organization deploys its people in ways that maximize the added value they create.

The strategic HRM approach to resourcing

Strategic HRM emphasizes the importance of human resources in achieving organizational capability and therefore the need to find people whose attitudes and behaviour are likely to be congruent with what management believes to be appropriate and conducive to success. In the words of Townley (1989), organizations are concentrating more on 'the attitudinal and behavioural characteristics of employees'. This tendency has its dangers. Innovative and adaptive organizations need non-conformists, even mavericks, who can 'buck the system'. If managers

recruit people ‘in their own image’ there is the risk of staffing the organization with conformist clones and of perpetuating a dysfunctional culture – one that may have been successful in the past but is no longer appropriate in the face of new challenges (as Pascale, 1990, exclaims, ‘nothing fails like success’).

The HRM approach to resourcing therefore emphasizes that matching resources to organizational requirements does not simply mean maintaining the status quo and perpetuating a moribund culture. It can and often does mean radical changes in thinking about the skills and behaviours required in the future to achieve sustainable growth and cultural change. It also means using a systematic approach, starting with human resource planning and proceeding through recruitment, selection and induction, followed by performance management, learning and development, recognition and reward.

Integrating business and resourcing strategies

The philosophy behind the strategic HRM approach to resourcing is that it is people who implement the strategic plan. As Quinn Mills (1983) has put it, the process is one of ‘planning with people in mind’.

The integration of business and resourcing strategies is based on an understanding of the direction in which the organization is going and the following considerations.

Considerations affecting the integration of business and resourcing strategies

- The numbers of people required to meet business needs.
- The skills and behaviour required to support the achievement of business strategies.
- The impact of organizational restructuring as a result of rationalization, decentralization, delayering, acquisitions, mergers, product or market development, or the introduction of new technology, for example, cellular manufacturing.
- Plans for changing the culture of the organization in such areas as ability to deliver, performance standards, quality, customer service, team working and flexibility that indicate the need for people with different attitudes, beliefs and personal characteristics.

These considerations will be strongly influenced by the type of business strategies adopted by the organization and the sort of business it is in. These may be expressed in such terms as Porter’s

(1985) classification of business strategic aims (innovation, quality and cost leadership) or Miles and Snow's (1978) typology of defender, prospector and analyser organizations.

Resourcing strategies exist to provide the people and skills required to support the business strategy, but they should also contribute to the formulation of that strategy. HR directors have an obligation to point out to their colleagues the human resource opportunities and constraints that will affect the achievement of strategic plans. In mergers or acquisitions, for example, the ability of management within the company to handle the new situation and the quality of management in the new business will be important considerations.

The components of people resourcing strategy

The components of employee resourcing strategy are:

- Human resource planning (often referred to, especially in the public sector, as workforce planning) – assessing future business needs, deciding on the numbers and types of people required and preparing plans for obtaining them from within or outside the organization (Chapter 29).
- Creating an employer brand – developing the organization's employee value proposition (Chapter 30).
- Retention strategy – preparing plans for retaining the people the organization needs (Chapter 30).
- Absence management strategy – planning for the control of absence (Chapter 30).
- Flexibility strategy – planning for increased flexibility in the use of human resources to enable the organization to make the best use of people and adapt swiftly to changing circumstances (Chapter 30).
- Talent management strategy – ensuring that the organization has the talented people it requires to provide for management succession and meet present and future business needs (Chapter 31).
- Recruitment and selection strategy – planning the approaches used to obtain people as described in Chapters 31 (recruitment and selection), 32 (selection interviewing) and 33 (selection tests).

Bundling resourcing strategies and activities

People resourcing is not just about recruitment and selection. It is concerned with any means available to meet the needs of the firm for certain skills and behaviours. A strategy to enlarge

the skill base may start with recruitment and selection but would extend into learning and development to enhance skills and modify behaviours, and methods of rewarding people for the acquisition of extra skills. Performance management processes can be used to identify development needs (skill and behavioural) and motivate people to make the most effective use of their skills. Competency frameworks and profiles can be prepared to define the skills and behaviours required and used in selection, employee development and employee reward processes. The aim should be to develop a reinforcing bundle of strategies along these lines. Talent management is a 'bundling' process that is an aspect of resourcing.

People resourcing strategy – key learning points

Objective of resourcing strategy

To ensure that a firm achieves competitive advantage by attracting and retaining more capable people than its rivals and employing them more effectively.

The strategic HRM approach to resourcing

Strategic HRM emphasizes the importance of human resources in achieving organizational capability and therefore the need to find people whose attitudes and behaviour are likely to be congruent with what management believes to be appropriate and conducive to success.

Integrating business and resourcing strategies

- The numbers of people required to meet business needs.

- The skills and behaviour required to support the achievement of business strategies.
- The impact of organizational restructuring.
- Plans for changing the culture of the organization.

The components of employee resourcing strategy

Human resource planning includes creating an employer brand, retention strategy, absence management strategy, flexibility strategy, talent management strategy, recruitment and selection strategy.

Bundling and resourcing strategy

Resourcing strategy should include the bundling of different aspects of resourcing together so that they can be mutually supportive.

Questions

1. From a fellow student: ‘The preamble to the CIPD People Resourcing syllabus says that “Many of those engaged in employee resourcing concentrate on minor incremental efficiency or system changes and on the legalistic, ethical and procedural dimensions of resourcing – instead of the added-value dimensions.”’ To what extent do you think this is true, both generally and with specific reference to your own organization? What evidence do you have to support your views?
2. From your chief executive: ‘We are doing well but we need to do better. This will be the theme of our away day for the board in May. I want each director to make a short presentation as a basis for discussion on a key aspect of strategy in their area and how it will impact on our performance. As director of human resources I would like you to talk about our need for a people resourcing strategy, what it involves and how it will contribute to improved performance. Any information you can provide based on benchmarking or evidence from research you can provide will be welcome.’
3. From your HR director: ‘We tend to use the phrase “added value” or “value-added management” rather loosely in our organization. I would be interested in your views on what it means in the context of people resourcing.’
4. From the Features Editor, *People Management*: ‘We’re planning a full-length piece about “adding value”, and in seeking a cross-section of reader views we’d welcome your input.’ What does it mean in your organization for a people resourcing professional to ‘add value’ and how do you know when you’ve done it?

References

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