

People Resourcing

Key concepts and terms

- Absence management
- Core workers
- Demand forecasting
- Employee success profile
- Employee value proposition
- Employer brand
- Employer of choice
- Flexibility planning
- Flexible firm
- Induction crisis
- Peripheral workers
- Predictive validity
- Psychometric tests
- Recruitment
- Recruitment process outsourcing
- Scenario planning
- Selection
- Supply forecasting
- Workforce planning

Learning outcomes

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

- People resourcing strategy
- Human resource planning
- Recruitment and selection processes
- Retention planning
- Talent management
- Flexibility planning
- Absence management

Introduction

People resourcing is about the acquisition, retention, development and effective utilization of the people the organization needs. It is based on a resourcing strategy which is linked to the business strategy, and is the basis for human resource or workforce planning activities. Human resource plans are implemented by means of the key resourcing activities of recruitment and selection, retention planning and talent management, and by learning and development programmes as described in Chapter 13. The effectiveness with which human resources are used involves providing for flexibility and controlling absenteeism.

People resourcing strategy

People resourcing strategy defines the longer-term plans an organization needs for the acquisition, retention, development and use of its human resources. Its rationale is the concept that the strategic capability of a firm depends on its resource capability in the shape of people (the resource-based view). 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.

Aim

The aim of people resourcing 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 which will maximize their contribution. The organization attracts and retains such people as an 'employer of choice' by offering a compelling 'employee value proposition' and 'employer brand', and by providing better opportunities and rewards than others. Furthermore, the organization deploys its people in ways that maximize the added value they create.

Resourcing strategy provides the framework for the resourcing activities of human resource planning, recruitment and selection, talent management, retention planning, flexibility planning and absence management, as examined in this chapter.

On being an employer of choice

The aim is to become ‘an employer of choice’, a firm people want to work for and stay with. The conclusions of Purcell *et al* (2003) on the basis of their research were:

What seems to be happening is that successful firms are able to meet peoples’ needs both for a good job and to work ‘in a great place’. They create good work and a conducive working environment. In this way they become an ‘employer of choice’. People will want to work there because their individual needs are met – for a good job with prospects linked to training, appraisal and working with a good boss who listens and gives some autonomy but helps with coaching and guidance.

Creating an employee value proposition

To become an employer of choice the resourcing strategy should be based on an employee value proposition. This consists of what the organization has to offer for prospective or existing employees that they are likely to value, and that would help to persuade them to join or remain with the business. It will include pay and benefits, which are important but can be over-emphasized compared with other non-financial elements. The latter elements may be crucial in attracting and retaining people, and include the attractiveness of the organization, its reputation as a good employer, the degree to which it acts responsibly, treats people with consideration and respect, and provides for diversity and inclusion, work–life balance and personal and professional growth.

Employer brand

The employee value proposition can be expressed as an employer brand, defined by Walker (2007) as ‘a set of attributes and qualities – often intangible – that make an organization distinctive, promise a particular kind of employment experience and appeal to people who will thrive and perform their best in its culture’. Employer branding is the creation of a brand image of the organization for prospective employees.

Creating an employer brand

- Analyse what ideal candidates need and want and take this into account in deciding what should be offered and how it should be offered.
- Establish how far the core values of the organization support the creation of an attractive brand and ensure that these are incorporated in the presentation of the brand as long as they are ‘values in use’ (lived by members of the organization) rather than simply espoused.

- Define the features of the brand on the basis of an examination and review of each of the areas which affect the perceptions of people about the organization as 'a great place to work' – the way people are treated, the provision of a fair deal, opportunities for growth, work–life balance, leadership, the quality of management, competitive but equitable rewards, involvement with colleagues, and the reputation of the organization.
- Benchmark the approaches of other organizations (the *Sunday Times* list of the 100 best companies to work for is useful) to obtain ideas about what can be done to enhance the brand.
- Be honest and realistic.

Human resource planning

Organizations need to know how many people and what sort of people they should have to meet present and future business requirements. This is the function of human resource planning, or workforce planning as it is sometimes called, especially in the public sector. However, it is not always the logical and systematic process conceived when the notion of 'manpower planning' became popular in the 1960s and 1970s. Human resource planning may be well established in the HRM vocabulary but it does not seem to be embedded as a key HR activity.

Human resource planning defined

As defined by Bulla and Scott (1994), human resource planning is 'the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements'. Reilly (2003) defined workforce planning as 'A process in which an organization attempts to estimate the demand for labour and evaluate the size, nature and sources of supply which will be required to meet the demand.'

Hard and soft human resource planning

A distinction can be made between 'hard' and 'soft' human resource planning. The former is based on quantitative analysis in order to ensure that the right number of the right sort of people are available when needed. The latter, as described by Marchington and Wilkinson (1996), 'is more explicitly focused on creating and shaping the culture of the organization so that there is a clear integration between corporate goals and employee values, beliefs and behaviours'. But as they point out, the soft version becomes virtually synonymous with the whole area of human resource management.

Link to business planning

Human resource planning is an integral part of business planning. The strategic planning process defines projected changes in the types of activities carried out by the organization and the scale of those activities. It identifies the core competences the organization needs to achieve its goals and therefore its skill and behavioural requirements.

Human resource planning interprets these plans in terms of people requirements, focusing on any problems that might have to be resolved in order to ensure that the people required will be available and will be capable of making the necessary contribution. But it may also influence the business strategy by drawing attention to ways in which people could be developed and deployed more effectively to further the achievement of business goals. As Quinn Mills (1983) wrote in his seminal *Harvard Business Review* article, 'Planning with people in mind', human resource planning is 'a decision-making process that combines three important activities: (1) identifying and acquiring the right number of people with the proper skills, (2) motivating them to achieve high performance, and (3) creating interactive links between business objectives and people-planning activities.'

Human resource planning is important because it encourages employers to integrate their business and HR plans. It allows for better control over staffing costs and numbers employed, and it enables employers to make more informed judgements about the skills mix in their organizations. Human resource planning also provides a profile of current staff in terms of age, gender, disability and other characteristics, so as to move towards being an equal opportunity organization. But organizations frequently give little time to it because of lack of resources and skills, the time and effort required, and the absence of relevant data to do so.

The process of human resource planning

Human resource planning activities

- Scenario planning: making broad assessments of future environmental developments and their likely impact on people requirements.
- Demand forecasting: estimating future needs for people and competences by reference to corporate and functional plans and forecasts of future activity levels.
- Supply forecasting: estimating the supply of people by reference to analyses of current resources and future availability, after allowing for wastage. The forecast will also take account of labour market trends relating to the availability of skills and to demographics.

- Forecasting requirements: analysing the demand and supply forecasts to identify future deficits or surpluses with the help of models, where appropriate.
- Action planning: preparing plans to deal with forecast deficits through internal promotion, training or external recruitment. If necessary, plan for unavoidable downsizing so as to avoid any compulsory redundancies, if that is possible. Develop retention and flexibility strategies.

Although the areas outlined in the box are described as separate areas, they are closely inter-related and often overlap. For example, demand forecasts are estimates of future requirements, and these may be prepared on the basis of assumptions about the productivity of employees. But the supply forecast will also have to consider productivity trends and how they might affect the supply of people.

A flow chart of the process of human resource planning is shown in Figure 12.1.

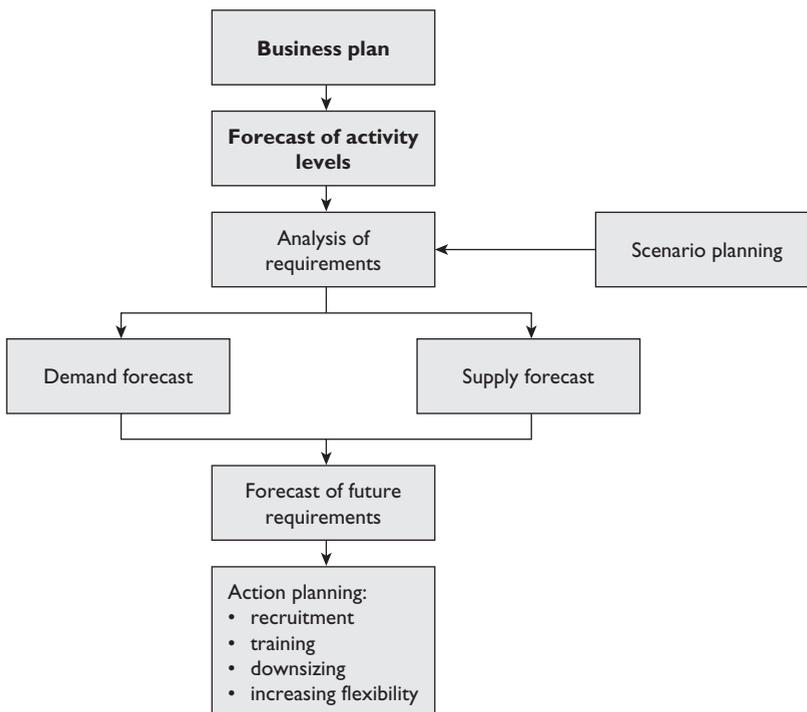


Figure 12.1 Human resource planning flow chart

Recruitment and selection

Recruitment is the process of finding and engaging the people the organization needs. Selection is an aspect of recruitment concerned with deciding which applicants or candidates should be appointed to jobs. Recruitment can be costly. The 2009 CIPD *Survey of Recruitment, Retention and Turnover* (2009a) found that the average cost per employee of filling a vacancy was £4,000.

The recruitment and selection process

The four stages of recruitment and selection are:

1. Defining requirements – preparing role profiles and person specifications; deciding terms and conditions of employment.
2. Planning recruitment campaigns.
3. Attracting candidates – reviewing and evaluating alternative sources of applicants, inside and outside the company: advertising, e-recruiting, agencies and consultants.
4. Selecting candidates – sifting applications, interviewing, testing, assessing candidates, assessment centres, offering employment, obtaining references; preparing contracts of employment.

Defining requirements

The number and categories of people required may be set out in formal human resource or workforce plans, from which are derived detailed recruitment plans. More typically requirements are expressed in the form of ad hoc demands for people because of the creation of new posts, expansion into new activities or areas, or the need for a replacement. These short-term demands may put HR under pressure to deliver candidates quickly.

Requirements are set out in the form of job descriptions or role profiles and person specifications. The latter will set out the qualities required in the shape of behavioural and technical competencies and the types of qualifications and experience that are likely to generate these competencies. These provide the information required to draft advertisements, post vacancies on the internet, brief agencies or recruitment consultants, and assess candidates by means of interviews and selection tests.

Sources of candidates

The sources of candidates and their advantages and disadvantages are set out in Table 12.1.

Table 12.1 Sources of candidates

Source	Advantages	Disadvantages
Internal candidates	<ul style="list-style-type: none"> ● Readily available. ● Demonstrate that career opportunities exist within the organization. 	<ul style="list-style-type: none"> ● Suitable people may not be available. ● Does not provide an influx of 'fresh blood' into the organization.
Returns and referrals – persuade former employees to return to the organization or obtain suggestions from existing employees	<ul style="list-style-type: none"> ● Obtain people with relevant experience. ● Tap a new source of candidates. 	<ul style="list-style-type: none"> ● Hit and miss.
Advertising	<ul style="list-style-type: none"> ● Target recruitment. ● Reach a wide audience. ● Controlled by organization. 	<ul style="list-style-type: none"> ● Expertise required in drafting and designing national display advertisements and media planning. ● Can be expensive, especially if agencies are used. ● May involve a lot of time-consuming administration. ● Does not necessarily reach the right people.
Online recruitment	<ul style="list-style-type: none"> ● Can reach an even wider range of possible applicants than advertising. ● Quicker and cheaper than traditional methods of advertising. ● More details of jobs and firms can be supplied on the site, CVs can be matched and applications can be submitted electronically. 	<ul style="list-style-type: none"> ● May produce too many irrelevant or poor applications. ● Still not the first choice of many job seekers. ● Will not reach those who do not have access to the internet.

Table 12.1 *continued*

Source	Advantages	Disadvantages
Recruitment agencies	<ul style="list-style-type: none"> ● Reach specified candidates. ● Access agency database. ● Save time and trouble. 	<ul style="list-style-type: none"> ● May be expensive. ● May be hard to find agencies who are good at recruiting specially qualified staff.
Job centres	<ul style="list-style-type: none"> ● No cost. ● Easily accessible. 	<ul style="list-style-type: none"> ● Limited availability of candidates for higher-level jobs.
Executive search consultants	<ul style="list-style-type: none"> ● Source well-qualified candidates who would not necessarily respond to other media. ● Provide advice on terms and conditions and expertise in selection. 	<ul style="list-style-type: none"> ● Expensive. ● Do not always deliver.
Recruitment process outsourcing (RPO) – using providers who to take responsibility for the end-to-end delivery of the recruitment process covering all vacancies or a selection of them.	<ul style="list-style-type: none"> ● Can save time. ● Brings outside expertise to bear on recruitment problems. ● Frees HR up for more value-adding activities. 	<ul style="list-style-type: none"> ● The perception by some HR people and line managers that the provider is too remote to deal with the real issues and that there is a danger of losing control.
Educational establishments	<ul style="list-style-type: none"> ● A convenient source of people with good academic or practical qualifications who can be developed within the organization. 	<ul style="list-style-type: none"> ● Will only fill trainee or junior posts.

There is usually a choice between different sources or combinations of them. The criteria to use when making the choice are:

- the likelihood that it will produce good candidates;
- the speed with which the choice enables recruitment to be completed;
- the costs involved, bearing in mind that there may be direct advertising costs or consultants' fees.

The percentages of respondents to the 2009 CIPD *Survey of Recruitment, Retention and Turnover* using different types of recruitment methods were:

Own corporate website	78 per cent
Recruitment agencies	76 per cent
Local paper advertisements	70 per cent
Specialist papers/journals	55 per cent
Employee referral schemes	46 per cent
Job centres	43 per cent
Search consultants	37 per cent
National paper advertisements	31 per cent

Selection methods

The aim of selection is to assess the suitability of candidates by predicting the extent to which they will be able to carry out a role successfully. It involves deciding on the degree to which the characteristics of applicants in terms of their competencies, experience, qualifications, education and training match the person specification. It also involves using this assessment to make a choice between candidates. The main methods of selection are individual interviews and assessment centres. These can be supported by the use of selection tests.

Individual interviews

The individual interview is the most familiar method of selection. It involves face-to-face discussion, and provides the best opportunity for the establishment of close contact – rapport – between the interviewer and the candidate. A structured interview is best. This is one that is built around a set of predetermined questions related to a person specification, which sets out the knowledge and skills required, and indicates the type of experience that will be most appropriate. Competency-based interviews are structured around the competencies required for the post as defined in the person specification. Selection interviewing techniques are described in Chapter 20. If only one interviewer is used, there is more scope for a biased or superficial decision, and this is one reason for using a second interviewer or an interviewing panel.

Assessment centres

Assessment centres assemble a group of candidates and use a range of assessment techniques: interviews, group exercises and tests over a concentrated period (one or two days), with the aim of providing a more comprehensive and balanced view of the suitability of individual members of the group.

Selection tests

Selection tests are used to provide evidence of levels of abilities, intelligence, personality characteristics, aptitudes and attainments. They typically supplement the information obtained from an interview. A distinction is made between psychological or psychometric tests, which measure or assess intelligence, ability or personality, and aptitude tests, which are occupational or job-related tests that assess the extent to which people can do the work.

Intelligence tests

Intelligence tests measure a range of mental abilities which enable a person to succeed at a variety of intellectual tasks using the faculties of abstract thinking and reasoning. They are concerned with general intelligence, and are sometimes called general mental ability (GMA) tests.

Ability tests

Ability tests establish what people are capable of knowing or doing. They measure the capacity for:

- verbal reasoning – the ability to comprehend, interpret and draw conclusions from oral or written language;
- numerical reasoning – the ability to comprehend, interpret and draw conclusions from numerical information;
- spatial reasoning – the ability to understand and interpret spatial relations between objects;
- mechanical reasoning – understanding of everyday physical laws such as force and leverage.

Personality tests

Personality tests attempt to assess the personality of candidates in order to make predictions about their likely behaviour in a role. Personality is an all-embracing and imprecise term which refers to the behaviour of individuals and the way it is organized and coordinated when they interact with the environment. There are many different theories of personality, and consequently many different types of personality tests. These include self-report personality questionnaires and other questionnaires that measure interests, values or work behaviour.

Personality tests can provide interesting supplementary information about candidates, which is free from the biased reactions that frequently occur in face-to-face interviews. But they have to be used with great care.

Aptitude tests

Aptitude tests are job-specific tests that are designed to predict the potential an individual has to perform tasks within a job. They typically take the form of work sample tests which replicate an important aspect of the actual work the candidate will have to do, such as using a keyboard or carrying out a skilled task like repair work. Work sample tests can be used only with applicants who are already familiar with the task through experience or training.

Characteristics of a good test

A good test is one that provides valid data which enable reliable predictions of behaviour or performance to be made, and therefore assists in the process of making objective and reasoned decisions when selecting people for jobs. It will be based on research that has produced standardized criteria derived by using the same measure to test a number of representative people to produce a set of 'norms' for comparison purposes. The test should be capable of being scored objectively by reference to the normal or average performance of the group.

Choice of selection methods

There is a choice between selection methods. The most important criterion is the predictive validity of the method or combination of methods as measured by its predictive validity coefficient – perfect validity is 1.0, no validity is 0.0.

A meta-analysis on the validity of different selection methods was conducted by Schmidt and Hunter (1998). This covered 85 years of research findings, and produced the following predictive validity coefficients which support the use of a combination of intelligence tests and structured interviews:

Intelligence tests and structured interviews	0.63
Intelligence tests and unstructured interviews	0.55
Assessment centres and structured interviews	0.53
Intelligence tests only	0.51
Structured interviews only	0.51
Unstructured interviews only	0.38
Assessment centres only	0.37
Graphology only	0.02

Robertson and Smith (2001) added personality assessments to this list, with a validity coefficient of 0.37.

Schmidt and Hunter (1998) stated that the reason intelligence (general mental ability or GMA) is such a good predictor of job performance is because 'more intelligent people acquire job knowledge more rapidly and acquire more of and it is this knowledge of how to perform the

job that causes their job performance to be higher'. Their research clearly indicates that the combination of structured interviews and intelligence tests is the most effective in terms of predictive validity.

Retention planning

It is not enough to get good people into the organization. They have to be kept there. This is the aim of retention planning, which, on the basis of information about how many people leave and why they leave, establishes what steps are required to retain those who are worth retaining.

The turnover of key employees can have a disproportionate impact on the business. The employees organizations wish to retain are often the ones most likely to leave. It was claimed by Reed in 2001 that 'Every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer. There is no such thing as a job for life and today's workers have few qualms about leaving employers for greener pastures.' Things are a bit different during economic downturns, but the risk of good people leaving still exists. Concerted action is required to retain these talented people, but there are limits to what any organization can do. It is also necessary to encourage the greatest contribution from existing talent and to value them accordingly. Retention planning has to start from an understanding of how large the problem is, and that can be achieved by analysing employee turnover.

Employee turnover

Employee turnover (sometimes known as labour turnover or wastage or attrition) is the rate at which people leave an organization. It can be disruptive and costly. The CIPD 2009 *Survey of Recruitment, Retention and Turnover* found that the average rate of labour turnover (the number of employees leaving as a percentage of the number employed) in the United Kingdom was 15.7 per cent. The average cost to the employer of every leaver was £6,150.

Measuring employee turnover

It is necessary to measure employee turnover and calculate its costs in order to forecast future losses for planning purposes and to identify the reasons that people leave the organization. Data on turnover is one of the basic metrics that can be used in human capital management and the evaluation of HRM effectiveness. There are a number of different methods of measuring turnover, which are summarized in Table 12.2.

Table 12.2 Different methods of measuring employee turnover

Method	Description	Comments
Employee (labour) turnover index	The number leaving over a period as a percentage of the average number employed over the period.	The most common method – easy to calculate and understand, and can be used readily for benchmarking (comparing rates of turnover with other organizations). But it can be misleading – the percentage may be inflated by the high turnover of a relatively small proportion of the workforce, especially in times of heavy recruitment.
Survival rate	The proportion of employees who are engaged within a certain period who remain with the organization after so many months or years of service.	A good indication of the effectiveness of recruitment procedures as well as, typically, the high proportion of people who leave after relatively short periods of service. It can therefore highlight where action is required.
Stability index	The number of employees with one year's service or more as a percentage of the number employed a year ago.	The purpose is similar to the survival index and it provides a simple, if rather limited, basis for measurement. Not much used.
Half-life index	The time taken for a group or cohort of starters to reduce to half its original size through turnover.	A variety of survival rate analysis which facilitates turnover comparisons for successive entry years or between different groups of employees. A useful approach but survival rate analysis is more popular because it is easier to grasp.

Choice of measurement

It is difficult to avoid using the conventional employee (labour) turnover index as the easiest of all methods of measurement. It is the most familiar measure in spite of its flaws, and it is therefore a good basis for comparing the performance of the business with national statistics such as those produced by the CIPD or through benchmarking. But internally it needs to be supplemented with some measure of stability. An analysis of turnover or wastage as part of a human resource planning exercise requires detailed information on the length of service of leavers to identify problem areas and to provide a foundation for supply forecasts. The best measure of stability is the survival rate.

Costing employee turnover

Estimates of the cost of employee turnover are useful as means of backing up a business case for taking action to reduce wastage. The following factors should be considered when calculating costs.

- direct cost of recruiting replacements (advertising, interviewing, testing and so on);
- direct cost of introducing replacements (induction cost);
- direct cost of training replacements in necessary skills;
- leaving costs – payroll and HR administration;
- opportunity cost of time spent by HR and line managers in recruitment, induction and training;
- loss of output from those leaving before they are replaced;
- loss of output because of delays in obtaining replacements;
- loss of output while new starters are on their learning curves acquiring the necessary knowledge and skills.

Research by Phillips (1990) found that the ‘visible’, or direct, costs of recruitment accounted for only 10–15 per cent of total costs. By far the highest costs were associated with the inefficiencies arising while the post was vacant (33 per cent) and the inefficiency of new workers (32 per cent). On average, 12.5 months were required for executives to be comfortable in a new position, and 13.5 months were required for a new employee to achieve maximum efficiency.

Factors affecting retention

Retention strategies should be based on an understanding of the factors that affect whether employees leave or stay. For early-career employees (30 years and under) career advancement is significant. For mid-career employees (age 31–50), the ability to manage their careers and satisfaction from their work are important. Late-career employees (over 50) will be more interested in security. It is also the case that a younger workforce will change jobs and employers more often than an older workforce, and workforces with a lot of part-timers are less stable than those with predominately full-time staff. The other factors that affect retention are:

- company image;
- the effectiveness of recruitment, selection and deployment activities;
- leadership – ‘employees join companies and leave managers’;
- learning opportunities;
- performance recognition and rewards.

A study by Holbeche (1998) of high flyers found that the factors that aided the retention and motivation of high performers included providing challenge and achievement opportunities (such as assignments), mentors, realistic self-assessment and feedback processes.

Basis of the retention strategy

A retention strategy takes into account the retention issues the organization is facing, as measured by employee turnover, and sets out ways in which these issues can be dealt with. This may mean accepting the reality, as mentioned by Cappelli (2000), that the market, not the company, will ultimately determine the movement of employees. Cappelli believes that it may be difficult to counter the pull of the market – ‘you can’t shield your people from attractive opportunities and aggressive recruiters’. He suggests that ‘The old goal of HR management – to minimize overall employee turnover – needs to be replaced by a new goal: to influence who leaves and when.’ This, as proposed by Bevan *et al* (1997), could be based on risk analysis to quantify the seriousness of losing key people or of key posts becoming vacant.

Risk of leaving analysis

Risk of leaving analysis can be carried out by initially identifying potential risk areas – the key people who may leave and for each of them as individuals or groups:

- Estimate the likelihood of this occurring.
- Estimate how serious the effects of a loss would be on the business.
- Estimate the ease with which a replacement could be made and the replacement costs.

Each of the estimates could be expressed on a scale, say very high, high, medium, low, very low. An overview of the ratings under each heading could then indicate where action may need to be taken to retain key people or groups of people.

Analysis of reasons for leaving

Risk analysis provides specific information on areas for concern. Reasons for leaving can include:

- more pay;
- better prospects (career move);
- more security;
- more opportunity to develop skills;
- unable to cope with job;
- better working conditions;

- poor relationship with manager/team leader;
- poor relationship with colleagues;
- bullying or harassment;
- personal – pregnancy, illness, moving away from area, etc.

Some indication of the reasons for leaving and therefore where action needs to be taken can be provided by exit interviews, but they are fallible. More reliance can be placed on the results of attitude or opinion surveys to identify any areas of dissatisfaction. The retention plan should propose actions, and would focus on each of the areas in which lack of commitment and dissatisfaction can arise.

Areas for action

Depending on the outcome of the risk analysis and the overall assessment of reasons for leaving, the possible actions that can be taken are as follows:

- Deal with uncompetitive, inequitable or unfair pay systems. But as Cappelli (2000) points out, there is a limit to the extent to which people can be bribed to stay.
- Design jobs to maximize skill variety, task significance, autonomy, control over their work and feedback, and ensure that they provide opportunities for learning and growth. Some roles can be customized to meet the needs of particular individuals.
- Increase job engagement through job design and by organizing work around projects with which people can identify more readily than with the company as a whole.
- Encourage the development of social ties within the company. In the words of Cappelli (2000), 'loyalty to companies may be disappearing but loyalty to colleagues is not'.
- Ensure that selection and promotion procedures match the capacities of individuals to the demands of the work they have to do. Rapid turnover can result simply from poor selection or promotion decisions.
- Reduce the losses of people who cannot adjust to their new job – the 'induction crisis' – by giving them proper training and support when they join the organization.
- Take steps to improve work–life balance by developing policies including flexible working which recognize the needs of employees outside work.
- Eliminate as far as possible unpleasant working conditions or the imposition of too much stress on employees.
- Select, brief and train managers and team leaders so that they appreciate the positive contribution they can make to improving retention by the ways in which they lead

their teams. Bear in mind that people often leave their managers rather than their organization.

- Ensure that policies for controlling stress, bullying and harassment exist and are applied.

Talent management

Resourcing strategies are concerned with assessing the need for talented people and then recruiting and retaining them. The concept of talent management as a process of ensuring that the organization has the talented people it needs only emerged in the late 1990s. It has now been recognized as a major resourcing activity, although its elements are all familiar. Talent management has been called a fad or a fashion, but David Guest argues that 'talent management is an idea that has been around for a long time. It's been re-labelled, and that enables wise organizations to review what they are doing. It integrates some old ideas and gives them freshness, and that is good' (quoted in Warren, 2006: 29).

The meaning of talent management

Talented people possess special gifts, abilities and aptitudes which enable them to perform effectively. As defined by the CIPD (2007), 'Talent consists of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential.' Talent management is the process of identifying, developing, recruiting, retaining and deploying those talented people.

The term 'talent management' may refer simply to management succession planning and management development activities, although this notion does not really add anything to these familiar processes except a new, admittedly quite evocative, name. It is better to regard talent management as a more comprehensive and integrated bundle of activities, the aim of which is to secure the flow of talent in an organization, bearing in mind that talent is a major corporate resource.

However, there are different views about what talent management means. Some follow the lead given by McKinsey, which coined the phrase 'the war for talent' in 1997. A book on this subject by Michaels *et al* (2001) identified five imperatives that companies need to act on if they are to win the war for managerial talent. These are:

- Create a winning employee value proposition that will make your company uniquely attractive to talent.
- Move beyond recruiting hype to build a long-term recruiting strategy.

- Use job experience, coaching and mentoring to cultivate the potential in managers.
- Strengthen your talent pool by investing in A players, developing B players and acting decisively on C players.
- Central to this approach is a pervasive mindset – a deep conviction shared by leaders throughout the company that competitive advantage comes from having better talent at all levels.

The McKinsey prescription has often been misinterpreted to mean that talent management is only about obtaining, identifying and nurturing high flyers, ignoring the point they made that competitive advantage comes from having better talent at all levels.

Jeffrey Pfeffer (2001) has doubts about the war for talent concept, which he thinks is the wrong metaphor for organizational success:

Fighting the war for talent itself can cause problems. Companies that adopt a talent war mind-set often wind up venerating outsiders and downplaying the talent already in the company. They frequently set up competitive zero-sum dynamics that make internal learning and knowledge transfer difficult, activate the self-fulfilling prophecy in the wrong direction (those labelled as less able become less able), and create an attitude of arrogance instead of an attitude of wisdom. For all these reasons, fighting the war for talent may be hazardous to an organization's health and detrimental to doing the things that will make it successful.

It is possible to have different views about talent management: on the one hand, everyone has talent and it not just about the favoured few; on the other, you need to focus on the best. Laura Ashley, director of talent at newspaper group Metro (reported by Warren, 2006), believes you must maximize the performance of your workforce as a whole if you are to maximize the performance of the organization. In contrast (also reported by Warren), Wendy Hirsh, principal associate at the Institute for Employment Studies, says it is not helpful to confuse talent management with overall employee development. Both are important, but talent management is best kept clear and focused. Another view was expressed by Thorne and Pellant (2007): 'No organization should focus all its attention on development of only part of its human capital. What is important, however, is recognizing the needs of different individuals within its community.' The general consensus seems to be that while talent management does concentrate on obtaining, identifying and developing people with high potential, this should not be at the expense of the development needs of people generally.

The process of talent management

Talent management takes the form of a 'bundle' of interrelated processes as shown in Figure 12.2.

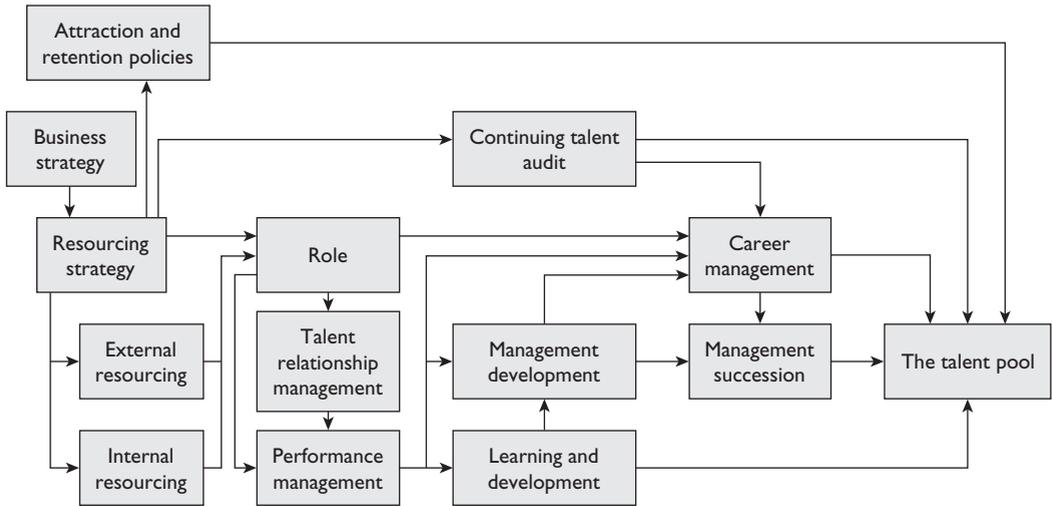


Figure 12.2 The process of talent management

Talent management starts with the business strategy and what it signifies in terms of the talented people required by the organization. Ultimately, the aim is to develop and maintain a pool of talented people. This is sometimes described as the ‘talent management pipeline’. Talent management activities are summarized in Table 12.3.

Developing a talent management strategy

A talent management strategy consists of a view on how the processes described above should mesh together with an overall objective – to acquire and nurture talent, wherever it is and wherever it is needed, by using a number of interdependent policies and practices. Talent management is the notion of ‘bundling’ in action. The development steps required are shown below.

1. Define who the talent management programme should cover.
2. Define what is meant by talent in terms of competencies and potential.
3. Define the future talent requirements of the organization.
4. Develop the organization as an employer of choice – a ‘great place to work’.
5. Use selection and recruitment procedures that ensure good-quality people are recruited who are likely to thrive in the organization and stay with it for a reasonable length of time (but not necessarily for life).
6. Develop reward policies that help to attract and retain high-quality staff.
7. Design jobs and develop roles which give people opportunities to apply and grow their skills and provide them with autonomy, interest and challenge.

Table 12.3 Talent management activities

Element	Description
The resourcing strategy	The business plan provides the basis for human resource planning, which defines human capital requirements and leads to attraction and retention policies and programmes for internal resourcing (identifying talented people within the organization and developing and promoting them).
Attraction and retention policies and programmes	Attraction policies lead to programmes for external resourcing (recruitment and selection of people from outside the organization). Retention policies are designed to ensure that people remain as committed members of the organization. The outcome of these policies is a talent flow which creates and maintains the talent pool.
Talent audit	A talent audit identifies those with potential and provides the basis for career planning and development.
Role development	Ensuring that roles provide the responsibility, challenge and autonomy required to create role engagement and motivation.
Talent relationship management	Building effective relationships with people in their roles – treating individual employees fairly, recognizing their value, giving them a voice and providing opportunities for growth. The aim is to achieve ‘talent engagement’, ensuring that people are committed to their work and the organization.
Performance management	Building relationships with people, identifying talent and potential, planning learning and development activities, and making the most of the talent possessed by the organization.
Learning and development	Ensuring that people acquire and enhance the skills and competencies they need. Development plans are formulated by reference to ‘employee success profiles’ which are described in terms of competencies and define the qualities that need to be developed.
Management succession planning	Ensure that, as far as possible, the organization has the managers it requires to meet future business needs.
Career management	Providing opportunities for people to develop their abilities and their careers in order to ensure that the organization has the flow of talent it needs and to satisfy their own aspirations.

8. Provide talented staff with opportunities for career development and growth.
9. Create a working environment in which work processes and facilities enable rewarding (in the broadest sense) jobs and roles to be designed and developed.
10. Provide scope for achieving a reasonable balance between working in the organization and life outside work.
11. Develop a positive psychological contract.
12. Develop the leadership qualities of line managers.
13. Recognize those with talent by rewarding excellence, enterprise and achievement.
14. Conduct talent audits which identify those with potential and those who might leave the organization.
15. Introduce management succession planning procedures which identify the talent available to meet future requirements and indicate what management development activities are required.
16. Apply career management procedures.

The following talent management checklist was developed by the CIPD (2006):

- How are we defining talent and talent management?
- Where do professional and specialist staff fit into our talent management process?
- What are the key features of the external environment and the labour market issues impacting on our talent management task?
- What are the main challenges faced in developing a talent pipeline?
- What are we doing to overcome them?
- How do we define and measure aspects of talent, such as potential?
- Are we benchmarking with other organizations?
- Have we clarified for everyone involved the relationship between talent management and other HR initiatives, such as succession planning?
- What tools can be used to identify the right talent and assess potential, employee engagement and so on?
- Are we prepared to train and encourage those responsible for talent management to ask serious questions about performance and potential, and to do something about those not up to the task?
- How is the success of our talent management process measured?
- Do we undertake any systematic evaluation, including calculation of the financial and other benefits of talent management to our organization?

The qualities required

The development and implementation of a talent management strategy requires high-quality management and leadership from the top, and from senior managers and the HR function. Younger *et al* (2007) suggested the approaches required involve emphasizing 'growth from within', regarding talent development as a key element of the business strategy, being clear about the competencies and qualities that matter, maintaining well-defined career paths, taking management development, coaching and mentoring very seriously, and demanding high performance.

Career management

Career management is an important aspect of talent management. It is concerned with the provision of opportunities for people to develop their abilities and their careers in order to ensure that the organization has the flow of talent it needs and to satisfy their own aspirations. It is about integrating the needs of the organization with the needs of the individual.

An important part of career management is career planning, which shapes the progression of individuals within an organization in accordance with assessments of organizational needs, defined employee success profiles, and the performance, potential and preferences of individual members of the enterprise. Career management is also concerned with career counselling to help people develop their careers to their advantage as well as that of the organization.

But career management within the organization has its limitations. It has to take into account the notion of the 'boundaryless career' which, Makela and Suutari (2009) explained, refers to the increasing tendency for individuals to achieve personal goals and to develop a level of professional excellence that gives them enough flexibility to manage their own career progression. 'Individual managers may want to be trained and developed in ways which ensure that their skills are transferable. They are ready to work for a number of organizations that need those skills. Success is measured in terms of psychologically meaningful work and career progression that comes from inter-company self-development rather than hierarchical advancement within one company.'

Flexibility planning

Resourcing strategies cover how people are employed as well as recruitment, retention planning and talent management. This might mean taking a radical look at traditional employment patterns through flexibility planning. This is the process of deciding on the scope for more flexible working arrangements such as multiskilling, job sharing, home working, teleworking, flexible hours, overtime and shift working. It might also mean developing the business as a 'flexible firm' as described below.

Developing a flexible firm

Flexibility can be enhanced by developing what has come to be known as the flexible firm, one in which there is structural and operational flexibility. The concept was originated by Doeringer and Priore (1971), but was popularized by Atkinson (1984).

Structural flexibility is present when the core of permanent employees is supplemented by a peripheral group of part-time employees, employees on short or fixed-term contracts, or subcontracted workers. The forms of operational flexibility are set out below.

- *Functional flexibility* which is sought so that employees can be redeployed quickly and smoothly between activities and tasks. Functional flexibility may require multiskilling – workers who possess and can apply a number of skills: for example, both mechanical and electrical engineering – or multitasking – workers who carry out a number of different tasks, for example in a work team.
- *Numerical flexibility* which is sought so that the number of employees can quickly and easily be increased or decreased in line with even short-term changes in the level of demand for labour.
- *Financial flexibility* which provides for pay levels to reflect the state of supply and demand in the external labour market, and also means the use of flexible pay systems which facilitate either functional or numerical flexibility.

Atkinson (1984) suggested that the growth of the flexible firm has involved the break-up of the labour force into increasingly peripheral, and therefore numerically flexible, groups of workers clustered around a numerically stable core group who will conduct the organization's key, firm-specific activities. This is usually called the 'core-periphery' view of the firm.

At the core, the focus is on functional flexibility. Shifting to the periphery, numerical flexibility becomes more important. As the market grows, the periphery expands to take up slack; as growth slows, the periphery contracts. In the core, only tasks and responsibilities change; the workers here are insulated from medium-term fluctuations in the market and can therefore enjoy a measure of job security, whereas those in the periphery are exposed to them.

Critical evaluation of the flexible firm concept

The concept of the flexible firm has created a lot of interest, but concerns about it have been raised by Marchington and Wilkinson (1996). First, it tends to fuse together description, prediction and prescription into a self-fulfilling prophesy. Second, the evidence of a significant increase in 'flexible firms' and flexibility within firms is lacking. Third, it is not a recent phenomenon – the proportion of people working part-time has grown for decades; and fourth, there are doubts about the costs and benefits of flexibility. Subcontracted workers can be expensive, and part-time workers may have higher levels of absenteeism and lack commitment.

Absence management

Absence management is the development and application of policies and procedures designed to reduce levels of absenteeism. Controlling absence is a resourcing issue in that it is concerned with making effective use of the organization's human resources.

The CIPD 2009 *Survey of Absence Management* revealed that on average employers lose 7.4 working days for each member of staff per year, and absence costs employers an average of £666 per employee per year. It also established that approximately two-thirds of working time lost to absence is accounted for by short-term absences of up to seven days, 17 per cent is caused by absences of between eight days and four weeks, and a similar proportion is caused by absences of four weeks or longer.

Something has to be done about it. This means understanding the causes of absence, and adopting comprehensive absence management (or more positively, attendance management) policies, measuring absence and implementing procedures for the management of short- and long-term absence.

Causes of absence

The causes of absence have been analyzed by Huczynski and Fitzpatrick (1989) under three headings:

- Job situation factors: scope of the job in terms of interest, stress, frequent transfers, quality of leadership, physical working conditions, work group size (the larger the group, the higher the absenteeism), and work group norms which can exert pressure for or against attendance.
- Personal factors: younger employees are more frequently absent than older ones, and some people are absence-prone (studies have noted that between 5 per cent and 10 per cent of workers account for about half of the total absence, while a few are never absent at all).
- Company policy factors: as pay increases, attendance improves, and sick pay schemes may increase absenteeism.

Absence policies

Absence policies should cover:

- methods of measuring absence;
- setting targets for the level of absence;
- deciding on the level of short-term absence that will trigger action, possibly using the Bradford factor, as explained below;

- the circumstances in which disciplinary action might be taken;
- what employees must do if they are unable to attend work;
- sick pay arrangements;
- provisions for the reduction and control of absence, such as return-to-work interviews;
- other steps that can be taken to reduce absence, such as flexible working patterns.

Recording and measuring absence

As a basis for action, absence levels need to be recorded so that they can be measured and monitored against targets for maintaining absence at a certain level or reducing absenteeism.

An HR information system (HRIS) can provide the best means of recording absenteeism. If a self-service approach is in place, managers and team leaders can have direct access to absence records showing the incidence of absenteeism (number and lengths of absence). This data can be consolidated for use by HR in compiling absence statistics and monitoring against targets.

The most common measurement is the percentage of time available that has been lost due to absence.

The Bradford factor

Another increasingly popular measure is the 'Bradford factor'. This index identifies persistent short-term absence by measuring the number and duration of spells of absence. It is calculated using the formula $S \times S \times D = \text{Bradford points score}$, where S is the number of occasions of absence in the last 52 weeks and D is the total number of days' absence in the last 52 weeks. Thus, for employees with a total of 14 days' absence in a 52-week period, the Bradford score can vary enormously depending on the number of occasions involved.

Controlling short-term absence

Short-term absence can be controlled by the following actions:

- return-to-work interviews conducted by line managers which can identify problems at an early stage and provide an opportunity for a discussion on ways of reducing absence;
- use of trigger mechanisms such as the Bradford factor to review attendance;
- invoking disciplinary procedures for unacceptable absence levels;
- training line managers in methods of controlling absence, including return-to-work interviews;
- extending the scope for flexible working.

Managing long-term absence

The CIPD (2009b) survey showed that absence of four weeks or more accounts for 17 per cent of total absenteeism. The best way to manage long-term absence is to keep in contact with employees by letter, telephone or visits to discuss the situation, and where possible, plan the return to work. This plan may include modified working hours or a modified role for a period.

People resourcing: key learning points

People resourcing strategy

People resourcing strategy defines the longer-term plans an organization needs for the acquisition, retention, development and use of its human resources. Its rationale is the concept that the strategic capability of a firm depends on its resource capability in the shape of people (the resource-based view).

Human resource planning

Organizations need to know how many people and what sort of people they should have to meet present and future business requirements. This is the function of human resource planning, or workforce planning as it is sometimes called. Human resource planning is an integral part of business planning.

Recruitment and selection processes

Recruitment is the process of finding and engaging the people the organization needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs.

The four stages of recruitment are:

1. Define requirements.
2. Plan recruitment campaigns.
3. Attract candidates.
4. Select employees.

Retention planning

Retention planning uses information about how many people leave and why they leave to establish what steps are required to retain those who are worth retaining.

Talent management

Talent management is the process of identifying, developing, recruiting, retaining and deploying talented people. It starts with the business strategy and what it signifies in terms of the talented people required by the organization. Ultimately, the aim is to develop and maintain a pool of talented people.

Flexibility planning

Flexibility planning is the process of deciding on the scope for more flexible working arrangements such as multiskilling, job sharing, home working, teleworking, flexible hours, overtime and shift working. It may also mean developing the business as a 'flexible firm'.

Absence management

Absence management is the development and application of policies and procedures designed to reduce levels of absenteeism. Controlling absence is a resourcing issue in that it is concerned with making effective use of the organization's human resources.

Questions

1. What is the objective of a people resourcing strategy?
2. What is an employee value proposition?
3. What is the difference between hard and soft human resource planning?
4. What are the criteria when deciding on sources of applicants?
5. What are the characteristics of a good selection test?
6. Why measure employee turnover?
7. What are the main ways of measuring employee turnover?
8. What is the meaning of talent management?
9. What are the main talent management activities?
10. What is the meaning and significance of the distinction between a core and a periphery organization?

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