

# Human Resource Development and the retention of talented employees

Case duration (Min): **45-60**  
Human Resource Management (HRM)  
Principles of Management (PoM)  
**Development**  
**Managing human resources**

**Worldwide**

## Case summary:

It is now widely recognised (for many organisations) that the ability to recruit, develop and retain employees provides a significant and sustainable competitive advantage. For many organisations, it is simply not possible to buy in the required skills as and when needed.

This case examines human resource development (HRD) from a number of perspectives. Organisations that consider people to be key to competitive advantage must recruit and develop talented employees and enhance their capabilities and motivation, whilst seeking to retain such resources. Organisations need people with appropriate skills, abilities and experience; such people may be brought in from the outside (recruitment and selection) or 'grown' by training and developing existing employees. The organisation must provide opportunities for learning and development and personal growth. In summary, much of this case is about investing in human capital.

## Learning objectives:

Outline the concept of human resource development.  
Identify HRD initiatives.

## Case problem:

Why do organizations develop employees?

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

| Title/<br>Media type                   | URL/ Media description  |
|--|---|
| How to keep the best performing staff. | <a href="http://videos.silicon.com/60416887.htm">http://videos.silicon.com/60416887.htm</a>   |
| <b>Film</b>                            | How you can keep hold of the top performers in your IT department:<br><br>Find out how some of the UK's leading CIOs tackle staff turnover within their organisations (through the use of development, interesting work and other initiatives), and discover how you can make sure the best people stay with your organisation. |

**NOTES:**

## Case study questions...

| Action   |   | Pre/During/After class |
|----------|---|------------------------|
| <b>1</b> | <b>KEY CONCEPTS:</b><br>Discuss the meaning of human resource management, human resource planning, employee resourcing and human resource development. Is there any overlap in the meaning of these concepts? How do the concepts relate to each other?                           | During                 |
| <b>2</b> | <b>HUMAN RESOURCE DEVELOPMENT:</b><br>In your groups, discuss the function and purpose of human resource development and expand on your definition of the concept, highlighting key principles.   | During                 |
| <b>3</b> | <b>RETENTION OF TALENTED EMPLOYEES:</b><br>Many organisations discuss problems of skill shortages, particularly in relation to information systems and technology skills. Discuss why organisations are likely to want to make sure the 'best people' stay with the organisation. | During                 |
| <b>4</b> | <b>REDUCING STAFF TURNOVER:</b><br>Drawing on the comments made in the film clip and your wider research into human resource management, explore some of the initiatives organisations might consider in order to reduce staff turnover.  | During                 |

## HUMAN RESOURCE DEVELOPMENT (HRD)

A strategic approach to investing in human capital. It draws on other human resource processes, including resourcing and performance assessment to identify actual and potential talent. HRD provides a framework for self-development, training programmes and career progression to meet an organization's future skill requirements.

## EMPLOYEE RESOURCING

Resourcing is the process by which people are identified and allocated to perform necessary work. Resourcing has two strategic imperatives: first, minimizing employee costs and maximizing employee value to the organization; secondly, obtaining the correct behavioural mix of attitude and commitment in the workforce

## HUMAN RESOURCE PLANNING

A strategy for the acquisition, utilisation, improvement and retention of an organisation's human resources.

## HUMAN RESOURCE MANAGEMENT

A philosophy of people management based on the belief that human resources are uniquely important to sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies. See also 'Hard HRM', 'Soft HRM'.

## Question/ Answer

### 1 KEY CONCEPTS:

Discuss the meaning of human resource management, human resource planning, employee resourcing and human resource development. Is there any overlap in the meaning of these concepts? How do the concepts relate to each other?

**Human resource management** - A philosophy of people management, based on the belief that human resources are uniquely important to sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies. See also 'Hard HRM', 'Soft HRM'

**Human resource planning** - A strategy for the acquisition, utilisation, improvement and retention of an organisation's human resources.

**Employee resourcing** - Resourcing is the process by which people are identified and allocated to perform necessary work. Resourcing has two strategic imperatives: first, minimizing employee costs and maximizing employee value to the organization; secondly, obtaining the correct behavioural mix of attitude and commitment in the workforce.

**Human resource development (HRD)** - A strategic approach to investing in human capital. It draws on other human resource processes, including resourcing and performance assessment to identify actual and potential talent. HRD provides a framework for self-development, training programmes and career progression to meet an organization's future skill requirements. As a philosophy, HRM provides guiding principles for all aspects of people management within organisations; consequently, we might consider the other three constructs as subordinate to it. Similarly, human resource planning (as defined above) might be seen to encompass both employee resourcing and human resource development. However, some scholars and practitioners may use the term resourcing more widely. Human resource development processes may closely interact with performance management and may have the objective of enhancing organisational capabilities and getting the most out of human capital. Some practitioners use the terms training and development interchangeably.

### 2 HUMAN RESOURCE DEVELOPMENT:

In your groups, discuss the function and purpose of human resource development and expand on your definition of the concept, highlighting key principles.

Human resource development and learning in the workplace may enhance employee motivation, improve skills and capabilities and therefore performance, and provide opportunities for personal growth. Benefits may be reflected in sustainable competitive advantage, productivity gain, and the retention of talented employees (thus reducing costs associated with resourcing, recruitment and selection, managing employee turnover and the leakage of knowledge or intellectual capital). Scholars and practitioners have argued that it is the workforce itself (when highly skilled and motivated) that constitutes a source of sustainable competitive advantage. An organization not only needs skilled people, these people must also be well managed. Whilst any given employee may be talented, they may not necessarily apply that talent to perform (see discretionary behaviour). In short, competitive advantage is also dependent upon the employee choosing to engage in behaviour that will benefit the organization. There are many practices that seek to influence behaviour. Huselid (1995) revealed a relationship between HR practice and performance (return on assets); Koch and McGrath (1996) found that HR practices (recruitment and staffing) were related to productivity and Wright et al (1999) linked appraisal and training practices with skill development and compensation practice with motivation. Sustainable competitive advantage is not just a function of isolated components but rather a combination of skills, behaviour and the supporting People Management or HR System. HR activities are thought to lead to the development of a skilled workforce and one that engages in functional behaviour for the organization; this results in higher operating performance, which translates into increased profitability.

According to Bartlett and Ghoshal (2002) skilled and motivated people are central to the operations of any company that wishes to flourish in the new age – 'In short, people are the key strategic resource, and strategy must be built on a human-resource foundation'. It is widely accepted that in order to compete in a rapidly changing environment, companies must continually improve their performance by reducing costs, innovating products and processes, and improving quality, productivity and speed to market, (Becker and Gerhart 1996). HR systems represent a largely untapped opportunity to improve company performance.

## EMPLOYEE TURNOVER

Measurable incidence of people joining and leaving the organization.

### 3 RETENTION OF TALENTED EMPLOYEES:

Many organisations discuss problems of skill shortages, particularly in relation to information systems and technology skills. Discuss why organisations are likely to want to make sure the 'best people' stay with the organisation.

**Skill shortages can limit growth, erode competitive advantage and may result in a reliance on overtime, subcontracting and outsourcing.**

### 4 REDUCING STAFF TURNOVER:

Drawing on the comments made in the film clip and your wider research into human resource management, explore some of the initiatives organisations might consider in order to reduce staff turnover.

**Whilst there are many possible answers, possible initiatives include development, job enrichment, creating interesting work, rewards, work environment, opportunities for flexible working arrangements, ensuring employees feel valued and integrated within the organisation; many of these initiatives focus on enhancing employee engagement, loyalty, commitment and motivation. However, students should particularly note the important role of learning and development, not just to enhance employee skills and organisational capabilities but also to enhance motivation and retention.**

## Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Price, A. (2007) 'Human Resource Management in a Business Context', Ed. 3. Cengage Learning EMEA.