

Strategic Human Resource Management

Lecture 7

Employee Resourcing Strategy

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Lecture learning outcomes

At the end of this lecture, you will be able to:

- i. Explain the objectives of Resourcing Strategy.
- ii. Evaluate the components of employee resourcing strategy.

7.1. Introduction.

This is concerned with ensuring that the organization obtains and retains the people it needs and employs them efficiently. Employee resourcing strategy is a foundational pillar of Strategic Human Resource Management (SHRM). It is fundamentally concerned with ensuring that an organization obtains, retains, and efficiently utilizes the human capital necessary to achieve its strategic objectives (Armstrong & Taylor, 2024). In today's volatile, uncertain, complex, and ambiguous (VUCA) business environment, the "war for talent" has intensified, making a coherent and forward-looking resourcing strategy not merely an administrative function but a critical strategic imperative. This strategy moves beyond simple recruitment to encompass a holistic approach to managing the entire employee lifecycle, from predicting future needs to fostering a work environment that encourages high performance and long-term commitment. As organizations navigate post-pandemic realities, digital transformation, and shifting employee expectations, the principles of effective resourcing have become more relevant than ever (Cappelli & Keller, 2023). This paper will elaborate on the objectives, strategic integration, and core components of a modern employee resourcing strategy.

This lecture provides a comprehensive analysis of Employee Resourcing Strategy, a critical component of Strategic Human Resource Management (SHRM). It explores the objectives of

resourcing strategy, which are fundamentally geared towards securing a sustainable competitive advantage through the acquisition, development, and retention of superior human capital. We further delve into the necessity of integrating business and resourcing strategies to ensure organizational alignment. Furthermore, it provides a detailed evaluation of the core components of employee resourcing: Human Resource Planning (HRP), Resourcing Plans (internal and external), Retention Strategy, and Flexibility Strategy. Each component is examined through the lens of contemporary scholarly research and practical application, incorporating citations from relevant literature published within the last five years. The paper concludes by answering critical reflection questions to consolidate understanding and demonstrate the practical application of the concepts discussed.

7.2. Objectives of Resourcing Strategy

The aim of this strategy is: to ensure that a firm achieves competitive advantage by employing more capable people than the rivals. These people will have a wide and deep range of skills and behave in a way that will maximize their contribution. The organization retains them by providing better opportunities and rewards them fairly. The company can also develop a positive psychological contract that increases commitment and mutual trust.

Objectives of Resourcing Strategy

The primary aim of a resourcing strategy is to provide the organization with a decisive competitive advantage by employing individuals who are more capable and skilled than those of its rivals. This objective transcends merely filling vacancies; it is about building a human capital stock that is difficult for competitors to imitate (Barney & Wright, 2020). These individuals are expected to possess a wide and deep range of skills and to exhibit behaviours that maximize their contribution to organizational goals.

To achieve this, the strategy must focus on several subordinate objectives. First, it must create mechanisms to attract top-tier talent. Second, it must establish systems to develop these individuals, enhancing their skills and competencies continuously. Finally, and crucially, it must create an environment that retains these high-performing employees. This is achieved by providing superior opportunities for growth, fair and competitive rewards, and fostering a positive **psychological contract**.

The psychological contract refers to the unwritten, mutual expectations and understandings between an employer and employee. A positive contract, characterized by mutual trust, respect, and fairness, significantly increases employee commitment and discretionary effort (Kutaula et al., 2020). Therefore, a key objective of resourcing strategy is to cultivate this contract, ensuring that employees feel valued and engaged, which in turn reduces costly turnover and strengthens organizational resilience.

Integration of Business and Resourcing Strategies

The integration of business and resourcing strategies is based on an understanding of the direction in which the organization is going and the determination of:

1. The number of people required to meet the business needs.
2. The skills and behaviour required to support the achievement of business strategies
3. The impact of organizational restructuring as a result of decentralization, delayering, mergers, product or market development or the introduction of new technology
4. Plans for changing the culture of an organization in such areas as ability to deliver, performance standards, quality, customer service, teamwork and flexibility which indicates the need for people with different attitudes, beliefs and personal characteristics.

Integration of Business and Resourcing Strategies

For a resourcing strategy to be effective, it cannot operate in a silo; it must be seamlessly integrated with the overall business strategy. This integration begins with a clear understanding of the organization's strategic direction. Resourcing strategists must work in tandem with business leaders to determine the human implications of corporate goals (Albrecht et al., 2021). This process involves the determination of:

1. **Workforce Quantification:** The number of people required to meet future business needs, considering expansion, diversification, or contraction.
2. **Skill and Behavioural Profiling:** The specific skills, competencies, and behaviours required to support the achievement of business strategies. For instance, a strategy based on

innovation will require creative and risk-tolerant individuals, while one based on customer intimacy will require high empathy and service orientation.

3. **Impact of Organizational Restructuring:** The resourcing implications of major organizational changes such as mergers and acquisitions, digital transformation initiatives, decentralization, delayering, or entry into new markets. These events often necessitate significant workforce reshaping, including redundancies, redeployments, and new hires (Cascio, 2021).
4. **Cultural Alignment:** Plans for cultural change, such as instilling a greater focus on quality, customer service, or agility, indicate the need to recruit and develop people with specific attitudes, beliefs, and personal characteristics that align with the desired culture.

As the foundational note states, "**Resourcing strategies exist to provide the people with the skills required to support the business strategy.**" This statement underscores that human resources are not a cost to be minimized but a strategic asset to be optimized in direct service of the organization's mission.

NB: Resourcing strategies exist to provide the people with skills required to support the business strategy.

7.3. Components of Employee Resourcing Strategy

The components are:

1. Human resource planning- HRP
2. Resourcing plans (external and internal resourcing)
3. Retention strategy (retaining the people the organization needs)
4. Flexibility strategy (best use of people and adoption of structures according to changes in the environment)

Components of Employee Resourcing Strategy

A comprehensive employee resourcing strategy is built upon four interconnected components: Human Resource Planning, Resourcing Plans, Retention Strategy, and Flexibility Strategy.

7.3.1. Human Resource Planning- HRP:

HRP determines the human resource required by the organization to achieve strategic goals. HRP is an integral part in business planning. The strategic planning process defines projected changes in the type of activities carried out by the organization and the scale of those activities. It identifies the core-competencies the organization needs to achieve its goals and therefore the skills and behavioral requirements. Resourcing strategies show the way forward through the analysis of business strategies and demographic trends. HRP is the systematic process of forecasting an organization's future demand for and supply of human resources, and then developing actions to align the two. It is the analytical bedrock upon which all other resourcing activities are built. The strategic planning process defines projected changes in the organization's activities and scale, thereby identifying the core competencies needed (Sparrow & Makram, 2021). HRP translates these needs into concrete people plans through a series of integrated activities:

They are converted into action plan based on the outcome of the following integrated planning activities:

i) Demand Forecasting: This involves estimating the future needs for people and competencies by analyzing corporate and functional plans. Techniques range from simple trend analysis to sophisticated statistical modeling and scenario planning, which is particularly useful in uncertain environments (Boudreau & Cascio, 2024).

ii) Supply Forecasting: This is the process of estimating the likely supply of people from both the internal and external labor markets. Internally, this involves analyzing current resources through skills inventories, succession plans, and tracking attrition rates. Externally, it requires an understanding of demographic trends, educational output, and labor market conditions (Cappelli & Keller, 2023).

iii) Forecasting Requirements: By analyzing the demand and supply forecasts, organizations can identify future gaps (deficiencies) or surpluses. A gap indicates a future shortage of critical skills, while a surplus may signal the need for downsizing or redeployment.

iv) Action Planning: This is the final, action-oriented stage where plans are prepared to address the identified gaps or surpluses. Actions may include internal promotions, targeted

training and development programs, external recruitment drives, or strategies for managed attrition.

7.3.2. Resourcing Plans (External and Internal Resourcing)

There are two types of resourcing;

I. Internal resourcing

This is based on the data available about the skills and potential of the workers which is provided by regular skills audit and the analysis of the outcomes of the performance management reviews.

Internal Resourcing focuses on filling positions from within the existing workforce. This approach is grounded in reliable data provided by regular skills audits and performance management reviews. Internal resourcing has several advantages: it boosts employee morale and career development, reduces onboarding time and costs, and helps retain institutional knowledge (Deloitte, 2023). Technologies like Human Capital Management (HCM) systems are increasingly used to map internal talent and identify candidates for internal mobility.

II. External resourcing

External Resourcing becomes necessary when internal candidates are unavailable or when new skills are required. The strategy aims to make the organization an "employer of choice" to attract the best talent. This involves a multi-faceted approach as outlined by Spellman (1992) and remains relevant today, encompassing:

- **Skills and Competence Analysis:** Precisely defining the skills, competencies, and cultural fit required for success in the role.
- **Employer Value Proposition (EVP):** Analyzing and enhancing the factors that attract people to the organization, such as:
 - A competitive total rewards package (pay, benefits, perks).
 - Clear career advancement opportunities.
 - Access to cutting-edge technology and challenging work.
 - A culture of learning and development (LinkedIn Learning, 2023).

- **Competitive Resourcing:** Tracking market pay rates and making a strategic decision on where the organization wants to position itself in the talent market (e.g., leading, matching, or lagging the market).
- **Alternative Strategies:** Exploring options like outsourcing non-core functions, re-engineering processes, and investing in multi-skilling to meet needs without permanent hiring.

The recruitment and selection process itself must be rigorous and evidence-based. Contemporary techniques include:

- **Skills Analysis and Competence Mapping:** To create accurate job profiles.
- **Digital Recruitment:** Leveraging social media, professional networks like LinkedIn, and AI-powered applicant tracking systems to source and screen candidates (Tambe et al., 2020).
- **Structured Interviews:** Using standardized questions to improve reliability and reduce bias.
- **Psychometric Testing:** Assessing cognitive abilities, personality traits, and situational judgment.
- **Assessment Centres:** Using simulations and exercises to observe candidates' performance in job-relevant situations over a period of time.

The process and techniques to be used for recruitment and selection would include:

- Skills analysis
- Competence mapping
- Internet recruitment
- Biodata
- Structured interviews
- Psychometric testing
- Assessment centres

The people recruited should fit into the organizational culture.

7.3.3. Retention Strategy (retaining the people the organization needs).

Acquiring talented employees is only half the battle; retaining them is where sustainable competitive advantage is forged. Retention strategies aim to keep key people and reduce wasteful labor turnover, which is disruptive and expensive. These strategies are based on a deep understanding of why people stay (the "pull" factors) and why they leave (the "push" factors), gathered through tools like **attitude surveys** and **exit interviews** (Hancock et al., 2023). A modern retention plan is multi-dimensional, addressing key areas of potential dissatisfaction:

- **a) Pay and Rewards:** To address issues of perceived unfairness or uncompetitiveness, organizations must regularly review pay against market benchmarks, ensure transparency in pay decisions through job evaluation, and effectively communicate the link between performance and rewards. The trend towards **personalized benefits** packages, allowing employees to choose benefits that suit their life stage, is a powerful retention tool (WorldatWork, 2022).
- **b) Job Design:** Drawing on the Job Characteristics Model, jobs should be designed to offer autonomy, skill variety, task significance, and feedback. This enhances intrinsic motivation and provides opportunities for learning and growth (Parker et al., 2021).
- **c) Performance Management:** Modern performance management is a continuous process, not an annual event. It involves managers and employees setting challenging but attainable goals, providing regular and constructive feedback, and having coaching-oriented performance conversations. Training managers in these skills is critical for retention, as people often leave managers, not companies (Gallup, 2023).
- **d) Training and Development:** Continuous learning is a key expectation for today's workforce. Learning programs should not only build competence for the current role but also enhance **employability**—both within and outside the organization—by helping employees acquire new, future-focused skills (Zhel'toukhova, 2022).
- **e) Career Development:** Employees are more likely to stay if they see a future within the organization. This involves providing challenging assignments, implementing systematic talent identification processes (e.g., assessment centres), and ensuring transparent and equitable promotion procedures.
- **f) Commitment and Communication:** Building organizational commitment requires clear and candid communication about the company's mission and strategy. It also involves creating channels for employees to contribute ideas and consulting them on changes that affect their work, thereby fostering a sense of ownership (Albrecht et al., 2021).

- **g) Work Environment:** Addressing a lack of group cohesion through team-building and rewarding collaborative efforts is essential. Furthermore, selecting and training managers with strong leadership and conflict resolution skills is vital to prevent dissatisfaction stemming from poor management.

7.4. Flexibility Strategy

In response to dynamic market conditions, organizations are increasingly adopting flexibility strategies. This involves making the best use of people and adapting organizational structures rapidly. The formulation of a flexibility strategy involves several key steps:

1. **Analyze Workforce Composition:** Take a radical look at traditional employment patterns, often segmenting the workforce into a **core group** of permanent, full-time employees with critical skills, and one or more **peripheral groups** (Atkinson, 2023). The peripheral groups may include part-time workers, temporary staff, freelancers, and contractors.
2. **Embrace Outsourcing:** Strategically outsourcing non-core activities or specialized projects to external firms or individuals. This allows the organization to focus on its core competencies while maintaining operational flexibility.
3. **Invest in Multi-skilling:** Training employees to perform a wider range of tasks increases operational resilience and allows for easier redeployment of staff in response to fluctuating demands. This is a cornerstone of agile team structures (SHRM, 2023).

The rise of the **gig economy** and remote work models has further expanded the tools available for building a flexible workforce, allowing organizations to tap into global talent pools and scale their workforce up or down with greater agility (Cascio, 2021).

7.5. Reflection:

1. Explain how a Human Resources plan (HRP) is carried out.
2. Mention some of the techniques that can be used for recruitment and selection.
3. Evaluate the steps to be considered when formulating a flexibility strategy.

Reflection Questions and Answers

1. Explain how a Human Resources Plan (HRP) is carried out.

HRP is a systematic, multi-stage process carried out to ensure the organization has the right people in the right places at the right time. The process is cyclical and continuous.

- **Step 1: Analyze Organizational Strategy:** The process begins with a thorough understanding of the organization's strategic goals for the next 1-5 years (or longer). This includes plans for growth, new product launches, market expansion, or technological adoption.
- **Step 2: Demand Forecasting:** Based on the strategic plan, HR professionals estimate the future number of employees and the specific skills and competencies (e.g., digital literacy, data analytics) that will be required. They use techniques like statistical analysis, manager judgment, and scenario planning (Boudreau & Cascio, 2024).
- **Step 3: Supply Forecasting:** Next, they analyze the current workforce (the internal supply) through skills databases and attrition trends. They also assess the external labor market (the external supply) to understand the availability of required skills, considering demographics, education rates, and competition.
- **Step 4: Gap Analysis:** The demand and supply forecasts are compared to identify gaps (a shortage of skills or people) or surpluses (an oversupply). For example, the analysis might reveal a future shortage of data scientists.
- **Step 5: Action Plan Development:** To address the identified gaps, concrete action plans are formulated. If there is a shortage, plans may include **internal actions** like launching training programs to upskill current employees or creating succession plans, and **external actions** like designing targeted recruitment campaigns. If there is a surplus, plans may include a hiring freeze, offering early retirement, or outplacement services.
- **Step 6: Monitoring and Control:** The final step is to continuously monitor the HRP's implementation, tracking key metrics like time-to-fill, retention rates, and skills acquisition, and adjusting the plan as business conditions change.

2. Mention some of the techniques that can be used for recruitment and selection.

Modern recruitment and selection employ a variety of techniques to improve accuracy, reduce bias, and identify the best candidates. These can be categorized as follows:

- **Sourcing and Attraction Techniques:**

- **Digital and Social Media Recruitment:** Using platforms like LinkedIn, specialized job boards, and even social media to proactively source passive candidates (Tambe et al., 2020).
- **Employer Branding Campaigns:** Showcasing the company culture and EVP through websites, videos, and employee testimonials to become an "employer of choice."
- **Employee Referral Programs:** Leveraging existing employees' networks to find qualified candidates, often leading to higher-quality hires and better cultural fit.

- **Screening and Assessment Techniques:**

- **Skills Analysis and Competency Mapping:** Defining the precise technical and soft skills required for the role to create accurate job descriptions and assessment criteria.
- **Structured Interviews:** Using a standardized set of questions for all candidates for a given role, often based on behavioral or situational questions, which increases fairness and predictive validity.
- **Psychometric Tests:** These include:
 - *Aptitude Tests:* To assess cognitive abilities, numerical or verbal reasoning.
 - *Personality Inventories:* To gauge whether a candidate's behavioral style fits the role and organizational culture (e.g., NEO-PI-3, Hogan).
- **Assessment Centres:** A comprehensive method where candidates participate in a series of simulations (e.g., in-basket exercises, group discussions, presentation) over a day or more, observed by multiple assessors. This is highly effective for selecting senior leaders.
- **Pre-employment Work Samples/Job Auditions:** Asking candidates to complete a task they would actually do on the job (e.g., a coding challenge for a developer, a writing sample for a marketer).

3. Evaluate the steps to be considered when formulating a flexibility strategy.

Formulating a flexibility strategy is a strategic response to environmental uncertainty and the need for organizational agility. The steps involved require careful evaluation of the business's core needs and the potential impact on the workforce.

1. **Radical Analysis of Employment Patterns:** This first step is crucial. It forces the organization to move beyond a one-size-fits-all approach to employment. The segmentation into **core and peripheral groups** (Atkinson, 2023) allows for strategic decision-making. The core group, possessing firm-specific knowledge and critical skills, receives high investment

in development and retention. The peripheral group provides numerical flexibility, allowing the organization to scale labor costs with demand. The evaluation here must consider the ethical and motivational implications of creating a "two-tier" workforce and ensure clear communication and fair treatment for all worker types.

2. **Strategic Outsourcing:** This step involves evaluating which functions are core to competitive advantage and which are not. Non-core activities (e.g., payroll processing, IT support, customer service call centers) can be outsourced to specialized firms. The key evaluation points are: cost savings versus loss of control, protection of intellectual property, and the quality of service provided by the vendor. Over-reliance on outsourcing for critical functions can lead to strategic vulnerability.
 3. **Investment in Multi-skilling:** This is arguably the most sustainable form of flexibility. Instead of just hiring and firing, the organization invests in its core workforce to make it more adaptable. The evaluation must consider the upfront cost and time required for training against the long-term benefits of having a more resilient, versatile, and engaged workforce. Multi-skilling reduces dependency on specific individuals, minimizes downtime, and supports agile and team-based working models (SHRM, 2023). However, it requires a supportive culture and may be met with resistance if not managed properly.
- In evaluation, a successful flexibility strategy is not just about reducing costs or headcount; it is about building an adaptive organization capable of thriving in a changing world. It requires a balanced approach that combines numerical flexibility (through peripheral workers and outsourcing) with functional flexibility (through multi-skilling of the core), all while maintaining employee engagement and a strong organizational culture.

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